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Am unrhyw ymholiad yn ymwneud â'r agenda hwn cysylltwch â Sharon Hughes
(Rhif Ffôn: 01443 864281 E-bost: hughesj@caerphilly.gov.uk)

Dyddiad: 9 Mawrth 2022

Annwyl Syr/Fadam,

Bydd cyfarfod o'r **Pwyllgor Craffu Tai ac Adfywio** yn cael ei gynnal trwy Microsoft Teams ar **Dydd Mawrth, 15fed Mawrth, 2022 am 5.30 pm** i ystyried materion a gynhwysir yn yr agenda canlynol. Gall cynghorwyr a'r cyhoedd sy'n dymuno siarad am unrhyw eitem wneud hynny drwy wneud cais i'r Cadeirydd. Mae croeso i chi ddefnyddio'r iaith Gymraeg yn y cyfarfod, a dylid rhoi cyfnod rhybudd o 3 diwrnod gwaith os ydych yn dymuno gwneud hynny.

Bydd y cyfarfod hwn yn cael ei recordio a bydd ar gael i'w weld trwy wefan y Cyngor, ac eithrio trafodaethau sy'n ymwneud ag eitemau cyfrinachol neu eithriedig. Felly, bydd delweddau/sain yr unigolion sy'n bresennol ac/neu sy'n siarad yn ystod ar gael i'r cyhoedd trwy'r recordiad ar wefan y Cyngor yn www.caerffili.gov.uk

Yr eiddoch yn gywir,

A handwritten signature in black ink, appearing to read 'Chrissy'.

Christina Harrhy
PRIF WEITHREDWR

A G E N D A

Tudalennau

- 1 I dderbyn ymddiheuriadau am absenoldeb.
- 2 Datganiadau o Ddiddordeb.

Atgoffi'r Cynghorwyr a Swyddogion o'u cyfrifoldeb personol i ddatgan unrhyw fuddiannau personol a/neu niweidiol mewn perthynas ag unrhyw eitem o fusnes ar yr agenda hwn yn unol â Deddf Llywodraeth Leol 2000, Cyfansoddiad y Cyngor a'r Cod Ymddygiad ar gyfer Cynghorwyr a Swyddogion.

A greener place Man gwyrddach



I gymeradwyo a llofnodi'r cofnodion canlynol: -

- | | | |
|---|--|---------|
| 3 | Pwyllgor Craffu Tai ac Adfywio a gynhaliwyd ar 1af Chwefror 2022. | 1 - 6 |
| 4 | Pwyllgor Craffu Tai ac Adfywio a gynhaliwyd ar 10fed Chwefror 2022. | 7 - 14 |
| 5 | Ystyried unrhyw fater a gyfeiriwyd at y Pwyllgor hwn yn unol â'r drefn galw i mewn. | |
| 6 | Blaenraglen Waith y Pwyllgor Craffu Tai ac Adfywio. | 15 - 26 |
| 7 | I dderbyn ac ystyried yr adroddiadau* Cabinet canlynol:- <ol style="list-style-type: none">1. Sefydliad y Glowyr Coed Duon Adroddiad Blynyddol a Datganiad o Gyfrifon 2020/2021 – 26ain Ionawr 2022;2. Taliadau Cyfrif Refeniw Tai - 2022/2023 – 9fed Chwefror 2022;3. Cynnig Datblygiad Preswyl - Hen Ysgol Gyfun Oakdale – 23ain Chwefror 2022;4. Ailddatblygu Arfaethedig Hen Gartref Gofal Tŷ Darran, Rhisga – 23ain Chwefror 2022;5. Cynnig Cynllun Prydles Llywodraeth Cymru – 23ain Chwefror 2022;6. Cynigion Y Gyllideb Ar Gyfer 2022/23 A'r Rhagolwg Ariannol Tymor Canolig – 23ain Chwefror 2022. | |

** Os oes aelod o'r Pwyllgor Craffu yn dymuno i unrhyw un o'r adroddiadau Cabinet uchod i gael eu dwyn ymlaen ar gyfer adolygiad yn y cyfarfod, cysylltwch â Sharon Hughes, 01443 864281, erbyn 10.00 a.m. ar ddydd Llun, 14eg Mawrth 2022.*

I dderbyn ac ystyried yr adroddiadau Craffu canlynol: -

- | | | |
|---|---|---------|
| 8 | Monitro Cyllideb Cyfrif Refeniw Tai - Cyfnod 9. | 27 - 36 |
| 9 | Cyfrif Refeniw Tai – Cynllun Busnes 2022/2023. | 37 - 50 |

Cylchrediad:

Cynghorwyr M.A. Adams (Is Gadeirydd), J. Bevan, D. Cushing, C. Elsbury, R.W. Gough, L. Harding, A.G. Higgs, G. Kirby, Ms P. Leonard, Mrs G.D. Oliver, B. Owen, Mrs D. Price, J. Ridgewell (Cadeirydd), Mrs M.E. Sargent, W. Williams a B. Zaplatynski

A Swyddogion Priodol

SUT FYDDWN YN DEFNYDDIO EICH GWYBODAETH

Bydd yr unigolion hynny sy'n mynychu cyfarfodydd pwyllgor i siarad/roi tystiolaeth yn cael eu henwi yng nghofnodion y cyfarfod hynny, weithiau bydd hyn yn cynnwys eu man gweithio neu fusnes a'r barnau a fynegir. Bydd cofnodion o'r cyfarfod gan gynnwys manylion y siaradwyr ar gael i'r cyhoedd ar wefan y Cyngor ar www.caerffili.gov.uk. ac eithrio am drafodaethau sy'n ymwneud ag eitemau cyfrinachol neu eithriedig.

Mae gennych nifer o hawliau mewn perthynas â'r wybodaeth, gan gynnwys yr hawl i gael mynediad at wybodaeth sydd gennym andanoch a'r hawl i gwyno os ydych yn anhapus gyda'r modd y mae eich gwybodaeth yn cael ei brosesu.

Am wybodaeth bellach ar sut rydym yn prosesu eich gwybodaeth a'ch hawliau, ewch i'r Hysbysiad Preifatrwydd Cyfarfodydd Pwyllgor Llawn ar ein gwefan <http://www.caerffili.gov.uk/Pwyllgor/Preifatrwydd> neu cysylltwch â Gwasanaethau Cyfreithiol drwy e-bostio griffd2@caerffili.gov.uk neu ffoniwch 01443 863028.

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HOUSING AND REGENERATION SCRUTINY COMMITTEE

MINUTES OF THE MEETING HELD VIA MICROSOFT TEAMS ON TUESDAY,
1ST FEBRUARY 2022 AT 5.30 P.M.

PRESENT:

Councillor J. Ridgewell - Chair
Councillor M. Adams - Vice-Chair

Councillors:

C. Elsbury, L. Harding, G. Kirby, Ms P. Leonard, B. Owen, Mrs D. Price, W. Williams and B. Zaplatynski.

Cabinet Members:

Councillor S. Cook (Social Care and Housing) and Councillor E. Stenner (Performance, Economy and Enterprise).

Together with:

M. S. Williams (Corporate Director for Economy and Environment), N. Taylor-Williams (Head of Housing), F. Wilkins (Housing Services Manager), R. Kyte (Head of Regeneration and Planning), S. Isaacs (Rents Manager), L. Allen (Principal Group Accountant - Housing), D. Roberts (Interim Finance Manager), M. Jacques (Scrutiny Officer), S. Hughes (Committee Services Officer) and J. Thomas (Committee Services Officer).

Also in Attendance:

Councillor J. Pritchard.

RECORDING ARRANGEMENTS

The Chair reminded those present that the meeting was being recorded and would be made available to view via the Council's website, except for discussions involving confidential or exempt items. [Click Here to View.](#)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors J. Bevan, D. Cushing, R. W. Gough, A. G. Higgs, Mrs G. D. Oliver, Mrs M. E. Sargent and A. Whitcombe (Cabinet Member for Sustainability, Planning and Fleet).

2. DECLARATIONS OF INTEREST

Councillor L. Harding declared a personal and prejudicial interest in relation to Agenda Item No. 7 – Housing Revenue Account Charges 2022/2023, as family members are Council tenants. Details are also minuted with the respective item.

Councillor S. Cook declared a personal and prejudicial interest in relation to Agenda Item No. 7 – Housing Revenue Account Charges 2022/2023, as a family member is a Council tenant. Details are also minuted with the respective item.

Councillor D. Price sought advice from the Scrutiny Officer in relation to Agenda Item No. 7 – Housing Revenue Account Charges 2022/2023, in that a colleague is a Council tenant, and was advised that there was no requirement to make a declaration of interest.

3. MINUTES – 30TH NOVEMBER 2021

RESOLVED that the minutes of the Housing and Regeneration Scrutiny Committee meeting held on 30th November 2021 (minute nos. 1 - 8) be approved as a correct record and signed by the Chair.

4. CALL-IN PROCEDURE

There had been no matters referred to the Scrutiny Committee in accordance with the call-in procedure.

5. HOUSING AND REGENERATION SCRUTINY COMMITTEE FORWARD WORK PROGRAMME

The Scrutiny Officer presented the report which outlined details of the Housing and Regeneration Scrutiny Committee Forward Work Programme for the period February 2022 to March 2022 and included all reports that were identified at the Housing and Regeneration Scrutiny Committee meeting held on 30th November 2021. Members were asked to consider the Forward Work Programme, alongside the Cabinet Forward Work Programme, prior to publication on the Council's website.

The Housing and Regeneration Scrutiny Committee was informed that the Welsh Government Lease Scheme Proposal report has been scheduled for the special meeting on 10th February 2022 and the Housing Revenue Business Plan report has been scheduled for 15th March 2022.

Following consideration of the report, it was moved and seconded that the recommendations be approved. By way of Microsoft Forms this was unanimously agreed.

RESOLVED that the Housing and Regeneration Scrutiny Committee Forward Work Programme be published on the Councils' website.

6. CABINET REPORTS

None of the Cabinet reports listed on the agenda had been called forward for discussion at the meeting.

REPORTS OF OFFICERS

Consideration was given to the following reports.

7. HOUSING REVENUE ACCOUNT CHARGES - 2022/2023

Councillor L. Harding declared a personal and prejudicial interest, as family members are Council tenants, and left the meeting during consideration of this item.

Councillor S. Cook declared a personal and prejudicial interest as a family member is a Council tenant. It was noted that Councillor S. Cook was attending as a Cabinet member and therefore took no part in the debate of this item.

Consideration was given to the report which asked Members of the Housing and Regeneration Scrutiny Committee to consider and take a view on the increased Council Housing rent charges proposed in the report, prior to consideration from Cabinet on the 9th February 2022. Members were advised that the charges predominantly focus on council house rents, but also include garages, and are intended to be effective for the Housing Revenue Account (HRA) for the 2022/2023 financial year. The Head of Housing addressed the Scrutiny Committee to raise a number of points outlined in the report and it was highlighted that Caerphilly County Borough Council is ranked the 3rd lowest local authority in terms of weekly rent. Members also received a summary of the budget monitoring projections for 2021/22.

The Chair congratulated the Housing Department for the successful completion of the WHQS Programme.

A Member raised a question in relation to the impact of high levels of inflation on material costs. The Head of Housing advised on how cost efficiencies were explored, how managed procurement contracts with fixed prices provided some protection and also outlined some of the benchmarking work that took place with partners. The Member also asked about any cost benefits from future plans for the construction of Council housing. In response, the Head of Housing outlined economies of scale associated with modern construction methods and advised that cost efficiencies were constantly sought with partners.

In response to a Members query, the Head of Housing provided an update on the level of apprenticeships. Members also heard how new ways of training for Caerphilly Homes would be explored in the future.

Following consideration of the report, it was moved and seconded that recommendation 3.2 option (iii) be recommended to Cabinet for consideration. By way of verbal confirmation (and in noting that there were 8 votes for, 1 vote against and 0 abstentions) this was agreed by the majority.

RECOMMENDED to Cabinet:

3.2 (iii) – The increase per property from April 2022 of 2% – (£93.62/52 week – additional £1.84/wk) which is additional income of £1m, allowing for a small margin to reflect the unprecedented increase in material costs, be approved.

It was also moved and seconded that recommendation 3.2 (vi) be recommended to Cabinet for consideration. By way of verbal confirmation this was unanimously agreed.

RECOMMENDED to Cabinet:

3.2 (vi) – The level or rent for garages from April 2022 be increased by 2% to £8.39 per week, be approved.

It was further moved and seconded that recommendation 3.2 (vii) be recommended to Cabinet for consideration. By way of verbal confirmation this was unanimously agreed.

RECOMMENDED to Cabinet:

3.2 (vii) – A review of the current rent policy to reflect affordability, be approved.

8. ECONOMY AND ENVIRONMENT 2021/22 BUDGET MONITORING REPORT (PERIOD 7)

Consideration was given to the report which informed members of projected revenue expenditure for the Economy and Environment Directorate for the 2021/22 financial year. Service Divisions include Regeneration and Planning Division, Infrastructure Services Division, Public Protection Division and Community & Leisure Services Division.

In response to a Members query, the Interim Finance Manager confirmed that there had been no material changes between Period 5 and Period 7 of the Economy and Environment Budget Monitoring reports.

Following consideration of the item, the Housing and Regeneration Scrutiny Committee noted the contents of the report and the detailed budget monitoring pages that followed in respect of the Regeneration and Planning Division.

9. DIRECTORATE PERFORMANCE ASSESSMENT SIX MONTH UPDATE 2021/22

Consideration was given to the report which presented the Scrutiny Committee with the 6-month Caerphilly Homes Performance Assessment which is part of the Council's Performance Management Framework. Members were informed that the Performance Assessment is the Directorate's self-assessment and forms part of the Council's overall self-assessment activity. The Housing Services Manager emphasised that the DPA provided information and analysis for the 6-month period, April 2021 – September 2021, and advised Members that things have progressed quite considerably since then. A number of issues in relation to escalating costs, including the shortage of materials and contractors, were highlighted.

Further information was sought on the support provided to residents to help them manage their accommodation, access benefits and manage their money. The Scrutiny Committee was informed that it was the 10-year anniversary of the creation of the Housing Support Team. The Rents Manager advised Members that the Housing Support Team ensure tenants receive the right support at the right time and summarised the support that has been provided to tenants. Members were informed that staff have assisted tenants to claim over £2.3m in additional benefits. It was highlighted that this support is not only offered to tenants experiencing financial hardship, but to tenants who are not claiming their full entitlement of benefits. The Rents Manager spoke very proudly about the Housing Support Team and highlighted the real difference the team has made to people's lives.

In response to a Members query, the Housing Services Manager informed the Scrutiny Committee that good success has been achieved in the private sector, with approximately 85 properties and 44 landlords currently being used to assist with homelessness via the Caerphilly Keys initiative. It was highlighted that the Council will continue to develop Caerphilly Keys to attract more landlords to sign up to the scheme and provide quality, affordable private rented accommodation for people not able to access social housing. In conclusion, the Head of Housing advised that a report on the Welsh Government Lease Scheme Proposal will be presented to the Scrutiny Committee at the special meeting to be held on 10th March 2022 for Members to debate.

Clarification was sought in relation to landlords who are not complying with the minimum energy efficiency standard regulations. The Housing Services Manager informed Members that the Council was successful in receiving grant funding to recruit staff to work with landlords to comply with the minimum energy efficiency regulation standards. Members were further informed that the Council is also looking at the possibility of enforcement options. In response to a Members query, the Head of Housing provided an update on the progress of the two Passivhaus new Caerphilly homes schemes, in Treceenydd and Trethomas, and it was noted that work is progressing well with both schemes expected to be completed by June 2021.

In response to a Members query regarding the provision of surgeries, the Scrutiny Committee was informed that prior to the latest Covid restrictions a number of surgeries were being held in the borough. The Rents Manger explained that the aim is to re-open the surgeries, by appointment only in the interim, and to roll out to other venues. It was highlighted that there is a very robust homeworking model in place at the moment whereby tenants and residents are supported.

Following consideration of the item, the Housing and Regeneration Scrutiny Committee reviewed the Caerphilly Homes Directorate Performance Assessment and discussed, challenged, and scrutinised the information contained within.

10. DIRECTORATE PERFORMANCE ASSESSMENT FOR ECONOMY AND ENVIRONMENT SERVICES - SIX MONTH UPDATE 2021/22

Consideration was given to the report which presented the Scrutiny Committee with the 6-month Economy and Environment Directorate Performance Assessment (DPA), which is part of the Council's Performance Management Framework. Members were informed that the Performance Assessment is the Directorate's self-assessment and forms part of the Council's overall self-assessment activity. It was noted that the DPA provided information and analysis for the 6-month period, April 2021 to September 2021.

Reference was made to the progress RAG status in relation to undertaking a formal review of the Community Centre managed network to support a more sustainable and efficient delivery model. It was noted that the completion date is April 2022, however the progress RAG status indicated that it has not yet started or too early to report any progress. The Corporate Director for Economy and Environment provided the Scrutiny Committee with more context in relation to Community Centres and outlined some of the reasons for the delay.

Following consideration of the item, the Housing and Regeneration Scrutiny Committee reviewed the Economy and Environment Directorate Performance Assessment and discussed, challenged, and scrutinised the information contained within, for the Planning and Regeneration service aspects only.

The meeting closed at 6.51 pm.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 15th March 2022 they were signed by the Chair.

CHAIR



HOUSING AND REGENERATION SCRUTINY COMMITTEE

MINUTES OF THE SPECIAL MEETING HELD VIA MICROSOFT TEAMS ON
THURSDAY, 10TH FEBRUARY 2022 AT 5.30 P.M.

PRESENT:

Councillor J. Ridgewell - Chair
Councillor M. Adams - Vice-Chair

Councillors:

D. Cushing, C. Elsbury, L. Harding, G. Kirby, Ms P. Leonard, B. Owen, and W. Williams

Cabinet Members:

Councillor S. Cook (Cabinet Member for Social Care and Housing) and Councillor E. Stenner (Performance, Economy and Enterprise)

Together with:

Officers: N. Taylor-Williams (Head of Housing), J. Roberts Waite (Strategic Coordination Manager), M. Jacques (Scrutiny Officer), S. O'Connor (Senior Housing Advice Manager), K. Denman (Senior Housing Solutions Manager), B. Jones (Homelessness Prevention Officer), M. Noakes (Principal Engineer), C. Boardman (Development Manager), E. Sullivan (Senior Committee Services Officer) and M. Harris (Committee Services Support Officer).

Also in Attendance:

C. Wilkins (Pentan Architects), D. Jones (Willmott Dixon) and C. Jones (Holder Mathias Architects)

RECORDING ARRANGEMENTS

The Chair reminded those present that the meeting was being recorded and would be made available to view via the Council's website, except for discussions involving confidential or exempt items. [Click Here to View.](#)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors J. Bevan, R.W. Gough, A. Higgs, G.D. Oliver, D. Price, M. Sargent and B. Zaplatynski.

2. DECLARATIONS OF INTEREST

There were no declarations received at the commencement or during the course of the meeting.

REPORTS OF OFFICERS

Consideration was given to the following reports.

3. RESIDENTIAL DEVELOPMENT PROPOSAL FORMER OAKDALE COMPREHENSIVE SCHOOL

Consideration was given to the report which outlined the proposed Caerphilly Homes development opportunity at the former Oakdale Comprehensive School site and sought approval in principle to develop the site for Caerphilly Home's first, flagship, mixed tenure residential development, subject to receipt of a detailed cost plan which would be presented via a separate report in early Summer 2022. Approval was also being sought to appropriate the site from the General Fund into the Housing Revenue Account (HRA) by the end of the financial year 21/22 so that the Social Housing Grant can be drawn down from Welsh Government to part fund the acquisition, this approval would be subject to valuation from the District Valuer and this confirmation was not expected until early February 2022.

The views of the Housing and Regeneration Scrutiny Committee were being sought prior to presentation to Cabinet for final, in-principle approval.

The Chair introduced Mr Daniel Jones from Wilmot Dixon and Mr Craig Jones from Holder Mathias Architects who provided a detailed presentation on the proposed development.

The presentation detailed the proposed composition of the development on the former Oakdale Comprehensive School site which would provide a mix of private and affordable, social rented homes in a sustainable, high quality, development which would be sensitive and sympathetic to the existing street scheme and new homeowners.

Illustrations of the site proposals were shown, and the Scrutiny Committee were asked to note how the steep change in levels would be sensitively managed as the site was developed. Drone footage and ariel photographs were used to show the different levels and the site as it is currently.

Mr C. Jones expressed his excitement and pride in this truly collaborative venture which would be an exemplar for place making, taking a holistic approach that would provide a high quality, low carbon homes for the people living there. The whole project from the design team to the construction team would be working hand in hand with Caerphilly Homes on this flagship development.

The topography of the site was outlined, Members noted that this would be a challenge for the development design, but Mr Jones emphasised that this was a challenge that they were excited to meet, and they would be able to achieve one site and one community which would seamlessly integrate into the existing street scene making the proposed development immediately part of the wider community. Reference was made to the

existing MUGA on site and assurances were given that this community asset would not be lost and would be repositioned as soon as possible.

The presentation then moved on to site access and how vehicle movements would be controlled within the site from one access point on Oakdale Terrace. The Scrutiny Committee noted that as the geography of the area moved from a tight urban grain to semi urban this would be reflected in the site's concept. Cars and parking provision would consider the Council's Active Travel Plan and the sustainable footprint of the development. The site would see a lot of green and mature trees retained along with new planting, there would be no over-looking in terms of the street screen and an illustrated site plan was presented showing how existing woodland, retained trees and topography would enhance the site. Sectional typography was shown and 3D views given and the importance of the roofscape was noted. The play area and lagoon area were also illustrated, and Members were asked to note that there would be no parking courtyards and the playground would not be overlooked and this would provide a safe environment for residents.

Achievements and next steps were outlined, and the Scrutiny Committee were assured that what was being presented today was completely achievable.

In concluding the presentation, the mix of homes and details of possible designs were highlighted, and reference was made again to the MUGA relocation. The target timeframe for outline planning approval was confirmed and it was noted that from this the commercial model would be developed further with Caerphilly and would be followed by a reserved matters application in the Autumn of 2022.

The Chair expressed his thanks for such a detailed and informative presentation on behalf of the Scrutiny Committee and Members questions were welcomed.

In terms of the typography of the site, clarification was sought on the steepness of the slope shown on the graphics and assurance given that this would be 1:10 maximum furthermore this ratio would not be compromised as it was a key aspect of the proposed development even at this early stage. The Committee noted that there was a lot more work to do but developers would ensure that the internal street structure worked well as it would be fundamental to road safety.

Clarification was then sought on the potential for flooding and assurances were given that the development would not be put forward if there were any flood risks. Rainwater management was detailed and would be attenuated through slow release so there would be no additional pressures put on existing drainage systems. The proposed lagoon would also help and would be situated on the lowest section of the site, it would also help with the site's biodiversity ambitions.

Cycle storage was queried, and it was confirmed that there would be sufficient space available. Clarification was then sought on electric vehicle charging points and it was confirmed that these would form part of the next stage of the development plans in the design stage. Members were pleased to note that this would form part of the site's infrastructure.

The modern methods of construction that would be utilised within the site were detailed and Members welcomed the benefits that this would have in terms of energy costs for those living within the site. The Scrutiny Committee noted that the site would also be gas free and were pleased to note the benefits to the environment that the proposed heating and construction methods would bring, which would be the most advanced in Wales and the pride that this would provide both socially and environmentally across tenures.

Clarification was sought in relation to 'green add on's' and it was noted that these would be subject to the requirements of the homeowner and could be picked and mixed and matched in the same way as bathroom and kitchen options. It was noted that this is an area where further research is required.

Regarding the ratio of affordable to private housing confirmation was sought on minimum levels and confirmation was given that at least 50% of the development would be affordable, although factors such as sale price and the housing market would have an impact. Further assurances were given that a 50/50 split would be the minimum expected by Welsh Government under the requirements of the Social Housing Grant and Officers were confident that this could be achieved.

A motion was then moved and seconded that the MUGA replacement be completed before the removal of the existing facility. Officers outlined the difficulties that this would present in terms of the timing of the planning and construction processes and to this end the Member moved an amendment to his motion that the MUGA be replaced as soon as possible and this was seconded.

Following consideration of the report it was moved and seconded that subject to an additional recommendation to read that 'the replacement MUGA be completed as soon as possible', the recommendations contained therein be approved for recommendation to Cabinet. By way of Microsoft Forms this was unanimously agreed.

RESOLVED that:

1. The content of the report be considered and the in-principle development of the former Oakdale Comprehensive School site by Caerphilly Homes be supported subject to the receipt and presentation of a detailed cost plan which will be available in summer 2022.
2. The principle of appropriating the site from the General Fund to the HRA at a cost to be determined by the District Valuer be supported.
3. The replacement MUGA be completed as soon as possible.

4. PROPOSED RE-DEVELOPMENT OF THE FORMER TY DARRAN CARE HOME, RISCA

With the permission of the Chair this item was brought forward on the agenda.

Consideration was given to the report which outlined the proposed Caerphilly Homes development opportunity at the former Ty Darran Care Home site and sought approval in principle to develop the site as an innovative later living scheme. Approval was also being sought to appropriate the site from the General Fund into the HRA prior to the end of the financial year 21/22 so that the Social Housing Grant could be drawn down from Welsh Government to part fund the acquisition. It was noted that this would be subject to valuation from the District Valuer, and this confirmation not expected until early February. The Housing and Regeneration Scrutiny Committee views were sought prior to final, in principle approval from Cabinet.

The Chair introduced Mr Chris Wilkins of Pentan Architectural Consultants who would be collaborating with Caerphilly Homes on this exciting and exemplary development.

Mr Wilkins presentation provided the Scrutiny Committee with an analysis of the site including the surrounding land and building and its various users were explained. The site background was given, and Members were asked to note that there would be no ecological impacts because of the development, which would maximise the natural resources of the site. It was noted that there were certain below ground constraints and culvert and drainage would be a challenge going forward and the way in which these challenges would be met was detailed.

Members were advised that the proposed development provided a fantastic opportunity to do something ground-breaking with opportunities for private and public spaces, a garden courtyard and an event space for wider community use. The layout of residents shared spaces were detailed and would encourage a sense of community within the building, facilities would also include a workshop, library, IT facilities with the basis formed from residents own wants and needs. It was also noted that there would be opportunities for multi-generational interaction and local community education, residents would be encouraged to live independently, with indoor and outdoor space to accommodate every need. Landscaping would encourage biodiversity and ecology with rich greenery, orchard and tree planting, raised kitchen garden beds and a central communal garden, which tenants would be encouraged to plant and maintain.

Concept designs were shown which illustrated the various aspects of the development with views of the garden, light and shade with pools/ponds and wildflower meadows incorporated with the design. Two EVA charging points would be built into the development with infrastructure in place for more.

The Net Zero ambitions for the development were outlined and this would include construction materials which would be assessed at each stage. The Scrutiny Committee noted that this made the proposed development unique for this type of housing in terms of its project design and ambitions.

The resident experience was outlined and would look to retain independence, promote community and a quality of life unparalleled in similar developments of this type. There would be extra space for guests and visitors, making it an active and engaging place to live and work.

The Chair thanked Mr Wilkins for his detailed presentation and welcomed this astonishing development, particular reference was made to the open fronted courtyard and the arts and craft style of the illustrations shown.

Clarification was sought in relation to the ownership and management of the proposed developed and Members were advised that this would be Caerphilly Homes and would be socially rented. It was noted that residents from Waunfawr House (Crosskeys), St Mary's Court (Risca) and Castle Court (Crosskeys) would become the tenants of the new development, with that existing accommodation being decommissioned.

A Member expressed his pleasure in welcoming this new development into his ward as a fabulous scheme for 'later living' accommodation and sought clarification on the timeframe for the demolition of the existing building. Officer's confirmed that the building would need to be retained while the application goes through the planning process, there was a lot more detail to go through in terms of moving the construction elements forward but as soon as this had been completed, the first phase would be the demolition probably towards the winter this year or spring 2023. Assurances were given that this would be done as quickly as possible.

Clarification was then sought on the timeframe for the valuation and Officers confirmed that the valuation for this scheme had been received this afternoon and was currently being worked through.

Members queried the future of the decommissioned schemes and whether there would be any opportunities for further development. Officers confirmed that they were looking at options to optimise their potential for development.

Members were also pleased to note that tenants would be encouraged to take ownership of gardens and the raised kitchen beds.

Following consideration of the report, it was moved and seconded that the recommendations be approved for recommendation to Cabinet. By way of Microsoft Forms this was unanimously agreed.

RESOLVED that: -

1. The content of the report be considered and the development by Caerphilly Homes of the former Ty Darran in principle be supported, subject to the receipt and presentation of a satisfactory cost plan which will be available in early summer 2022.
2. The decision to appropriate the site from the general fund to the HRA in principle at the cost to be determined by the District Valuer be supported. The revised valuation expected to be received early February 2022.
3. The proposal to move to the next stage of the project in order to determine the most suitable procurement route for the detailed design and construction phase of the project be supported.

5. WELSH GOVERNMENT LEASE SCHEME PROPOSAL

Consideration was given to the report which informed Members of the current request from Welsh Government for Local Authorities to express an interest in the Leasing Scheme Wales (LSW) in meeting their duties under Part 2 of the Housing Wales Act 2014. The Scrutiny Committee's views were being sought on whether Caerphilly County Borough Council should express an interest in the scheme or to decline and remain with its current Private Sector Scheme – Caerphilly Keys prior to the report's consideration by Cabinet on the 23rd February 2022.

Officers provided background to the Caerphilly Keys private sector leasing scheme launched by the Council's Housing Solution Team in August 2018. Members noted the excellent relationship between the Caerphilly Keys Team and the private sector landlords and the portfolio of private landlords already on board with this well established and trusted model, which had been running for the last three and a half years.

Members were asked to note that a survey had been completed with private sector landlords and the majority had responded that they did not want to take forward the Welsh Government proposal. The Officer advised that given this response should Caerphilly take up the WG scheme there was a risk that Caerphilly could lose its existing portfolio of private landlords.

Members recognised the success of the Caerphilly Keys scheme and the excellent service provided by the Housing Solutions Teams. Members also expressed concern at the possible loss of the existing portfolio, the potential for landlords to serve notice on Caerphilly tenants and the implications that this would have in terms of rehousing and homelessness. Officers confirmed that there was a risk of notices being served but the Council would have the statutory responsibility to assist tenants into alternative accommodation.

The Housing and Regeneration Scrutiny Committee thanked the Officer for an excellent report and the work being done by the Housing Solutions Team.

Following consideration of the report, it was moved and seconded that Option 2 be approved for recommendation to Cabinet. By way of Microsoft Forms this was unanimously agreed.

RESOLVED that an interest in the LSW be declined on the grounds that CCBC has a successful PRS Scheme in place with Caerphilly Keys.

The meeting closed at 7.30 p.m.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 15th March 2022, they were signed by the Chair.

CHAIR

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HOUSING AND REGENERATION SCRUTINY COMMITTEE – 15TH MARCH 2022

**SUBJECT: HOUSING AND REGENERATION SCRUTINY COMMITTEE
FORWARD WORK PROGRAMME**

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE
SERVICES**

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1. PURPOSE OF REPORT

- 1.1 To report the Housing and Regeneration Scrutiny Committee Forward Work Programme.

2. SUMMARY

- 2.1 Forward Work Programmes are essential to ensure that Scrutiny Committee agendas reflect the strategic issues facing the Council and other priorities raised by Members, the public or stakeholder.

3. RECOMMENDATIONS

- 3.1 That Members consider any changes and agree the final forward work programme prior to publication.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To improve the operation of scrutiny.

5. THE REPORT

- 5.1 The Housing and Regeneration Scrutiny Committee forward work programme includes all reports that were identified at the scrutiny committee meeting on Tuesday 1st February 2022. The work programme outlines the reports planned for the period to March 2022.
- 5.2 The forward Work Programme is made up of reports identified by officers and members. Members are asked to consider the work programme alongside the

cabinet work programme and suggest any changes before it is published on the council website. Scrutiny committee will review this work programme at every meeting going forward alongside any changes to the cabinet work programme or report requests.

- 5.3 The Housing and Regeneration Scrutiny Committee Forward Work Programme is attached at Appendix 1, which presents the current status as at 21ST February 2022. The Cabinet Work Programme is attached at Appendix 2. A copy of the prioritisation flowchart is attached at appendix 3 to assist the scrutiny committee to determine what items should be added to the forward work programme.

5.4 **Conclusion**

The work programme is for consideration and amendment by the scrutiny committee prior to publication on the council website.

6. **ASSUMPTIONS**

- 6.1 No assumptions are necessary.

7. **SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

- 7.1 As this report is for information only an Integrated Impact Assessment is not necessary.

8. **FINANCIAL IMPLICATIONS**

- 8.1 There are no specific financial implications arising as a result of this report.

9. **PERSONNEL IMPLICATIONS**

- 9.1 There are no specific personnel implications arising as a result of this report.

10. **CONSULTATIONS**

- 10.1 There are no consultation responses that have not been included in this report.

11. **STATUTORY POWER**

- 11.1 The Local Government Act 2000.

Author: Mark Jacques, Scrutiny Officer jacqu@carphilly.gov.uk

Consultees: Dave Street, Corporate Director for Social Services and Housing
Mark S. Williams, Corporate Director for Economy and Environment

Robert Tranter, Head of Legal Services/ Monitoring Officer
Lisa Lane, Head of Democratic Services and Deputy Monitoring Officer,
Legal Services
Councillor John Ridgewell Chair of Housing and Regeneration Scrutiny
Committee
Councillor Mike Adams Vice Chair of Housing and Regeneration Scrutiny
Committee

Appendices:

- Appendix 1 Housing and Regeneration Scrutiny Committee Forward Work Programme
- Appendix 2 Cabinet Forward Work Programme
- Appendix 3 Forward Work Programme Prioritisation Flowchart

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Forward Work Programme - Housing & Regeneration

APPENDIX 1

Date	Title	Key Issues	Author	Cabinet Member
15/03/22 17:30	HRA Budget Monitoring Report (Period 9)		Allen, Lesley;	Cllr. Cook, Shayne;
15/03/22 17:30	HRA Business Plan	To update Cabinet on the latest Housing Business Plan position in advance of submitting the plan to Welsh Government by 31/3/22, which is a requirement under the terms of the Major Repairs Allowance (MRA) grant. The Housing Business Plan is a 30 year plan and will include rental increase assumptions and forecasted borrowing requirements to enable the HRA to maintain viability while meeting its core objectives.	Allen, Lesley;	Cllr. Cook, Shayne;
15/03/22 17:30	Information Item - Budget Monitoring Report (Period 9)	To inform Members of the most recent budget monitoring position for 2021/2022 for Communities Directorate Service Divisions	Roberts, David;	Cllr. Stenner, Eluned;
26/04/22 17:30				
21/06/22 17:30	Local Housing Market Assessment	The Local Housing Market Assessment (LHMA) is a Welsh Government requirement. The results will be presented to Committee and Cabinet thereafter. The data and information obtained will inform housing need and therefore an updated housing prospectus together with the emerging Local Development Plan.	Roberts-Waite, Jane;	Cllr. Cook, Shayne;
21/06/22 17:30	Updated Welsh Government Prospectus		Roberts-Waite, Jane;	Cllr. Cook, Shayne;
21/06/22 17:30	Gypsy and Traveller Accommodation Assessment	The Gypsy and Traveller Accommodation Assessment results will be presented to Committee and Cabinet thereafter. The data and information obtained will inform housing need and therefore an updated housing prospectus together with the emerging Local Development Plan.	Roberts-Waite, Jane;	Cllr. Cook, Shayne;
21/06/22 17:30	Low Cost Home Ownership	The LCHO (Low Cost Home Ownership) report will document the formulation, implementation and the publication of a new policy which governs the process by which the Council will sell homes to people living and/or working in the borough wanting to access homeownership but cannot afford to do so without some form of public subsidy.	Roberts-Waite, Jane;	Cllr. Cook, Shayne;
21/06/22 17:30	Information Item - Local Housing Strategy Delivery Plan		Roberts-Waite, Jane;	Cllr. Cook, Shayne;

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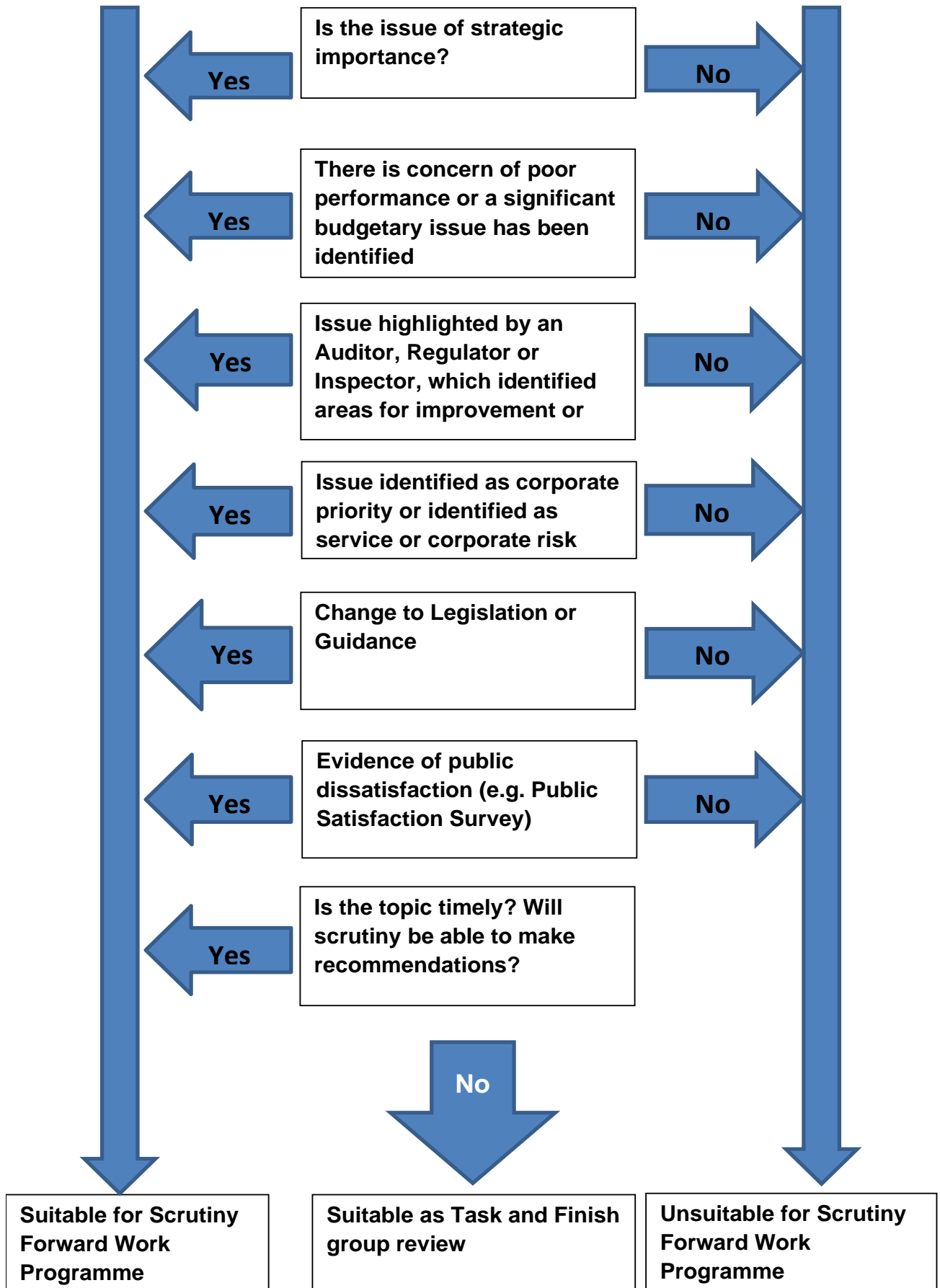
09/03/2022 10:30	Community Learning and Support Hub at Rhymney Library	To seek Cabinet approval for 'in principle' match funding for an application to the Welsh Government to support the creation of a community learning and support hub at Rhymney Town Library and to note the intention for the Library Service to work with Gwent Police to strengthen community engagement through the use of informal settings at Rhymney Library, Risca Library and Caerphilly Library.	Edmunds, Richard (Ed);	Cllr. Whiting, Ross;
09/03/2022 10:30	Corporate Performance Assessments (CPA's/DPA's))	To provide Cabinet with information and detailed analysis of performance for the period 01/04/21 to 31/12/21 and forms part of the Council's self-assessment activity.	Richards, Sue; Roberts, Ros;	Cllr. Stenner, Eluned;
09/03/2022 10:30	Annual Report Against the Strategic Equality Plan 2020-2021	For Cabinet to consider and approve the Strategic Equality Plan Annual Report 2020-2021 prior to publication on the Council's website.	Cullinane, Anwen;	Cllr. Stenner, Eluned;
09/03/2022 10:30	Welsh Language Strategy 2022-2027	For Cabinet to consider and approve the draft Five Year Promotional Strategy prior to the publication on the Council's website.	Cullinane, Anwen;	Cllr. Stenner, Eluned;
09/03/2022 10:30	Development of a Multi-purpose Visitor Centre at Parc Penallta	To consider funding arrangements, including the acceptance of a Substitution Grant offered by Welsh Government, in order to deliver the multipurpose visitor centre.	Hartshorn, Robert;	Cllr George
09/03/2022 10:30	Regeneration Project Board - Project Proposals	To consider recommendations from the Regeneration Project Board in respect of the allocation of Development Funds to Strategic Regeneration Proposals that align with the Council's	Kyte, Rhian;	Cllr. Stenner, Eluned;

		Regeneration Strategy; and the allocation of Licence to Innovate Funding to proposals that align with the Council's Commercial and Investment Strategy.		
09/03/2022 10:30	Regeneration Project Board – Land Acquisition Fund (Exempt item)	To consider a request for match-funding from Caerphilly CBC to attract Transforming Towns Funding for strategic acquisitions in Caerphilly town centre to facilitate the delivery of the Caerphilly 2035 Plan.	Kyte, Rhian;	Cllr. Stenner, Eluned;
23/03/2022 10:30	Gender Pay Gap	For CMT and Cabinet to agree the Gender Pay Gap report which must to be published by 31st March 2022.	Donovan, Lynne;	Cllr. Gordon, Colin J;
23/03/2022 10:30	EAS Business Plan	The EAS is required to submit an annual overarching regional Business Plan on an annual basis. This report asks for members to consider the full contents of the draft EAS Business Plan as part of the regional consultation process	Cole, Keri;	Cllr. Whiting, Ross;
23/03/2022 10:30	HRA Business Plan	To update Cabinet on the latest Housing Business Plan position in advance of submitting the plan to Welsh Government by 31/3/22, which is a requirement under the terms of the Major Repairs Allowance (MRA) grant. The Housing Business Plan is a 30 year plan and will include rental increase assumptions and forecasted borrowing requirements to enable the HRA to maintain viability while meeting its core objectives.	Allen, Lesley;	Cllr. Cook, Shayne;
23/03/2022 10:30	Coal Tips Inspection and Maintenance Update.	To provide an update on the current coal tip condition status and inspection regimes that are in place for coal tips located within Caerphilly County Borough.	Lloyd, Marcus;	Cllr. Pritchard, James;

<p>23/03/2022 10:30</p>	<p>Housing Support Strategy</p>	<p>The Housing Support Programme Strategy is being developed to outline the strategic direction of the local authority for housing related support services. This single strategic view demonstrates our plan and approach to homelessness prevention and housing support services.</p>	<p>Williams, Jo;</p>	<p>Cllr. Cook, Shayne;</p>
<p>06/04/2022 10:30</p>	<p>21st Century Schools – Band B - Phase 2: Objection Report</p>	<p>For Cabinet to consider the contents of 21st Century Schools objection report and give permission to proceed to the planning application stage, and the submission of the full business case to Welsh Government.</p>	<p>West, Andrea; Richards, Sue;</p>	<p>Cllr. Whiting, Ross;</p>
<p>06/04/2022 10:30</p>	<p>Corporate Complaints - 6 month update</p>	<p>For Cabinet to review the complaints dealt with under the Corporate Complaints policy for the period 1st April 2021 to 30th September 2021 together with outcomes and lessons learned.</p>	<p>Lane, Lisa;</p>	<p>Cllr. Stenner, Eluned;</p>

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Scrutiny Committee Forward Work Programme Prioritisation



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HOUSING AND REGENERATION SCRUTINY COMMITTEE – 15TH MARCH 2022

SUBJECT: HOUSING REVENUE ACCOUNT BUDGET MONITORING – PERIOD 9

REPORT BY: CORPORATE DIRECTOR FOR SOCIAL SERVICES AND HOUSING

1. PURPOSE OF REPORT

- 1.1 To inform Members of the projected position for the Housing Revenue Account (HRA) for the 2021/22 financial year, based on the income and expenditure movements of the first 9 months of the year. The HRA capital programme which is predominantly funded by the HRA is also included within this report

2. SUMMARY

- 2.1 Members will be aware of the distinction between the HRA, which is funded by rental income received from council tenants, and General Fund Housing activities, which fall under the General Fund and are funded via Council Tax and the Revenue Support Grant (RSG). Although there is a clear separation of these funds, the majority of council tenants rent is funded from housing benefits which are derived from the taxpayers' purse and therefore value for money must always be sought.
- 2.2 The HRA budget for 2021/22 is £51.7m with its main components consisting of £17m of salaries, £8m of capital financing charges, £4.6m of building maintenance & response repairs (net of salaries), £2.7m of internal service recharges, and £15.6m of revenue contributions to fund the WHQS programme. There is also a budget of £11.5m for the PAMS (Post Asset Management Strategy) which is recharged fully to the Capital Programme and predominantly covers the maintenance of the WHQS programme, voids and remodelling works. The spend on the HRA is self-financed mainly by the rental income we collect from our Council Tenants, of which about 75% is funded by Housing Benefits. The main projected variances on the HRA are explained below.

3. RECOMMENDATIONS

- 3.1 Members are requested to note the contents of the report.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that Members are informed of the financial position of the Housing Revenue Account.

5. THE REPORT

5.1 Introduction

- 5.1.1 The HRA has a projected underspend of £9.7m for the end of 2021/22 financial year, which represents about 18.8% of the total HRA budget. This is based on the income and expenditure patterns for the first 9 months of the year together with knowledge of the service from the respective managers. The surplus is split between general revenue underspends and capital related underspends. The main variances are summarised below, and full financial details are provided in Appendix 1.

5.2 Salaries & Mileage (£1.2m under spend)

- 5.2.1 Salaries and associated costs within the HRA are currently expected to underspend by some £1.2m which represents about 7% of the salary budget. There are some offsetting over and under spends in this area given the volume of staff which includes sickness cover, requests for reduced hours and timing for filling vacant posts. There has also been difficulty in backfilling vacant posts in particular within the Housing Repairs service where more competitive rates are being offered in the private sector and Registered Social Landlord providers.

5.3 Non-Pay Related (£425k under spend)

- 5.3.1 This includes an overspend of £85k associated with office related costs where although there has been savings in areas such as stationery, photocopying and postage, mainly as a result of offices not being occupied because of Covid-19 restrictions, there have been additional costs in respect of the new IT system which were unforeseen, and this has offset the office cost savings overall.
- 5.3.2 £510k underspend is attributable to budgets that are service specific such as Strategy & Development, Allocation recharges, Tenant Participation, and utility charges within our sheltered schemes. Some costs however have increased due to Covid-19 restrictions such as security of void properties, and Council Tax charges on void properties.

5.4 Building Maintenance & Response Repairs (£754k overspend)

- 5.4.1 This area is currently projecting an overspend of some £754k. There are some under spends within the cyclical and revenue projects which includes damp proofing, non – DLO works, sheltered & infrastructure projects but this has been offset by the costs for Montclair Avenue estimated at £1.5m. and although this has been committed this year, it is likely that this budget will need to be earmarked into 2022/2023 due to survey delays. Expenditure on the Housing Response Operations (HRO) budget is anticipating a £59k overspend overall which includes salaries and non-pay savings identified in 5.2 & 5.3 above. There is currently a reduced spend on sub-contractors and materials as a result of Covid recovery and is projected based on the spend to date. However, spend has been expected to increase to account for the backlog of repairs that the team were unable to complete during the pandemic. Furthermore, indications are being reported of an increase in material prices nationally which could affect contractor's ability to procure supplies

efficiently. Contractors have recently been awarded a significant increase on the prices originally submitted as result of these increased costs. Members will be aware of our Single Source Supplier arrangement which appears to have protected us initially from the material increases due to advance ordering, but the budget is being closely monitored, with the expectation that the year-end pain/gain arrangement is likely to be in the region of £30k cost to the HRA.

5.4.2 A budget of £11.5m has been allocated for the In-House team who support the capital programme. The work involved includes the final delivery of the WHQS Programme, maintenance of the WHQS programme through the PAMS programme, sheltered remodelling and some void works. There is a nil cost to the HRA because the cost is fully recharged to the capital programme. However, there is a predicted underspend of £3.1m due to reduced expenditure on sub-contractors, materials and salary savings which means this will be passed onto the capital programme in year. Covid-19 had a detrimental effect on the commencement of the PAMS programme which has been reprofiled to fit in with the revised completion of WHQS. The underspend is a result of not being able to progress with the PAMS programme whilst the WHQS programme was being finalised. Members will be aware that Welsh Government confirmed the extended deadline for authorities to achieve WHQS by December 2021. Caerphilly Homes has now achieved that target and is fully WHQS compliant in all its eligible stock.

5.5 **Capital Financing Requirement (CFR) (£154k under spend)**

5.5.1 Current forecasts on the HRA debt charges are slightly lower than budgeted, due to a higher level of capital receipts in the previous year, which has resulted in a lower Minimal Revenue Provision (MRP) charge and interest charge.

5.5.2 Further borrowing to complete the WHQS programme this year is not anticipated. This is due to the £10m underspend the previous year which has been carried over to fund the remainder of the WHQS work.

5.5.3 The 2021/22 Housing Business Plan shows borrowing from 2022/23 and 2023/24 of £17.7m to fund the commitments built into the plan for increasing housing supply. Work is currently underway on updating the Housing Business Plan in preparation for the 2022/2023 MRA application. This will include an updated position on increasing housing supply and will also reprofile the borrowing requirement. This will be reported to members on the 15th March 2022 and to Cabinet on the 23rd March 2022. Full Council is provisionally planned for June 7th 2022 to formally approve any increase in borrowing.

5.6 **Income (£120k variance)**

5.6.1 Variations represent less than 0.5% of the total income budget and includes a 7.5% reduction on the service charges to tenants due to restricted use of communal areas during Covid.

5.7 **Revenue Contributions to Capital Outlay (RCCO) (£8.6m underspend)**

5.7.1 The HRA allows for some £15.6m of revenue contributions towards finalising and maintaining the WHQS programme.

5.7.2 The HRA RCCO allocation will fund the capital spend this year in addition to the £7.3m Major Repairs Allowance (MRA) from Welsh Government. The MRA allowance will need to be utilised first as this funding does not carry over into financial years.

5.7.3 Total capital spend to period 9 is some £8.6m which is predominantly WHQS work. Spend is lower to this quarter compared to previous years quarters for a number of reasons. Finalising the last tranche of properties to meet WHQS which although smaller in volume to previous years, took longer to complete due to Covid restrictions. Reduced expenditure has inevitably arisen from the delay in progressing with the PAMS programme, and the full funding allocated from the RCCO will now not be needed this year. It is estimated that the RCCO will need to fund £7m, meaning an underspend of £8.6m against this budget. The underspend will be retained within the HRA and will be earmarked for Housing related activities, which is likely to be increasing housing supply and the PAMS programme.

5.7.4 WHQS Internal works as at the end of period 9 is 100% compliant

5.7.5 WHQS External works as at the end of period 9 is 100% compliant

5.7.6 Full WHQS compliance (where properties have achieved both internal and external compliance on a contract basis) is 100%.

5.8 HRA Working Balances

5.8.1 Working balances at the start of 2021/22 financial year were £14.1m. The majority of this is derived from underspends in 2020/21 and was anticipated to be used to contribute towards the capital programme this year. However due to the delay with progressing with the PAMS programme and the associated underspend on the RCCO budget mentioned above, these balances, together with the accumulated surpluses this year, will be retained and earmarked towards funding the 2022/2023 capital programme, and beyond where appropriate.

6. ASSUMPTIONS

6.1 The projected outturn position is based on actual income and expenditure details for the first nine months in the 2021/22 financial year. However, spend and income activity has been unprecedented during this time which makes it difficult to compare results to preceding years or indeed forecast for future years.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 This report is for information only so an IIA is not required

8. FINANCIAL IMPLICATIONS

8.1 As detailed throughout the report.

9. PERSONNEL IMPLICATIONS

9.1 There are no direct personnel implications arising from this report.

10. CONSULTATIONS

10.1 There are no consultation responses that have not been reflected in this report.

11. STATUTORY POWER

11.1 Local Government Acts 1972 and 2003 and the Council's Financial Regulations

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Consultees: Cllr J Ridgewell, Chair Housing and Regeneration Scrutiny Committee
Cllr M Adams, Vice Chair Housing and Regeneration Scrutiny Committee
Cllr S Cooke, Cabinet Member for Social Care and Housing
D Street, Corporate Director Social Services and Housing
N Taylor-Williams, Head of Housing
S Harris, Head of Financial Services & S151 Officer
F Wilkins, Housing Services Manager
A Edmunds, WHQS Implementation Project Manager
J Fellows, Housing Repair Operations Manager
J Roberts-Waite, Strategic Co-ordination Manager
S Isaacs, Rents Manager
K Denman, Housing Solutions Manager
R Williams – Group Accountant (Treasury & Capital)

Appendices:

Appendix 1 HRA Financial Plan 2021/22 period 9

Appendix 1

Housing	Estimate	Projected	Variance
	2021/22	Outturn	2021/22
	£	2021/22	£
<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>SUMMARY</u>			
GENERAL MANAGEMENT	1,874,613	1,956,056	(81,443)
CAPITAL FINANCING	8,083,135	7,929,441	153,694
CENTRAL RECHARGES	2,745,024	2,745,024	-
STRATEGY AND PERFORMANCE	1,919,958	1,436,096	483,862
PUBLIC SECTOR HOUSING	6,086,179	5,383,132	703,047
SUPPORTED HOUSING	-	-	-
BUILDING MAINTENANCE SERVICES	31,018,422	22,647,739	8,370,683
GROSS EXPENDITURE	51,727,331	42,097,487	9,629,844
INCOME	(51,727,331)	(51,847,064)	119,733
(SURPLUS)/DEFICIT CONTRIBUTION (TO)/FROM WORKING BALANCES	-	(9,749,577)	9,749,577
<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>GENERAL MANAGEMENT</u>	1,874,613	1,956,056	(81,443)
<u>CAPITAL FINANCING COSTS</u>			
Interest Charge	5,660,208	5,509,544	150,664
Principal	2,372,927	2,369,897	3,030
Debt Management	50,000	50,000	-
Rescheduling Discount	-	-	-
EXPENDITURE TO HRA SUMMARY	8,083,135	7,912,569	153,694
<u>CENTRAL RECHARGES</u>			
Central Recharges	2,248,134	2,248,134	-
Grounds Maintenance recharge to HRA	496,890	496,890	-
EXPENDITURE TO HRA SUMMARY	2,745,024	2,745,024	-

<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>STRATEGY AND PERFORMANCE</u>			
Housing Strategy and Development	1,919,958	1,436,096	483,862
Transforming Lives and Communities	-	-	-
EXPENDITURE TO HRA SUMMARY	1,919,958	1,436,096	483,862
<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>PUBLIC SECTOR HOUSING</u>			
Landlord General	349,520	297,288	52,232
Sheltered Accommodation	1,516,702	1,295,225	221,477
Holly Road Community Support	4,782	4,918	(136)
Eastern Valley Area Housing Office	821,998	752,795	69,203
Upper Rhymney Area Housing Office	895,888	796,324	99,564
Lower Rhymney Valley Area Housing Office	31,002	27,946	3,056
Lansbury Park Neighbourhood Housing Office	322,495	288,359	34,136
Graig Y Rhacca Neighbourhood Housing Office	303,759	277,493	26,266
Housing Allocations Contribution	128,845	105,406	23,439
Tenants & Communities Involvement	371,885	316,380	55,505
Leaseholders Management	46,635	35,175	11,460
Tenancy Enforcement	338,675	311,140	27,535
Rents	991,213	912,676	78,536
Community Wardens	(37,219)	(37,995)	776
EXPENDITURE TO HRA SUMMARY	6,086,179	5,383,132	703,047

<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>RESPONSE REPAIRS AND MAINTENANCE</u>			
Employee Expenses net of recharges	655,194	607,031	48,163
Repairs & Maintenance on Housing Stock			
Responsive Repairs	10,873,564	10,932,947	(59,383)
Revenue Contribution to Capital – WHQS Programme	15,589,241	7,000,000	8,589,241
Group/Planned Repairs (priorities 5 & 8)	-	-	-
Void Repairs (priority 6)	-	-	-
Depot Recharges	100,000	100,000	-
Revenue Projects	1,894,000	2,205,969	(311,969)
Planned Cyclical	1,762,600	1,668,541	94,059
Planned Programme	-	-	-
	30,219,405	21,907,457	8,311,948
Transport Related	15,980	14,806	1,175
Supplies and Services	127,843	118,445	9,398
EXPENDITURE TO HRA SUMMARY	31,018,422	22,647,739	8,370,683

<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>INCOME</u>			
<u>Rents – Dwelling</u>			
Gross Rent – Dwellings	(46,165,179)	(46,785,441)	620,262
Gross Rent – Sheltered	(4,675,807)	(4,071,621)	(604,186)
Gross Rent – Hostel	-	-	-
Voids – General Needs Dwelling/Sheltered	1,271,025	1,110,896	160,129
Additional Income O/Side Rent Debit (WHQS)	-	(1,333)	1,333
Voids – Hostel	-	-	-
Net Rent	(49,569,961)	(49,747,500)	177,539
<u>Rents – Other</u>			
Garages	(351,694)	(351,191)	(503)
Garage Voids	117,099	113,388	3,711
Shop Rental	(54,488)	(54,488)	-
	(289,083)	(292,291)	3,208
<u>Service Charges</u>			
Sheltered – Service Charges	(1,271,043)	(1,217,266)	(53,777)
Sheltered – Heating & Lighting	(106,268)	(70,586)	(35,682)
Sheltered & Dispersed – Alarms	-	-	-
Catering Recharge – Sheltered Accommodation	-	-	-
Voids Schedule Water	114,507	81,191	33,316
Non Scheduled Water Rates	(31,914)	(27,043)	(4,871)
Welsh Water Commission	(560,569)	(560,569)	-
Leaseholder – Service Charges	-	-	-
	(1,855,287)	(1,794,273)	(61,014)
<u>Government Subsidies</u>			
Housing Subsidy	-	-	-
	-	-	-
<u>Interest Receivable</u>			
Mortgage Interest	-	-	-
Investment Income	(10,000)	(10,000)	-
	(10,000)	(10,000)	-
<u>Miscellaneous</u>			
Miscellaneous	-	-	-
Private Alarms	-	-	-
Ground Rent	(3,000)	(3,000)	-
	(3,000)	(3,000)	-
INCOME TO HRA SUMMARY	(51,727,331)	(51,847,064)	119,733

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HOUSING AND REGENERATION SCRUTINY COMMITTEE – 15TH MARCH 2022

SUBJECT: HOUSING REVENUE ACCOUNT BUSINESS PLAN 2022/23

REPORT BY: CORPORATE DIRECTOR OF SOCIAL SERVICES AND HOUSING

1. PURPOSE OF REPORT

For Members to consider and take a view on the Housing Revenue Account (HRA) Business Plan 2022/23 prior to approval at Cabinet on 23rd March 2022, and also recommend that Cabinet submit this report to Council to request an extension to the borrowing cap. The HRA Business Plan is an annual requirement from Welsh Government as part of the annual submission of the Major Repairs Allowance (MRA) grant application. The Business plan has not been presented for approval in recent years but there are now an increased number of objectives to be delivered within the business plan, on similar timeframes. It is therefore prudent that members are formally updated on the financial position of the HRA investment programme on an annual basis, to inform future decision making.

2. SUMMARY

- 2.1 Following the publication by Welsh Government (WG) in its National Housing Strategy, 2001, which enforced all social landlords to meet the Welsh Housing Quality Standard (WHQS) on all its tenanted stock, WG introduced in 2002, a requirement for all Welsh authorities to develop and produce a Housing Business Plan which would be scrutinised by WG on an annual basis. The Housing White Paper published in May 2012 reaffirmed the WG commitment to the WHQS and set the revised target for all social landlords to meet it by 31st December 2020, which was extended to 31st December 2021 due to the impact of Covid-19.
- 2.2 The Business Plan is a long-term 30-year plan for managing an organisation's assets and financing the necessary investments. It is a key element in ensuring the effective long-term management and maintenance of the Councils housing stock. It is essentially a financial forecast reliant on key assumptions which identifies the resources and funding required to meet the WHQS and maintain it thereafter. In addition, more recently WG have requested a business plan narrative to accompany the financial business plan, and this is also a requisite for the annual application of the MRA funding.
- 2.3 Now that all the Local Housing Authorities have met the WHQS, there is a requirement for WG to develop an updated version of the standard so that LHA's can maintain its properties to the standard whilst incorporating new challenges. There has been an independent summative evaluation of WHQS in June 2021 and WG intend to launch WHQS 2 in 2023 following a period of consultation in Spring 2022. One of the biggest changes in the new standard will be around affordable warmth and decarbonisation, and WG are considering how they can support delivery alongside a new Optimised Retrofit Programme (ORP). In the 2022/23 Business Plan, however, WG acknowledge that LHA's will not have firm decarbonisation targets or measures to work with, and therefore do not expect comprehensive costed models for decarbonisation in this year's plan, other than some specific questions around the value of decarbonised related work already factored into our existing programmes.

- 2.4 Members may recall earlier reports regarding the HRA Business Plan as part of the ballot process together with commissioning stock condition surveys and determining borrowing levels. The borrowing level for WHQS was initially agreed by Council at £61m in 2011 and has been subsequently revised as the WHQS programme has been progressing. In 2014, the borrowing was revised to £55m, and in 2019, the borrowing profile was amended to include funding for the first draft of our ambitious new build programme. The borrowing level is currently £75m which was estimated to be £45m for WHQS and £30m for the initial investment for increasing housing supply. Further development programmes are likely to require additional borrowing.
- 2.5 As we have now achieved the target of meeting WHQS to all our eligible stock, it is thought an opportune time to report the HRA Business Plan annually to members going forward as we progress onto developing our own social housing stock. This has become more important as we have experienced such volatility within the market in terms of material costs, supply and labour resources as a result of the Covid-19 pandemic and Brexit, which could impact significantly on our new build commitments and the ambitious decarbonisation agenda that is ahead of us.

3. RECOMMENDATIONS

- 3.1 That members of this committee acknowledge and consider the 2022/23 Housing Business Plan prior to its approval by Cabinet on the 23rd of March, and its submission to WG by the 31st of March 2022, and annually on an ongoing basis.
- 3.2 Members recommend that Cabinet approve the submission of this report to Council to request an extension on the HRA borrowing cap to £90m to allow the new build programme to progress. A provisional date for Council has been set for the 7th June 2022

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 The HRA Business Plan has to be submitted annually to Welsh Government as part of the Major Repair Allowance (MRA) funding grant submission. Failure to submit a Business Plan as part of the application would be interpreted as failure to comply with the MRA grant criteria, and the grant is likely to be withdrawn.
- 4.2 The Housing Business Plan relies on key assumptions to remain viable and in recent years has become increasingly volatile due to the Covid-19 pandemic and Brexit. It is therefore prudent that members are formally updated on the financial position of the HRA investment programme as part of the annual grant submission to WG and to be kept up to date on the performance of the HRA in relation to other new priorities to be delivered from the HRA.
- 4.3 Borrowing is necessary to be able to fund the new build programme and will be reviewed annually. The building of new affordable homes is a corporate commitment, and a Welsh Government directive.

5. THE REPORT

- 5.1 The Major Repairs Allowance (MRA) is a capital grant for HRA assets to support Local Authorities to meet and maintain the WHQS. It cannot be used to repay debt, support borrowing, fund demolition costs, fund the day-to-day maintenance of properties, fund any properties acquired after April 2015, or for any properties held outside of the HRA.
- 5.2 LHA's must submit an application to WG each year for the MRA. The value of MRA for Caerphilly Homes is in the region of £7.3m. The deadline for the submission is 31st March 2022 and WG request the following documents to be included with the application

- An application form
- A full 30 year financial Business Plan
- Business Plan financial data summary
- New Build spreadsheet
- Business Plan narrative.

- 5.3 The HRA Business Plan is subject to detailed scrutiny by WG to ensure it is acceptable which means it must demonstrate
1. Maintenance of the WHQS
 2. The HRA does not show a debit balance
 3. Through stress testing the impact of positive and negative changes to key assumptions has been considered
 4. An analysis of items included in the HRA certified to show it is in accordance with relevant legislation.
- 5.4 A Local Authority must inform WG by 31st March each year if it is unable to submit an acceptable Business Plan. The Authority will then be required to work with the support offered by WG to develop an acceptable Business Plan. Failure to do so will be treated as failure to comply with the MRA grant criteria and the grant is likely to be withdrawn.
- 5.5 Business Plans are owned by local authorities and are not prescriptive by WG. However, Caerphilly Homes uses a model adopted by Capita Services which has been sanctioned by WG. Most of the retaining Local Housing Authorities use this same model. WG also request a summary of the business plan as part of the MRA application, which is in a standard format to allow for ease of comparison against the minority of Local Housing Authorities who do not use the Capita model.
- 5.6 Section 76 of the Local Government and Housing Act 1989 requires that the Housing Revenue Account (HRA) cannot be set into a deficit. The Housing Business Plan is a working document and is constantly updated to reflect any changes in its original assumptions to ensure the HRA remains viable.
- 5.7 Once the HRA budget is set, this is added to year 1 of the 30-year Housing Business Plan, combined with the capital projections and a number of key assumptions. The plan is tested for viability in terms of its operating (revenue) account, level of reserves, capital account and its level of borrowing. Further assumptions are then made to project this position for 30 years.
- 5.8 Key assumptions in the plan are
- Inflation rates
 - Interest rates/Financing Costs
 - Rent increases or decreases
 - Level of bad debts and voids
 - Stock count
 - Pay awards
 - Financing costs
- 5.9 WG also require a number of sensitivity tests against the base plan which models different stresses around key risks of the plan over the next 10 years. The sensitivities are not prescriptive but LHA's are expected to consider global and local challenges and how this will impact on the HRA remaining viable, if the WHQS can still be maintained, and if borrowing remains affordable. WG have also requested a specific sensitivity test in respect of decarbonisation.
- 5.10 A template is also required that captures LHA's development and acquisition plans.

5.11 The HRA Business Plan for 2022/23 has made the following assumptions. Note that this shows only 5 years which are more realistic than a 30-year period. However, the appendices attached will show the impact these assumptions make over a 30-year period.

5.12 Inflation rates

Every year, as part of the Business Planning Guidance, WG advise LHA's to use 2% as a typical inflation rate. This year however, this has not been included in the guidance and WG have advised they are no longer prescriptive on the assumptions in the Business Plans but now request that they are clearly explained and justified. This is probably as a result of the volatile increase in inflation experienced nationally. UK RPI forecasts for next 5 years are as follows (source: statista.com)

2022/23	5%
2023/24	3.4%
2024/25	2.8%
2025/26	2.8%
2026/27	2.9%

5.13 In addition to the above, an additional increase needs to be considered in respect of building materials which will affect the cost of our Planned programme, Response Repairs, and New Build programme. The increased global demand for construction combined with the complex impacts of the pandemic and Brexit, has resulted in unprecedented shortage delays and increased prices for materials and labour across the economy. Whilst the impact is hard to predict because it affects different material types, the industry suggests the pressure is expected to continue until the end of 2022, However, it is felt prudent to increase 2023/24 to 5% to allow for the impact of the energy price increases which is likely to affect the cost of materials further in the short term. Further testing for higher increases are factored into the sensitivity analysis on 5.29 below

5.14 Interest rates/Financing Costs

The debt profile for the authority includes a forecast for interest rates which are calculated by accounting for all estimated interest on the loan types the authority holds in any one year and dividing that into the total debt to arrive at a consolidated average interest rate each year. These rates will change depending on the debt profile and are updated regularly throughout the year. The interest rate charged to the HRA includes the borrowing requirement within the current Business Plan and is currently forecasted to be as follows

2022/23	4.27%
2023/24	4.25%
2024/25	4.15%
2025/26	3.95%
2026/27	3.87%

5.15 Rent Increase

The WG rent policy is determined every 5 years. We are currently under the 2020/2021 to 2024/2025 five-year rent policy which was set at CPI plus 1% (plus a further £2 to align rents if applicable). The Welsh Ministers can determine the appropriate change to the rent levels in any given year if CPI falls outside of the range 0% and 3%. The CPI rate used for the 2022/23 was the previous September's rate which was 3.1%, therefore WG decided to remove the "plus 1%" from the 2022/23 rent policy meaning the maximum rent increase could not be any more than 3.1%.

5.16 Members agreed from a selection of options to increase the 2022/23 rent by 2%. This has

been factored into the 2022/23 estimates. For the following years, the CPI rates have been forecasted to be within the 0% and 3% protection threshold, therefore the assumption is that these years will attract the CPI plus 1% as follows

2022/23	2% as agreed by members
2023/24	2.6% plus 1% = 3.6%
2024/25	2.1% plus 1% = 3.1%
2025/26	2% plus 1% = 3%
2026/27	2% plus 1% = 3%

- 5.17 This will be the maximum rent increase allowed under the rent policy and LHA's must also evidence affordability. Members recently agreed that the authority could review its rent policy to consider including an appropriate affordability model called the Joseph Rowntree Foundation (JRF) model. This will be reviewed mid 2022 in advance of the 2023/23 rent setting process. Early indications of this model suggest Caerphilly Homes rents are a favourable comparison. Other indications such as the All-Wales statistics also confirm Caerphilly rents are one of the lowest of the LHA's at about 4% lower than the average, yet earnings within the area are some 3.5% higher than the All-Wales average (2019/20 stats). As part of the sensitivity testing required by WG for the MRA submission, we will include scenarios for lower rents than above to test the viability of the HRA is maintained with additional borrowing. (See 5.31 & 5.32 below on sensitivity testing)
- 5.18 For future years (from 2027/28 onwards) within the plan, rent increases have assumed to be 3% but these will be reviewed as we progress through the next 5 years when inflation is confirmed and also how the JRF affordability model impacts on our rent structure.
- 5.19 Level of bad debts and voids
This figure is combined in the Business Plan. In previous years the average void loss was pretty static at just under 2% and arrears at around 2.5%. In recent years this has increased, particularly at the start of the pandemic when tenants were unable to pay their rent and landlords were unable to relet empty properties. LHA's have also started a rent and arrears working group with WG to compare and share best practise going forward as a consequence of the arrears position due to the pandemic and the impact on tenants. In December 2020 voids had increased to 2.8% and arrears to 4.24% but this level has started to improve for a number of reasons previously reported in the HRA budget monitoring reports. In December 2021, voids were 2.52% and arrears were 4.29%. However, the plan has assumed 7% in total for 2022/23 which is an increase on the bad debt due to the increase in energy and food prices that is likely to impact tenants. The 7% will remain in 2023/24 and reduce to 6.5% in 2024/25, showing a slight reduction to 5.5% 2 years later for the rest of the plan. This assumption is clearly volatile and is therefore included in the sensitivity testing shown in 5.34.
- 5.20 Stock Count
The current stock count is 10,660. This includes 10,649 of tenanted stock and 11 units that are out of debit within a scheme that is proposed for demolition. However, as the 11 units are under one scheme, they are included within our total stock count as we are still responsible for managing and maintaining the scheme, and these costs are still factored into the Housing Business Plan until 2023/24 when they are proposed to be demolished.
- 5.21 The plan would normally make an assumption of any council house sales that would reduce the level of stock, until the Right To Buy (RTB) process ended in Wales in January 2019. Therefore, we do not anticipate any further RTB sales in the plan. However, we are now underway with our ambitious new build programme and have also acquired stock via a buy back process which assists us in meeting the increasing housing supply agenda from WG.
- 5.22 The increase in stock is detailed in 5.24 below, and has been assumed based on the most recent Programme Delivery Plan (PDP) for affordable housing which drives the Social Housing Grant (SHG) programme, together with other schemes identified as part of the LDP process where areas have been identified for suitable development upon further investigation

and viability checks. We have been awarded £10.7m of SHG for the period April 2021 to March 2026.

5.23 Pay Awards

The assumptions factored into the 2022/23 Draft Budget Proposals report (Cabinet 19/1/22) for the Council have been considered against the HRA Business Plan. The forecasted increases in terms of Pay Award, National Insurance and Employers Pension Contributions for 2023/24 and 2024/25 have been applied and show that the initial inflation rates in 5.12 account for the increases over the next 3 years.

5.24 New Build proposals and grants

The current proposals allow for 405 units (social rented and blended tenure schemes) over the period 2022/23 to 2025/26 at a cost of some £100m. Funding assumptions include the Social Housing Grant of £10.7m recently awarded by WG up to 2024/25. Further funding options need to be explored and include the Land and Buildings Development Fund, The Health and Care Fund, and the Cardiff City Region Deal. It is worth noting that the previous year's Housing Business Plan allowed for 230 units, so there is momentum in terms of increasing housing supply.

5.25 The value of the HRA in 2022/23 with the rent increase of 2% is £52m. The cost of managing and maintaining the service is essentially funded from this, and these costs are entered into the plan which includes a £15.9m commitment towards the capital programme. The capital programme is £27.9m and this includes £20.4m to maintain the WHQS programme (PAMS programme), £0.7k for increasing housing supply and £6.6m for adaptations, other large scale void work, and one-off committed projects (Note the level of spend for increasing housing supply appears low in this year, as this relates to retentions and finalising 2 schemes that will release 18 units in 2022/23. The volume of expenditure will increase in 2023/24 where several schemes have been identified to supply some 211 units at £52m.). It is however worth noting that the current proposals can change quickly as more schemes are identified and some existing proposals may not come to fruition.

5.26 The assumptions shown above are run through the plan over the 30 years and this typically results in a shortfall that would require some level of external borrowing. The base plan has a shortfall of £43.5m and this requires a borrowing commitment of some £45.6m (£17.1m in 2023/24 and £28.5m in 2024/25). The total borrowing commitment, when factoring in the amount already borrowed for the WHQS programme is not within the current borrowing cap approved by Council. Total borrowing would currently stand at some £86.5m which would be £11.5m over the £75m agreed level. However, it is important to note that the initial level agreed was always expected to change as we progressed with the new build programme. The number of proposed units have increased by 175 compared to the previous plan, which will increase costs significantly and result in further borrowing. It is also worth noting that there may be other funding streams available, as schemes are investigated further, which would reduce costs, thus reducing the borrowing requirement. Officers recommend the borrowing level be increased to £90m at this stage to ensure adequate funding is available for the current new build proposals within the 2022/23 Housing Business Plan. Borrowing is not required until year 2 of the plan (2023/24).

5.27 To date the HRA has borrowed £40.9m towards achieving WHQS therefore any further borrowing is now committed principally towards increasing our housing supply. The maintenance of the WHQS programme is now under our Post Asset Management Strategy (PAMS) programme and is currently funded from our existing HRA resources and MRA grant from WG, although we await the new version of the WHQS 2 which will undoubtedly affect this profile.

5.28 The Housing Business Plan for 2022/23 confirms that the HRA remains viable with the £45.6m borrowing, as it demonstrates a surplus in the operating account (see appendix A) and the capital account is fully financed (see appendix B)

5.29 **Sensitivity Analysis**

5.30 A number of sensitivities have also been tested against the base plan which include the following (*all must demonstrate HRA remains in surplus. WHQS still maintained and borrowing affordable)

5.31 ***S1 - A decrease in rent levels to CPI only (2.6%) in year 1***

DESCRIPTION: if CPI falls below 0% or higher than 3% then the policy would revert to CPI only (As in 2022/23). Although forecasts suggest CPI will be within this threshold, the market is very volatile so a variation in rent levels needs to be tested. Year 1 of the Housing Business Plan assumes 3.6% (CPI + 1%). The sensitivity reduces this to 2.6% (CPI only)

IMPACT: Less income to achieve what is already committed in the base plan by £950k and a reduction of surpluses over 10 years of some £16.3m.

MITIGATION: Cannot reduce the New Build Programme in Year 1 as it is a continuation of the previous year's schemes. The PAMS programme could be reduced but this would mean the timescales for properties maintaining their lifecycles would not be met. It would be equivalent to 487 doors or 158 roofs or 146 windows not being maintained and having to be pushed further into the programme, having a knock-on effect on the remainder of the programme. Additional borrowing of £992k over years 1 & 2 would fund the shortfall. The increased borrowing would remain within the current recommended borrowing level of £90m. WHQS and the New Build programme would remain on track if all other assumptions remained. The HRA would remain viable but with a reduction of £16.3m capacity over 10 years meaning less funding capacity for future challenges e.g., WHQS 2, Decarbonisation and further increasing housing supply.

5.32 ***S2 - A decrease in rent levels to 2% in year 1***

DESCRIPTION: if CPI falls to 1% then applying the policy means a maximum of 2% rent increase in year

IMPACT: Less income to achieve what is already committed in the base plan by £1.5m and a reduction of surpluses over 10 years of some £28.9m.

MITIGATION: Cannot reduce the New Build Programme in Year 1 as it is a continuation of the previous year's schemes. The PAMS programme could be reduced but this would mean the timescales for properties maintaining their lifecycles would not be met. It would be equivalent to 789 doors or 256 roofs or 237 windows not being maintained and having to be pushed further into the programme, having a knock-on effect on the remainder of the programme. Additional borrowing of £1.7m over years 1 & 2 would fund the shortfall. The increased borrowing would remain within the current recommended borrowing level of £90m. WHQS and the New Build programme would remain on track if all other assumptions remained. The HRA would remain viable but with a reduction of £28.9m capacity over 10 years meaning less funding capacity for future challenges e.g. WHQS 2, Decarbonisation and further increasing housing supply

5.33 ***S3 - An increase of material costs to 10% in year 1***

DESCRIPTION: The volatility of the construction sector due to the pandemic and Brexit has seen unprecedented increases in material costs. The base plan allows for a further 5% increase in year 1 but due to the volatility a further sensitivity is tested with a 10% increase

IMPACT: Less income to achieve what is already committed in the base plan by £1.1m and a reduction of surpluses over 10 years of some £16.1m.

MITIGATION: Cannot reduce the New Build Programme in Year 1 as it is a continuation of the previous year's schemes. The PAMS programme could be reduced but this would mean the timescales for properties maintaining their lifecycles would not be met. It would be equivalent to 641 doors or 208 roofs or 192 windows not being maintained and having to be pushed further into the programme, having a knock-on effect on the remainder of the programme. Additional borrowing of £1.25m over years 1 & 2 would fund the shortfall. The increased borrowing would remain within the current recommended borrowing level of £90m. WHQS and the New Build programme would remain on track if all other assumptions remained. The HRA would remain viable but with a reduction of £16.1m capacity over 10 years meaning less funding capacity for future challenges e.g., WHQS 2, Decarbonisation and further increasing housing supply.

5.34 **S4 - An increase in bad debts to 8% in years 1 & 2**

DESCRIPTION: The base plan assumes 7% for void and bad debts made up of 2.5% voids and 4.5% bad debts. The level of bad debts has increased due to the pandemic and an allowance has been made in the base plan for a further increase due to expected increases in energy and food prices. It is worth testing this further by increasing the bad debt to 5.5% over a two-year period (total combined bad debt and voids would therefore be 8%)

IMPACT: Less income to achieve what is already committed in the base plan by £1.1m and a reduction of surpluses over 10 years of some £2.8m.

MITIGATION: Cannot reduce the New Build Programme in Year 1 as it is a continuation of the previous year's schemes. The PAMS programme could be reduced but this would mean the timescales for properties maintaining their lifecycles would not be met. It would be equivalent to 641 doors or 208 roofs or 192 windows not being maintained and having to be pushed further into the programme, having a knock-on effect on the remainder of the programme. Additional borrowing of £1.14m in year 1 would fund the shortfall. The increased borrowing would remain within the current recommended borrowing level of £90m. WHQS and the New Build programme would remain on track if all other assumptions remained. The HRA would remain viable but with a reduction of £2.8m capacity over 10 years meaning less funding capacity for future challenges e.g., WHQS 2, Decarbonisation and further increasing housing supply. Also, more resource would be needed to support tenants with increased debt.

5.35 **S5 – Combination of S1 & S3 – Reduce rent to CPI only and increase material costs to 10%**

DESCRIPTION: Sensitivity testing needs to include a combination of potential issues as in reality more than one can arise at the same time. Therefore, this tests the possibility of rent reducing to 2.6% in year 1 and materials increasing to 10% in year 1.

IMPACT: Less income to achieve what is already committed in the base plan by £2.9m and a reduction of surpluses over 10 years of some £27.9m.

MITIGATION: Cannot reduce the New Build Programme in Year 1 as it is a continuation of the previous year's schemes. The PAMS programme could be reduced but this would mean the timescales for properties maintaining their lifecycles would not be met. It would be equivalent to 1487 doors or 483 roofs or 446 windows not being maintained and having to be pushed further into the programme, having a knock-on effect on the remainder of the programme. Additional borrowing of £3.4m in year 2, 3 & 5 would fund the shortfall. The increased borrowing would total £94.6m and would not be within the current recommended borrowing level of £90m. A further report to Council would be needed to increase the limit with no further productivity. WHQS and the New Build programme would remain on track if all other assumptions remained. The HRA would remain viable but with a considerable reduction of £27.9m capacity over 10 years meaning less funding capacity for future challenges e.g. WHQS 2, Decarbonisation and further increasing housing supply.

5.36 **S6 – Maximum costs for Decarbonisation before breaching reserve and borrowing limits**

DESCRIPTION: WG has specifically asked for this sensitivity to be tested. Whilst they acknowledge that LHA's will not have robust models costed for decarbonisation, they still require to show what is the maximum allowance in the Housing Business Plan for decarbonisation costs before the internal borrowing limit and/or the HRA reserve is breached. All of the current HRA reserves are factored into the current business plan therefore there is no further manoeuvre to be considered, so the test is run against the internal borrowing limit of the recommended £90m.

IMPACT: Maximum of £3.2m additional spend in year 2 of the plan could be used for decarbonisation works before the internal borrowing limit is breached. Further borrowing would be required of £3.5m in years 2 & 3.

MITIGATION: This would not be sufficient funding for an effective decarbonisation programme, and the £3.2m flexibility is really only useful for contingencies within our current programmes or in the event of some of the sensitivities above.

To meet the decarbonisation agenda., costs of about £30k per property have been suggested in network meetings with other LA's. To factor this cost into the Housing Business Plan would mean an additional cost of some £319.7m. This would be equivalent to nearly £40m additional cost over the next 8 years until 2030, with a further borrowing requirement of £470.6m over the next 15 years, which is significantly higher than the cost of achieving the WHQS to all our properties. The CFR debt charges would increase to £217m over the next 10 years, an increase of £125m of what is in the current plan. The level of borrowing would be higher than the Councils overall CFR level for the whole of the Councils General Fund, and whilst it may appear affordable in the plan, the risk is significantly high for the Council when relying on the level of assumptions within the plan. The HRA surpluses generated over this period would be limited to the minimum level of £100 per property which would not be sufficient contingency for a programme of this magnitude.

- 5.37 All the sensitivities tested prove how changes in one area of the Business Plan can affect the whole outcome, and that the Business Plan is reliant on a number of key assumptions that could change quickly and impact on our service delivery. However, the base plan is set using current knowledge within the service and at this point evidence it is viable.

6. ASSUMPTIONS

- 6.1 Assumptions are prevalent within the Housing Business Plan and are necessary to create a 30-year projection as requested by Welsh Government. Assumptions are included on key drivers such as (i) Interest rates (ii) Inflation (iii) Rental Increases (iv) Staffing levels (v) stock movement (vi) capital programme expenditure (vi) level of rent arrears/bad debts, and (vii) level of voids and are taken from projections, local knowledge and Welsh Government guidance. The key assumptions are detailed in this report.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 An Integrated Impact Assessment was carried out as part of the HRA rent charges 2022/23 report which fundamentally drives the Housing Business Plan, therefore a further IIA is not necessary.

8. FINANCIAL IMPLICATIONS

8.1 This report deals with the financial implications

9. PERSONNEL IMPLICATIONS

9.1 The proposals contained in this report will not alter the current arrangements of HRA personnel.

10. CONSULTATIONS

10.1 All consultation responses have been reflected in this report

11. STATUTORY POWER

11.1 Local Government Act 1972.

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Consultees:	Cllr J Ridgewell	- Chair Housing & Regeneration Scrutiny Committee
	Cllr M Adams	- Vice Chair Housing & Regeneration Scrutiny Committee
	Cllr Shayne Cook	- Cabinet Member for Social Care and Housing
	Christina Harry	- Chief Executive
	Dave Street	- Corporate Director Social Services & Housing
	Nick Taylor-Williams	- Head of Housing
	Robert Tranter	- Head of Legal Services/Monitoring Officer
	Stephen R Harris	- Head of Corporate Finance & S151 Officer
	Fiona Wilkins	- Housing Services Manager
	Jane Roberts-Waite	- Strategy & Co-ordination Manager
	Alan Edmunds	- WHQS Project Manager
	Jason Fellows	- HRO Manager
	Kerry Denman	- Housing Solutions Manager

Appendices Appendix A – HRA Business Plan (Capital)
Appendix B – HRA Business Plan (Revenue)

Caerphilly County Borough Council

Business Plan Assumptions

Major Repairs and Improvements Financing

(expressed in money terms)

		Expenditure					Financing						Check Total £,000
Year	Year	Catch up Repairs £,000	Planned Maint £,000	Improve ments £,000	Other £,000	Total Expenditure £,000	Borrowing £,000	RTB Receipts £,000	Other £,000	Repairs Account £,000	RCCO £,000	Total Financing £,000	
1	2022.23	0	27,194	0	730	27,924	0	0	7,437	0	20,487	27,924	0
2	2023.24	0	13,271	0	54,129	67,400	17,108	0	12,680	0	37,612	67,400	0
3	2024.25	0	12,582	0	45,268	57,850	28,500	0	11,689	0	17,661	57,850	0
4	2025.26	0	16,883	0	4,768	21,652	0	0	7,363	0	14,289	21,652	0
5	2026.27	0	26,746	0	0	26,746	0	0	7,363	0	19,383	26,746	0
6	2027.28	0	21,000	0	0	21,000	0	0	7,363	0	13,637	21,000	0
7	2028.29	0	21,000	0	0	21,000	0	0	7,363	0	13,637	21,000	0
8	2029.30	0	21,000	0	0	21,000	0	0	7,363	0	13,637	21,000	0
9	2030.31	0	21,000	0	0	21,000	0	0	7,363	0	13,637	21,000	0
10	2031.32	0	21,000	0	0	21,000	0	0	7,363	0	13,637	21,000	0
11	2032.33	0	21,000	0	0	21,000	0	0	7,363	0	13,637	21,000	0
12	2033.34	0	21,000	0	0	21,000	0	0	7,363	0	13,637	21,000	0
13	2034.35	0	21,000	0	0	21,000	0	0	7,363	0	13,637	21,000	0
14	2035.36	0	21,000	0	0	21,000	0	0	7,363	0	13,637	21,000	0
15	2036.37	0	21,000	0	0	21,000	0	0	7,363	0	13,637	21,000	0
16	2037.38	0	21,000	0	0	21,000	0	0	7,363	0	13,637	21,000	0
17	2038.39	0	21,000	0	0	21,000	0	0	7,363	0	13,637	21,000	0
18	2039.40	0	21,000	0	0	21,000	0	0	7,363	0	13,637	21,000	0
19	2040.41	0	21,000	0	0	21,000	0	0	7,363	0	13,637	21,000	0
20	2041.42	0	21,000	0	0	21,000	0	0	7,363	0	13,637	21,000	0
21	2042.43	0	21,000	0	0	21,000	0	0	7,363	0	13,637	21,000	0
22	2043.44	0	21,000	0	0	21,000	0	0	7,363	0	13,637	21,000	0
23	2044.45	0	21,000	0	0	21,000	0	0	7,363	0	13,637	21,000	0
24	2045.46	0	21,000	0	0	21,000	0	0	7,363	0	13,637	21,000	0
25	2046.47	0	21,000	0	0	21,000	0	0	7,363	0	13,637	21,000	0
26	2047.48	0	21,000	0	0	21,000	0	0	7,363	0	13,637	21,000	0
27	2048.49	0	21,000	0	0	21,000	0	0	7,363	0	13,637	21,000	0
28	2049.50	0	21,000	0	0	21,000	0	0	7,363	0	13,637	21,000	0
29	2050.51	0	21,000	0	0	21,000	0	0	7,363	0	13,637	21,000	0
30	2051.52	0	21,000	0	0	21,000	0	0	7,363	0	13,637	21,000	0

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Caerphilly County Borough Council
Business Plan Assumptions
Operating Account
 (expressed in money terms)

		Income					Expenditure																
Year	Year	Net rent Income	Other income	Misc Income	HRA Subsidy Receivable	Total Income	Managnt.	Depreciation	Maint.	Contribution to Repairs Account	Debt Charges	Other Revenue spend	HRA Cost of Rent Rebates	Misc expenses	HRA Subsidy Payable	Total expenses	Net Operating (Expenditure)	RCCO	Depreciation adjustment	Surplus (Deficit) for the Year	Surplus (Deficit) b/fwd	Interest	Surplus (Deficit) c/fwd
		£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
1	2022.23	49,819	298	561	0	50,678	(15,624)	0	(10,410)	0	(8,392)	0	0	(1,549)	0	(35,975)	14,703	(20,487)	0	(5,785)	28,415	255	22,886
2	2023.24	52,207	308	561	0	53,075	(16,195)	0	(10,889)	0	(8,560)	0	0	(1,602)	0	(37,245)	15,830	(37,612)	0	(21,782)	22,886	120	1,224
3	2024.25	55,038	1,340	561	0	56,940	(16,706)	0	(11,386)	0	(9,540)	0	0	(1,647)	0	(39,279)	17,660	(17,661)	0	(1)	1,224	12	1,235
4	2025.26	57,445	325	561	0	58,332	(17,202)	0	(11,799)	0	(10,170)	0	0	(1,693)	0	(40,864)	17,468	(14,289)	0	3,179	1,235	28	4,443
5	2026.27	59,210	335	561	0	60,105	(17,703)	0	(12,150)	0	(9,849)	0	0	(1,742)	0	(41,444)	18,662	(19,383)	0	(721)	4,443	41	3,762
6	2027.28	61,291	342	561	0	62,194	(18,146)	0	(12,393)	0	(9,617)	0	0	(1,777)	0	(41,933)	20,261	(13,637)	0	6,624	3,762	71	10,457
7	2028.29	63,111	348	561	0	64,021	(18,600)	0	(12,641)	0	(9,294)	0	0	(1,812)	0	(42,346)	21,674	(13,637)	0	8,037	10,457	145	18,639
8	2029.30	64,985	355	561	0	65,902	(19,065)	0	(12,894)	0	(9,058)	0	0	(1,848)	0	(42,865)	23,037	(13,637)	0	9,400	18,639	233	28,273
9	2030.31	66,915	363	561	0	67,839	(19,541)	0	(13,152)	0	(8,851)	0	0	(1,885)	0	(43,429)	24,409	(13,637)	0	10,772	28,273	337	39,382
10	2031.32	68,903	370	561	0	69,834	(20,030)	0	(13,415)	0	(8,710)	0	0	(1,923)	0	(44,077)	25,756	(13,637)	0	12,119	39,382	454	51,955
11	2032.33	70,950	377	561	0	71,888	(20,531)	0	(13,683)	0	(8,444)	0	0	(1,961)	0	(44,619)	27,269	(13,637)	0	13,632	51,955	588	66,175
12	2033.34	73,057	385	561	0	74,003	(21,044)	0	(13,957)	0	(8,276)	0	0	(2,001)	0	(45,277)	28,726	(13,637)	0	15,089	66,175	737	82,001
13	2034.35	75,228	392	561	0	76,181	(21,570)	0	(14,236)	0	(8,128)	0	0	(2,041)	0	(45,974)	30,207	(13,637)	0	16,570	82,001	903	99,474
14	2035.36	77,463	400	561	0	78,424	(22,109)	0	(14,520)	0	(7,945)	0	0	(2,081)	0	(46,656)	31,768	(13,637)	0	18,131	99,474	1,085	118,690
15	2036.37	79,765	408	561	0	80,734	(22,662)	0	(14,811)	0	(7,715)	0	0	(2,123)	0	(47,311)	33,423	(13,637)	0	19,786	118,690	1,286	139,762
16	2037.38	82,135	416	561	0	83,113	(23,229)	0	(15,107)	0	(7,467)	0	0	(2,166)	0	(47,968)	35,145	(13,637)	0	21,507	139,762	1,505	162,774
17	2038.39	84,577	425	561	0	85,562	(23,809)	0	(15,409)	0	(7,349)	0	0	(2,209)	0	(48,776)	36,786	(13,637)	0	23,149	162,774	1,743	187,667
18	2039.40	87,090	433	561	0	88,085	(24,404)	0	(15,717)	0	(7,182)	0	0	(2,253)	0	(49,557)	38,528	(13,637)	0	24,891	187,667	2,001	214,559
19	2040.41	89,679	442	561	0	90,682	(25,015)	0	(16,032)	0	(6,970)	0	0	(2,298)	0	(50,314)	40,368	(13,637)	0	26,731	214,559	2,279	243,569
20	2041.42	92,345	451	561	0	93,357	(25,640)	0	(16,352)	0	(6,817)	0	0	(2,344)	0	(51,153)	42,204	(13,637)	0	28,566	243,569	2,579	274,714
21	2042.43	95,091	460	561	0	96,111	(26,281)	0	(16,679)	0	(6,718)	0	0	(2,391)	0	(52,069)	44,042	(13,637)	0	30,405	274,714	2,899	308,018
22	2043.44	97,918	469	561	0	98,948	(26,938)	0	(17,013)	0	(6,636)	0	0	(2,439)	0	(53,026)	45,922	(13,637)	0	32,285	308,018	3,242	343,545
23	2044.45	100,830	478	561	0	101,869	(27,611)	0	(17,353)	0	(6,450)	0	0	(2,488)	0	(53,902)	47,967	(13,637)	0	34,330	343,545	3,607	381,482
24	2045.46	103,828	488	561	0	104,877	(28,302)	0	(17,700)	0	(6,229)	0	0	(2,537)	0	(54,768)	50,109	(13,637)	0	36,472	381,482	3,997	421,951
25	2046.47	106,916	498	561	0	107,975	(29,009)	0	(18,054)	0	(6,116)	0	0	(2,588)	0	(55,768)	52,207	(13,637)	0	38,570	421,951	4,412	464,933
26	2047.48	110,097	508	561	0	111,165	(29,734)	0	(18,415)	0	(6,032)	0	0	(2,640)	0	(56,821)	54,344	(13,637)	0	40,707	464,933	4,853	510,492
27	2048.49	113,371	518	561	0	114,450	(30,478)	0	(18,784)	0	(5,925)	0	0	(2,693)	0	(57,879)	56,571	(13,637)	0	42,934	510,492	5,320	558,746
28	2049.50	116,744	528	561	0	117,833	(31,240)	0	(19,159)	0	(5,829)	0	0	(2,746)	0	(58,975)	58,858	(13,637)	0	45,221	558,746	5,814	609,781
29	2050.51	120,217	539	561	0	121,317	(32,021)	0	(19,542)	0	(5,798)	0	0	(2,801)	0	(60,162)	61,154	(13,637)	0	47,517	609,781	6,335	663,633
30	2051.52	123,794	549	561	0	124,904	(32,821)	0	(19,933)	0	(5,650)	0	0	(2,857)	0	(61,262)	63,642	(13,637)	0	50,005	663,633	6,886	720,525

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