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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: Dydd Mercher, 23 Tachwedd 2022

I bwy bynnag a fynno wybod,

Cynhelir cyfarfod aml-leoliad o'r **Pwyllgor Craffu Tai ac Adfywio** yn Nhŷ Penallta, a thrwy Microsoft Teams ar **Dydd Mawrth, 29ain Tachwedd, 2022** am **5.30 pm** i ystyried y materion a gynhwysir yn yr agenda canlynol. Gall Cynghorwyr ac aelodau'r cyhoedd sy'n dymuno siarad ar unrhyw eitem wneud hynny drwy wneud cais i'r Cadeirydd. Mae hefyd croeso i chi ddefnyddio'r Gymraeg yn y cyfarfod, mae angen o leiaf 3 diwrnod gwaith o rybudd os byddwch chi'n dymuno gwneud y naill neu'r llall. Bydd gwasanaeth cyfieithu ar y pryd yn cael ei ddarparu ar gais.

Gall aelodau'r Cyhoedd neu'r Wasg fynychu'n bersonol yn Nhŷ Penallta neu gallant weld y cyfarfod yn fyw drwy'r ddolen ganlynol: live via the following link: <https://civico.net/caerphilly>

Bydd y cyfarfod hwn yn cael ei ffrydio'n fyw a bydd recordiad ar gael i'w weld drwy wefan y Cyngor, ac eithrio trafodaethau sy'n ymwneud ag eitemau cyfrinachol neu eithriedig. Felly, bydd delweddau/sain yr unigolion sy'n siarad ar gael yn gyhoeddus i bawb drwy wefan y Cyngor: 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.

A greener place Man gwyrddach



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.

I gymeradwyo a llofnodi'r cofnodion canlynol:-

- 3 Pwyllgor Craffu Tai ac Adfywio a gynhaliwyd ar 9fed Mehefin 2022. 1 - 6
- 4 Pwyllgor Craffu Tai ac Adfywio a gynhaliwyd ar 21ain Mehefin 2022. 7 - 10
- 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. 11 - 24
- 7 I dderbyn ac ystyried yr adroddiadau* Cabinet canlynol:-

1. Sefydliad y Glowyr Coed Duon - Adroddiad Diweddarau – Cabinet fel Ymddiriedolwyr Sefydliad y Glowyr Coed Duon – 15fed Mehefin 2022;
2. Gronfa Codi'r Gwastad Llywodraeth y Deyrnas Unedig – 29ain Mehefin 2022;
3. Y Gronfa Ffyniant Gyffredin – 29ain Mehefin 2022;
4. Y Bwrdd Prosiect Adfywio - Cynigion Prosiect – 29ain Mehefin 2022;
5. Asesiad o Lety i Sipsiwn a Theithwyr 2022-27 – 13eg Gorffennaf 2022;
6. Adolygu Polisi Rhent y Cyfrif Refeniw Tai – 13eg Gorffennaf 2022;
7. Gweithdrefn Gorfodi a Chydymffurfio Safonau Gofynnol Effeithlonrwydd Ynni (MEES) mewn Eiddo Domestig Rhent Preifat – 13eg Gorffennaf 2022;
8. Cynllun Pontio Ailgartrefu Cyflym (CPAC) 2022-2027 – 7fed Medi 2022;
9. Adolygiad Gwasgaru Ceiswyr Lloches, Adleoli Affganiaid a Chynlluniau Wcraïn – 7fed Medi 2022;
10. Grwp Gorchwyl a Gorffen Meysydd Parcio Cyngor Bwrdeistref Sirol Caerffili – 26ain Medi 2022;
11. Cronfa Ffyniant Gyffredin Llywodraeth y DU – Cynllun Buddsoddi Lleol Caerffili – 26ain Medi 2022;
12. Bryn Carno – 26ain Medi 2022;
13. Y Rhaglen Gyfalaf ar gyfer Llety Dros Dro – 26ain Medi 2022;
14. Bwrdd Adfywio – Cynigion Prosiect – 19th October 2022;
15. Cartrefi Caerffili - Rhaglen Ddatblygu – 16eg Tachwedd 2022;
16. Datblygiad Ty Darran - Cytundeb Gwasanaethau Cyn-Adeiladu gan gynnwys Gwaith Galluogi - 16eg Tachwedd 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, 28ain Tachwedd 2022.

I dderbyn ac ystyried yr adroddiadau Craffu canlynol:-

- 8 Taliadau Cyfrif Refeniw Tai - 2023/2024.

Cylchrediad:

Cynghorwyr Mrs P. Cook (Is Gadeirydd), D. Cushing, G. Ead, Mrs C. Forehead, A. Hussey, L. Jeremiah, C.P. Mann, A. McConnell, B. Owen, L. Phipps, Mrs D. Price, J.A. Pritchard, A. Whitcombe (Cadeirydd), S. Williams, W. Williams a J. Winslade

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 nghofnodi on 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 amdanoch 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 MULTI-LOCATIONAL SPECIAL MEETING HELD AT PENALLTA HOUSE AND VIA MICROSOFT TEAMS ON THURSDAY, 9TH JUNE 2022 AT 5.30 P.M.

PRESENT:

Councillor A. Whitcombe - Chair
Councillor P. Cook - Vice-Chair

Councillors:

D. Cushing, G. Ead, C. Forehead, A. Hussey, A. McConnell, B. Owen, L. Phipps, J. A. Pritchard, S. Williams, W. Williams and J. Winslade.

Cabinet Members:

Councillor P. Leonard (Planning and Public Protection), Councillor J. Pritchard (Prosperity, Regeneration and Climate Change), Councillor S. Cook (Housing) and Councillor E. Forehead (Social Care).

Together with:

N. Taylor-Williams (Head of Housing), F. Wilkins (Housing Services Manager), Rhian Evans-McLean (Principal Housing Officer - Communities), Julie Reynolds (Landlord Services Manager), Kerry Denman (Housing Solutions Manager), Lesley Allen (Principal Group Accountant - Housing), Sandra Isaacs (Rents Manager), C. Forbes-Thompson (Scrutiny Manager), S. Hughes (Committee Services Officer) and R. Barrett (Committee Services Officer).

RECORDING ARRANGEMENTS

The Chair reminded those present that the meeting was being recorded and would be made available to view following the meeting via the Council's website, except for discussions involving confidential or exempt items – [Click Here to View](#). Members were advised that voting on decisions would be taken via Microsoft Forms.

Due to technical difficulties this meeting was not live-streamed.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors L. Jeremiah, C. Mann and Mrs D. Price.

2. DECLARATIONS OF INTEREST

Councillor D. Cushing declared a personal and prejudicial interest in relation to Agenda Item No. 3 – Enforcement and Compliance of the Minimum Energy Efficiency Standards in Private Rented Domestic Properties (MEES) Procedure, Agenda Item No. 4 – The Renting Homes Wales Act 2016 and Agenda Item No. 5 – Housing Revenue Account Rent Policy Review, as a private landlord of a property in the Caerphilly county borough, and as such left the meeting during consideration of these items. Details are also minuted with the respective items.

Councillor A. McConnell declared a personal and prejudicial interest in relation to Agenda Item No. 5 – Housing Revenue Account Rent Policy Review, as a Council tenant, and as such left the meeting during consideration of this item. Details are also minuted with the respective item.

Councillor J. A. Pritchard sought advice from the Scrutiny Manager, as a private landlord of a property in Cardiff, and was advised that there was no requirement to make a declaration of interest.

During the course of the meeting Councillor J. Pritchard (Cabinet Member for Prosperity, Regeneration and Climate Change) declared a personal and prejudicial interest in relation to Agenda Item No. 5 – Housing Revenue Account Rent Policy Review, as family members are Council tenants, and as such left the meeting during consideration of this item. Details are also minuted with the respective item.

REPORTS OF OFFICERS

Consideration was given to the following reports.

3. ENFORCEMENT AND COMPLIANCE OF THE MINIMUM ENERGY EFFICIENCY STANDARDS IN PRIVATE RENTED DOMESTIC PROPERTIES (MEES) PROCEDURE.

Councillor D. Cushing declared a personal and prejudicial interest as a private landlord of a property in the Caerphilly county borough, and as such left the meeting during consideration of this item.

The Cabinet Member for Housing introduced the report for Members of the Housing and Regeneration Scrutiny Committee to consider and take a view on the adoption of the enforcement approach and protocol set out in Appendix 1 to satisfy the requirements under the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015, as amended, regarding rented domestic properties, prior to its presentation to Cabinet on 13th July 2022. The Committee was advised that the Energy Efficiency (Private Rented Property) (England and Wales) Regulation 2015 sets out the legal obligation for landlords to provide energy performance certificates of E or above to existing, new and prospective tenants in most rented homes unless they are exempt. The Regulations impose a minimum energy efficiency standard to help reduce fuel poverty and carbon emissions. A landlord could be liable to a penalty notice if a property is privately rented which either does not have a current EPC or the EPC is rated energy bands F or G. It was highlighted that a large proportion of landlords have already engaged and/or taken the required action without the need to take enforcement action. Members were informed that there are also several third-party companies that offer financial support for private sector landlords to help

improve the energy efficiency of their rented property such as LA ECO Flex, Nest Wales, and Rent Smart Wales Warm Homes funding.

A Member sought clarification in relation to G rated properties and the Head of Housing confirmed that any size property can be G rated, depending on the construction type and energy efficiency provisions. The Member noted Rent Smart Wales offer part funding for first-time gas central heating in properties with EPC bands F and G and it was clarified that plans to enforce the move away from gas central heating applies to new build properties and will not apply to existing properties. In response a query, it was explained how the £60,000 awarded to the Council, following a successful application for funding, will be used. The Committee was also informed how the Head of Housing is in the process of agreeing additional resources to further the work.

A Member asked if the financial cap that only requires landlords to spend a maximum of £3,500 to improve the property will be sufficient, particularly when the rise in building materials costs is considered. It was clarified that a lot of the measures to improve energy efficiency are quite cost effective and examples were provided, such as using LED light bulbs. The Principal Housing Officer for Communities explained that landlords will need to spend the £3,500 in the first instance and then they can access grants to carry out additional works, the cap is proposed to be increased to £10,000.

A discussion took place regarding the enforcement approach and protocol to satisfy the requirements under the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 across the 22 unitary authorities. Concerns were raised in that there would be many different approaches across Wales and reference was made to a staged approach adopted by another authority. The Principal Officer for Communities explained that a task group has been established with colleagues in other authorities to share and learn from good practice and to develop a toolkit which includes templates for the procedures, so that there is more consistency throughout Wales. Members were informed that the staged approach criteria set out in another local authority had been looked at but it was decided against as the main aim of the policy is to encourage compliance by landlords. It was highlighted that landlords are given every opportunity, advice and guidance to comply with the legislation and receive three letters before being issued with a penalty. The Housing Services Manager emphasised the responsibilities that come with being a landlord and their legal obligations to meet the requirements and highlighted that by not complying they are contributing to the fuel poverty of their tenants. It was further emphasised that there are products and loans available to landlords if they are struggling and this policy is there to target those landlords who are wilfully non-compliant.

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

RECOMMENDED to Cabinet:

- (i) To agree and adopt the Enforcement Protocol in Appendix 1 as the Council's approach to dealing with identified non-compliances, including the use of Compliance Notices and Penalty Notices where appropriate.
- (ii) The Enforcement and Compliance of the Minimum Energy Efficiency Standards in Private Rented Domestic Properties (MEES) procedure be periodically reviewed and updated in line with Welsh Government Legislation to reflect the maximum values of penalty permitted and the minimum Energy Performance Rating required under the regulation.

4. THE RENTING HOMES (WALES) ACT 2016

Councillor D. Cushing declared a personal and prejudicial interest as a private landlord of a property in the Caerphilly county borough, and as such left the meeting during consideration of this item.

The Cabinet Member for Housing introduced the report to inform the Committee of The Renting Homes (Wales) Act 2016, which is new legislation the provisions of which affect all rented homes in Wales from 15th July 2022 and to advise Members of the statutory changes that Caerphilly Homes is required to make to comply with The Renting Homes (Wales) Act 2016 and the implications of those changes on the service. The Committee was informed that from 15th July 2022, the Act will change the way by which all landlords in Wales rent their properties and it is intended to improve the way in which rented homes in Wales are managed and lived in. The Act aims to make it simpler and easier to rent a home, intending to replace the various and complex pieces of existing legislation with one clear legal framework and gives greater clarity on the rights and responsibilities of both tenants and landlords through written contracts. The Act will also have an impact on how the Local Authority via its Statutory Homelessness functions provides emergency temporary accommodation and access to supported accommodation to those households who are threatened with/or who are homeless and without suitable accommodation to occupy. The Cabinet Member for Housing placed on record his thanks to all the Officers and the team who have worked on the Act.

The Head of Housing advised the Scrutiny Committee that notification has been received from Welsh Government that the implementation date, for the new legislation, of 15th July 2022 has been delayed until 1st December 2022. It was highlighted that this will enable more time to be spent on some of the background procedures and guidance policies and also provide extra resource time to ensure that new contracts are managed appropriately. A query was raised regarding the impact of the delayed start and the Head of Housing advised Members that he was confident it was not going to change the work done to date or substantially change any of the contracts already received in draft form. It was noted that there has been a recognition by Welsh Government that more time was needed.

A Member referred the Committee and Officers to section 5.6.17 of the report and concerns were raised in that contract holders will no longer be automatically liable for the behaviour of anyone he/she has living with them, and criminal behaviour in the locality and immorality are no longer able to be included within the contract. In response, the Scrutiny Committee was advised that, initially, it will be more difficult to take action for the behaviour of other residents and visitors. However, it was recognised that additional support will need to be provided to work with those tenants to resolve the issues. Members were informed that Welsh Government has issued some guidance in relation to provision of support to tenants where there have been instances of anti-social behaviour. In response to a Member's question, the Committee was informed that immorality can relate to drug use, prostitution, etc. which is currently included in the Tenancy Agreement. In response to a query regarding the potential impact on neighbours, Members were advised that it is a matter of concern and the importance of strong anti-social behaviour policies and procedures were highlighted.

Clarification was sought in relation to the ability for the landlord to temporarily exclude the contract holder from the dwelling for up to 48 hours, a maximum of three times in six months, to ensure the safety of residents and staff or to prevent an eviction and a question was raised in relation to the provision of alternative accommodation during that time. The Scrutiny Committee was advised that Welsh Government has been asked to provide clarity on this and Officers are committed to working with others on this issue to support tenants.

Clarification was sought in relation to the enhanced succession rights outlined in 5.6.15 of the report. Members were advised that guidance has been issued and the legislation sets out who qualifies. It was explained that a reserve successor now has the same entitlement as the main successor, with two rights of succession overall. This will enable homes to be retained by families for another generation.

A Member raised concerns regarding the significant impact on the provision of temporary accommodation by the Local Authority in meeting its homelessness duties and the capital and revenue resource implications associated with implementation of the Act. In response the Scrutiny Committee was provided with an explanation on the financial impact and consequence to the authority.

Following consideration of the report, the Housing and Regeneration Scrutiny Committee discussed and noted the contents.

5. HOUSING REVENUE ACCOUNT RENT POLICY REVIEW

Councillor D. Cushing declared a personal and prejudicial interest as a private landlord of a property in the Caerphilly county borough, and as such left the meeting during consideration of this item.

Councillor A. McConnell declared a personal and prejudicial interest as a Council tenant, and as such left the meeting during consideration of this item.

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

The Cabinet Member for Housing introduced the report which sought the views of the Housing and Regeneration Scrutiny Committee on the new Rent Policy prior to its presentation to Cabinet. Members were informed that the HRA is funded by rental income received from Council tenants, rather than the Council taxpayer. It was noted that whilst there is a clear separation of these funds, a significant proportion of Council tenants rent is funded from financial support in the form of Housing Benefit or Universal Credit, which is derived from the taxpayers' purse, therefore value for money must always be sought. 75% of tenants receive financial assistance towards their rent. It was highlighted that the key recommendations from the Affordable Housing Supply Review, which was published in April 2019, was that there should be a focus on landlords considering Value for Money alongside affordability. Welsh Government will note favourably where social landlords have used an established affordability model such as the Joseph Rowntree Foundation. The Head of Housing raised a number of points to supplement the introduction and highlighted that Caerphilly is one of the most affordable landlords across the eleven Stockholm landlords, and in terms of affordability the policy does demonstrate that a very affordable rent would be maintained for residents, Council tenants and contract holders.

A question was raised in relation to methods of consultation, particularly in relation to those who are digitally excluded. The Principal Group Accountant for Housing acknowledged that it has been very difficult to engage with all tenants because not all of them have access to online facilities. It was confirmed that online methods have been used but other methods such as telephone calls have been undertaken. Members were also informed that a dedicated group of tenants are regularly being engaged with and they do pass on the information to other tenants.

Clarification and further information were sought in relation to homes with additional bedrooms (bedroom tax). The Rents Manager advised the Scrutiny Committee that the

Council has made use of the Discretionary Housing Payments to assist tenants and offset the shortfall in benefits. Members were informed that last year £720,000 was available to fund this, however central government reduced this figure to £340,00 for this year, which was of concern. However, Cabinet has agreed to increase the amount by £390,00 to allow tenants to be supported for this year.

A Member of the Scrutiny Committee asked if the Council is exploring opportunities to develop new manufactured housing. The Head of Housing advised that the authority has actively been looking at component assembled housing and will also look at other methods, especially where they have energy efficient and time saving benefits. The Committee also heard how prefabricated steel frame construction techniques are already being used in two of the first new schemes built by the Council.

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

RECOMMENDED to Cabinet:

- (i) To include the JRF Living Rent model as part of our existing rent policy, using the JRF model to benchmark at least every 2 years against our current rent policy to ensure affordability levels are evidenced.
- (ii) Any variances outside of the benchmark Living Rent model to be reported to members as part of the annual rent increase report with appropriate recommendations.
- (iii) To adopt an average household earnings approach to the JRF model rather than based on earnings over 24 Middle Super Output Areas in Caerphilly County Borough. This would maintain the current basic 14 property rent types as opposed to 336 basic property rent types.

The meeting closed at 6.40 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 29th November 2022, they were signed by the Chair.

CHAIR



HOUSING AND REGENERATION SCRUTINY COMMITTEE

MINUTES OF THE MULTI-LOCATIONAL MEETING HELD AT PENALLTA HOUSE AND VIA MICROSOFT TEAMS ON TUESDAY, 21ST JUNE 2022 AT 5.30 P.M.

PRESENT:

Councillor A. Whitcombe - Chair

Councillors:

D. Cushing, G. Ead, C. Forehead, A. Hussey, C. Mann, A. McConnell, B. Owen, L. Phipps, J. A. Pritchard, S. Williams, W. Williams and J. Winslade.

Cabinet Members:

Councillor P. Leonard (Planning and Public Protection), Councillor J. Pritchard (Prosperity, Regeneration and Climate Change) and Councillor S. Cook (Housing).

Together with:

N. Taylor-Williams (Head of Housing), J. Roberts-Waite (Strategic Coordination Manager), M. Jennings (Principal Housing Strategy Officer), M. Jacques (Scrutiny Officer), S. Hughes (Committee Services Officer) and M. Afzal (Committee Services Officer).

RECORDING ARRANGEMENTS

The Chair reminded those present that the meeting would be live-streamed and a recording made available to view via the Council's website, except for discussions involving confidential or exempt items. Members were advised that voting on decisions would be taken via Microsoft Forms.

Due to technical difficulties this meeting was not live-streamed or recorded.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors P. Cook (Vice Chair), L. Jeremiah and Mrs D. Price.

2. DECLARATIONS OF INTEREST

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

3. MINUTES – 15TH MARCH 2022

It was moved and seconded that the minutes of the meeting held on 15th March 2022 be approved as a correct record. By way of Microsoft Forms this was agreed by the majority.

RESOLVED that the minutes of the Housing and Regeneration Scrutiny Committee meeting held on 15th March 2022 (minute nos. 1 - 9) 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 June 2022 to March 2023 and included all reports that were identified at the Housing and Regeneration Scrutiny Committee meeting held on 15th March 2022. Members were asked to consider the Forward Work Programme, alongside the Cabinet Forward Work Programme, prior to publication on the Council's website.

Members were advised that a joint scrutiny meeting, with the Environment and Sustainability Scrutiny Committee, has been scheduled for 28th July 2022 to consider the Caerphilly County Borough Council Car Parks Task and Finish Group report.

Following consideration of the report, it was moved and seconded that the recommendations be approved. By way of Microsoft Forms (and in noting there were 11 votes for, 0 votes against and 2 abstentions) this was agreed by the majority present.

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. GYPSY AND TRAVELLER ACCOMMODATION ASSESSMENT 2022-27

The Cabinet Member for Housing presented the report to seek the views of Members of the Housing and Regeneration Scrutiny Committee on the new Gypsy and Traveller Accommodation Assessment 2022-27 (GTAA) prior to its presentation to Cabinet on 13th July 2022. Members were informed that Part 3 of the Housing (Wales) Act 2014 requires local authorities to undertake an assessment of the accommodation needs of Gypsies and

Travellers residing in or travelling through their area, and to make provision for sites where the assessment identifies an unmet need for mobile home pitches. Local authorities must submit their completed GTAA to Welsh Ministers for scrutinization who will then decide whether to approve or reject the GTAA.

A point of correction was made in relation to the report in that current unmet need now is 11, raising to 12 within the next 5 years and to 14 over the life of the Local Development Plan.

Clarification and further information were sought regarding the three unauthorised developments at separate locations in the county borough. The Principal Housing Strategy Officer confirmed that members of the Gypsy and Traveller community were living on private sites without planning permission. A Member drew particular attention to the report which noted that the location of the 3 sites have not been disclosed to protect the identities of the people living at these sites. In response to a query, Members were advised that planning applications have been submitted for 2 of the 3 unauthorised developments which are in the public domain, and as such details of these locations were then shared with the Committee.

It was noted that 9 surveys were completed during the undertaking of the GTAA and the information provided from these surveys found that all respondents considered themselves to be suitably accommodated, despite not having planning permission to reside at their current location. In response to a query, the Principal Housing Strategy Officer advised Members that the process is ongoing and that the progress of each planning application for the unauthorised developments will be monitored.

During the course of debate, enquires were made regarding the provision of local authority owned Gypsy and Traveller sites in the county borough. In response, the Head of Housing advised the Committee that additional sites can be provided; however, the previous evidence base had indicated that there was no identified need for a Gypsy and Traveller site and, therefore, no permanent or transit sites have been allocated.

Following consideration of the report, it was moved and seconded that the recommendations be approved. By way of Microsoft Forms (and in noting there were 11 votes for, 0 votes against and 2 abstentions) this was agreed by the majority present.

The Housing and Regeneration Scrutiny Committee noted and discussed the content, prior to its presentation to Cabinet on 13th July 2022.

RESOLVED that the Housing and Regeneration Scrutiny Committee supported the recommendation to endorse the findings of the GTAA report.

The meeting closed at 6.01 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 29th November 2022, they were signed by the Chair.

CHAIR

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HOUSING AND REGENERATION SCRUTINY COMMITTEE – 29TH NOVEMBER 2022

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

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

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 21st June 2022. The work programme outlines the reports planned for the period November 2022 to March 2023.
- 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 7th November 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 jacqum@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 Andrew Whitcombe, Chair of Housing and Regeneration
Scrutiny Committee
Councillor Patricia Cook, 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

Date	Title	Key Issues	Author	Cabinet Member
29/11/2022 17:30	Low Cost Home Ownership (Decision)	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.	Taylor-Williams, Nick;	Cllr. Cook, Shayne;
29/11/2022 17:30	HRA Charges (Rent Increase)(Dec)		Allen, Lesley;	Cllr. Cook, Shayne;
29/11/2022 17:30	Information Item - Environment & Economy 2022-23 P5 Budget Monitoring Report		Roberts, David;	Cllr. Stenner, Eluned;
29/11/2022 17:30	Information Item - HRA Budget Monitoring Period 5		Allen, Lesley;	Cllr. Cook, Shayne;
31/01/2023 17:30	Empty Homes Strategy (Decision)	To seek Cabinet approval of the proposed strategy	Davies, Claire;	Cllr. Cook, Shayne;
31/01/2023 17:30	HRA Business Plan 2022/23	To update the Housing & Regeneration Scrutiny Committee and Cabinet on the latest Housing Business Plan position in advance of submitting the plan to Welsh Government by 31/3/23, 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;
31/01/2023 17:30	Caerphilly Town 2035 Update		Kyte, Rhian;	Cllr. Pritchard, James;
31/01/2023 17:30	CHTG - Final Report to Council		Taylor-Williams, Nick;	Cllr. Cook, Shayne;
31/01/2023 17:30	Information Item - Environment & Economy 2022-23 P7 Budget Monitoring Report		Roberts, David;	Cllr. Stenner, Eluned;
14/03/2023 17:30	Information Item - Environment & Economy 2022-23 P9 Budget Monitoring Report		Roberts, David;	Cllr. Stenner, Eluned;
25/04/2023 17:30	Private Sector Housing Renewal Policy		Davies, Claire;	Cllr. Cook, Shayne;

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Meeting date:	Report title:	Key issue:	Report author:	Cabinet Member:
30/11/2022 13:00	Corporate Performance Assessment 2021/22	To provide members with a high-level position of the Councils performance for 2021/22	Sue Richards; Ros Roberts;	Cllr. Eluned Stenner
30/11/2022 13:10	Draft Self-Assessment Report for 2021/22	To consider and agree the Self-assessment for 2021/2022 as required by the Local Government and Elections (Wales) Act 2021	Sue Richards; Kath Peters; Ros Roberts;	Cllr. Eluned Stenner
30/11/2022 13:20	Update on Decarbonisation of fleet vehicles & policies	An update on progress with work to transition our fleet to electric vehicles, including details of phase I of the infrastructure works, with recommendations on policies relating to the use of Council charging points by employees and residents.	Paul Cooke; Sue Richards;	Cllr. Jamie Pritchard;
30/11/2022 13:30	Cyber Security Strategy	To recommend endorsement and implementation of the Strategy.	Liz Lucas; Ian Evans;	Cllr. Nigel George;
30/11/2022 13:40	Programme for Procurement	To extend the Council's existing Programme for Procurement, which is due to expire in May 2023 for a period of up to 12 months to consider and where applicable incorporate aspects of the UK Procurement Bill and Social Partnership & Public Procurement (Wales) Bill in the Council's new Procurement Strategy (the new Procurement Strategy will replace the existing Programme for Procurement).	Liz Lucas; Ian Evans;	Cllr. Nigel George;
30/11/2022 13:50	Education Strategy	For Cabinet to consider and approve the Education Strategy proposed from September 2022 – August 2025.	Keri Cole; Paul Warren;	Cllr. Carol Andrews;

Meeting date:	Report title:	Key issue:	Report author:	Cabinet Member:
30/11/2022 14:00	Christmas Closedown arrangements	For Cabinet to consider the proposals for the Christmas closedown arrangements.	Lynne Donovan;	Cllr. Nigel George;
14/12/2022 13:00	A468 / B4600 Bedwas Bridge Roundabout improvement	The use of CIL funding to initially secure the land necessary to deliver improvement to the Bedwas Bridge Roundabout at the A468/B4600	Mark S Williams; Marcus Lloyd;	Cllr. Julian Simmonds
14/12/2022 13:10	Agile Working Policies	For Cabinet to agree HR policies to support agile working.	Lynne Donovan	Cllr. Nigel George;
14/12/2022 13:20	Low Cost Home Ownership (Decision)	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.	Nick Taylor-Williams; Jane Roberts-Waite;	Cllr. Shayne Cook;
14/12/2022 13:30	HRA Charges (Rent Increase)	Members to agree the level of rent increase for council tenants effective from April 2023.	Lesley Allen;	Cllr. Shayne Cook;
14/12/2022 13:40	Council Tax Base 2023/24	For Cabinet to agree the calculation of the Council Tax Base for the 2023/24 financial year.	Sean O'Donnell;	Cllr. Eluned Stenner;
18/01/2023 13:00	Heating Plant Replacement – Ty Penallta	To update Cabinet in relation to works required to the heating plant at Ty Penallta, to	Mark Faulkner;	Cllr. Nigel George;

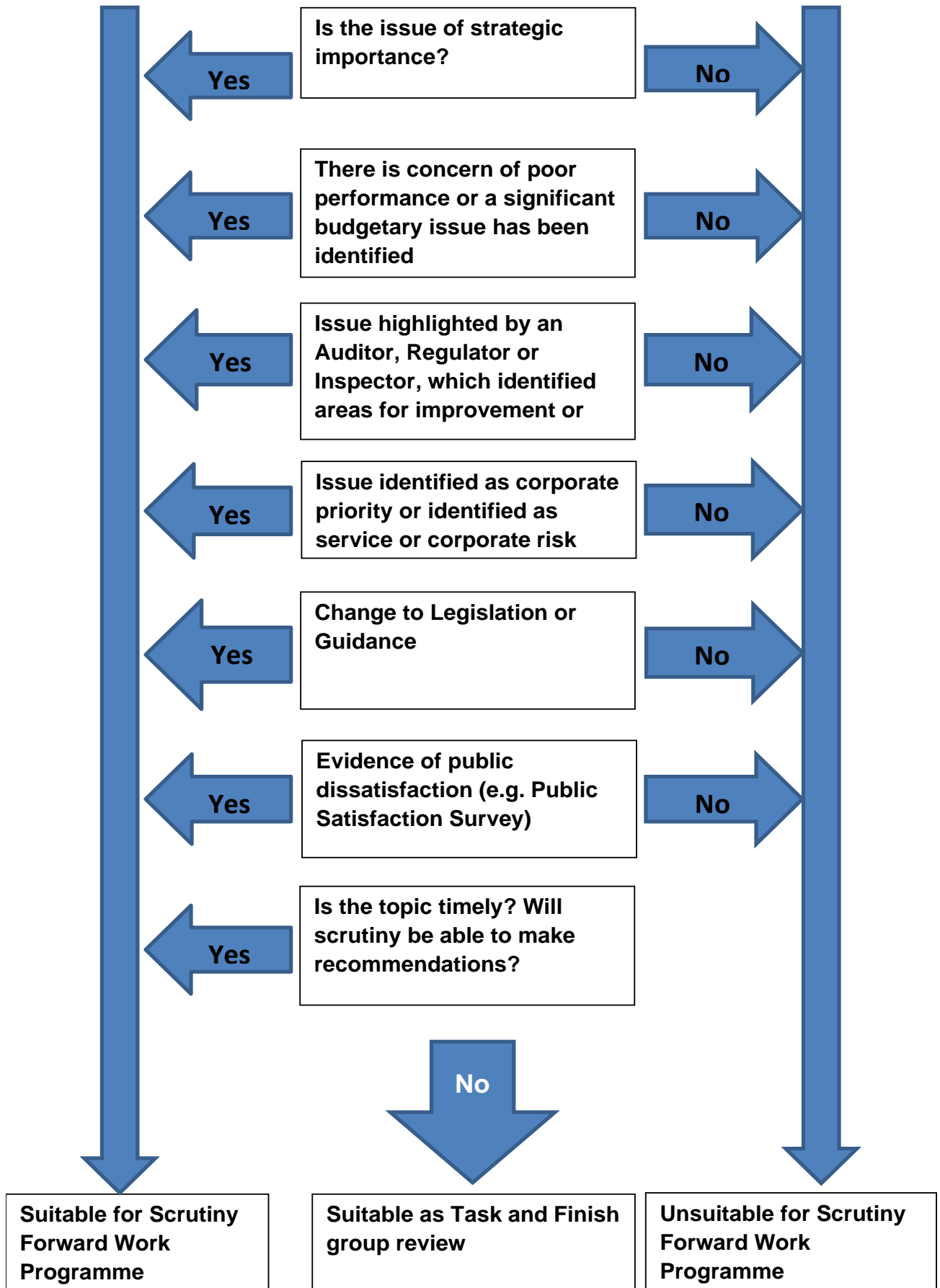
Meeting date:	Report title:	Key issue:	Report author:	Cabinet Member:
		outline the costs and work programme involved and to seek Cabinet approval for the works to be funded from the Council’s Capital reserve.		
18/01/2023 13:10	Draft Budget Proposals for 2023/24 and Updated Medium-Term Financial Plan (MTFP)	To present Cabinet with details of the draft budget proposals for the 2023/24 financial year and an updated MTFP, to allow for a period of consultation prior to final decision by Council on the 28th February 2023.	Stephen Harris;	Cllr. Eluned Stenner;
25/01/2023 13:00	Pontllanfraith Indoor Bowls	To provide an update on the management of the Islwyn Indoor Bowls Centre and to recommend a revised approach moving forward.	Mark S Williams;	Cllr. Chris Morgan;/Cllr. Nigel George;
22/02/2023 13:00	Budget Proposals for 2023/24 and Updated Medium -Term Financial Plan (MTFP)	To seek Cabinet endorsement of the 2023/24 budget proposals prior to final determination by Council on the 28th February 2023, and to note the updated MTFP.	Stephen Harris;	Cllr. Eluned Stenner;
22/02/2023 13:10	HRA Business Plan 2022/23	To update Cabinet on the latest Housing Business Plan position in advance of submitting the plan to Welsh Government by 31/3/23, 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.	Lesley Allen;	Cllr. Shayne Cook;

Meeting date:	Report title:	Key issue:	Report author:	Cabinet Member:
22/02/2023 13:20	Empty Property Grant Approval (Decision)	The new Welsh Government National Empty Property Grant Programme will launch in September 22 and ask for bids from LAs to issue grants up to a Max of £25K to owner occupiers to bring empty properties back into use. Caerphilly Homes will administer the grant for Caerphilly with an expectation that in years 2 and 3 of the 3 year programme, there will be a 35% contribution from each participating LA. The grant will be awarded on a first come first served basis.	Nick Taylor-Williams; Claire Davies;	Cllr. Shayne Cook;
22/02/2023 13:30	Decarbonisation Action Plan	To update members on progress with the Authority's decarbonisation action plan which sits under the overarching decarbonisation strategy	Paul Rossiter; Paul Cooke; Allan Dallimore;	Cllr James Pritchard
08/03/2023 13:00	Biodiversity and Grass Cutting Regimes	To seek Cabinet approval in relation to proposals to enhance and promote biodiversity in our grass cutting regimes across the county borough and following consultation with local members.	Mike Headington;	Cllr. Chris Morgan;

Meeting date:	Report title:	Key issue:	Report author:	Cabinet Member:
08/03/2023 13:10	Empty Homes Strategy (Decision)	To seek Cabinet approval of the proposed strategy	Claire Davies; Mark Jennings;	Cllr. Shayne Cook;
22/03/2023 13:00	No items currently scheduled			
05/04/2023 13:00	No items currently scheduled			
19/04/2023 13:00	Review of the Local Toilet Strategy	To seek Cabinet approval for the Council's updated Local Toilet Strategy following a review and public consultation.	Rob Hartshorn;	Cllr. Philippa Leonard;

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Scrutiny Committee Forward Work Programme Prioritisation



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HOUSING AND REGENERATION SCRUTINY COMMITTEE – 29TH NOVEMBER 2022

SUBJECT: HOUSING REVENUE ACCOUNT CHARGES – 2023/2024

REPORT BY: CORPORATE DIRECTOR OF SOCIAL SERVICES & HOUSING

1. PURPOSE OF REPORT

For Members to consider and take a view on the increased Council Housing rent charges proposed in this report, prior to consideration from Cabinet on the 14th December 2022. 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 2023/2024 financial year. This report will be presented to Cabinet Members on 14th December 2022 and will include any comments or recommendations from this committee.

2. SUMMARY

- 2.1 Members will be aware that the preparation of the Housing Revenue Account (HRA) budget is quite separate to the work involved in setting the General Fund Budget and Council Tax. The HRA is funded by rental income received from Council Tenants, rather than the Council Taxpayer. Whilst there is a clear separation of these funds, most of the proportion of council tenants rent is funded from financial support in the form of Housing Benefit or Universal Credit, which is derived from the taxpayers' purse, therefore value for money must always be sought. 78% of our tenants receive financial assistance towards their rent. We charge our council tenants rent over a 48-week basis, but the Welsh Government (WG) base their rents on a 52-week basis, so this report shows the 52-week equivalent.
- 2.2 The Affordable Housing Supply Review was published in April 2019. The purpose of the review was to examine current arrangements supporting the development of affordable housing, and to make recommendations for changes designed to increase supply and improve delivery from the resources available. One of the tasks included making a recommendation on how a sustainable rent policy can help determine long term affordability for tenants and the viability of existing and new housing developments.
- 2.3 The key recommendations from this review in correlation to the rent policy was
1. *The Welsh Government should implement a five-year rent policy from 2020-21. This has been based on CPI plus 1% plus an additional £2.*
 2. *There should be a focus on landlords considering Value for Money alongside affordability. An explicit annual assessment on cost efficiencies should be part of the rationale for justifying any rent increase*
- 2.4 In reaction to this review, The Minister for Housing and Local Government has stated "There must be a clear balance between the interest of landlords and residents. Affordability for tenants must take into account the whole cost of living in a property and Landlords are expected to consider these costs when setting rents each year. Affordability is an issue I take very seriously, and I am mindful of not placing excessive financial burdens upon tenants".

- 2.5 The Minister in the past has also been keen to continue with a number of initiatives as part of the wider rental agreement which include:
- Strengthen approaches designed to minimise all evictions, working effectively with partners to deliver on a new agreement not to evict into homelessness.
 - Undertake a standardised tenant satisfaction survey for publication on a central website to assist tenants in scrutinising and comparing landlord performance. This is the STAR (Survey of Tenants and Residents) survey. Caerphilly Homes undertook its STAR survey in September/October 2021 and we are required to carry out the survey every two years. The results of the 2021 survey was published by WG in May 2022 along with all the social landlords in Wales.
 - Build on existing commitments to deliver high quality homes which comply with the new housing quality standard “WDQR 2021” across all tenures on sites which attract Welsh Government funding.
 - Continue to work towards an aspiration that all new build housing, regardless of tenure, achieves energy efficiency standards of no less than EPC A on sites that attract any Welsh Government funding.
 - All Social landlords are required to make, and evidence, an annual assessment of affordability for tenants, cost efficiencies and to demonstrate their homes and services represent value for money as part of their decision on the rent uplift to be applied each year. To assist with providing Welsh Government with the necessary assurance, each social landlord will be required to complete a self-certification monitoring form which will be used to monitor compliance with the Welsh Government Rent Standard. This form must be completed and returned by the end of February 2023.
- 2.6 Two issues have arisen since last year which will impact on the rent setting process
1. The Renting Homes Wales Act.
 2. The cost-of-living impact with a significantly high inflation rate.
- 2.7 The new Renting Homes Wales Act comes into effect from 1st December 2022 and dictates that tenants need at least 2 months’ notice of any rent increases. Previously this was 28 days. In order to meet this deadline, WG need to confirm the rent policy details to LHA’s much sooner. Officers have been in various network meetings with WG and other LHA’s and have raised this as a concern. Failure to meet the notification timescale means that the increase cannot be applied and the HRA will lose that income until the 2 months’ notice period has passed. As an example, on a 2% rent increase, this equates to £87k per month, on a 5% increase this equates to £217k per month.
- 2.8 This year has been unprecedented in terms of the market volatility that has seen significant increases in inflation. WG typically do not confirm the rent policy details for the forthcoming financial year until very late in the previous December or early January, meaning a very short timescale for members to agree any rent increases and inform tenants.
- 2.9 The Consumer Price Index (CPI) rate under the current policy has been confirmed as 10.1%.
- 2.10 WG have discretion to amend the “CPI plus 1%” rule if CPI falls below 0% or above 3%. Last year it was changed to “CPI only” when CPI was 3.1%. We have already seen the Scottish Government cap their rent at 0% and the UK Government consulting on a variety of increases between 3% and 7%.
- 2.11 The Minister for Climate Change announced on the 16th November 2022 that from April 2023, the maximum limit which social rents can increase will be 6.5% which is well below the rate of inflation that also increased to 11.1% on the 16th November 2022, a 40 year high.

However, having considered the review, along with wider factors such as the cost of living and its impact on tenants, the pressures arising from growing levels of homelessness, the need to decarbonise our existing stock, to maintain the Welsh Housing Quality Standard and to build new high-quality homes that are near zero carbon, The Minister has confirmed that given the existing and future financial outlook, it has been very difficult to consider the right level of rent increase for the social rent settlement 2023/24, and has therefore pursued a voluntary agreement from Councils and RSL's to ensure tenants are supported through the cost of living crisis .

- 2.12 The latest Business Plan submitted for 2022/23 assumed a rent increase of 3.6% for 2023/24 reducing to 3.1% for 2024/25 and 3% for 2025/26 and 2026/27.
- 2.13 The plan also allowed for a 5% increase in material costs in 2023/24. However, as inflation rates have significantly increased above typical thresholds this has also caused a sharp increase in costs such as materials and fuel which could not be foreseen to that extent, and these increases also need to be reflected in the next business plan to be submitted to WG in March 2023. Modelling various rent increases allowing for an indicative increase in materials is shown further in the report.
- 2.14 Further modelling has also been carried out under the Joseph Rowntree Foundation (JRF) affordability model, which was adopted by Cabinet last year. This has continued to show favourably against our current level and a scenario of future rent increases.
- 2.15 An affordability survey has been available for tenants as part of the rent setting process since 2021/22 when the Minister insisted that affordability must be taken into consideration. Officers continue to develop this survey each year. The survey is called "Your Rent, Your Views" with the aim of capturing tenants' views on their rent, particularly on affordability and value for money. The survey was launched during September and October 2022.
- 2.16 In addition to the affordability survey, as a landlord, we are obliged to survey our tenants under a standard STAR survey, as mentioned in 2.7 above, which is a consistent framework for social landlords to collect, report and measure on tenant's satisfaction. The survey was sent out in September/October 2021. The survey consists of seven core questions and one of these key questions include a direct reference to value for money. 1847 tenants completed this survey.

3. RECOMMENDATIONS

- 3.1 Members are requested to consider and give a view on the following recommendations, which will be presented to Cabinet on the 14th December 2022.
- 3.2 Officers recommend to Cabinet the following increases for consideration from April 2023 based on the options explained in the report, which are: -
- (i) Rent is increased per property to the maximum permitted as per the WG rent policy which is 6.5%. This would increase the current average rent by £6.10 per week from £93.80 to £99.90 per week over 52 weeks.
 - (ii) The level or rent for garages from April 2023 be increased by 5.5% to £8.85 per week.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 Inflationary increases on providing all aspects of the housing service are experienced annually, however as the HRA cannot legitimately set a deficit budget, the loss of additional income will result in reduced resources being available to effectively manage and maintain the stock impacting on service delivery and could result in increased levels of borrowing, which is an additional cost to the HRA.

- 4.2 Housing Benefit/Universal Credit will cover the increased costs for the rent charge in this report for 78% of our tenants up to the Housing Benefit limitation rate (yet to be confirmed).
- 4.3 If charges are not increased annually, it has a detrimental effect on subsequent years as higher increases are then needed to recover the shortfalls from previous years.
- 4.4 The Council's Business Plan relies on inflationary increases to remain viable and cover increasing costs associated with the delivery of the service.
- 4.5 Additional resource is necessary to be able to meet the demands from Welsh Government on maintaining the WHQS, the provision of new affordable housing, decarbonisation of the existing stock and increasing support for tenants in order to sustain tenancies, reduce Homelessness and minimise evictions.
- 4.6 The impact of Covid has significantly impacted on the HRA, in particular material costs, but with a considerable reduction in productivity, meaning that our budget has been delivering less. This has resulted in a backlog of work which will increase costs in 2023/24.
- 4.7 WG will have duly considered all options for the 2023/24 rent settlement and has consulted with all relevant stakeholders including tenant representative bodies. It must therefore be acknowledged that the WG rent increase represents a fair balance between supporting tenants and maintaining the business needs of social housing providers.
- 4.8 The increase is supported under the Joseph Rowntree Foundation affordability model.

5. THE REPORT

5.1 Rent Increase

- 5.1.1 Members will recall that the rent policy under Welsh Government (WG) has changed over recent years and the Minister has reacted where necessary year on year. More recently however, the rent policy has been fixed for a five-year term. We are currently under the 2020/21 to 2024/25 five-year rent band which was set at CPI plus 1%. Under the current rent policy, a target rent band for each Authority was set by WG so there is still some degree of control retained by WG however, all of the rental income will be retained by the Authority and used to fund expenditure, service debt and create borrowing headroom to support the delivery of WHQS and future investment.
- 5.1.2 However, during 2021/2022 the target rent band was suspended as a consequence of the Covid-19 pandemic. Furthermore the "plus 1%" was removed for the 2022/23 financial year as a reaction to the ongoing pressures during the Covid-19 pandemic and Brexit, which had seen inflation rise higher than expected. The Welsh Ministers can determine the appropriate charge to the rent levels in that year if CPI falls outside of the range 0% and 3%. As the CPI determinator (September) for setting the policy was 10.1% then WG can determine the rent increase outside of the policy and has therefore announced a maximum uplift of 6.5%. Inflation as of 16th November 2022 stands at 11.1%.
- 5.1.3 As a result of the housing benefit limitation scheme, rent increases above Department of Work and Pension (DWP) rent limits do not produce extra income from the benefits system, as any shortfall would be required to be met by the tenant. This would therefore be an added financial burden to some of our most vulnerable tenants. At this stage however, as in previous years, details regarding the DWP limit under the current rent policy are yet to be confirmed, but all the recommendations contained within this report are compliant with WG. Typically, the limit rent is increased by the rent policy, and the Minister has made reference to this in her letter of the 16th November 2022, therefore it is assumed that the DWP rent limits will increase by the same. Approximately 78 % of tenants are in receipt of financial support in the form of Housing Benefit or Universal Credit.

- 5.1.4 CCBC's average rent net of voids is £93.80 (52-week basis). Caerphilly Homes charges over a 48-week period as tenants have 4 rent free weeks each year. The 48-week equivalent rent is therefore £101.61.
- 5.1.5 CCBC rent is currently one of the lowest rents across all the Welsh Local Housing Authorities and applied one of the lowest rent increases in 2022/23.
- 5.1.6 The latest business plan submitted to WG in March 2022 included a rent increase of 3.6% for 2023/24 reducing to 3.1% for 2024/25 and 3% for 2025/26 and 2026/27. For 2023/24 this was on the assumption of applying CPI plus 1%, and at that time CPI forecasts for 2023/24 were 2.6%. However, as inflation rates have significantly increased above typical thresholds this has also caused a sharp increase in costs such as materials and fuel which could not be foreseen to that extent, and these increases need to be reflected in the next business plan to be submitted to WG in March 2023.
- 5.1.7 The following table shows the impact against the base business plan for the various rent increase scenarios. However, the rent increase cannot be analysed alone without being aware of other influences on the HRA, otherwise it will not give the full picture. The base plan has therefore also been uplifted to allow for the additional 22/23 pay award which wasn't confirmed at the time of submitting the 22/23 business plan, and a further increase in 2023/24 for construction and material costs. The shortage of materials such as timber, plaster and steel since 2021 has led to major supply chain issues across the UK as well as driving up costs. Steel has been reported to have increased by 45.8% since last year. Energy prices and the war in Ukraine is also a contributing factor. The cost of raw materials in the UK is expected to more than treble in 2022 according to the Building Cost Information Service (BCIS) Materials Cost Index.
- 5.1.8 For this scenario, the material uplift has been increased to 10% for 2023/24. More detailed costings will be analysed whilst preparing the 2023/24 Business Plan (due for submission to WG in March 2023) but it is prudent to increase the base plan at this stage, to understand the impact against the various rent increase scenarios. Other factors that may also need to be considered include interest rates on the cost of borrowing and the bad debt provision if arrears are likely to increase due to the cost of living.

2022/23 BASE PLAN - ASSUMPTIONS MADE FOR 2023/24 YEAR							
	Rent	Materials	Construction	Shortfall	Borrowing	Borrowing movement to Base Plan	
Base Plan	3.60%	3.40%	5%	£43.5m	£45.6m		Plan submitted to WG March 2022
Scenario 1	0%	3.40%	5%	£47.1m	£51.4m	+\$5.8m	0% rent increase. No other changes
Scenario 2	0%	10%	10%	£60.3m	£70.7m	+\$25.1m	0% increase. Full pay award. Construction 10%
Scenario 3	2%	10%	10%	£56.5m	£66m	+\$20.4m	2% increase. Full pay award. Construction 10%
Scenario 4	4%	10%	10%	£54.5m	£61.3m	+\$15.7m	4% increase. Full pay award. Construction 10%
Scenario 5	6%	10%	10%	£52.5m	£56.7m	+\$11.1m	6% increase. Full pay award. Construction 10%
Scenario 5a	6.5%	10%	10%	£52m	£55.6m	+\$10m	6.5% increase. Full pay award. Construction 10%
Scenario 6	8%	10%	10%	£50.5m	£53m	+\$7.4m	8% increase. Full pay award. Construction 10%

- 5.1.9 We need to strike an appropriate balance between our commitments to service delivery (including increasing housing supply), and to protecting tenants from large rent increases.
- 5.1.10 A rent freeze would protect tenants but would not be financially credible to the HRA.

- 5.1.11 For every 1% increase on our current rent this would be equivalent to approximately £1 a week additional rent charge.
- 5.1.12 CCBC rent arrears are about 4.9% of its rent debit, (approx. £2.6m) and we are in the top quartile when compared to the other 10 LHA's. However, we are in the mid to lower quartile for the number of NOSP's (Notice of Seeking Possession orders) actioned against tenants, leading to no evictions in the past year. Instead, we have focused on more intense tenant support with the aim of supporting tenants to sustain their tenancies, rather than lose them. Also, the cost of living is starting to have an impact. As the cost-of-living rises, we expect to see more tenants struggling and the likelihood that the rent arrears will increase further before any rent increase is even applied. This is not unique to Caerphilly. Officers are in regular contact with other local housing authorities in Wales who are all experiencing the same issues.
- 5.1.13 The JRF Model was recently adopted into CCBC's rent policy, and the latest calculations (ONS lowest quarter percentile weekly pay for 2022) show that even with a rent increase of 4%, all of our stock is lower than the JRF model by an average of 15%. This is an improvement on the calculations in the previous year, where 83% of our stock was below the affordability model because the lowest quarter percentile weekly pay for Caerphilly has increased by some 20%. ONS have confirmed these figures also include any furloughing arrangements up to the tax year April 2022, and the number of jobs in the area has also increased by 2000. Caerphilly is ranked the 5th highest earner for the lowest quartile earners out of the 11 remaining Local Housing Authorities. The model therefore suggests that our rent is affordable. If we were so minded and given this was agreed in the rent policy, there is a rationale for a rent increase along with the other circumstances referenced earlier in this note.
- 5.1.14 The loss of income by applying a rent freeze compared to that in the business plan would be about £1.9m compounded each year. To put this into context, the recently agreed pay award for the HRA for 2022/23 is £1.2m alone. We then have to consider and add to the equation; the increased challenges on building safety, the sharp increase on the cost of materials and fuel, the demands for reaching net zero carbon with WHQS2023 set to start next year with estimated price tag of £650m over 10 years, the commitment to build 400 homes, together with the potential impact of the pay line review, then it is clear that the HRA depends on its annual rent increase to keep moving forward whilst sustaining vital services such as tenancy support and repairs & maintenance of homes.
- 5.1.15 The impact of lower increases ultimately means a reduction of services, reprioritising commitments, and increased borrowing.
- 5.1.16 At a recent meeting with all social landlords the Minister asked what prioritisation work landlords had undertaken. This was assumed to be a warning, that whatever the agreed position, it will mean less income for all landlords. In her letter of the 16th November The Minister's biggest concern appeared to be those that paid their rent independently and not with benefit support, and over the past month she has been considering the rent increase for 2023/24 and its impact across the sector. She has admitted that given the cost-of-living crisis it has been a very difficult decision to make. At the heart of the decision was the need to balance different priorities, for example, the impact on tenants, the business needs of social housing providers, the needs of homeless households and the commitment for 20,000 new low carbon affordable homes over the term of the administration. With the increase in mind, The Minister is keen to ensure protection and support is available for those tenants to avoid then being placed into financial hardship.
- 5.1.17 Discussions around a potential rent freeze has also caused many councils with new house building plans to raise significant concerns.
- 5.1.18 The Minister has engaged with all parts of the sector to assist in her decision making, including tenant representative bodies, Registered Social Landlords (RSL's) and Local

Authorities. These discussions have focused on a variety of rent level scenarios and potential implications for services and investment. Given the potential implications for tenants of any increase in rent levels, particularly self-payers, discussions have also focused on what support would be available to assist anyone who experiences financial hardship.

- 5.1.19 Based on a working assumption that there will be a reasonable increase in social rent levels, given the difficult balancing act, discussions have covered any commitments social landlords could give to provide assurance to the Minister that tenants in financial hardship will be supported and in particular avoiding homelessness when tenants are engaging with landlords.
- 5.1.20 It has collectively been agreed with Welsh Government that Councils and RSL's would make a voluntary commitment to demonstrate to the Minister, and tenants, that social landlords are dedicated to ensuring that tenants are effectively supported and protected through the cost of living crisis (along with the wider packages of support being implemented by Councils and partners), and would provide assurance to the Minister, which has been a material consideration in her deliberation and decision making around the rent settlement.
- 5.1.21 Caerphilly Homes along with all other social landlords in Wales have therefore voluntarily agreed there will be no evictions due to financial hardship for the term of the rent settlement in 2023-24, where tenants engage with their landlords.
- 5.1.22 During this time social landlords will continue to provide targeted support to those experiencing financial hardship to access support available.
- 5.1.23 In addition, a joint campaign, encouraging tenants to talk to their landlord if they are experiencing financial difficulties and access support available, will be launched across Wales.
- 5.1.24 Caerphilly Homes along with other social landlords across Wales have agreed to maximise the use of all suitable social housing stock, with a focus on helping those in the poorest quality transitional accommodation move into longer term homes that meet their needs. Caerphilly Homes has also reiterated a continued commitment to invest in existing homes to keep them safe, warm and affordable to live in.
- 5.1.25 The principal objective at Caerphilly Homes is the management and sustainment of tenancies. Eviction is the last resort, fully embracing the Welsh Government aim of no evictions into homelessness. Adoption of a person centred, customer focused approach for supporting and enabling tenants, has led to no evictions for financial hardship in the last 2 years.
- 5.1.26 Caerphilly Homes has restructured the rents team. There are 19 staff in the rent department, 4 of which focus on rent and arrears recovery, 6 who deal with welfare benefit checks and entitlements, and 9 who focus on tenancy support and sustainment. There are now more staff on tenancy support than on rent recovery and arrears. This is evidenced also by the increase in arrears whilst officers focus on supporting the tenant to sustain the tenancy, rather than rent recovery. This is all about prevention and early intervention. Investing in prevention will reduce the incidence of crisis situations and likelihood of homelessness.
- 5.1.27 In the last financial year -
- £3.2m additional benefit income secured for tenants during 21/22.
 - 800 successful applications for Discretionary Housing Payments (DHPs)
 - Energy advice to 249 tenants from City & Guild trained staff
 - 350 referrals to Citizens Advice Bureau
 - Supported 1,000 residents to apply for the £200 winter fuel grant
 - Arranged 300 food parcels

- 5.1.28 Caerphilly Homes have also embraced the Transitional Accommodation Capital Programme and are in the process of bringing voids back into use, working with private sector landlords under Caerphilly Keys, building modular on council owned land and reviewing our ability to convert 'out-moded' sheltered stock where possible, to build new homes, more quickly.
- 5.1.29 There is a significant lack of suitable single person move on accommodation options in the borough which is significantly impacting on our ability to move single person households out of transitional accommodation into more permanent homes. This coupled with the current state of the Private Rented Sector is a challenge for Caerphilly Homes at this time, whilst we have a very clear and determined new build plan, we also need our RSLs to work with us in building the accommodation that we need to meet this demand.
- 5.1.30 The voluntary agreement of all social landlords in Wales also committed to continue and enhance existing engagement with tenants in rent-setting decisions, including explaining how income from rent is invested and spent. Working in partnership with tenants, Welsh Government, funders and other partners Caerphilly Homes will contribute to develop a consistent approach to assessing affordability across the social housing sector in Wales.
- 5.1.31 Caerphilly Homes and other social landlords across Wales will also participate in an assurance exercise in April 2023 to reflect on the application of the rent policy to date. This will build on the work undertaken by social landlords over the past three years, and inform future work to develop a consistent approach to assessing affordability
- 5.1.32 Caerphilly Homes support consistent messaging, and we do this direct to all tenants in updates and surveys. A newsletter was sent recently to 83,000 residents explaining the different support is available.
- 5.1.33 Last year Caerphilly Homes carried out tenant focus groups and received a clear request from tenants to show how all the rent is being spent and there is already a commitment to send all our tenants information every year on how the rent is spent.
- 5.1.34 Caerphilly Council would welcome a consistent approach to an affordability model. In fact, Caerphilly Homes engaged with WG colleagues when reviewing the rent policy to consider what existing affordability benchmarks were available. Through the research and discussion with officials it appeared that the Joseph Rowntree Foundation (JRF) Living Rent model (benchmarking rent not being any higher than 28% of household income) to be a good affordability model. Now that the Office National Statistics data has been updated to reflect the latest census information, Caerphilly Homes rents are 100% below that threshold and even with a rent increase of 8%, the rents would still be affordable when reviewed against the JRF model.
- 5.1.35 On the 19th July 2022 Council agreed to a £90m borrowing level which included maintaining the WHQS programme and progressing with new build. Total borrowing for achieving the WHQS standard was £40.9m. Borrowing for new build was therefore confirmed at £49.1m within the current approval limit. This limit does not include the costs of additional challenges from WHQS 2023 that was recently out for consultation, or the increases due to higher inflation rates and the cost of living.
- 5.1.36 WHQS 2023 Consultation ended on 3rd August 2022. WG are expecting to respond to the consultation exercise by the end of the calendar year but what is clear from networking meetings with other LA's is the concern about funding and the timeline to achieve decarbonisation.
- 5.1.37 Members must also consider the pressure Local Housing Authorities are facing from Welsh Government on increasing housing supply and ensuring we meet the decarbonisation agenda, both of which require significant investment. This directly links with the Council's commitment contained within the Corporate Plan 2018-2023 and Wellbeing Objective 3 which aims to address the supply, condition and sustainability of homes throughout the county borough.

- 5.1.38 A nil increase for 2023/24 would mean the rent would remain at £93.80/wk (52 wk) but this would require considerable future rent increases to get back into the target rent band envelope range if and when this is re-introduced. This would also result in reduced income of £1.9m annually to that assumed within our business plan, and this is without factoring in any further cost increases as explained in the report. Again, members must consider the ongoing effect of this reduced rent to address the significant investment required as explained above.
- 5.1.39 A 6.5% increase for 2023/24 would mean the rent would be set at £99.90/wk (52 wk) which would result in additional income of some £3.4m which is £1.5m more than assumed within the Business Plan (which was based on a 3.6% increase). However, based on the increases explained in 5.1.7 and 5.1.8 of this report, this would still require an increase of borrowing of some £10m to meet the demands and costs of the services.
- 5.1.40 Additional borrowing as a consequence of income shortfalls must be affordable under the Prudential Code. It also means an increase in debt and interest charges which takes resources away from the HRA to manage and maintain our housing stock and support our tenants.
- 5.1.41 In addition, affordability for tenants is now a factor that must be considered as part of setting any rent increases. This involves engaging with tenants to capture relevant data and views and establishing a suitable model that would evidence affordability together with a system for accurately recording such information. “Your rent your views” survey have been available to tenants each year since 2020.
- 5.1.42 Since 2014/15 the average rent increase for Caerphilly Homes is 2.98%

5.2 Affordability

- 5.2.1 Officers have continued to work on developing the affordability survey and have met colleagues in Welsh Government and other local authorities with the aim of sharing best practice. The feedback from Welsh Government on the previous year’s rent setting process across the sector gave us more of an understanding as to what Welsh Government were expecting in order to evidence affordability. For example, landlords automatically received a favourable score if they used the Joseph Rowntree Foundation (JRF) Living Rent model or an equivalent affordability tool. As referenced in 5.1.31 Caerphilly Homes had been considering the JRF model prior to the pandemic but did not have the resources to progress during 2020/21. The JRF model was agreed by Cabinet on the 13th July 2022 to be included as part of Caerphilly Homes existing rent policy.
- 5.2.2 Other areas of good practice included a wide range of tenant consultation platforms and appropriate feedback, working in collaboration with tenants to set rents. As an authority we have been limited to certain media platforms due to GDPR concerns, which has restricted our ability to reach all tenants. However, officers have developed a full consultation process including an online survey during October/November 2022, and two focus groups. The survey was posted on Facebook and Twitter and was also available on the Council’s website. An EGov bulletin was sent to those tenants who have registered with the link. There were periodic reminders over the term of the survey and there was also a dedicated helpline for any tenants who required assistance in completing the survey
- 5.2.3 Members will be pleased to note that Caerphilly have been approached by TPAS Cymru to present at a rent consultation webinar and share best practise on how we engage with our tenants. We have been quoted as a “fantastic case study” together with 2 other social landlords (1 in Wales and 1 in Scotland). Caerphilly Homes has also presented at TPAS Cymru conference in November on our rent and affordability consultation, so whilst it has proven challenging to try and engage with as many tenants as possible through different medias, it is clear that we are leading the way on how we approach it.

- 5.2.4 Overall, there were 271 tenant responses to the survey with a mix of areas and tenures being represented. Unfortunately, this was a decrease of 102 compared to the previous year, despite the efforts made.
- 5.2.5 41% of the tenants were represented from the East of the Borough, 30% from the South and 29% from the North.
- 5.2.6 The majority of responses were from tenants in houses (47%) followed by flats (24%) and bungalows (14%) with the main source of income being from sickness or disability benefits (61%), followed by employment (37%).
- 5.2.7 61% of the respondents received some form of benefit support towards paying their rent. 40% of respondents received no support.
- 5.2.8 68% of responding tenants think our rents are fair and affordable (compared to 65% last year) and 32% do not. Mixed responses vary from "Because we receive housing benefits which help" "Cheaper than private rents" "It's a reasonable amount" to "The bedroom tax is crippling", "Benefit payments do not cover the increased cost of living", and "Rents rise every year but earnings don't".
- 5.2.9 88% of tenants were extremely or very concerned about the cost of living.
- 5.2.10 63% of tenants thought that their rent provides value for money (compared to 61% last year). Comments included: "property maintenance is expensive", "I am happy with my home and the service you provide" "I realise that you look after tenants the best you can", to "More needed on helping people move" "repairs are poor", and "No they waste it by building new offices and such"
- 5.2.11 Any tenant who expressed difficulties with paying their rent within the survey comments, was contacted and offered support by Tenancy Support Team.
- 5.2.12 23 tenants attended the focus groups, and it was interesting to note that when asked their opinion on a rent freeze, the majority of tenants agreed that an increase should be applied in order to sustain the services. These tenants understood the impact on the housing service by not applying a rent increase albeit they wanted the increase to be as low as possible. They did not want to have a reduction in services. Tenants also agreed that paying their rent was one of their priorities during the cost-of-living crisis but they were cutting back on other areas such as heating and making cheaper food choices. Concerns were made around keeping warm during the winter and officers commented that the Council was considering Community Hubs offering warmth, refreshments and support in the near future. Tenants generally agreed that rent was affordable at the moment but were concerned about the long term impact of the cost of living. For those who are on benefits they were very thankful that their rent would be paid, and would struggle if they weren't receiving financial support, but were still concerned about the other costs rising.
- 5.2.13 The survey overall gave us a mixed response, and there are clearly some responses that need to be followed up, but it does suggest a higher proportion of our tenants agree that their rent is affordable and offers value for money.
- 5.2.14 The average social rent for Caerphilly CBC in 2022/23 is £93.80/wk, which is nearly 7% lower than the All-Wales Average for Local Authorities of £100.46/wk. The All-Wales Average for Registered Social Landlords is £101.20/wk. Caerphilly CBC is ranked the lowest Local Authority in Wales in terms of its weekly rent according to Data Stat Wales.
- 5.2.15 Data Stat Wales latest publication for Private rents in Caerphilly CBC only go up as far as 2019/20. Private rent for a 3 bed house for 2019/20 is on average £134.28 per week, compared to the Caerphilly Homes average rent for a 3 bed house at £108.90/wk (which is 2022/23 rent). Increases would have been applied for private rent since 2019/20 making the comparison gap wider.

- 5.2.16 Caerphilly CBC ranked 5th highest out of the 11 Local Housing Authorities in terms of workplace earnings gross weekly pay (at the lower quartile) at £356.60, which is 4.76% above the All-Wales Average for the LHA's at £340.40/wk.
- 5.2.17 The results of the 2021 STAR survey to tenants, on their satisfaction with the housing service, confirmed 77% were satisfied overall with the service provided by Caerphilly Homes, and 76% were satisfied that their rent provides value for money.
- 5.2.18 These statistics together with the tenant's affordability survey suggest that the rent is affordable and provides value for money. However, Welsh Government require us to prove this in terms of measuring our current rent against an appropriate affordability model, which will be the JRF model.

5.3 Tenancy Support

- 5.3.1 Caerphilly Homes Rents team offer person centred support to tenants. A team of tenancy and welfare benefit support staff are available to provide support as soon as a tenancy starts. Staff have the discretion and flexibility to deal with differing individual circumstances when tenants are in difficulty and are empowered to deliver innovative solutions.
- 5.3.2 The number of tenants claiming housing benefit or universal credit housing costs to help pay their rent has increased from 72% to 78% since December 2020. Since April 2021, our staff have assisted tenants to claim over £3.2m in additional benefits. This support is not only offered to tenants experiencing financial hardship, but to tenants who we recognise using key data sets are not claiming their full entitlement of benefits.
- 5.3.3 Surveys completed by tenants receiving the service have shown the huge difference it has meant to their lives. Quotes below have been extracted directly from the surveys:
- "Thank you for everything you have done for me it has made a huge difference. I fell into heaven when I came to this wonderful council",
 - "Been told so many times that I wasn't able to claim (including by DWP) but the Council staff helped me to claim successfully. This has changed my life massively",
 - "Given me a different perspective of people from the council, reassured me that if there was anything else to get it touch. Built up trust, so great that I know where to call if I need help" and,
 - "I didn't expect to get a backdate I am so happy I am going to use the money to buy a mobility scooter something I never ever thought I could afford to buy. I can't thank you enough"

This support is integral to the Rents Team and will continue to be offered to all tenants

5.4 Garage Charges

- 5.4.1 The garage rationalisation and refurbishment programme, linked to the WHQS programme has led to a reduction in our garage stock but has resulted in improvements to our remaining stock. This work had a significant impact on void levels as the blocks of garages had to be fully vacated prior to commencement of works on each site. On completion of works to each block, former garage tenants and former leaseholders of garage plots have been offered new tenancies of the newly built or refurbished garages, prior to new tenants being sought for the remainder from existing waiting lists or through marketing. In addition, a number of garages have been demolished due to unsuitability and lack of demand. However, due to Covid-19 the void position on garages has not yet improved due to resources being deployed in more critical areas. Caerphilly Homes currently own 887 garages of which 135 are let to council tenants and 505 are let to private residents. The remaining 247 (28%) are void.

- 5.4.2 The rent on garages had not been increased for 3 years while the rationalisation programme was being undertaken but an increase was re-introduced in 2020/21 at 1.5%. Total investment to our garage stock was £2.6m and we can collect £380k per annum in charges if all garages are let. Currently our garage charge is £8.39 per week and 79% of garage tenants are not council tenants. The 2022/23 business plan assumed a 2.8% increase for the 2023/24 financial year, which was based on the forecasted RPI rate of inflation at the time of preparing the business plan. The actual RPI rate currently is 12.6% with sources estimating this is likely to fall to about 5.5% next year. For the 21% who are council tenants a 5.5% increase would equate to £8.85 per week (an additional 46p per week) and for the 79% non-council tenants this would equate to £10.62 to include VAT.

Tenants in receipt of benefit

- 5.4.3 Garage rents are not eligible for housing benefit and the majority (79%) of garage tenants are not actually council house tenants.

Financial impact

- 5.4.4 The Business Plan has included a 2.8% increase on garage rental income but did not foresee the unprecedented increases in inflation rates ahead. Not increasing the income in line with predicted inflation will mean a loss of approximately £21k.

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, and (vii) level of voids and are taken from projections, local knowledge and Welsh Government guidance.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 Section 24 of the Housing Act 1985 provides Local Housing Authorities (LHA's) with the power to set rents for its properties relating to Part II of said Act. A LHA is under a duty to act reasonably by determining rent levels. When setting rents under this section, a LHA must comply with any standards relating to rent set by the Welsh Ministers under section 111 of the Housing (Wales) Act 2014 and must also have regard to guidance issue under section 112 of the 2014 Act. Section 74 of the Local Government and Housing Act 1989 requires a LHA to keep and maintain a HRA ring-fenced account which ensures that the income raised from operating council housing is spend on council housing, and that neither the HRA nor General Fund are cross subsidised. Section 76 of the Local Government and Housing Act 1989 requires that the HRA cannot be set into a deficit.]
- 7.2 An increase in rents is required in order not to set a deficit budget within the HRA. The additional income is utilised on maintaining or improving existing services as well as creating financial resource to be able to meet WG agendas and challenges such as minimising evictions, not to evict into homelessness, deliver high quality homes, evidencing affordability and value for money, maintaining WHQS, installing Optimised Retrofit Programmes on existing stock, and enhancing tenant involvement.
- 7.3 68% of tenants who were surveyed on "Your rent your view" survey confirmed that their rents were deemed fair and affordable and 63% thought their rents provided value for money. 76% of tenants who were surveyed on the STAR survey also thought their rents provided value for money and 77% were satisfied with the services provided. As part of the rent setting process, tenants were also involved in focus groups.

- 7.4 The latest statistics from Data Stat Wales ranks Caerphilly CBC the lowest in terms of Local Authority rent and 5th highest in terms of workplace earnings (lower quartile). 78% of Caerphilly CBC tenants are in receipt of financial support for their rent in the form of Housing Benefit or Universal Credit. Tenancy support is offered to all tenants.
- 7.5 The proposed increase during an unprecedented increase in inflation is set as per the rent policy determined by Welsh Government and is lower than the current rate of inflation.
- 7.6 [Link to the Integrated Impact Assessment.](#)

8. FINANCIAL IMPLICATIONS

- 8.1 This report deals with the financial implications of the proposed rent increases which affect the HRA.
- 8.2 The impact of the Welfare Reform Act is not taken into consideration

9. PERSONNEL IMPLICATIONS

- 9.1 The proposals contained in this report will not alter the current arrangements for the collection of housing revenue account monies.

10. CONSULTATIONS

- 10.1 All consultation responses have been reflected in this report

11. STATUTORY POWER

- 11.1 Local Government Acts 1972. This is a Cabinet function.

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Consultees:	<p>Cllr Andrew Whitcombe - Chair Housing and Regeneration Scrutiny Committee</p> <p>Cllr Patricia Cook - Vice Chair Housing and Regeneration Scrutiny Committee</p> <p>Cllr Shayne Cook - Cabinet Member for Houses and Property</p> <p>Christina Harry - Chief Executive</p> <p>Dave Street - Corporate Director Social Services and Housing</p> <p>Nick Taylor-Williams - Head of Housing</p> <p>Robert Tranter - Head of Legal Services/Monitoring Officer</p> <p>Stephen R Harris - Head of Corporate Finance and S151 Officer</p> <p>Sandra Isaacs - Rents Manager</p> <p>Amanda Main - Acting Benefits Manager</p> <p>Fiona Wilkins - Housing Services Manager</p> <p>Jane Roberts-Waite - Strategy and Co-ordination Manager</p> <p>Alan Edmunds - WHQS Project Manager</p> <p>Jason Fellows - HRO Manager</p> <p>Kerry Denman - Housing Solutions Manager</p> <p>Mandy Betts - Tenants and Community Involvement Manager</p>
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Background Papers: N/A

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HOUSING AND REGENERATION SCRUTINY COMMITTEE – 29TH NOVEMBER 2022

SUBJECT: LOW COST HOME OWNERSHIP POLICY

**REPORT BY: CORPORATE DIRECTOR OF SOCIAL SERVICES AND
HOUSING**

1. PURPOSE OF REPORT

1.1 To seek the views of Members prior to the presentation of the Low Cost Home Ownership (LCHO) policy to Cabinet on 14th December 2022.

2. SUMMARY

2.1 Data from the Office of National Statistics shows that the cost of owning a homing is becoming increasingly more expensive, with house price inflation outstripping growth in income.

2.2 This policy will help people who are unable to afford to purchase 100% of a property on the open market and help to reduce the numbers of people currently on the common housing register.

2.3 Welsh Government supports the provision of homes built for LCHO through grant funding both to local authorities and housing associations.

2.4 This policy will assist the Council in its ambitions to create balanced and sustainable communities, as outlined in the recently approved Local Housing Strategy 2022-2027.

2.5 The LCHO policy is an essential aspect of Caerphilly Homes development ambitions.

3. RECOMMENDATIONS

3.1 That the contents of this report are noted and that any amendments or clarifications raised by members are incorporated into the report in readiness for its presentation to Cabinet on the 14th December 2022.

4. REASONS FOR THE RECOMMENDATIONS

4.1 To realise the Council's ambitions of creating cohesive and sustainable communities,

as set out in the 2022-2027 Local Housing Strategy, by providing support to people who aspire to homeownership but are unable to afford the full market value for a home.

- 4.2 The introduction of a low cost home ownership (LCHO) policy complements the Council's own new build, affordable housing aspirations.
- 4.3 To help reduce the number of people on the Council's common housing register, by providing opportunities for people to meet their own needs through affordable home ownership.

5. THE REPORT

Local Context

- 5.1 To realise the Council's ambitions of creating cohesive and sustainable communities, as set out in the 2022-2027 Local Housing Strategy, it is important that housing providers are able to build a range of different homes including for sale and for rent. The introduction of a low cost home ownership (LCHO) policy by the Council will help assist with meeting this ambition and its own new build aspirations.
- 5.2 Members will be aware from reports published in the media of the increasing affordability issue preventing people from owning their own home. The affordability of owning a home is measured using a ratio of the median price paid for a residential property against median workplace-based gross annual earnings for full-time workers, using data published by the Office of National Statistics. Latest data (March 2022) shows a ratio of 5.2 in 2021, compared to 4.9 in 2020.
- 5.3 With over 6,000 applications on Caerphilly's common housing register, helping people into homeownership can help to reduce the pressures on the existing social housing stock, thereby ensuring that the stock is let to those in greatest need who do not have the means necessary to satisfy their own needs. Our data shows that many of these people would like to own their own home.
- 5.4 Our housing association partners have a proven track record of building affordable homes for sale in the borough. Providing affordable homes for sale is also a key element of Caerphilly Homes' future development ambitions and members will note from another H&RSC report (10th February 2022) that the Council plans to provide LCHO opportunities on the redevelopment of the former Oakdale comprehensive school. In addition, the Council will shortly acquire LCHO properties via the s106 Agreement on the former Aberbargoed Comprehensive school.
- 5.5 21% (100 out of 481) of the homes funded by Caerphilly's 2022/23 Programme Development Plan, due to be built over the next 5 years, either by the Council or housing association partners, will be shared ownership.

National Context

- 5.6 LCHO products are not a new invention and have been provided throughout Wales for many years. They have been designed to provide support to people who aspire to homeownership but are unable to afford the full market value for a home. The sale of LCHO products is typically governed by a LCHO policy. The purpose of a LCHO policy is to set out the qualifying criteria that households must meet to be eligible for support and any local priorities that need to be taken into consideration.

- 5.7 No guidance has been produced by Welsh Government on producing LCHO policies. It is, therefore, up to the Council to decide what is included in its own policy.
- 5.8 LCHO policies typically provide opportunities for people to buy affordable homes through one of the following main routes:
- Shared ownership – the prospective homebuyer(s) buys a share in a property (between 25-75% of the open market value) and pays rent on the remaining share.
 - Shared equity – the prospective homebuyer(s) buys an equity stake in a property (typically 70%) and does not pay rent on the remaining stake.
- 5.9 The use of LCHO policies is consistent with Welsh Government's national housing policy. Welsh Government provides grant funding to local authorities and housing associations in Wales to build shared ownership properties. They also provide LCHO opportunities at a national level, e.g. Help to Buy Wales. Newly built shared ownership homes count towards Welsh Government ambitions to build 20,000 low carbon homes for rent in Wales because of the rental aspect.

Development Process

- 5.10 A working group within Caerphilly Homes was established in 2020 to look at the development of an LCHO policy. As part of this process officers undertook some research to identify examples of good practice throughout the UK. Detailed discussions were also held with two partner housing associations and a neighbouring local authority.
- 5.11 An early version of the Council's draft LCHO policy was reviewed by national law firm Blake Morgan LLP. The draft was revised in light of comments received and prepared for public consultation.
- 5.12 The policy was based on a shared equity approach only, which at the time of development met Welsh Government's criteria for accessing Social Housing Grant. However, changes to Welsh Government funding criteria means that shared equity is no longer eligible for grant funding, which would mean that the Council would be required to pay for the construction / purchase of an LCHO property solely using its own funding, which potentially could make development of some sites financially unviable.
- 5.13 In December 2021 the Council undertook a 6 week public consultation exercise on the introduction of the new LCHO policy. The Council received 64 on-line responses during the consultation period and direct feedback via email from housing association partners. This information was analysed and the policy updated accordingly. The majority of changes were minor in nature, with the more significant changes being made to the eligibility criteria to include stated maximum incomes for people/households eligible under the policy.
- 5.14 Following a review of the consultation responses and recognising that shared ownership still attracts Welsh Government grant funding, a decision was taken by the new Head of Housing to expand the range of products in the LCHO policy to include shared ownership. The policy was subsequently updated and a second public consultation exercise on the new amendments was undertaken over a 4 week period between August and September 2022.

- 5.15 The policy applies only to those properties acquired by the Council through the planning system or properties built via its own development programme. It does not provide for prospective home buyers to purchase properties on the open market and excludes those properties provided by housing association partners throughout the county borough.

The LCHO Policy

- 5.16 To be regarded as eligible under the new policy all prospective home buyers will need to satisfy the following criteria:
- be 18 years old or over;
 - be a British citizen or have been granted settled status in the UK;
 - be a first-time buyer or:
 - be a newly forming household; for example, starting again after a relationship break-up; or
 - be relocating for work purposes to an area where property prices do not allow you to buy a home suitable for your family size;
 - is over 55 years old and requires later living accommodation; or
 - is a disabled person (or is living with a disabled person) who has been assessed by the Council as requiring accessible housing.
 - be living or working in the county borough, having done so continuously for the previous 3-year period¹;
 - have a gross household income of no more than £29,260 a year for single person with no children or £58,021 a year for all other household compositions; and
 - be unable to buy a property on the open market that suits their needs.

¹Except for personnel in the process of leaving the British Armed Forces, British Armed Forces veterans who have left the services in the last 3 years or their bereaved spouses, either of whom must have previously had a local connection to the county borough.

- 5.17 For joint applications, only one of the prospective home buyers needs to satisfy the working or residency criteria.
- 5.18 To promote sustainable homeownership, prior to being offered the opportunity to purchase a property the prospective home buyer would need to provide the Council with the following information:
- evidence of independent financial advice on mortgage products, affordability and repayments; and
 - a mortgage in principle certificate/statement from a lender regulated by the Financial Conduct Authority.
- 5.19 Applications to buy a home would be prioritised by the Council in the following order:
- a. A serving member of the British Armed Forces that is due to or in the process of leaving the Armed Forces, an Armed Forces Veteran (having left the services within the last 3 years of submitting their application) or a bereaved spouse or civil partner of a member of the British Armed Forces that died within active service within the last 3 years;
 - b. A disabled or older person who has been assessed by the Council's occupational therapist to be living in housing not suited to their needs. An older person is defined as someone at least 55 years old who requires housing designated by the Council for later living;

- c. A key worker (as defined in the policy) living or working in the county borough;
 - d. A tenant of Caerphilly County Borough Council or a housing association tenant living in the county borough who would free up a social home for which there is an identified need;
 - e. All other groups of eligible people.
- 5.20 The policy also contains advice on repair and maintenance responsibilities and the process of selling a LCHO home.
- 5.21 In an attempt to secure the potential reuse of a LCHO property as an affordable home in the long-term the policy contains criteria governing the resale of a property. Homebuyers will be required to initially offer the property to the Council before placing it on the open market. The Council will have either 28 days or 12 weeks, depending on whether the homebuyer has achieved full ownership or not, to identify a suitable homebuyer or exercise its right to purchase.

Consultation Responses

- 5.22 14 online responses were received during the second consultation exercise. Below is a summary of the responses received:
- The respondents were asked which language they wanted to use to complete the survey – 100% English, 0% Welsh.
 - The respondents were asked did they agree with the 6 elements which make up the qualifying criteria. 11 said yes, 2 said no and 1 said don't know.
 - The respondents were asked did they agree that households with a gross household income of over the specified limits should not be eligible for assistance. 10 said yes, 2 said no and 2 said don't know.
 - The respondents were asked did they agree with the list of key workers? 9 said yes, 4 said no and 1 said don't know.
 - The respondents were asked about the proposed 3 year time period that would need to elapse, from the date of purchase, before people could buy further shares/stakes in their property. 5 said the time period is right, 2 said the time period is too short, 2 said the time period is too long, 4 said there should not be a time period and 1 said they don't know.
 - The respondents were asked would the introduction of the LCHO policy impact negatively on them because of a protected characteristic. 2 said yes, 6 said no and 6 said don't know.
 - The respondents were asked did they think that the introduction of the LCHO policy will help to reduce levels of socio-economic disadvantage in the county borough. 7 said yes, 2 said no and 5 said don't know.
 - The respondents were asked would the priorities set out in the Low Cost Home Ownership Policy have a positive impact on future generations living in the county borough. 13 said yes, 1 said no and 0 said don't know.
 - The respondents were asked if they think that the measures put in place alongside the introduction of the LCHO Policy will ensure that the Welsh

Language is treated no less favourably than the English language. 7 said yes, 2 said no and 5 said don't know.

5.23 After each question, respondents were asked to explain the reasons for their response. This was not a mandatory requirement and consequently not everyone provided a response. All responses were duly considered. Several of the responses were deemed irrelevant to the consultation process and have, therefore, been discounted. Many of the comments have proved helpful in reaffirming inclusion of important criteria around eligibility, priority and the timeframe for buying additional stakes/shares in the home.

5.24 The respondents were asked to provide any other comments on the Low Cost Homeownership Policy not included in their responses to earlier questions. Not everyone responded. Comments include:

- *People would take more care if they owned the home.*
- *This has been a well thought through policy...*
- *Funding for this will divert the money from other areas we have seen schemes before that take out of the system and other areas suffer it will not effect the areas around Caerphilly, Blackwood or Risca it will be other areas where the poverty is greater so a lot of people in these outer areas have a very negative view of the council and feel let down.*
- *Will there be a deposit required, this could mean a no for many. A no deposit will be the attraction.*
- *This sounds like a very positive move.*

5.25 All of the responses to the consultation questions have been carefully considered. All bar one of the responses required no further action / change to the policy. One minor amendment was made to the policy at paragraph 6.1 (v) – to clarify that all other groups included people meant people not included in group i-iv.

5.26 In addition to the equalities question we asked a series of questions on who was responding. People said that they were aged:

Under 18 - 0
18-25 - 0
26-39 - 7
40-49 - 3
50-64 - 1
65-74 - 2
75 and over - 1
Prefer not to say – 0

5.27 When asked about their current home people said that they:

Own with a mortgage or loan - 3
Own outright - 0
Rent from the Council - 6
Rent from private landlord or letting agency - 2
Rent from a Housing Association - 1
Living with a relative or friend - 1
Shared ownership (owned in partnership with a Housing Association) - 0

Low Cost Home Ownership - 1
Tied or linked to a job - 0
Other – 0

- 5.28 A number of questions were included within the consultation questionnaire to help officers update the Integrated Impact Assessment. Respondents told the Council that the LCHO policy would:
- have a positive impact on future generations by providing opportunities for people on low incomes to get onto the property ladder;
 - have no direct negative impact on people with a protected characteristic;
 - help to reduce on socio-economic disadvantage by providing opportunities for people on low incomes to get onto the property ladder; and
 - have no effect on the Welsh language, as services and information would be provided bilingually.
- 5.29 The IIA has been updated accordingly. No significant changes have been made to the IIA as a result of responses received during the public consultation exercise.

6. ASSUMPTIONS

- 6.1 The introduction of the LCHO policy helps people wanting to access home ownership but cannot afford to purchase 100% of the open market value of the property. Helping people into home ownership will help to reduce the number of people currently on the common housing register.
- 6.2 The introduction of the LCHO policy will help the Council to realise its strategic housing priorities of creating balanced and sustainable communities and complements the ambitions of the new build, affordable housing programme.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 The Integrated Impact Assessment (IIA) suggests that the introduction of the LCHO policy will have a positive impact upon the residents of the county borough that subsequently go on to purchase a home under this policy.
- 7.2 By providing opportunities for people on low to medium incomes to access affordable home ownership the IIA shows that the policy will have a positive impact on equality, diversity and inclusion, on tackling social disadvantage and on promoting the wellbeing of existing and future generations. Helping people achieve affordable home ownership also contributes to several of the Council's wellbeing objectives. No adverse impact on the promotion of the Welsh language was identified.
- 7.3 The IIA can be found at: <https://www.caerphilly.gov.uk/CaerphillyDocs/IIA/lcho-ii-form>

8. FINANCIAL IMPLICATIONS

- 8.1 The provision of LCHO homes will be financed through accessing a mix of Welsh Government grant funding and the Housing Revenue Account. Grant rates are

currently set at 25% for shared ownership properties. The exact levels of grant will be determined on a site by site basis using a Standard Viability Model, issued by Welsh Government. Grant funding applications submitted by the Council will need to be approved by Welsh Government.

- 8.2 Homebuyers will pay rent to the Council on the share of their home they don't currently own. Homebuyers can purchase additional shares in their home, typically up to 100%. In such instances the Council will receive a capital receipt but the rental income will reduce or cease.
- 8.3 Homebuyers are permitted to sell their property, which could result in the Council receiving a capital receipt. Any Welsh Government grant funding would be held by the Council as Recycled Capital Grant for future use on affordable housing provision.
- 8.4 Being a new function provided by Caerphilly Homes, governance arrangements around the management of finance, ringfencing capital receipts/rental income for future LCHO investment will need to be established. A budget will be set by the Head of Housing and Principal Group Accountant (Housing) based on the projected number of homes to be delivered.

9. PERSONNEL IMPLICATIONS

- 9.1 The Head of Housing has agreed with the Housing Solutions Manager that day to day operation of the LCHO policy will be administered by the Housing Solutions team.

10. CONSULTATIONS

- 10.1 Consultation has been carried out at various stages of development of the LCHO policy, as outlined in section 5 above.
- 10.2 All comments received from the consultees listed below have been noted and, where appropriate, incorporated within the report.

11. STATUTORY POWER

- 11.1 Local Government Acts 1972 and 2000, and the Local Government and Elections Act 2021.

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Christina Harray, Chief Executive
Dave Street, Corporate Director for Social Services and Housing
Nick Taylor-Williams, Head of Housing
Rob Tranter, Head of Legal Services and Monitoring Officer
Stephen Harris, Head of Financial Services and Section 151 Officer

Lesley Allen, Principal Group Accountant (Housing)
Fiona Wilkins, Housing Service Manager
Kerry Denman, Housing Solutions Manager
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Appendices:

Appendix 1 Draft Low Cost Home Ownership Policy

Caerphilly County Borough Council

Low Cost Home Ownership Policy

December 2022

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1. Introduction

- 1.1 As part of its strategic housing and place shaping agendas, two key aims of the Council are to create mixed and sustainable communities where people want to live, whilst promoting positive health and wellbeing outcomes. The Council looks to achieve these aims through the provision of a range of good quality, affordable homes, whether that is delivered through the planning system, in partnership with local housing associations or via its own resources.
- 1.2 Information provided from assessments of the local housing market undertaken by the Council and data collected via the Common Housing Register shows a high requirement throughout the county borough for a range of good quality, affordable homes, including social rented accommodation and low cost home ownership.
- 1.3 National data shows that there is a widening gap between the cost of housing in the county borough and household income:
- Between January 2020 to January 2021 average annual house prices in the county borough have increased from £151,788 to £171,916 (12.5%)¹;
 - Gross weekly pay for the county borough in 2021 was £562.70 per week, £29,260.40 per annum²;
 - The median household price to median income ratio in the county borough has increased significantly from 3.0 in 2002 to 5.29 in 2021³.
- 1.4 As a consequence of the widening gap between house prices and earnings, local people on low to middle incomes may find it increasingly difficult to access home ownership without some form of financial assistance. The overall aim of this policy, therefore, is for the Council to provide opportunities for local people to enable them to access affordable homeownership at a cost lower than renting privately or buying on the open market. The provision of social housing is governed by the Common Allocation Policy.

2. Home Ownership Options

- 2.1 This policy applies to those properties acquired by the Council through the planning system or properties built via its own development programme. It does not provide for prospective home buyers to purchase properties on the open market and excludes those properties provided by housing association partners throughout the county borough.
- 2.2 Prospective home buyers are able to purchase a property via one of the following options:

¹ UK House Price Index Wales: January 2022, HM Land Registry (Accessed April 2022)

² Nomis Official Labour Market Stats (Accessed April 2022)

³ House price to residence-based earnings ratio, Office of National Statistics (Accessed April 2022)

- Shared Equity;
- Shared Ownership; and
- Older Persons Shared Ownership.

2.3 Additional criteria on each option are set out in Appendix 1.

2.4 The Council reserves the right to introduce new options or vary the criteria for existing options at short notice. The Council will only exercise this right where new funding opportunities become available and/or the Council's strategic housing priorities are revisited.

2.5 In all three options the Council's stake in the property will be secured by a legal charge. The legal charge will be removed were the homebuyer exercises their right to purchase 100% of their home or the home is sold on the open market – see section 8.

3. Who Can Apply

3.1 This policy is primarily aimed at low to middle income, first-time buyers wanting to access affordable home ownership, who satisfy the eligibility criteria. Paragraph 3.3 provides a definition of first-time buyer for the purpose of the application of this policy. A limited number of exemptions have been included to the first-time buyer criteria to enable the Council to meet its statutory requirements under the Equalities Act 2010.

3.2 The prospective home buyer must be able to afford their mortgage repayments.

3.3 To be regarded as eligible under this policy all prospective home buyers will need to satisfy the following criteria must:

- be 18 years old or over;
- be a British citizen or have been granted settled status in the UK;
- be a first-time buyer or:
 - be a newly forming household; for example, starting again after a relationship break-up; or
 - be relocating for work purposes to an area where property prices do not allow you to buy a home suitable for your family size;
 - is over 55 years old and requires later living accommodation; or
 - is a disabled person (or is living with a disabled person) who has been assessed by the Council as requiring accessible housing.
- be living or working in the county borough, having done so continuously for the previous 3-year period¹;
- have a gross household income of no more than £29,260 a year for single person with no children or £58,021 a year for all other household compositions; and
- be unable to buy a property on the open market that suits their needs.

¹Except for personnel in the process of leaving the British Armed Forces, British Armed Forces veterans who have left the services in the last 3 years or their bereaved spouses, either of whom must have previously had a local connection to the county borough.

For joint applications, only one of the prospective home buyers needs to satisfy the working or residence criteria.

3.4 Prior to being offered the opportunity to purchase a property the prospective home buyer will need to provide:

- evidence of independent financial advice on mortgage products, affordability and repayments; and
- a mortgage in principle certificate/statement from a lender regulated by the Financial Conduct Authority.

3.5 The prospective home buyer will only be permitted to purchase a property which the Council assesses is suitable to the specific needs of their household.

3.6 At its discretion, the Council may choose to waive all or part of the criteria in paragraph 3.3 where it is satisfied that:

- there is an identified housing need that could be satisfied; or
- there are no other eligible people waiting.

4. Making an Enquiry

4.1 Enquiries for low cost home ownership can be made via the on-line form which can be accessed through the Home Search Caerphilly website. Assistance with completing the form can be accessed through the Common Housing Register team.

4.2 All enquiries will be assessed in accordance with the criteria set out in this policy.

4.3 Where the prospective home buyer satisfies the eligibility criteria, they will receive a letter from the Council advising them of their enquiry date and indicative bedroom requirement (see Section 7). The prospective home buyers will then be contacted should potentially suitable properties become available for purchase in their preferred area(s) of choice.

4.4 Prospective home buyers that don't meet the eligibility criteria will not be considered for housing provided under this policy. In such instances the Council will write notifying the reason(s) for ineligibility.

4.5 Prospective home buyers must notify the Council of changes in their circumstances that are likely to affect their ability to purchase a property or the

size and type of property required, e.g. changes in household composition, change of address, change in income or employment status etc.

- 4.6 The information provided by the prospective home buyer will be reviewed by the Council at point of enquiry and then verified should a suitable property become available.
- 4.7 Any non-statute barred debts owed to Caerphilly County Borough Council will be required to be cleared by the prospective home buyer before purchase of the property is completed, e.g. Council Tax, rent arrears, sundry debts etc. Debts owed will apply to all members of the prospective household and not just the prospective home buyer.

5. Independent Financial Advice

- 5.1 Buying a home is one of the biggest financial commitments that a person will make in their lifetime. It is imperative, therefore, that prior to being provided with the opportunity to purchase a property being sold under this policy the prospective home buyer seeks good quality, independent financial advice. This will ensure that they identify the right mortgage product for their circumstances, understand the full costs associated with home ownership and verify that they are able to afford the mortgage repayments, thereby increasing their chances of sustaining home ownership. Prospective home buyers will be required to provide proof of advice as and when a property becomes available for purchase.
- 5.2 Details of independent financial advisors can be accessed from the Money Advice Service or Citizens Advice websites.

6. Prioritising Enquiries

- 6.1 In the event of interest for a property being expressed from more than one prospective home buyer, priority for properties provided through this policy is granted to those people, or members of their prospective household, fully satisfying the eligibility criteria in the following order:
 - I. A serving member of the British Armed Forces that is due to or in the process of leaving the Armed Forces, an Armed Forces Veteran (having left the services within the last 3 years of submitting their application) or a bereaved spouse or civil partner of a member of the British Armed Forces that died within active service within the last 3 years;
 - II. A disabled or older person who have been assessed by the Council's occupational therapist to be living in housing not suited to their needs. Older people are defined as someone at least 55 years old who requires housing designated by the Council for later living;
 - III. A key worker living or working in the county borough (see Appendix 2);

- IV. A tenant of Caerphilly County Borough Council or a housing association tenant living in the county borough who would free up a social home for which there is an identified need;
 - V. All other groups of people not included in the groups above (i to iv).
- 6.2 Where more than one prospective home buyer satisfies the prioritisation criteria, priority will be awarded to those with the earliest received enquiry date.
- 6.3 The Council reserves the right to waive the criteria outlined in paragraph 6.1 where properties are provided by the Council from a specific purpose, e.g. later living accommodation or accessible housing.

7. Calculated Bedroom Requirement

- 7.1 When completing their application form prospective home buyers will be able to express a choice over area and property type, with the size of the property to be determined by the Council based on affordability and current household composition. To allow for household growth or to accommodate a medical or support need, prospective home buyers may purchase a property one bedroom larger than their determined bedroom requirement, typically up to a maximum of 4 bedrooms.
- 7.2 The household size criteria are set out in Appendix 3.

8. Purchasing Additional Equity/Shares

- 8.1 Homeowners that have purchased their home via this policy will be able to buy further equity/shares in their home after an agreed period, typically 3 years after the original purchase date. Equity/shares must be purchased in portions of no less than 10%. Where the homeowner increases their stake in the property to 100%, they will automatically become the outright owner.
- 8.2 The value of purchasing additional equity or shares in the property will be determined by an updated open market valuation of the property, which will be carried out by an independent Royal Institution of Chartered Surveyors registered valuer duly appointed by the Council. The cost of the valuation and any legal costs incurred by the Council are borne solely by the homeowner. The homeowner will also be responsible for their own solicitor's legal fees. The process required to purchase additional equity or shares will be set out in the legal charge that will be placed on the property.
- 8.3 In the event of a dispute over the value of the property the home buyer and Council will jointly appoint an agreed valuer. The cost of the valuation and any legal costs incurred by the Council will be borne solely by the homeowner.

9. Selling your Home

- 9.1 The homeowner is not able to sell their home without first securing the Council's permission. Notification of intention to sell the property must be made in writing. Separate criterion applies to those people who have achieved full ownership of their home, see paragraph 9.9.
- 9.2 A valuation will then be undertaken to establish the current open market value of the property. The valuation will be carried out by an independent Royal Institution of Chartered Surveyors registered valuer duly appointed by the Council. The cost of the valuation will be borne solely by the homeowner.
- 9.3 A current Energy Performance Certificate is required when the property is sold. The homeowner will be required to obtain the Energy Performance Certificate via a registered domestic assessor. The homeowner will bear the cost of obtaining the Energy Performance Certificate.
- 9.4 The Council will have twelve weeks from the acknowledgement of the receipt of notification to identify a suitable home buyer to purchase the property. If a home buyer cannot be identified within the twelve-week period or the Council decides not to exercise its option to purchase the property, the homeowner may sell the property on the open market.
- 9.5 The property must be marketed at its full open market value, as determined by an independent Royal Institution of Chartered Surveyors registered valuer. Any proposed sale at less than the full open market value needs to be considered and agreed beforehand by the Council.
- 9.6 The Council's equity/share in the property must be repaid in full by the homeowner upon completion of the sale. The value of the equity/share in percentage terms is linked to changes in the value of the property. For example, if the value of the property rises by 10%, the value of the equity/share will raise by 10%. If the value of the property does not increase the home buyer will be expected to repay the original financial value of the equity/share.
- 9.7 If a prospective home buyer is identified, they may purchase the property either on a shared ownership or shared equity basis, depending on whether the construction of the property was funded using Welsh Government grant. In such instances the relevant criteria set out in Appendix 1 will apply.
- 9.8 All costs incurred by the Council associated with the sale of the property will be borne solely by the home buyer on completion of sale.
- 9.9 Where looking to sell their home, homeowners that have completed outright purchase will be required to offer the property to the Council, at open market value, before it is advertised for sale. The Council will have 28 calendar days to formally respond to this offer. Where the Council declines the offer

to purchase the property or fails to respond within the prescribed timescale, the homeowner may sell the property on the open market without restriction.

10. Remortgaging your Home

- 10.1 The homeowner may choose to remortgage their property at any stage, subject to approval from their lender. Where this results in the Council incurring any costs or legal fees, the homeowner will be required to repay all costs incurred by the Council.

11. Leaseholders

- 11.1 Homes are sold by the Council either on a freehold or leasehold basis. Where the home is sold on a leasehold basis the Council will retain ownership of the freehold.
- 11.2 The duration of the lease provided by the Council will typically be 125 years. In addition to the cost of purchasing a property, the leaseholder will also have to pay to the Council an annual ground rent and service charge to cover the cost incurred by the Council of maintaining common parts of the building. Included within the services charge is a cost for any management services provided by the Council.
- 11.3 Leaseholders have a right to request an extension of the duration of the lease from the Council, providing certain conditions are met. The extension can add up to 90 years to the existing lease. All costs associated with extending the lease, including those incurred by the Council, will be paid by the leaseholder. Where both parties are unable to agree the cost of extending the lease, the price may be set by the Leasehold Valuation Tribunal.

12. Repairing & Maintenance Responsibilities

- 12.1 The homeowner is responsible for keeping their home in good order of repair. This extends to paying for the cost of all repairs and maintenance to their property, both internally and externally including gardens, paths, outbuildings and boundaries, except where paragraph 12.4 applies.
- 12.2 Where the property is served by a Sustainable Drainage System (SuDS) that is situated within the property curtilage / boundary and serves only that property, then the home buyer will be responsible for the maintenance of the Sustainable Drainage System. If such features exist, these will be clearly identified on the plot layout plan and a maintenance plan will be provided by the Seller. Such features should also be identified in Conveyancing searches. Such features must be maintained in accordance with the maintenance plan and must be retained on the property.

- 12.3 Where the property is served by Sustainable Drainage Systems (SuDS) that also serve another property or properties then maintenance will be the responsibility of the Council.
- 12.4 Where the property has been fitted by the Council with an adaptation for a disabled person the responsibility for maintaining the adaptation will lay with the household and not the Council.
- 12.5 Where the property is purchased on a leasehold basis the cost of repair and maintenance to the building's structure and, if applicable, repairs and maintenance to shared areas will be carried out by the Council or its agent. The costs of the repairs and maintenance will be shared with the leaseholders and passed on to the home buyer by way of a leaseholder service charge.

13. Improving your Home

- 13.1 Minor improvements, which do not require planning permission or building control approval (such as changing kitchen units), may be carried out at any time and do not require the home buyer to notify the Council before carrying out the improvement.
- 13.2 The Council defines a major improvement as work which that increases the value of the property including:
- Addition of a conservatory;
 - Addition of a new garage/car port;
 - Addition of a new driveway and dropped kerb; and
 - Addition of a porch;
 - Cavity wall insulation.
 - Installation of central heating;
 - Installation of double-glazed windows/doors;
 - Extension;
 - Loft conversion;
 - New bathroom suite;
 - New fitted kitchen;
- 13.3 The homeowner will need the written permission from the Council to carry out major improvements to their home. The Council will respond to such requests within 4 weeks of acknowledged receipt of the required information.
- 13.4 The Council will charge homeowners a fee to consent to major improvements. The fee will be payable on application. A charge will also be applied to retrospective permission requests.
- 13.5 It is the homeowner's responsibility to ensure that they obtain the necessary permissions before any major improvements are carried out to their property

including planning permission, building control approval, sustainable drainage approval, etc.

- 13.6 Where the major improvements result in an uplift in the value of the property, upon sale of the property the value of the uplift will be shared between the homeowner and the Council in accordance with the respective percentage equity/shares owned.

14. Subletting your Home

- 14.1 Homeowners may only sublet their homes with the approval of the Council. The homeowner will also need the consent of their mortgage company.
- 14.2 Homeowners wanting to sublet must submit their request in writing to the Council. The Council will respond to such requests within 4 weeks of acknowledged receipt of the required information.
- 14.3 Subletting will only be permitted by the Council where the following criteria are met:
- the reason to sublet is unavoidable and is not for speculation or gain;
 - the sub-lessee meets the criteria for shared equity; and
 - the homeowner is subletting the property on a fixed-term agreement.
- 14.4 The Council will charge homeowners a fee to consent to subletting. This fee is payable on application. A charge will also be applied to retrospective subletting requests.
- 14.5 Instances of subletting contrary to this policy and/or the terms and conditions of your mortgage company may result in a breach of contract and ultimately the loss of your home.

15. Monitoring & Annual Review

- 15.1 The Council will carry out periodic monitoring of the low cost home ownership enquiries to ensure the effectiveness of this policy and identify whether any groups protected by the Equality Act 2010 are discriminated against in the application of this policy.
- 15.2 The Council carries out an annual review of applications to ensure that people wish to remain on the list for low cost home ownership. The date of the review will be on or near to the anniversary of the date of enquiry. Prospective home buyers not responding to the review process will be deemed to no longer be interested in purchasing a property through this policy and their enquiry will be disregarded.

Appendix 1: LCHO Options Criteria

1. Shared Ownership

For properties sold by the Council on a shared ownership basis the prospective home buyer may purchase between 25%-75% of the open market value of the property via a mortgage and, if applicable, savings. On the unsold equity share retained by the Council the home buyer will pay rent to the Council.

2. Shared Equity

For properties sold by the Council on a shared equity basis the prospective home buyer will be expected to purchase 70% of the open market value of the property using a mortgage and, if applicable, savings. The remaining 30% will be retained by the Council via an interest-free equity loan. Unlike shared ownership the home buyer does not have to pay rent on the Council's equity loan.

3. Older Persons Shared Ownership

Available only to people aged 55 years or over wanting to move into retirement housing. To be eligible people must either be rightsizing from their current home or the Council deems that their home is no longer suitable for their needs. The prospective homebuyer will usually purchase between 25% to 75% of the value of the property through a mortgage and/or savings. On the remaining share they pay rent to the Council. Once the homebuyer purchases 75% of their home, no rent is payable on the remaining share. Prospective homeowners that currently own a home will need to sell the property before being able to purchase a property.

The maximum share permitted under this option is 75%.

Appendix 2: Key Workers

For the purpose of this policy the following occupations are classified by the Council as key workers:

- civilian Ministry of Defence (MoD) personnel (i.e. clinical staff, MoD police officers and uniformed staff in the Fire and Defence Service);
- clinical staff employed by the NHS (excluding doctors and dentists);
- frontline police staff (civilians);
- Highways Agency traffic officer staff;
- LA educational psychologists;
- LA therapists (including occupational therapists and speech and language therapists);
- LA/LEA/NHS nursery nurses;
- LA/LEA/NHS social workers;
- police officers and community support officers;
- prison officers and some prison service staff in prisons;
- probation officers;
- social care and domiciliary workers;
- teachers, including further education teachers and early years/nursery teachers/teaching assistants; and
- uniformed staff, below principal level, in fire and rescue services.

In the case of joint purchases, only one of the prospective home buyers needs to be a key worker.

All key workers must be employed within the South East Wales region.

The list is exhaustive and is in alphabetical order. It does not determine priority between any group of key workers.

Those people employed on a temporary basis are not included within the definition of a key worker unless there is at least 12 months remaining on their contract when they are due to complete their home purchase.

Appendix 3: Calculated Bedroom Requirement

Household Composition	Calculated Bedroom Requirement
Adult aged 18 or over	1 bed*
Adult aged 18 or over plus 1 child*	2 bed*
Adult aged 18 or over plus 2 children aged under 10	2 bed*
Adult aged 18 or over plus 2 children of the same sex aged under 16	2 bed*
Adult aged 18 or over plus 3 children	3 bed*
Adult aged 18 or over plus 4 children (4 children aged under 10)	3 bed*
Adult aged 18 or over plus 4 children (2 children of the same gender aged under 16 plus 2 other children of the same gender aged under 16)	3 bed*
Adult aged 18 or over plus 4 children (2 children aged under 10 plus 2 children of the same gender aged under 16)	3 bed*
Adult aged 18 or over plus 4 children (with a configuration other than listed above)	4 bed
Adult couple (married or unmarried)	1 bed*
Adult couple plus 1 child (married or unmarried)	2 bed*
Adult couple (married or unmarried) plus 2 children aged under 10	2 bed*
Adult couple (married or unmarried) plus 2 children of the same gender aged under 16	2 bed*
Adult couple (married or unmarried) plus 3 children	3 bed*
Adult couple (married or unmarried) plus 4 children (4 children aged under 10)	3 bed*
Adult couple (married or unmarried) plus 4 children (2 children of the same gender aged under 16 plus 2 other children of the same gender aged under 16)	3 bed*
Adult couple (married or unmarried) plus 4 children (2 children aged under 10 plus 2 children of the same gender aged under 16)	3 bed*
Adult couple (married or unmarried) plus 4 children (with a configuration other than listed above)	4 bed

*To allow for household growth or to accommodate a medical or support need, prospective home buyers may purchase a property one bedroom larger than the calculated bedroom requirement, up to a maximum of 4 bedrooms, subject to their ability to afford the mortgage repayments.