

Meeting of:	Cabinet
Date of Meeting:	Monday, 28 February 2022
Relevant Scrutiny Committee:	Homes and Safe Communities
Report Title:	Housing Revenue Account Business Plan
Purpose of Report:	To present the Housing Revenue Account Business Plan 2022 for Approval
Report Owner:	Cabinet Member for Housing and Building Services
Responsible Officer:	Miles Punter - Director of Environment and Housing
Elected Member and Officer Consultation:	The Leader of the Council Cabinet Member for Housing and Building Services Head of Housing and Building Services Interim Head of Finance/S151 Officer Operational Manager Legal Services Asset Manager Operational Manager - Public Housing Services
Policy Framework:	This report is a matter for Council decision
<p>Executive Summary:</p> <ul style="list-style-type: none"> • This report sets out the Council's 30-year business plan for housing in support of the Council's continued Major Repairs Allowance (MRA) investment from Welsh Government. • Welsh Government (WG) requires all local authorities with retained housing stock, to submit a fit for purpose annual Housing Business Plan, incorporating a detailed financial forecast in the form of a 30-year financial model. • The Business Plan incorporates a forward statement from the Leader of the Council and the Cabinet Member for Housing and Building Services, reflecting the work being undertaken during the pandemic and to continue to develop sustainable communities and deliver key services. • Guidance for the submission of the Housing Business Plan was received from Welsh Government in January 2022, with a submission deadline of 31st March 2022. • Welsh Government has again followed a similar format to last year requesting specific content for the Business plan. Therefore, the business plan is a smaller focused document covering the key areas of interest. 	

- The Housing Business Plan is both viable and sustainable in terms of meeting the Council's obligations under WHQS for existing stock, and also provides consideration on the investment needed to respond to climate change, new build and regeneration whilst managing the level of debt within the HRA.

Recommendations

1. That Cabinet approve the Housing Business Plan 2022/52 attached at Appendix 1 to this report.
2. That the report be submitted to full Council on 7th March, 2022 for approval prior to submission to Welsh Government.
3. That the urgent decision procedure as set out in Section 14.14 of the Council's Constitution be used in order the Housing Revenue Account Business Plan 2022 to be referred to Full Council on 7th March, 2022.

Reasons for Recommendations

1. To obtain Cabinet approval for the Housing Business Plan 2022/52 prior to referral to Council.
2. To obtain Council approval for the Housing Business Plan 2022/52 prior to submission to Welsh Government.
3. To allow this matter to be referred to the Full Council on 7th March, 2022.

1. Background

- 1.1 The Welsh Government (WG) requires all Local Authorities who retain their housing stock to submit annually an acceptable Housing Business Plan incorporating a detailed financial forecast in the form of a 30-year financial model.
- 1.2 The Business Plan is the primary tool for a Local Authority's housing landlord service and includes all assets within the Council's Housing Revenue Account (HRA).
- 1.3 The Business Plan must be submitted to WG by 31st March 2022 and requires approval by Council.
- 1.4 The submission will then form the basis of the Major Repairs Allowance (MRA) grant application, a pivotal Welsh Government financing component for the Housing Improvement Programme.

2. Key Issues for Consideration

- 2.1 The financial model used incorporates the most recent investment requirements based on the Council's Keystone Asset Management System and any other known issues which are likely to influence the future of the Council's housing stock.
- 2.2 Gross average rents for standard stock units are £104.09 in 2022/23 calculated on a 52-week basis. After 2022/23 rents have been assumed to increase by

2.75% which is lower than the maximum allowable 3.1% as per WG Business Plan Guidance.

- 2.3** The Major Repairs Award has not yet been advised by WG. It has therefore been assumed in the Plan as £2.77m per annum, in line with the award for 2021/22. No inflation has been assumed on this grant.
- 2.4** The Plan is able to afford new build and acquisition schemes of £320m over years 1 – 30.
- 2.5** All other revenue income and expenditure is based on the 2022/23 budget.
- 2.6** The provision for doubtful debts has been reduced to 3% of rental income in line with projections reported last year.
- 2.7** The latest projections are attached at Appendix A(i) and A(ii) to the Business Plan. Peak debt through the current plan is achieved in year 30 at a total of £321m, this clearly exceeds the previous restrictions presented by the HRA Cap which was restricted to £103.723m; but remains affordable through prudential borrowing principles.
- 2.8** There are a number of risks associated with the assumptions used in the financial projections for the Business Plan. The Council therefore needs to undertake sensitivity analysis to examine the impact of various scenarios on the ability to deliver the Plan. WG guidance requires authorities to model scenarios that are considered relevant to the Plan. The results are shown at appendix B in the Plan.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1** Looking to the long term, the Housing Revenue Account Business plan projects the investment required to maintain improve and develop new housing stock and explores the sensitivities in being able to deliver on such proposals. This means planning for the future and taking a strategic approach to ensure housing services are sustainable and meet the future need and demand for Housing.
- 3.2** By taking an integrated approach to public housing, through investment in the current housing stock, it is recognised the Council cannot fully address all social housing issues. It is therefore essential to continue to work with our RSL partners to support and deliver housing need within the Vale of Glamorgan. This form of collaboration ensures the continued supply of appropriate housing to meet current and future need.
- 3.3** Housing Services continues to involve tenants and residents in meeting housing need and the HRABP seeks to respond to future demand taking account of changes to housing need. The plan also identifies resident involvement in

developing sustainable communities to ensure residents can be proud of their homes and neighbourhoods.

- 3.4** The HRABP forecasts the potential impact tenants and residents may be experiencing in the maintenance of their tenancy. The launch of universal credit is having a large impact on rent arrears and the Housing Service has responded by being proactive with tenants to develop their work skills, self-esteem and financial management to ensure they can maintain their tenancy.
- 3.5** Underpinning the investment plan are a number of data sources including stock condition information, energy performance housing needs assessments and combined with the knowledge on direction of travel for Housing, the business plan seeks to provide homes for now and in the future.

4. Resources and Legal Considerations

Financial

- 4.1** The Abolition of the Right to Buy and Associated Rights (Wales) Act 2018 gained Royal Assent on 24 January 2018. The provisions in the Act mean abolition of the rights came into force on 26 January 2019. Therefore, the Business Plan does not assume any HRA receipts.
- 4.2** The Welsh Government is continuing to provide grant funding to support new Council house building. The previous Affordable Housing Grant (AHG) was secured for two early projects. However, Welsh Government has now top sliced the Social Housing Grant scheme and introduced two clear streams of funding; one for Council Homes and the other for RSL partners. The Council is then able to submit funding bids for new development schemes which are subsequently reviewed by Welsh Government for funding allocation. The Council has taken out a loan to fund capital expenditure and the AHG is being repaid as an annual grant over a 30-year period and is being used to finance the interest and capital repayments of the debt.
- 4.3** The Housing Business Plan is both viable and sustainable in terms of maintaining the Council's obligations on WHQS for existing stock, the level of debt and the potential for new build and regeneration.
- 4.4** Given the forecasted viability of the plan, the availability of resources to meet the Council's obligation should be relatively resilient to changes in financial conditions.
- 4.5** The figures in the Housing Business Plan are based on current projections and if the financial conditions should worsen then the level of investment proposed may not be achievable and mitigating actions will need to be undertaken e.g. a reduction in the new build programme. The Plan covers a 30-year period and will

be reviewed on an annual basis and can be amended accordingly to meet any future changes in conditions.

Employment

- 4.6** The Business Plan includes work being undertaken to improve tenants' skills, qualifications and knowledge to assist them in entering gainful employment to help them manage their tenancy.

Legal (Including Equalities)

- 4.7** It is a legal requirement of the WG for each Local Authority that retains its housing stock to produce a Business Plan and 30-year financial forecast, describing how it will provide the investment to meet and continue to meet, the Welsh Housing Quality Standard.

5. Background Papers

None.



A central graphic for the Housing Business Plan. It features a blue horizontal band with the text 'VALE of GLAMORGAN COUNCIL HOUSING BUSINESS PLAN' and 'March 2022'. Above the band are green icons of various buildings and houses. Below the band is a circular arrangement of green human figures, some holding hands, representing a community. To the left of the figures is a circular logo with the text 'Strong Communities with a Bright Future'.

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Joint Message

Message from the Leader, Councillor Neil Moore and the Cabinet Member for Housing and Building Services, Councillor Margaret Wilkinson.

The world pandemic has continued to challenge the way in which the Council delivers services, social distancing has remained a key control in reducing the spread of the virus and this has changed the way some of our services are delivered.

The protections offered to tenants under the Coronavirus Act 2020 has seen rent arrears increase because of the extended periods introduced when pursuing a notice of seeking possession for non-payment of rent. This has seen the Council's rent arrears increase by 0.7% and will have an ongoing impact on the work of the rent recovery team. After an initial spike in arrears in Spring 2020, on average the sector position remained broadly stable until July 2021. Since then, average arrears have started to increase again and the removal of the £20 Universal Credit uplift, rising energy prices and scheduled increases in national insurance are likely to further increase arrears.

In addition to the challenges presented to services by the pandemic, there has been additional challenges presented by lorry driver shortages and a blockage to one of the main shipping arteries. This has hampered the effective movement of goods and materials which has questioned the suitability of just in time material stocks. The main area being affected by this aspect is the repairs and maintenance service which has seen some disruption to investment programmes accompanied by significant increases in associated costs. In addition to around a 30% increase in project costs, there is a noticeable shortage of qualified construction staff and sub-contractors. This would have had a significant impact on how much can be achieved within the available budget had it not been for difficulties in attracting contractors to deliver projects.

The Council's development programme has continued to identify sites and design new properties to add to the Council's Housing stock. These will come online in 2022 as outlined in this business plan.

Addressing the Carbon footprint continues to play a major part of the Council's activity and plans. Addressing fabric first remains the main focus of our activity whilst renewable energy heating technologies are trialled to gain a greater understanding of how they impact on the end user.

Councillor Neil Moore – Leader of the Council

Councillor Margaret Wilkinson – Cabinet Member for Housing and Building Services.

Section 2 – Housing Updates and Signposting

1.0 WHQS Evaluation and Development

At the 31st March 2018, the Council achieved WHQS for all its dwellings. The Council has since entered into the maintenance phase of WHQS compliance. Since completion of the Major Investment programme for WHQS, the Council has been and will continue to use a combination of external contractors and the in-house service provider (DSO), to deliver the Housing Improvement Programme. The appointment of the external contractors is based on project size and skill sets with all projects being procured through Sell2Wales. Each contractor will be assessed as part of their tender submission and assessed against a set of quality criteria which follows i2i's SME Friendly Procurement Guide ("Can Do Toolkit"). There is an obligation on each contractor to commit to the following:-

- Using local subcontractors.
- Employing local labour.
- Supporting the local supply chain.
- Employing and training local apprentices (minimum of one apprenticeship per £1m spend).
- Creating employment and training opportunities.
- Supporting community initiatives.
- Employ sustainable practices.

Work has continued to concentrate on the maintenance of WHQS, decarbonisation and other improvements to our homes and estates including environmental improvements. Contractor contributions in the form of Community Benefit funds are being utilised for local initiatives and improvements which tenants would like to see within their own communities.

A WHQS compliance policy has been adopted by the Council, as requested by the Welsh Government, to provide detail of the Council's process for interpretation and resolution of 'Acceptable Fails'. The tables below show the number of fully compliant properties and 'acceptable fail' properties as of December 2021.

Year	Acceptable Fail (AF)	Fully Compliant	Grand Total
Dec 2018	733	3131	3864
Dec 2019	677	3175	3852
Dec 2020	636	3215	3851
Dec 2021	879	3010	3889

AF Reason	Dec 2021 Numbers
Cost of Remedy	6
Physical Constraint	327
Residents Choice	301
Timing of Remedy	238

As a result of the Covid-19 pandemic and the subsequent delays in the delivery of the planned improvement programme (both internal and external) there has been a significant increase in the number of acceptable fail properties. Improvement and investment work continues to concentrate on maintaining the housing stock to WHQS requirements, improving estate infrastructure to reduce the fear of crime and generate a pride of place, improving the building fabric to reduce damp and condensation, improve energy efficiency, reducing the carbon footprint, undertaking renewable technology pilot schemes and remodelling the stock where necessary to provide appropriately sized accommodation which meets housing need.

Having achieved the WHQS at 31st March 2018, the Council has entered the maintenance phase of this standard. With many of the attributes contained within the standard having time limitations on them, it is recognised the Council's investment programme will have to continue to invest in WHQS works to ensure the standard is maintained. Whilst maintain the standard work is also being planned for the introduction of WHQS2 which is likely to have increased standards around carbon reduction and building safety. Whilst the Council are not in a position to pre-empt the exact detail of this standard, the work planned in moving towards this anticipated standard is a wise investment, since it supports the Council's objective for net zero, assists our tenants moving away from fuel poverty and it improves the safety of our tenants' homes.

However, maintaining the standard over the past two years has proven difficult because of the pandemic. Internal works were suspended to avoid unnecessary spread of Covid 19 and efforts have been concentrated on works which can progress outside such as; roofing, EWI, communal area works, etc. Internal works to replace kitchens and bathrooms have been delayed until the threat posed by the pandemic reduces, although the Council has replaced most of these attributes during the major investment programme achieving the WHQS standard. The business plan incorporates the most recent investment requirements as identified by our Housing Asset Management System (Keystone), the Vale of Glamorgan Council have commenced a programme of resurveying all the housing stock over a five-year cycle to ensure the information is as accurate as possible and to capture attributes which may be performing better or worse than predicted.



Preliminary costs are included in the projected investment calculations and professional fees of 11% have been added. Further capital costs have been included for Preliminary works including items required to deliver any particular contract, such as management costs, security, site set up costs, insurances, quality control, and temporary works if applicable.

The Vale of Glamorgan Council has recently undertaken a review of the software systems used by the service and it has concluded there are better software solutions now within the market which offer improved services to our tenants. Consequently, a new software system has been procured and will be introduced over the next 18 months, this will include the replacement of the existing asset database which will enable improved data modelling and scenario testing within the investment programme.

The Council has closely monitored and apportioned/recorded the cost for undertaking the works to ensure the actual costs incurred are within budget and that a robust contingency sum is in place to deliver the Housing Improvement Programme. The following chart provides the main component budget cost and anticipated lifetimes as extracted from the original stock condition report:

Component	Budget (£)	Component Lifespan (years)
Kitchens	4,500	15
Bathrooms	3,700	25
Heating Boilers	2,500	12
Heating (Distribution)	2,000	30
New technology costs included by scheme only.		
Rewiring	3,100	25
Roof Covering (synthetic slate)	12,200	35



Programme	Works completed in 21/22	Works Scheduled for 22/23
Internal Works	No.	No.
Kitchens	3	156
bathrooms	2	135
wet rooms	25	
Heating systems / boilers	8	127
Properties rewired and smoke detectors	50	95
Stairlift installations	14	

Programme	Works completed in 21/22	Works Scheduled for 22/23
Properties where consumer units replaced	36	
External Works		
Properties with entrance canopies	19	25
Properties/blocks wall ties replacements	11	50
Ramp installations (to single dwellings and communal blocks)	9	
Roof replacement to houses/flats (including flat/pitched roofs and outbuildings)	122	65
Rainwater goods, fascia's, soffits and bargeboards to Houses and flats	122	30
Windows replacement	18	350
Front, back, side and outbuilding doors (dwelling #'s)	182	105
Properties receiving bio-wash and repainting for damp	14	30
Properties has receiving a damp proof course	1	5
Communal Area Works		
Communal Fire Doors	18	130
Communal internal doors	2	
Passenger lift replacement	2	
Decarbonisation Works	No.	
External wall insulation (EWI)	18	200
Solar panels installations	1	25
Hybrid Heating Systems installations	39	18
Loft insulation top-up/replacement	120	75
Renewable technology installation		61
Environmental Improvements	No	
Garages demolitions and remodelled into parking spaces	4	
Highway and Parking Improvement Scheme	1	
Streetlighting furniture Upgrade scheme	1	
Boundary walls repaired (linear metres)	85	100
properties have had steps/paths replaced	5	
New fencing has been installed (linear metres)	1842lm	2000lm

During the fourth year of the WHQS maintenance phase (2021/22) the Project Team has validation surveyed circa 35,000 components identified on the housing asset management system (Keystone) in order to forecast the next 5 years replacements along with estimated costs.

There are a number of major improvement schemes ongoing during 2021/22 & planned for 22/23 and these include:

- **Internal communal areas** are scheduled for improvement work and decorations to the stairwells. The scheme is programmed to be completed 2022/23 at an estimated cost of £2m.
- **Communal area fire door replacement Scheme** – The Council identified in 2016 a need to undertake an upgrade programme to communal area fire doors (including flat

front doors). To date the Council has upgraded all fire doors in blocks of 2 storey's and above and will continue to deliver further upgrades during 2022/23.

- **Aireys Type 1 properties – Castle Green, Peterson Super Ely** – the Council has identified 4 properties requiring extensive refurbishment both internally and externally. This refurbishment programme includes renovating the extensions to the properties. This work will enable these properties to achieve WHQS compliance.
- **Buttrills Estate Environmental Improvement Works** – The environmental improvement project at the Buttrills will start at the end of 2021/22 and continue through 2022/23.
- **Garage Compounds** – Work has commenced on a programme of works to undertake demolition and improvement of a number of garage compounds where the existing garages have come to the end of their economic life and will continue to be delivered through 2022/23.
- **Garage Repair Programme** – All garage survey data has now been uploaded into Keystone and we are now in the process of putting together a garage repair project to start in 2022/23.
- **WHQS Compliance Programme** – Data collection and evaluation of existing housing stock data has been continued with the aim of developing a programme of works to fully support the continued requirement to meet the WHQS standards. This will involve the commencement of a number of major refurbishment projects covering all aspects of stock upgrade and maintenance. It is currently planned for these major projects to continue to be delivered during 2021/22 & 2022/23, year on year thereafter.
- **Remodelling of Assets** – A number of remodelling projects will be taking place to a select number of properties to bring up to required standards whilst taking the opportunity to incorporate local demand needs e.g. two properties have been identified for larger home grant funding to allow properties to be adapted to meet each family's needs.
- **External refurbishment of Longmeadow Sheltered Housing Scheme** – This scheme will involve the replacing cavity wall ties, repairing defective render and installing a replacement roof and installing external wall insulation. This will commence at the end of 2021/22 and continue into 2022/23.
- **Severn Ave Flats** – Due to structural issues with the flats and a need to modernise the access, an external refurbishment scheme has been developed to improve access, thermal efficiency and aesthetic appearance of the blocks. This will be delivered at the end of 2021/22 and continue into 2022/23.
- **Leasehold Flat projects** – There will be one scheme delivered during 2022/23 containing external refurbishment works affecting 17 blocks containing leaseholders.
- **Treberad environmental refurbishment Scheme** – We have completed consultation on this scheme, and it will be delivered during 2022/23.
- **New security doors to blocks of flats** – A scheme to replace security doors to 24 blocks of flats has been developed and will be delivered in 2022/23.
- **New porches to Pontalun Close** – A scheme to replace security doors to 24 blocks of flats has been developed and will be delivered in 2022/23.
- **Properties with Major Damp issues** – To date 11 properties have been identified with major damp issues and work has been identified to rectify this. These will be completed in 2022/23.

- **Environmental Improvements Owens, Irving & Williams** – A scheme is being put together to carry out environmental improvements to the estate to include for new drying areas, garden improvements, fencing, parking areas, paths and steps. This will be delivered during 2022/23 & 2023/24.
- **External refurbishment programme for blocks of flats** – A range of external component replacements have been identified for the external communal areas of blocks of flats this work will be packaged and delivered via a number of projects in 2022/23, 2023/24.

Environmental Improvements

The Council wants its estates to be safe and attractive places where people are proud to live and have the following vision:-

“All residents in the Vale of Glamorgan have access to good quality, suitable housing and are able to live happily and independently in vibrant, sustainable communities.”



Recognition of the need for additional resources has resulted in two Community investment officers' posts within the Housing Service and the preparation of an Environment & Neighbourhood Strategy and Action Plan.

This Strategy continues to set out our approach to foster cohesive, attractive and thriving neighbourhoods where people want to live. One size doesn't fit all; every community is different, so our approach will reflect this via unique estate action plans.

The quality of the immediate environment has a big impact on quality of life and well-being for local residents. This includes the physical environment, cleanliness of our streets, green spaces and communal areas. For this reason, the Council commits to investing in the local environment of our estates; under certain conditions this may include the redesign or reconfiguration of estates, improvements to communal areas or making better use of open spaces.

As well as the physical environment, the social infrastructure is very important as this is the sense of community, feeling safe and the ability to access services and amenities. The investment priorities in the Environmental & Neighbourhoods Strategy are closely aligned to the Community Investment Strategy to ensure the maximum benefits are achieved within available resources for our most challenging areas.



Research has shown the impact of the physical environment on residents' quality of life. The Welsh Government's Vibrant and Viable Places Strategy; highlighted the benefits which are achieved by investing in people and places by creating well connected, vibrant, viable and sustainable communities. This Strategy plays a pivotal role in

the regeneration and improvement of areas to address individual issues within the local environment and neighbourhoods.

The Council's Corporate Plan 2020-2025 identifies the high priority given to the environment in two of its key Well-being outcomes, namely: 'To respect, enhance and enjoy our environment', and 'To support people at home and in their community'. There are also a number of key objectives which support the well-being outcomes, including: reducing poverty and social exclusion, providing decent homes and safe communities, promoting regeneration, economic growth and employment, promoting sustainable development and protecting our environment.



The Welsh Housing Quality Standard (WHQS) sets out the minimum standards for social landlords in Wales regarding the environment. The guidance provides;

- "All dwellings should be located in an environment to which residents can relate and in which they can be proud to live"

As part of the Vale of Glamorgan Council's Strategy for improvement to social housing standards, the Council has set down its own vision based on WHQS:

- "Safe, clean and attractive places where individuals and communities have sustainable opportunities to improve their health, learning and skills, prosperity and well-being; and

- Where there is a strong sense of community in which local groups and individuals have the capacity and incentive to make an effective contribution to the future sustainability of the area"



Landlords have adopted different approaches; some have regarded the environment as a priority and set aside large sums of money for investment, whilst others have focussed more on the internal improvements to tenant's homes giving less regard to the local environment.

2.0 Tenant Satisfaction

During the delivery of the capital works programme, the Council monitors the experience its tenants and leaseholders have had. We have set a high target of 9 out of 10 score to be achieved. The table below shows the feedback received for 2020/21.

KPI	KPI Description	2021/22 End of Year Averages
OVERALL PERFORMANCE		
a)	Overall Satisfaction	91.57%
b)	The Quality of Work and Final Improvement	93.26%
c)	The Overall Process	89.61%
d)	Communication from the Contractor	88.81%
e)	Safety Measures in Place	88.85%
f)	Overall Satisfaction with the Quality and Work	90.36%

There has been a positive improvement across each KPI when comparing last year's scores to scores from our tenants and leaseholders this year. The Council has received some negative feedback regarding the planned work, with the most common complaint being the works took too long. The Housing Capital Projects Team will be continuing to work hard with the tenants Quality Design Forum members and its contractors to ensure works are completed on time and to budget.

The Vale of Glamorgan monitors its service delivery across all key service elements by undertaking a STAR survey. This survey is conducted across a large sample of tenancies representative of the Vale of Glamorgan's demographic. To date the Council has completed two surveys at a three-year interval, a third survey is now arranged to be conducted over the spring of this year and will provide a useful insight into how the services are performing particularly during the pandemic, it will also illustrate areas of change in tenant's expectations and priorities. This information may then be used to develop and focus services in response to changing priorities.

2.0 Decarbonisation

The Council has continued to improve the energy efficiency of its housing stock to meet the requirements of Welsh Government legislation in relation to decarbonisation and the Welsh Housing Quality Standard (WHQS). With original targets being set to reduce the carbon footprint by 80% by 2030 this has now been revised to a target of EPC A by 2030 for all social homes following the recommendations of the “Better Homes, Better Wales, Better World” report in July 2019. Revised targets were agreed by the Senedd in March 2021 for Wales to achieve ‘net zero’ by 2050.

During 2019, following the release of “Prosperity for All: A Low Carbon Wales”, the Welsh Assembly declared a climate emergency and was the first to vote in support of such a declaration.

In July 2019, the Vale of Glamorgan Council declared its commitment to deliver its well-being goals as set out in our Corporate Plan ‘Strong Communities with a Bright Future’ and the Well-being of Future Generations Act, and the progress of initiatives in support of the existing Carbon Management Plan.

This Council has committed to:

1. Join with Welsh Government and other councils across the UK in declaring a global ‘climate emergency’ in response to the findings of the IPCC report.
2. Reduce its own carbon emissions to net zero before the Welsh Government target of 2030 and support the implementation of the Welsh Government’s new Low Carbon Delivery Plan, to help achieve the Welsh Government’s ambition for the public sector in Wales to be carbon neutral.
3. Make representations to the Welsh and UK Governments, as appropriate, to provide the necessary powers, resources and technical support to local authorities in Wales to help them successfully meet the 2030 target.
4. Continue to work with partners across the region to develop and implement best practice methods that can deliver carbon reductions and help limit global warming.
5. Work with local stakeholders including Councillors, residents, young people, businesses, and other relevant parties to develop a strategy in line with a target of net zero emissions by 2030 and explore ways to maximise local benefits of these actions in other sectors such as employment, health, agriculture, transport and the economy.

Carbon reduction works undertaken on our existing housing stock have focused on a fabric first approach to reduce the potential of fuel poverty for our tenants, however with the introduction of PAS 2035, the Council is training its own staff to be able to undertake surveys which will then enable a building passport to be developed which will include a road map for future investment. As part of the renewal of the Council’s asset database software, the ability to manage and develop investment plans is a key area of development.

The Vale of Glamorgan Council still considers the fabric first approach to be the most effective strategy for carbon reduction whilst reducing the potential to for tenants to

enter into fuel poverty. With the recent increase in energy costs and no indication this is likely to change in the near future, the Council sees thermal efficiency as the best current approach, with the understanding any future heating appliance will capitalise on these improvements.

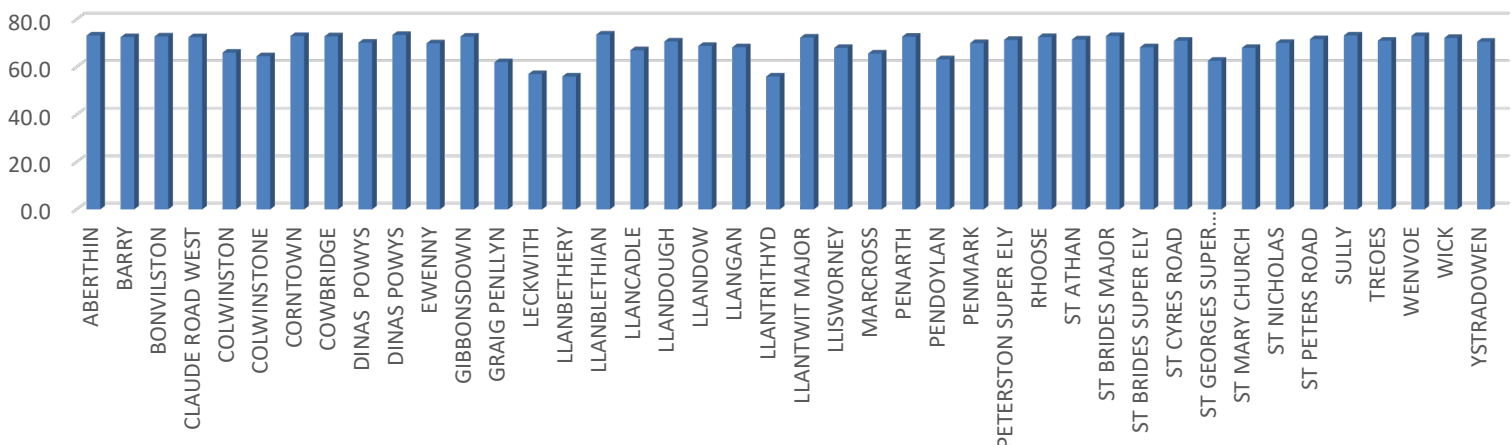
The Council is currently installing a small number of air-source heat pumps to capture information on their performance within the home and how tenants utilise these systems. The Council's Asset Management team would have a preference for ground-source heat pumps but the ground conditions and access issues limit the ability to widely install such systems.

Band	Property Numbers
A (92 plus)	0
B (81 to 91)	65
C (69 to 80)	3405
D (55 to 68)	405
E (39 to 54)	3
F (21 to 38)	1
G (1 to 20)	0

The Council constantly scans the energy sector for new emerging technologies which would assist in meeting carbon target, reduce fuel poverty pressures and no allowance has been made within this business plan for future/alternative boiler systems.

The tables below show the Council's current number of properties within each EPC banding.

Average SAP by area



This data is used to calculate what retrofit solution is required to bring each property up to its highest possible banding.

The Council currently conducts a whole house assessment to understand what the most cost-effective solution for each individual property is; looking at fabric, services and renewables in order to achieve highest performance, whilst managing fuel poverty.

We continue to work towards, having up to date Energy Performance Certificates (EPC's) on all our properties to assist with our analysis of what retrofit solutions will need to be applied to each property.

At present the business plan identifies £74.65m over the next 30 years dedicated towards directly responding to decarbonisation, although other renewal programmes are also seeking to achieve high levels of energy efficiency, such as external wall insulation, which is identified within internal and external improvement schemes.

New Development Schemes

The standard and quality associated with affordable housing development is rapidly changing in Wales. Since 1st April 2021, all new social housing developments in Wales – which are to be supported by Social Housing Grant (SHG) - will have to achieve an energy efficiency rating of EPC A (SAP92+) and use a fabric first approach.

Also, in the Autumn of 2021, the new Welsh Government Design Quality Requirements (WDQR 2021) were implemented, placing a greater emphasis on achieving EPC A rating by using Modern Methods of Construction (MMC) and particularly Off-Site Manufacturing (OSM) techniques and the use of non-fossil fuel based heating and hot water systems.

In response, the Council's Housing Development Team has ensured that these new rigorous design and energy efficiency standards are realised in all the current and future Council housing developments that are being brought forward.

The Council is committed to using off site construction methods wherever practical and the development programme includes new homes designed and constructed that have panelised (2D) or modular (3D) or structural components, manufactured offsite, to improve thermal efficiency, air leakage and construction quality.

The Housing Development Team is also ensuring materials and especially the timber used in the structural frame, roofing structure and internally are sustainably sourced. We fit energy efficient electric heating and hot water systems, as gas fired heating systems will be phased out for new build homes from 2025. We also install solar photovoltaic panels (PV) and improved energy efficient windows and doors, as well as decentralised Mechanical Extract Ventilation (dMEV) to improve air quality and remove moisture from the home. To minimise the wastage of water, we are fitting low flow sanitary ware, a shallower bath, and diffusers on tap fittings, as well as rainwater harvesting systems. We ensure that there is low air leakage from the fabric of the building.

Our objective has been to seek a 10% improvement above the minimum requirements of Part L of current Building Regulations, which controls carbon emissions and the conservation of fuel and power.

In the future, as affordable social housing development moves towards achieving net zero carbon by 2030, we will use thin film or integrated solar cell roofing materials for on-site electricity generation . Other components will include triple glazing and on-site battery storage.

Many of these technologies have been designed into new schemes at the former Colcot Health Clinic, Barry, Hayeswood Road, Barry, phase 2 of Clos Holm View, Barry and at St Cyres Road, Penarth.

3.0 Homelessness

The Covid-19 Pandemic continues to place extraordinary pressures on homelessness services in the Vale of Glamorgan. This is exacerbated by the need to accommodate anyone with a housing need, regardless of whether they would be classed as vulnerable under the Housing (Wales) Act.



Additional funding was made available by Welsh Government through the Phase 1 response to the pandemic, in order to assist local authorities in fulfilling this additional duty, and this has been used to fund an additional 129 units of bed and breakfast accommodation and other associated costs in the County. This is in addition to the existing 147 units of temporary accommodation held by the Council, which includes a HRA funded homeless hostel and council owned properties used for homelessness clients.

From the start of the pandemic to date, the Vale of Glamorgan Council has assisted an additional 813 homelessness households by accommodating them in bed and breakfast accommodation, with 124 resident and this changes daily.

In addition, to ensure that anyone who was Covid positive could isolate and reduce the spread of the pandemic, Housing Services furnished and kept available four Council properties. This potential loss of income to the HRA of approximately £480 per week, was reclaimed from Welsh Government through the Covid Hardship Grant. Those properties have now been returned to general needs accommodation and relet to families on the housing waiting list in the autumn.

In order to find a more suitable and permanent solution to the housing needs of these clients, the Council has worked with a local Bridgend based contractor Holbrook Homes Limited, who themselves have partnered with First Start Solutions, a modular housing manufacturer from Pontyclun to provide a full turnkey solution by delivering eleven temporary modular units on Council owned land in Barry using Modern Methods of Construction (MMC). The eleven units of accommodation were completed at the end of July 2021 and homeless people moved in straight away. A great deal of positive feedback has been received from the new residents and the scheme has

been identified as an exemplar of good practise by Welsh Government and other Councils.

The total scheme capital cost was in the region of £921,984 with a grant funding allocation from Welsh Government of £197,212 to support the delivery of the project. The weekly rental charge is £185.88 per week for each of these units, which if the service user is eligible, result in a maximum Housing Benefit payment of £154.62 per week. However, there could be a detrimental impact on the HRA should service users fail to pay their service charge of £31.25 per week or if they do not qualify for full Housing Benefit and fail to pay their rent or the top up payment due.

The HRA revenue has also already been adversely affected by reduced rental income and higher rent arrears during the pandemic and this is expected to be further squeezed by the amendment in the minimum notice period for landlords being increased to six months.

4.0 Building Safety

The Vale of Glamorgan Council does not have any building above 18m in height and has not used ACM's to clad any buildings so does not have the level of fire safety issues associated with these buildings. However, building safety remains a key issue the Vale of Glamorgan Council takes seriously as a landlord.

A programme of replacing and upgrading flat entrance doors, kitchen doors to flats and general communal area doors has been progressed over a number of years and all high-risk buildings have been completed with only a small number of four block flats remaining to replace.

A programme of fire stopping to ensure compartmentation is maintained has been completed within all larger flatted, and sheltered complexes to reduce the potential spread of fire and all our flat/sheltered blocks have upgraded smoke detection with communal areas covered too.

The Vale of Glamorgan Council has a Fire Safety Policy which sets out the roles responsibility's and duties of all staff associated with the management of flats and this includes regular inspections recording any issues and seeks to resolve them in a timely manner.

5.0 Optimised Retrofit Programme (ORP)

The Vale of Glamorgan Council is committed to ensuring people live and work in environmentally sustainable homes workplaces and communities. To this end, the Vale of Glamorgan has successfully obtained Welsh Government grant funding to expand knowledge and improve local contractor capability in green heating services, to decarbonise the domestic heating market and provide sustainable housing with an EPC target rating of A.

The project includes:

- Hybrid heat pump surveys and installations into domestic properties into homes off grid with oil and LPG boilers
- Hybrid heat pump surveys and installations into domestic properties into homes utilising on grid gas boilers
- A connected service via the internet using technology to minimise service costs and risks
- Smart controls and aggregation platform that will provide the ability for Vale of Glamorgan to optimise heating strategy against cost saving opportunities.
- Field data insights which can be used to plan for future developments

This Optimised Retrofit Programme is currently a pilot for the Council and will enable staff to be trained in PAS.2035, which will then enable future programmes to be considered under the principles identified in “Each Home Counts”

6.0 Innovative Housing Programme (IHP)



During 2021/22, the Council received £179,000 from the Homelessness and Housing Related Support Services Phase 2 Funding Initiative, which forms part of the Welsh Governments’ Innovative Housing Programme. The funding delivered 11 new emergency housing units at Court Road, Barry in response the escalating COVID-19 crisis. Built using Modern Methods of Construction (MMC) and Off-Site Manufacturing (OSM) techniques, the scheme was delivered in just a little over 6 months, being completed and occupied in August 2021.

Furthermore, the Council has ensured that all its new developments will achieve EPC ‘A’, before migrating to

‘net zero carbon’ new homes and will be delivered off the current gas network.

During 2021/22, the Council was active on four construction sites in Barry and Penarth, building a total of 59 new Council homes, 45 units of which will be completed by the 31st March 2022.

Also, during 2021/22, three planning approvals were obtained for an additional 81 new Council homes, with a further three schemes totalling 59 units in the planning system awaiting determination. All are expected to start on site expected during the 2022/23 financial year.



The Council's Local Housing Market Assessment 2019 - 2024, identified a chronic shortage of affordable housing and a need for an additional 890 units per annum. To this end, the Council has escalated the scale and pace its development programme and currently has a pipeline of 535 new homes, including 120 homes for market sale, to be delivered by 2026.

The current Housing Development Strategy 2019-24 is underpinned by our forward plan for the delivery of new Council homes and is evidenced in the attached LA Build Spreadsheet.

The Council continues to buy land to facilitate its ambitious development programme and has acquired or, is in the process of acquiring three sites that will deliver 104 new homes.

7.0 Grants regime



During 2021/22, the Council was able to access Social Housing Grant from Welsh Government and was allocated £1.45 million to support its £4.6 million scheme at Hayes Road and its £9 million development at the adjacent Hayeswood Road site.

Both schemes are included in the Councils Programme Delivery Plan for 2021/22 and have been submitted to Welsh Government for approval to draw down the grant.



8.0 Housing Revenue Account Manual

The Housing Revenue Account is managed in accordance with the relevant legislation and other guidance, including Welsh Office Circular 33/95 and future revisions. The detailed capital and revenue projections for the base model are shown in Appendix A as follows:-

A (i) – Major Repairs and Improvements - Base Model.

A (ii) – Operating Account - Base Model

In October 2018, The UK Government announced plans to lift the Housing Revenue Account Borrowing Cap and agreed for the Cap to be fully abolished in Wales from March 2019.

A summary of the projected financial position of the 30-year plan follows:-

	Base Plan - April 2022
• HRA Useable Capital Receipts Balance at 1st April 2022	0
• Opening Housing Capital Financing Requirement at 1st April 2022	£78.081m
• Peak Debt	Year 30 £320.831m
• Repayment of Debt	Year 31+
• Revenue Surplus in year 30	£2.029m

Appendix A (i) – Major Repairs and Improvements, details the total required capital investment to maintain WHQS, provisional amounts for new build and regeneration and to maintain the stock over the next 30 years.

The following table gives a description of each column.

Major Repairs and Improvements

WHQS Improvement & Maintenance	Includes capital expenditure required to improve and maintain the stock to WHQS, it also includes investment in Disabled Adaptations.
Regeneration & Remodelling	This includes provision for environmental and regeneration work.
New Build Development Costs	This includes provisions for new build schemes and the potential buy-back of former RTB properties.

Borrowing	Borrowing is allowed under the Prudential Code provided that it is affordable for the Council.
Major Repairs Allowance (MRA)	Grant from Welsh Government – assumed at current level of £2.770m per annum.
Other Financing	This includes Section 106 contributions and capital grants.
Revenue Contributions to Capital Outlay (RCCO)	Revenue contributions from the Housing Revenue Account (HRA) to fund capital expenditure, where the revenue account is in surplus.

Appendix A (ii) – Operating Account, displays the revenue account position year on year. The following table gives a description of each column:

Operating Account	
Net Rent Income	The rent and service charge income receivable on all dwellings adjusted for voids and bad debts
Other Income	Includes garage rents, leaseholder ground rent, sewerage treatment charges and contributions to expenditure.
Miscellaneous Income	Includes wayleaves and easements, lease income and mortgage interest.
WG Affordable Housing Grant	This is grant income which supports new Council house building. The grant is provided to fund the interest and capital repayments of debt.
Management Expenditure	Fixed costs for management and supervision.
Repairs & Maintenance	Revenue repairs expenditure.
Other Revenue Spend	Includes Council tax, audit, legal and consultant fees.
Miscellaneous Expenses	Hostel expenditure.
Capital Charges	Charges for loan debt.

9.0 Rent Policy

In January 2020, the Minister for Housing and Local Government announced her decision to set a rent policy for a five-year period beginning in April 2020. The maximum allowable uplift has been set at CPI + 1% each year as long as CPI stays within the prescribed range of 0% to 3%, Outside this range WG will determine the appropriate change to rent levels for that particular year. However, some rents can be increased by CPI + 1% and up to an additional £2 on condition that other rents are either frozen or reduced so that our overall rent increases for all stock is no greater

than CPI + 1%. Decisions on rent setting should take into account the affordability of rents for tenants.

The Vale of Glamorgan's 2022/23 average weekly rent (based on 52 weeks for Business Planning purposes) is anticipated to be £104.09. This was calculated based on an average increase of 2.75%, which is less than the maximum allowable CPI only (3.1%) per week and is in line with the new rent policy for Wales.

10.0 HRA Prudential Borrowing Indicators

Welsh Government have been working with the WLGA, a group of local authority representatives and Savills to develop a set of prudential borrowing indicators in the absence of a borrowing cap and with increasing funding demands placed on the HRA business plan.

These measures have not yet been agreed but the aim is to include these in some way in business plan submissions in future years.

These measures will be calculated by and managed by local authorities. Welsh Government will not be prescriptive as to parameters for these measures but will facilitate comparison across the sector in agreement with local authorities to provide context for decision making.

The viability of the Housing Business Plan is determined by whether or not the HRA remains in surplus for the life of plan, with the minimum level of balances set at £923,000 in real terms from 2022/23. This is considered to be a prudent level.

1. Stock Numbers

As at 26th January 2022, the Council's Standard Stock stood at 3,861 as shown in the table below. There are also 40 Temporary Accommodation properties and a Homeless Hostel. It has been assumed the standard stock at the 1st April 2022 will increase by 23 units to 3,884.

Type	No. of Bedrooms	Total Properties
General Needs Stock		
House / Bungalow	1	1
House / Bungalow	2	351
House / Bungalow	3	1,585
House / Bungalow	4	83
House / Bungalow	5+	6
Bedsit	0	12
Flat	1	257
Flat	2	488
Flat	3	90
Total General Needs		2,873
Sheltered Stock		
Bungalow	1	44
Bungalow	2	41
Bedsit	0	5
Sheltered Flat	1	216
Sheltered Flat	2	23
Total Sheltered		329
Total OAP Designated		
OAP Bedsit	0	25
OAP Flat	1	313
OAP Flat	2+	26
OAP House / Bungalow	1	255
OAP House / Bungalow	2	40
Total OAP Designated		659
Total		3,861

2. Financial model and Assumptions

A financial analysis has been carried out on the Council's ability to achieve the level of investment required whilst maintaining a viable Housing Revenue Account. Consideration has been given to the potential impact of changes in legislation and particularly Welfare Reforms. Assumptions used in the financial modelling are shown in full at Appendix C for information. The following provides a summary of the main assumptions:-

- Inflation has been included at a level of 3.1% (based on WG guidance).
- Standard Stock Level at 1st April 2022 – 3,884 dwellings (including 23 new units at Hayes Road).
- Minimum level of balances to be maintained of £923,000 (real terms).
- Repairs and Maintenance expenditure of £959 per unit in 2022/23, increasing to £1,041 in 2023/24 then with inflation in future years.
- Other Revenue running costs based on the 2022/23 budget.
- Gross average rents are £104.09 in 2022/23 calculated on a 52-week basis. The maximum level rents can be increased by is set by WG via their Policy for Social Housing Rents. The policy for 2022/23 limits the maximum rent increase to CPI only (for rent purposes, based on Sept 2021 CPI of 3.1%). Actual rent increase for 2022/23 has been agreed at 2.75%.
- No income has been assumed from Right to Buy sales as legislative changes abolished the ability to make such sales from 26th January 2019 for existing properties.
- New build provisional investment totals £320.719m over years 1 – 30.
- Estate Improvements of £64,000 per annum has been set aside for community investment initiatives within the Revenue Budget.
- Environmental improvements of £3.409m have been set aside in 2022/23.
- Major Repairs Allowance (MRA) has been assumed at the current level of £2.770m, per annum for the 30-year plan.

These assumptions have been agreed with the relevant officers.

3. Sensitivity Analysis

There are risks that the assumptions used in the Housing Business Plan do not materialise and this may impact on the Council's ability to deliver its Plan. The impacts of the following ten scenarios have been assessed to quantify the various levels of risks. It should be noted that this is not an exhaustive list but it is considered that they cover the main areas of risk to the Plan.

No.	Key Risk(s)	Rate of Change/(s) modelled	Description of risk and reason for inclusion
1	Rent	Reduction in assumed rent increase by 1%	2022/23 is the third year of the new 5 year Welsh Government's Rent Policy and is fixed at CPI only (as at previous Sept). This policy could therefore change over the period of the business plan.
2	Rent	Reduction in assumed rent increase by 0.5%	2022/23 is the third year of the new 5 year Welsh Government's Rent Policy and is fixed at CPI only (as at previous Sept). This policy could therefore change over the period of the business plan.
3	Inflation	Inflation runs at 1% higher than anticipated (3.1%)	This assesses the effect of the combination of increasing income by the same factor as expenditure. Uncertainties surrounding the impact of leaving the European Union and the economic impact of the Covid 19 pandemic make it difficult to forecast any changes to inflation.
4	Rents	Increase in rent loss of 1% per annum	This reflects an increase in bad debts and voids. The roll-out of Universal Credit has created several problems and has been amplified by Covid-19.
5	Rent and Cost Inflation	Increase in assumed rent + 0.5% plus increase of 1% on cost inflation	This combines a reduction in rent income with increasing costs. 2022/23 is the second year for the Welsh Government's Rent Policy. The policy from 2022/23 is fixed at CPI only (as previous Sept).
6	Interest Rates	Interest rate 0.5% higher than anticipated	This assesses the effect of increasing capital financing costs as uncertainties surrounding the impact of leaving the European Union and the economic impact of the Covid 19 pandemic make it difficult to forecast any changes to interest rates.
7	Management Costs	Management costs increase by 1% above inflation per annum.	The impact of Covid 19 and the roll out of universal credit may result in increased management time and therefore costs in recovering rent arrears and debt management.
8	Repairs & Maintenance Costs	The cost of repairs and maintenance and WHQS increase by 1% above inflation per annum.	Uncertainties surrounding the impact of leaving the European Union make it difficult to forecast any changes to inflation. It is also likely costs will increase as a result of Covid 19. i.e additional Covid measures

9	Grant	The annual Major Repairs Allowance (MRA) from WG ceases	The MRA grant is a key funding stream that ensures the Plan remains viable. A reduction in this source of funding would have a significant impact.
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The viability of the Housing Business Plan is determined by whether or not the HRA remains in surplus for the life of plan, with the minimum level of balances set at £923,000 in real terms from 2022/23. This is considered to be a prudent level. Sensitivity analysis has been applied to the Business Plan based on the following criteria provided by Welsh Government:

- Key risks to the plan
- Impact on HRA reserves
- Impact on WHQS achievement and maintenance
- Impact on Affordability
- Mitigating actions

The sensitivity analysis and the results for each scenario are shown in Appendix B.

The sensitivity analysis has been carried out over the life of the Plan to assess the effects on the Business Plan objectives of the different scenarios.

Analysis has focused on the first 10 years of the business plan as after this time, projections are less accurate. While the impact of the various scenarios result in a shortfall in capital funding, this shortfall can be mitigated wholly by additional borrowing, with the plan still remaining viable and the HRA reserve balance still being set at prudent level. However, as an alternative to increasing borrowing to fund the various shortfalls, a potential mitigating action has also been suggested which highlights the extent to which the capital program would have to be reduced in years 1-10 to fund the various shortfalls and avoid any additional borrowing.

There are, however, other mitigating actions that could be pursued should any of the scenarios materialise. These could include further reductions or re-profiling of regeneration works, management savings on added value community regeneration, initiatives being reduced or postponed. Also, maintenance and voids works could be reduced to a minimum acceptable standard and the number of new build houses could be reduced if required over the life of the Plan. The most appropriate options would be considered at the appropriate time in conjunction with the option to fund any shortfall through additional borrowing.

4. Housing Investment Programme – previous investments

The following table provides a breakdown of the expenditure and budget over the various areas of work undertaken since 2015/16.

Schemes	2015/16 - 2019/20	2021/22	2022/23	Total
	Actual £'000	Budget £'000	Budget £'000	£'000
Internal Elements	3,868	562	2,135	6,565
External Elements	27,486	1,310	2,850	31,646
Asbestos Management	122	0	0	122
Council Housing Aids and Adaptations	1,848	350	550	2,748
Common Parts	3,033	510	3,291	6,834
Re-ablement ICF	233	0	0	233
Arbed Project	250	0	0	250
General Improvements	718	0	0	718
Individual Schemes	2,956	717	3,650	7,323
Emergency Works	739	396	381	1,516
Environmental Improvements	6,137	1,564	3,409	11,110
Regeneration & New Build	9,690	7,024	19,402	36,116
Digital Highway in Sheltered Accommodation	25	0	0	25
ICF - Penarth Older Persons Village	745	300	0	745
Margaret Gardens- Education Centre	15	5	0	20
Penarth Food Pod	0	48	0	48
Ty Iolo Lift Installation	0	20	0	20
IHP retrofit Heating system	135	595	100	830
Energy Efficiency	2,098	1,241	4,009	7,348
Total Housing Improvement Programme	60,098	14,642	39,777	114,217

30-Year Investment Programme

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Internals, Externals & Ind Schemes	£ 8,635,130	£ 5,380,000	£ 3,664,485	£ 3,863,311	£ 4,193,312	£ 4,193,312
Common Parts	£ 3,291,000	£ 4,922,000	£ 2,250,000	£ 100,000	£ 100,000	£ 100,000
Aids & Adaptations	£ 550,000	£ 400,000	£ 400,000	£ 400,000	£ 400,000	£ 400,000
Energy Efficiency	£ 4,109,000	£ 5,170,000	£ 2,750,000	£ 2,475,000	£ 3,575,000	£ 4,125,000
Enivronmentals & Regeneration	£ 3,408,892	£ 3,469,268	£ 1,107,018	£ 1,243,396	£ 1,677,500	£ 1,677,500
Grants	£ -	£ -	£ -	£ -	£ -	£ -
Emergency	£ 381,000	£ 300,000	£ 300,000	£ 300,000	£ 300,000	£ 300,000
Maintenance and Improvement Total	£20,375,022	£19,641,268	£10,471,503	£ 8,381,707	£10,245,812	£10,795,812
New Build	£19,402,529	£20,095,306	£12,595,306	£ 8,945,306	£ 9,045,306	£ 6,045,306
TOTAL	£39,777,551	£39,736,574	£23,066,809	£17,327,013	£19,291,118	£16,841,118

	2028/29	2029/30	2030/31	2031/32	2032-2037	2037-2042
	Year 7	Year 8	Year 9	Year 10	Year 11-15	Year 16-20
Internals, Externals & Ind Schemes	£ 5,830,827	£ 7,667,558	£ 6,867,558	£17,752,376	£31,989,819	£32,870,281
Common Parts	£ 100,000	£ 2,300,000	£ 100,000	£ 750,000	£ 4,300,000	£ 3,500,000
Aids & Adaptations	£ 400,000	£ 400,000	£ 400,000	£ 400,000	£ 2,000,000	£ 2,000,000
Energy Efficiency	£ 4,125,000	£ 4,125,000	£ 4,125,000	£10,175,000	£ 9,775,000	£ 9,675,000
Enivronmentals & Regeneration	£ 1,677,500	£ 1,677,500	£ 1,677,500	£ 1,705,000	£ 5,170,000	£ 5,170,000
Grants	£ -	£ -	£ -	£ -	£ -	£ -
Emergency	£ 300,000	£ 300,000	£ 300,000	£ 300,000	£ 1,500,000	£ 1,500,000
Maintenance and Improvement Total	£12,433,327	£16,470,058	£13,470,058	£31,082,376	£54,734,819	£54,715,281
New Build	£ 6,045,306	£ 6,045,306	£ 6,045,306	£ 6,045,306	£30,226,530	£30,226,530
TOTAL	£18,478,633	£22,515,364	£19,515,364	£37,127,682	£84,961,349	£84,941,811

	2042-2047	2047-2052	
	Year 21-25	Year 26-30	TOTAL
Internals, Externals & Ind Schemes	£22,476,309	£22,476,309	£177,860,587
Common Parts	£ 500,000	£ 500,000	£ 22,813,000
Aids & Adaptations	£ 2,000,000	£ 2,000,000	£ 12,150,000
Energy Efficiency	£ 5,225,000	£ 5,225,000	£ 74,654,000
Enivronmentals & Regeneration	£ 5,610,000	£ 5,170,000	£ 40,441,074
Grants	£ -	£ -	£ -
Emergency	£ 1,500,000	£ 1,500,000	£ 9,081,000
Maintenance and Improvement Total	£37,311,309	£36,871,309	£336,999,661
New Build	£30,226,530	£30,226,530	£221,216,403
TOTAL	£67,537,839	£67,097,839	£558,216,064

Appendix A (i) – Major Repairs and Improvement Financing

Vale of Glamorgan Council											
HRA Business Plan											
Major Repairs and Improvements Financing											
(expressed in money terms)											
		Expenditure					Financing				
Year	Year	WHQS Imp & Maint	Regen & Remodelling	Acquired Properties	New Build Development Costs	Total Expenditure	Borrowing	Other	MRA	RCCO	Total Financing
		£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
1	2022.23	16,966	3,409	2,750	16,653	39,778	16,056	2,500	2,770	18,452	39,778
2	2023.24	16,673	3,577	1,000	19,095	40,345	26,681	4,000	2,770	6,894	40,345
3	2024.25	9,954	1,177	1,000	11,595	23,726	12,418	1,500	2,770	7,039	23,726
4	2025.26	7,823	1,363	1,000	7,945	18,131	6,059	2,160	2,770	7,141	18,131
5	2026.27	9,681	1,895	1,000	8,045	20,622	8,170	1,500	2,770	8,182	20,622
6	2027.28	10,622	1,954	1,000	5,937	19,513	7,979	0	2,770	8,764	19,513
7	2028.29	12,918	2,015	1,000	6,100	22,033	10,105	0	2,770	9,158	22,033
8	2029.30	18,317	2,077	1,242	6,268	27,905	15,737	0	2,770	9,398	27,905
9	2030.31	15,055	2,142	1,277	6,441	24,914	12,021	0	2,770	10,123	24,914
10	2031.32	38,667	2,244	1,312	6,618	48,841	36,693	0	2,770	9,378	48,841
11	2032.33	13,452	1,403	1,348	6,800	23,003	12,171	0	2,770	8,062	23,003
12	2033.34	13,869	1,447	1,385	6,987	23,687	12,585	0	2,770	8,332	23,687
13	2034.35	14,299	1,492	1,423	7,179	24,392	13,178	0	2,770	8,444	24,392
14	2035.36	14,742	1,538	1,462	7,376	25,118	12,847	0	2,770	9,501	25,118
15	2036.37	15,199	1,585	1,502	7,579	25,866	14,140	0	2,770	8,956	25,866
16	2037.38	15,664	1,635	1,544	7,787	26,630	14,560	0	2,770	9,300	26,630
17	2038.39	16,150	1,685	1,586	8,002	27,423	14,991	0	2,770	9,662	27,423
18	2039.40	16,651	1,737	1,630	8,222	28,239	15,427	0	2,770	10,042	28,239
19	2040.41	17,167	1,791	1,674	8,448	29,080	15,866	0	2,770	10,444	29,080
20	2041.42	17,699	1,847	1,720	8,680	29,946	15,397	0	2,770	11,779	29,946
21	2042.43	11,676	2,066	1,768	8,919	24,428	10,172	0	2,770	11,486	24,428
22	2043.44	12,038	2,130	1,816	9,164	25,148	10,034	0	2,770	12,344	25,148
23	2044.45	12,411	2,196	1,866	9,416	25,889	9,867	0	2,770	13,252	25,889
24	2045.46	12,795	2,264	1,918	9,675	26,652	9,666	0	2,770	14,216	26,652
25	2046.47	13,192	2,335	1,970	9,941	27,438	9,432	0	2,770	15,236	27,438
26	2047.48	13,601	2,218	2,025	10,214	28,058	7,828	0	2,770	17,460	28,058
27	2048.49	14,023	2,287	2,080	10,495	28,885	8,572	0	2,770	17,543	28,885
28	2049.50	14,457	2,358	2,137	10,784	29,737	8,200	0	2,770	18,766	29,737
29	2050.51	14,906	2,431	2,196	11,081	30,613	7,780	0	2,770	20,063	30,613
30	2051.52	15,368	2,506	2,257	11,385	31,516	7,313	0	2,770	21,432	31,516
		446,035	60,804	47,887	272,831	827,558	381,946	11,660	83,100	350,851	827,558

Appendix A (ii) – Operating Account

Vale of Glamorgan Council HRA Business Plan Operating Account (expressed in money/terms)		Income										Expenditure										Net Operating (Expenditure)		Repayment of loans		Depreciat on		Transfer from/(to) Reserve		RCCO		Surplus (Deficit) b/fwd		Surplus (Deficit) c/fwd	
Year	Year	Netrent Income	Other income	Misc Income	WG AfH Income	Total Income	Managt.	Repairs & Maintenance	Other Revenue spend	Misc expenses	Total expenses	Capital Charges	Net Operating (Expenditure)	Repayment of loans	Depreciat on	Transfer from/(to) Reserve	RCCO	Surplus (Deficit) the Year	Surplus (Deficit) b/fwd	Surplus (Deficit) c/fwd	Interest	Surplus (Deficit) c/fwd													
£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000												
1	2022.23	21,183	481	32	205	21,901	(5,069)	(3,727)	(237)	(474)	(9,507)	(5,024)	7,369	0	0	0	(18,452)	(11,083)	12,000	6	923	6	923												
2	2023.24	22,191	496	33	205	22,925	(5,226)	(4,166)	(244)	(489)	(10,128)	(5,878)	6,919	0	0	0	(6,894)	25	923	1	949	1	949												
3	2024.25	23,798	511	34	205	24,549	(5,388)	(4,298)	(252)	(504)	(10,442)	(7,043)	7,064	0	0	0	(7,039)	26	949	1	976	1	976												
4	2025.26	24,671	527	35	205	25,439	(5,555)	(4,431)	(260)	(519)	(10,765)	(7,506)	7,167	0	0	0	(7,141)	25	976	1	1,002	1	1,002												
5	2026.27	26,275	544	36	205	27,060	(5,727)	(4,568)	(268)	(536)	(11,099)	(8,072)	8,209	0	0	0	(8,182)	27	1,002	1	1,030	1	1,030												
6	2027.28	27,503	561	37	205	28,306	(5,905)	(4,710)	(276)	(552)	(11,443)	(8,518)	9,187	0	0	0	(9,159)	28	1,030	1	1,058	1	1,058												
7	2028.29	28,581	578	38	205	29,403	(6,088)	(4,856)	(285)	(569)	(11,798)	(8,947)	9,427	0	0	0	(9,398)	29	1,058	1	1,087	1	1,087												
8	2029.30	29,697	596	39	205	30,538	(6,277)	(5,006)	(294)	(587)	(12,164)	(9,377)	10,151	0	0	0	(10,122)	29	1,087	1	1,117	1	1,117												
9	2030.31	31,447	615	41	205	32,308	(6,471)	(5,162)	(303)	(605)	(12,541)	(9,816)	9,408	0	0	0	(9,377)	31	1,117	1	1,148	1	1,148												
10	2031.32	32,051	634	42	205	32,933	(6,672)	(5,322)	(312)	(624)	(12,930)	(10,595)	8,094	0	0	0	(8,062)	32	1,148	1	1,179	1	1,179												
11	2032.33	33,292	654	43	205	34,194	(6,879)	(5,492)	(322)	(643)	(14,049)	(12,051)	8,364	0	0	0	(8,332)	32	1,179	1	1,212	1	1,212												
12	2033.34	34,576	674	45	205	35,500	(7,092)	(5,670)	(332)	(663)	(14,607)	(12,529)	8,477	0	0	0	(8,444)	33	1,212	1	1,245	1	1,245												
13	2034.35	35,906	695	46	205	36,853	(7,312)	(5,854)	(342)	(684)	(15,352)	(13,024)	8,477	0	0	0	(8,444)	33	1,245	1	1,279	1	1,279												
14	2035.36	36,001	717	47	205	36,970	(7,539)	(6,043)	(353)	(705)	(15,910)	(13,526)	9,535	0	0	0	(9,501)	34	1,279	1	1,314	1	1,314												
15	2036.37	36,710	739	49	205	39,703	(7,772)	(6,236)	(364)	(727)	(16,683)	(14,030)	8,991	0	0	0	(8,956)	35	1,314	1	1,351	1	1,351												
16	2037.38	40,186	762	50	205	41,204	(8,013)	(6,431)	(375)	(749)	(17,286)	(14,582)	9,336	0	0	0	(9,300)	36	1,351	1	1,388	1	1,388												
17	2038.39	41,715	786	52	205	42,758	(8,262)	(6,636)	(386)	(773)	(17,912)	(15,147)	9,699	0	0	0	(9,662)	37	1,388	1	1,426	1	1,426												
18	2039.40	43,297	810	54	205	44,367	(8,518)	(6,847)	(398)	(797)	(18,559)	(15,727)	10,081	0	0	0	(10,042)	38	1,426	1	1,465	1	1,465												
19	2040.41	44,936	836	55	205	46,032	(8,782)	(7,064)	(411)	(821)	(19,230)	(16,520)	10,482	0	0	0	(10,444)	39	1,465	1	1,505	1	1,505												
20	2041.42	47,528	862	57	205	48,539	(9,054)	(7,289)	(424)	(847)	(19,924)	(16,909)	11,819	0	0	0	(11,779)	40	1,505	1	1,547	1	1,547												
21	2042.43	48,386	888	59	205	49,539	(9,335)	(7,524)	(437)	(873)	(20,642)	(17,369)	11,528	0	0	0	(11,487)	41	1,547	1	1,589	1	1,589												
22	2043.44	50,203	916	60	205	51,385	(9,624)	(7,769)	(450)	(900)	(21,386)	(17,813)	12,386	0	0	0	(12,344)	42	1,589	1	1,633	1	1,633												
23	2044.45	52,083	945	62	205	53,296	(9,922)	(8,014)	(464)	(928)	(22,157)	(17,843)	13,286	0	0	0	(13,252)	44	1,633	1	1,678	1	1,678												
24	2045.46	54,029	974	64	205	55,273	(10,230)	(8,269)	(479)	(957)	(22,954)	(18,058)	14,260	0	0	0	(14,216)	44	1,678	2	1,724	2	1,724												
25	2046.47	56,042	1,005	66	205	57,319	(10,547)	(8,534)	(493)	(986)	(23,780)	(18,257)	15,282	0	0	0	(15,236)	46	1,724	2	1,772	2	1,772												
26	2047.48	59,244	1,036	68	205	60,563	(10,874)	(8,811)	(509)	(1,018)	(24,635)	(18,410)	17,507	0	0	0	(17,460)	47	1,772	2	1,820	2	1,820												
27	2048.49	60,282	1,068	70	0	61,421	(11,211)	(9,100)	(524)	(1,048)	(25,520)	(18,310)	18,817	0	0	0	(18,543)	48	1,820	2	1,870	2	1,870												
28	2049.50	62,513	1,102	73	0	63,687	(11,559)	(9,400)	(541)	(1,081)	(26,436)	(18,435)	18,817	0	0	0	(18,766)	50	1,870	2	1,922	2	1,922												
29	2050.51	64,821	1,136	75	0	66,032	(11,917)	(9,706)	(558)	(1,114)	(27,385)	(18,534)	20,113	0	0	0	(20,063)	51	1,922	2	1,975	2	1,975												
30	2051.52	67,209	1,171	77	0	68,458	(12,286)	(10,011)	(575)	(1,149)	(28,366)	(18,607)	21,485	0	0	0	(21,432)	53	1,975	2	2,029	2	2,029												

Appendix B – Sensitivity Outcomes

APPENDIX B – SENSITIVITY ANALYSIS												
Base case CPI assumed at 2.75% for rents and RPI assumed at 3.1% as per WG guidance												
Base case closing debt balance at Y30 = £320.831m												
Base case closing reserve balance at Y30 = £2.029m												
Ref	Key Risk(s)	Rate of Change(s) modelled	Description of risk and reason for inclusion	Pre-mitigation			Post-mitigation					
				Impact on HRA reserves (Value and timescale)	Impact on WHQS maintenance	Impact on Borrowing at Year 30 in comparison to Base Case £320.831m if shortfall is covered wholly by additional borrowing	Potential Mitigating action(s) Description	Potential Mitigating action to cover the shortfall resulting from the risk in Yrs 1-10 to reduce the level of borrowing	Residual Impact on HRA reserves (value and timescale)	Residual Impact on WHQS maintenance	What is the peak debt?	Impact on Borrowing at Year 30 in comparison to Base Case £320.831m
1	Rent	Reduce assumed CPI by 1%	2022/23 is the third year of the new Rent Policy. Rent increase has been fixed for 5 years at CPI (as at the previous September) plus 1%. This policy could therefore change over the period of the business plan	HRA reserve set and maintained at a level that is deemed prudent.	WHQS shortfall in years 2-30	The shortfall can be covered by additional £1.30 this is a shortfall of £90,400m, therefore the Capital budget will need to be reduced in order to be fully funded	Reduce the capital program years 2-10	Reduce Environmental capital over the 10 years by £11.50m	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£416.023m in Y30	£416.023m, increased by £95.192m
2	Rent	Increase assumed CPI by 0.5%	2022/23 is the third year of the new Rent Policy. Rent increase has been fixed for 5 years at CPI (as at the previous September) plus 1%. This policy could therefore change over the period of the business plan	HRA reserve set and maintained at a level that is deemed prudent.	WHQS shortfall in years 2-30	£24.530m, increased by £103.699m	Reduce the capital program years 2-10	Reduce Environmental capital over the 10 years by £3.605m	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£412.879m in Y30	£412.879m, increased by £92.046m
3	Inflation	Increase RPI by 1%	Uncertainties around Brexit and the impact of Covid-19 make it difficult to forecast any changes to inflation.	HRA reserve set and maintained at a level that is deemed prudent.	WHQS shortfall in years 1-30	£561.406m, increased by £240.576m.	Reduce the capital program years 2-10	Reduce Environmental capital and new build units by 27 m years 8-10	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£534.570m in Y30	£534.570m, increased by £218.739m
4	Rents	Increase Bad Debts by 1%	Covid 19 has impacted tenants ability to pay rents which has been compounded by the increase in number of claimants for universal credit.	HRA reserve has a shortfall of £221k in year 1.	WHQS shortfall in years 1-30	£337.661m, increased by £16.830m	Increase the revenue bad debt provision to match the increase in rates and reduce the capital program years 1-10.	Reduce the revenue contribution (RCCO) by £221k in Y1 due to increased revenue costs relating to the increase in bad debt provision and reduce the capital environmental works by £2.096m in year 1-10.	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£331.496m in Y30	£331.496m, increased by £10.665m
5	Rent and Cost Inflation	Increase assumed rent +0.5% and RPI +1%	2022/23 is the third year of the new Rent Policy. Rent increase has been fixed for 5 years at CPI (as at the previous September) plus 1%. This policy could therefore change over the period of the business plan	HRA reserve set and maintained at a level that is deemed prudent.	WHQS shortfall in years 2-30	£448.012m, increased by £127.191m	Reduce the capital program years 2-10	Reduce Environmental capital over the 10 years by £6.469m	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£425.792m in Year30	£425.792m, increased by £104.961m
6	Interest Rates	Interest rate 0.5% higher than anticipated	Uncertainties around Brexit and the impact of Covid-19 make it difficult to forecast any changes to interest rates.	HRA reserve has a shortfall of £238k in year 1.	WHQS shortfall in years 1-30	£381.956m, increased by £51.125m	Increase the revenue interest payments to match increase in rates.	Reduce the revenue contribution (RCCO) by £238k in Y1 due to increased interest costs and reduce the environmental works by £5.492m in years 1-10.	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£363.280m in Y30	£363.280m, increased by £42.449m
7	Mgt Costs	Management costs increase by 1% above inflation per annum.	The impact of Covid and the roll out of Universal credit may result in increased management time and therefore costs in recovering rent arrears and debt management.	HRA reserve set and maintained at a level that is deemed prudent.	WHQS shortfall in years 2-30	£385.010m, increased by £52.739m	Reduce the capital program years 2-10	Reduce Environmental capital over the 10 years by £2.160m	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£376.043m in Y30	£376.043m, increased by £55.212m
8	Repairs & Maintenance	The cost of repairs and maintenance and WHQS increase by 1% above	Uncertainties around Brexit and the impact of Covid-19 make it difficult to forecast any changes to inflation.	HRA reserve set and maintained at a level that is deemed prudent.	WHQS shortfall in years 2-30	£487.744m, increased by £166.913m	Reduce the capital program years 2-10	Reduce Environmental capital over the 10 years by £7.913m	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£460.581m in Y30	£460.581m, increased by £139.750m
9	Grant	The annual Major Repairs Allowance (MRA) from WG ceases	The MRA grant is a key funding stream that ensures the Plan remains viable.	HRA reserve set and maintained at a level that is deemed prudent.	WHQS shortfall in years 1-30	£467.690m, increased by £146.859m	Reduce the capital program years 1-10	Reduce Environmental capital New build units by 63 in years 3-10	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£419.078m in Y30	£419.078m, increased by £98.247m

Appendix C - HRA Business Plan Assumptions

Item	2022/23
Inflation (CPI)	3.1% (Based on Welsh Government Guidance).
Standard Stock Level at 1 st April 2022	3,884
Minimum level of balances to be maintained	£923k in real terms; this is considered to be a prudent level.
Supervision & Management costs	Based on 2022/23 budget estimates rising with annual inflation and split 50:50 in terms of fixed and variable costs. With the variable cost element changing according to stock numbers.
Revenue Repairs spending	£959 per unit in 2022/23, increasing with inflation only in future years.
Rents	Gross average rents for standard stock units are £104.09 in 2022/23 calculated on a 52 week basis. After 2022/23 rents have been assumed to increase by 2.75% which is lower than the maximum allowable 3.1% as per WG Business Plan Guidance.
Voids & bad debts	Voids have been set at 1% for standard stock units based on the current position. Bad debts set at 3% in 2022/23 and for subsequent years. This is thought to be prudent in terms of Welfare Reform.
All other revenue income & expenditure	Based on 2022/23 Budget.
Capital Investment / Stock Condition	Based on stock condition data within the Keystone Asset Management System, and any known issues.
Major Repairs Allowance	£2.770m. Assumed no inflation.
Peak Debt	£320.831m (Year 30).
Repayment of Debt	Year 31+.
RTB sales	None.
Interest Rates	Current Pool Rate – 3.76% Interest on Balances - 0.09% (estimated average 3 month LIBID)