

Meeting of:	<b>Cabinet</b>
Date of Meeting:	<b>Thursday, 09 January 2025</b>
Relevant Scrutiny Committee:	Homes and Safe Communities
Report Title:	Final Housing Revenue Account (HRA) Budget Proposals 2025/26, Rent Setting 2025/26 and Housing Revenue Account Business Plan 2025/26
Purpose of Report:	To set the HRA budget for the financial year 2025/26, set the rents and service charges for the forthcoming rent year beginning 1st April 2025 and present the 30 Year Housing Business Plan starting financial year 2025/26.
Report Owner:	Executive Leader and Cabinet Member for Performance and Resources
Responsible Officer:	Miles Punter Director of Environment and Housing
Elected Member and Officer Consultation:	The Corporate Management Team has been consulted on this report. The budget proposals do not require Ward Member consultation.
Policy Framework:	This report is following the procedure laid down in the Constitution for the making of the budget. It is a matter of endorsement by the Cabinet and approval by Full Council.
<p>Executive Summary:</p> <ul style="list-style-type: none"> <li>• The report details the final Housing Revenue Account budget proposals for 2025/26</li> <li>• The Housing Revenue Account is a ring-fenced account that is self-funded mainly by Council dwelling rents and expenditure consists of staffing to manage the provision, repairs and maintenance costs of the housing stock, capital financing costs to service the debt and revenue contributions towards the capital programme including decarbonisation and new developments.</li> <li>• This report also sets out the proposed rents and service charges for the coming financial year 2025/26, as part of the Rented Homes Wales Act the Council is required to give 2 months' notice of any increase in Council Rents to Council Tenants.</li> <li>• In setting the rent level for 2025/26 the Council has ensured that it has complied with the Policy for Social Housing Rents which was issued by Welsh Government on 13th November 2024. The maximum allowable uplift has been set by Welsh Government at 2.7% for 2025/26</li> <li>• The Council proposes to increase its rent by an average of 2.7%. Due to Covid-19, the Welsh Government suspended Target Rent Bands in 2020 and replaced them with a self certification monitoring form.</li> </ul>	

- Welsh Government (WG) requires all Local Authorities with retained housing stock to submit a fit for purpose annual 30 year Housing Business Plan which is in Appendix 1.
- The plan incorporates a detailed financial forecast in the form of a 30 year financial model. The submission deadline for the Housing Business Plan is 31st March 2025 and is required as part of the Major Repairs Allowance grant application.
- Guidance from Welsh Government for the submission of the Housing Business Plan has not yet been received but no significant changes are expected for 2025/26. There was no guidance received in 2024/25 and reliance has been placed on previous guidance.
- The Housing Improvement Programme reflects ambitious proposals to invest in new build accommodation to address the acute shortage of social housing in the Vale of Glamorgan. The Improvement Programme also seeks to decarbonise the existing housing stock through investment in alternative energy sources, insulation and other energy efficiency initiatives.
- The Housing Revenue Account (HRA) Business Plan is both viable and sustainable in terms of meeting the Council's obligations under Welsh Housing Quality Standard (WHQS) for existing stock and 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. Cabinet recommends to Full Council the approval of the final Housing Revenue Account budget proposals for 2025/26 set out below:

	Original 2024/25	Change	Final Proposed Budget 2025/26
			<b>£000</b>
<b>Expenditure</b>			
Supervision & Management – General	4,695	214	4,909
Supervision & Management – Special	1,949	13	1,962
Repairs & Maintenance	5,000	920	5,920
Capital Financing Costs	5,792	1,097	6,889
Rent, Rates, Taxes & Other Charges	270	28	298
Increase in Provision for Bad Debts	1,027	(336)	691
Capital Expenditure from Revenue Account (CERA)	8,197	(1,218)	6,979
	<b>26,930</b>	<b>718</b>	<b>27,648</b>
<b>Income</b>			
Dwelling Rents	(25,793)	(365)	(26,158)
Non Dwelling Rents	(186)	(13)	(199)
Interest	(45)	(170)	(215)
Charges For Services and Facilities	(684)	(133)	(817)
Contribution towards expenditure	(94)	(1)	(95)
Grant Income	(205)	0	(205)
	<b>(27,007)</b>	<b>(682)</b>	<b>(27,689)</b>
<b>(Surplus)/ deficit for the year</b>	<b>(77)</b>	<b>36</b>	<b>(41)</b>
<b>Working Balance Brought Forward as at 1st April 2025</b>	<b>(3,524)</b>	<b>(667)</b>	<b>(4,191)</b>
<b>Working Balance Carried Forward as at 31st March 2026</b>	<b>(4,191)</b>	<b>(41)</b>	<b>(4,232)</b>

2. Cabinet recommends to Full Council an average rent increase of 2.7%, as set out in paragraphs 2.17.
3. Cabinet recommends that Full Council approves the increase suggested for other services as set out in the table below and in paragraphs 2.18 to 2.25.

	2024/25 Actual Charges	2025/26 Proposed Charges	
<b>50 Week Basis</b>	<b>£</b>	<b>£</b>	
Grounds Maintenance	1.47	1.51	per week
Cleaning of communal areas	2.75	3.00	per week
Lighting of communal areas	2.51	3.60	per week
Laundry Facilities	0.62	0.41	per week

Window Cleaning	0.18	0.18	per week
Lift Maintenance	1.33	1.25	per week
Door Entry	0.71	0.80	per week
Intercom	0.95	1.29	per week
CCTV	0.00	1.43	per week
Sewerage Treatment Plants	455.25	467.54	per annum
Cesspools	439.00	451.00	per annum

4. Cabinet recommends that Full Council approves all changes to rents and service charges be implemented from 1st April 2025, with the first week of April being a non-chargeable rent week and that increase notices are sent to tenants two months in advance of the new charges coming into effect as required by the Renting Homes (Wales) Act 2016.
5. That Cabinet approves the Housing Revenue Account Business Plan 2025/54.
6. That the urgent decision procedure as set out in Section 15.14 of the Council's Constitution be used in order for Final Housing Revenue Account (HRA) Budget Proposals 2025/26, Rent Setting and Housing Business Plan to be referred to Full Council on 13th January 2025.

### **Reasons for Recommendations**

1. To facilitate budget monitoring and to demonstrate a balanced budget with a drawdown from HRA reserves to bring the reserve back into balance with the Housing Business Plan 2025/26.
2. In order that new rent levels are set within the specified Welsh Government (WG) guidelines and to meet the tenant notification deadline as required by statute.
3. That charges are approved and to meet the tenant notification deadline as required by statute.
4. In order that charges are approved, new rent levels are set within the specified Welsh Government (WG) guidelines and to meet the tenant notification deadline as required by statute.
5. To obtain Cabinet approval for the Housing Revenue Account Business Plan 2025/55 (draft) prior to referral to Full Council.
6. To allow this report to be referred to Full Council on 13th January 2025 in order to comply with the Rented Homes Wales Act and meet the requirement of the Housing Business plan submission for 31st March 2025.

## **1. Background**

- 1.1 Local Housing Authorities are required under Section 74, of the 1989 Local Government and Housing Act to keep a Housing Revenue Account. Section 76 of the Act requires Local Authorities to set a budget for their Housing Revenue

Account (HRA) on an annual basis. The budget must be set so that the sum held in the Housing Revenue Account reserve at year end is not in a deficit position.

- 1.2** During the course of the year, Local Authorities must review their HRA expenditure and income and if, on the basis of the information available the account is heading for a deficit, they must take steps that are reasonably practical to prevent this deficit. A Local Authority is not prohibited from being in deficit but will need to demonstrate that the deficit has arisen through exceptional circumstances and that it has revised its original proposals so far as reasonably practical to avoid the deficit. Such a deficit shall be carried forward and must be made good the following year.
- 1.3** Each Local Authority should endeavour to have a working balance on the HRA, for any exceptional circumstances that may arise. The working balance at 31st March 2025 is projected to be £4.191m and is projected to increase to £4.232m during 2025/26.
- 1.4** The basis for rent increases is set by the Welsh Government Policy for Social Housing Rents. Due to the Covid-19 pandemic, Welsh Government has continued to suspend target rent bands for 2025/26 and they have been replaced by a self certification monitoring form which is to be submitted in February 2025. In order to comply with the rent policy, social landlords must ensure their average weekly rent for their general needs and sheltered housing provides value for money and affordability to tenants. This has been demonstrated by the use of the Housemark affordability tool which compares Council housing rents with local Registered Social Landlords (RSLs). Comparison of rents with other landlords is carried out annually and shows that Council rents are around 25% lower than private rents for comparable properties and 13% below the local housing allowance for the Vale (this is the rate the Government uses as the maximum amount of benefit that can be paid towards Housing costs in an area). Council rents also remain less than the median Housing Association rent for the area.
- 1.5** The Council's Housing Income team supports tenants to pay their rent and specialist Money Advisors assist with budgeting advice, claiming benefits, income maximisation and securing grants and help. Last year, the team's interventions led to tenants receiving an additional household income of £188,500. This was achieved through additional benefits claimed, backdated claims for benefits, lower cost tariffs for utilities, and grants etc.
- 1.6** The Welsh Government recently announced the social rent settlement for the 2025/26 financial year, alongside a package of support for social tenants who are struggling financially. The 2025/26 Policy for Social Housing Rents issued by Welsh Government on 13th November 2024 has set the maximum allowable uplift at 2.7% and this will be applied by landlords using the existing formula. This means social landlords have flexibility within their stock to freeze, reduce or increase their rents beyond 2.7% (up to a maximum individual property rent increase of 2.7% plus £2.00p/w). However, the overall rental income from a landlords housing stock cannot increase beyond 2.7%.

- 1.7** The Council is acutely aware of the financial challenges that its tenants are experiencing currently and decisions regarding rent increases are carefully considered to ensure Council Housing rents remain affordable.
- 1.8** The Council has agreed a number of pledges to assist tenants in financial hardship, in order to mitigate the negative impacts of the cost of living crisis:
- No evictions due to financial hardship for the term of the settlement, (financial year 2025/26), where tenants engage with their landlords.
  - Continue to provide targeted support to those experiencing financial hardship to access support available.
  - 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.
  - Undertake a joint campaign to encourage tenants talk to their landlord if they are experiencing financial difficulties and access support available.
  - Build on existing engagement with tenants in rent setting decisions, including explaining how income from rent is invested and spent.
  - Continued commitment to invest in existing homes to keep them safe, warm and affordable to live in.
  - Work in partnership with tenants, Welsh Government, funders and other partners to develop a consistent approach to assessing affordability across the social housing sector in Wales.
  - Continue to strengthen approaches designed to ensure you minimise all evictions and work effectively with partners to deliver on the commitment not to evict into homelessness.
  - To participate in an assurance exercise to reflect on application of the rent policy to date. This will build on the work undertaken by social landlord over the past 3 years and inform future work to develop a consistent approach to assessing affordability.
- 1.9** The initial HRA budget proposals were considered by Cabinet on 28th November 2024 (minute no. C182). They were subsequently referred to the Homes and Safe Communities Scrutiny Committee on 4th December 2024.
- 1.10** The Council must also ensure that it has a viable 30 year Housing Business Plan and following careful analysis and financial modelling it is proposed that rents are increased by 2.7% to reflect not only the current financial situation with high interest rates and inflationary cost pressures in delivering current priorities and commitments but to ensure that the Council can deliver its ongoing ambition to build new Council Housing at pace and scale, to decarbonise the council housing stock by 2030 and to ensure that funding is available to meet the requirements of the new Welsh Housing Quality Standard (WHQS23) which has been introduced in 2023.
- 1.11** Analysis of the stock condition data indicates that an additional £55m will need to be invested in existing Council homes in the next 10 years to bring them to WHQS23 and a further £101m is required over the next 30 years, to improve

energy efficiency which would also work towards decarbonisation of the stock too. This capital investment is only possible if sufficient income is received through rents.

- 1.12** As well as investing in existing stock, the Council uses its rental income to support the development of new Council homes. There are currently huge pressures on existing social housing, with over 6,900 households on the Housing waiting list and over 200 hundred homeless people living in temporary accommodation. Additional Council housing is the only way that the Council can end homelessness and ensure that households have a safe, secure, affordable home.
- 1.13** In 2024/25, the Council's Housing Development Team will have completed 206 new homes across 5 sites, from Barry to Llantwit Major, all of which will achieve an EPC A (SAP92 or greater).
- 1.14** The Council also continues to buy land to facilitate its ambitious development programme. During 2025/26, construction will continue or commence on a further 5 sites to deliver a further 126 new homes. Lower increases in rents have a significant financial impact on the Housing Business Plan and threaten the Council's ability to maintain, improve and build new homes.
- 1.15** The initial proposals have been reviewed in the context of the proposed housing rent increase of 2.7% and the 30 year housing business plan which balances the need to deliver new build housing stock, decarbonise the existing housing stock and the commencement of the next tranche of WHQS 2023.
- 1.16** The Welsh Government requires all Local Authorities who retain their housing stock to submit annually an acceptable Housing Revenue Account Business Plan (hereinafter referred to as the 'Plan') incorporating a detailed financial forecast in the form of a 30-year financial model.
- 1.17** The 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). The Plan must be submitted to Welsh Government by 31st March 2025 and requires approval by Full Council.
- 1.18** 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 Budget Strategy for 2025/26 outlined that, in order to establish a baseline, services should prepare revenue budgets for next year based on the cost of providing the current level of service and approved policy decisions.
- 2.2** Due to the nature of the HRA in that it is ring fenced and any growth has to be funded from the balance, no cost pressures have been formally identified.

- 2.3** The proposed 2025/26 budget is set out at recommendation 1 totalling a surplus of £41k which will be transferred into the Housing Revenue Account reserve in 2025/26.
- 2.4** The table below sets out the changes to the original 2024/25 budget to bring forward the proposed budget for 2025/26. The changes are detailed in the paragraphs below.

Table 1 - Final Proposed Budget

	<b>Original 2024/25</b>	<b>Change</b>	<b>Final Proposed Budget 2025/26</b>
	£000	£000	£000
<b>Expenditure</b>			
Supervision & Management – General	4,695	214	4,909
Supervision & Management – Special	1,949	13	1,962
Repairs & Maintenance	5,000	920	5,920
Capital Financing Costs	5,792	1,097	6,889
Rent, Rates, Taxes & Other Charges	270	28	298
Increase in Provision for Bad Debts	1,027	(336)	691
Capital Expenditure from Revenue Account (CERA)	8,197	(1,218)	6,979
	<b>26,930</b>	<b>718</b>	<b>27,648</b>
<b>Income</b>			
Dwelling Rents	(25,793)	(365)	(26,158)
Non Dwelling Rents	(186)	(13)	(199)
Interest	(45)	(170)	(215)
Charges For Services and Facilities	(684)	(133)	(817)
Contribution towards expenditure	(94)	(1)	(95)
Grant Income	(205)	0	(205)
	<b>(27,007)</b>	<b>(682)</b>	<b>(27,689)</b>
<b>(Surplus)/ deficit for the year</b>	<b>(77)</b>	<b>36</b>	<b>(41)</b>
<b>Working Balance Brought Forward as at 1st April 2025</b>	<b>(3,524)</b>	<b>(667)</b>	<b>(4,191)</b>
<b>Working Balance Carried Forward as at 31st March 2026</b>	<b>(4,191)</b>	<b>(41)</b>	<b>(4,232)</b>

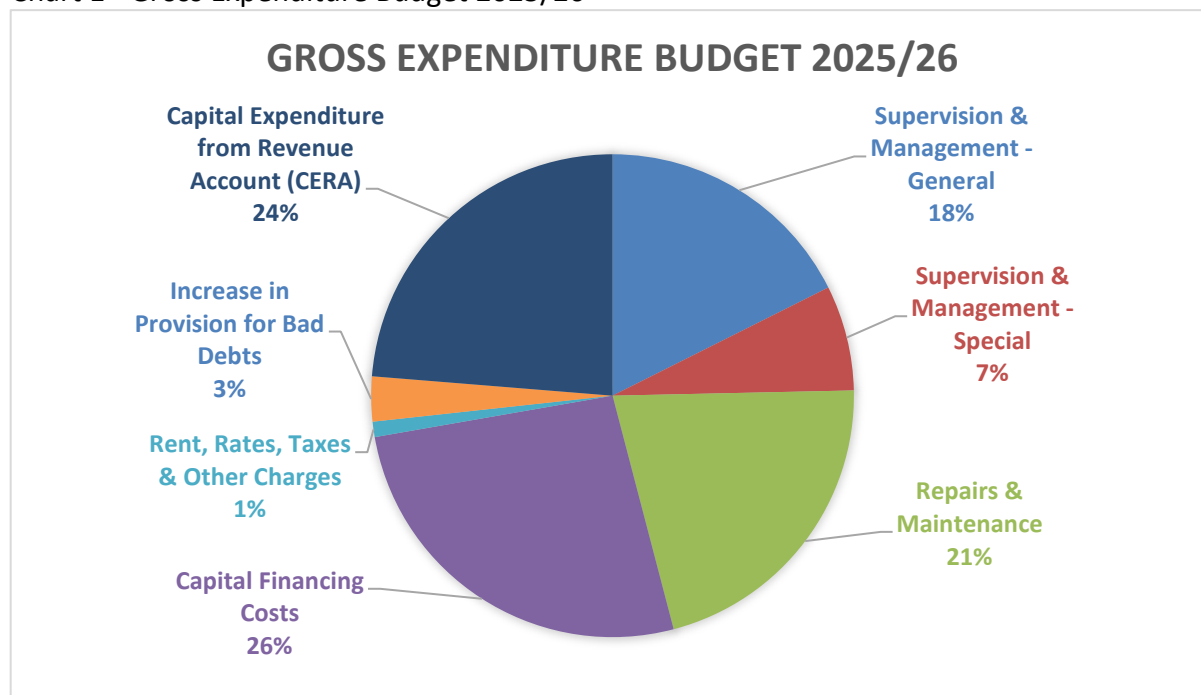
Table 2 - Analysis of Changes

	<b>£000</b>
Original Budget 2024/25	(77)
Pay/Inflation	104
Savings	(656)
Committed Growth	2,184
Dwelling & Non Dwelling Rent Increase	(378)
Increase/(Decrease) in Capital Expenditure Revenue Account	(1,218)
<b>Proposed Budget 2025/26</b>	<b>(41)</b>



- 2.5** A provision for general inflation £104k includes an allowance for the correction of the base budget for the 2024/25 pay award which was more than was estimated at being £1,290 per spinal point and allows for an estimated pay award of 4% and 3% for Chief officers 2025/26. The remaining £1k is general inflation.
- 2.6** The savings of £656k are due to the following factors:
- Increase in income for service charges £150k
  - Increase in investment income £170k
  - A decrease in the provision for bad and doubtful debts of £336k based on 3% of total dwelling income and service charges excluding VOIDS, reflecting collection rates
- 2.7** The committed growth of £2.184m is due to a number of factors:
- An increase in Capital Financing charges of £1.097m in relation to an increased level of unsupported borrowing being taken out in 2025/26 to fund the Housing Improvement Programme. This is based on a borrowing figure of £24m in 2024/25.
  - An increase in staff costs of £163k due to changes in staff and increments.
  - An increase in premises costs of £1k.
  - An increase in repair costs £920k due to an increase in the services provided and supply costs.
  - An increase in supplies and services of £3k.
- 2.8** A decrease in Capital Expenditure from Revenue Account (CERA) to finance the Housing Improvement Programme of £6.979m has been assumed. The £6.979m of revenue contribution required is dictated by available revenue balances and the value of the Housing Improvement Programme. Adjusting the level of CERA by this amount will leave a minimum HRA Reserve of £4.232m as at 31st March 2026, which is broadly in line with the Housing Business Plan, meeting the policy to hold reserves at the equivalent of two months' worth of rents as well as covering potential liabilities at this time.
- 2.9** The budgeted Gross Expenditure of £27.648m as set out in the Housing Business Plan for 2025/26 is set out in the Pie Chart below.

Chart 1 - Gross Expenditure Budget 2025/26



**2.10** The table below shows the projected balances on HRA reserves over the next 5 years:

Tale 3 - Analysis of Reserves

As at:	Year	Projected Closing HRA Working Balance
		£'000
31.3.25	Current	4,191
31.3.26	Yr1	4,232
31.3.27	Yr2	4,474
31.3.28	Yr3	2,095
31.3.29	Yr4	2,115
31.3.30	Yr5	2,172

### Development Schemes

**2.11** The Council remains committed to a fabric first approach, utilising 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.

- 2.12** The Council’s Housing Development Team also install solar photovoltaic panels (PV) and improved energy efficient windows and doors, as well as decentralised Mechanical Extract Ventilation (dMEV) and Mechanical Ventilation and Heat Recovery (MVHR) systems to improve air quality and remove moisture from the home. To minimise the wastage of water, the Development Team is fitting low flow sanitary ware, a shallower bath, and diffusers on tap fittings, as well as rainwater harvesting systems. This ensures that there is low air leakage from the fabric of the building.
- 2.13** The Council continuously seeks to improve the energy performance of the new homes it builds and is already planning to improve on the current EPC A rating of its current Housing Development Programme and transition into the delivery of net zero carbon housing from 2025.
- 2.14** During 2025/26, construction will continue or commence on a further 5 sites, which deliver a further 126 new homes, including single persons, older persons, family housing and temporary accommodation, on sites at the former Cowbridge Police Station (14 units); Cadoxton House, Barry (14 units); Olive Lodge, Barry (10 units); Maes y Ffynnon, Bonvilston (8 units) and the Western Gateway, Barry (80 units).
- 2.15** The Council has increased the scale and pace of its housing development programme. During 2024/25, the Council concluded its joint procurement exercise with Cardiff Council and has, subject to final governance compliance and contract, selected Lovell Partnerships as its preferred bidder to deliver the Council’s ambitious housing development programme over the next 10 years. Currently, a minimum of 860 new homes, including 120 for market sale, are to be delivered from 2025, all of which are planned to achieve net zero carbon standards, with further new development sites being identified, assessed and acquired for future inclusion.
- 2.16** A large part of the Housing Improvement Programme is funded by Capital Expenditure from Revenue Account (CERA). The Housing improvement Programme sets out the delivery of various schemes including maintaining Welsh Housing Quality Standards (WHQS), Environmentals and Regeneration, New Build and other individual schemes.

### Summary of Proposed Capital Expenditure

Table 4 - Breakdown of Capital Expenditure by Year

Year	Year	WHQS & Other	New Build	Total Expenditure	Estimated Number of Units
		£'000	£'000	£'000	No.
1	2025/26	14,059	11,418	25,477	126

2	2026/27	19,146	21,628	40,774	128
3	2027/28	25,217	36,578	61,795	183
4	2028/29	19,425	29,778	49,203	121
5	2029/30	18,473	33,078	51,551	131

## Housing Business Plan

- 2.17** The 30 year Housing Business Plan is attached at Appendix 1 to this agenda. Whilst the guidance has not yet been received from Welsh Government it is not expected that there will be any significant changes for 2025/26.
- 2.18** 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.
- 2.19** The Plan is able to afford new build and acquisition schemes of £890.650m over years 1 – 30.
- 2.20** The latest projections are attached at Appendix A(i) and A(ii) to the Plan. Peak debt through the current plan is achieved in year 30 at a total of £782.365m and remains affordable through prudential borrowing principles.
- 2.21** There are a number of risks associated with the assumptions used in the financial projections for the Plan. The Council therefore needs to undertake sensitivity analysis to examine the impact of various scenarios on the ability to deliver the Plan. Welsh Government guidance requires Authorities to model scenarios that are considered relevant to the Plan. The results are shown at Appendix B in the Plan.

## Housing Business Plan Assumptions

- 2.22** The following assumptions have been made:
- Inflation has been included at a level of 2.7% from year 2
  - Standard stock level at 1st April 2025 – 4,038 dwelling (including new units)
  - Minimum level of HRA working balances to be maintained of £4.232m (real terms)
  - Repair and maintenance expenditure of £1,411 per unit in 2025/26 then with inflation in future years
  - Other revenue running costs based on 2025/26 Budget
  - Gross average rents are £120.33 in 2025/26 calculated on a 52 week basis. The policy for 2025/26 limits the maximum rent increase to 2.7%. Actual rent increase for 2025/26 is 2.7%

- Major repairs allowance (MRA) has been assumed at the current level of £2.770m, per annum for the 30 year plan.

### Investment as part of 5 year Capital programme

- 2.23** During the pandemic, Government resources have been reprioritised meaning that this year's rent data set collection was suspended at the start of the Covid-19 pandemic. Therefore, as there is no robust up to date data to generate Target Rent Bands for 2025/26, they have been replaced by a self certification monitoring form for 2025/26. As part of the decision on the annual rent uplift/reduction, the Authority should make an assessment of cost efficiencies across the operating cost base, value for money and affordability to tenants. In addition, the maximum amount a social landlord can increase an individual tenant's weekly rent is 2.7%.
- 2.24** It is usual practice that the Vale of Glamorgan Council only increases rent by an amount which will not breach the Housing Benefit Rent Rebate Limitation set by the Department of Work and Pensions (DWP). Breach of the limitation would mean that the HRA would be liable for a proportion of the additional increase. The draft limit is due to be issued by Welsh Government at the end of January 2025.
- 2.25** It is proposed that rents are increased by 2.7% which is the maximum allowable. The rents have been set in line with the Council's existing rent policy, which takes into account the number of bedrooms, type and size of property along with location, whilst still ensuring that the current Housing Business Plan commitments are achieved. The rent increase per property type is detailed below:

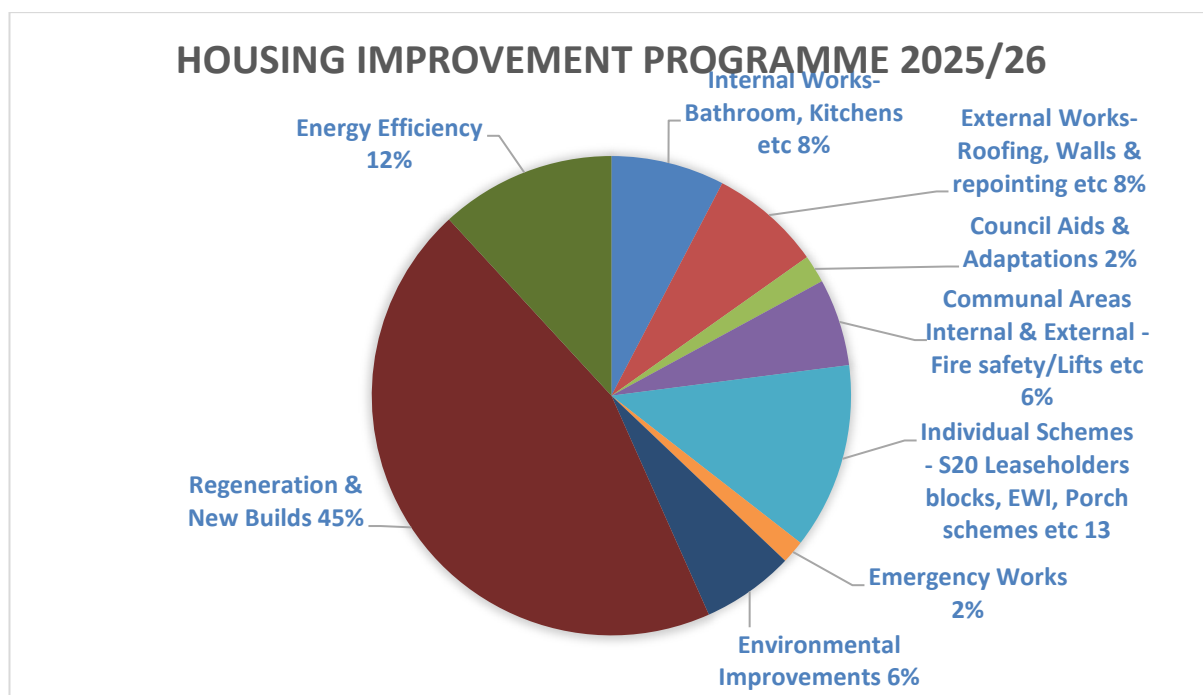
Table 5 - Average Rent by Stock Type.

Type	Based on 50 Chargeable weeks		
	Average Rent for 2024/25 per week based on actual stock level*	Proposed Average Rent per week Increase (+) / Decrease (-)	Proposed Average Rent per week for 2025/26
	£	£	£
Bungalow	122.24	3.30	125.57
Flat	106.72	2.88	109.58
House	132.96	3.58	136.07
Maisonette	116.61	3.15	119.70
<b>TOTAL *</b>	<b>121.84</b>	<b>3.29</b>	<b>125.14</b>

\* Calculation includes an increase in stock numbers between years due to additions in new build stock and transfers between Class 1 and 2 properties

- 2.26** Investment in the Housing Stock in 2025/26 enabled by this rental increase is set out in the Pie Chart below.

Chart 2 - Housing Improvement Programme Investment 2025/26



### Proposed Increases in Other Charges

- 2.27** As part of its activities HRA also charges for different types of properties and these rentals and charges have been increased by 2.7% in line with the increase in housing rents.
- 2.28** The proposed charges for 2025/26 are set out in the table below.

Table 6 - Proposed Fees and Charges

	2024/25 Actual Charges	2025/26 Proposed Charges	
50 Week Basis	£	£	
Grounds Maintenance	1.49	1.51	per week
Cleaning of communal areas	2.92	3.00	per week
Lighting of communal areas	2.51	3.60	per week
Laundry Facilities	0.62	0.41	per week
Window Cleaning	0.18	0.18	per week
Lift Maintenance	1.33	1.25	per week
Door Entry	0.71	0.80	per week
Intercom	0.95	1.29	per week
CCTV	0.00	1.43	per week
Sewerage Treatment Plants	455.25	467.54	per annum
Cesspools	439.00	451.00	per annum

- 2.29** Service charges have been increased based on the estimated outturn for 2024/25, therefore the increases and decreases for some of these items do not necessarily reflect the inflationary pressures that are being reported in the wider Council budget.
- 2.30** Garage Rents - the rent of freestanding garages is currently £9.80 per week. It is proposed that rents for all garages are increased by 2.7% to £10.06 per week. This percentage increase is in line with the rent increase.
- 2.31** Ty lolo Hostel - the current charge for persons accommodated is £218.06 per week. It is proposed that the weekly rent charge is increased by a maximum of 2.7% per week to £223.95 per week. As rooms at the hostel are classified as HRA dwellings, the rents charged are also subject to Housing Benefit Rent Rebate Limitations, which means that hostel rents should be in line with the Welsh Government recommended rent increase.
- 2.32** 28 Evans Street, Barry - this property, owned by the Council, is let to Llamau Housing Trust and comprises of six units of accommodation. The current weekly charge is £709.31. It is proposed that the charge be increased by a maximum of 2.7%, in line with the recommended increase for the Hostel. The weekly charge will therefore be £728.46 per week.
- 2.33** Temporary Accommodation - the average current weekly charge including additional management, utility and service charge costs is £214.99. It is proposed that the rent element be increased by a maximum of 2.7%. The total charge including service charges will therefore be £220.79 per week.
- 2.34** Sheltered Housing Guest Suites - it is proposed that the charges for guest room facilities are increased by 2.7% to £17.52 per person per night for double occupancy and £25.05 for single occupancy.
- 2.35** Vale Community Alarm Service (VCAS) - this is a charge which forms part of the inclusive rent but is separately identifiable. The charges for Alarm Monitoring and Alarm Maintenance are due to be reported to Cabinet on 16th January 2025.
- 2.36** The following paragraphs outline the main changes to the Service Charges. The proposed charges are based on the agreed Service Charge Policy which states that charges would be based on the best estimated cost of providing the service in the forthcoming year, using prior year's information and any known contract costs:
- Heating - the cost of providing heating to sheltered properties has increased. It is proposed that the charge be increased from £15.83 per week to £21.32 per week based on the actual costs incurred in the 12 months prior to the budgeting period.
  - Warden Housing Management Charge - Warden Management costs have decreased. It is proposed that the charge be increased from £11.73 per week to £12.55 per week.
  - Cleaning of Communal Areas – the cost of cleaning communal areas has increased. It is proposed that the charge be increased from £2.92 per week to £3.00 per week based on the estimated costs for 2024/25.

- Lighting of Communal Areas – the cost of providing lighting has increased. It is proposed that the charge be increased from £2.51 per week to £3.60 per week based on the actual costs incurred in the 12 months prior to the budgeting period.
- Lift Maintenance - the cost of lift maintenance has decreased. It is proposed that the charge be decreased from of £1.33 per week to £1.25 per week based on the actual costs incurred in the 12 months prior to the budgeting period.
- Sewerage Treatment Plants - the charges to owners of all purchased, private and council dwellings connected to Council owned and maintained treatment plants is currently £455.25 per annum, based on the average charge payable if the properties were connected to the main sewerage system. It is proposed that these dwellings have a 2.7% increase which is £467.54 per annum.
- Cesspool Emptying - the current charge of £8.78 per week is based on an equivalent rate to those properties connected to the main sewerage system. It is proposed therefore that these dwellings have a 2.7% increase which is £9.02 per week.

#### **Next steps**

- 2.37** Cabinet's final budget proposals and the Housing Business Plan will be considered by Council at a meeting to be held on 13th January 2025.
- 2.38** These proposals will be reflected in the Final Capital Proposals and Capital Strategy and Treasury Management Strategy which is due to be reported to Cabinet on 29th February 2025 and Council on 10th March 2025.
- 2.39** The rent increases will take effect from 1st April 2025.

### **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 HRA is a significant resource, with an annual budget set to support the required level of service to tenants, all approved policy decisions and to maintain an ongoing working balance to cover the cost of any exceptional circumstances that may arise.
- 3.2** Taking an integrated approach - Welsh Government sets the rent policy for social housing properties on an annual basis and the HRA budget and charges have been set based on the required target rent bands whilst also ensuring that they do not breach the housing benefit rent rebate limits set by the DWP.
- 3.3** Involving the population in decisions - The Housing Service continues to consult regularly with its tenants both through formal consultation exercises and through the Tenants Panel.
- 3.4** Working in a collaborative way - The Housing Service places collaboration and coproduction at its core through its work with other departments and statutory and voluntary sector partners both locally and at a regional level.



- 3.5** Understanding the root causes of issues and preventing them - Feedback from tenants is used to inform and improve service delivery and tenants are kept up to date and offered assistance to prepare for any changes in national policy such as welfare reforms in order to mitigate the impact on them and the HRA.

## **4. Climate Change and Nature Implications**

- 4.1** The Council understands the importance of decarbonisation to help protect and sustain the environment over the long term and in line with its Climate emergency declaration is working and investing in measures to reduce its CO<sup>2</sup> emissions and impacts on our tenants. Several projects are included in the 2024/25 and proposed 2025/26 Housing Improvement Programme which will assist the work the Council is undertaking as part of Project Zero and commitments in the Council's Climate Challenge Plan. The Housing Improvement programme is partly funded by Capital Expenditure funded from the Revenue Account (CERA).
- 4.2** All schemes progressed as part of the proposals set out the decarbonisation considerations that will be considered in formulating the individual project. Further details on Decarbonisation within the Housing Improvement programme can be found in the Housing Business Plan 2025/26 in Appendix 1.

## **5. Resources and Legal Considerations**

### **Financial**

- 5.1** The projected balance on the Housing Revenue Account reserve at 1st April 2026 is expected to be £4.232m and is projected to be £4.424m on 1st April 2027.
- 5.2** The Housing Revenue Account Capital Expenditure from Revenue Account (CERA) is expected to be £6.979m in 2025/26.
- 5.3** Adjusting the level of CERA by this amount will leave a minimum HRA Reserve of £4.232m as at 1st April 2026, which is broadly in line with the Housing Business Plan and is projected to be £4.424m on 1st April 2027, in line with the policy to hold reserves at the equivalent of two months' rent as well as providing cover for potential liabilities at this time.
- 5.4** The proposed Housing Improvement 5 year Capital Programme and funding streams are set out below:

Table 7. Analysis of Capital Financing

Year	Total Capital Expenditure	Financing					
		Borrowing	Other Capital Receipts	Other/ Grants	MRA	CERA	Total Financing
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Yr1	25,477	11,683	1,245	2,800	2,770	6,979	25,608
Yr2	40,774	28,064	600	2,800	2,770	6,541	40,774
Yr3	61,795	48,209	500	2,800	2,770	7,516	61,795
Yr4	49,203	39,778	500	2,800	2,770	3,355	49,203
Yr5	51,551	43,687	500	2,800	2,770	1,795	51,551

**5.5** The revenue costs associated with the borrowing reflected in the Housing Business Plan are set out in the table below.

Table 8. Analysis of Capital Financing Costs

	2025/26	2026/27	2027/28
	£'000	£'000	£'000
MRP	2,191	2,465	3,045
Interest	4,654	5,440	6,607
Capital Financing Costs	6,845	7,905	9,652

### **Employment**

**5.6** There is no impact on staffing as a result of this report.

### **Legal (Including Equalities)**

**5.7** The Council under the 1989 Local Government and Housing Act have a legal obligation to set a budget for the Housing Revenue Account. The Rented Homes Wales Act requires notices of any increases have to be sent to tenants 2 months in advance of the new changes coming into effect.

## **6. Background Papers**

Housing Business Plan – March 2025

Welsh Government's Policy for Social Housing Rents

Rented Homes Wales Act

The Vale of Glamorgan Council

# Housing Business Plan

March 2025



[www.valeofglamorgan.gov.uk](http://www.valeofglamorgan.gov.uk)



Rear of front page

## Contents

Joint Message .....	4
<i>Section 2 – Housing Updates and Signposting</i> .....	5
<i>1.0 WHQS Evaluation and Development</i> .....	5
<i>2.0 Decarbonisation</i> .....	6
<i>3.0 Homelessness</i> .....	12
<i>4.0 Building Safety</i> .....	13
<i>5.0 Optimised Retrofit Programme (ORP)</i> .....	14
<i>7.0 Grants regime</i> .....	15
<i>8.0 Housing Revenue Account Manual</i> .....	15
<i>9.0 Rent Policy</i> .....	17
<i>10.0 HRA Prudential Borrowing Indicators</i> .....	18
<i>11.0 Conclusion</i> .....	19
<i>Base Information 1 - Stock Numbers</i> .....	20
<i>Base Information 2 - Financial model and Assumptions</i> .....	21
<i>Base information 3 - Sensitivity Analysis</i> .....	22
<i>Base information 4 - Housing Investment Programme – previous investments</i> .....	24
<i>Base Information 5 - 30-Year Investment Programme</i> .....	25
<i>Appendix A (i) – Major Repairs and Improvement Financing</i> .....	26
<i>Appendix B – Sensitivity Outcomes</i> .....	28
<i>Appendix C – Financial Assumptions</i> .....	29
<i>Appendix D – New Build Forward Plan</i> .....	30

## **Joint Message**

### **Message from the Leader - Councillor Lis Burnett, the Cabinet Member for Public Sector Housing and Tenant Engagement - Councillor Sandra Perkes.**

Demand for our housing continues to be high and the Vale of Glamorgan Council continues to work hard to offer high quality homes. Our development team is delivering new energy efficient homes in response to the high demand for our housing. Additionally, over the course of the year the service has acquired a number of new houses, which have been bought on the open market, this has included a number of bedsits, flats, and houses. The service favours properties which were formerly Council built and this helps future decarbonisation plans in being able to insulate the whole building rather than have possible cold spots at party walls.

We have been very busy developing plans to reduce our reliance on hotel accommodation. The use of hotels has been necessary to support our residents who have not been able to find accommodation for one reason or another. Whilst hotel accommodation provides a warm dry space, it is not suitable for anything other than short stay accommodation. The Council has been actively working to find suitable accommodation for these residents and this has included the conversion of some of our properties to provide suitable housing for single persons.

This year has also seen the release of the latest version of the Welsh Housing Quality Standards. This will see our homes become more energy efficient and move away from a reliance on carbon burning heating and hot water. With the support of Welsh Government grants, several pilot projects have commenced to enable greater understanding of the technology, both for our tenants and officers.

This business plan focuses on a continuation of our journey in providing good quality housing which meets the social housing needs in the Vale of Glamorgan

**Councillor Lis Burnett – Leader of the Council**

**Councillor Sandra Perkes – Cabinet Member for Public Sector Housing and Tenant Engagement.**



## **Section 2 – Housing Updates and Signposting**

### **1.0 WHQS Evaluation and Development**

The Vale of Glamorgan Council is a stock retained organisation and achieved the first edition of the Welsh Housing Quality Standard on 31st March 2018. The introduction of the revised Welsh Housing Quality Standards has now reset the Council's position and the following table summarises the Council's achievement against individual aspects of the standard.

<b>Standard</b>	<b>% Pass</b>	<b>% Conditional Pass</b>	<b>% Temporary Fail</b>
In a good state of repair	88%		12%
Safe and secure	88%		12%
Homes must be affordable to heat and have minimal environmental impact	4.1%		95.9%
Contain up to date kitchens and bathrooms	93.8%	4.3%	1.9%
Homes must be comfortable and promote wellbeing	92.5%		7.5%
Homes must have a suitable garden	98%	2%	
Homes must have an attractive and practical outside space	TBC		



To ensure the Council has reliable data on which to develop and understand the investment needs, which informs the business plan, the Vale of Glamorgan Council conducts a cyclical programme of property surveys to all the housing stock. This new stock data then updates the previous data held on our Housing Asset Management System (Keystone). In addition to attribute condition, the Council holds Energy Performance Certificates (EPC's) for most of the Housing stock. There is now a programme of surveys which are being commissioned

over the next two years to capture energy performance data, including pressure testing, to all our homes. This will then inform the investment and delivery programmes associated with the target pathways.

Aspects of the revised WHQS are associated with decarbonisation of the housing stock which are covered in section 2 of this Business Plan. The associated costs of this work will only be fully appreciated once all our homes have received a PAS 2035 retrofit survey, but with a range of works being anticipated from solar PV to electric heating, it is expected the cost per home will range from £25k to £50k.



The current stock condition database, Keystone, is no longer being developed by the software suppliers and the Vale of Glamorgan Council is currently upgrading the housing management software. Consequently, the data collection and reporting required by Welsh Government cannot be met in full. Whilst the data is held on the current Keystone system, because the system is not being developed, the Council is unable to extract data reports for all the data required. The Council is currently participating in a data return pilot study with Welsh Government on the new data requirements, and it is anticipated around 60% of the requirement will be available with the remainder full suite being available in 2026. However, the Council will continue to collate PAS2035 data which will then be transferred into the new stock data module.

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 sufficient finances are in place to deliver the Housing Improvement Programme. This business plan includes preliminary costs and professional fees of 11% in the projected investment calculations.

The following chart provides the main component budget cost and anticipated lifetimes as extracted from the updated stock condition report:

Component	Budget (£)	Component Lifespan (years)
Kitchens	5,250	15
Bathrooms	4,400	25
Heating Boilers	4,100	12
Heating (Distribution)	Included Above	30
Rewiring	4,200	25
Roof Covering (synthetic slate)	7,200	35
Solar PV	11,500	25
EWI	12,000	30

## 2.0 Decarbonisation

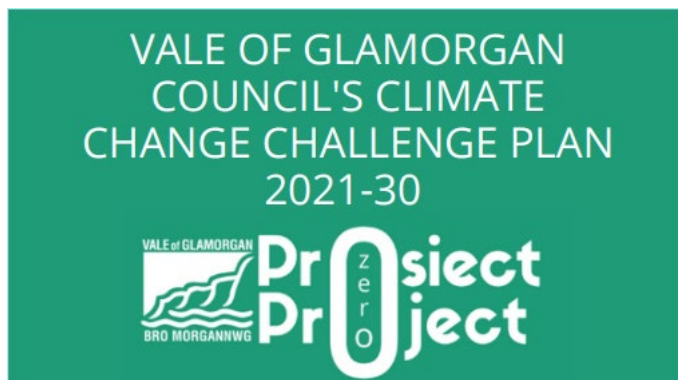


In July 2019, the Vale of Glamorgan Council declared its commitment to deliver its well-being goals as set out in our Corporate Plan 'Strong Communities with a Bright Future' and the Well-being of Future Generations Act, and the progress of initiatives in support of the existing Carbon Management Plan. As part of the Council's commitment to carbon reduction, it has initiated 'Project Zero' to ensure climate change is a key consideration across all the Council's activities.

The Council believes, bold action to reduce carbon emissions can also deliver benefits in terms of new jobs, economic savings, and market opportunities.

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. The principles of the Council's commitment are set out within 'Project Zero' <https://www.valeofglamorgan.gov.uk/en/living/Climate-Change/Project-Zero.aspx> which commits to working 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. It also seeks to explore ways to maximise local benefits of our climate change actions in other sectors such as employment, health, agriculture, transport, and the economy.





As climate change becomes more evident with changing weather patterns, the movement towards decarbonisation becomes ever more critical. The key to moving existing homes to carbon neutral ones, is to balance effective thermal performance with zero carbon appliances, whilst maintaining a healthy environment inside the home and ensuring our tenants are not plunged into fuel poverty. To this end, the Council continues to invest in 'fabric first' to improve the energy efficiency of its housing stock and is currently

piloting various forms of renewable heating to establish system performance and running costs.

The Welsh Housing Quality Standards 2023 sets a target for all social housing to hold a SAP rating of 75 by 31 March 2030, and to increase this to SAP 92, or greater, by 31 March 2034.

Whilst the Fabric First approach remains the current delivery model, this may need to change to whole house delivery; to reduce the potential for any damp and mould issues arising by not considering the property as a whole. Furthermore, fuel poverty is becoming more of a concern for tenants as fuel costs rise considerably, finding the appropriate balance between heat retention, good air quality and affordable heating costs is the biggest challenge now facing landlords. To this end the Vale of Glamorgan Council is beginning to consider a shift to the whole house approach. This level of investment will see some homes performing much better than others within the housing stock and the Council is now considering amendment to the rent policy to reflect the differences in the energy performance of its housing stock.

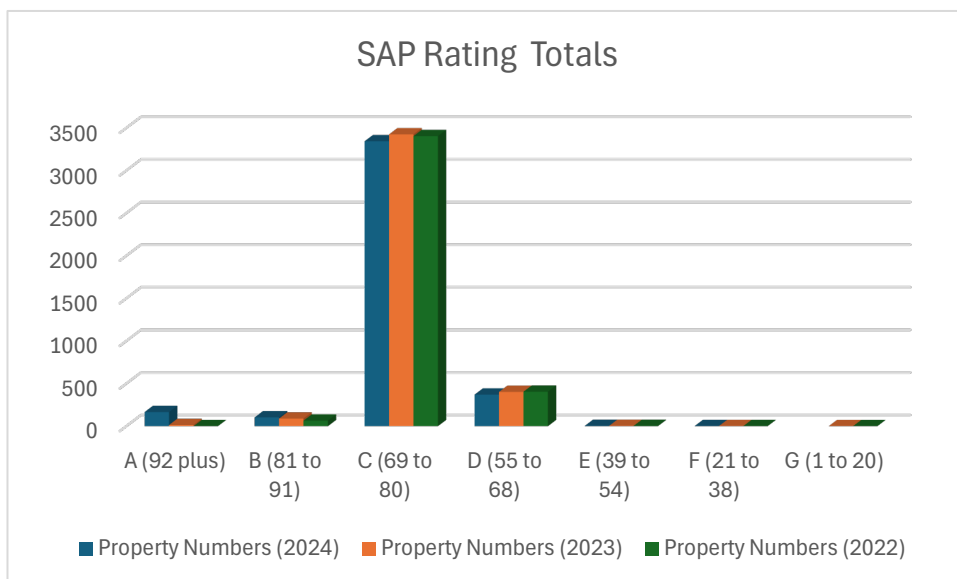
New build homes are performing at much higher levels of energy performance than older homes and therefore tenants in the better performing homes are spending less on energy. Additionally, as the Council's begins to invest in solar PV and battery backup systems, not all homes will be suitable for such technology and therefore this should be reflected through a fairer rent policy.

As part of the ongoing improvement programme on energy efficiency, the Council has installed:

- external wall insulation (EWI),
- modern windows and doors (A rated energy efficiency),
- new roofs with high levels of loft insulation,
- pilot renewable energy heating systems such as ground source heat pumps,
- dual flush toilets, and
- Removal of open fires and gas focal point fires (providing a socket for electric focal fires),
- Photovoltaic cells,
- Battery storage,
- Heat recovery.

We continue to work towards having, 'up to date' Energy Performance Certificates (EPC's) on all our properties to assist with our analysis of property performance. The tables below show the Council's current number of properties within each EPC banding.

Property Numbers in Each EPC/SAP Banding			
Band	Property Numbers (2024)	Property Numbers (2023)	Property Numbers (2022)
A (92 plus)	166	14	0
B (81 to 91)	104	90	65
C (69 to 80)	3,344	3,425	3,404
D (55 to 68)	371	403	405
E (39 to 54)	3	3	3
F (21 to 38)	1	1	1
G (1 to 20)	0	0	0



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

To assist the Welsh Government in its Carbon reduction pledge, the Council is providing regular up to date housing stock information.

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. This will

be supplemented by PAS2035 retrofit surveys to collate data for building future investment programmes to address the carbon reduction programme.

At present the business plan identifies approximately £75.1m over the next 30 years towards directly responding to decarbonisation.

However, it is recognised this investment figure is significantly below the levels of investment needed to achieve the targets set by WHQS '23, and work to balance building maintenance and investment of the existing housing stock, decarbonisation, and development of new homes, has been a financial challenge. Future years will begin to build upon the resources needed to achieve the requirements of WHQS '23 as the details become more transparent through our PAS2035 retrofit surveys, however, what is clear is the need for continued grant funding from ORP or similar. Without this additional funding, the achievement of EPC 'A,' to our existing homes is compromised.



### **New Development Schemes**

In 2024/25, the Council's Housing Development Team will have built 206 new homes across 5 sites, from Barry to Llantwit Major, all of which will achieve an EPC A (SAP 92 or greater). During 2025/2026, construction will continue or commence on a further 5 sites, which deliver a further 126 new homes.

The Council remains committed to a fabric first approach, utilising 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.

We also install solar photovoltaic panels (PV) and improved energy efficient windows and doors, as well as decentralised Mechanical Extract Ventilation (dMEV) and Mechanical Ventilation and Heat Recovery (MVHR) systems 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.

Many of these technologies have been installed in our recently completed schemes at the former Colcot Health Clinic, Barry; Hayeswood Road, Barry; Clos Holm View Phase 2, Barry; Coldbrook Road East, Barry; and at Heol Croeso, Llantwit Major.

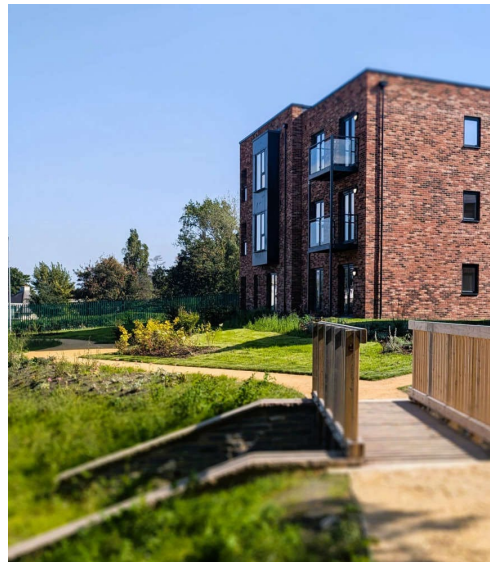


The Council continually seeks to improve the energy performance of the new homes it builds and is already planning to improve on the current EPC A rating of its current Housing Development Programme and transition into the delivery of net zero carbon housing from 2025.

The best way to achieve zero-carbon housing is to reduce energy demand in line with the principles of Passivhaus design standards, or similar and source renewable energy to meet the remaining minuscule demand. Renewable energy might be generated on-site or at a more cost-effective scale; large-scale renewables have the potential for a much lower life cycle cost and lower embodied carbon than domestic building-mounted PV. It is essential to account for the complete picture of how the building will use energy and the impact of the performance gap, storage losses, and the seasonality of renewable generation.

The Association for Environment Conscious Building (AECB) has led the way in environmentally responsible building for over 25 years, developing a set of standards backed up with specific building systems and methods. A huge pool of knowledge has been developed by members which is regularly disseminated on courses and conferences.

Like the Passivhaus Standard, the AECB Carbon-lite



Standards of Gold, Silver, and Bronze involve a higher level of rigour in both design and construction than normal design and building practice in the UK. Following these carbon-lite standards will produce buildings that perform very closely to the standards predicted in the design stage. For instance:

➤ the AECB Silver Standard produces a building with a heating demand of not more than 40 kWh/m<sup>2</sup> per annum and to have primary energy consumption of not more than 120

kWh/m<sup>2</sup> per annum.

- The AECB Gold Standard produces buildings with a heating demand of not more than 15kWh/m<sup>2</sup> per annum and to have primary energy consumption of not more than 58kWh/m<sup>2</sup> per annum.

The AECB Carbon-lite Standard is aimed at those wishing to create high-performance buildings using widely available technology at little or no extra cost. It is estimated that this low-risk option will reduce overall CO<sub>2</sub> emissions by 70% compared to the UK average



for buildings of each type – a highly significant result given the relative ease and lower cost with which this standard can be met, in comparison to achieving EPC A rating (SAP 92+).

The AECB Carbon-lite Standard adheres to the key principles of Passivhaus design which are:

- Good levels of insulation with minimal thermal bridging
- Excellent levels of airtightness
- Good indoor air quality
- Passive heat gains through solar radiation and internal heat sources

The Council is therefore aiming to adopt AECB Carbon-lite Standards in all our new build properties.

### **3.0 Homelessness**

There continues to be considerable pressures on the Council's 'homelessness' service with high levels of households seeking assistance. There are also growing numbers of people residing in temporary accommodation. At the end of the last financial year there were 321 households in short term accommodation provided by the Council including 93 families with dependent children, this is an increase from the previous year and demonstrates a continued increasing pressure on our services.

Despite its best endeavours, the Housing Solutions team has found it challenging to deliver rapid rehousing solutions, which minimise the number of people in temporary accommodation and the time spent there. This is due to an acute shortage of affordable housing and sustained high levels of presentations from homeless people.

The Social Housing Grant (SHG) allocation to the Vale is being maximised and prioritised towards the development of accommodation for single persons. Last year, over £17m was received by all social landlords working in the Vale, to fund new social housing and this supported several schemes including, 40 flats in Llandough, 16 flats in Barry town centre and 53 homes in Castleland ward. Of this total, the Council received £3.2m in 23/24 towards the cost of its own new build programme.

Despite increases in the supply of social housing, there remains high numbers of single people in bed and breakfast accommodation. The Council continues to use 80 rooms at a local hotel, with efforts being made to reduce the use of such emergency accommodation. Funding for this, at a cost of over £2m per year, has come from Welsh Government, income received from people staying at the hotel and the Council's own internal budget; however, reductions in grant and pressures on existing Council budgets has raised doubts over the future use of hotels. Council finances and a shortfall in funding forecast for the next financial year, along with increasing hotel charges, means it will be difficult to continue to block book the rooms required.

The Council's draft 'Rapid Rehousing Plan' aims to mitigate these pressures and a number of actions have been identified, including increasing the Council's stock of temporary accommodation. Examples include developing the former Eagleswell School site in Llantwit Major as well as the conversion of former hotels and office accommodation in Barry.

Alongside these measures to increase supply, the Council is also consulting with partners about the way social housing is allocated and the operation of the 'Homes4U' allocations scheme - to ensure homeless people in temporary accommodation secure available accommodation. Lastly, additional resources have been invested in prevention services, assisting homeless people, and supporting them to identify housing solutions.

Recent changes in the economy including increases in interest rates, high property values and new tenancy legislation are creating uncertainty in the private rental market. In turn, this is resulting in higher private rent levels and consequentially, affordability concerns for existing tenants. The private rental market is significant in the Vale, comprising around 9,000 homes and provides much needed accommodation to a variety of households. Increasing rents and contractions in supply, therefore, translate into pressures on homelessness services, if private tenants are not able to identify alternative accommodation.

The Council has continued to support UK Government resettlement priorities, notably via the schemes to support Afghan nationals following the regime change as well as Ukrainian nationals displaced by the war in Ukraine. To date, over 200 individuals have been provided safe sanctuary and support in the Vale, mainly residing with host families, in private rented and hotel accommodation. Providing more permanent housing solutions to refugees is placing additional pressures on the local housing market.

## **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, which 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 several years and all high-risk buildings have been surveyed to certify the fire compartmentation levels with a programme of works following to remediate any defects. All fire doors now have a programme of biannual inspection to ensure they remain in the best possible condition.

This year we have successfully secured £160K of grant funding from Welsh Government towards installing a sprinkler system with our highest risk block of flats, Awbery House.

The Vale of Glamorgan Council has a Fire Safety Policy which sets out the roles, responsibilities and duties of all staff associated with the management of flats. This policy is scheduled for review in light of the revised fire regulations and will be presented to Cabinet for adoption in the near future.



The current policy includes regular inspections recording any issues and seeks to resolve them in a timely manner. With the recent changes, the Council are currently conducting Fire Risk Assessments in line with the new regulations to all flats and whilst not expecting significant improvement being needed in these areas, the Council will take proportionate action to the issues identified.

## **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 will supplement its own investment programme with grant support provided by Welsh Government. With increasing material costs and high demand to improve our existing housing stock, it will be necessary to attract alternative grant funding to decarbonise our homes as quickly as possible.

To engage in future Optimised Retrofit Programmes, the Council is planning to install data points within homes to collate data on occupancy lifestyle, prior to fitting renewable energy systems, to assist in minimising running costs in pursuit of EPC A.

The Council continue to explore the optimum solution to provide sustainable heating and hot water solutions without increasing fuel poverty. To explore the options, the Council have been successful in securing Optimised Retrofit Programme (ORP) grant funding to run a pilot scheme to 28 properties. This scheme includes:

- PAS 2035 surveys,
- Data monitoring points installed to collate pre-installation data in accordance with ORP funding requirements.
- Piloting Solshare, a Solar PV system to blocks of flats. This will provide a solution for blocks micro generation of energy which may be shared amongst individual flats. Along with the communal area upgrade with energy efficient lighting with motion sensors to further reduce the carbon footprint.



The Council will be continuing to develop schemes which will allow us to claim future grant funding, which is essential in meeting the race against climate change.

## **6.0 The Cardiff and Vale Housing Partnership**



The Council's Local Housing Market Assessment 2021 - 2026, identifies a chronic shortage of affordable housing and a need for an additional 1,205 units per annum (including 915 social rented units).



To this end, the Council has increased the scale and pace of its housing development programme. During 2024/25, the Council concluded its joint procurement exercise with Cardiff Council and has, subject to final governance compliance and contract, selected Lovell Partnerships as its preferred bidder to deliver the Councils ambitious housing development programme over the next 10 years. Currently, a minimum of 860 new homes, including 120 for market sale, are to be delivered from 2025, all of which are planned to achieve net zero carbon standards, with further new development sites being identified, assessed, and acquired for future inclusion.

The current Housing Development Strategy 2019-24 is underpinned by our forward plan for the delivery of new Council homes and is provided at appendix D – New Build Forward Plan.

## **7.0 Grants regime**

During 2023/24, the Council bid for and received £3.2 million of Social Housing Grant (SHG) to support its schemes at Coldbrook Road East, Barry (20 units); Hayeswood Road, Barry (53 units); Colcot Clinic, Barry (12 units) and Clos Holm View Phase 2, Barry (31 units).



The Council also bid for and received £4.282 million of Transitional Accommodation Capital Programme (TACP) funding to support the acquisition of 23 no. Empty Homes for homeless families and assist with the current housing crisis.

The Council has already received £1.878 million of SHG in 2024/25 and is likely to receive additional SHG at year end, in the form of slippage i.e. SHG that has failed to be drawn by other housing associations and local authorities. This will be used to support

schemes previously discussed and new schemes that will be added to the Councils Programme Delivery Plan.

## **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:

	<b>Base Plan - April 2025</b>
HRA Useable Capital Receipts Balance on 1st April 2025	<b>0</b>
Opening Housing Capital Financing Requirement on 1st April 2025	<b>£100.842m</b>
Peak Debt	<b>Year 29 £782.365m</b>
Repayment of Debt	<b>Year 31+</b>
Revenue Surplus in year 30	<b>£4.227m</b>

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 expected capital receipts

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:

<b>Operating Account</b>	
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%.

The rent policy for 2025/26 states that the total maximum annual rent uplift for 2025/26 across the whole of the stock will be 2.7%. Whilst 2.7% will be the maximum increase allowable, it must not be regarded as the default increase. Decisions on rent setting should consider the affordability of rents for tenants.

The Vale of Glamorgan's 2025/26 average weekly rent (based on 52 weeks for Business Planning purposes) is anticipated to be £120.33. This was calculated based on an average increase of 2.7%, which is the maximum allowable 2.7% per week and is in line with the new rent policy for Wales.

The Council is acutely aware of the financial pressures that our tenants are facing at this time and the impact that rent increases may have particularly on those who do not receive any form of housing subsidy.

The Council has agreed a number of pledges to assist tenants in financial hardship, in order to mitigate the negative impacts of the cost-of-living crisis;

- No evictions due to financial hardship for the term of the settlement, (financial year 2025/26), where tenants engage with their landlords
- Continue to provide targeted support to those experiencing financial hardship to access support available
- 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
- Undertake a joint campaign to encourage tenants talk to their landlord if they are experiencing financial difficulties and access support available
- Build on existing engagement with tenants in rent setting decisions, including explaining how income from rent is invested and spent
- Continued commitment to invest in existing homes to keep them safe, warm, and affordable to live in
- Work in partnership with tenants, Welsh Government, funders, and other partners to develop a consistent approach to assessing affordability across the social housing sector in Wales
- Continue to strengthen approaches designed to ensure you minimise all evictions and work effectively with partners to deliver on the commitment not to evict into homelessness.
- To participate in an assurance exercise to reflect on application of the rent policy to date. This will build on the work undertaken by social landlord over the past 3 years and inform future work to develop a consistent approach to assessing affordability.

The Council's Housing Income team support tenants to pay their rent and specialist Money Advisors assist with budgeting advice, claiming benefits, income maximisation and securing grants and help. Last year, the team's interventions led to tenants receiving an additional household income of £188,500. This was achieved through additional benefits claimed, backdated claims for benefits, lower cost tariffs for utilities, grants etc.

## **10.0 HRA Prudential Borrowing Indicators**

Welsh Government has 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 £4.232m in real terms as of 31<sup>st</sup> March 2026. This is considered to be a prudent level.

## **11.0 Conclusion**

The business plan highlights some of the difficult challenges currently facing the housing sector in balancing maintenance of the existing stock, whilst striving to reduce carbon emissions and increase the housing stock to meet the housing crisis challenge. This year has been particularly difficult to balance, but this plan provides a balanced accounting proposal upon which to build future years plans in meeting the demands of WHQS '23 and meeting the demand for new social housing.

The investment profile for the replacement of key attributes is in line with industry lifecycles to ensure our existing homes remain in good condition and continue to provide good quality homes for our tenants. Additionally, improvements to the existing housing stock have also been included to ensure we continue our journey towards zero carbon and ensuring a sustainable future for all.

Environmental improvements are also a key area of investment to ensure our estates and local neighbourhoods meet the needs of the local communities they serve, and some essential areas of investment been included.

The plan has been stress tested to ensure our plans remain viable over the course of this investment programme and our plan remains viable over its 30 years life plan, to provide energy efficient homes in the areas it is needed.

## **Base Information 1 - Stock Numbers**

As of 16th December 2024, the Council's Standard Stock stood at 3,989, as shown in the table below. There are also 141 Temporary Accommodation properties and a Homeless Hostel. It has been assumed the standard stock at the 1<sup>st</sup> April 2025 will increase by 49 units to 4,038 and Temporary Accommodation properties will increase by 10 units to 151.

<b>Type</b>	<b>No. of Bedrooms</b>	<b>Total Properties</b>
<b>General Needs Stock</b>		
House / Bungalow	1	1
House / Bungalow	2	390
House / Bungalow	3	1,618
House / Bungalow	4	85
House / Bungalow	5	6
House / Bungalow	6	1
Bedsit	0	12
Flat	1	287
Flat	2	496
Flat	3	91
<b>Total General Needs</b>		<b>2,987</b>
<b>Sheltered Stock</b>		
Bungalow	1	44
Bungalow	2	41
Bedsit	0	27
Sheltered Flat	1	194
Sheltered Flat	2	23
<b>Total Sheltered</b>		<b>329</b>
<b>Total OAP Designated</b>		
OAP Bedsit	0	25
OAP Flat	1	327
OAP Flat	2+	26
OAP House / Bungalow	1	255
OAP House / Bungalow	2	40
<b>Total OAP Designated</b>		<b>673</b>
<b>Total</b>		<b>3,989</b>

## ***Base Information 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 2.7% per annum.
- Standard Stock Level on 1st April 2025 – 4,038 dwellings
- Minimum level of balances to be maintained of £4.232m (real terms).
- Repairs and Maintenance expenditure of £1,411 per unit in 2025/26 then with inflation in future years.
- Other Revenue running costs based on the 2025/26 budget.
- Gross average rents are £120.33 in 2025/26 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 2025/26 limits the maximum rent increase to 2.7%. Actual rent increase for 2025/26 has been proposed at 2.7%.
- 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 £890.650m 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 £1.590m have been set aside in 2025/26.
- 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.

### **Base information 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.

<b>No.</b>	<b>Key Risk/(s)</b>	<b>Rate of Change/(s) modelled</b>	<b>Description of risk and reason for inclusion</b>
1	Rent	Reduction in rate of rent increase to CPI + 0.5%	2025/26 is an extension year of the Welsh Government's Rent Policy and is fixed at maximum 2.7%, as inflation was outside the range. This policy could therefore change over the period of the business plan.
2	Rent	Reduction in rate of rent increase to CPI only	2025/26 is an extension year of the Welsh Government's Rent Policy and is fixed at maximum 2.7%, as inflation was outside the range. This policy could therefore change over the period of the business plan
3	Rent	Reduce CPI by 0.5%	2025/26 is an extension year of the Welsh Government's Rent Policy and is fixed at maximum 2.7%, as inflation was outside the range. This policy could therefore change over the period of the business plan
4	Inflation	Inflation runs at 1% higher than anticipated	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, the economic impact of the cost-of-living crisis make it difficult to forecast any changes to inflation.
5	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 the cost-of-living crisis.
6	Rent and Cost Inflation	Reduction in rate of rent increase by 0.5% plus increase of 1% on cost inflation	This combines a reduction in rent income with increasing costs. 2025/26 is an extension year for the Welsh Government's Rent Policy and is fixed at maximum 2.7%, as inflation was outside the range. This policy could therefore change over the period of the business plan.



7	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, the economic impact of the cost-of-living crisis make it difficult to forecast any changes to interest rates.
8	Management Costs	Management costs increase by 1% above inflation per annum.	The impact of the roll out of universal credit and the cost-of-living crisis may result in increased management time and therefore costs in recovering rent arrears and debt management.
9	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 the cost-of-living crisis.
10	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.

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 £4.232m in real terms from 2025/26. 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 in part can be mitigated by additional borrowing but the plan still has a shortfall in all scenarios. Aswell as additional borrowing, the capital program needs to be reduced in future years in order to achieve a balanced and viable plan.

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 void 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.

### ***Base information 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 2022/23.

	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>Total</b>
<b>Schemes</b>	<b>Actual £'000</b>	<b>Actual £'000</b>	<b>Budget £'000</b>	<b>Budget £'000</b>	<b>£'000</b>
Internal Elements	392	639	2,769	1,950	5,750
External Elements	586	1,158	2,678	1,920	6,342
Asbestos Management	0	60	0	0	60
Council Housing Aids and Adaptations	594	590	480	480	2,144
Common Parts	265	2,987	2,648	1,500	7,400
Individual Schemes	1,143	3,845	3,363	3,200	11,551
Emergency Works	102	505	445	400	1,452
Environmental Improvements	1,189	686	2,725	1,590	6,190
Regeneration & New Build	15,373	29,170	20,333	11,418	76,294
ICF - Penarth Older Persons Village	16	87	172	0	275
IHP retrofit Heating system	-15	0	0	0	-15
Energy Efficiency	2,417	685	2,773	3,019	8,894
Larger Homes Fund	108	272	21	0	401
7 St Pauls	200	157	0	0	357
Clos Holm View	0	24	0	0	24
Burlington Street	0	0	202	0	202
<b>Total Housing Improvement Programme</b>	<b>22,370</b>	<b>40,865</b>	<b>38,609</b>	<b>25,477</b>	<b>127,321</b>

## Base Information 5 - 30-Year Investment Programme

	2025/26	2026/27	2027/28	2028/29	2029/30
	Year 1	Year 2	Year 3	Year 4	Year 5
	£	£	£	£	£
Capital - Internals, Externals & Ind Schemes	7,069,953	10,322,323	14,077,540	11,431,520	9,464,310
Common Parts	1,500,000	700,000	600,000	0	300,000
Aids & Adaptations	480,000	460,000	460,000	480,000	460,000
Energy Efficiency	3,018,850	5,653,550	6,388,400	4,359,475	4,874,475
Environmentals & Regeneration	1,590,000	1,107,250	1,982,750	1,261,750	1,107,250
Other	0	0	0	0	0
Emergency	400,000	400,000	375,000	375,000	400,000
SUBTOTAL	14,058,803	18,643,123	23,883,690	17,907,745	16,606,035
New Build	11,418,000	21,628,000	36,578,000	29,778,000	33,078,000
TOTAL	25,476,803	40,271,123	60,461,690	47,685,745	49,684,035

	2030/31	2031/32	2032/33	2033/34	2034/35
	Year 6	Year 7	Year 8	Year 9	Year 10
	£	£	£	£	£
Capital - Internals, Externals & Ind Schemes	9,184,304	12,084,475	9,583,347	4,357,841	4,357,841
Common Parts	100,000	500,000	250,000	500,000	500,000
Aids & Adaptations	460,000	480,000	480,000	480,000	480,000
Energy Efficiency	4,874,475	6,180,000	3,605,000	3,975,000	3,975,000
Environmentals & Regeneration	1,133,000	1,287,500	1,390,500	1,431,000	1,431,000
Other	0	0	0	0	0
Emergency	400,000	400,000	360,000	360,000	360,000
SUBTOTAL	16,151,779	20,931,975	15,668,847	11,103,841	11,103,841
New Build	26,278,000	25,578,000	30,578,000	27,848,000	2,578,000
TOTAL	42,429,779	46,509,975	46,246,847	38,951,841	13,681,841

	2035/36	2036/37	2037/38	2038/39	2038/39
	Year 11	Year 12	Year 13	Year 14	Year 15
	£	£	£	£	£
Capital - Internals, Externals & Ind Schemes	3,801,906	3,801,906	3,801,906	4,219,056	5,045,152
Common Parts	1,460,000	1,460,000	1,460,000	1,460,000	2,060,000
Aids & Adaptations	480,000	480,000	480,000	480,000	480,000
Energy Efficiency	1,832,500	1,832,500	1,832,500	1,832,500	1,832,500
Environmentals & Regeneration	968,200	968,200	968,200	968,200	968,200
Other	0	0	0	0	0
Emergency	360,000	360,000	360,000	360,000	360,000
SUBTOTAL	8,902,606	8,902,606	8,902,606	9,319,756	10,745,852
New Build	27,578,000	27,578,000	27,578,000	27,578,000	27,578,000
TOTAL	36,480,606	36,480,606	36,480,606	36,897,756	38,323,852

	2039-2043	2044-2048	2049-2053	TOTAL
	Year 16-20	Year 21-25	Year 26-30	
	£	£	£	£
Capital - Internals, Externals & Ind Schemes	21,431,288	25,155,102	23,187,631	182,377,400
Common Parts	1,100,000	500,000	500,000	14,950,000
Aids & Adaptations	2,400,000	2,400,000	2,400,000	14,320,000
Energy Efficiency	9,062,500	4,992,500	4,992,500	75,114,225
Environmentals & Regeneration	4,841,000	5,253,000	4,841,000	33,498,000
Other	0	0	0	0
Emergency	1,800,000	1,800,000	1,800,000	11,030,000
SUBTOTAL	40,634,788	40,100,602	37,721,131	331,289,625
New Build	167,828,000	199,078,000	199,078,000	949,214,000
TOTAL	208,462,788	239,178,602	236,799,131	1,280,503,625

## Appendix A (i) – Major Repairs and Improvement Financing

Vale of Glamorgan Council HRA Business Plan Major Repairs and Improvements Financing (expressed in money terms)															
Year	Year	Expenditure						Financing							
		WHQS Improvements & Maintenance £,000	Regeneration & Remodelling £,000	Other Improvements £,000	Decarbonisation £,000	New Build Development Costs £,000	Other £,000	Total Expenditure £,000	Borrowing £,000	Grant £,000	Capital Receipts £,000	Other £,000	Major Repairs Allowance £,000	RCCO £,000	Total Financing £,000
1	2025.26	9,450	1,590	0	3,019	11,418	0	25,477	11,683	2,800	1,245	0	2,770	6,979	25,477
2	2026.27	12,203	1,137	0	5,806	21,628	0	40,774	28,064	2,800	600	0	2,770	6,541	40,774
3	2027.28	16,388	2,091	0	6,738	36,578	0	61,795	48,209	2,800	500	0	2,770	7,516	61,795
4	2028.29	13,336	1,367	0	4,722	29,778	0	49,203	39,778	2,800	500	0	2,770	3,355	49,203
5	2029.30	11,819	1,232	0	5,423	33,078	0	51,551	43,687	2,800	500	0	2,770	1,795	51,551
6	2030.31	11,590	1,294	0	5,569	26,278	0	44,731	36,634	2,800	500	0	2,770	2,027	44,731
7	2031.32	15,798	1,511	0	7,251	25,578	0	50,138	42,303	2,800	500	0	2,770	1,765	50,138
8	2032.33	12,862	1,676	0	4,344	30,578	0	49,459	42,898	2,800	0	0	2,770	991	49,459
9	2033.34	7,051	1,771	0	4,919	27,848	0	41,590	35,694	2,800	0	0	2,770	325	41,589
10	2034.35	7,242	1,819	0	5,052	2,578	0	16,691	11,070	2,800	0	0	2,770	51	16,691
11	2035.36	7,965	1,264	0	2,392	27,578	0	39,198	33,074	2,000	0	0	2,770	1,354	39,198
12	2036.37	8,180	1,298	0	2,457	27,578	0	39,512	34,150	2,000	0	0	2,770	592	39,512
13	2037.38	8,401	1,333	0	2,523	27,578	0	39,834	34,371	2,000	0	0	2,770	693	39,834
14	2038.39	9,217	1,369	0	2,591	27,578	0	40,755	35,100	2,000	0	0	2,770	885	40,755
15	2039.40	11,537	1,406	0	2,661	27,578	0	43,182	37,295	2,000	0	0	2,770	1,117	43,182
16	2040.41	7,973	1,444	0	2,703	33,828	0	45,947	39,730	2,000	0	0	2,770	1,447	45,947
17	2041.42	8,188	1,483	0	2,776	33,828	0	46,275	38,464	2,000	0	0	2,770	3,041	46,275
18	2042.43	8,409	1,523	0	2,851	33,828	0	46,611	39,168	2,000	0	0	2,770	2,673	46,611
19	2043.44	8,636	1,564	0	2,928	33,828	0	46,956	38,669	2,000	0	0	2,770	3,516	46,956
20	2044.45	8,869	1,606	0	3,007	33,828	0	47,310	37,983	2,000	0	0	2,770	4,557	47,310
21	2045.46	10,173	1,790	0	1,701	33,828	0	47,492	36,909	2,000	0	0	2,770	5,813	47,492
22	2046.47	10,448	1,838	0	1,747	33,828	0	47,861	35,785	2,000	0	0	2,770	7,306	47,861
23	2047.48	10,730	1,888	0	1,794	33,828	0	48,240	32,722	2,000	0	0	2,770	10,748	48,240
24	2048.49	11,020	1,939	0	1,843	33,828	0	48,629	32,482	2,000	0	0	2,770	11,377	48,629
25	2049.50	11,317	1,991	0	1,893	33,828	0	49,029	30,775	2,000	0	0	2,770	13,484	49,029
26	2050.51	10,857	1,885	0	1,944	33,828	0	48,513	27,623	2,000	0	0	2,770	16,120	48,513
27	2051.52	11,150	1,936	0	1,996	33,828	0	48,910	25,007	2,000	0	0	2,770	19,132	48,910
28	2052.53	11,451	1,988	0	2,050	33,828	0	49,317	20,134	2,000	0	0	2,770	24,413	49,317
29	2053.54	11,760	2,041	0	2,105	33,828	0	49,735	18,559	2,000	0	0	2,770	26,406	49,735
30	2054.55	12,078	2,097	0	2,162	33,828	0	50,164	14,791	2,000	0	0	2,770	30,603	50,164

## Appendix A (ii) – Operating Account

<b>Vale of Glamorgan Council</b>																								
<b>HRA Business Plan</b>																								
<b>Operating Account</b>																								
(expressed in money terms)																								
Year	Year	<b>Income</b>											<b>Expenditure</b>											Surplus (Deficit) C/fwd £,000
		Netrent Income £,000	Other income £,000	Misc Income £,000	WG-Aff Hsg Grant £,000	Total Income £,000	Managem ent £,000	Repairs & Maint £,000	Other Revenue spend £,000	Misc expenses £,000	Total expenses £,000	Capital Charges (Interest) £,000	Net Operating (Expenditure) £,000	MRP & Loans Repaid £,000	Transfer from/(to) Rev Reserve £,000	RCCO £,000	Surplus (Deficit) b/fwd £,000	Interest £,000						
1	2025.26	26,395	313	33	205	26,947	(6,871)	(5,920)	(298)	0	(13,089)	(4,687)	9,171	(2,238)	0	(6,979)	(45)	4,191	179	4,325				
2	2026.27	27,300	322	34	205	27,861	(7,056)	(6,080)	(306)	0	(13,442)	(4,629)	8,990	(2,428)	0	(6,541)	22	4,325	128	4,474				
3	2027.28	28,432	330	35	205	29,003	(7,247)	(6,244)	(314)	0	(13,805)	(7,214)	7,984	(2,942)	0	(7,516)	(2,474)	4,474	95	2,095				
4	2028.29	29,682	339	36	205	30,263	(7,443)	(6,413)	(322)	0	(14,178)	(8,922)	7,163	(3,849)	0	(3,365)	(41)	2,095	61	2,115				
5	2029.30	31,311	348	37	205	31,901	(7,644)	(6,586)	(331)	0	(14,560)	(10,982)	6,359	(4,570)	0	(1,795)	(6)	2,115	62	2,172				
6	2030.31	33,799	358	38	205	34,400	(7,850)	(6,764)	(340)	0	(14,954)	(12,071)	7,375	(5,354)	0	(2,027)	(6)	2,172	64	2,230				
7	2031.32	34,857	368	39	205	35,488	(8,058)	(6,946)	(349)	0	(14,154)	(13,572)	7,743	(5,983)	0	(1,765)	(5)	2,230	66	2,291				
8	2032.33	36,792	377	40	205	37,414	(7,043)	(7,134)	(359)	0	(14,536)	(15,182)	7,697	(6,712)	0	(991)	(6)	2,291	67	2,352				
9	2033.34	38,665	388	41	205	39,299	(7,234)	(7,326)	(368)	0	(14,928)	(16,612)	7,758	(7,439)	0	(325)	(6)	2,352	69	2,416				
10	2034.35	40,046	398	42	205	40,692	(7,429)	(7,524)	(378)	0	(15,331)	(17,308)	8,053	(8,007)	0	(51)	(5)	2,416	71	2,482				
11	2035.36	42,439	409	43	205	43,086	(7,629)	(7,727)	(388)	0	(15,745)	(17,931)	9,420	(8,072)	0	(1,354)	(6)	2,482	73	2,548				
12	2036.37	43,716	420	44	205	44,386	(7,835)	(7,936)	(399)	0	(16,170)	(19,053)	9,162	(8,576)	0	(592)	(6)	2,548	75	2,617				
13	2037.38	45,886	431	46	205	46,568	(8,047)	(8,150)	(410)	0	(16,607)	(20,182)	9,779	(9,092)	0	(693)	(7)	2,617	77	2,688				
14	2038.39	48,151	443	47	205	48,846	(8,264)	(8,370)	(421)	0	(17,055)	(21,310)	10,481	(9,603)	0	(885)	(7)	2,688	79	2,760				
15	2039.40	50,514	455	48	205	51,222	(8,487)	(8,596)	(432)	0	(17,516)	(22,479)	11,228	(10,117)	0	(1,117)	(7)	2,760	81	2,835				
16	2040.41	53,101	467	49	205	53,823	(8,717)	(8,828)	(444)	0	(17,989)	(23,727)	12,107	(10,666)	0	(1,447)	(7)	2,835	84	2,911				
17	2041.42	57,002	480	51	205	57,738	(8,952)	(9,067)	(456)	0	(18,474)	(24,977)	14,287	(11,253)	0	(3,041)	(7)	2,911	86	2,990				
18	2042.43	58,880	483	52	205	59,631	(9,194)	(9,311)	(468)	0	(18,973)	(26,188)	14,469	(11,803)	0	(2,673)	(8)	2,990	88	3,071				
19	2043.44	61,967	506	53	205	62,731	(9,442)	(9,563)	(481)	0	(19,486)	(27,380)	15,866	(12,357)	0	(3,516)	(7)	3,071	90	3,154				
20	2044.45	65,191	520	55	205	65,971	(9,697)	(9,821)	(494)	0	(20,012)	(28,521)	17,438	(12,890)	0	(4,557)	(8)	3,154	93	3,239				
21	2045.46	68,560	534	56	205	69,355	(9,959)	(10,086)	(507)	0	(20,552)	(29,600)	19,203	(13,398)	0	(5,813)	(8)	3,239	95	3,326				
22	2046.47	72,078	548	58	205	72,890	(10,227)	(10,359)	(521)	0	(21,107)	(30,609)	21,174	(13,876)	0	(7,306)	(8)	3,326	98	3,416				
23	2047.48	77,210	563	59	205	78,037	(10,504)	(10,638)	(535)	0	(21,677)	(31,508)	24,852	(14,113)	0	(10,748)	(9)	3,416	101	3,508				
24	2048.49	79,590	578	61	205	80,434	(10,787)	(10,926)	(549)	0	(22,262)	(32,321)	25,851	(14,483)	0	(11,377)	(9)	3,508	103	3,603				
25	2049.50	83,596	594	63	0	84,252	(11,078)	(11,221)	(564)	0	(22,863)	(33,074)	28,315	(14,841)	0	(13,484)	(9)	3,603	106	3,700				
26	2050.51	87,778	610	64	0	88,452	(11,378)	(11,523)	(579)	0	(23,480)	(33,705)	31,268	(15,157)	0	(16,120)	(9)	3,700	109	3,800				
27	2051.52	92,144	626	66	0	92,836	(11,685)	(11,835)	(595)	0	(24,114)	(34,195)	34,527	(15,404)	0	(19,132)	(9)	3,800	112	3,903				
28	2052.53	98,560	643	68	0	99,271	(12,000)	(12,154)	(611)	0	(24,765)	(34,509)	39,997	(15,594)	0	(24,413)	(10)	3,903	115	4,009				
29	2053.54	101,455	660	70	0	102,186	(12,324)	(12,482)	(628)	0	(25,434)	(34,673)	42,078	(15,683)	0	(26,406)	(10)	4,009	118	4,117				
30	2054.55	106,417	678	72	0	107,167	(12,657)	(12,819)	(644)	0	(26,121)	(34,716)	46,330	(15,738)	0	(30,603)	(11)	4,117	121	4,227				

## Appendix B – Sensitivity Outcomes

APPENDIX B - SENSITIVITY ANALYSIS									
Base case CPI assumed at 2.7% for rents and RPI assumed at 2.7% for 2025/26									
Base case closing debt balance at Y30 = £781.418m									
Base case closing reserve balance at Y30 = £4.227m									
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 £781.418m if shortfall is covered wholly by additional borrowing	Potential Mitigating action(s)/Description	What is the peak debt?	Impact on Borrowing at Year 30 in comparison to Base Case £781.418m
1	Rent	Reduce assumed CPI by 1%	2025/26 is the extension year of the 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 is below minimum level from year 7	WHQS shortfall in years 2-30 by £193m	Program is not affordable and still has a shortfall between Year 7 and 18 of £146m	Reduce the capital program years 2-13 by £104m to reduce the amount of borrowing	£922m in Yr30	Increased by £4.1m
2	Rent	Reduce assumed CPI by 0.5%	2025/26 is the extension year of the 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 is below minimum level from year 8 to 27	WHQS shortfall in years 2-30 by £148m	Program is not affordable and still has a shortfall between Year 8 and 18 of £48m	Reduce the capital program years 2-13 by £36m to reduce the amount of borrowing	£866m in Yr30	Increased by £85m
3	Inflation	Increase RPI by 1%	Uncertainties around Brexit, impact of Covid-19 and Cost of living crisis make it difficult to forecast any changes to inflation.	HRA reserve is below minimum level from year 9 to 22	WHQS shortfall in years 2-30 by £159m	Program is not affordable and still has a shortfall between Year 8 and year 16 of £46m	Reduce the capital program years 2-12 by £33m	£905m in Yr30	Increased by £124m
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 and the cost of living crisis.	HRA reserve is below minimum level in year 1, 9 and 10	WHQS shortfall in years 2-30 by £18m	Program is not affordable and still has a shortfall in year 1 of £8m	Reduce the capital program year 1 by £8m	£782m in Yr30.	Increased by £1m
5	Rent and Cost Inflation	Reduce assumed rent increase 0.5% and increase RPI +1%	2025/26 is the extension year of the 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 is below minimum level from year 8 to 30	WHQS shortfall in years 2-30 by £261m	Program is not affordable and still has a shortfall between Year 7 and year 22 of £143m	Reduce the capital program years 2-13 by £96m	£886m in Yr 30	Increased by £105m
6	Interest Rates	Interest rate 0.5% higher than anticipated	Covid 19 has impacted tenants ability to pay rents which has been compounded by the increase in number of claimants for universal credit and the cost of living crisis.	HRA reserve is below minimum level in years 1, 8 to 23	WHQS shortfall in years 2-30 by £79m	Program is not affordable and still has a shortfall in Year 1 £17m and year 9 of £17m	Reduce the capital program years 1 to 9 by £34m	£784m in Yr 30	Increased by £3m
7	Mgt Costs	Management costs increase by 1% above inflation per annum.	The impact of Covid, the roll out of Universal credit and cost of living crisis may result in increased management time and therefore costs in recovering rent arrears and debt management.	HRA reserve is below minimum level in years 9 to 16	WHQS shortfall in years 2-30 by £47m	Program is not affordable and still has a shortfall in Year 9 £15m	Reduce the capital program years 1 to 7 by £14m	£902m in Yr30	Increased by £2.1m
8	Repairs & Maintenance	The cost of repairs and maintenance and WHQS increase by 1% above inflation per annum.	Uncertainties around Brexit, impact of Covid-19 and Cost of living crisis 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 by £7m	Program is not affordable and still has a shortfall in Year 10 of £6m	Reduce the capital program years 1-5 by £5m	£779m in Yr29	Decreased by £2m
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 by £83m	Program is not affordable and still has a shortfall in Years 8 to 10 of £38m	Reduce the capital program years 1 to 8 by £22m	£975m in Yr30	Increased by £94m

## Appendix C – Financial Assumptions

Item	25/26
Inflation (CPI)	2.7% per annum.
Standard Stock Level on 1st April 2025	4,038
Minimum level of balances to be maintained	£4.232m in real terms; this is considered to be a prudent level.
Supervision & Management costs	Based on 2025/26 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	£1,411 per unit in 2025/26, increasing with inflation only in future years.
Rents	Gross average rents for standard stock units are £120.33 in 2025/26 calculated on a 52-week basis. In 2025/26 rents have been assumed to increase by 2.7% which is the maximum allowable 2.7% as per WG Business Plan Guidance.
Voids & bad debts	Voids have been set at 1.21% for standard stock units based on the current position. Bad debts set at 3% in 2025/26. This is thought to be prudent in terms of the cost-of-living crisis.
All other revenue income & expenditure	Based on 2025/26 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	£782.365 (Year 29).
Repayment of Debt	Year 31+.
RTB sales	<ul style="list-style-type: none"> <li>• None.</li> </ul>
Interest Rates	<ul style="list-style-type: none"> <li>• Current Pool Rate – 4.40%</li> <li>• Interest on Balances – 4.3% (estimated Sonia rate)</li> </ul>

## Appendix D – New Build Forward Plan

Project Name	New Build / Acquisition	Electoral Division	Start Date (est / actual)	Complete Date (est / actual)	Project £	Total Units
<b>Colcot Health Centre, Barry</b>	New Build	Dyfan	31/10/2022	16/12/2024	£ 2,244,902	12
<b>Coldbrook Road East, Barry</b>	New Build	Cadoc	31/10/2022	31/03/2025	£ 3,274,110	20
<b>Clos Holm View, Barry (Phase 2)</b>	New Build	Gibbonsdown	01/02/2023	16/12/2024	£ 6,532,222	31
<b>Olive Tree Hotel, Port Road, Barry</b>	Acquisition of Existing / Refurb	Dyfan	01/02/2024	31/03/2025	£ 1,000,000	10
<b>Cowbridge Police Station, Cowbridge</b>	New Build - Package Deal	Cowbridge	01/02/2025	31/05/2026	£ 3,274,110	14
<b>Maes y Ffynnon, Bonvilston</b>	New Build	Wenvoe	01/04/2025	01/06/2026	£ 1,900,000	8
<b>Cadoxton House, Barry</b>	Acquisition of Existing / Refurb	Cadoc	01/04/2025	31/03/2026	£ 1,500,000	14
<b>Old Compound, Holton Road, Barry</b>	New Build	Castleland	01/06/2025	31/12/2027	£ 12,000,000	46
<b>Cogan Farm, Penarth</b>	New Build	Stanwell	01/06/2025	31/12/2026	£ 13,000,000	51
<b>Pencoedtre Highschool, Barry</b>	New Build	Gibbonsdown	01/04/2026	31/03/2029	£ 35,878,600	133
<b>Broad Street Clinic, Holton Road, Barry</b>	New Build	Castleland	01/03/2028	30/08/2029	£ 9,000,000	34
<b>Eagleswell Road, Llantwit Major</b>	New Build	Llantwit Major	01/04/2029	31/03/2031	£ 26,270,376	89