

Meeting of:	Cabinet
Date of Meeting:	Thursday, 11 January 2024
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Final Housing Revenue Account (HRA) Budget Proposals 2024/25, Rent Setting 2024/2025 and Housing Revenue Account Business Plan 2024/25
Purpose of Report:	To set the HRA budget for the financial year 2024/25, set the rents and service charges for the forthcoming rent year beginning on 1st April 2024 and present the 30 Year Housing Business Plan starting financial year 2024/25.
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 Senior Leadership Team has been consulted on this report. The budget proposals do not require Ward Member consultation.
Policy Framework:	This report follows the procedure laid down in the Constitution for the setting the budget. It is a matter for consideration by Cabinet and approval by Full Council.
<p>Executive Summary:</p> <p>The report details the final Housing Revenue Account budget proposals for 2024/25</p> <p>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.</p> <p>This report also sets out the proposed rents and service charges for the coming financial year 2024/25, as part of the Renting Homes (Wales) Act the Council is required to give 2 months' notice of any increase in Council Rents to Council Tenants.</p>	

In setting the rent level for 2024/25 the Council has ensured that it has complied with the Policy for Social Housing Rents which was issued by Welsh Government on 27th October, 2023. The maximum allowable uplift has been set by Welsh Government at 6.7% for 2024/25

The Council proposes to increase its rent by an average of 6.7%. Due to Covid-19, the Welsh Government suspended Target Rent Bands in 2020 and replaced them with a self certification monitoring form.

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 A.

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, 2024 and is required as part of the Major Repairs Allowance grant application.

Guidance for the submission of the Housing Business has not yet been received but no significant changes are expected for 2024/25.

The Housing Improvement Programme reflects ambitious proposals to invest in new build accommodation to address the acute shortage of social housing in the area. The Improvement Programme also seeks to decarbonise the existing housing stock through investment 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

It is recommended that: -

1. The final Housing Revenue Account budget proposals for 2024/25 are recommended to Council as outlined below

	Original 2023/24	Change	2024/25 Final Proposed Budget
			£000
Expenditure			
Supervision & Management – General	4,366	329	4,695
Supervision & Management – Special	1,604	345	1,949
Repairs & Maintenance	4,681	319	5,000
Capital Financing Costs	5,327	465	5,792
Rent, Rates, Taxes & Other Charges	221	49	270
Increase in Provision for Bad Debts	948	79	1,027
Capital Expenditure from Revenue Account (CERA)	17,187	(8,990)	8,197
	34,334	(7,404)	26,930
Income			
Dwelling Rents	(22,453)	(3,340)	(25,793)
Non Dwelling Rents	(173)	(13)	(186)
Interest	(156)	111	(45)
Charges For Services and Facilities	(601)	(83)	(684)
Contribution towards expenditure	(74)	(20)	(94)
Grant Income	(205)	0	(205)
	(23,662)	(3,345)	(27,007)
(Surplus)/ deficit for the year	10,672	(10,749)	(77)
Working Balance Brought Forward as at 1st April 2024	(11,621)	10,672	(949)
Working Balance Carried Forward as at 31st March 2025	(949)	(77)	(1,026)

2. An average rent increase of 6.7% , as set out in paragraph 2.25
3. The increase suggested for other services as set out in the table below and in paragraphs 2.18 to 2.25.

	2023/24 Actual Charges	2024/25 Proposed Charges	
50 Week Basis			
	£	£	
Grounds Maintenance	1.47	1.49	per week
Cleaning of communal areas	2.75	2.92	per week
Lighting of communal areas	1.85	2.51	per week
Laundry Facilities	0.41	0.62	per week

Window Cleaning	0.16	0.18	per week
Lift Maintenance	0.99	1.33	per week
Door Entry	0.50	0.71	per week
Intercom	0.94	0.95	per week
CCTV	0.95	0.0	per week -Nil one year only
Sewerage Treatment Plants	426.66	455.25	per annum
Cesspools	411.50	439.00	per annum

4. All changes to rents and service charges be implemented from 1st April, 2024, 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.
5. That Cabinet approves the Housing Revenue Account Business Plan 2024/54 (draft) attached at Appendix 1 to this Report.
6. Cabinet approves the use of the urgent decision procedure as set out in Section 15.14 of the Council's Constitution in order for Final Housing Revenue Account (HRA) Budget Proposals 2024/25, Rent Setting and Housing Business Plan to be referred to a Special Full Council meeting on 15th January, 2024.

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 2024/25.
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 2023/53 (draft) prior to referral to Council.
6. To allow this report to be referred to a Special Full Council on 15th January, 2024 in order to comply with the Renting Homes (Wales) Act and meet the requirement of the Housing Business plan submission for 31st March, 2024.

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, 2024 is projected to be £949k and is projected to reduce to £1.026m during 2024/25.
- 1.4** The basis for rent increases is set by the WG Policy for Social Housing Rents. Due to the Covid-19 pandemic, Welsh Government has continued to suspend target rent bands for 2024/25 and they have been replaced by a self certification monitoring form which is to be submitted in February 2024. 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 30% lower than private rents for comparable properties and 14% 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 £250,000. This was achieved through additional benefits claimed, backdated claims for benefits, lower cost tariffs for utilities, grants etc.
- 1.6** The Welsh Government recently announced the social rent settlement for the 2024/25 financial year, alongside a package of support for social tenants who are struggling financially. The 2024/25 Policy for Social Housing Rents issued by WG on 27th October, 2023 has set maximum allowable uplift at 6.7% and 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 6.7% (up to a maximum individual property rent increase of 6.7% plus £2.00p/w). However, the overall rental income from a landlords housing stock cannot increase beyond 6.7%.

- 1.7** The Council is acutely aware of the financial challenges that our 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 2024/25), 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 the 16th November, 2023 (minute no. C153). They were subsequently referred to the Homes and Safe Communities Scrutiny Committee on 6th December, 2023.
- 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 6.7% 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 £50m will need to be invested in existing Council homes in the next 10 years to bring them to WHQS 3 and a further £125m is required over the next 30 years, to directly

respond to decarbonisation. 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 6,000 households on the Housing waiting list and over 300 hundred homeless people living in temporary accommodation. Additional Council housing is the only way that we can end homelessness and ensure that households have a safe, secure, affordable home.
- 1.13** During 2023/24 the Council's Housing Development Team had 220 new homes under construction across 6 sites, from Penarth to Llantwit Major. These schemes are scheduled for completion during late 2023/24 and into 2024/25.
- 1.14** The Council also continues to buy land to facilitate its ambitious development programme and has already acquired two former school sites capable of delivering 220 new homes, one of which has been temporarily repurposed for 'meanwhile use' to provide 90 units of temporary accommodation. 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 6.7% and the 30 year housing business plan which balances the need to deliver new build housing stock, decarbonise the existing housing stock and the need to commence the next tranche of WHQS from 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, 2024 and requires approval by 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 2024/25 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, committed growth and budget reductions are set out in the following paragraphs 2.5 to 2.8.
- 2.3** The proposed 2024/25 budget is set out at recommendation 1 totalling a surplus of £77k which will be funded from the Housing Revenue Account reserve in 2024/25.

- 2.4 The table below sets out the changes to the original 2023/24 budget to bring forward the proposed budget for 2024/25. The changes are detailed in the paragraphs below.

Table 1 - Final Proposed Budget

	Original 2023/24	Change	2024/25 Final Proposed Budget
	£000	£000	£000
Expenditure			
Supervision & Management – General	4,366	329	4,695
Supervision & Management – Special	1,604	345	1,949
Repairs & Maintenance	4,681	319	5,000
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Grant Income	(205)	0	(205)
	(23,662)	(3,345)	(27,007)
(Surplus)/ deficit for the year	10,672	(10,749)	(77)
Working Balance Brought Forward as at 1st April 2024	(11,621)	10,672	(949)
Working Balance Carried Forward as at 31st March 2025	(949)	(77)	(1,026)

Table 2 - Analysis of Changes

	£000
Original Budget 2023/24	10,672
Pay/Inflation	232
Savings	(117)
Committed Growth	1,487
Dwelling & Non Dwelling Rent Increase	(3,353)
Increase/(Decrease) in Capital Expenditure Revenue Account	(8,990)
Proposed Budget 2023/24	(77)

- 2.5 A provision for general inflation £232k includes an allowance for the correction of the base budget for the 2023/24 pay award which was more than was estimated at £1,925 per spinal point, and allows for an estimated pay award of

£1,2005 Flat rate and 3% for Chief officers 2024/25. The remaining £100k is inflation on utilities at 20% and contract cleaning at 10% and insurance.

2.6 The savings of £117k are due to additional income for service charges.

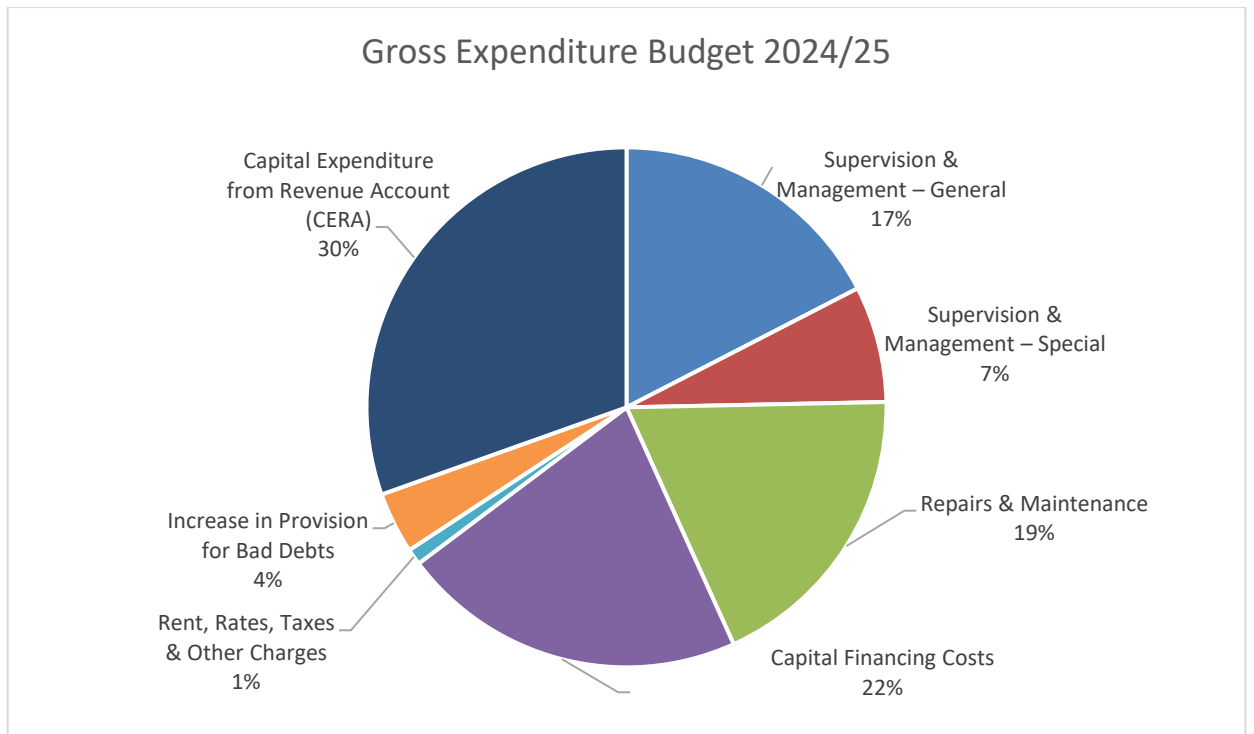
2.7 The committed growth of £1.487m is due to a number of factors:

- An increase in Capital Financing charges of £465k in relation to an increased level of unsupported borrowing being taken out in 2024/25 to fund the Housing Improvement Programme. This is based on a borrowing figure of £24m in 2024/25.
- An increase in staff costs of £59k due to changes in staff and increments.
- An increase in premises costs of £235k mainly due to an increase in utility costs.
- An increase in repair costs £319k due to an increase in the services provided and supply costs.
- An increase in the provision for bad and doubtful debts of £79k based on 4% of total dwelling income and service charges, reflecting collection rates.
- An increase in supplies and services of £3k.
- A decrease in investment income of £110k.
- An increase in central support £217k.

2.8 A decrease in Capital Expenditure from Revenue Account (CERA) to finance the Housing Improvement Programme of £8.990m has been assumed. The £8.197m 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 £1.026m as at 31st March, 2025, which is broadly in line with the Housing Business Plan

2.9 The budgeted Gross Expenditure of £29.930m as set out in the Housing Business Plan for 2024/25 is set out in the Pie Chart below.

Chart 1 - Gross Expenditure Budget 2024/25



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

Tale 3 - Analysis of Reserves

	As at:	Year	Projected Closing HRA Working Balance
			£'000
New	31.3.24	Current	949
	31.3.25	Yr1	1,026
	31.3.26	Yr2	1,102
	31.3.27	Yr3	1,137
	31.3.28	Yr4	1,171
	31.3.29	Yr5	1,206

Development Schemes

2.11 Since 1st April, 2021 and the implementation of the new Welsh Government Quality requirements (WDQR 2021), the Council has been required to achieve an EPC A energy rating on all its new homes. To meet the new standards, the Council has used Modern Methods of Construction (MMC) and particularly Off

Site Manufacturing (OSM) techniques and adopted the use of non-fossil fuel based heating and hot water systems.

- 2.12** The Council’s Housing Development Team has ensured that these new rigorous design and energy efficiency standards have been realised in all its current Council housing developments under construction.
- 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 2024/25 there will be 81 new Council homes under construction including single persons, family housing and temporary accommodation, on sites at the former Colcot Health Clinic, Barry (12 units); Clos Holm View Phase 2, Barry (31 units); Coldbrook Road East, Barry (20 units); Olive Lodge, Barry (10 units) and Maes y Ffynnon, Bonvilston (8 units).
- 2.15** In May 2023, Cabinet approved a proposal to form a Housing Partnership with Cardiff Council, capable of withstanding the ongoing adverse economic pressures of material cost increases, inflation and contractor insolvency to increase the scale and pace of its future housing development.
- 2.16** The Council and Cardiff Council will jointly procure a major private sector developer to deliver the next 10 years of our Council housing development programme. The joint procurement process is underway, and a major developer will be appointed by early 2025. Currently, a minimum of 660 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.
- 2.17** 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

Year	Year	WHQS & Other	New Build	Total Expenditure	Estimated Number of Units
		£'000	£'000	£'000	No.
1	2024/25	24,492	14,253	38,745	140

2	2025/26	21,009	17,200	38,209	63
3	2026/27	12,744	29,226	41,970	112
4	2027/28	11,364	28,000	39,364	89
5	2028/29	17,317	29,900	47,217	197

Table 4 - Breakdown of Capital Expenditure by Year

Housing Business Plan

- 2.18** 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 2024/25.
- 2.19** 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.
- 2.20** The Plan is able to afford new build and acquisition schemes of £920.119m over years 1 – 30.
- 2.21** 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 £804.674m and remains affordable through prudential borrowing principles.
- 2.22** 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

- Inflation has been included at a level of 3% from year 2.
- Standard stock level at 1st April, 2023 - 3,896 dwelling (including new units).
- Minimum level of HRA working balances to be maintained of £1.026m (real terms).
- Repair & maintenance expenditure of £1,208 per unit in 2024/24 then with inflation in future years.
- Other revenue running costs based on 2024/25 Budget.

- Gross average rents are £117.12 in 2024/25 calculated on a 52 week basis. The policy for 2024/25 limits the maximum rent increase to 6.7%. Actual rent increase for 2024/25 is 6.7%.
- 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 2024/25, they have been replaced by a self certification monitoring form for 2024/25. 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 6.7%.
- 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 2024.
- 2.25** It is proposed that rents are increased by 6.7% 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:

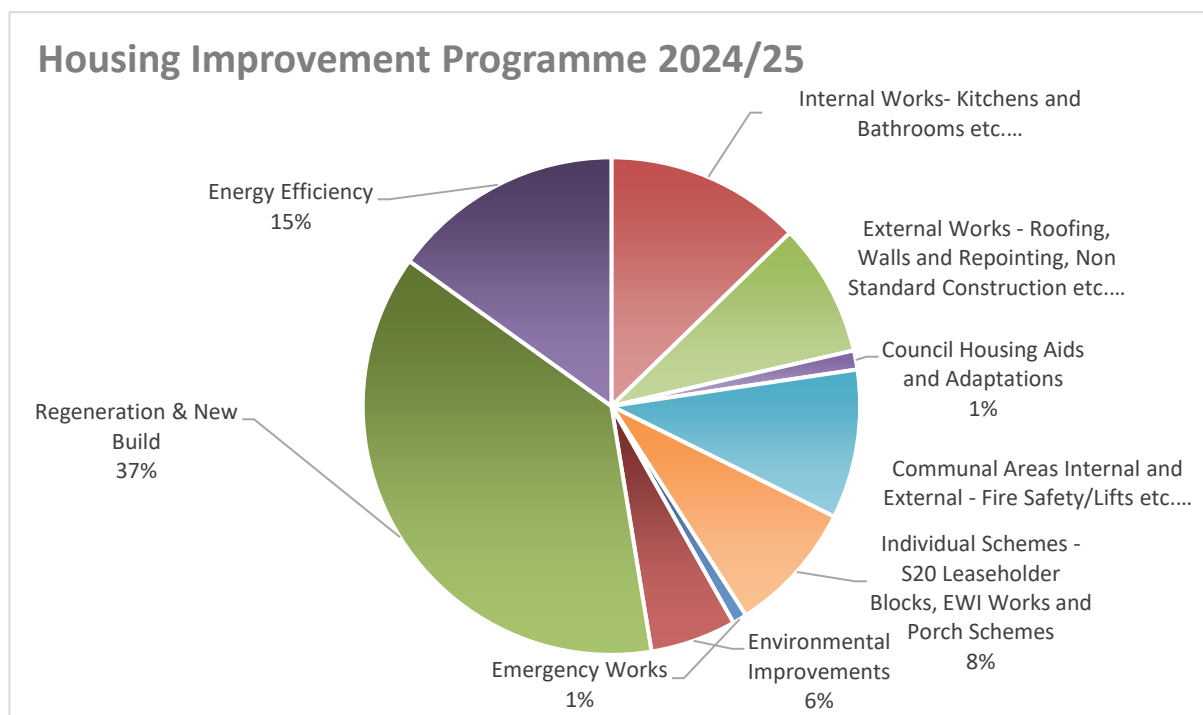
Table 5 - Average Rent by Stock Type.

Type	Based on 50 Chargeable weeks		
	Average Rent for 2023/24 per week based on actual stock level*	Proposed Average Rent per week Increase (+) / Decrease (-)	Proposed Average Rent per week for 2023/24
	£	£	£
Bungalow	114.57	7.68	122.24
Flat	99.99	6.70	106.72
House	124.60	8.35	132.96
Maisonette	109.29	7.32	116.61
TOTAL *	114.25	7.65	121.84

* 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 2024/25 enabled by this rental increase is set out in the Pie Chart below.

Chart 2 - Housing Improvement Programme Investment 2024/25



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 6.7% in line with the increase in housing rents.
- 2.28** The proposed charges for 2024/25 are set out in the table below.

Table 6 - Proposed Fees and Charges

	2023/24 Actual Charges	2024/25 Proposed Charges	
50 Week Basis	£	£	
Grounds Maintenance	1.47	1.49	per week
Cleaning of communal areas	2.75	2.92	per week
Lighting of communal areas	1.85	2.51	per week
Laundry Facilities	0.41	0.62	per week
Window Cleaning	0.16	0.18	per week
Lift Maintenance	0.99	1.33	per week
Door Entry	0.50	0.71	per week
Intercom	0.94	0.95	per week
CCTV	0.95	0.0	per week -Nil one year only
Sewerage Treatment Plants	426.66	455.25	per annum
Cesspools	411.50	439.00	per annum

- 2.29** Service charges have been increased based on the estimated outturn for 2023/24, 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 £9.18 per week. It is proposed that rents for all garages are increased by 6.7% to £9.80 per week. This percentage increase is in line with the rent increase.
- 2.31** Ty lolo Hostel - the current charge for persons accommodated is £204.37 per week. It is proposed that the weekly rent charge is increased by a maximum of 6.7% per week to £218.06 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 £664.77. It is proposed that the charge be increased by a maximum of 6.7%, in line with the recommended increase for the Hostel. The weekly charge will therefore be £709.31 per week.
- 2.33** Temporary Accommodation - the average current weekly charge including additional management, utility and service charge costs is £201.49. It is proposed that the rent element be increased by a maximum of 6.7%. The total charge including service charges will therefore be £214.99 per week.
- 2.34** Sheltered Housing Guest Suites - it is proposed that the charges for guest room facilities are increased by 6.7% to £17.06 per person per night for double occupancy and £24.39 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 the 18th January, 2024. 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 £11.19 per week to £15.83 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 decreased from £11.97 per week to £11.73 per week.

- Cleaning of Communal Areas – the cost of cleaning communal areas has increased. It is proposed that the charge be increased from £2.75 per week to £2.92 per week based on the estimated costs for 2023/24.
- Lighting of Communal Areas – the cost of providing lighting has increased. It is proposed that the charge be increased from £1.85 per week to £2.51 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 increased. It is proposed that the charge be increased from of £0.99 per week to £1.33 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 £426.66 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 6.7% increase which is £455.25 per annum.
- Cesspool Emptying - the current charge of £8.23 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 6.7% increase which is £8.78 per week.

Next steps

- 2.36** Cabinet's final budget proposals and the Housing Business Plan will be considered by Council at a Special meeting to be held on 15th January, 2024.
- 2.37** These proposals will be reflected in the Final Capital Proposals and Capital Strategy and Treasury Management Strategy which is due to be reported to a Special Cabinet meeting on 29th February, 2024 and Council on 6th March, 2024.
- 2.38** The rent increases will take effect from 1st April, 2024.

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 CO² emissions and impacts on our tenants. Several projects are included in the 2023/24 and proposed 2024/25 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 2024/25 in Appendix A.

5. Resources and Legal Considerations

Financial

- 5.1 The projected balance on the Housing Revenue Account reserve at 1st April, 2025 is expected to be £1.026m and is projected to be £1.102m on 1st, April 2026.
- 5.2 The Housing Revenue Account Capital Expenditure from Revenue Account (CERA) is expected to be £8.197m 2024/25.
- 5.3 Adjusting the level of CERA by this amount will leave a minimum HRA Reserve of £1.026m as at 1st April, 2025, which is broadly in line with the Housing Business Plan and is projected to be £1.102m on 1st April, 2026.
- 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	38,745	24,307	600	2,871	2,770	8,197	38,745
Yr2	38,209	23,955	1,200	2,800	2,770	7,484	38,209
Yr3	41,970	27,739	1,600	2,800	2,770	7,062	41,970
Yr4	39,634	25,123	2,280	2,800	2,770	6,660	39,634
Yr5	47,217	33,005	2,180	2,800	2,770	6,462	47,217

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

	2024/25	2025/26	2026/27
	£'000	£'000	£'000
MRP	1,734	2,225	2,706
Interest	4,013	4,850	5,830
Capital Financing Costs	5,747	7,075	8,536

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 Renting 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 2024
 Welsh Government's Policy for Social Housing Rents
 Renting Homes (Wales) Act

The Vale of Glamorgan Council

Housing Business Plan

March 2024



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



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Joint Message

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

Building upon the strong foundations provided within our previous business plans, the Vale of Glamorgan Council is well placed to deliver good housing to those most in need. With the implementation of the 'Renting Homes (Wales) Act 2016' changing the way all landlords in Wales rent their properties and the launch of the latest version of the Welsh Housing Quality Standard (WHQS'23), this business plan provides the basis for improving our property for future generations.

Our business plan seeks to meet the demands for good quality housing, which is energy efficient, safe, affordable and suited to modern standards of living in places where people want to live. The pandemic has changed the way in which we lead our lives and changed expectations in the way we deliver our services. The service is currently implementing a change to the housing management software, which will enable our services to be far more mobile and flexible and allow our tenants a choice of access to service.

The current cost of living crisis presents a number of challenges for our tenants and we fully recognise our role in mitigating these challenges to ensure we can provide the best foundation for sustainable homes for our tenants and the communities in which they live.

The increase in base rate for borrowing, combined with higher letting standards, has resulted in some loss of available homes in the private rented sector; increasing demand for our stock and our development programme is vital in bridging the gap between supply and demand. These new homes are essential in our quest to provide new homes to supplement the efforts of other social housing providers in our County. All our new development schemes are built to the Welsh Development Quality Requirements 2021 - Creating Beautiful Homes and Places (WDQR'21).

The effects of global warming appears to be having a significant impact on our weather patterns and reducing our carbon footprint is becoming increasingly critical. This business plan begins to make some provisional forecast for renewable technologies and retro-fitting our homes to be more energy efficient.

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

On 31st March 2018, the Council achieved the first version of the Welsh Housing Quality Standard (WHQS) for all its dwellings and the Council has since entered into the maintenance phase of WHQS compliance. The tables below show the number of fully compliant properties and 'acceptable fail' properties as of December 2023.

AF Reason	Number
Cost of Remedy	9
Physical Constraint	206
Residents Choice	172
Timing of Remedy	331



Year	Acceptable Fail (AF)	Fully Compliant	Grand Total
Dec 2019	677	3,175	3,852
Dec 2020	636	3,213	3,851
Dec 2021	872	3,017	3,889
Dec 2022	737	3,174	3,911
Dec 2023	718	3,207	3,925

The Welsh Government has now revised the WHQS requirements and whilst all of the older standards remain, they have been updated to address improved building safety and reduce the climate impact of our housing stock. This is the last business plan which will report on the old standard, because next year's version will be updated to report on where the Vale of Glamorgan is on achieving the new standard.

To ensure the accuracy of the data on which the investment is based within the business plan, the Vale of Glamorgan Council has commenced a five-year cyclical programme of property surveys to all of the housing stock. This new stock data then updates the previous data held on our Housing Asset Management System (Keystone). The Council is currently upgrading its software packages and over the next 12 to 18 months the Keystone data will be transferred onto NEC housing. It is anticipated there will be no loss of functionality, but improved links to other modules within the system.

Following the revision of the Welsh Housing Quality Standard (WHQS '23), by the Welsh Assembly Government, there are some costs having immediate impact upon this business plan, whilst others will be planned in over the longer term. With regards those standards already contained within the first WHQS, e.g. kitchens, bathrooms, structure, etc. these are already included within previous plans, however, the provision for floor coverings, water butts and cycle stores, has an immediate cost impact from the start of this new financial year.

The cost of floor coverings is expected to add a further £1,000 to £1,500 per property which increases the void preparation costs by around £300k per annum.

To make effective use of the existing coverings, thereby improving sustainability, reducing waste and maximising financial efficiency, the cleaning of existing coverings is being evaluated along with early new incoming tenant conversations to ensure appropriate choice and understanding of intention, is built into our lettings process.

Other 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 survey, but with a range of works being anticipated from solar PV (photo-voltaic) to electric heating, it is expected the cost per home will range from £25k to £50k.

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	6,000	15
Bathrooms	4,600	25
Heating Boilers	4,400	12
Heating (Distribution)	Included Above	30
Rewiring	3,500	25
Roof Covering (synthetic slate)	10,260	35
Solar PV	8,000	25
EWI	10,000	30

2.0 Decarbonisation

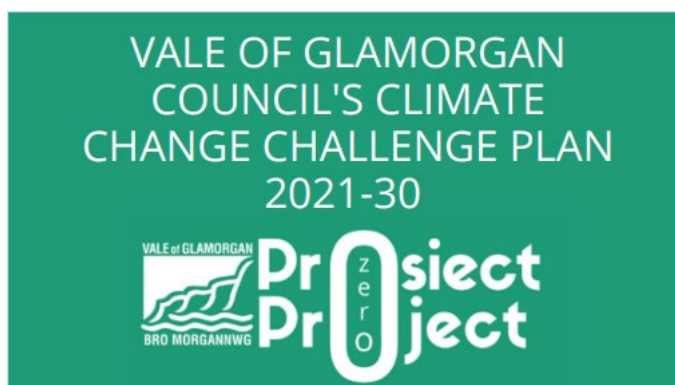
In July 2019, the Vale of Glamorgan Council declared its commitment to deliver its well-being goals as set out in our Corporate Plan ‘Strong Communities with a Bright Future’ and the Well-being of Future Generations Act, and the progress of initiatives in support of the existing Carbon Management Plan.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

Of which the Council suggests that 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 (Intergovernmental Panel on Climate Change) 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

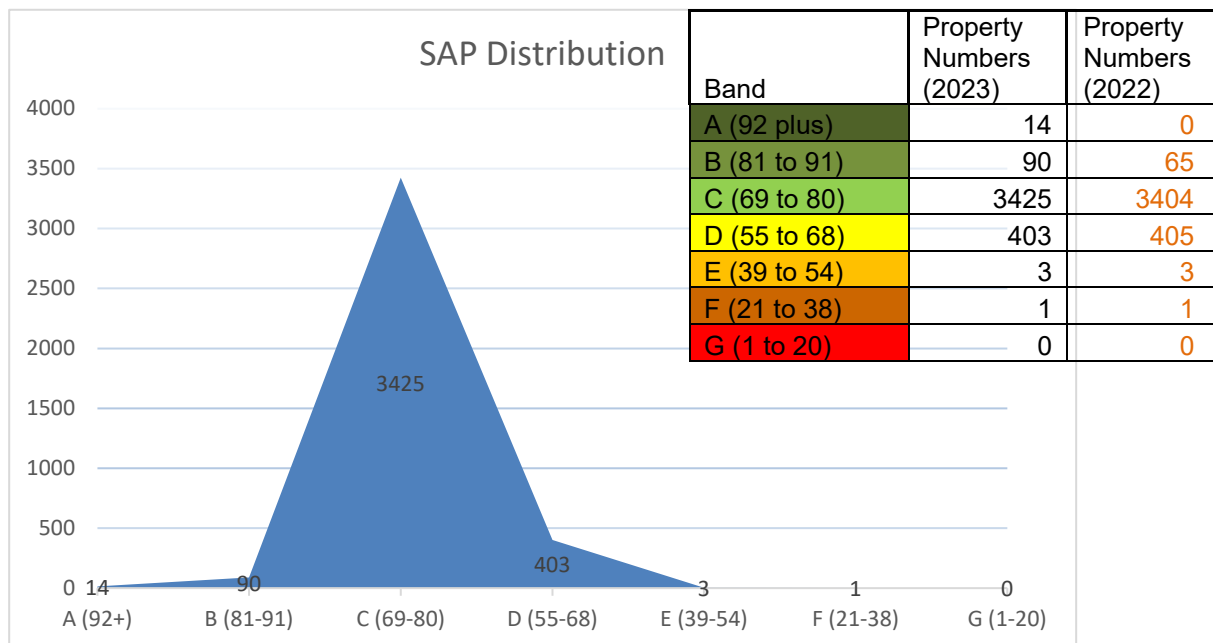
see some homes performing much better than others within the housing stock and the Council is now considering amendment to the rent policy to reflect the differences in the energy performance of its housing stock.

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 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).

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.



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

Furthermore, a programme of works has commenced installing new energy efficient LED lighting systems within communal areas of flats and sheltered accommodation. This

programme also includes the removal of the on/off timer system and replacing with light sensitive motion sensors.

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 surveys to collate data for building future investment programmes to address the carbon reduction programme.

At present the business plan identifies approximately £114.6m over the next 30 years towards directly responding to decarbonisation. To achieve the targets set by WHQS '23, the business plan assumes grant funding from OPR or similar, and without this additional funding the achievement of EPC 'A,' to our existing homes is compromised. The full extent of investment for decarbonisation will not be known until the energy surveys have been fully completed in our properties and it is expected this will provide some further funding challenges in future years.

New Development Schemes

Since April 2021 and the implementation of the new Welsh Government Design Quality Requirements (WDQR 2021), the Council has been required to achieve an EPC A energy rating on all its new homes. To meet the new design standards, the Council has used Modern Methods of Construction (MMC) and particularly Off-Site (OSM) techniques and adopted the use of non-fossil fuel based heating and hot water systems.

The Council's Housing Development Team has ensured that these new rigorous design and energy efficiency standards have been realised in all its current Council housing developments under construction.



During 2023/24, the Council's Housing Development Team had 220 new homes under construction across 6 sites, from Penarth to Llantwit Major, all of which will achieve an EPC A energy rating. These schemes are scheduled for completion during late 2023/24 and into 2024/25.

The Council continues to buy land to facilitate its ambitious development programme and has already acquired two former school sites capable of delivering 220 new homes, one of which has been temporarily repurposed for 'meanwhile use' to provide 90 units of temporary accommodation, in support of the Council's draft Rapid Rehousing Plan.

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, as gas fired heating systems will be phased out for new build homes from 2025.

We also install solar photovoltaic panels (PV) and improved energy efficient windows and doors, as well as decentralised Mechanical Extract Ventilation (dMEV) to improve air quality and remove moisture from the home. To minimise the wastage of water, we are fitting low flow sanitary ware, a shallower bath, and diffusers on tap fittings, as well as rainwater harvesting systems. We ensure that there is low air leakage from the fabric of the building.

This approach generates, on average, a 10% improvement above the minimum requirements of Part L of current Building Regulations, which controls carbon emissions and the conservation of fuel and power.

Many of these technologies have been designed into new schemes being constructed at the former Colcot Health Clinic, Barry; Hayeswood Road, Barry; Clos Holm View Phase 2, Barry; Coldbrook Road East, Barry; St Cyres Road, Penarth and at Eagleswell Road, 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.

A robust 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 much better and 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/m² per annum and to have primary energy consumption of not more than 120 kWh/m² per annum.
- The AECB Gold Standard produces buildings with a heating demand of not more than 15kWh/m² per annum and to have primary energy consumption of not more than 58kWh/m² 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 CO₂ 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 homelessness services 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 228 households in short term accommodation provided by the Council including 58 families with dependent children.

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 Council's Social Housing Grant (SHG) allocation is being maximised and prioritised towards the development of accommodation for single persons. Last year, over £9m was received to fund new social housing and this supported a number of schemes including, 43 homes at Barry Waterfront, 42 flats in Barry town centre and 22 family homes in Sully. 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. 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 into prevention services, assisting homeless people and supporting them to identify housing solutions.

Recent changes in the economy including increases in interest rates, falling property values and new tenancy legislation are creating uncertainty in the private rental market, which is resulting in increasing rents and 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 in that Country and also 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 (Aluminium Composite Materials) 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 a number of 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.

Following introduction of the Renting Homes (Wales) Act a programme of upgrading fire detection systems has been completed in all our homes.

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 includes regular inspections recording any issues and seeks to resolve them in a timely manner.

During 2023, there was a problem identified with Reinforced Autoclaved Aerated Concrete (RAAC), which is a form of lightweight concrete used in the construction of various types of building between the 1950's and 1990's. Whilst concerns regarding this type of construction were identified several years ago, the Council was able to confirm it had no homes constructed with this material in its housing stock.

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 continues to explore the optimum solution to provide sustainable heating and hot water solutions without increasing fuel poverty. To explore the options, the Council will be pursuing ORP grant funding to run a pilot scheme which includes 28 properties. This scheme will include:

- 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 on Severn Avenue. This potentially provides a solution for blocks of flats. Along with the communal area upgrade with energy efficient lighting with motion sensors to further reduce the carbon footprint.



Peterswell Road Proposed Design Variation, Option 1



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

During 2023/24, the Council was active on six construction sites in Barry, Penarth and Llantwit Major building a total of 220 new Council homes.



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. In May 2023, Cabinet approved a proposal to form a Housing Partnership with Cardiff Council, capable of withstanding the on-going adverse economic pressures of material cost increases, inflation and contractor insolvency to increase the scale and pace of its future housing development.

The Council and Cardiff Council will jointly procure a major private sector developer to deliver the next 10 years of our Council housing development programme. The joint procurement process is underway, and a major developer will be appointed by early 2025. Currently, a minimum of 660 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 evidenced in the attached LA Build Spreadsheet.

7.0 Grants regime

During 2022/23, the Council bid for and received £3.265 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 £9.829 million of Transitional Accommodation Capital Programme (TACP) funding to support the delivery of 90 units of temporary modular accommodation at Eagleswell Road, Llantwit Major. A further £2.054 million has been allocated for 2023/24.

The Council has initially been allocated £1.865 million SHG for 2023/24 and is in the process of drawing down this amount to further support its schemes listed previously. The Council's allocation of SHG for 2024/25 is £1.95 million and 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:-

	Base Plan - April 2023
HRA Useable Capital Receipts Balance at 1st April 2024	0
Opening Housing Capital Financing Requirement at 1st April 2024	£80.336m
Peak Debt	Year 30 £924.866m
Repayment of Debt	Year 31+
Revenue Surplus in year 30	£2.524m

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:

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

9.0 Rent Policy

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

The rent policy for 2024/25 states that the total maximum annual rent uplift for 2024/25 across the whole of the stock will be 6.7%. Whilst 6.7% will be the maximum increase allowable, it must not be regarded as the default increase. Decisions on rent setting should take into account the affordability of rents for tenants.

The Vale of Glamorgan's 2024/25 average weekly rent (based on 52 weeks for Business Planning purposes) is anticipated to be £117.15. This was calculated based on an average increase of 6.7%, which is the maximum allowable 6.7% 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 2024/25), 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 £250,000. 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 £1.026m in real terms as at 31st March 2025. This is considered to be a prudent level.

11.0 Conclusion

The business plan provides a robust investment profile to address replacement of key attributes in line with industry lifecycles to ensure our existing homes remain in good condition. Additionally, improvements to the existing housing stock have also been included to ensure the actions necessary in moving towards zero carbon are achievable.

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 this essential area of investment has also been included. As part of the considerations in meeting the demands of local communities, new social housing is needed to support families and new family units in housing. Our development programme remains viable over the 30 years life of the plan to provide new energy efficient homes in the areas it is needed.

The plan has been stress tested to ensure our plans remain viable over the course of this investment programme.

Base Information 1 - Stock Numbers

As at 14th December 2023, the Council's Standard Stock stood at 3896, as shown in the table below. There are also 40 Temporary Accommodation properties and a Homeless Hostel. It has been assumed the standard stock at the 1st April 2024 will increase by 96 units to 3,992 and Temporary Accommodation properties will increase by 90 units to 130.

Type	No. of Bedrooms	Total Properties
General Needs Stock		
House / Bungalow	1	1
House / Bungalow	2	369
House / Bungalow	3	1,587
House / Bungalow	4	84
House / Bungalow	5	6
House / Bungalow	6	1
Bedsit	0	12
Flat	1	257
Flat	2	487
Flat	3	90
Total General Needs		2,894
Sheltered Stock		
Bungalow	1	44
Bungalow	2	41
Bedsit	0	27
Sheltered Flat	1	194
Sheltered Flat	2	23
Total Sheltered		329
Total OAP Designated		
OAP Bedsit	0	25
OAP Flat	1	327
OAP Flat	2+	26
OAP House / Bungalow	1	255
OAP House / Bungalow	2	40
Total OAP Designated		673
Total		3,896

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 3% per annum.
- Standard Stock Level at 1st April 2024 – 3,992 dwellings (including 96 new units under construction)
- Minimum level of balances to be maintained of £1.026m (real terms).
- Repairs and Maintenance expenditure of £1,208 per unit in 2024/25 then with inflation in future years.
- Other Revenue running costs based on the 2024/25 budget.
- Gross average rents are £117.15 in 2024/25 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 2024/25 limits the maximum rent increase to 6.7%. Actual rent increase for 2024/25 has been proposed at 6.7%.
- 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 £920.119m 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 £2.164m have been set aside in 2024/25.
- 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.

No.	Key Risk/(s)	Rate of Change/(s) modelled	Description of risk and reason for inclusion
1	Rent	Reduction in rate of rent increase to CPI + 0.5%	2024/25 is the fifth and final year of the Welsh Government's Rent Policy and is fixed at maximum 6.7%, 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	2024/25 is the fifth and final year of the Welsh Government's Rent Policy and is fixed at maximum 6.7%, 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%	2024/25 is the fifth and final year of the Welsh Government's Rent Policy and is fixed at maximum 6.7%, 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 Covid 19 pandemic and 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 Covid-19 and 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. 2024/25 is the fifth and final year for the Welsh Government's Rent Policy and is fixed at maximum 6.7%, 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 Covid 19 pandemic and 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 Covid 19, 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 Covid 19. i.e. additional Covid measures and 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 £1.026m in real terms from 2024/25. This is considered to be a prudent level. Sensitivity analysis has been applied to the Business Plan based on the following criteria provided by Welsh Government:

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

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

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

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

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

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 2021/22.

	2021/22	2022/23	2023/24	2024/25	Total
Schemes	Actual £'001	Actual £'000	Budget £'000	Budget £'000	£'000
Internal Elements	358	392	749	4,933	6,432
External Elements	789	586	1,045	3,362	5,782
Asbestos Management	0	0	0	0	0
Council Housing Aids and Adaptations	425	595	475	480	1,975
Common Parts	126	264	2,047	3,750	6,187
Re-ablement ICF	0	0	0	0	0
Arbed Project	0	0	0	0	0
General Improvements	0	0	0	0	0
Individual Schemes	30	1,450	5,018	3,325	9,823
Emergency Works	361	102	591	360	1,414
Environmental Improvements	858	1,189	1,185	2,164	5,396
Regeneration & New Build	5,571	15,373	28,874	14,523	64,341
Digital Highway in Sheltered Accommodation	0	0	0	0	0
ICF - Penarth Older Persons Village	25	16	259	0	300
Margaret Gardens- Education Centre	6	0	0	0	6
Penarth Food Pod	51	0	0	0	51
Ty Iolo Lift Installation	19	0	0	0	19
IHP retrofit Heating system	675	(15)	30	0	690
Energy Efficiency	762	2,417	1,317	5,848	10,344
Total Housing Improvement Programme	10,056	22,369	41,590	45,019	112,760

Base Information 5 - 30-Year Investment Programme

	2024/25	2025/26	2026/27	2027/28	2028/29
	Year 1	Year 2	Year 3	Year 4	Year 5
	£	£	£	£	£
- Internals, Externals & Ind Schemes	11,620,136	8,673,041	5,293,640	4,167,835	7,547,804
Common Parts	3,750,000	2,400,000	1,100,000	100,000	100,000
Aids & Adaptations	480,000	480,000	480,000	480,000	480,000
Energy Efficiency	5,848,000	7,286,250	3,162,600	3,937,500	5,281,450
Environmentals & Regeneration	2,163,481	1,198,182	1,616,500	1,601,250	1,616,500
Other	0	0	0	0	0
Emergency	360,000	360,000	360,000	360,000	360,000
SUBTOTAL	24,221,617	20,397,473	12,012,740	10,646,585	15,385,754
New Build	14,523,000	17,450,000	29,476,000	28,250,000	30,150,000
TOTAL	38,744,617	37,847,473	41,488,740	38,896,585	45,535,754

	2029/30	2030/31	2031/32	2032/33	2033/34
	Year 6	Year 7	Year 8	Year 9	Year 10
	£	£	£	£	£
- Internals, Externals & Ind Schemes	9,878,829	9,465,164	12,514,944	11,334,071	4,249,191
Common Parts	2,300,000	100,000	750,000	500,000	500,000
Aids & Adaptations	480,000	480,000	480,000	480,000	480,000
Energy Efficiency	5,281,450	5,281,450	6,500,000	3,975,000	3,975,000
Environmentals & Regeneration	1,616,500	1,616,500	1,643,000	1,643,000	1,643,000
Other	0	0	0	0	0
Emergency	360,000	360,000	360,000	360,000	360,000
SUBTOTAL	19,916,779	17,303,114	22,247,944	18,292,071	11,207,191
New Build	29,750,000	19,250,000	19,250,000	19,250,000	12,520,000
TOTAL	49,666,779	36,553,114	41,497,944	37,542,071	23,727,191

	2034-2039	2039-2043	2044-2048	2049-2053	TOTAL
	Year 11-15	Year 16-20	Year 21-25	Year 26-30	
	£	£	£	£	£
- Internals, Externals & Ind Schemes	21,518,022	22,414,246	21,084,284	18,776,271	178,519,410
Common Parts	8,500,000	500,000	500,000	500,000	23,897,000
Aids & Adaptations	2,400,000	2,400,000	2,400,000	2,400,000	14,875,000
Energy Efficiency	9,337,500	9,325,000	5,135,000	5,135,000	81,834,000
Environmentals & Regeneration	4,935,000	4,982,000	5,406,000	4,982,000	39,997,804
Other	0	0	0	0	258,971
Emergency	1,800,000	1,800,000	1,800,000	1,800,000	11,391,000
SUBTOTAL	48,490,522	41,421,246	36,325,284	33,593,271	350,773,185
New Build	111,250,000	198,750,000	198,750,000	198,750,000	957,985,017
TOTAL	159,740,522	240,171,246	235,075,284	232,343,271	1,308,758,202

Appendix A (i) – Major Repairs and Improvement Financing

Year		Vale of Glamorgan Council HRA Business Plan Major Repairs and Improvements Financing (expressed in money terms)										Financing				Check Total ok £,000
		Expenditure					Financing									
Year	Year	WHS Improvements & Maintenance £,000	Regeneratio n & Remodelling £,000	Other Improvement s £,000	New Build Developme nt Costs £,000	Other £,000	Total Expenditure £,000	Borrowing £,000	Grant £,000	Capital Receipts £,000	Other £,000	Major Repairs Allowance £,000	RCCD £,000	Total Financing £,000	Check Total ok £,000	
1	2024.25	22,058	2,163	0	14,523	0	38,745	24,307	2,871	600	0	2,770	8,197	36,745	0	
2	2025.26	19,775	1,234	0	17,200	0	38,209	23,955	2,800	1,200	0	2,770	7,484	38,209	0	
3	2026.27	11,029	1,715	0	29,226	0	41,970	27,739	2,800	1,600	0	2,770	7,062	41,970	0	
4	2027.28	9,884	1,750	0	28,000	0	39,634	25,123	2,800	2,280	0	2,770	6,660	39,634	0	
5	2028.29	15,497	1,819	0	29,900	0	47,217	33,005	2,800	2,180	0	2,770	6,462	47,217	0	
6	2029.30	21,215	1,874	0	29,500	0	52,589	37,396	2,800	3,762	0	2,770	5,861	52,589	0	
7	2030.31	18,731	1,930	0	19,000	0	39,661	24,895	2,800	3,762	0	2,770	5,434	39,661	0	
8	2031.32	25,341	2,021	0	19,000	0	46,362	32,375	2,800	3,762	0	2,770	4,055	46,362	0	
9	2032.33	21,091	2,081	0	19,000	0	42,172	30,926	2,800	2,582	0	2,770	3,093	42,172	0	
10	2033.34	12,479	2,144	0	12,270	0	26,893	16,226	2,800	2,582	0	2,770	2,515	26,893	0	
11	2034.35	11,296	1,339	0	22,000	0	34,635	27,246	2,000	0	0	2,770	2,618	34,635	0	
12	2035.36	11,619	1,379	0	22,000	0	34,999	26,798	2,000	0	0	2,770	3,431	34,998	0	
13	2036.37	11,968	1,421	0	22,000	0	35,389	27,755	2,000	0	0	2,770	2,864	35,389	0	
14	2037.38	12,327	1,463	0	22,000	0	35,790	27,581	2,000	0	0	2,770	3,439	35,790	0	
15	2038.39	14,512	1,507	0	22,000	0	38,019	29,215	2,000	0	0	2,770	4,034	38,019	0	
16	2039.40	11,354	1,552	0	39,500	0	52,407	43,297	2,000	0	0	2,770	4,340	52,407	0	
17	2040.41	11,695	1,599	0	39,500	0	52,794	43,759	2,000	0	0	2,770	4,265	52,794	0	
18	2041.42	12,046	1,647	0	39,500	0	53,193	42,995	2,000	0	0	2,770	5,428	53,192	0	
19	2042.43	12,407	1,696	0	39,500	0	53,603	44,330	2,000	0	0	2,770	4,503	53,603	0	
20	2043.44	12,779	1,747	0	39,500	0	54,026	44,444	2,000	0	0	2,770	4,813	54,026	0	
21	2044.45	11,169	1,953	0	39,500	0	52,622	42,536	2,000	0	0	2,770	5,316	52,622	0	
22	2045.46	11,504	2,011	0	39,500	0	53,015	42,179	2,000	0	0	2,770	6,066	53,015	0	
23	2046.47	11,849	2,072	0	39,500	0	53,421	41,646	2,000	0	0	2,770	7,004	53,421	0	
24	2047.48	12,204	2,134	0	39,500	0	53,838	39,100	2,000	0	0	2,770	9,968	53,838	0	
25	2048.49	12,571	2,198	0	39,500	0	54,268	39,668	2,000	0	0	2,770	9,831	54,268	0	
26	2049.50	11,981	2,086	0	39,500	0	53,567	37,537	2,000	0	0	2,770	11,261	53,567	0	
27	2050.51	12,341	2,149	0	39,500	0	53,989	36,028	2,000	0	0	2,770	13,192	53,989	0	
28	2051.52	12,711	2,213	0	39,500	0	54,424	34,251	2,000	0	0	2,770	15,404	54,424	0	
29	2052.53	13,092	2,280	0	39,500	0	54,872	30,101	2,000	0	0	2,770	20,000	54,871	0	
30	2053.54	13,485	2,348	0	39,500	0	55,333	29,676	2,000	0	0	2,770	20,887	55,333	0	

Appendix A (ii) – Operating Account

Year	Income				Expenditure										Net Operating (Expenditure) £,000	MFP & Loans Repaid £,000	Transfer from/(to) Rev Reserve £,000	RCCO £,000	Surplus (Deficit) for the Year £,000	Surplus (Deficit) b/fwd £,000	Interest £,000	Surplus (Deficit) C/fwd £,000
	Netrent Income £,000	Other Income £,000	Misc Income £,000	W/G Aff Hsg Grant £,000	Management £,000	Repairs & Maint £,000	Other Revenue £,000	Misc expenses £,000	Total expenses £,000	Capital Charges (Interest) £,000	Net Operating (£,000)	MFP & Loans Repaid (£,000)	Transfer from/(to) Rev Reserve (£,000)	RCCO (£,000)								
1 2024.25	25,909	298	31	205	26,444	(6,741)	(5,000)	(270)	0	(12,011)	(4,466)	9,967	(1,736)	0	(8,197)	35	949	42	1,026			
2 2025.26	26,504	307	32	205	27,048	(6,943)	(5,150)	(278)	0	(12,371)	(4,973)	9,705	(2,190)	0	(7,484)	31	1,026	46	1,102			
3 2026.27	27,847	316	33	205	28,402	(7,152)	(5,305)	(286)	0	(12,742)	(5,983)	9,676	(2,629)	0	(7,062)	(14)	1,102	48	1,137			
4 2027.28	29,333	326	34	205	29,898	(7,366)	(5,464)	(295)	0	(13,125)	(6,994)	9,780	(3,134)	0	(6,860)	(15)	1,137	49	1,171			
5 2028.29	31,171	336	35	205	31,747	(7,587)	(5,628)	(304)	0	(13,518)	(8,205)	10,024	(3,578)	0	(6,462)	(16)	1,171	51	1,206			
6 2029.30	32,936	346	36	205	33,523	(7,815)	(5,796)	(313)	0	(13,924)	(9,584)	10,016	(4,170)	0	(5,861)	(16)	1,206	52	1,242			
7 2030.31	34,755	356	37	205	35,354	(8,049)	(5,970)	(322)	0	(14,342)	(10,756)	10,256	(4,839)	0	(5,434)	54	1,242	54	1,279			
8 2031.32	35,251	367	38	205	35,862	(8,291)	(6,149)	(332)	0	(14,772)	(11,807)	9,283	(5,245)	0	(4,055)	(17)	1,279	56	1,318			
9 2032.33	36,441	378	40	205	37,064	(8,539)	(6,334)	(342)	0	(15,215)	(12,970)	8,879	(5,804)	0	(3,093)	(18)	1,318	57	1,357			
10 2033.34	37,594	390	41	205	38,220	(8,796)	(6,524)	(352)	0	(15,671)	(13,741)	8,808	(6,311)	0	(2,515)	(18)	1,357	59	1,398			
11 2034.35	39,372	402	42	205	40,021	(9,059)	(7,070)	(363)	0	(16,492)	(14,415)	9,114	(6,515)	0	(2,618)	(19)	1,398	61	1,440			
12 2035.36	42,664	414	43	205	43,327	(9,331)	(7,968)	(373)	0	(17,673)	(15,308)	10,346	(6,335)	0	(3,431)	(20)	1,440	63	1,483			
13 2036.37	44,461	426	45	205	45,137	(9,611)	(8,765)	(385)	0	(18,761)	(16,194)	10,182	(7,338)	0	(2,864)	(20)	1,483	65	1,527			
14 2037.38	47,181	439	46	205	47,871	(9,899)	(9,326)	(396)	0	(19,622)	(17,080)	11,170	(7,752)	0	(3,433)	(21)	1,527	66	1,573			
15 2038.39	50,025	452	47	205	50,730	(10,196)	(9,978)	(408)	0	(20,563)	(17,979)	12,168	(8,155)	0	(4,034)	(21)	1,573	68	1,620			
16 2039.40	52,997	466	49	205	53,717	(10,502)	(10,687)	(420)	0	(21,610)	(19,206)	12,901	(8,582)	0	(4,340)	(22)	1,620	70	1,669			
17 2040.41	56,102	480	50	205	56,838	(10,817)	(11,333)	(433)	0	(22,583)	(20,728)	13,526	(9,283)	0	(4,265)	(22)	1,669	73	1,719			
18 2041.42	60,488	495	52	205	61,240	(11,142)	(12,055)	(446)	0	(23,643)	(22,213)	15,384	(9,980)	0	(5,428)	(24)	1,719	75	1,771			
19 2042.43	62,735	510	53	205	63,504	(11,476)	(12,761)	(459)	0	(24,697)	(23,681)	15,126	(10,647)	0	(4,503)	(24)	1,771	77	1,824			
20 2043.44	66,275	525	55	205	67,060	(11,821)	(13,499)	(473)	0	(25,793)	(25,150)	16,117	(11,328)	0	(4,813)	(25)	1,824	79	1,878			
21 2044.45	69,970	541	56	205	70,773	(12,175)	(14,271)	(487)	0	(26,933)	(26,550)	17,289	(11,999)	0	(5,316)	(25)	1,878	82	1,935			
22 2045.46	73,827	557	58	205	74,648	(12,540)	(15,076)	(502)	0	(28,118)	(27,873)	18,658	(12,618)	0	(6,066)	(26)	1,935	84	1,993			
23 2046.47	77,854	574	60	205	78,693	(12,917)	(15,916)	(517)	0	(29,350)	(29,148)	20,195	(13,218)	0	(7,004)	(27)	1,993	87	2,053			
24 2047.48	83,634	592	62	205	84,452	(13,304)	(16,794)	(533)	0	(30,630)	(30,335)	23,527	(13,587)	0	(9,968)	(28)	2,053	89	2,114			
25 2048.49	86,440	610	64	205	87,318	(13,703)	(17,710)	(548)	0	(31,961)	(31,459)	23,898	(14,056)	0	(9,831)	(28)	2,114	92	2,178			
26 2049.50	91,013	628	65	0	91,707	(14,114)	(18,665)	(565)	0	(33,344)	(32,526)	25,836	(14,806)	0	(11,261)	(30)	2,178	95	2,243			
27 2050.51	95,784	647	67	0	96,498	(14,538)	(19,662)	(582)	0	(34,782)	(33,492)	28,225	(15,063)	0	(13,192)	(30)	2,243	98	2,310			
28 2051.52	100,759	667	69	0	101,495	(14,974)	(20,702)	(599)	0	(36,275)	(34,366)	30,854	(15,481)	0	(15,404)	(31)	2,310	101	2,380			
29 2052.53	107,984	687	72	0	108,743	(15,423)	(21,787)	(617)	0	(37,827)	(35,052)	35,823	(15,856)	0	(20,000)	(33)	2,380	104	2,451			
30 2053.54	111,355	708	74	0	112,137	(15,886)	(22,918)	(636)	0	(39,440)	(35,703)	36,994	(16,139)	0	(20,887)	(33)	2,451	107	2,525			

Appendix B – Sensitivity Outcomes

APPENDIX H - SENSITIVITY ANALYSIS												
Base case CPI assumed at 6.7% for rents and RPI assumed at 6.7% for 2024/25												
Base case closing debt balance at Y30 = £804.674m												
Base case closing reserve balance at Y30 = £24.524m												
Ref	Key Risk(s)	Rate of Change(s) modelled	Description of risk and reason for inclusion	Impact on HRA reserves (value and timescale)	Impact on WHQS maintenance	Impact on Borrowing at Year 30 in comparison to Base Case £804.674m if shortfall is covered wholly by additional borrowing	Potential Mitigating action(s) Description	Potential Mitigating action to cover the shortfall resulting from the risk in Yrs 1-10 to reduce the level of borrowing	Residual Impact on HRA reserves (value and timescale)	Residual Impact on WHQS maintenance	What is the peak debt?	Impact on Borrowing at Year 30 in comparison to Base Case £804.674m
1	Rent	Reduce assumed CPI by 1%	2024/25 is the fifth and final year of the new Rent Policy. Rent increase has been fixed for 5 years at CPI (as at the previous September) plus 1%. This policy could therefore change over the period of the business plan	HRA reserve set and maintained at a level that is deemed prudent.	WHQS shortfall in years 2-30	Program is not affordable and still has a shortfall between Year 9 and 30 of £292m	Reduce the capital program years 9-30 to reduce the amount of borrowing	Reduce Environmental capital over the 29years by £35m, reduce WHQS spend to £2.770m (same as MRA grant) from year 8 and reduce new build spend from year 11 by £80m	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£692.613m in Y130	£692.613m, decreased by £122.061m
2	Rent	Reduce assumed CPI by 0.5%	2024/25 is the fifth and final year of the new Rent Policy. Rent increase has been fixed for 5 years at CPI (as at the previous September) plus 1%. This policy could therefore change over the period of the business plan	HRA reserve set and maintained at a level that is deemed prudent.	WHQS shortfall in years 2-30	Program is not affordable and still has a shortfall between Year 11 and year 23 of £1m	Reduce the capital program years 2-30 to reduce the amount of borrowing	Reduce Environmental capital over the 29years by £35m, reduce WHQS spend to £2.770m (same as MRA grant) from year 16	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£760.671m in Y130	£760.671m, decreased by £44.003m
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 set and maintained at a level that is deemed prudent.	WHQS shortfall in years 2-30	Program is not affordable and still has a shortfall between Year 11 and year 26 of £89m	Reduce the capital program years 2-30	Reduce Environmental capital over the 29years by £35m, reduce WHQS spend by £45m in years 16 to 30	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£858.311m in Y130	£858.311m, increased by £53.637m
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 has a shortfall of £279k in year 1.	WHQS shortfall in years 1-30	£926.692m, increased by £22.018m	Increase the revenue bad debt provision to match the increase in rates and reduce the capital program years 2-10.	Reduce the revenue contribution (RCCO) by £279k in Y11 due to increased revenue costs relating to the increase in bad debt provision costs and reduce the capital environmental works by £16.357m in year 1-10.	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£826.292m in Y130	£826.292m, increased by £21.618m
5	Rent and Cost Inflation	Reduce assumed rent increase 0.5% and increase RPI +1%	2024/25 is the fifth and final year of the new Rent Policy. Rent increase has been fixed for 5 years at CPI (as at the previous September) plus 1%. This policy could therefore change over the period of the business plan	HRA reserve set and maintained at a level that is deemed prudent.	WHQS shortfall in years 2-30	Program is not affordable and still has a shortfall between Year 2 and year 29 of £240m	Reduce the capital program years 2-30	Reduce Environmental capital over the 29years by £35m, reduce WHQS spend to £2.770m (same as MRA grant) from year 8 and reduce new build spend from year 16 by £45m	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£698.891m in Year00	£698.991m, increased by £105.668m
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 set and maintained at a level that is deemed prudent.	WHQS shortfall in years 2-30	Program is not affordable and still has a shortfall in Year 13 £4.4m and year 19 of £14.2m	Reduce the capital program years 11-20	Reduce Environmental capital over the 10years by £10m	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£886.247m in Y130	£886.247m, increased by £81.573m
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 set and maintained at a level that is deemed prudent.	WHQS shortfall in years 2-30	£892.174m, increased by £77.5m	Reduce the capital program years 2-30	Reduce Environmental capital over the 29years by £29m	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£827.813m in Y130	£827.813m, increased by £23.139m
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 2-30	£816.952m, increased by £11.918m	Reduce the capital program years 2-30	Reduce Environmental capital over the 29years by £6.2m	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£795.519m in Y130	£795.519m, reduced by £9.165m
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	Program is not affordable and still has a shortfall in Year 1 £2.7m, year 19 £1.6m and year 20 of £3.6m	Reduce the capital program years 1-20	Reduce Energy efficiency by £600k year 1. Environmental capital £2.163m year 1 and years 15-20 by £4.9m	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£943.783m in Y130	£943.783m, increased by £139.109m

Appendix C – Financial Assumptions

Item	2024/25
Inflation (CPI)	3% per annum.
Standard Stock Level at 1st April 2024	3,992
Minimum level of balances to be maintained	£1.026m in real terms; this is considered to be a prudent level.
Supervision & Management costs	Based on 2024/25 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	£1,208 per unit in 2024/25, increasing with inflation only in future years.
Rents	
	Gross average rents for standard stock units are £117.15 in 2024/25 calculated on a 52 week basis. In 2024/25 rents have been assumed to increase by 6.7% which is the maximum allowable 6.7% as per WG Business Plan Guidance.
Voids & bad debts	Voids have been set at 1.04% for standard stock units based on the current position. Bad debts set at 4% in 2024/25. This is thought to be prudent in terms of the cost of living crisis.
All other revenue income & expenditure	Based on 2024/25 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	£924.866 (Year 30).
Repayment of Debt	Year 31+.
RTB sales	<ul style="list-style-type: none"> None.
Interest Rates	<ul style="list-style-type: none"> Current Pool Rate – 4.42% Interest on Balances – 4.38% (estimated Sonia rate)