

Agenda Item No 11(a)

This item has been decided on as being urgent for the reason that the matter needs to be considered by the Homes and Safe Communities Scrutiny Committee in a timely manner, in order for any views or comments from the Committee to be referred on to Cabinet for its meeting on 27th February, 2023 prior to its submission to Full Council on 6th March, 2023 for the Plan's approval and subsequent send off to Welsh Government by 31st March, 2023.

THE VALE OF GLAMORGAN COUNCIL

HOMES AND SAFE COMMUNITIES SCRUTINY COMMITTEE: 8TH FEBRUARY, 2023

REFERENCE FROM CABINET: 2ND FEBRUARY, 2023

HOUSING REVENUE ACCOUNT BUSINESS PLAN 2023/53

REFERENCE TO FOLLOW

Attached as Appendix: Report to Cabinet: 2nd February, 2023

Meeting of:	Cabinet
Date of Meeting:	Thursday, 02 February 2023
Relevant Scrutiny Committee:	Homes and Safe Communities
Report Title:	Housing Revenue Account Business Plan 2023/53
Purpose of Report:	To present the Housing Revenue Account Business Plan 2023 for approval
Report Owner:	Cabinet Member for Public Sector Housing and Tenant Engagement
Responsible Officer:	Miles Punter - Director of Environment and Housing
Elected Member and Officer Consultation:	Executive Leader and Cabinet Member for Performance and Resources Head of Housing and Building Services Head of Finance/S151 Officer Operational Manager Legal Services Housing Development Manager Operational Manager - Public Housing Services Development and Investment Manager
Policy Framework:	This report is a matter for Council decision
<p>Executive Summary:</p> <ul style="list-style-type: none"> • This report sets out the Council's 30-year business plan for housing in support of the Council's continued Major Repairs Allowance (MRA) investment from Welsh Government. • Welsh Government requires all local authorities with retained housing stock, to submit a fit for purpose annual Housing Business Plan, incorporating a detailed financial forecast in the form of a 30-year financial model. • The Housing Revenue Account Business Plan incorporates a forward statement from the Leader of the Council and the Cabinet Member for Housing and Building Services, reflecting the work being undertaken during the pandemic and to continue to develop sustainable communities and deliver key services. • Guidance for the submission of the Housing Business Plan was received from Welsh Government in December 2022, with a submission deadline of 31st March, 2023. 	

- Welsh Government has again followed a similar format to last year requesting specific content for the Business plan. Therefore, the business plan is a smaller focused document covering the key areas of interest.
- The Housing Revenue Account (HRA) Business Plan is both viable and sustainable in terms of meeting the Council's obligations under Welsh Housing Quality Standard (WHQS) for existing stock and provides consideration on the investment needed to respond to climate change, new build and regeneration whilst managing the level of debt within the HRA.

Recommendations

1. That Cabinet approves the Housing Revenue Account Business Plan 2023/53 (draft) attached at Appendix 1 to this Report.
2. That the Report be submitted to the Homes and Safe Communities Scrutiny Committee for consideration. Should the Homes and Safe Communities Scrutiny Committee make no comment then the Housing Revenue Account Business Plan 2023/53 would be considered approved and can be submitted to full Council on 6th March, 2023 for approval prior to submission to Welsh Government.

Reasons for Recommendations

1. To obtain Cabinet approval for the Housing Revenue Account Business Plan 2023/53 (draft) prior to referral to Council.
2. To engage with Scrutiny and obtain Council approval for the Housing Revenue Account Business Plan 2023/53 prior to submission to Welsh Government.

1. Background

- 1.1 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.
- 1.2 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).
- 1.3 The Plan must be submitted to Welsh Government by 31st March, 2023 and requires approval by Council.
- 1.4 The submission will then form the basis of the Major Repairs Allowance (MRA) grant application, a pivotal Welsh Government financing component for the Housing Improvement Programme.

2. Key Issues for Consideration

- 2.1 The financial model used incorporates the most recent investment requirements based on the Council's Keystone Asset Management System and any other known issues which are likely to influence the future of the Council's housing stock.
- 2.2 Gross average rents for standard stock units are £109.81 in 2023/24 calculated on a 52-week basis. After 2023/24 rents have been assumed to increase by 5.5%, which is lower than the maximum allowable 6.5% as per Welsh Government Rent Policy Guidance.

- 2.3 The Major Repairs Allowance has not yet been advised by Welsh Government. It has therefore been assumed in the Plan as £2.77m per annum, in line with the award for 2022/23. No inflation has been assumed on this grant.
- 2.4 The Plan is able to afford new build and acquisition schemes of £236m over years 1 – 30.
- 2.5 All other revenue income and expenditure is based on the 2023/24 budget.
- 2.6 The provision for doubtful debts has been reduced to 3% of rental income in line with projections reported last year.
- 2.7 The latest projections are attached at Appendix A(i) and A(ii) to the Plan. Peak debt through the current plan is achieved in year 27 at a total of £295m and remains affordable through prudential borrowing principles.
- 2.8 There are a number of risks associated with the assumptions used in the financial projections for the 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.

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 Plan projects the investment required to maintain improve and develop new housing stock and explores the sensitivities in being able to deliver on such proposals. This means planning for the future and taking a strategic approach to ensure housing services are sustainable and meet the future need and demand for Housing.
- 3.2 By taking an integrated approach to public housing, through investment in the current housing stock, it is recognised the Council cannot fully address all social housing issues. It is therefore essential to continue to work with our RSL partners to support and deliver housing need within the Vale of Glamorgan. This form of collaboration ensures the continued supply of appropriate housing to meet current and future need.
- 3.3 Housing Services continues to involve tenants and residents in meeting housing need and the Plan seeks to respond to future demand taking account of changes to housing need. The Business Plan also identifies resident involvement in developing sustainable communities to ensure residents can be proud of their homes and neighbourhoods.
- 3.4 The Plan forecasts the potential impact tenants and residents may be experiencing in the maintenance of their tenancy. The launch of universal credit

is having a large impact on rent arrears and the Housing Service has responded by being proactive with tenants to develop their work skills, self-esteem and financial management to ensure they can maintain their tenancy.

- 3.5** Underpinning the Plan are a number of data sources including stock condition information, energy performance housing needs assessments and combined with the knowledge on direction of travel for Housing, the Plan seeks to provide homes for now and in the future.

4. Climate Change and Nature Implications

- 4.1** The Plan sets out the funding proposals for the Council's Housing Team to meet the stock investment challenges over the next 30 years, a considerable part of this investment is around building new energy efficient housing stock and retrofitting the existing housing stock to meet the legislative requirements set out by Welsh Government. During the Course of the Plan, the Housing stock has a target to achieve net zero and new homes will be delivered at this higher level of performance much earlier.
- 4.2** As part of the development and investment plans within annual investment and development programmes, ecological considerations play a vital role with ecologists being involved at an early stage of the various programmes.

5. Resources and Legal Considerations

Financial

- 5.1** The Abolition of the Right to Buy and Associated Rights (Wales) Act 2018 gained Royal Assent on 24th January, 2018. The provisions in the Act mean abolition of the rights came into force on 26th January, 2019. Therefore, the Plan does not assume any HRA receipts.
- 5.2** The Welsh Government is continuing to provide grant funding to support new Council house building. The previous Affordable Housing Grant (AHG) was secured for two early projects. However, Welsh Government has now top sliced the Social Housing Grant scheme and introduced two clear streams of funding; one for Council Homes and the other for RSL partners. The Council is then able to submit funding bids for new development schemes which are subsequently reviewed by Welsh Government for funding allocation. The Council has taken out a loan to fund capital expenditure and the AHG is being repaid as an annual grant over a 30-year period and is being used to finance the interest and capital repayments of the debt.
- 5.3** The Plan is both viable and sustainable in terms of maintaining the Council's obligations on WHQS for existing stock, the level of debt and the potential for new build and regeneration.

- 5.4** Given the forecasted viability of the plan, the availability of resources to meet the Council's obligation should be relatively resilient to changes in financial conditions.
- 5.5** The figures in the Plan are based on current projections and if the financial conditions should worsen then the level of investment proposed may not be achievable and mitigating actions will need to be undertaken e.g. a reduction in the new build programme. The Plan covers a 30-year period and will be reviewed on an annual basis and can be amended accordingly to meet any future changes in conditions.

Employment

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

Legal (Including Equalities)

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

6. Background Papers

None.

The Vale of Glamorgan Council

Housing Business Plan

MARCH 2023



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Joint Message

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

This Housing Revenue Account Business Plan seeks to build upon the good work completed by the service over the past years. Having worked tirelessly to maintain services over the pandemic, our work becomes even more important now as our tenants face an increasing risk of fuel poverty in the short term and extreme weather impacts from global warming in the longer term.

The Housing crisis continues to place significant demand on our services, and this plan supports a strong development programme which supplements new social housing delivered by our partnering organisations.

Good quality housing is seen as essential in supporting the health and wellbeing of our residents and investing in our existing housing stock and providing new homes certainly goes a long way to supporting this goal.

There remains significant challenge in the delivery of this business plan in the short term with high inflation featuring strongly at present, but the plan has been stress tested to ensure it remains viable and for the key programmes of investment affecting health, wellbeing and carbon reduction, to be delivered.

Councillor Lis Burnett – Leader of the Council

Councillor Margaret Wilkinson – Cabinet Member for Public Sector Housing and Tenant Engagement.

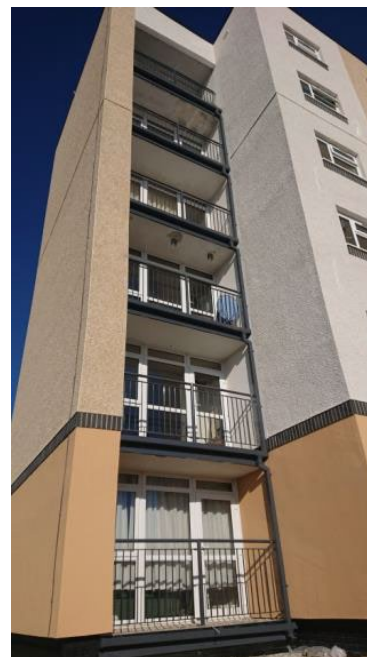
Section 2 – Housing Updates and Signposting

1.0 WHQS Evaluation and Development

On 31st March 2018, the Council achieved the Welsh Housing Quality Standard (WHQS) for all its dwellings. 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 2022.

AF Reason	Number
Cost of Remedy	2
Physical Constraint	216
Residents Choice	230
Timing of Remedy	289

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



The business plan incorporates the most recent investment requirements as identified by our Housing Asset Management System (Keystone). The Vale of Glamorgan Council has commenced a five-year cycle programme of resurveying all the housing stock to ensure the stock data is as accurate as possible and to identify property attributes which may be under or over performing.

Following a recent review of the software systems used by the service, it was concluded there are more appropriate software solutions within the market and the Housing service developed a product specification to replace the existing system with a modern system offering enhanced functionality for improved officer and tenant access to service. The development and implementation plan has been agreed with the supplier and phase one of the project, covering the replacement of the contractor's system, is scheduled for completion by April 2023, followed by phase two replacing all housing management functions and tenant web access.

Since attaining the WHQS to all its housing stock we have worked hard to ensure the standard is maintained. This has proved difficult due to many reasons, not least because of difficulties in securing access to certain properties, the cost increases in material and contractor availability. Post pandemic, the conflict in the Ukraine has also led to a world economic crisis, increasing project costs. Regardless of these external factors, we are determined that work continues to deliver improvement programmes, which maintain the

Council's WHQS Maintenance Phase whilst also seeking to reduce the Council's carbon footprint and reduce the potential incidence of fuel poverty.

The Welsh Assembly Government has been developing a revised version of the Welsh Housing Quality Standard (WHQS2 - 2023), which builds upon the previous version, but will require the rented sector to reduce carbon dependency. Whilst the Vale of Glamorgan Council recognises the importance of the latest standard, this business plan has not been prepared to address the needs of WHQS2 (2023) but builds on the fabric first approach the Council is following. To fully appreciate the cost impacts of WHQS2 (2023) the Council needs to survey all homes with a PAS2035 survey, and this will provide the details needed for this major investment into carbon neutral homes. As the details of this survey are revealed the business plan will incorporate the necessary revisions. However, early thoughts suggest a further £50m will be needed in the years to 2033.

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 original stock condition report:

Component	Budget (£)	Component Lifespan (years)
Kitchens	4,786	15
Bathrooms	4,000	25
Heating Boilers	4,000	12
Heating (Distribution)	Included Above	30
Rewiring	2,400	25
Roof Covering (synthetic slate)	12,400	35

The introduction of WHQS2 (2023), will place additional cost pressures on the day-to-day delivery of services and it expected the provision of floor coverings to void properties will add approximately £300k to the void process each year and could add a further week to the void process as properties are planned for floor covering installation.

2.0 Decarbonisation

The Council has continued to improve the energy efficiency of its housing stock to not only meet the requirements of Welsh Government legislation in relation to decarbonisation and the Welsh Housing Quality Standard (WHQS) but also given its own commitment to be carbon neutral by 2030. With original targets being set to reduce the carbon footprint by 80% by 2030 this has now been revised to a target of EPC A by 2030 for all social homes following the recommendations of the "Better Homes, Better Wales, Better World" report in July 2019.

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

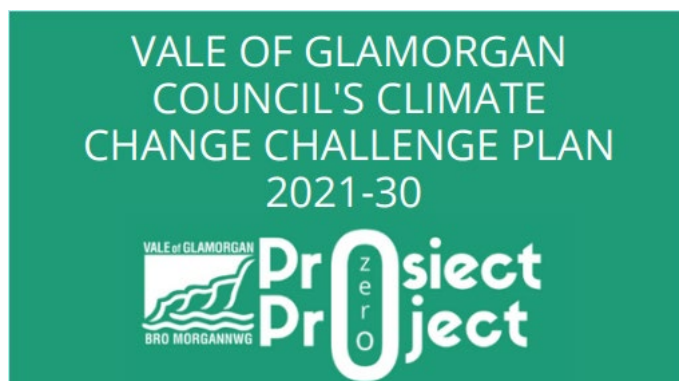
To address this emergency in June 2019, the Welsh Assembly accepted the advice from the UK Committee on Climate Change, for a 95% emission reduction by 2050 and also committed to going even further and achieving net zero emissions no later than 2050.

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 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.



Carbon reduction works undertaken on our existing housing stock have focused on a fabric first approach to reduce the potential of fuel poverty for our tenants, however with the introduction of PAS 2035, the Council has commenced training for some staff and is working with external consultants to progress a programme of PAS2035 surveys to all housing stock.

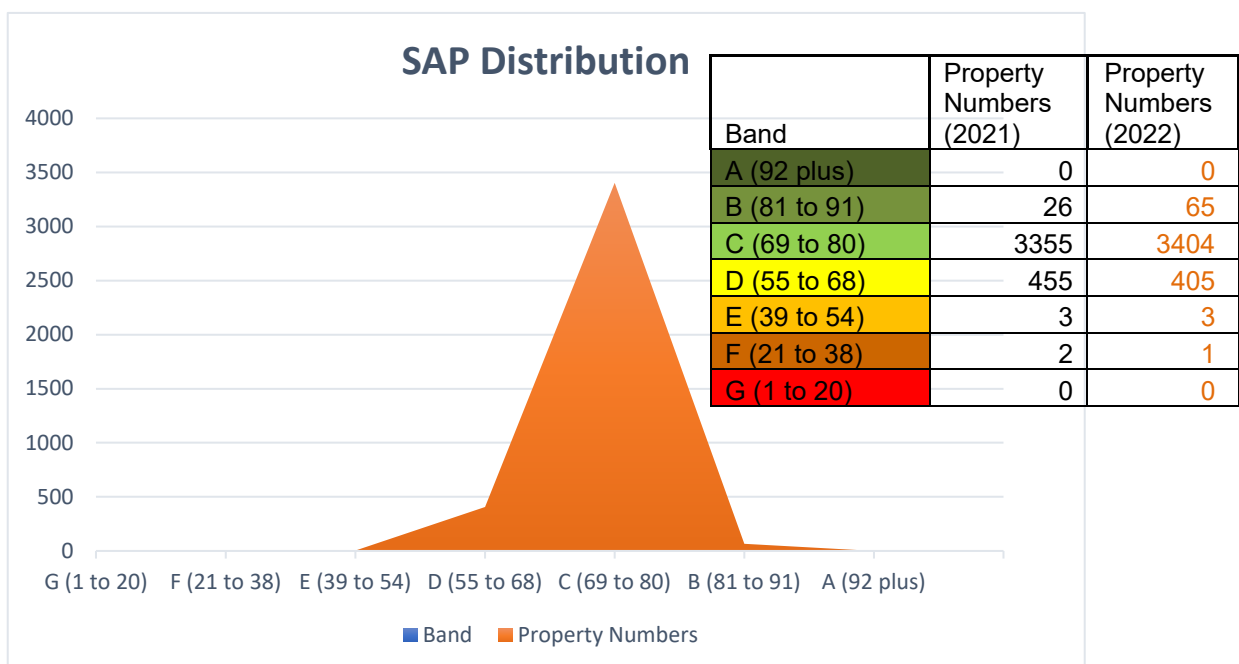
Whilst the Fabric First approach remains the current delivery model, this may need to change to whole house delivery to reduce the potential for damp and mould issues arising by not considering the property as a whole. Furthermore, fuel poverty is becoming more of a concern for tenants as fuel costs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

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

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

- new replacement modern gas central heating systems (A rated energy efficiency),
- 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 heat source 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 £125m over the next 30 years towards directly responding to decarbonisation, although other renewal programmes are also seeking to achieve high levels of energy efficiency.

New Development Schemes

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

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

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

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

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

tap fittings, as well as rainwater harvesting systems. We ensure that there is low air leakage from the fabric of the building.

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

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



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



3.0 Homelessness

There are 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 231 households in short term accommodation provided by the Council including 42 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 high levels of presentations from homeless people.

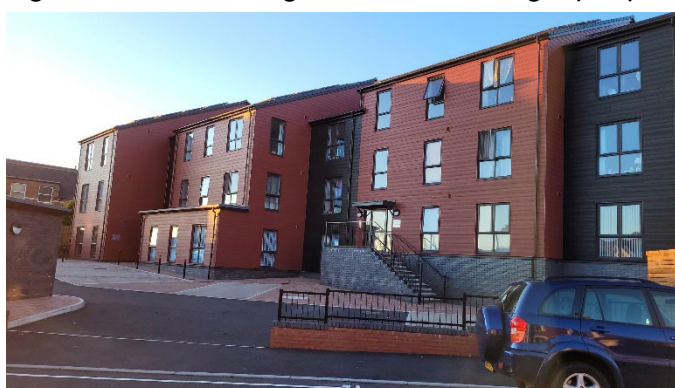
The Council's Social Housing Grant (SHG) allocation is being maximised and prioritised towards the development of accommodation for single persons. Last year, over £10m was received to fund new social housing and this supported a number of schemes



including 72 flats at Subway Road, Barry (developed in partnership with Wales and West Housing), 26 flats at St Pauls Church in Barry (developed in Partnership with Hafod Housing) and conversion schemes to transform three former public houses into 1 and 2 bedroom accommodation (developed by Newydd Housing). Despite

increases in the supply of social housing, there remains high numbers of single people in bed and breakfast

accommodation. The Council has used 102 bedspaces across three hotels. Funding to date, at a cost of over £2m per year, has been received from Welsh Government, however uncertainty with regard to the follow-on funding has raised doubts over the future use of hotels. Council finances and a



shortfall in funding of around £28m, forecast for the next financial year, 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 looking at 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 looking at 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, as well as a spike in section 21 notices being served to tenants (to seek repossessions of properties). The private rental market is significant in the Vale, comprising around 8,000 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 to clad any buildings so does not have the level of fire safety issues associated with these buildings. However, building safety remains a key issue the Vale of Glamorgan Council takes seriously as a landlord.

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

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

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

5.0 Optimised Retrofit Programme (ORP)

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

The project includes:

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

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

The council is continuing to develop schemes that will allow us to claim ORP4 grant funding which is available from Welsh Government. For 2023/24 & 2024/25 the Council can claim a maximum of £871,775 each year towards decarbonisation.



6.0 Innovative Housing Programme (IHP)

The Council does not have any current development schemes included in Welsh Governments’ Innovative Housing Programme. However, the Council has completely reprofiled its development programme to ensure all new schemes are built using Modern Methods of Construction (MMC) and Off-Site Manufacturing (OSM) techniques. Furthermore, the Council has committed that all its new developments will achieve EPC ‘A’ rating from 2021, before migrating to ‘net zero carbon’ new homes and will be delivered off the current gas network.

During 2022/23, the Council was active on four construction sites in Barry and one in Penarth, building a total of 122 new Council homes.

A further three planning applications were submitted for an additional 49 new Council homes which have been determined, with starts on site expected during the early part of the new financial year in 2023.

The Council's Local Housing Market Assessment 2021 - 2026, identified 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 escalated the scale and pace of its development programme and currently has a pipeline of 478 new homes, including 120 homes for market sale, to be delivered from 2025.



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

The Council continues to buy land to facilitate its ambitious development programme and as already acquired two former school sites capable of delivering 220 new homes, one of which will be temporarily repurposed for 'meanwhile use' to provide 90 units of temporary accommodation, in support of the Council's draft Rapid Rehousing Plan. The Council has also concluded the land acquisition of two further sites capable of delivering an additional 73 new homes in Barry. The Council is also seeking to collaborate with Cardiff Council to create a Housing Delivery Partnership, 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 programme.

7.0 Grants regime

During 2021/22, the Council bid for and received just over £2 million of Social Housing Grant



(SHG) to support its schemes at Hayes Road, Barry (23 units) and Hayeswood Road, Barry (53 units).

The Council has been allocated £1.9 million SHG for 2022/23 and is in the process of drawing down this amount to further support its scheme at

Hayeswood Road, Barry and new schemes at Colcot Clinic, Barry (12 units); Clos Holm View Phase 2, Barry (31 units) and Coldbrook Road East, Barry (20 units).

The Council's SHG initial allocation of SHG in 2023/24 is £1.895 million and for 2024/25 is £1.95 million and will be used to support the 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 2023	0
Opening Housing Capital Financing Requirement at 1st April 2023	£76.462m
Peak Debt	Year 27 £295.058m
Repayment of Debt	Year 31+
Revenue Surplus in year 30	£2.369m

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 £2.773m per annum.
Other Financing	This includes Section 106 contributions.
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 2023/24 states that the total maximum annual rent uplift for 2023/24 across the whole of the stock will be 6.5%. Whilst 6.5% 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 2023/24 average weekly rent (based on 52 weeks for Business Planning purposes) is anticipated to be £109.86. This was calculated based on an average increase of 5.5%, which is less than the maximum allowable 6.5% 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. As a result the Council will also commit to the following measures to mitigate some of those impacts;

- No evictions due to financial hardship for the term of the settlement, (financial year 2023/24), 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
- A 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
- Participate in an assurance exercise in April 2023 to reflect on application of the rent policy to date. This will build on the work undertaken by social landlords over the past 3 years, and inform future work to develop a consistent approach to assessing affordability

A review of the staffing structure within the Income team which will look to increase the capacity by FTE4 at a cost of circa £140k which supports a further 2 money advisors and income officers to support Council tenants with financial advice and support.

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 £949,000 in real terms as at 31st March 2024. This is considered to be a prudent level.

11.0 Conclusions

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 2022, the Council's Standard Stock stood at 3,884 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 2023 will increase by 14 units to 3,898.

Type	No. of Bedrooms	Total Properties
General Needs Stock		
House / Bungalow	1	1
House / Bungalow	2	370
House / Bungalow	3	1,589
House / Bungalow	4	83
House / Bungalow	5	6
Bedsit	0	12
Flat	1	257
Flat	2	488
Flat	3	90
Total General Needs		2,896
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	313
OAP Flat	2+	26
OAP House / Bungalow	1	255
OAP House / Bungalow	2	40
Total OAP Designated		659
Total		3,884

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 7.6% in year 2, 3% in year 3 and 2% in year 4.
- Standard Stock Level at 1st April 2023 – 3,898 dwellings (including 14 new units at Cwrt St Cyres).
- Minimum level of balances to be maintained of £949,000 (real terms).
- Repairs and Maintenance expenditure of £1200 per unit in 2023/24 then with inflation in future years.
- Other Revenue running costs based on the 2023/24 budget.
- Gross average rents are £109.86 in 2023/24 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 2023/24 limits the maximum rent increase to 6.5%. Actual rent increase for 2023/24 has been agreed at 5.5%.
- 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 £510.675m 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 £2.305m have been set aside in 2023/24.
- Major Repairs Allowance (MRA) has been assumed at the current level of £2.773m, 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%	2023/24 is the fourth year of the new 5 year Welsh Government's Rent Policy and is fixed at maximum 6.5%, 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	2023/24 is the fourth year of the new 5 year Welsh Government's Rent Policy and is fixed at maximum 6.5%, 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%	2023/24 is the fourth year of the new 5 year Welsh Government's Rent Policy and is fixed at maximum 6.5%, 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. 2023/24 is the fourth year for the Welsh Government's Rent Policy and is fixed at maximum 6.5%, 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 £949,000 in real terms from 2023/24. This is considered to be a prudent level. Sensitivity analysis has been applied to the Business Plan based on the following criteria provided by Welsh Government:

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

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

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

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

would have to be reduced in years 1-10 to fund the various shortfalls and avoid any additional borrowing.

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

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 2015/16.

	2016/21	2021/22	2022/23	2023/24	Total
Schemes	Actual £'001	Actual £'000	Budget £'000	Budget £'000	£'000
Internal Elements	3,868	358	521	2,625	7,372
External Elements	27,486	789	955	2,303	31,533
Asbestos Management	122	0	0	0	122
Council Housing Aids and Adaptations	1,848	425	550	475	3,298
Common Parts	3,033	126	525	2,000	5,684
Re-ablement ICF	233	0	0	0	233
Arbed Project	250	0	0	0	250
General Improvements	718	0	0	0	718
Individual Schemes	2,956	30	2,497	3,494	8,977
Emergency Works	739	361	368	360	1,828
Environmental Improvements	6,137	858	2,671	2,305	11,971
Regeneration & New Build	9,690	5,571	13,001	30,023	58,285
Digital Highway in Sheltered Accommodation	25	0	0	0	25
ICF - Penarth Older Persons Village	745	25	275	0	1,045
Margaret Gardens- Education Centre	15	6	0	0	21
Penarth Food Pod	0	51	0	0	51
Ty Iolo Lift Installation	0	19	0	0	19
IHP retrofit Heating system	135	675	100	0	910
Energy Efficiency	2,098	762	3,268	1,434	7,562
Total Housing Improvement Programme	60,098	10,056	24,731	45,019	139,904

Base Information 5 - 30-Year Investment Programme

	2023/24	2024/25	2025/26	2026/27	2027/28
	Year 1	Year 2	Year 3	Year 4	Year 5
al - Internals, Externals & Ind Schemes	8,421,778	£ 8,262,890	£ 7,116,515	£ 4,300,432	£ 4,257,470
Common Parts	2,000,000	£ 3,550,000	£ 2,950,000	£ 1,100,000	£ 350,000
Aids & Adaptations	475,000	£ 500,000	£ 400,000	£ 400,000	£ 400,000
Energy Efficiency	1,433,800	£ 4,600,800	£ 5,567,500	£ 3,196,800	£ 4,050,000
Enivronmentals & Regeneration	2,304,652	£ 2,976,890	£ 1,301,789	£ 1,701,000	£ 1,674,000
Emergency	360,000	£ 360,000	£ 360,000	£ 360,000	£ 360,000
SUBTOTAL	14,995,230	£20,250,580	£17,695,804	£11,058,232	£11,091,470
New Build	30,023,529	£18,965,306	£15,645,306	£11,245,306	£ 9,245,306
TOTAL	45,018,759	£39,215,886	£33,341,110	£22,303,538	£20,336,776

	2028/29	2029/30	2030/31	2031/32	2032/33
	Year 6	Year 7	Year 8	Year 9	Year 10
al - Internals, Externals & Ind Schemes	£ 6,776,905	£ 8,518,386	£ 7,654,386	£15,160,429	£ 9,521,296
Common Parts	£ 100,000	£ 2,300,000	£ 100,000	£ 750,000	£ 500,000
Aids & Adaptations	£ 400,000	£ 400,000	£ 400,000	£ 400,000	£ 400,000
Energy Efficiency	£ 5,381,100	£ 5,381,100	£ 5,381,100	£ 6,750,000	£ 4,050,000
Enivronmentals & Regeneration	£ 1,647,000	£ 1,647,000	£ 1,647,000	£ 1,674,000	£ 1,674,000
Emergency	£ 360,000	£ 360,000	£ 360,000	£ 360,000	£ 360,000
SUBTOTAL	£14,665,005	£18,606,486	£15,542,486	£25,094,429	£16,505,296
New Build	£ 6,045,306	£ 6,045,306	£ 6,045,306	£ 6,045,306	£ 6,045,306
TOTAL	£20,710,311	£24,651,792	£21,587,792	£31,139,735	£22,550,602

	2033-2037	2038-2042	2043-2047	2048-2052	TOTAL
	Year 11-15	Year 16-20	Year 21-25	Year 26-30	
Internals, Externals & Ind Schemes	£17,351,315	£18,759,145	17,186,593	17,186,593	150,474,134
Common Parts	£ 7,300,000	£ 500,000	500,000	500,000	22,500,000
Aids & Adaptations	£ 2,000,000	£ 2,000,000	2,000,000	2,000,000	12,175,000
Energy Efficiency	£ 9,600,000	£ 9,500,000	5,130,000	5,130,000	75,152,200
Enivronmentals & Regeneration	£ 5,076,000	£ 5,076,000	5,508,000	5,076,000	38,983,331
Emergency	£ 1,800,000	£ 1,800,000	1,800,000	1,800,000	10,800,000
SUBTOTAL	£43,127,315	£37,635,145	32,124,593	31,692,593	310,084,665
New Build	£30,226,530	£30,226,530	30,226,530	30,226,530	236,257,403
TOTAL	£73,353,845	£67,861,675	62,351,123	61,919,123	546,342,068

Appendix A (i) – Major Repairs and Improvement Financing

Vale of Glamorgan Council HRA Business Plan Major Repairs and Improvements Financing (expressed in money terms)		Expenditure										Financing					Shortfall
Year	Year	WHQS Imp & Maint	Regen & Remodelling	Other Improvements	Acquired Properties	Land Acquisitions	New Build Development Costs	Other	Total Expenditure	Borrowing	Other RTB Receipts	Other	MRA	RCCO	Total Financing	£,000's	
		£,000's	£,000's	£,000's	£,000's	£,000's	£,000's	£,000's	£,000's	£,000's	£,000's	£,000's	£,000's	£,000's	£,000's	£,000's	
1	2023.24	12,691	2,305	0	329	0	29,695	0	45,019	17,193	0	7,866	2,773	17,187	45,019	0	
2	2024.25	18,586	3,203	0	2,000	0	16,965	0	40,755	27,322	0	3,556	2,773	7,104	40,755	0	
3	2025.26	18,169	1,443	0	1,000	0	14,645	0	35,257	23,180	0	2,590	2,773	6,715	35,257	0	
4	2026.27	10,578	1,923	0	1,000	0	10,245	0	23,746	11,571	0	2,600	2,773	6,802	23,746	0	
5	2027.28	10,859	1,930	0	1,000	0	8,245	0	22,034	9,033	0	2,600	2,773	7,628	22,034	0	
6	2028.29	15,311	1,937	0	1,000	0	6,957	0	25,204	13,904	0	0	2,773	8,528	25,204	0	
7	2029.30	20,345	1,976	0	1,000	0	7,339	0	30,660	19,170	0	0	2,773	8,717	30,660	0	
8	2030.31	17,003	2,015	0	1,535	0	7,743	0	28,296	16,079	0	0	2,773	9,444	28,296	0	
9	2031.32	29,231	2,089	0	1,619	0	8,169	0	41,108	29,515	0	0	2,773	8,821	41,108	0	
10	2032.33	18,881	2,131	0	1,708	0	8,618	0	31,339	20,022	0	0	2,773	8,543	31,339	0	
11	2033.34	9,882	1,318	0	1,802	0	9,092	0	22,095	10,982	0	0	2,773	8,339	22,095	0	
12	2034.35	10,080	1,345	0	1,901	0	9,592	0	22,918	11,139	0	0	2,773	9,006	22,917	0	
13	2035.36	10,281	1,372	0	2,006	0	10,120	0	23,778	10,739	0	0	2,773	10,266	23,778	0	
14	2036.37	10,487	1,399	0	2,116	0	10,676	0	24,678	11,592	0	0	2,773	10,314	24,678	0	
15	2037.38	10,697	1,427	0	2,232	0	11,264	0	25,620	11,887	0	0	2,773	10,960	25,619	0	
16	2038.39	9,336	1,455	0	2,355	0	11,883	0	25,030	10,394	0	0	2,773	11,862	25,029	0	
17	2039.40	9,523	1,485	0	2,485	0	12,537	0	26,029	10,371	0	0	2,773	12,885	26,029	0	
18	2040.41	9,713	1,514	0	2,621	0	13,226	0	27,075	10,332	0	0	2,773	13,970	27,075	0	
19	2041.42	9,907	1,545	0	2,766	0	13,954	0	28,171	9,296	0	0	2,773	16,102	28,171	0	
20	2042.43	10,105	1,575	0	2,918	0	14,721	0	29,320	10,147	0	0	2,773	16,399	29,320	0	
21	2043.44	8,426	1,744	0	3,078	0	15,531	0	28,779	8,278	0	0	2,773	17,728	28,779	0	
22	2044.45	8,595	1,779	0	3,248	0	16,365	0	30,006	8,028	0	0	2,773	19,205	30,005	0	
23	2045.46	8,767	1,814	0	3,426	0	17,286	0	31,293	7,754	0	0	2,773	20,766	31,293	0	
24	2046.47	8,942	1,850	0	3,615	0	18,237	0	32,644	7,456	0	0	2,773	22,415	32,644	0	
25	2047.48	9,121	1,887	0	3,813	0	19,240	0	34,061	5,694	0	0	2,773	25,594	34,061	0	
26	2048.49	9,303	1,774	0	4,023	0	20,298	0	35,399	6,336	0	0	2,773	26,289	35,398	0	
27	2049.50	9,489	1,810	0	4,244	0	21,414	0	36,958	6,147	0	0	2,773	28,037	36,958	0	
28	2050.51	9,679	1,846	0	4,478	0	22,592	0	38,595	5,736	0	0	2,773	30,086	38,595	0	
29	2051.52	9,873	1,883	0	4,724	0	23,835	0	40,314	5,298	0	0	2,773	32,243	40,314	0	
30	2052.53	10,070	1,920	0	4,984	0	25,146	0	42,120	3,353	0	0	2,773	35,994	42,120	0	

Appendix A (ii) – Operating Account

Vale of Glamorgan Council		HRA Business Plan		Operating Account		(expressed in money terms)																		
Year	Year	Net rent Income	Other income	Misc Income	WG Aff Hsg Grant	RTB Admin	Total Income	Management	Depreciation	Rep & Maint	Other Revenue spend	HRA Cost of Rent Rebates	Misc expenses	Total expenses	Capital Charges	Net Operating (Expend')	Repaym't of loans	Depreciation	Transfer from / (to) Reserve	RCCO	Surplus (Deficit) for the Year	Surplus (Deficit) b/fwd	Interest	Surplus (Deficit) c/fwd
		£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
1	2023.24	22,239	263	33	205	0	22,740	(5,507)	0	(4,681)	(239)	0	(501)	(10,927)	(5,449)	6,363	0	0	0	(17,187)	(10,824)	11,621	152	949
2	2024.25	24,829	283	36	205	0	25,352	(5,925)	0	(5,037)	(257)	0	(539)	(11,758)	(6,438)	7,156	0	0	0	(7,104)	53	949	24	1,026
3	2025.26	26,138	291	37	205	0	26,671	(6,103)	0	(5,188)	(265)	0	(555)	(12,111)	(7,830)	6,731	0	0	0	(6,715)	16	1,026	25	1,067
4	2026.27	27,499	297	38	205	0	28,039	(6,225)	0	(5,292)	(270)	0	(566)	(12,353)	(8,879)	6,808	0	0	0	(6,802)	5	1,067	26	1,089
5	2027.28	29,002	303	38	205	0	29,548	(6,349)	0	(5,397)	(275)	0	(578)	(12,600)	(9,314)	7,634	0	0	0	(7,628)	6	1,099	27	1,132
6	2028.29	30,373	309	39	205	0	30,926	(6,476)	0	(5,505)	(281)	0	(589)	(12,852)	(9,541)	8,534	0	0	0	(8,528)	6	1,132	28	1,166
7	2029.30	31,573	315	40	205	0	32,134	(6,606)	0	(5,616)	(286)	0	(601)	(13,109)	(10,301)	8,724	0	0	0	(8,717)	7	1,166	29	1,201
8	2030.31	33,450	322	41	205	0	34,018	(6,738)	0	(5,728)	(292)	0	(613)	(13,371)	(11,196)	9,451	0	0	0	(9,444)	6	1,201	29	1,237
9	2031.32	34,111	328	41	205	0	34,686	(6,873)	0	(5,842)	(298)	0	(625)	(13,639)	(12,220)	8,827	0	0	0	(8,821)	7	1,237	30	1,274
10	2032.33	35,451	335	42	205	0	36,034	(7,010)	0	(5,959)	(304)	0	(638)	(13,911)	(13,572)	8,550	0	0	0	(8,543)	7	1,274	31	1,312
11	2033.34	36,842	342	43	205	0	37,432	(7,150)	0	(6,042)	(310)	0	(651)	(14,193)	(14,332)	8,346	0	0	0	(8,339)	7	1,312	32	1,351
12	2034.35	38,283	349	44	205	0	38,881	(7,293)	0	(6,178)	(316)	0	(664)	(14,476)	(14,716)	9,013	0	0	0	(9,006)	7	1,351	33	1,392
13	2035.36	40,544	356	45	205	0	41,150	(7,439)	0	(6,347)	(323)	0	(677)	(14,785)	(15,091)	10,273	0	0	0	(10,266)	8	1,392	34	1,434
14	2036.37	41,330	363	46	205	0	41,944	(7,588)	0	(6,556)	(329)	0	(690)	(15,164)	(15,459)	10,321	0	0	0	(10,314)	8	1,434	35	1,477
15	2037.38	42,939	370	47	205	0	43,561	(7,740)	0	(6,793)	(336)	0	(704)	(15,453)	(15,860)	10,968	0	0	0	(10,960)	8	1,477	36	1,521
16	2038.39	44,607	378	48	205	0	45,237	(7,895)	0	(6,977)	(342)	0	(718)	(15,785)	(16,235)	11,870	0	0	0	(11,862)	8	1,521	37	1,566
17	2039.40	46,336	386	49	205	0	46,976	(8,053)	0	(7,177)	(349)	0	(733)	(16,164)	(16,541)	12,893	0	0	0	(12,885)	9	1,566	38	1,613
18	2040.41	48,130	393	49	205	0	48,778	(8,214)	0	(7,383)	(356)	0	(747)	(16,541)	(16,939)	13,979	0	0	0	(13,970)	9	1,613	40	1,662
19	2041.42	50,951	401	50	205	0	51,608	(8,378)	0	(7,603)	(363)	0	(762)	(16,939)	(17,349)	16,111	0	0	0	(16,102)	9	1,662	41	1,712
20	2042.43	51,918	418	51	205	0	52,584	(8,545)	0	(7,833)	(371)	0	(778)	(17,349)	(17,758)	16,409	0	0	0	(17,728)	9	1,712	42	1,763
21	2043.44	53,917	426	53	205	0	54,593	(8,716)	0	(8,085)	(378)	0	(793)	(17,758)	(18,173)	17,738	0	0	0	(18,152)	10	1,763	43	1,816
22	2044.45	55,990	435	54	205	0	56,675	(8,891)	0	(8,337)	(386)	0	(809)	(18,173)	(18,595)	19,215	0	0	0	(19,205)	10	1,816	45	1,870
23	2045.46	58,139	443	55	205	0	58,834	(9,068)	0	(8,648)	(393)	0	(825)	(18,595)	(19,018)	20,776	0	0	0	(19,004)	10	1,870	46	1,927
24	2046.47	60,367	454	56	205	0	61,072	(9,250)	0	(8,916)	(401)	0	(842)	(19,018)	(19,863)	22,425	0	0	0	(19,853)	11	1,927	47	1,985
25	2047.48	63,881	453	57	205	0	64,596	(9,435)	0	(9,171)	(409)	0	(859)	(19,863)	(20,717)	25,605	0	0	0	(20,706)	11	1,985	49	2,044
26	2048.49	65,070	462	58	205	0	65,795	(9,623)	0	(9,426)	(417)	0	(876)	(20,717)	(21,618)	26,300	0	0	0	(21,608)	11	2,044	50	2,105
27	2049.50	67,551	472	59	0	0	68,081	(9,816)	0	(9,687)	(426)	0	(893)	(21,618)	(22,541)	28,098	0	0	0	(22,531)	11	2,105	52	2,168
28	2050.51	70,122	481	60	0	0	70,664	(10,012)	0	(10,012)	(434)	0	(911)	(22,541)	(23,498)	30,998	0	0	0	(30,086)	12	2,168	53	2,234
29	2051.52	72,788	491	62	0	0	73,341	(10,213)	0	(10,213)	(443)	0	(929)	(23,498)	(24,479)	32,255	0	0	0	(32,243)	12	2,234	55	2,301
30	2052.53	77,004	501	63	0	0	77,567	(10,417)	0	(10,417)	(452)	0	(948)	(24,479)	(25,441)	36,006	0	0	0	(35,994)	12	2,301	57	2,369

Appendix B – Sensitivity Outcomes

APPENDIX H - SENSITIVITY ANALYSIS											
Base case CPI assumed at 5.5% for rents and RPI assumed at 7.6% for 2024/25											
Base case closing debt balance at Y30 = £291.760m											
Base case closing reserve balance at Y30 = £2.369m											
Ref	Key Risk(s)	Rate of Change/(s) modelled	Description of risk and reason for inclusion	Pre-mitigation			Post-mitigation				
				Impact on HRA reserves (value and timescale)	Impact on WHQS maintenance	Impact on Borrowing at Year 30 in comparison to Base Case	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	
1	Rent	Reduce assumed CPI by 1%	2023/24 is the fourth 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	Borrowing at Year30 £485,086, increase of £190,306m	Reduce the capital program years 2-10 to reduce the amount of borrowing	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£461,030m in Yr30	£461,030m, increased by £169,270m
2	Rent	Reduce assumed CPI by 0.5%	2023/24 is the fourth 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	Borrowing at Year30 £394,091m, increase of £96,331m	Reduce the capital program years 2-10 to reduce the amount of borrowing	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£380,414m in Yr30	£380,414m, increased by £88,654m
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	£511,740m, increased by £213,980m.	Reduce the capital program years 2-10	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£474,973m in Yr30	£474,973m, increased by £163,213m
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 £237k in year 1.	WHQS shortfall in years 1-30	£311,892m, increased by £14,132m	Increase the revenue bad debt provision to match the increase in rates and reduce the capital program years 2-10.	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£304,462m in Yr30.	£304,462m, increased by £12,702m
5	Rent and Cost Inflation	Reduce assumed rent increase 0.5% and increase RPI +1%	2023/24 is the fourth 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	£588,408m, increased by £290,648m	Reduce the capital program years 2-10	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£567,732m in Year30	£567,732m, increased by £276,978m
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 has a shortfall of £426k in year 1.	WHQS shortfall in years 1-30	£359,082m, increased by £81,322m	Increase the revenue interest payments to match increase in rates.	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£335,403m in Yr30	£335,403m, increased by £43,643m
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	£352,199m, increased by £54,439m	Reduce the capital program years 2-10	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£345,676m in Yr30.	£345,676m, increased by £53,916m
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	£302,725m, increased by £4,965m	Reduce the capital program years 2-10	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£296,894m in Yr30.	£296,894m, increased by £5,134m
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	£445,077m, increased by £153,317m	Reduce the capital program years 1-10	HRA reserve set and maintained at a level that is deemed prudent.	WHQS now funded	£386,520m in Yr30	£386,520m, increased by £94,760m

Appendix C – Financial Assumptions

Item	23/24
Inflation (CPI)	7.6% Year 2, 3% Year 3 and 2% from Year 4.
Standard Stock Level at 1 st April 2023	3,884
Minimum level of balances to be maintained	£949k in real terms; this is considered to be a prudent level.
Supervision & Management costs	Based on 2023/24 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	£1,200 per unit in 2023/24, increasing with inflation only in future years.
Rents	Gross average rents for standard stock units are £109.86 in 2023/24 calculated on a 52 week basis. In 2024/25 rents have been assumed to increase by 5.5% which is lower than the maximum allowable 6.5% as per WG Business Plan Guidance.
Voids & bad debts	Voids have been set at 1.5% for standard stock units based on the current position. Bad debts set at 4% in 2023/24 and for subsequent years reduces to 3%. This is thought to be prudent in terms of the cost of living crisis.
All other revenue income & expenditure	Based on 2023/24 Budget.
Capital Investment / Stock Condition	Based on stock condition data within the Keystone Asset Management System, and any known issues.
Major Repairs Allowance	£2.773m. Assumed no inflation.
Peak Debt	£295.058m (Year 27).
Repayment of Debt	Year 31+.
RTB sales	None.
Interest Rates	<ul style="list-style-type: none"> • Current Pool Rate – 4.56% • Interest on Balances – 2.45% (estimated Sonia rate)