

Y CYNGOR
2^{AIL} MAWRTH 2022

CYNLLUN BUSNES Y CYFRIF REFENIW TAI 2022-25
RHAGLEN BUDDSODDI MEWN TAI SIR GAERFYRDDIN

Y Pwrpas:

- Esbonio gweledigaeth a manylion ein rhaglen buddsoddi mewn tai dros y tair blynedd nesaf, gan gynnwys ein cynlluniau gwella stoc tai, y rhaglen adeiladu newydd, ein cynlluniau i ddod yn ddi-garbon net a'r hyn y maent yn ei olygu i denantiaid.
- Cadarnhau'r incwm a gawn o renti tenantiaid a ffynonellau ariannu eraill dros y tair blynedd nesaf a sut mae hyn yn ein galluogi i ddatblygu rhaglen gyfalaf sy'n fwy na £120m, a fydd yn:
 - Gwella a chynnal ein stoc tai bresennol
 - Cefnogi'r gwaith o ddarparu dros 2,000 o gartrefi newydd yn ein cymunedau
 - Cefnogi Egwyddorion Di-garbon Net y Cyngorau, creu cartrefi sy'n defnyddio ynni'n effeithlon, lleihau allyriadau carbon a hyrwyddo cynhesrwydd fforddiadwy i denantiaid
 - Helpu i ysgogi twf ac adferiad economaidd yn dilyn pandemig Covid 19
 - Helpu i adeiladu cymunedau cynaliadwy cryf – mannau lle mae pobl yn falch o alw adref
- Cadarnhau'r proffil ariannol, yn seiliedig ar ragdybiaethau cyfredol, ar gyfer cyflawni ein rhaglen buddsoddi mewn tai ac adeilad newydd y Cyngor dros y tair blynedd nesaf
- Llunio cynllun busnes ar gyfer y cais blynyddol i Lywodraeth Cymru am Grant Lwfans Atgyweiriadau Mawr (MRA) ar gyfer 2022/23, sy'n cyfateb i 6.2m.

ARGYMHELLION Y CABINET:

- Cadarnhau'r weledigaeth ar gyfer ein rhaglenni buddsoddi mewn tai dros y tair blynedd nesaf
- Cytuno y gellir cyflwyno Cynllun Busnes 2022/23 i Lywodraeth Cymru
- Nodi'r cyfraniad y mae'r Cynllun yn ei wneud i'r Cynllun Cyflawni ar gyfer Adfywio a Datblygu Tai i gefnogi'r gwaith o ddarparu dros 2000 o gartrefi
- Nodi'r egwyddorion y tu ôl i symud tuag at gartrefi di-garbon net a datblygu Strategaeth Datgarboneiddio a Chynhesrwydd Fforddiadwy i gefnogi hyn
- Nodi pwysigrwydd y buddsoddiad a gynhwysir yn y cynllun hwn a'i rôl o ran ysgogi'r economi leol ac adferiad o bandemig Covid 19.

Y Rhesymau:

- Parhau â'n gweledigaeth buddsoddi mewn tai a chyflawni'r hyn sy'n wirioneddol bwysig i denantiaid
- Parhau i gefnogi tenantiaid drwy gynnal y safon a chyflymu'r ffordd yr ydym yn mynd at yr agenda di-garbon net. Bydd hyn yn caniatáu esblygiad ein rhaglenni buddsoddi stoc arfaethedig fel eu bod yn addas ar gyfer y dyfodol. Bwriedir buddsoddi £64m yn gyffredinol dros y tair blynedd nesaf.
- Cefnogi'r buddsoddiad o £56m sy'n ofynnol gan y Cynllun Cyflawni ar gyfer Adfywio a Datblygu Tai dros y tair blynedd nesaf o ran darparu mwy o gartrefi rhent cymdeithasol i ddiwallu'r angen am dai yn ein cymunedau.
- Cysylltu ein rhaglen buddsoddi mewn tai â mentrau adfywio ehangach gan ganolbwyntio'n wirioneddol ar ddatblygiadau yn ward Tyisha, Pentre Awel, Canol Trefi a threfi a phentrefi gwledig.
- Sicrhau bod aelodau'n ymwybodol bod cyflawni'r Cynllun Busnes yn dibynnu ar gynydd rhent cyfartalog cyffredinol o 2.9% gydag uchafswm cynnydd o £1 ar gyfer y tenantiaethau hynny sy'n is na'r rhent targed. Bydd y rhan fwyaf o denantiaid yn cael cynnydd rhent cyfartalog o 2.7% sy'n sylweddol is na'r lefel a bennwyd gan Lywodraeth Cymru ar 3.1% a'r gwerthoedd chwyddiant cyfredol.
- Cael gafael ar grant MRA gan Lywodraeth Cymru (£6.2m) ar gyfer 2022/23 i helpu i gynnal ein cartrefi presennol.

Ymgynghorwyd â'r pwyllgor craffu perthnasol

DO – Pwyllgor Craffu Cymunedau ac Adfywi – 31 Ionawr 2022

Angen i'r Cabinet wneud penderfyniad OES – 21 Chwefror 2022

Angen i'r Cyngor wneud penderfyniad OES - 2 Mawrth 2022

YR AELOD O'R CABINET SY'N GYFRIFOL AM Y PORTFFOLIO:-

Cyng. Linda Evans (Deilydd Portffolio Tai)

Cyng. David Jenkins (Deilydd Portffolio Adnoddau)

Y Gyfarwyddiaeth: Cymunedau Enw Pennaeth y Gwasanaeth: Jonathan Morgan Awdur yr Adroddiad: Gareth Williams Rachel Davies	Swyddi: Pennaeth Cartrefi a Chymunedau Diogel Arweinydd Buddsoddi mewn Tai Rheolwr Cyflenwi Tai Strategol	Rhifau ffôn/ Cyfeiriadau E-bost: JMorgan@sirgar.gov.uk 01267 228285 GaJWilliams@sirgar.gov.uk 01554 899245 Ramd Davies@sirgar.gov.uk 01554 899202
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EXECUTIVE SUMMARY

COUNCIL

2 MARCH 2022

HOUSING REVENUE ACCOUNT BUSINESS PLAN 2022-23 CARMARTHENSHIRE HOUSING INVESTMENT PROGRAMME

1. Purpose

- 1.1. At the start of each financial we develop a business plan which explains our vision and the three-year housing investment programmes to maintain our stock and deliver more affordable homes.
- 1.2. It is important that the plan is clear and that all readers, including our tenants, understand its contents. Meeting our tenant's expectations is a key priority within the plan.
- 1.3. The income that we receive from tenants' rents and other funding sources enables us to build an investment programme exceeding £274m (Capital - £120m and Revenue - £154m) to run our services, build more affordable homes, improve and maintain our existing stock as well as develop new standards to meet our net zero carbon ambitions over the next three years.
- 1.4. The plan also reflects on previous years achievements and through careful consideration, confirms the financial profile (based on current assumptions) for housing stock investment and delivery of more affordable homes, over the next three years
- 1.5. To help maintain the investment programme, each year we apply for WG Major Repair Allowance (MRA) grant. We access this funding by having a detailed business plan and compliance policy. The MRA application for 2022/23 will equate to £6.2m.

2. Context

- 2.1. The Business Plan sets out our priorities, plans and activities for 2022- 2025 for new and existing homes.
- 2.2. The Plan focuses in particular on how our investment programme will help the Counties economic recovery following the pandemic, boost local supply chains and ensure that we have a resilient workforce to meet the future demand of the service.
- 2.3. The plan also seeks to acknowledge the effects that the pandemic has had on our tenants. It shows how we have developed new ways of communicating with tenants and continued to engage, support or provide services to those more vulnerable household's in our communities.

- 2.4. A comprehensive investment programme has been put together to carry out work that builds on what we were able to do in 2021/22. Through careful consideration and planning the plan looks to continually improve the standards within our existing stock, build more homes using innovative technology and ensure that current and future tenants have quality, affordable homes to live in.
- 2.5. As of 31st March 2022, the Council was fully WHQS Compliant having met the standard during 2015 utilising a whole house delivery approach. Some of our housing stock does not meet the CHS standard and the main reason was due to resident's choice (95%). A small number of properties (5%) were not improved because of physical constraints or the cost of remedy.
- 2.6. The Council has over 9000 homes and our approach goes beyond general repair and maintenance, it is based on looking at the whole life of the homes. Adopting this approach means that we can guarantee that what we do today, will be fit for purpose and sustainable for years to come.
- 2.7. Over the next three years we plan to deliver a comprehensive work programme that will see an investment of £64m in our existing homes and nearly £56m in building new Council homes.
- 2.8. To maintain this level of investment we have considered a rent increase within the Plan. In previous years we have taken care to set this in accordance with the WG rent policy of Consumer Price Index (CPI) plus 1%. Applying this in 2022/23 would mean an exceptionally high and unaffordable overall average rental increase of 4.1% for all tenants.
- 2.9. As the Consumer Price Index in September 2021 falls outside the 3% threshold set within the policy, the Housing Minister has discretion to set the maximum rental increase for all social housing providers for 2022/ 23. It has been set at 3.1%, however, we have limited the rental increase to **2.9%** overall with a maximum £1 progression for those tenancies below target rent.
- 2.10. Most tenants will receive a 2.7% average rent increase which is significantly below level set by WG and current inflation values.

2.11. The plan has been divided into **five** key themes that will drive our business for the next three years. They are as follows:

**Theme 1-
Supporting
Tenants &
Residents**

The commitment and support of our tenants' and Members' continues to be important to us to ensure that we maintain and improve our housing stock in the future. Our tenants are pleased with the services they receive with 77% satisfaction overall. We do however understand that there is more that we can do to engage with our tenants. We will explore new innovative ways to engage with our tenants and give each and every one an opportunity to have their say

**Theme 2-
Investing in
Homes &
Surrounding
Areas**

Tenants tell us that getting repairs done on time and maintaining homes to a good standard is important to them. Maintaining the standard is a statutory duty, and the Council has made a commitment to maintain the stock through this plan and programme of work. This year we will review our housing standards to ensure that it embraces our net zero carbon ambitions, promotes affordable warmth and meets the diverse needs of our tenants. We are also carrying out a new stock condition survey which will help develop our new investment programmes and provide cost certainty for the future.

Re-letting our empty Council homes remains a key priority, it will help maintain the standard, increase revenue and more importantly provide a home for those in need. In 2022/23 we will carry out a robust review of our letting processes and ensure that our current contractor frameworks have the capacity required to turn our empty homes around quickly.

We will also make sure that our homes are safe by reviewing risk reduction measures, particularly around fire safety, radon and electrical installations. We will also consider our offer to older people and the investment/ changes required in our sheltered schemes.

**Theme 3-
Providing More
Homes**

Providing more affordable homes has been a strategic priority for the Council for a number of years. Our affordable housing plans have also played a key part in economic recovery following the Covid19 pandemic.

During 2020, we exceeded our target of delivering 1000 affordable homes a year ahead of schedule and last year we completed and let a further 114 homes through our new build programmes and made 37 homes available to vulnerable clients with learning disabilities and mental health.

We have also developed our new Housing Regeneration & Development Delivery Plan that outlines a programme for delivering more homes in the County over the next 5 years.

Through this plan we will support the delivery of over 2000 homes stimulating economic growth and creating strong sustainable communities.

Our approach and delivery will be based on expanding the innovative affordable housing solutions already developed. It will also include maximising all funding opportunities to support wider regeneration initiatives, including rural areas, town centres, Pentre Awel, Tyisha and being part of and contributing to the Swansea Bay City Region Deal- Homes as Power Stations programme.

**Theme 4-
Decarbonisation
of our Housing
Stock**

Our aim is to make all of our homes energy efficient and reduce our carbon emissions. We will achieve this by bringing all of our Council homes up to a Band A Energy Performance Rating as quickly as possible. Decarbonising our housing stock, looking at our services and reducing carbon emission from our activities will be a strategic focus for us for years to come, as we aim to become a Net Zero Carbon Authority by 2030. The work that we have done with Welsh Government and academics at the Welsh School of Architecture and the Active Building Centre so far has allowed us to understand what the retrofit programme will look like. Our work with both Cardiff and Swansea Universities will continue as there is more to be done to find the optimum solution for every home and determine when that work should be done, in line with our cyclical maintenance programmes and improvements to technology and the national grid. This will help us control our investment programme over a longer period of time, minimise disruption, cut down on waste and the amount of embodied carbon whilst maintaining a pipeline of work to support the local economy, skills and talents.

Decarbonising our homes is more than just a replacement programme for low carbon heating and renewable energy, we must ensure that our homes reach the highest possible energy performance so that our tenants benefit from affordable warmth. We will aim to bring our homes up to a minimum SAP level of 92 (EPC Rating A) or at get them 'carbon ready' to meet the high standards set with our new build homes which are extremely efficient.

Included in the plan are pilot schemes that will enhance our learning and provide optimum solutions for retrofit. This year we will also introduce our Housing Decarbonisation and Affordable Warmth Strategy.

**Theme 5- The
Local Economy,
Community
Benefits &
Procurement**

We fully embrace the role of housing-based investment in stimulating, supporting and developing the foundational economy. As we move forward with our recovery plans the housing stock investment and Council new build programmes will provide sustained periods of trade. They will benefit local contractors and builders, creating more jobs, training opportunities and other community benefits. The decarbonisation of our homes will also become a fundamental part of our future stock improvement programmes. Rolling this out across our entire housing stock will result in increased job opportunities and further training opportunities as we explore new ways of providing low carbon, energy efficient homes for our tenants.

Procuring services whether through the framework or competitive tender must be equitable for us as the Council, the contractors and for our tenants. Ensuring that we have value for money is our utmost priority, but if we have the chance to support local suppliers through our investment programme, we will do that. One area that we are keen to explore through this plan and delivery programme is how we include 'environmental benefits' in contracts so that suppliers are accountable for the amount of carbon they produce. This cannot delay procurement strategies or the ability to undertake work, but we do want our suppliers to be considerate about their activities and their supply chains. This may in turn, result in local economic benefits through local production, manufacturing and workforce.

- 2.12. Annually the Council reviews the Housing Revenue Account (HRA) Business Plan which sets out the investment needed to maintain the housing investment programmes. The Council has a robust 30-year business plan in place and since April 2015 has become self-financing having exited the Housing Revenue Account Subsidy System (HRAS).
- 2.13. We will also pursue, where possible, other funding streams and grants to maximise our income that will support and complement the work programmes and/ or services outlined in the Business Plan. In 2021/22 we received over £15m in grant funding through successful bids to Welsh Government.
- 2.14. Also included in the plan is how we measure and verify compliance. We believe that we report compliance accurately in achieving and maintaining the Welsh Housing Quality Standard, and we will continue to do so.

3. Conclusion

- 3.1. In concluding, we believe that this Business Plan sets out a clear intent to improve our housing stock, look to the future with the decarbonisation strategy that will help our environment and lower tenants fuel bills, as well as building more affordable homes to meet an ever-increasing demand on front line homelessness services.
- 3.2. Whilst these are exciting times, we know that this is also a time of uncertainty for our tenants, many of which have had a reduction in their Universal Credit. We will continue to support individual tenants or families who have or will suffer financial hardship
- 3.3. Investing £120m in capital projects over the next three years will stimulate our local economy which will help our communities to recover and build resilience for the future. The programme doesn't just bring our activity back up to pre pandemic levels it exceeds it, but in doing so we must ensure that there is capacity within industry to deliver.
- 3.4. Finally, we have set out what the key assumptions are to make sure the Business Plan is balanced, remains viable and is realistic on what we will spend the money on and how it is funded.
- 3.5. Over the next year we must ensure clarity from Welsh Government on their future financial priorities in terms of maintaining existing standards, introducing new standards to support the decarbonisation agenda and building much needed affordable homes for those in need.

4. Recommendations

- 4.1. To confirm the vision for our housing investment programmes over the next three years
- 4.2. To agree that the 2022/23 Business Plan can be submitted to Welsh Government
- 4.3. To note the contribution the Plan makes to the Housing Regeneration and Development. Delivery Plan in supporting the delivery of over 2000 homes
- 4.4. To note the principles behind moving towards net zero carbon homes and develop a Decarbonisation and Affordable Warmth Strategy to support this
- 4.5. To note the importance of the investment included in this plan and its role in stimulating the local economy and recovery from the Covid 19 pandemic.

DETAILED REPORT ATTACHED ?

YES – HRA Business Plan 2022/2025

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: Jonathan Morgan

Head of Homes and Safer Communities

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
YES	YES	YES	NONE	YES	NONE	YES

1. Policy, Crime & Disorder and Equalities

The HRA Business Plan will act as the framework for policy development across Homes and Safer Communities and will contribute to wider agendas and programmes.

2. Legal

The Housing (Wales) Act 2014 sets out our statutory duty to maintain the Welsh Housing Quality Standard in our existing stock.

3. Finance

Maintaining and investing in our housing stock will continue to present significant financial challenges and risks to the County Council.

A capital investment of £231m has been undertaken to deliver the CHS+ by 2015. This included £117million of unsupported borrowing. Since achieving the CHS, a further £89M will have been spent on maintaining the standard and £62m on providing additional affordable homes in the HRA by the end of 2022/23.

Through careful management, the financial model remains viable to not only maintain the housing stock and evolve the current standard but also delivers more affordable homes. A summary of costs over the next three years is included in the plan.

An overall rent increase of 2.9% with a maximum £1 progression for those below target rent for 2022/23 is also assumed in the plan.

4. Risk Management

The housing investment programme is identified as moderate risk in the Council's Risk Management Plan. A risk management plan has been developed to mitigate and review all risks associated with the programme.

Failure to deliver a viable Business Plan to Welsh Government by the end of March 2022 will mean the MRA of £6.2m for 2022/23 being withdrawn.

5. Physical Assets

The housing investment programme will involve the management, maintenance and improvement of the Council's housing stock. This will be carried out within the context of our asset management principles which are defined within the plan. Any decision to acquire, convert or dispose of homes, land and/or garage areas will be considered in line with these principles.

This plan will also result in an increase in the number of homes in the Council's housing stock through the Council new build and purchasing private sector homes programmes.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Jonathan Morgan

Head of Homes and Safer Communities

1. Scrutiny Committee –

Community & Regeneration Scrutiny Committed will be consulted on 31st January 2022.

2. Local Member(s) - N/A

3. Community / Town Council - N/A

4. Relevant Partners

Engagement with stakeholders and partners has taken place in order to develop this Plan through digital interaction.

5. Staff Side Representatives and other Organisations

Engagement with tenants, has taken place in order to develop this Plan, however this has been limited because of the pandemic and stakeholder events, 1-2-1 interviews, visits and events in communities, and various meetings have not been included.

**CABINET MEMBER PORTFOLIO
HOLDER(S) AWARE/CONSULTED**

YES

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:**

Title of Document	File Ref No.	Locations that the papers are available for public inspection
HRA Business Plan 2022/2025	Housing General Files	Council website- Democratic Services