

Y CYNGOR SIR

25 IONAWR 2023

CYNLLUN BUSNES 2023-26 Y CYFRIF REFENIW TAI RHAGLEN BUDDSODDIADAU TAI SIR GAERFYRDDIN

Y Pwrpas:

- Egluro gweledigaeth a manylion ein Rhaglen Buddsoddiadau Tai dros y tair blynedd nesaf, gan gynnwys cynlluniau gwella stoc tai, ein rhaglen adeiladu tai newydd, cynlluniau i ddod yn awdurdod carbon sero-net, a'r hyn y maent yn eu golygu i'r tenantiaid.
- Cydnabod effaith mae'r argyfwng costau byw wedi ei chael ar lawer o'n tenantiaid a'n hymrwymiad i:
 - helpu a chefnogi tenantiaid i sicrhau eu bod yn teimlo'n ddiogel yn eu cartrefi, cynyddu lefelau incwm lle bo hynny'n bosib a sicrhau eu bod yn derbyn pob grant a budd-dal y mae ganddynt hawl i'w cael; a
 - sicrhau na fydd neb yn cael ei droi allan o'n cartrefi o ganlyniad i galedi ariannol.
- Cadarnhau'r incwm y byddwn yn ei dderbyn gan renti tenantiaid a ffynonellau cyllid eraill dros y tair blynedd nesaf a sut mae hyn yn ein galluogi i ddatblygu rhaglen gyfalaf o fwy na £103m, a fydd yn:
 - gwella a chynnal ein stoc dai presennol, lleihau nifer y tai Cyngor gwag a delio ag ôl-groniad gwaith atgyweirio, rhoi gwybod i denantiaid am gynnydd;
 - cefnogi'r gwaith o ddarparu dros 2,000 o gartrefi fforddiadwy newydd yn ein cymunedau i sicrhau bod mwy o gartrefi ar gael i'r rhai sydd ei angen;
 - cefnogi egwyddorion carbon sero net y Cyngor, gan greu cartrefi sy'n defnyddio ynni yn effeithlon, lleihau allyriadau carbon a hyrwyddo cynhesrwydd fforddiadwy i denantiaid er mwyn lleihau costau cynnal cartref;
 - helpu i ysgogi twf economaidd, creu swyddi a chyfleoedd hyfforddi yn y sir; a
 - helpu i greu cymunedau cynaliadwy cryf - lleoedd lle mae pobl yn falch o allu eu galw'n gartref iddyn nhw.
- Cadarnhau'r proffil ariannol, yn seiliedig ar y rhagdybiaethau presennol, ar gyfer cyflawni'r rhaglen buddsoddiadau tai a thai Cyngor newydd dros y tair blynedd nesaf.
- Llunio cynllun busnes ar gyfer y cais blynyddol i Lywodraeth Cymru am y Grant Lwfans Gwaith Atgyweiriadau Mawr (MRA) ar gyfer 2022/23, sy'n cyfateb i 6.2 miliwn.

ARGYMHELLIAD Y CABINET:

'PENDERFYNWYD YN UNFRYDOL ARGYMELL I'R CYNGOR:

11.1 Cadarnhau'r weledigaeth ar gyfer ein rhaglenni buddsoddiadau tai dros y 3 blynedd nesaf;

11.2 Cytuno y gellir cyflwyno Cynllun Busnes 2023-26 i Lywodraeth Cymru;

11.3 Nodi'r cyfraniad a wnaeth y gwnaeth y Cynllun i'r Cynllun cyflawni ar gyfer Adfywio a Datblygu Tai i gefnogi'r gwaith o ddarparu dros 2,000 o gartrefi newydd;

11.4 Nodi pwysigrwydd y buddsoddiad sydd wedi'i gynnwys yn y Cynllun a'i rôl o ran ysgogi'r economi leol a chreu swyddi lleol a chyfleoedd hyfforddiant.'

Y rhesymau:

- Ceisio cydbwysu cefnogi tenantiaid yn yr argyfwng costau byw presennol o ran y cynnydd mewn rhent a chymorth ehangach gyda'r angen i barhau i fuddsoddi mewn cartrefi presennol a chynyddu'r nifer o gartrefi fforddiadwy newydd sydd ar gael.
- Parhau â'n gweledigaeth ar gyfer buddsoddiadau tai a chyflawni'r hyn sydd o wir bwys i denantiaid.
- Parhau i gefnogi tenantiaid drwy gynnal y safon a gwneud cynnydd o ran sut rydym yn ymdrin â'r agenda carbon sero net. Bydd hyn yn caniatáu esblygiad ein rhaglenni buddsoddi stoc arfaethedig fel eu bod yn addas i'r dyfodol. Cynllunnir buddsoddiad cyffredinol o £60m dros y tair blynedd nesaf.
- Cefnogi'r buddsoddiad o £43m sydd ei angen ar y Cynllun Cyflawni ar gyfer Adfywio a Datblygu Tai dros y tair blynedd nesaf i ddarparu mwy o dai rhent cymdeithasol i ddiwallu'r angen digynsail am dai yn ein cymunedau.
- Cysylltu ein rhaglen buddsoddiadau tai â mentrau adfywio ehangach gan roi pwyslais gwirioneddol ar ddatblygiadau yn ward Tŷ-isa, y Pentre Awel, canol trefi a threfi a phentrefi gwledig allweddol.
- Sicrhau bod aelodau'n ymwybodol bod cyflawni'r Cynllun Busnes yn dibynnu ar gynnydd rhent cyffredino o 5.5% ar gyfartaledd, gyda chynnydd mwyaf posibl o £1 ar gyfer y tenantiaethau hynny o dan y rhent targed. Bydd y rhan fwyaf o denantiaid yn derbyn cynnydd rhent o 5.36% ar gyfartaledd, sy'n sylweddol is na'r lefel a osodwyd gan Lywodraeth Cymru ar 6.5% a gwerthoedd chwyddiant cyfredol.
- Chael gafael ar grant o'r Lwfans Atgyweiriadau Mawr gan Lywodraeth Cymru (£6.2m) ar gyfer 2023/24 i helpu i gynnal ein cartrefi presennol.

Angen i'r Cabinet wneud penderfyniad

OES - 9 Ionawr 2023

Angen i'r Cyngor wneud penderfyniad

OES – 25 Ionawr 2023

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

Y Cynghorydd Linda Evans (Dirprwy Arweinydd a Deiliad y Portffolio Tai)

Y Cynghorydd Alun Lenny (Deiliad y Portffolio Adnoddau)

Y Gyfarwyddiaeth	Swyddi:	Cyfeiriadau E-bost a Rhifau Ffôn:
Cymunedau		
Enw Pennaeth y Gwasanaeth:	Pennaeth Tai a Diogelu'r Cyhoedd	JMorgan@sirgar.gov.uk
Jonathan Morgan	Rheolwr y Gwasanaeth Buddsoddi a Datblygu	01267 228960
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EXECUTIVE SUMMARY
COUNTY COUNCIL
25TH JANUARY, 2023

HOUSING REVENUE ACCOUNT BUSINESS PLAN 2023-26
CARMARTHENSHIRE HOUSING INVESTMENT PROGRAMME

1. Purpose of the Business Plan

- 1.1. At the start of each year 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 £262m (Capital - £103m and Revenue - £159m) 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 Welsh Government's (WG) Major Repair Allowance (MRA) grant. We access this funding by having a detailed business plan and compliance policy. The MRA application for 2023/24 will equate to £6.2m.
- 1.6. The plan this year also has a key focus how we plan to:
 - support tenants through the current cost of living crisis;
 - introduce a new emergency social housing allocation policy to ensure throughput in the system;
 - tackle key local issues to improve services especially reducing the number of empty Council homes, dealing with the repair backlog (including our vision and frameworks for in-house and external contractor provision) and making sure our processes are robust for any condensation/damp issues; and
 - make sure our estate and tenancy management offer is as good as it can be.

2. Context

- 2.1. The Business Plan sets out our priorities, plans and activities for 2023 - 2026 for new and existing homes.
- 2.2. The plan recognises the hardship caused for many of our tenants by the cost of living crisis and how it is more important than ever that the Council provides help and support for tenants. It is important we help to increase income levels where possible, ensuring that tenants are in receipt of all the grants and benefits they are entitled to and we continue to ensure that no one is evicted from our homes as a result of financial hardship.
- 2.3. The plan also recognises the importance of carrying out responsive repairs to tenants' homes and reducing the number of empty Council homes. We recognise more work needs to be carried out in these areas and the steps the Council must take. This includes developing a new minor works framework that will enable more local contractors to work on our Council homes. We are also developing our in-house teams, developing our capacity and skills so that we become less reliant on the market and can carry out the works ourselves.
- 2.4. The Plan focuses on how our investment programmes help stimulate economic growth, boost local supply chains and ensure that we have a resilient workforce to meet the future demand of the service.
- 2.5. A comprehensive investment programme has been put together to carry out work that builds on what we were able to do in 2022/23. 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.
- 2.6. The Council is fully WHQS compliant having met the standard during 2015 utilising a whole house delivery approach.
- 2.7. 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.
- 2.8. Over the next three years we plan to deliver a comprehensive work programme that will see an investment of £60m in our existing homes and £43m in building new Council homes.
- 2.9. 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 2023/24 would mean an exceptionally high and unaffordable overall average rental increase of 11.1% for all tenants.
- 2.10. As the Consumer Price Index in September 2022 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 2023/24. It has been set at 6.5%. The current assumptions in this plan have been based on a rental increase of **5.5%** overall, which includes a maximum £1 progression for those tenancies below target rent.

2.11. In this plan most tenants will receive a 5.36% average rent increase which is significantly below level set by WG and current inflation values.

2.12. 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 cost of living crisis has caused hardship for many of our tenants and providing help and support to ensure that they are able to live comfortably in their homes is more important than ever. We will:

- ensure that there are no evictions from our homes due to financial hardship and work with tenants to put a plan in place to help them make their weekly rental payments;
- provide financial advice and support to ensure that tenants claim all the financial assistance they are entitled to. This will include helping tenants apply for the benefits and grants, including the Homelessness Prevention Grant;
- do everything we can to support tenants' well-being. Increasing bills and being unable to afford food and other essential items will cause stress and anxiety. We will ensure we support tenants and provide access to local schemes that support mental health and well-being;
- continue to roll out our housing stock retrofit programmes that will make our homes more energy efficient and help reduce fuel bills for tenants; and
- review our current approach to estate and tenancy management services.

Theme 2- Investing in Homes & Our Estates

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 continue to roll out our optimised retrofit programmes helping to make our tenants homes more energy efficient. 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.

Tenants tell us that getting repairs done on time and maintaining homes to a good standard is important to them. Both the pandemic and Brexit have had a significant effect on the local construction market, causing market failure and affecting the availability skills, capacity and materials. In addition to this, costs escalated with many of our framework contractors choosing to prioritise higher paid private sector work instead of carrying out repairs to our homes.. This has significantly affected our ability to carry out responsive and maintenance works on our homes. This has caused a big backlog in both the number of repairs we have outstanding and the number of empty Council homes that have not been let.

Carrying out the backlog of repairs and letting our Council homes quickly are our priorities. To enable us to do this we are developing a new minor works framework that will enable more local contractors to work on our Council homes. We are also developing our in-house teams, developing our capacity and skills so that we become less reliant on the market and implementing a new repairs scheduling system called Total Connect, over the next 12 months. Total Connect will enable tenants to request and track their repairs and help us ensure that the works carryout on tenants' homes meet their needs and are done at a time that is convenient and suitable for our tenants.

We will also make sure that our homes are safe by reviewing risk reduction measures, particularly around fire safety, radon and electrical installations.

Lastly we will be making sure our processes to deal with condensation and damp issues are as robust as they can be, especially in light of recent tragic events.

Theme 3- Providing More Homes

Providing more affordable homes has been a priority for the Council for a number of years. Our Housing Regeneration and Development Delivery Plan sets our strategic direction and is focused on supporting the delivery of over 2000 additional homes over the next five years by:

- meeting housing need in all areas of the county;
- developing new innovative energy efficient Council homes with low running costs, helping to mitigate fuel poverty and helping some of our most vulnerable families through the cost of living crisis;
- providing sustainable solutions to address the unprecedented rise in homelessness cases seen in recent months due to external market conditions affecting the private rented sector which is reducing the supply of homes; and
- stimulating economic growth in the county, creating jobs and growing the green economy.

Since beginning our ambitious journey to increase the supply of affordable homes in 2016, we have delivered over 1,600 homes, exceeding our delivery targets every year meeting housing need and helping some of the most vulnerable people and families in our communities.

Our plans to increase the supply of homes ensure that we do so in the most cost-effective way, using a range of delivery vehicles that offer flexibility, scale and pace. The effects of the current unprecedented housing crisis and the rise in homelessness cases has required greater focus on our buying private sector homes programme making more homes available quickly to help address the increasing demand for housing.

To support the above we are also introducing a new emergency social housing allocation policy to ensure better throughput in the housing system.

Theme 4- Providing Affordable Warmth and Decarbonising our Housing Stock

Reducing tenants fuel bills, promoting affordable warmth and reducing carbon emissions is also a key priority. Our aim is to make all of our homes energy efficient and achieve a minimum Band C Energy Performance Rating as quickly as possible.

We have already delivered retrofit schemes as part of the WG Optimised Retrofit Programme. The works have included:

- an optimised retrofit programme utilising the fabric first approach and introducing renewable technology to both empty and occupied homes; and
- developing a programme to replace gas boilers that were falling out of compliance with hybrid heat pumps.

Although the sample sizes of our retrofit projects are small, the data and learning we have gained is immeasurable. The next challenge, however, is how we accelerate these programmes forward to include more homes at pace. The cost of living crisis has made this a key priority for the Council and we will be revisiting our programmes to determine what can be brought forward that will directly help our tenants by reducing their fuel bills.

Our Council new build standards embrace decarbonisation. Our homes are highly efficient and already achieve a Band A Energy Rating with SAP levels between 92 and 105. We have developed a housing performance matrix that allows us to build to different energy standards depending on the development. Our ambitious plans to support the delivery of over 2,000 homes in the next 5 years will include developing innovative energy efficient homes with low levels of carbon emissions that can produce and store energy.

Whilst decarbonising the housing stock is a huge challenge, there are several benefits to this approach, including:

- reducing fuel bills for tenants and helping to mitigating fuel poverty;
- strengthening our local economy by providing long term investment programmes;
- providing more training and work opportunities for local people; and
- ensuring our tenants homes are fit for purpose now and for generations to come.

There are several barriers in place that make it difficult to predict when all our homes will achieve a minimum Band C energy performance rating, these include:

- high cost to fully retrofit a typical home that has already received investment;
- lack of local skills and trades to deliver the work;
- shortage of materials both locally and nationally; and
- limited capacity of the national grid to deal with the increased energy demands of more electrical equipment such as heat pumps and solar panels as they are installed in our homes.

We have, however, always understood that the most practical way to decarbonising our homes is through a fabric first approach. This means ensuring our homes are well insulated with an increased air tightness so homes stay warmer for longer and therefore reduce heating demands for tenants. Although we do see innovative technologies such as solar panels, heat pumps and battery storage equipment becoming more prominent in housing, we see these as additional benefits that will be installed further down the line as the national grid continues to improve and skills, trades and materials become more available.

Theme 5- The Local Economy, Community Benefits & Procurement

We fully embrace the role of housing-based investment in stimulating, supporting and developing the local economy. The housing stock investment and Council new build programmes will provide sustained periods of trade and benefit to 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.

The Council's first five new build developments have already created 19 new jobs and 1,344 waged training weeks. Our current housing investment programmes are predicted to deliver 21 new jobs and a further 3,668 waged training weeks.

During construction, contractors will also contribute to the wider local economy by increasing footfall into town centres and spending money in rural market towns/villages by accessing local amenities such as shops, supermarkets, restaurants and cafés. It is, however, extremely important that all contracts demonstrate good value for money and through the South West Wales Regional Contractors and the Minor Works Frameworks we will challenge their costs, the principles and methods of construction to make sure that we achieve this.

- 2.13. 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).
- 2.14. 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 2022/23 we received over £10m in grant funding through successful bids to Welsh Government.
- 2.15. 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. We believe that this Business Plan sets out a clear intent to improve our housing stock, looking to the future as we roll out optimised retrofit works. This 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. The cost of living crisis has caused hardship for many of our tenants and providing help and support to ensure that they are able to live comfortably in their homes is more important than ever.
- 3.3. Investing £103m in capital projects over the next three years will stimulate our local economy which will help our communities to grow and build resilience for the future, but in doing so we must ensure that there is capacity within the 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.

4. Recommendations

- 4.1. To confirm the vision for our housing investment programmes over the next three years.
- 4.2. To agree that the 2023/24 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 importance of the investment included in this plan and its role in stimulating the local economy and creating local jobs and training opportunities.

DETAILED REPORT ATTACHED?

YES – HRA Business Plan 2023/2026

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 Housing & Public Protection

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 Housing and Public Protection 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 WHQS by 2015. This included £117m of unsupported borrowing. Since achieving the WHQS, a further £92m will have been spent on maintaining the standard and £68m 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 5.5% with a maximum £1 progression for those below target rent for 2023/24 is also assumed in the plan.

5. Risk Management

The housing investment programme is identified as a 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 2023 will mean the MRA of £6.2m for 2023/24 being withdrawn.

6. 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 Housing & Public Protection

1. Scrutiny Committee request for pre-determination		YES
Scrutiny Committee	Communities, Homes & Regeneration	
Date the report was considered:-	19th December, 2022	
Scrutiny Committee Outcome/Recommendations:-		
RESOLVED THAT IT BE RECOMMENDED TO THE CABINET/COUNCIL TO:-		
<ul style="list-style-type: none">• Confirm the vision of the Housing Investment Programme over the next three years;• Agree the 2023/24 Business Plan could be submitted to the Welsh Government• Note the contribution the Plan made to the Housing Regeneration and Development Delivery Plan in supporting the delivery of over 2,000 new homes• Note the importance of the investment included in the Plan and its role in stimulating the local economy and creating local jobs and training opportunities.		
2. Local Member(s) – N/A		
3. Relevant Partners		
Engagement with stakeholders and partners has taken place in order to develop this Plan through digital interaction.		
4. Staff Side Representatives and other Organisations		
Ongoing engagement with tenants, has taken place in order to develop this Plan.		
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:**

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
HRA Business Plan 2023/2026	Housing General Files	Council website- Democratic Services