

**SWYDDFA CYMORTH Y CABINET
CABINET SUPPORT OFFICE**

Fy Nghyf / My Ref : [CE:0048527]

Eich Cyf / Your Ref :

Dyddiad / Date: 15th April 2024

Councillor Rhys Taylor
Chair CASSC
County Hall
Cardiff
CF10 4UW

Annwyl / Dear Cllr Taylor

**CASSC 18th March 2024 – HRA Business Plan 2024/25 and Re-Cladding:
Nelson and Loudoun House**

Thank you for the opportunity to discuss the HRA Business Plan 2024/25 and the re-cladding of Nelson and Loudoun House on 18th March 2024.

I would like to thank Committee members for the helpful and constructive comments received in your letter dated 20th March 2024. Responses to your specific enquiries and recommendations are set out below:

HRA Business Plan 2024/25

Recommendation that future Business Plans include more financial narrative. Including, more narrative supplementing the financial diagrams, detail on the meaning of terms such as ‘bad debt’ and how it is classified, and insight into the borrowing payback assessment and viability toolkit.

I agree that more narrative would be helpful to supplement the financial information provided in the plan, while keeping the plan as straight forward and readable as possible. Officers will review the amount of information provided ahead of next year’s plan.

How much of the £48m ‘external grant and contributions’ funding in capital expenditure for 2024/25 is confirmed grant, and how much is anticipated grant.

Of the total £48,308,000 in ‘external grants and contributions’ outlined in the plan the breakdown is as follows:

Welsh Government Approved Grant	£20,941,000
Anticipated Grant	£21,667,000
Confirmed External Contribution	£5,700,000

GWEITHIO DROS GAERDYDD, GWEITHIO DROSOCH CHI

Mae'r Cyngor yn croesawu gohebiaeth yn Gymraeg, Saesneg neu'n ddwyieithog. Byddwn yn cyfathrebu â chi yn ôl eich dewis, dim ond i chi roi gwybod i ni pa un sydd well gennych. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

WORKING FOR CARDIFF, WORKING FOR YOU

The Council welcomes correspondence in Welsh, English or bilingually. We will ensure that we communicate with you in the language of your choice, as long as you let us know which you prefer. Corresponding in Welsh will not lead to delay.



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The confirmed external contribution relates to the assumed use of affordable housing developer contributions.

What the 748 total figure in the ‘available to let’ column represents. (page 17 of Appendix 1).

The figure of 748 represents the number of properties that became available to let during the period April 2022 to March 2023. As at March 2024, there were 197 void properties, this equates to **1.41%** of our total stock. The Business Plan document has been amended to make this clearer.

For completeness I would add that Appendix B of the Business Plan sets out the key baseline assumptions over the next 5 years. This includes the Void Rents percentage which is assumed at 1.75% over the period. This is the estimated loss of rental income which is due to properties being empty, expressed as a percentage of the total rental income due for all HRA standard properties.

Recladding Nelson & Loudoun

The final overall costing for Lydstep Flats.

Works at Lydstep Flats are still ongoing. The current spend to date is £16,889,491.22.

Other than the annual Major Repairs Allowance, the following grants have so far been used towards the cost of the work at Lydstep Flats:

Year	Grant	Amount of Grant Used
2020/21	Welsh Government High Rise Residential Building Social Sector Grant	£174,965.20
2021/22	Welsh Government Lydstep Flats Grant	£12,365
	Welsh Government High Rise Residential Building Social Sector Grant	£59,978.80
	Welsh Government Building Safety Grant	£666,771.46
2022/23	Welsh Government Building Remediation Grant for Lydstep Flats Blocks 1-3	£12,916,983.93
Total		£13,831,064.39

In 2022/23, a total grant of £15,574,272 was received from Welsh Government, but only £12,916,983.93 was used as there has been a delay in the completion of the works.

There is £2,657,135.93 remaining of the grant which we are able to utilise towards the spend on Lydstep Flats in 2023/24.

How much each Lydstep Flat leaseholders paid during the works, and what the costing they paid related to.

No charge will be made to Leaseholders at Lydstep Flats for the works, due to the level of grant funding received.

Clarity on the Building Safety Acts implications for the Council.

The Building Safety Act 2022 reforms existing legislation and provides additional rights and protections for residents and homeowners.

- Provides financial protection for leaseholders from the burden of remediating historical building defects;
- Defines responsibility and accountability requirements for people (duty holders) involved in the occupation, management, and maintenance of occupied high rise Residential buildings;
- Tenant engagement and clear communication with occupiers is a key feature of the reforms;
- Revises the Housing Act, Building Act, Building Regulations, the Regulatory Reform (Fire Safety) Order and Construction Products legislation to ensure that all new multi-occupied residential buildings are designed, constructed, managed, and maintained in a safe manner.

The Act is being implemented in stages:

November 2023

Requirement on duty holders to register all High-Rise Residential Buildings, defining the Principle Accountable Person and other Accountable Persons who have responsibility for the building.

Revisions to the Regulatory Reform (Fire Safety) Order 2005 and Fire Safety Act 2021 broaden the jurisdiction of the legislation to cover internal parts of flats.

April 2024 – October 2024

Additional secondary legislation to be introduced bringing tighter control of the Building Control profession The legislation changes who can advise on and carry out, certain building control work.

Building Control Surveyors must apply to become Registered Building Inspectors following individual validation criteria. Registered Building Inspectors will be identified as follows:

- Class 1 Surveyor, trainee, or unqualified surveyor must be supervised in all activities;
- Class 2 General Surveyor, authorised to work unsupervised typically on small domestic, commercial, and industrial buildings, less than 18m in height and not of complex design;
- Class 3 Surveyor authorised to work unsupervised on the most complex building types;
- Class 4 Technical Manager, for managers who have a limited technical background.

The Registration process is ongoing with officers from Cardiff having registered and awaiting validation. Building Control has operated in direct competition with the private sector for many years during which time experienced and qualified staff have been attracted away from the local authority with significantly improved salary and reward packages, this has and continues to undermine our ability to compete on a level playing field. Registered Building Inspectors will be a premium commodity within the industry and as a result there is already evidence that private sector providers are increasing their attempts to attract our best and most experienced surveyors.

In addition, revisions to existing enforcement powers contained within the Building Act and Building Regulations to be implemented.

A new company, the Joint Inspection Team for Building Safety (Wales) Limited has been established through the WLGA. The team will support local authorities and fire and rescue services in undertaking inspections of high-risk buildings offering advice and recommendation from experts drawn from the four sectors, fire & rescue, building control, environmental health, and fire engineering.

October 2024 to Spring 2025

The Welsh Government will issue directives in respect of its revised legislation for higher risk buildings, consultations and workshops are currently ongoing with stakeholder groups to help inform the process.

Subject to transitional arrangement yet to be confirmed, the principle of the 'Golden Thread' of information and 'Gateways' will be introduced. At the design stage, Gateways will ensure that key features of the design are set and agreed by enforcers before further work design or construction work progresses. This will impact Town & Country Planning and Building Regulation functions.

Wales Government have determined that Local Authority Building Control teams will be the regulators for all high-rise residential buildings in Wales.

A conflict-of-interest clause is to be introduced that will prevent local authorities from administering building regulatory functions on their own higher risk buildings.

Additional measures in respect of further regulating the occupation phase through Housing Act and Regulatory Reform (Fire Safety) Order enforcement activities and

relationships with landlords, occupiers and tenants will be introduced. The Council is of course a social landlord as well an enforcement body.

Detail on our initial understanding on how the Welsh regulations timing will impact the Nelson & Loudoun project, and what we are doing to mitigate this risk.

We cannot be certain how this will impact at present however some flexibility has been built into the project to allow for this.

Update on where we are in drawing the action plan recommended by Audit Wales to help us prepare for the forthcoming requirements of the Act.

The Wales Audit report was a useful indicator of the general problems facing local authority building control teams. Inevitably, some of the conclusions drawn are not necessarily applicable to all authorities and as such the recommendations contained in the report are also tailored.

The Cardiff Building Control team has been established to deliver its statutory responsibilities in respect of the Building Act, building regulations and allied legislation based on local conditions and risks.

Changes to current legislation are yet to be implemented and as such the potential impact of these changes is yet to be fully realised. Building Control reports through a system of existing key performance indicators however, these are to be overhauled by Welsh Government under the new legislation and guidance, details of the new KPIs is awaited.

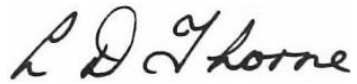
Building regulation functions are funded through a system of Building Regulation Charges which are handled through the Building Control Trading Account. The Charges are calculated using recommended guidance provided by the Chartered Institute of Public Finance (CIPFA); Charges are reviewed annually to reflect changes to trading conditions and circumstances, financial reporting is undertaken by the Chief Financial Officer. Staff are provided with regular training updates in respect of financial management and the interpretation of regulations.

Building Control operates under the banner of Local Authority Building Control (LABC) fully supporting and engaging in a wide range of collaborative activities and again lends full support to LABC Partnering initiatives. Discussions regarding future partnering and regionalisation are ongoing.

Building Control operates under a Quality Management System with a suite of procedures and processes designed to test our operational needs, these are further supported by management policies including continuity and risk management procedures.

I hope the above is of assistance.

Yn gywir / Yours sincerely



Councillor / Y Cyngorydd Lynda Thorne
Aelod Cabinet dros Dai a Chymunedau
Cabinet Member for Housing & Communities



Y Cyngorydd / Councillor Dan De'Ath
Aelod Cabinet dros Drafnidiaeth a Chynllunio Strategol
Cabinet Member for Transport and Strategic Planning