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**HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN 2022-23**

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**Purpose of Report**

1. This report provides background information to enable Members to carry out pre-decision scrutiny of the Housing Revenue Account (HRA) Business Plan 2022-23 prior to its consideration by the Cabinet on the 10<sup>th</sup> March 2022.
2. A copy of the draft Cabinet Report is attached at **Appendix A**, which in turn contains, **Appendix B**; the HRA Business Plan 2022/23.

**Background**

3. All Local Authorities in Wales have the responsibility to plan for the housing needs of their population in their role as Strategic Housing Authority. However only 11 of the of the 22 authorities in Wales have retained their council housing stock and consequently a role in the direct delivery of affordable, good quality homes as a social housing landlord.
4. Cardiff Council's landlord functions are managed within a ring-fenced Housing Revenue Account. Every year, each of the 11 stock retaining authorities are required to present an "acceptable" Housing Revenue Account (HRA) Business Plan (including a 30 year financial model) to the Welsh Government. This is to allow the Welsh Government to assess the progress of local authorities in meeting and/or maintaining the Welsh Housing Quality Standard (WHQS) in order to be eligible for the Major Repairs Allowance (MRA) Grant (currently £9.5m).

## Rent Policy

5. Members are to note that whilst the responsibility for setting rents for dwellings rests with the council, it is necessary to operate within a policy framework set by the Welsh Government (WG).
6. A new five-year Social Housing Rent policy was introduced by the WG in 2020/21. This will run from 2020/21 to 2024/25 and allows for a maximum 1% rent increase above the rate of the Consumer Price Index (CPI). The CPI was identified in September 2021 as 3.1%. For background purposes, Committee Members are to note that in September 2020, the CPI was identified as 0.5%
7. As stated in **point 9** of the Cabinet Report, this CPI was outside the Welsh Governments maximum figure of 3% and so required a ministerial decision and it was subsequently decided the maximum annual uplift would be 3.1%. As such, the average rent for a Council home in Cardiff will increase by £3.34 per week (£3.55 based on the 49-week collection) exclusive of service charges for 2022/23. This results in an average weekly rent of £111.16 for standard housing stock.

The table below sets out the proposed average weekly rent per property type for Cardiff for 2022/23:

No. of Bedrooms	Estimated Average Rent 2022
1	£99.76
2	£114.94
3	£132.16
4	£146.53

8. At this Committee's February meeting, during consideration of the draft 2022/23 Budget Proposals, Committee Members were informed that overall, Cardiff Council rents are below the Joseph Rowntree Foundation Living Rent Model; apart from one-bedroom houses and bungalows. Further, the energy efficiency rates for Council properties are above the standards required for the Welsh Housing Quality Standard (SAP rating of 72).

## Overview

9. The Cabinet Report, attached at **Appendix A**, gives an overview of what is contained in the HRA Business Plan 2022/23. This includes:

- The Welsh Government five-year rent policy
- New Build Housing Programme
- Maintenance of the Welsh Housing Quality Standard (WHQS)
- Fire Safety works
- Preventing homelessness
- Neighbourhood Regeneration
- Delivering energy efficiency
- Support for tenants, including the increase in cost of living, and specific support for vulnerable people.

10. The HRA Business Plan 2022/23 attached as **Appendix B** aims to;

- set out Cardiff's purpose and vision as a social housing landlord;
- set out its objectives and standards for the service;
- plan how the service aims to achieve the objectives and standards set out;
- plan resource and financial requirements;
- provide a framework for monitoring and evaluating the progress of the housing 'business';
- communicate Cardiff's plans to its tenants, members, the Welsh Government, other key stakeholders, partners and the wider community.

11. Members are required to reflect on the content of the HRA Business Plan and can refer to the following sections for details. Please note that the page numbers listed below **refer to the pages of the original document in Appendix B**.

Section of HRA Business Plan	Pages in Appendix B
<b>Building New Council Homes</b> ( <i>includes Council House Build Programme, Voids management, typology and availability of Housing Stock and Welsh Housing Quality Standards</i> )	4-19

<b>Helping Communities and Individuals</b> ( <i>includes preventing homelessness, community inclusion and events, insight into the results of the 2021 Tenants' Satisfaction Survey</i> )	20-33
<b>Neighbourhood Regeneration</b> ( <i>includes estate regeneration and community safety</i> )	34-39
<b>Addressing Climate Change</b> ( <i>includes One Planet Cardiff, Zero Carbon Homes, Decarbonising and Retrofit</i> )	40-45
<b>Tackling Poverty</b> ( <i>includes supporting people into work, money advice, adult learning</i> )	46-50
<b>Supporting Tenants</b> ( <i>includes overcrowding, specific support for homeless families, young and older people</i> )	51-65
<b>Finance</b> ( <i>includes financial resources &amp; planning and risk</i> )	66-81

## Previous Scrutiny

12. Each year, the HRA Business Plan has to be presented to the Welsh Government. In March 2021, the Community & Adult Services Scrutiny considered the previous year's Plan<sup>1</sup>. Some of the areas explored during the meeting included:
- a. The benefit and importance of the Plan's matrix table. As a key purpose of this matrix table is to provide Welsh Government and members of the public with a clear understanding of the identified areas of risk, Members felt the narrative should be expanded to include information on how risks are determined, analysed and monitored to ensure performance, progress and viability.
  - b. With regard to the format of the plan, Members noted the format is prescribed by Welsh Government, however were advised there is scope to alter its format within reason. As a result, Members **recommended** in future years more information is included in the Plan regarding financial detail, mitigation measures and sensitivity analysis. Members are to note this recommendation was partially accepted due to the Cabinet's view that as a comprehensive financial model sits below this document, they do not wish the document to lose its accessibility and transparency.
  - c. In relation to the Council's decarbonisation agenda, Members raised their concerns over the costings of this work and sought assurance this is being adequately

<sup>1</sup> [Letter from Cllr Jenkins, Chairman of CASSC, to Cllr Thorne, Cabinet Member, dated 16 March 2021.](#)

accounted for.

- d. Given the challenges surrounding retrofitting detailed at the meeting (costing, scale of work, ensuring affordable energy costs for tenants) Members questioned if the 'challenge of decarbonisation' risk being determined as amber in the plan was realistic.
- e. Members sought assurance that the debt projections contained in the Plan were viable.
- f. Members requested confirmation on the construction price inflation figures to determine its alignment to the sensitivity analysis within the Plan. Members were subsequently advised that as of December 2020, the construction price inflation figure published by the office for national statistic was 1.4%, however this was expected to rise post covid and Brexit.

## **Way Forward**

13. At this meeting, the following witnesses will be in attendance:

- (i) Councillor Lynda Thorne, Cabinet Member, Housing & Communities
- (ii) Sarah McGill, Corporate Director for People and Communities
- (iii) Helen Evans, Assistant Director, Housing & Communities
- (iv) Gill Brown, Group Accountant.

14. The item will begin with Committee Members receiving a short presentation providing an overview of the plan, after which, there will be an opportunity for Members questions. Members will then be able to decide what comments, observations or recommendations they wish to pass on to the Cabinet for their consideration prior to making their decisions.

## **Legal Implications**

The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the

Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

## **Financial Implications**

The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

## **RECOMMENDATIONS**

It is recommended that the Committee:

- i. Consider the proposed draft plan and decide whether it wishes to relay any comments or observations to the Cabinet at its meeting on the 10 March 2022 and;
- ii. Decide the way forward with regard to any further scrutiny of this issue, or matters raised.

**DAVINA FIORE**

**Director of Governance and Legal Services**

**3 March 2022**