

Caerphilly County Borough Council

Housing Revenue Account Business Plan

2024-25

Foreword

As the Cabinet Member for Housing, I am pleased to present to you the 2024/25 HRA Business Plan. The purpose of this plan is to set out the income and expenditure plans for delivering the range of landlord services provided by Caerphilly Homes.

In December 2021, we successfully completed a long-term programme to ensure that our customers' homes reached Welsh Housing Quality Standard. This involved the fitting of 7711 kitchens, 8217 bathrooms, and 2565 energy efficient boilers - a total investment of over £266m. As a result, I am pleased to say that our customers are now directly benefitting from having homes with modern facilities, that are in a good state of repair and with improved energy efficiency.

The Covid-19 pandemic has had a significant impact on the lives of many people and its legacy will be felt for a long time to come. At the start of the pandemic, we needed to quickly change the way we delivered our services to protect lives and I am proud to say we did that without adversely affecting the quality of service. Moving forward, we will need to ensure that our service delivery continues to meet the changing needs and aspirations of our customers.

The UK currently finds itself in the midst of a cost-of-living crisis. People are having to pay more to adequately heat their homes and paying more for essential goods and services. We know that many of our customers on low incomes will be hit particularly hard and may find it increasingly difficult to run their homes and feed their families. We will continue to provide advice and support where we can.

In June 2022, Welsh Government announced its plans to introduce an improved standard for all social housing in Wales, called Welsh Housing Quality Standard 2023. Following its introduction the Council will now be required to assess the quality of our customers' homes against the new standard and makes plans to ensure that these homes meet the standard by 2033. Attainment of this standard will be challenging and require a significant financial investment by the Council up until 2033.

With over 6,300 applications on the Common Housing Register the number of people requiring social housing remains high. There is a significant requirement for 1 bed accommodation, which only accounts for a small percentage of our existing stock. We are trying to reduce the waiting time for people by building new Council

homes. However, funding is limited and as a result some people may have to wait longer than expected or find an alternative solution.

This year we undertook a customer survey and will be providing the results to Welsh Government. Our customers are now able to compare results of all social landlords in Wales. Responses from our customers show that although we are providing good quality services, there is room for improvement, and we will shortly be introducing an action plan that responds directly to the survey results.

The Council is a proud provider of social housing and has given approval for the establishment of a team to start building new Council homes, following changes introduced by Welsh Government. The Council has an ambition to build up to 1000 new affordable homes over a 10-year period. We have taken ownership of a small number of new homes in Aberbargoed and have completed our first two developments in Trecenydd and Trethomas, thereby ensuring that people have access to good quality and affordable housing. We have approved to build our first mixed tenure development in Oakdale and a groundbreaking later living scheme in Ty Darran, Risca.

Councillor Shayne Cook

Cabinet Member for Housing

Caerphilly Homes Vision

Caerphilly Council are embarking on an ambitious and exciting transformation agenda and so are Caerphilly Homes. Housing is high on the council's corporate and political agenda and having that backing represents a great opportunity to evolve the service for the better of our existing and future customers.

Caerphilly Homes is the comprehensive housing service covering all elements of the council's housing provision across the county borough. Caerphilly Homes is passionate about providing a customer focused service at every level. The experienced team thrives on providing a person centric management ethos, managing relationships with residents and managing our assets. The customer is and should be at the heart of everything we do.

As we evolve, we focus on ensuring the highest possible standards and quality of service to all our customers is maintained. The team understands the communities and their needs and strives to continually improve.

The Caerphilly Homes vision will guide everything that we do: 'To deliver an outstanding high-quality service for all customers of Caerphilly Homes'

The mission of the team is that: 'Caerphilly Homes supports all customers fairly and transparently. Maintaining all homes with a responsive and professional high-quality service. Building new relationships with existing and new customers, whilst developing new homes and communities with low carbon, low-cost homes, for now and the future. Solutions are sourced for those that are homeless or at risk of

homelessness, working with other landlords, public and private, across the county borough to deliver more opportunity for all, whatever the need'

To achieve the vision and embody the mission, the team will focus on the customer, their journey and experience. With that at the heart of delivering our numerous services within the housing revenue account the service is on a firm and robust footing for the future.

Nick Taylor-Williams

Head of Housing

The Housing Service

Overview of the Housing Service

The housing service is called Caerphilly Homes and consists of the following teams - public sector housing, private sector housing, strategy and development, housing solutions and housing repair operations. We employ 608 members of staff (FTE) and have an overall budget this year of circa £129m (revenue and capital). Main streams of funding include the Housing Revenue Account (HRA), the General Fund, Major Repairs Allowance, Social Housing Grant and other grants received from Welsh Government.

Our ambition to provide high-quality housing and housing related services to people living in the county borough. The scope of this provision is wide ranging, incorporating housing functions in both the public and private sectors. Many of these services are interrelated and spread across the different teams that make-up Caerphilly Homes.

They include providing management and support services to customers carrying out repairs and improvements to their homes, providing adaptations to homes in public and private sectors, preventing homelessness and tackling rough sleeping and increasing the availability of good quality, affordable housing.

As part of our service delivery, we also provide wider community benefits including estate management, environmental improvements, supporting the local economy via procurement and associated community benefit clauses, aimed at reducing poverty, promoting housing led regeneration as well as creating training and employment opportunities.

Our Achievements Last Year & Priorities for the Next 3 Years

Last year we were able to successfully achieve the following:

Welsh Housing Quality Standard attainment, thereby ensuring customers' homes are in a good state of repair; safe and secure; adequately heated, fuel efficient and well insulated.

Maintain and enhance the levels of support we provide to help our customers manage their accommodation and their money.

Exceeded the target for the value of financial savings generated for our customers - total savings of £3,023,474.65.

The Council and housing associations partners drew down £14.92m of Welsh Government grant funding to build new affordable homes, an increase on the initial allocation of £2.3m.

Awarded outline planning permission for two Caerphilly Homes led developments. The former Oakdale secondary school delivering circa 85 new homes and the Ty Darren older persons later living scheme in Risca delivering circa 46 new homes.

Received endorsement for the continuation of Caerphilly Keys, which continues to play a crucial role in the Council's plan to prevent homelessness by providing access to good quality, affordable accommodation in the private rented sector.

Completed 1212 minor adaptations and almost 167 major adaptations, alongside a further 108 Disabled Facilities Grants with 90 projects funded through ENABLE, assisting residents to remain independent in their own homes.

Empty Homes action plan approved by Welsh Government; Empty Homes advice packs rolled out enabling empty homes to be brought back into use, and we completed our first enforced sales.

Facilitated the running of community surgeries in 8 different locations across the borough, providing a range of support services to our customers.

We have recently completed a variation of our occupation contracts, with changes coming into effect in 24/25.

Council Housing Priorities for the Next 3 Years

Over the next 3 years, we will focus on:

Implementation of a new IT system which will enable us to improve the type and level of data we collect, thereby improving the services we provide.

Ensuring compliance with new housing legislation, including the Renting Homes (Wales) Act 2016.

Implementation of a new Planned Asset Management Strategy, with a focus on WHQS 2023 and the decarbonisation of the housing stock by 2033.

Implementation of a new Local Housing Strategy and Delivery Plan, which provides the context for the provision of housing and housing related services throughout the county borough.

Complete a Tenant Satisfaction Survey Action Plan.

Complete a new Local Housing Market Assessment, to provide an updated picture of housing need throughout the borough.

Submit the 2022/27 Gypsy Traveller Accommodations Assessment to Welsh Government for approval.

Adopt a Rapid Re-Housing Strategy and ensure that our Common Allocations Policy is reflective of any new priorities.

Achieve full planning permission and start on site with Oakdale Secondary school and Ty Darren.

Continue to work with housing association partners to develop and deliver new affordable homes ensuring that we spend the record levels of social housing grant.

Continue working in partnership with the Supporting People team to develop the Housing First initiative for people with complex needs.

Support our customers to manage their money, maximising income and reduce fuel poverty by making homes more energy efficient and exploring funding provisions.

Renting Homes (Wales) Act 2016

The Renting Homes (Wales) Act 2016 is the biggest change to housing law in Wales for decades and is intended to improve the way in which all rented homes in Wales are managed and lived in, by standardising written contracts, increasing landlords' obligations, and enhancing tenants' rights.

Significant changes have been required to the way in which we manage and maintain our customers' homes . We have set up working groups to undertake a comprehensive review of our policies, procedures, and services to ensure that the new statutory obligations are met. We are collaborating with other local authorities around the consistency of communications to our customers and to share good practice.

We will need to continue to make further changes to the way we deliver of services, which means we will incur additional costs. Some of the costs will be one-off, such as printing and delivery, and other costs will be year-on-year, such as increased staff numbers. We are currently in the process of identifying and assessing the likely costs that we will need to incur.

Ukraine Support Project

The Council fully supports the efforts of the UK and Welsh governments to provide the necessary support to Ukrainian people fleeing the war in their homeland. Using experience gained through similar UK resettlement schemes (Syrian and Afghanistan) the Council has set up a multi-disciplinary team, led by the Head of Housing, to oversee all aspects of the Council's response.

The number of people requiring housing was initially low but we have seen an increase in recent months. We have been successful in matching a large number of Ukrainian families under the national Homes for Ukraine scheme with sponsors living in the county borough. As the number of families requiring housing increases, we expect to start using some of our own homes to help meet need, although, under current arrangements, we do not expect this to impact on our lettings to people currently on the Common Housing Register.

Welsh Government has made funding available to local authorities and housing associations via the Transitional Accommodation Capital Programme. Funding is aimed at the refurbishment of existing void or soon to be void properties that were not planned to be re-let and to fund larger projects such as significant conversions or, remodelling, demolish and rebuild, and Modern Methods of Construction solutions. The Council has been awarded funding of phase 1 of the programme and has made an application under phase 2.

1 Profile of Existing Homes

Housing Stock Profile

We currently provide 10,682 homes to our customers in 91 different communities throughout the county borough. 70% of the stock is designated as general needs accommodation with the remainder designated as later living. The table below provides a summary of the housing stock by property type and bedroom count.

Type of Property	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	Total
Bungalow	570	900	76	2	0	1,548
Flat	1,263	1,449	68	0	0	2,780
House	24	1,314	4,795	166	1	6,300
Maisonette	38	11	5	0	0	54
Total	1,895	3,674	4,944	168	1	10,682

We also provide services to 397 leaseholders and let 887 garages. The bullet points show a breakdown of our customers' homes by property type (March 2022). It shows that the majority of homes are houses.

Housing Stock by Property Type

House: 6300

Flat: 2834

Bungalow: 1548

The bullets below provide a breakdown of our customers' homes by age. It shows that the majority of homes were built within a 30 year period from 1945 onwards. Approximately, 6% of the stock is more than 100 years old, which has implications for ongoing repair and maintenance.

Pre 1919: 692 (6%)

1919-1944: 905 (8%)

1945-1965: 4227 (40%)

1966-1974: 4226 (40%)

Post 1974: 632 (6%)

Total: 10,660 (100%)

The Right to Buy policy resulted in a significant number of our customers purchasing their homes, resulting in a decline in the number of homes we have to rent. The abolition of the Right to Buy in Wales (2019) prevents customers who rent their homes from purchasing them. In the last couple of years, we have seen stock numbers increase slightly due to homes being purchased from private sector developers as part of planning obligations and purchases funded by grants from Welsh Government. We expect numbers to increase in the next 4 years as a result of our new build programme and further private sector acquisitions.

Our data shows us that the need for some property types and sizes varies between locations. In the last couple of years, we have redesignated the use of some later living homes to general needs to respond the high number of people on the Common Housing Register waiting for this type of accommodation.

Later Living Accommodation

We provide 3,148 homes designated later living, usually for people aged 60 years and over:

Later Living Accommodation by Property Type and Bedroom Count

Property Type	1 Bed	2 Bed	3 Bed	Total
Bungalow	568	853	4	1,425
Flat	951	750	5	1,706
House	0	4	13	17
Total	1,519	1,607	22	3,148

890 of our later living homes are designated as sheltered housing. We have 32 sheltered housing schemes with 14 provided under one roof. The accommodation varies in size, type and location.

All sheltered housing schemes have communal facilities and communal areas. Our customers are service charged for any additional services they may receive, which varies depending on which sheltered housing scheme they live in. Housing related floating support for people living in sheltered accommodation is from a Sheltered Housing Officer.

All sheltered homes are linked to the Caerphilly Careline Community Alarm Service, which can be used by our customers at any time of day for help or advice. This service is available 24 hours a day, 365 days a year.

Accessible Housing

We want our customers to live in good quality homes which meet their needs. We assess the level of accessibility of all homes prior to them being relet to ensure that our customers are able to live safely and independently in their homes. All homes are categorised on their existing level of accessibility or on their potential to be adapted - A1 being the highest level of accessibility to D below the lowest level. Customers requiring an accessible home will be given priority through the Common Allocation Policy best match approach.

Lettings Data

When a property becomes empty, we will usually let it to people waiting on the Common Housing Register. In the last 3 calendar years we have made 2,713 lettings, on average 904 lettings per year. The number of lettings dipped slightly in 2020, because of the public health restrictions imposed during the Covid-19 pandemic, but in 2021 the number of lettings rose above the 3-year average. The number and type of lettings varies by area due to the stock profile in those areas. The Table shows the number of total lettings over the last 3 years by property type and bed count.

Property Type	1 bed	2 bed	3 bed	4 bed	Total
Bungalow	92	162	7	0	261
Flat					
Ground Floor	257	183	12	0	452
Second floor or higher	11	35	4	0	50
House	9	498	689	39	1,235
Maisonette	0	3	1	0	4
Sheltered Accommodation					
Bedsit	4	0	0	0	4
Flat					
Ground Floor	66	5	0	0	71
First Floor	48	6	2	0	56
Second floor or higher	6	1	0	0	7
Bungalow	66	58	0	0	124
House	0	1	1	0	2
Total	800	1,149	723	39	2,713

2 WHQS Attainment

WHQS in Numbers

Having started in 2012, we successfully completed the WHQS programme by Welsh Government's target date of 31st December 2021. In bringing our customers' homes to the standard we spent a total of £266.39m. The graph below shows that during the lifetime of the WHQS programme we carried out 43,329 external improvements to our customers' homes, totalling £141.97m.

1,396 of our customers' homes did not meet the standard because our customers declined to have all or part of their homes improved. This is something Welsh Government calls an acceptable fail - customers' choice. We intend to pick up these improvements as part of our post asset management strategy or when the property becomes empty. Our customers' homes will now be maintained at or improved to this standard under our new Post Asset Management Strategy, as outlined in section 4.1.

The Environmental Programme

82 communities throughout the county borough have been engaged and involved in an extensive programme to determine how best to meet the needs of customers and the aspirations of residents in accordance with Part 6 of the Welsh Housing Quality Standard. This exercise concluded in Summer 2020 and has resulted in the identification of over 300 projects to ensure that homes are in attractive and safe environments. Over £13m has been committed to projects identified by communities including improved footway and highway improvements to facilitate greater accessibility, external improvements to the environment in and around our sheltered housing schemes, increased car parking, planting, community amenities and facilities including play provision and skateparks.

We have also extended our environmental projects to include projects outside of the Part 6 remit as a result of our extensive engagement. Environmental works will therefore form part of our ongoing commitment of improvements throughout the county borough year on year and include the provision and improvement of amenities for young people; schemes to address anti-social behaviour and wider community led environmental schemes in targeted areas.

Elements of the environmental programme continue to be delivered via Caerphilly Homes' Area Housing Offices ensuring consistency and momentum of improvements throughout the county borough, year on year.

3 Maintaining Existing Homes

Planned Asset Management Strategy

Now our customers' homes have been improved to the WHQS we want to ensure standards are maintained and investment is planned to ensure this. The level of actual investment required will vary year-on-year and, consequently, detailed programmes of work will require adjustment on a yearly basis. The HRA business plan (see section 11) includes a provision for kitchens and bathrooms that were deemed as acceptable fails (e.g. customer refusal) to be improved as properties become vacant or our customers change their minds. The business plan incorporates life cycles of property elements and budgetary commitments over a 30-

year period. Due to the high amount of work completed on our customers' home in the run up becoming WHQS compliant a large number of elements become due for renewal in a short space of time. To ease budget constraints and improve efficiency of renewal replacement the business plan needs to go through a smoothing exercise.

Our database provides details of the improvements carried out to all of our customers' homes. It allows us to make accurate forecasts and to plan and cost our improvement programmes. It also allows us to achieve value for money by using our resources efficiently and effectively.

Sustainability is at the heart of everything we do. We work in partnership with suppliers and contractors to purchase the best quality materials at the best price. We ensure that environmental criteria are used when awarding contracts. When assessing value we consider the whole life cycle of a material, including installation, maintenance, and final disposal. Wherever possible we will purchase green energy and consider the suppliers environmental credentials, which means that the cheapest product does not necessarily deliver the best value for money.

We have used our database to produce a Post Asset Management Strategy (PAMS) programme to ensure that all our customers' homes are maintained to the WHQS following attainment in 2021. The PAMS was developed following a full consultation exercise with our stakeholders.

The programme for external works commenced in 2022, meaning all works will now be undertaken in accordance with the expected lifecycle of each component. A full external maintenance works programme based on a 5-year maintenance cycle has also been finalised. Year 1 has been surveyed and has been packaged into maintenance contracts, which are now being progressed by our own staff. In order to assist in the delivery of the programme we have set up a new unplasticised polyvinyl chloride (UPVC) window fabrication workshop and are manufacturing and fitting new windows within our customers' homes. This facility will provide assistance with the decarbonisation of our customers' homes and will also provide low maintenance, safety and security.

Similarly, a program of internal replacement of key components based on condition will be implemented in 2024, taking into account the lifetime home standard to allow our customers to live in their own homes safely and independently.

Our staff also assist with the maintenance of our customers' homes. Repairs are carried out in priority order. We normally undertake about 28,000 repairs annually.

Local Employment and Apprenticeships

We recognize the importance the investment we make in housing acting as an economic catalyst, delivering wider benefits including employment, training and apprenticeship opportunities. Providing employment, training and apprenticeship opportunities also helps us mitigate against the shortage of trades people in the construction industry.

We currently employ 11 apprentices and are in the process of recruiting another 10. We also provide a clear pathway for apprentices to be retained and moved into fulltime employment following the successful completion of their training. Approximately 20% of the current operational staff are former apprentices, which is testament to our workforce development practices.

We also work in partnership with local colleges to provide work placement opportunities for local people to gain on-site experience, assisting with their qualification requirement.

Developing Local Supply Chains

We recognise the importance of social value delivered through our investment in our customers homes in helping to develop local supply chains. Our aim is to work with small and medium enterprises to deliver maximum benefits to our communities, ensuring that every £1 spent in the borough is invested back into the local economy.

Robert Price is our single source materials supply partner. As part of the contract, they will supply our staff with all components and ancillary items. Operational and strategic aspects of the supply partner contract are overseen by a relationship manager.

Later Living Accommodation

We provide 890 homes to our customers requiring sheltered accommodation, and over 32 schemes. 28 of these schemes have received WHQS improvements works. A further 5 schemes were assessed as not being fit for purpose. Following an appraisal a decision was made to remodel these schemes, but one has since been closed with the site identified for the development of new affordable homes. Another three of the schemes are to be replaced by the new Ty Darran development . The remodelling of one scheme has been completed.. The future maintenance and improvements works to the 32 sheltered schemes will continue to be managed in house.

Fire Safety, Post-Grenfell

The safety of our customers in their homes is our utmost priority. We carry out Fire Risk Assessments, in accordance with the Fire Safety Order 2005, to better understand the potential risks to our customers' homes and identify the action required to improve fire safety precautions. Reports are developed where the assessment shows a potential fire safety hazard.

The reports include a full action plan detailing the improvement required and providing the recommended period of time within which the works should be completed. Tasks typically include works to fire doors, glazing, compartmentation, housekeeping within the communal area and relocation of bins to control risk of arson. We continue to implement weekly monitoring of housekeeping and escape routes within communal areas.

Works to comply with the FRA reports for our flats and sheltered housing schemes are currently ongoing. Planned works are also being undertaken in refurbished sheltered housing schemes to install sprinkler systems. The maintenance of these

systems, including other active fire protection systems such as fire alarm systems and emergency lighting are routinely inspected.

We continue to work with South Wales Fire & Rescue Service to adhere to any recommendations following their audits of our sheltered housing schemes.

Leasehold Properties

We currently have 397 leaseholders who previously purchased their home from the Council on a leasehold basis. Leaseholders are responsible for maintaining the internal fabric of their homes and we are responsible for repairing and maintaining the structure, exterior and any shared parts of the building.

Extensive works were undertaken to the externals of all leaseholder properties during the WHQS programme. On average we spend £550k per year repairing and maintaining leaseholder properties.

4 Building New Homes

Summary of Housing Need

As of 1st March 2023 there were 6,456 total applications on the Common Housing Register. Of these total applications, 5,790 are currently active and being considered for housing. The table provides a breakdown of these applications by priority band and bedroom need (assessed). It shows that 9% of applications have the highest level of priority (Band 1) and that 62% require 1 bedroom accommodation.

Number of bedrooms	1 bed	2 bed	3 bed	4 bed	Total
Band 1	341	111	30	20	502
Band 2	1,419	404	126	56	2,005
Band 3	1,834	997	364	88	3,283
Total	3,594	1,512	520	123	5,790

We know from looking at our data that there is a clear mismatch between the type of accommodation people on the common housing register require and the type of the accommodation we currently provide.

We are trying to address this mismatch by building new homes but the level and nature of need means that it will need to be addressed over the long-term and in partnership with local housing associations.

Our Ambition

In January 2020 the Cabinet approved the Building Together report which set out the Council's ambition to build 400 new affordable homes by 2025. A new Development and Governance Strategy has now been agreed by cabinet and this has now increased the ambition of the council to deliver 1,000 new low carbon affordable homes by 2033. Cabinet also agreed the creation of a separate Development and Governance Programme Board with delegated decision-making powers to drive forward the delivery of the new build development programme.

These ambitions will continue to be met through;

- Purchasing Section 106 properties.
- Direct Delivery
- Buying back former Right to Buy properties.
- Entering into collaborative arrangements with partner housing associations, potentially engaging a development partner.

Time has moved on and there are a number of new strands to Council's development programme that over the next 12 months require further development, including the use of package deals and a dedicated small site workstream..

Currie & Brown as our multi-disciplinary development consultant partner, are helping us to identify opportunities for development and undertake the work necessary to better manage development risks and understand viability. Many of the more viable sites in the county borough have already been developed and those that remain have significant abnormalities that require mitigation.

As part of the development of a new Local Development Plan (LDP) by the Council, 27 potential sites have been submitted for inclusion in the candidate site selection process. The new LDP is unlikely to be finalised until 2025/2026. In the interim, a number of sites have been identified and a development strategy is currently being formulated, that will help with meeting our 1000 homes target.

We are actively seeking to address the need identified in the Local Housing Market Assessment and the Prospectus.

The availability of land suitable for development is a significant challenge and it is likely that in the future, the option to purchase land in private ownership will have to be explored. Further partnership working with Welsh Government on land that lies within the county borough and remains in their ownership will also be explored.

To increase the stock further, we are in the process of drafting an Acquisitions Policy which will see a ringfenced budget set, used specifically to purchase and improve (to ensure compliance with WHQS 2023) former Right to Buy properties and properties that assist us in meeting specific needs. We will set an annual target for the number of properties we intend to purchase.

Garage/Small Sites Workstream

We have identified a number of former garage or smaller sites within the HRA portfolio that could be suitable for small scale development (8 units or less) or which could be packaged together with other smaller sites to create a larger number that would be more attractive to a larger contractor / developer or could be built out by our in-house team. This work is ongoing and will feature more prominently in our future development programme

Section 106 Process

The ability to purchase affordable homes via the Section 106 process is a critical strand of our ambition to provide more homes. We have the first option to purchase homes where an affordable housing contribution is required. To date, 6 homes have been purchased with a further 2 Low-cost Home Ownership (LCHO) properties currently being marketed and a further 7 expected towards the final quarter of 2022/23 and early 2023/24.

Partnership/Collaboration with Housing Associations

We work closely with partner housing associations largely via a Memorandum of Understanding (MOU) that was established in October 2020. The purpose of MOU is to set out how providers of affordable housing within the county borough will work together on matters relating to affordable housing. This includes the development of new affordable housing, the management and allocation of homes, the allocation of Social Housing Grant funding, measures to tackle and address homelessness and all matters that relate to the management and delivery of housing at strategic level.

We meet with its housing association partners via the Affordable Homes Partnership on a bi-monthly basis and also meet quarterly to discuss the Programme Development Plan and Social Housing Grant allocation.

We are also part of the All Wales Net Zero Carbon timber frame working group and have committed to identifying and enabling the development of a small number of sites linked to the project.

Innovative Housing Programme Developments

In 2020/21, we secured £3.1m of Welsh Government funding to build 18 new passivhaus certified apartments in Tredomen and Trecenydd in partnership with construction experts Willmott Dixon and local steel frame manufacturer, Caledan Ltd. The apartments have been built to the highest standard of energy efficiency following the adoption of a fabric first approach and have been designed to lower the cost of energy bills to circa £100 per household per annum. The unique steel primaframe solution was designed specifically for these two developments by Caledan Ltd, a Caerphilly based company, which has invested in creating new jobs for local people as a result.

Former Oakdale Comprehensive School

We are currently looking to develop 85 as part of a mixed tenure scheme at the site of a former comprehensive school in Oakdale. The site is incredibly challenging due to the various levels and the existing ecology. We are working in partnership with Willmott Dixon through the SCAPE Framework to deliver a scheme that seeks to maximise the energy efficiency of homes through the adoption of a fabric first approach and learning derived from the Innovative Housing Programme funded sites in Trecenydd and Trethomas.

An innovative steel frame solution that was developed in Caerphilly by Caledan Ltd will be utilised to construct the homes, together with an innovative non-combustible highly insulated fabric first solution for the building envelope. We are currently

exploring options relating to the environmental credentials and standards that will be applied to the scheme including Building Regulations 2025 and Passivhaus certified options. The ambition is to deliver a near or net zero carbon ready scheme using a fabric first approach and innovative design principles are embedded into the design principles of the evolving scheme.

Ty Darran

We have obtained outline planning approval to build 46 later living apartments at the site of a former care home in Risca. The later living apartments will exceed Beautiful Homes and Spaces standards and set the space and environmental standards for future later living developments in county borough.

Future Developments

We are currently looking at a further five development sites as part of the evolving development strategy. Collectively the sites will deliver between 90 -125 homes and make a significant contribution towards our 400 affordable homes target.

Housing Led Regeneration

We know the positive impact that building new homes can have on town centres and communities. As a result, housing-led regeneration which is linked directly to the circular economy, climate resilience and mitigation will feature large in our plans to revitalise and transform targeted areas.

Transitional Accommodation Capital Funding Programme

We have secured funding from Welsh Government via the Transitional Accommodation Capital Programme, which has been introduced to support the quick delivery of new housing to help those people living in temporary accommodation including people fleeing the war in Ukrainian coming into Wales as a Nation of Sanctuary

We have identified 4 new potential sites throughout the county borough that are close to amenities and transport networks. Investigations are underway to explore whether these sites are capable of accommodating a number of homes that could be provided via a 'turnkey' MMC (modern methods of construction) solution that would be manufactured and built off-site to an appropriate specification. At least two of the sites identified would require the homes to be built above an existing car park and require the support of the Council's planning and drainage teams.

The funding criteria requires that the homes would have to be built and onsite ready for occupation within an 18-month period following the grant approval. All homes provided via the TACP will be built to the required standard and absorbed into our housing stock portfolio.

5 Mitigating Climate Change

Research shows that existing housing accounts for a high percentage of carbon emissions in the UK. Reducing carbon emissions through decarbonisation of the existing housing stock will help to mitigate the effects of climate change.

WHQS currently requires that our customers' homes have a minimum Standard Assessment Performance (SAP) rating of 65 (Emergency Performance Certificate [EPC] rating of D).

Plans announced recently by Welsh Government to decarbonise the existing social housing stock will present significant challenges to all social housing landlords in Wales. A revised WHQS (2023) means that all of our customers homes will require further improvement and modernisation.

Proposed targets mean we will need to achieve the following:

Target a high SAP EPC C rating through fabric measures; EIR target to C.
Compliance date 2029

Target SAP EPC B through fabric measures. Install energy generation and storage systems where appropriate. Effective implementation will prepare homes for step 3

Compliance date: 2031

Install only appropriate low carbon heat sources from 2026 onwards.

Every effort will be made to improve the SAP ratings of our homes towards SAP 92 (A rated), where it is practical and feasible to do so. This will help tackle both fuel poverty and be part of the Council's overall response to the climate change emergency.

We will target the lower energy SAP properties first prior to moving towards the higher SAP properties via a fabric first approach to ensure we meet the new targets that will be set out within WHQS 2023.

To meet this new standard we will upskill our staff through the creation of new training and create pathways focused on energy efficiency and installing new, low carbon technologies. We will endeavour to take a circular economy approach, which will take account of embodied energy in materials and selection of specialist contractors to undertake improvements.

Most of our customers' homes have an "A" rated boiler (96%). Our aim is to get to 100%. From 2026 we will start to install low carbon heating, which could include Hybrid, Hydrogen, Air Source and Ground Source heating and Mechanical Ventilation Heat Recovery (MVHR) systems. We will also evaluate the potential of community heat networks. This will take place following the end of life of existing "A" rated boilers and several pilots will be required to establish the most appropriate system for a given house type.

As we strive to improve our customers' homes to the new WHQS standard, we plan to pilot several renewable energy sources such as solar Photovoltaic (PV), solar thermal and battery storage.

We anticipate that the cost of decarbonising Council homes will be significant and initially estimated at between £300m to £500m. We may need to access additional funding to help meet Welsh Government's new standard, including extending our borrowing limit.

Net Zero Carbon New Homes

Our ambition is to ensure that all our new affordable homes are as a minimum, net zero carbon ready. As a result, we are exploring ways in which to deliver a whole life net zero carbon building solution with our construction partners. We are part of the All-Wales Consortium to deliver a net zero carbon timber frame building solution and as part of the Memorandum of Understanding signed by the Cabinet Member for Housing in March 2021 will be making a demonstrator site available as part of the project.

We have delivered two Passivhaus certified schemes on two sites in Caerphilly thereby ensuring that occupants receive the highest level of comfort and energy efficiency that can be achieved together with affordable fuel costs of circa £100 per annum. The learning from these schemes (funded by the Welsh Government's Innovative Housing Programme) will now be applied to the development of 85 new homes at the former Oakdale Comprehensive School site and also a 46 new home later living scheme at Ty Darran, Risca. We will be working with our private sector partners, Willmott Dixon and Caledan Ltd to evolve the solution created for the pilot schemes in order to seek economies of scale and further efficiencies in relation to the steel frame and the building fabric.

We are exploring the use of renewables on our new homes and the benefits that may result however, we are also mindful and aware of the ethical considerations that relate to the sourcing, manufacture and recycling of renewables. Our current focus is on the use and benefits of biophilic design and working with and enhancing the existing ecology and habitats on sites in order to maximise net biodiversity gain and reduce the overall amount of carbon emissions generated at a site masterplan level.

Decarbonisation of the Fleet

We currently lease 143 vehicles and have recently completed a review of their use and agreed to move to a more environmentally friendly fleet in the future. However, this move will not be straightforward due to the nature of the work and the way the service is delivered operationally. A three-strand action plan has been proposed, involving:

Reviewing existing working practices;

Assessing vehicle requirements (in the light of the review above); and

Establishing infrastructure requirements.

A task and finish working group has been established to co-ordinate and undertake a review of existing working practices. A number of options are being considered. It is likely that we will need a hybrid system including overnight charging at depots, rapid charging at depots, charging at a location near to the driver's home and probably home charging.

6 Listening to Customers

Customer Engagement

We see working with our customers as an essential part of the way we provide services. The way in which customers engage with us has needed to be adapted in recent years due the Covid-19 pandemic and the resultant public health restrictions. Our customers are now more often engaging through online meetings, online surveys, online focus groups, social media, telephone calls and email.

Consultation and Communication

We send out regular emails to our customers to update them on topics, Council matters, Welsh Government initiatives such as the Renting Homes Act implementation and Covid-19 advice.

A monthly information exchange meeting is held online and in person with participants also able to access via phone using audio only. The meeting focuses on various topics selected by the participants including Renting Homes (Wales) Act, health and safety, digital inclusion, environmental programme and the Caerphilly Cares initiative.

Rent consultations were held in May this year via online surveys and online focus groups, with results being reported to the Housing & Regeneration Scrutiny Committee. The most recent consultation focused on affordability and our use of the Joseph Rowntree Foundation (JRF) Living Rent Model.

We have worked in partnership with Digital Wales to provide a small number of tablets and data to customers who could not otherwise participate in online meetings. We plan to roll this initiative out to other customers in the near future.

19 members of staff took part in Royal National Institute for the Blind (RNIB) Cymru 'Vision Friends' training in 2020 to help people with sight loss access services and support.

We use a wide range of methods to communicate with our tenants and other stakeholders, including press releases issued to local media, regular posts across several social media channels, monthly 'Caerphilly Homes News' e bulletins, annual newsletters, attendance at face to face events, and use of video and digital content.

Tenant Satisfaction Survey 2023

All social landlords in Wales are required by Welsh Government to undertake a standardised tenant satisfaction survey and update the results every two years. We asked ARP-Research to survey our customers, which took place between October

and November 2023. The results of the survey will be submitted to Welsh Government in March 2024.

The results of all community landlord surveys are published by Welsh Government. The results enable customers to compare the performance of their landlord against other community landlords in Wales. The results are published under the following headings:

Satisfaction overall

Quality of home; safety and security of home

Value for money of rent

Value for money of service charge

Repairs and maintenance;

Listening to views and acting on them

Taking part in decision making

Having a say in service management

The neighbourhood;

Anti-Social Behaviour

Trust in your landlord 76% of our customers that responded (29%) to the survey told us that that they were satisfied with the services we provided, with 14% of customers saying they were dissatisfied. We have produced an action plan to address areas of concern highlighted by the survey results.

Compliments and Complaints

Compliments and complaints are processed in line with corporate standards. We view the recording and analysis of compliments and complaints is an important aspect of ensuring the effectiveness and quality of services we provide to our customers.

Between April 2022 to the end of March 2023, we received 46 compliments from customers.

Between April 2022 to the end of March 2023, we received 160 complaints, 46.9% were completed within the target times. We analyse complaints data using a range of measures, which provides an invaluable insight into our service delivery. They also provide an opportunity to identify and resolve issues which require a change to service delivery.

As such we welcome complaints from customers and are committed to dealing promptly and effectively with those we receive. We present reports to the Governance and Audit Committee at predefined intervals and data is also provided quarterly to the Complaints Standards Authority - Wales.

7 Supporting Customers

Customer Support

In 2012, we set up a dedicated team to support customers affected by the introduction of welfare reforms. The team deliver support by telephone, in our customers' homes and at community venues. Support ranges from right-sizing advice and help to benefit health checks to debt advice and energy advice.

Impact of Covid-19

We have put in place measures to assist our customers following the Covid-19 pandemic. We have transformed the way we work by embracing the following principals:

Creating the right culture: adopting a person-centred approach to support and enable our customers.

Prevention and early intervention: working with a range of organisations to provide good quality and timely support to ensure the sustainability of all contracts.

Adapting a person-centred approach: staff have the discretion and flexibility to deal with the bespoke needs of individual customers.

Perseverance and help: breaking down the barriers to engagement and tailoring communication to our customers' needs.

Managing Anti-Social Behaviour

If it is not managed quickly and effectively, anti-social behaviour can seriously affect the quality of people's life and the sustainability of the communities where our customers' homes are located. Caerphilly Homes is committed to tackling both the impact and cause of anti-social behaviour and has adopted a harm centred approach which means we will:

Listen to residents reporting anti-social behaviour.

Provide support, advice and guidance to residents reporting anti-social behaviour. Speak to the perpetrator of the report and provide them with advice, guidance and support.

Take action that is both reasonable and proportionate when we have the evidence to do so.

Over the last 5 years we have received on average 780 reports per year, with noise, harassment, intimidation and threatening behaviour being identified as the main reasons. As part of our approach to managing anti-social behaviour we engage with a range of services and work with other organisations in order to provide support to all those involved in a complaint.

Safeguarding

We are committed to ensuring that everyone living within the Borough is safe and protected and that our statutory responsibilities to safeguard and protect children,

young people and vulnerable adults are effectively met. We all share a responsibility to ensure that all children and adults are treated with respect and protected from others who may abuse them. All employees and contractors who come into contact with children or vulnerable adults in the course of their duties are expected to understand their responsibility and wherever necessary, our duty to take action to safeguard and promote their welfare.

Safeguarding responsibilities for all employees are emphasised from the point of recruitment and throughout their employment. There are clear lines of accountability, responsibility and support regarding safeguarding, and these are achieved via relevant staff guidance, training, code of conduct and specific policies and procedures which all staff must adhere to. There is also a range of policies and procedures available to promote and support staff to raise concerns about the safety and welfare of children and adults.

We strive to ensure that through procurement processes, services commissioned and contracted on our behalf have safeguarding responsibilities built into contracts and that appropriate policies and staff training are in place. This includes an expectation that any person or organisation using our resources or premises adhere to our safeguarding standards.

Floating Support

Floating support services are provided to help our customers who might otherwise be struggling to cope or live independently in their home. They are focused on preventing people from losing their home and becoming homeless. Any of our customers that experience difficulty is able to access a range of floating support services, provided by third sector organisations that have been commissioned by the Council's Supporting People team. These services complement the support services we also provide to our customers and those provided by Caerphilly Cares.

We know that from speaking to our customers during the Covid-19 pandemic that they may be experiencing multiple and complex challenges such as debt, financial capacity, unemployment and contract management, which are being made worse by the cost-of-living crisis. The person-centred support offered by the floating support providers helps to address such problems and improve people's health and wellbeing. These services can be accessed at various locations across the borough.

Caerphilly Cares

The Covid-19 pandemic and the cost-of-living crisis highlights further that more needs to be done to help the elderly and most vulnerable in our communities.

Caerphilly Cares has been established by the Council to do this and is now helping support people that may be affected by food poverty, debt or rent arrears, isolation or loneliness, issues which we know our customers often experience.

A referral pathway is now in place with Caerphilly Cares to ensure our customers receive the support they require when they need it most. Caerphilly Cares also funds 5 members of staff within our Rents Team, which has enabled us to increase the level of support now being provided to our customers.

The vision is for Caerphilly Cares to provide a much larger range of services in the future, potentially from hubs located in communities. This new approach will require us to change the way we currently provide some services to our customers so that we better meet their needs.

8 Addressing Customers Specific Requirements

Adaptation of Existing Homes

Housing adaptations play a vital role in supporting our customers to live safely and as independently as possible in their own homes for longer; making a significant contribution to our customers' quality of life, their physical health and mental well-being. A team of occupational therapists work closely with estate management officers to ensure that our customers' homes meet their individual needs. Below are some of the adaptations we have provided:

Level/low access showers;

Handrails and grab rails;

Accessible kitchens;

Improvements carried out to RNIB standards, where required (sensory loss);

Stair lifts;

External works e.g. ramped access.

Last year we carried out 688 minor and major public sector adaptations, spending £990,364.

Later Living Accommodation

National population statistics show that people are living longer and that the size of the older persons' population is growing. 2021 Census data shows that 26% of the population in the borough is aged 60 years and over, which is a 3% increase from the 2011 Census.

As people get older, we know that their housing requirements often change. As a result we need to ensure that our housing offer for people in later life continues to meet their needs and match aspirations.

We currently provide 3,148 homes designated as later living including sheltered accommodation. Under our development programme we have plans in the short term to provide new later living accommodation in Risca, which will replace two sheltered housing schemes that are scheduled to be decommissioned, and one that has recently been decommissioned. Each year we also carry out adaptations to our customers' homes to help keep them stay safe and promote independence.

Accessible Housing

We use the 'best-match approach' when letting our homes to ensure the most effective use and to enable our customers to live independently and safely. The best-match approach involves assessing the level of accessibility of our homes when they

become empty and then matching the property with someone who requires that level of accessibility. Our new customers' accessibility requirements are assessed when they submit a Common Housing Register application.

Where our Occupational Therapists identify that one of our customers' homes fails to meet their needs and is incapable of being adapted, due to design or cost, we will provide advice and support to move to a new home.

Due to the design and location of some of our homes, there is a limited number of homes that reach high levels of accessibility. We are actively looking, as part of our development programme, to increase levels of accessibility.

In 2022/23 we used £82,230 of Welsh Government's ENABLE funding to pay for 11 public sector projects aimed at increasing the accessibility of our customers' homes and improving accessibility in and around communal areas of sheltered housing and the general external environment.

19 staff members have attended a RNIB Cymru training event that offers an in-depth understanding of the needs of older people with sight loss. Through training we want to help people with sight loss to access the services and support that they need. We hope this approach will help to reduce the number of falls or accidents experienced by some of our customers and help them to stay independent within their homes for as long as possible. We hope to roll this training out later this year to other staff using a train the trainer approach.

Equality, Diversity and Inclusion

The Equality Act 2010 places a duty on public sector bodies, such as the Council, to reduce inequality of outcome and to reduce discrimination. Promoting a more equal, diverse and inclusive society is a key priority of the Council. We look to promote equality, diversity and inclusion in all aspects of service delivery and routinely carry out Integrated Impact Assessments when introducing new services or reviewing existing services in order to identify and assess any potential impacts. In 2021 we commissioned Civica to implement a new IT system which will allow us to improve the data we collect and ultimately improve service provision.

9 Ending Homelessness

Common Housing Register

We are responsible for the operational, day-to-day management of the CHR on behalf of all social housing landlords with housing in the county borough. Since the start of the Covid-19 pandemic we have noticed an increase in the number of households waiting on the CHR. The total number of households now stands at over 6,000. With a mismatch between housing need and available stock we expect to see people waiting for extended periods before they are rehoused, which could result in an increased number of homelessness presentations.

All applications for social housing are made via the Common Housing Register. We provide support to people wishing to submit an application or update their existing application.

Anyone who wishes to access Social Housing within the county borough should apply via the online weblink or, if this is not possible, contact the Common Housing Register Team for alternative ways to complete the application - either over the telephone or in a face-to-face appointment. All applications are assessed by our staff in accordance with the Common Allocation Policy.

Rapid Rehousing Plan

Using guidance issued by Welsh Government we have produced a Rapid Rehousing Transitional Plan, covering the period 2022-2027. The plan outlines how we will deliver the vision:

To make homelessness rare, brief and unrepeated and to ensure that the primary focus is on prevention and early intervention of homelessness. Where this is not achievable to ensure that any access to and time spent in temporary accommodation is reduced and as a short as possible maximising move on for the most vulnerable

The plan contains the following 7 key objectives that have been produced to achieve the vision:

Prevention and early intervention.

Tackle rough sleeping within the borough.

Enhance the housing first provision.

Increase the supply and access to permanent accommodation within the borough.

Allocation policy review to ensure it reflects the objectives of rapid rehousing.

Increase access to the private rented sector under the local 6 authorities pioneering caerphilly keys private rented scheme.

7 units of supported accommodation within the borough.

Homelessness and Housing Need

We received a total of 2,663, homelessness applications in 2021/22, which was an increase from the previous year of 2020/21, and from 2022 to date a total of 2,382 applications have been received. Due to the cost-of-living crisis and implementation of the Renting Homes (Wales) Act 2016 we expect to see further increases over the next few years.

We offer a holistic service and will provide tailored advice and assistance to each individual subject to their specific housing and support need this can include:

Referrals to the Supporting People team to access relevant tenancy support.

Advice and assistance specific to the housing situation.

Signposting to agencies if a statutory duty is not owed in order to address issues.

Refer to the Common Housing Register team where there is no threat of Homelessness.

Process any applications for assistance in accordance with the Housing (Wales) Act 2014.

We undertake housing and support needs assessments to ensure that we are able to provide viable options to alleviate the potential homelessness situation. Where a statutory duty under Section 66, 73 or 75 of the Housing (Wales) Act 2014 is owed then we will produce a tailored personal housing plan, detailing all housing and support options identified to prevent/relieve the homelessness situation. A referral is then made to the Supporting People team for tenancy related support to assist with achieving the actions outlined in the personal housing plan.

We primarily focus on preventing homelessness and have a number of partnership arrangements and pathways in place to address a range of support issues. Where homelessness cannot be prevented, we will produce a tailored solution to relieve the current situation and help to try and secure accommodation.

Single Homelessness and Vulnerable People

Single person households who find themselves homeless are the highest presenting household group. Meeting their accommodation and support needs can be challenging due to the lack of 1 bedroom accommodation available to rent within the borough, in our own housing stock and that of other social housing landlords. We are looking to address the shortage of 1 bedroom accommodation through our new build programme.

Single person households represent the largest group placed in temporary accommodation throughout the borough. In response to this issue our Rapid Rehousing Plan sets out our priorities over the next five years to build more accommodation and enhance services for this group, including a multi assessment centre hub and the introduction of a Housing First approach.

We also provide a range of housing and support of those people deemed vulnerable, including outreach support for those people rough sleeping, a dedicated domestic abuse support service, dedicated floating support services for mental health, dedicated floating support services for substance misuse, a dedicated mediation service for young people, a dedicated floating support service for prison leavers and a dedicated support service people in later life.

Homeless Families

Single parent, female households are our second highest homelessness presentation group after single homeless people. We have developed a range of options to address their housing and support needs of this group including a dedicated temporary accommodation, leased accommodation, floating support services and utilising Caerphilly Keys to maximise access to private sector.

We have a good range of housing available to meet the accommodation needs of this particular group of people.

10 Financial Planning

Financial Resources and Planning

The Housing Revenue Account (HRA) is a ring-fenced account detailing income and expenditure arising from our landlord functions. Ring-fencing means that all income raised via customers' rent must be re-invested and spent only on council housing. Legislation means that we must separate the landlord functions from other Council services and record all income and expenditure separately in the HRA.

The same legislation means that we must prevent debit balances on the HRA, meaning the HRA cannot be set in a deficit position.

There are some housing related functions that cannot be funded by the HRA. These tend to be statutory services that are available to the whole community not limited to our customers which includes private sector housing and preventing homelessness.

All HRA functions are predominantly funded from the rental income received from our customers. This financial year the HRA estimates 98% of the services will be funded from rental income. The remaining 2% is from service charges, garage rent and some smaller shop and land rental charges.

The main services that this income funds are:

Building Maintenance	Includes response repairs, cyclical testing and inspections, and contributing to the capital programme.
Capital Financing Costs	Includes interest and debt repayment costs from borrowing.
Public Sector Housing	Includes the support from the Area Offices including Estate Management, Tenancy Enforcement, Rent Collection and Tenancy Support.
Strategy, Development and Performance Management	Includes increasing housing supply, The Local Housing Market Assessment and addressing statutory requirements from Central or Welsh Government.
Other	Includes central recharges from internal services, bad debt provision and IT costs.

Rental income is governed by Welsh Government in terms of its annual increases and ensuring affordability and other strategic objectives (see Section 11.6 for more detail).

Legislation and standard accounting practices requires us to hold HRA capital expenditure in the HRA Capital Account and not the HRA Revenue Account. The HRA Capital Account is predominantly funded from the rental income received from our customers.

This is called a Revenue Contribution to Capital Outlay (RCCO) and funds activities like our building maintenance programme.

Each year we receive £7.3m of Major Repairs Funding (MRA) from Welsh Government to help maintain the condition of our customers' homes. Other funding available to us includes capital receipts (from asset sales), targeted grants (e.g. energy efficiency), and borrowing.

The 2024/25 HRA Capital Programme includes the cost for building new homes, maintaining the Welsh Housing Quality Standard (WHQS) through our Post Asset Management Strategy Programme (PAMS), Large Scale Voids, and Adaptations. There is also an Optimised Retrofit Programme which is match funded from Welsh Government..

This year the combined cost and funding for both the HRA Revenue (£ 60.3m) and HRA Capital (£ 62.7m) are £ 123m.

As part of the Major Repairs Allowance (MRA) criteria, we are required to submit a new business plan to Welsh Government each year. Failure to submit a new business plan could result in the MRA being withdrawn.

The business plan is a long-term, 30-year plan for managing our assets and financing any necessary investments. It is a key element in ensuring the effective long-term management and maintenance of our customers' homes. It a financial forecast reliant on key assumptions that identifies the resources and funding we require to ensure that our customers' homes meet the WHQS and is maintained thereafter, together with other strategic objectives such as increasing the supply of new homes.

HRA Business Plan Risk Matrix

The business plan is a long-term model based on a number of assumptions, which can change frequently and alter the outcome of the plan.

To test the viability of the business plan we undertake an exercise called sensitivity testing. This shows if any deviations from our assumptions makes our plans unviable. If they do become unviable then we need to put in place a plan to rectify this. We do this to limit the risk against the business plan.

The bullet points show shows the sensitivities analysed against the current plan:

Rents reduced to CPI only

Rents reduced to 2%

Materials increased by 5%

Bad debts increased by 2%Combination of 1 and 3 above

The sensitivities allow the Council to identify any potential risks to the plan and what type of action will be required to mitigate the risks.

Key Assumptions Used

The business plan is a 30-year model. It contains many assumptions necessary to project the financial picture over a long period of time. Welsh Government are not prescriptive in terms of the assumptions we use but ask that there are clear explanations as to why they are being used and how they are calculated.

Assumptions are basically estimates using current and historic data together with some element of knowledge to predict future impacts. This undoubtedly means there is a high degree of uncertainty within the plan as any variables within the assumptions can lead to a different outcome within the business plan.

The table below contains the main assumptions we used in this year's business plan.

Area	Assumption	Rate/ Value	Comment - why have you included this rate/value in your base plan?	Comment - how has this changed from previous years?
General	General inflation rate	4%	The general 2% is unlikely to be sufficient in the short-term UK RPI forecasts suggest inflation will fall to the target 2% by 2025, but this was assumed last year and didn't materialise. It is prudent therefore to use 4% for year 1 of the plan, reducing year on year to 2% and review..	This is an increase from the previously WG advised 2% due to the unprecedented inflation increases affected by Covid-19, Brexit, the Ukraine Crisis and the cost-of-living
Rental Income	Rent increases 2024/25	6.7%	As agreed by members.	Rent is not the same every year as it depends on the CPI level and other factors (e.g. this year the policy was

				overridden by WG due to the high inflation)
Rental Income	Rent increases beyond 2024/25	3-4%	Year 2 4% then 3% in following years to match assumption inflation will and assuming the plus 1% is not removed in future years (Early indications on the Joseph Rowntree Foundation affordability model suggests Caerphilly rents are lower on all of its stock so the maximum increase is assumed.	As above
Rental Income	Voids provision	3.2%	Void rate just above 3% currently but expected to reduce when large, sheltered schemes that have been remodelled and refurbished come back into stock.	Voids have seen a steady increase since 2020 and peaked at 3.2%
Rental Income	Arrears/Bad debt provision	6.8% & 4%	Current bad debt rate is 4%. and arrears on current tenants are	Arrears have seen a sharp increase since 2020, some interventions have assisted, but with energy and food

			6.81%with a further increase predicted due to the managed migration of Universal Credit in 2025 Bad debt provision is expected to increase incrementally from 0.5% to 1.5% during this period.	costs increasing, it is prudent to keep at this level for the following year. Evictions are also a last resort with only 1 eviction actioned due to non-payment/engagement in the last year. This has an impact on the arrears.
Costs	Staff cost increases	4%	The assumptions have been considered against the Councils budget proposals for 2024/25 which includes forecasts for pay awards, national insurance and employers pension contributions. The inflation rates in the business plan account for these increases	See above
Costs	Maintenance cost inflation	1%	A further 1% on top of base inflation is included in the plan on the expectation	Industry shows prices are falling in key products, but output has decreased due to interest rates and declining product

			that prices will remain high across a range of areas.	availability such as bricks and blocks. The ONS reported 25% of construction businesses in the UK are experiencing skilled labour shortages which is a factor in rising costs of construction and wage increases.
Costs	WHQS cost inflation	1%	As above	As above
Costs	Construction cost inflation		As above	As above
Debt	Debt pools		Consolidated pool	No change
Debt	CRI/MRP rates		MRP is a straight-line 2%. CRI is calculated based on the debt profile for the authority accounting for all the interest rates on all its loan types and dividing the total interest into the total debt to arrive at a consolidated average interest rate each year. The interest rate charged to the HRA is apportioned based on the volume of debt.	No change

HRA Business Plan Projections

The first year of the business plan should be the same as the current year HRA and Capital Programme, which has been approved via the annual rent increase process.

This is then extended to a 30-year projection based on a number of assumptions and modelling (see section 11.3) and any future commitments such as the new build programme. The business plan is then tested for viability in terms of its operating (revenue) account, level of reserves, capital account and its level of borrowing.

We plan to spend £163m between 2024/25 and 2028/29 to build 528 new homes (social rented and blended tenure schemes).

Funding assumptions include Social Housing Grant.,

Further funding options need to be explored and include the Land and Buildings Development Fund, the Housing with Care Fund, and the Cardiff City Region Deal.

The business plan shows a shortfall in funding of £ 51.4m, so we need to borrow £ 52.7m in year 2 of the plan

With this borrowing the HRA remains viable over the life of the business plan, demonstrating a surplus in the operating account and the capital account is fully financed.

Welsh Government requires a number of sensitivity tests against the base plan, which models different stresses around key risks to the plan over the next 10 years. The sensitivities are not prescriptive, but we are expected to consider global and local challenges and how this will impact on the HRA remaining viable, if the WHQS can still be maintained, and if borrowing remains affordable.

The introduction of the new WHQS 2023 and in particular part three on decarbonisation and affordable warmth, is a factor but not known to its full extent and therefore has not been reflected in this year's business plan. Welsh Government are not expecting comprehensive costed models for decarbonisation in this year's plan.

It has been acknowledged that as we progress further with new build aspirations and in time once our targeted energy pathways and stock condition analysis is completed, that the borrowing capacity would need to be reviewed but not for the next two years.

We are currently working on some high-level costings to demonstrate the financial impact of decarbonisation ahead of the WHQS 2023 launch.

We report the business plan for Cabinet endorsement on an annual basis prior to submission to Welsh Government.

Prudential Borrowing Requirement

As with any major investment programme such as WHQS or building new homes, there will be occasions where the in-year funding streams are not sufficient to cover the total cost of the programme. So, we will need to borrow money to ensure the business plan remains viable. Borrowing has been accounted for in the business plan and is currently sourced from the Public Works Loan Board (PWLB) following the Prudential Code for Capital Finance in Local Authorities.

A borrowing limit of £ 100m was originally agreed to fund the completion of the WHQS programme and progress with new build developments. To date we have

borrowed £40.9m. With our ambitious new build programme, together with maintaining our customers' homes, we do not intend to increase the borrowing limit for at least 2 years.. Although, we haven't yet fully assessed the financial impact of implementing WHQS 2023, we expect the borrowing limit to be extended in the near future.

Policy on Social Rents

Welsh Government's Review of Affordable Housing Supply, dated April 2019, made a number of recommendations to increase the supply of new homes. One of the recommendations concerned a sustainable rent policy, which would help determine long-term affordability for our customers and the viability of existing and new housing developments:

Welsh Government should implement a five-year rent policy from 2020-21. This has been based on CPI plus 1%, plus an additional £2.

There should be a focus on landlords considering Value for Money alongside affordability. An explicit annual assessment on cost efficiencies should be part of the rationale for justifying any rent increase.

Welsh Government expects all social landlords to set a rent and service charge policy that ensures rents for their customers' homes remain affordable for current and future occupants. As part of this process, each year we need to assess cost efficiencies, value for money and affordability for customers.

The Minister for Climate Change announced on the 27th October 2023 that from April 2024, the maximum limit which social rents can increase will be CPI only at 6.7% which is in line with the current CPI rate. This is based on the governments assertion it will protect cash-strapped tenants. The Minister said, "It is vital that we continue to do all we can to support those who face severe hardship, which is why I have made the decision to set the maximum uplift cap at the level of inflation." On this latest intervention The Minister added, "I am well aware of the impacts that the continuing cost-of-living crisis has put on social housing tenants and that this uplift may not feel "lower" to many people across Wales". However, she acknowledged that, "the current economic climate continues to present challenges for both social landlords and their tenants".

In December, Cabinet agreed a 6.7% increase in rents. The average weekly rent our customers will pay this year is £106.40 over 52 weeks. Caerphilly Homes rent is still one of the lowest rents across all the Welsh Local Housing Authorities.

Caerphilly Homes along with all other social landlords in Wales have also voluntarily agreed there will be no evictions due to financial hardship for the term of the rent settlement in 2023-24 and 2024-25, where contract holders engage with their landlords.

The principal objective at Caerphilly Homes is the management and sustainment of tenancies. Eviction is the last resort, fully embracing the Welsh Government aim of no evictions into homelessness. Adoption of a person centred, customer focused

approach for supporting and enabling contract holders, has led to no evictions for financial hardship in the last 2 years.

We have been carrying out a review of our rent to determine affordability for our customers. We have used the Living Rent model developed by the Joseph Rowntree Foundation to help us complete this exercise. The model states that a single person should not spend more than 28% of their net pay (after all deductions have been taken out) on rent for a standard single person unit of accommodation.

We found that the majority of our stock was below the 28% threshold, evidencing the rent we charge customers is affordable. The exception being 1 bed flats that were higher than the affordability model by 37p per week, equivalent to £19.20 a year.

In July 2022, Cabinet agreed for us to use the model when setting future rent levels and we would welcome a consistent approach to an affordability model as requested by Welsh Government.