

THE VALE OF GLAMORGAN COUNCIL

COUNCIL MEETING: 26 APRIL 2017

REFERENCE FROM CABINET: 3 APRIL 2017

**C3527 HOUSING BUSINESS PLAN 2017 (HSCH) (SCRUTINY COMMITTEE – HOMES AND SAFE COMMUNITIES) -**

Approval was sought for the Housing Business Plan 2017 that was attached at Appendix A to the report.

The Welsh Government (WG) required all local authorities who retained their housing stock to submit annually an acceptable Housing Business Plan that incorporated a detailed financial forecast in the form of a 30 year financial model.

Average 2017/18 rents were £90.77 calculated on a 52 week basis (equivalent 50 week average rent would be £94.40). Rents were assumed to increase by inflation plus 1.5% annually until 2018/19, when the increase would revert to inflation plus 1%. These assumptions were in line with WG Policy on Social Housing Rents.

The Major Repairs Allowance had not yet been allocated by Welsh Government. It had therefore been assumed in the Plan as £2.77m per annum, in line with the award for 2016/17. No inflation had been assumed on the grant.

The Plan was able to afford a new build and regeneration scheme of £28.02m in the first 5 years to 2021/22, and a further £177.65m in years 6-30.

All other revenue income and expenditure was based on the 2017/18 budget.

The provision for doubtful debts had remained at 6% of rental income to allow for the negative impact of Welfare Reform and in particular, Universal Credit on rent collection. The provision was increased to 6% originally in 2015/16 but was not required as the Universal Credit roll out did not occur. It was seen as prudent therefore, to maintain the provision with a reduction to 3% from Year 2 (2018/19) onwards.

The latest projections were attached at Appendix F(i) and F(ii) to the Business Plan. The total amount of debt outstanding in any year would not exceed £103.72m, which was the Limit on Indebtedness set during the HRA Subsidy Buy-out on 2 April, 2015.

A summary of the movement in the financial position was included in the table below:-

	February 2016 Business Plan	February 2017 Business Plan	Difference
WHQS Target	April 2017	September 2017	Plus 6 Months
Revenue Surplus at year 30	£127.7m	£86.97m	-£40.73m
Repayment of Debt	Year 30	Year 28	2 Years
Peak Debt	£102.8m	£98.4m	-£4.4m

The main reason for the reduction in the revenue surplus was due to additional investment being allocated to the new build programme. The reduction in debt was due to additional revenue contributions being made available and thus reducing the need to use debt as a source of funding.

At the meeting, the Leader requested for consistency that the Housing Business Plan 2017 document attached at Appendix A to the report be published with corporate branding.

This was a matter for Executive and Council decision

Cabinet, having considered the report and all the issues and implications contained therein

RESOLVED –

- (1) T H A T the Housing Business Plan 2017 attached at Appendix A to the report be endorsed and forwarded to Council for approval.**
- (2) T H A T the use of article 14.14 of the Council's Constitution (urgent decision procedure) be authorised to enable a draft copy**

**of the Housing Business Plan 2017 to be sent to Welsh Government on 3 April, 2017 with the proviso that a final version would be sent following Council approval on 26 April, 2017.**

**Reasons for decisions**

- (1) To obtain approval for the Housing Business Plan 2017.**
- (2) To meet Welsh Government submission deadlines.**