

**THE VALE OF GLAMORGAN COUNCIL**

Minutes of a Special Remote Meeting held on 11<sup>th</sup> January, 2023.

The Committee agenda is available [here](#).

The Meeting recording is available [here](#).

Present: Councillor Susan Lloyd-Selby (Mayor); Councillors Anne Asbrey, Julie Aviet, Rhiannon Birch, Bronwen Brooks, Gillian Bruce, Ian Buckley, Lis Burnett, Samantha Campbell, George Carroll, Christine Cave, Charles Champion, Janice Charles, Millie Collins, Marianne Cowpe, Pamela Drake, Vincent Driscoll, Anthony Ernest, Robert Fisher, Christopher Franks, Wendy Gilligan, Russell Godfrey, Emma Goodjohn, Ewan Goodjohn, Stephen Haines, Howard Hamilton, Sally Hanks, William Hennessy, Nic Hodges, Mark Hooper, Catherine Iannucci, Gwyn John, Dr. Ian Johnson, Belinda Loveluck-Edwards, Julie Lynch-Wilson, Kevin Mahoney, Naomi Marshallsea, Michael Morgan, Jayne Norman, Helen Payne, Elliot Penn, Sandra Perkes, Ian Perry, Joanna Protheroe, Ruba Sivagnanam, Carys Stallard, Neil Thomas, Rhys Thomas, Steffan Wiliam, Edward Williams, Mark Wilson and Nicholas Wood.

**604 ANNOUNCEMENT –**

Prior to the commencement of the business of the Committee, the Chair read the following statement: “May I remind everyone present that the meeting will be live streamed as well as recorded via the internet and this recording archived for future viewing.”

**605 APOLOGIES FOR ABSENCE –**

These were received from Councillors Gareth Ball and Margaret Wilkinson.

**606 DECLARATIONS OF INTEREST –**

The following declarations of interest were received:

Councillors J. Aviet, W.A. Hennessy and J. Lynch-Wilson declared a personal interest in Agenda Item 3(a) – Final Housing Revenue Account (HRA) Budget Proposals 2023/24 and Rent Setting 2023/2024, in that they were Council tenants but that their personal interest did not equate to a prejudicial interest.

Councillor H.M. Payne declared a personal interest in Agenda Item 3(a) – Final Housing Revenue Account (HRA) Budget Proposals 2023/24 and Rent Setting 2023/2024, in that she was an officer of Llamau, however her personal interest did not equate to a prejudicial interest.

## 607 FINAL HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS 2023/24 AND RENT SETTING 2023/2024 (REF) –

The Leader advised that the report detailed the final Housing Revenue Account (HRA) budget proposals for 2023/24

Local housing authorities were required under Section 74, of the 1989 Local Government and Housing Act to keep a Housing Revenue Account. Section 76 of the Act required Local Authorities to set a budget for their HRA on an annual basis

The HRA was a ring-fenced account that was self-funded mainly by Council Dwelling rents and expenditure consisted of:

- staffing to manage the provision, repairs and maintenance costs of the housing stock,
- capital financing costs to service the debt,
- revenue contributions towards the Capital Programme including decarbonisation and new developments.

The report set out the proposed rents and service charges for 2023/24. As part of the Rented Homes Wales Act, the Council was required to give 2 months' notice of any increase to Council tenants.

On 17<sup>th</sup> November, 2022 Welsh Government issued the policy for Social Housing rents. The maximum allowable uplift had been set by Welsh Government at 6.5% for 2023/24.

The initial proposals had been reviewed in the context of the proposed housing rent increase of 5.5% and the 30 year housing business plan

In setting the level of rents the Council aimed to achieve a number of key priorities:

- to reflect not only the current financial situation with high interest rates and inflationary cost pressures in delivering current priorities and commitments,
- to ensure that the Council could deliver its ongoing ambition to build new Council Housing at pace and scale, to decarbonise the Council housing stock by 2030 and to ensure that funding was available to meet the requirements of the new Welsh Housing Quality Standard (WHQS) which was due to be introduced in 2023,
- and due to the financial pressure that Council tenants were facing the Council would take the following action to mitigate the impacts faced:
  - No evictions due to financial hardship 2023/24 where tenants engaged
  - Continue to provide targeted support
  - Maximise the use of all suitable housing stock
  - Undertake a joint campaign to engage with tenants experiencing financial difficulties
  - Build on existing engagement with tenants on rent setting
  - Commitment to invest in existing homes to keep them safe, warm and affordable to live in

- Work in partnership with tenants, Welsh Government, funders, and other partners to develop a consistent approach to affordability
- Participate in an assurance exercise in April 2023 to reflect on the application of the rent policy to date.

The House Mark Affordability Tool compared Council housing rents with local Registered Social Landlords (RSLs) being much less than market rents. In addition, Council tenants paid less than 30% of their income on rent which was a common affordability test.

The Council did not seek to make a profit but to reinvest income for the benefit of its tenants and to increase the number of people who were able to access Council properties to have affordable, secure housing.

The initial proposals had been reviewed in the context of the proposed housing rent increase of 5.5% and the 30-year housing business plan which balanced the need to deliver new build housing stock, decarbonise the existing housing stock and the need to commence the next tranche of WHQS from 2023. Following careful analysis and financial modelling it was proposed that rents be increased by 5.5%

Welsh Government required all Local Authorities with retained housing stock to submit a fit for purpose annual 30-year Housing Business Plan which was to be to Cabinet for approval on 19<sup>th</sup> January, 2023 and Full Council on 6<sup>th</sup> March, 2023.

The proposed 2023/24 budget was set out at Recommendation (1) totalling a deficit of £10.672m which would be funded from the HRA reserve in 2023/24.

The Housing Business Plan would support the application of the Major Repairs Allowance grant in 2023/24 which was expected to be around £2.773m.

Significant cost increases in 2023/24 were capital financing due to additional borrowing, increase in interest rates, increase in staffing (money advisors and income officers to support tenants with financial help and advice) and higher repair costs due to an increase in supply costs and schedule of rates.

Following the moving of the recommendations by the Leader as contained within the report, Councillor Brooks, in seconding the Motions, stated that the importance of Council housing simply could not be overstated, particularly even more so she thought in the current cost of living crisis, when, private rents had actually ballooned much higher than the interest rates had for mortgages, it would be plunging tenants into even further worry and financial duress. Councillor Brooks continued by saying that, within the 30-year housing plan, it would be about protecting the Council's tenants and the housing waiting lists, which were quite substantial, and the Council would be seeking to build new Council housing as well ensuring that it had the funding to implement or to start implementing the new WHQS.

Councillor Brooks also advised that she had been the previous Cabinet Member when the Council had commenced work on the WHQS in 2012 and that this had made a tremendous positive impact made on the quality of the Council's housing and in ensuring its tenants lived in good quality homes which were fit for purpose.

Councillor Dr. Johnson commented that as one of the Councillors for the Buttrills Ward, with more than 10% of properties in the area being Council houses, he would not be voting for the proposed 5.5% rent increase, which came at a time when the residents he represented faced increased bills for food, for keeping their homes warm and, shortly, for Council Tax. In his view the increase was high, and the process had been poor. The Vale Council owned almost 4,000 properties in the county, there were just over 60,000 dwellings in the Vale and the Council was the landlord for almost 7% of homes. The Council was both the largest landlord locally, and through its responsibilities the providers of last resort.

The Council had a responsibility to provide homes at a reasonable and affordable cost, and not to unfairly push people into poverty. The comparison he said had been made in the report with other social landlords and the open market, but that the Council's responsibility was for its own housing stock. In referring to a decade ago he stated that the Council had held a referendum on outsourcing its Council homes to a social landlord and Council residents had voted to stay under the Council's control. He had also attended the Public Services Board event the morning of the Council meeting where topics discussed included areas of the Vale with the highest levels of deprivation, and to consider how those challenges could be resolved. Furthermore the part of his ward under discussion included almost all of what the Council's Housing Team described as the Central Estates and asked how was it that the Council expected to solve these problems when adding additional costs to people's daily lives? "It would be hitting our residents in the pocket and although around 40% got some form of Housing support, that still left 60% of residents funding this increase in its entirety. "

Councillor Dr. Johnson further commented that he had not been able to easily source up-to-date figures, but the Council's 2017 Neighbourhood Action Plan he stated that 31% of residents at that time were in rent arrears. When the Housing Revenue Account went to Cabinet in November, the indicative rent rise in those papers was reported as 2.75%, a number which drew little attention he said being fairly reasonable, in the context of inflation, and by the time the final report came to Cabinet, that had doubled to 5.5% which was a figure he stated required scrutiny, but this had not happened. In referring to a request to debate its impact upon residents at Homes and Safe Communities Scrutiny Committee on Monday this had been rejected. The report also advised that it had been reported to Corporate Performance and Resources Scrutiny Committee in December, but he could not find that discussion on December's agenda or minutes, even though he was present and had spoken on every item at that meeting.

Councillor Dr. Johnson asked why 5.5% and what other calculations had been undertaken and considered? Why were they rejected? Scrutiny was the place for such questions to be asked in a constructive cross-party setting. The reason given was the change in timetable because the Rented Homes Wales Act 2016 had come into force, so we had had to give greater notice to our contract holders about any increase. In his view we've been ambushed by a six-year-old piece of legislation being implemented so we can't scrutinise properly and the rents system for residents had long had a ratchet effect, going through at one percentage point higher than

inflation, in order to increase the amount raised. To this end he stated this was unfair, which was why he had often voted against rises in the past.

In conclusion Councillor Dr. Johnson stated he would be asking the Plaid Cymru Group to vote against the rent rise and would ask Councillors, especially those who, like himself represented hundreds of Council house residents, to join his Group in rejecting the proposed rise and request proper scrutiny.

Councillor Hooper, in echoing the comments of Councillor Dr. Johnson and seconding the Motion, advised that he too would be voting against the Motion for the same reasons. However, in referring to recent discussions at Council meetings regarding the Self-Assessment and cost of living pressures that were about to hit many residents in the Vale, he considered that the particular increase did not reflect, in particular the response to the cost of living crisis, tackling poverty and inequality. There had been a statement that there was a need to maximise use of local knowledge and understanding of the communities, and he wondered and questioned whether the Council understood the needs and concerns of residents in the Vale that were tenants of Council houses. In referring to the Cost of Living Working Group he stated that the only activity that they seemed to have been able to achieve was to pass out the £150 Welsh Government funding section. Although it was mentioned that some detailed analysis of the impacts of the cost-of-living crisis and whether that analysis actually showed where the local Council tenants were and how they would be affected by these changes? Having regard to the report he drew attention to the reference to an increase in bad debts. As a result of the analysis he wondered whether an assessment had been made enquiring as to how much every point of increase in the percentage would add to the bad debt provision and asked the Leader whether that analysis had been considered.

Councillor Hooper also commented that with regard to paragraph 2.11 in the report which referred to new houses, he enquired as to how they would be an improvement on current patterns of house living and drew attention to the recent Environment and Regeneration Scrutiny Committee, where discussion took place about the need to have passive House standards, querying whether this would be an opportunity to really reference that, in conjunction with the Council's net zero commitments..

In conclusion Councillor Hooper asked whether or not the final budget figures for capital spending included sufficient monies to cover the retrofit of the Council's existing housing stock to be able to move away from gas fired central heating, the installation of solar, etc.

Councillor Collins commented that she was disappointed that the final proposal had not been able to be considered by the Homes and Safe Communities Scrutiny Committee before the Council meeting as although the Leader had mentioned the Committee had seen an earlier working draft, this final proposal was markedly different and believed that Council and Members alike may have benefited from the discussions raised in Scrutiny. Times had been tough for everybody since March 2020, and she was worried about the adverse effects the proposal would have on tenants. The Council already had tenants in arrears and the proposed increase would increase the number and referred to the possible detrimental effects on

tenants' wellbeing and mental health.

Councillor Wilson drew Members' attention to the recommendations on Page 3, and the table containing a list expenditures and income and in referring to a deficit of £10m commented that the knock-on effect of not agreeing the 5.5% increase would mean a cut in expenditure. As the Cabinet Member responsible for responsive repairs of housing in the Vale of Glamorgan, his concerns related to what cuts the Council would have to consider as a result would it mean longer repair times, tenants doing their repairs instead or not reporting them because it would take too long. These were the choices the Council would have to face and as Members would be aware the costs in housing in particular were much more than perhaps in other areas of the Council which were partly due to Brexit and partly due to COVID.

The reality was, he said, inflation was around 10% and the proposals were seeking an increase of 5.5%. Now of course, and the other point, Councillor Collins and I totally agree on this, we are always very helpful to Council tenants, and we intend to continue. In this report, as rightly it says, that if tenants engage with us, then we'll obviously be supporting them. We want tenants to engage. We want tenants to report matters. Of course, you do. And as you know, Councillor Collins, I've been to your Scrutiny Committee on more than one occasion, as a Cabinet Member, and I've said repeatedly that people need to report things to us so we can get on top of it and make things better before they get even worse. All of us are acutely aware that there are almost 6,000 people on the waiting list for housing and that we need to build more and more houses now. Finally, he said we all want to have a good managed service and it's important that we employ good housing officers which I know we do, and we need to continue to employ them.

Councillor Haines in referring to the fact that the final Housing Revenue Account budget proposals were being brought forward in incredibly difficult times, stating that the inflationary pressures were causing significant hardship as the costs for both households and the Council were increasing. He further advised that the proposal of 5.5% was considerably below the current rate of inflation and below the 6.5% max allowed by the Welsh Government. He concluded by stating that the Conservative Group were happy to support the proposed budget.

Councillor Ewan Goodjohn drew attention to young people also facing hardship and in particular young people living alone having fewer options and limited access to buying houses in the circumstances with house prices having increased so much under lockdown and mortgage rates being so high because of the Conservative Government in Westminster? Although private renting was one option the market rents were so high with the conditions sometimes being exploitative. If the Council wanted to be financially viable, wanted to build new houses, suitable and secure housing for everyone that also conformed to the Council's Project Zero net zero targets then it must vote for the 5.5% increase.

Councillor Buckley, having stated that most of the points he was going to make had already been made, did however add that affordable houses were required so that the lower paid in our communities could live closer thereby having an impact on the carbon footprint. He applauded the fact that the Council was not going to be making any evictions as referred to in the report, providing that tenants engaged with the

Council and he was sure that when the tenants saw what the Council was trying to do to improve the housing stock, they would appreciate the hard decisions that the Council was having to make.

Councillor Franks in addressing the meeting stated that he welcomed the aspirations identified in the report but wondered how much confidence could be put in the new build program and how clear it was that the aspirations would be achieved. He sought assurances that the aspirations would come to fruition in the next 12 months.

He also asked if private landlords had been approached to see if the Authority could rent out their properties which he stated were often in poor quality or even empty, with there being initiatives where for example the Council could take over the management with an end result being more houses being brought back into beneficial use.

Councillor Carroll in echoing the comments of Councillor Haines as the Conservative party Council's housing spokesperson, stated that it was regrettable that rents needed to be increased but in considering the pressures on the accounts, the budget, and reflected in maintenance costs etc. he was in agreement that the proposal struck the right balance. He did, however, concur with the points previously made about the lack of Scrutiny on the matter and urged the Administration to make sure that that was not the case in the next financial year as he felt it was important that Members had the opportunity to scrutinise such proposals.

Councillor John drew attention to the 3,800 Council homes the Council currently had which in his view was a very poor number of homes and the Council needed to build more. The makeup of the housing account did, however, make it very difficult because everything had to be collected which was separate from the budget accounts that Members would be considering shortly. He had made enquiries and had been informed that 70% of the people currently paying Council rents were on housing benefit and therefore would be able to claim the monies via that route.

The Council would also have an increase in costs in the purchasing of materials etc. and that it was not an easy environment to work. It was his view the Council had no alternative other than to agree the increase.

Councillor Hodges drew attention to the reference in the report to the increase in provision for bad debts and having undertaken a quick calculation considered that the bad debts for the following year would increase to £250 a year which would be equivalent to per property for bad debt increased provision, or £5 a week, which would be virtually the same as the rise. Therefore, he said by putting the rents up by 5.5% largely across the board, the Council would be increasing its bad debt provision and therefore he could not support the rent increase.

Councillor Perry, pleased that there would be no evictions, queried whether the Council would engage with the residents or would it expect residents to get in touch themselves. He also concurred with other Members that the Council's bad debt would likely increase with the proposal, thereby potentially cancelling out the revenue brought in. Councillor Perry further commented that in agreeing to the proposal wouldn't the Authority be setting an example to Housing Associations and

private landlords to increase their rents recognising that private landlords naturally increased their rents to maximise rental return. He considered that perhaps the Council should be setting the example in trying to keep rents down and not encouraging people to keep putting them up.

Councillor Penn, echoing Councillor John's comments, said that as a builder he had seen vast increases in costs in the year and indeed the UK had seen a 26.5% overall increase in building costs with steel, concrete etc. going up to such levels as 50% in some cases. With such increases it would be difficult to maintain the housing stock without the proposed regrettable increase as Councillor Carroll stated. He indicated that he would be voting for the increase because the Council needed to have regard to such matters.

The Leader in response to the queries raised by Members during the debate commenced by saying that it was a difficult balance between actually increasing rents and also trying to deliver ambitious aims not only for current tenants, but also future tenants. In terms of current tenants, the Council wanted to meet the next phase of the Welsh Housing Quality Standard and decarbonize. Decarbonizing properties would also increase insulation and make them more affordable for the people that live in them. For future tenants the Council wanted to deliver more housing. By way of an example the Leader referred to a conversation she had had with a nurse who was working in an intensive care unit and who had moved three times. She had been in insecure private rented accommodation with two small children and had said to the Leader that with her job in intensive care and looking after two small children she hadn't had the energy to deal with the matter and had therefore had to move to three separate properties during the pandemic.

In referring to the established Cost of Living Group the Leader agreed to ask officers to update Councillor Hooper on what was happening with that Group commenting that there was rather a lot and in particular the work in Llantwit Major which had attracted approximate £100,000 of lottery grant.

In terms of a passive house, she said that a passive house was not always specifically relevant because it meant that you had to basically minimise the amount of traffic in and out of the house. If you had small children, it did not necessarily work, but the Council was working on low or zero carbon properties and decarbonisation. There were already pilots in place and the Council's new build houses were moving further and further towards zero carbon.

The Leader concurred with the points raised regarding the increase in inflation which had a huge impact on the expenditure levels and in particular the issues facing young people whether they be financial or in terms of housing. In referring to new build properties she recognised that it was difficult and also referred to the rising costs advising that although a contractor was going into liquidation the Council was back on track to deliver the housing at Hayswood Road with the other project being profiled. The houses would also be of good quality, affordable and well insulated. One of the other big challenges was finding land and getting planning permission for it.

In referring to the query about approaching landlords the Council worked very closely with private landlords as it did not have places for everyone so where it could it tried to assist them with private accommodation. However as alluded to earlier the problem was that market rents were so much higher. By way of an example the Leader compared a private house in Penarth which was asking for £1,400 a month rent for a 3 bedroom property whereas the Council house rent was about £500.

Having regard to the comment of 70% of tenants on Housing Benefit the Leader stated this was actually Universal Credit with any increase being passed on to tenants via this route. Also, some of the figures that were included in the proposal related to providing support to people who faced hardship whether being financial advice or otherwise.

With regard to the comments made by Councillor Hodges the Leader said although he made a very interesting point, she did not think in any way shape or form he could actually suggest there to be any causality in his statement and that she would be interested in debating that further if he thought so.

In addressing the concerns in relation to evictions the Leader stated that the Council kept in close contact with tenants who were in rent arrears and said that if people were talking to the Council the Council would work with them. The Council therefore encouraged people to engage with it and this did happen. With regard to repairs, she referred to the hiatus during the pandemic, but repairs were now picking up.

In conclusion the Leader said of the biggest problems was finding land and that for little pocket developments maybe the Council needed to work with local Members to achieve planning permission on those pockets of land. The Council also needed to think of the collective good of its current and future tenants going forward commenting that in her view nobody should be homeless in the Vale of Glamorgan, and nobody should be living in insecure housing. Although recognising that it was a difficult balance she was committed to the proposals before Council and asked Members to support the recommendations.

The Leader also took the opportunity to thank Councillor Carroll for his support.

Having been put to a vote it was subsequently

**RESOLVED –**

(1) T H A T the final Housing Revenue Account budget proposals for 2023/24 as set out below be approved:

	<b>2023/24 Final Proposed Budget</b>
	<b>£000</b>
<b>Expenditure</b>	
Supervision & Management – General	4,366
Supervision & Management – Special	1,604

Repairs & Maintenance	4,681
Capital Financing Costs	5,327
Rent, Rates, Taxes & Other Charges	221
Increase in Provision for Bad Debts	948
Capital Expenditure from Revenue Account (CERA)	17,187
	<b>34,334</b>
<b>Income</b>	
Dwelling Rents	(22,453)
Non Dwelling Rents	(173)
Interest	(156)
Charges For Services and Facilities	(501)
Contribution towards expenditure	(74)
Grant Income	(205)
	<b>(23,662)</b>
<b>(Surplus)/ deficit for the year</b>	<b>10,672</b>
<b>Working Balance Brought Forward as at 1<sup>st</sup> April, 2023</b>	<b>(11,621)</b>
<b>Working Balance Carried Forward as at 31<sup>st</sup> March, 2024</b>	<b>(949)</b>

(2) T H A T an average rent increase of 5.5% be, as set out in paragraph 2.17 of the report, be approved.

(3) T H A T the increase suggested for other services as set out in the table below and in paragraphs 2.18 to 2.25 of the report, be approved.

<b>50 Week Basis</b>	<b>2022/23 Actual Charges</b>	<b>2023/24 Proposed Charges</b>	
	<b>£</b>	<b>£</b>	
Grounds Maintenance	1.35	1.47	per week
Cleaning of communal areas	2.57	2.75	per week
Lighting of communal areas	1.68	1.85	per week
Laundry Facilities	0.38	0.41	per week
Window Cleaning	0.18	0.16	per week
Lift Maintenance	0.53	0.99	per week
Door Entry	0.25	0.50	per week
Intercom	0.84	0.94	per week
CCTV	0.94	0.95	per week
Sewerage Treatment Plants	399.86	426.66	per annum
Cesspools	386.00	411.50	per annum
VCAS:			
Alarm Maintenance	£2.20	£3.50	per week
Alarm Monitoring (52 weeks £1.24 p/w)	£1.29	£1.38	per week

(4) T H A T all changes to rents and service charges be approved and implemented from 1<sup>st</sup> April, 2023, with the first week of April being a non-chargeable rent week and that increase notices are sent to tenants two months in advance of the new charges coming into effect as required by the Rented Homes Wales Act.

Reasons for decisions

(1) To facilitate budget monitoring and to demonstrate a balanced budget with a drawdown from HRA reserves to bring the reserve back into balance with the Housing business Plan 2023/24.

(2) In order that new rent levels are set within the specified Welsh Government guidelines and to meet the tenant notification deadline as required by statute.

(3) That charges are approved and to meet the tenant notification deadline as required by statute.

(4) In order that charges are approved, new rent levels are set within the specified Welsh Government guidelines and to meet the tenant notification deadline as required by statute.