



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

CABINET

29TH APRIL 2021

RHONDDA CYNON TAF: SOCIAL HOUSING GRANT OFFER 2021/2022

REPORT OF THE DIRECTOR OF PROSPERITY AND DEVELOPMENT, IN DISCUSSIONS WITH THE RELEVANT PORTFOLIO HOLDER CLLR R BEVAN

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1.0 PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to inform Cabinet members of the Social Housing Grant offer for 2021/2022 and the potential benefits that this grant will have on meeting housing need and supporting economic growth across Rhondda Cynon Taf (RCT).

2.0 RECOMMENDATIONS

It is recommended that the Cabinet:

- 2.1 Note the new Social Housing Grant offer for 2021/2022.
- 2.2 Note the proposed schemes set out in the report to receive the SHG allocation for 2021/2022, and the benefits that this grant will bring to meeting housing need and supporting economic growth across RCT.

3.0 REASONS FOR RECOMMENDATIONS

- 3.1 To ensure Cabinet members are aware of the Social Housing Grant offer for 2021/2022, the proposed schemes and the benefits that this grant will bring to meeting housing need and supporting economic growth across RCT.

4.0 BACKGROUND

- 4.1 Social Housing Grant (SHG) is the main capital grant provided by Welsh Government (WG) for the provision of affordable housing. It is used to

fund housing schemes that meet local housing need and priorities as identified by Local Authorities in Wales. Local Authorities are responsible for working with their Regional Social Landlords (RSLs), who are paid SHG directly by Welsh Government to develop, own and manage affordable housing.

- 4.2 All Social Housing Schemes are required to comply with Welsh Government Development Quality Requirements (DQR), with the grant paid at a fixed rate of 58%, with the remaining 42% funded by the RSL.
- 4.3 The SHG budget is an annual budget, which is allocated to Local Authorities. Funding cannot be carried forward into future years, therefore Local Authorities have a duty to monitor delivery of their programmes, prudently over the programme in line with Welsh Government limits and maintain a reserve programme to ensure full spend.
- 4.4 Over the last 3 years, RCT has been allocated SHG investment to the sum of **£29M**. This investment has supported 38 Social Housing Schemes, which has delivered 335 social housing units to date. In order to deliver these schemes, RSLs have invested **£21M** of their own funding over the last 3 years, resulting in a total investment of **£50M**.
- 4.5 The affordable housing that has been developed through these SHG schemes consists of a mixture of general need units, with the majority being 1 bed accommodation, in order to meet housing need. There have also been a number of accessible, adapted and specialist units that have been developed, including supported accommodation for people with learning disabilities. The SHG investment has also provided an opportunity to develop bariatric bungalows, which again have been identified as a housing need.
- 4.6 Over the past year whilst the pandemic has brought a number of challenges to the delivery of this programme, it is pleasing to see that of the 10 schemes due to be delivered for 2020/2021, all continue to progress well and remain on programme.

5.0 SOCIAL HOUSING GRANT OFFER 2021/2022

- 5.1 In March 2021, WG highlights in their Final Budget that investment in social housing can play a key role in supporting a green recovery alongside delivering wider economic and societal impact. As such, WG have allocated an additional £100m into the Social Housing programme, taking the total investment to nearly £250m in 2021-22, with the aim of supporting jobs and training opportunities for Welsh SME builders and local supply chains.

- 5.2 Following this announcement, RCT received confirmation from WG that the 2021/2022 Social Housing Grant allocation would be **£15.3M**.
- 5.3 As part of our planning process, officers have worked with RSLs to develop a robust pipeline of schemes. This has resulted in the council being in a good position to start allocating this funding as of the 1st April 2021.

PROPOSED SCHEMES

- 5.4 There are currently 14 schemes proposed to receive the SHG allocation for 2021/2022. Of these schemes, 11 (shaded GREEN) are currently in the 2020/2021 SHG programme and will need to draw down further funding in 2021/2022. The remaining 3 schemes (shaded AMBER) are on the SHG reserve list and can start construction from the 1st April 2021.

The 14 schemes are:

Site	Number of units	SHG Required	RSL	Position
Gelynog Yard, Beddau	18	£459,000	Newydd	PDP
Miskin School	11	£403,000	Trivallis	PDP
Edward St, Abercynon	6	£311,000	Newydd	PDP
Dunraven Street, Tonypandy	21	£371,000	RHA Wales	PDP
Library Court, Rhydyfelin	2	£192,000	Trivallis	PDP
YGG Tonyrefail	18	£827,000	Trivallis	PDP
Glyntaf Close, Rhydyfelin	7	£789,000	Trivallis	PDP
Former Co-op, Tonypandy	35	£828,000	RHA Wales	PDP
Penygraig School	11	£414,000	Cynon Taf	PDP
Heddfan	35	£2.6million	Hafod	PDP
Garth House	20	£1.3million	Hafod	PDP
Land off Quarry Road	14 units	£1.6million	Newydd	Reserve
Penywaun Housing Office	5 units	£370,000	Trivallis	Reserve

Aderyn Bach, Bungalow, Porth	4 units	£345,000	First Choice	Reserve
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5.5 These 14 proposed schemes would require a combined investment of **£10.8M.**

5.6 There are a further 3 proposed schemes to receive the SHG allocation for 2021/2022. The 3 schemes (shaded BLUE) are not ready to start straight away, however, all schemes are able start during this financial year (2021/22) subject to all agreed processes and procedures being in place i.e. planning permission.

Site	Number of units	SHG Required	RSL	Position
Porth Infants	19 units	£1.7million	Cynon Taf	Reserve (start 2021/2022)
High St, Graig	15 units	£1.2million	Trivallis	Reserve (Start 2021/2022)
Former Workingman's Club, Tonyrefail	42 units	£4.7million	RHA Wales	Reserve (start 2021/2022)

5.7 These 3 proposed schemes would require a combined investment of **£7.6M.**

5.8 Whilst the total amount for the 17 proposed schemes total **£18.4M** and is over and above the SHG allocation for 2021/2022, the council is expecting 2021/2022 slippage from WG which will be utilised towards the 17 proposed schemes.

5.9 In addition to this, the council will work with RSLs to explore new scheme submissions in preparation for the 2022/2023 SHG allocation.

6.0 BENEFITS OF THE NEW SOCIAL HOUSING GRANT OFFER

6.1 Housing in general, and affordable housing in particular, contributes to other social and economic priorities across RCT, including health, education, employment, social cohesion, environment, future generations and opportunity.

6.2 The significant increase in SHG investment will help to increase the supply of affordable homes across RCT. Based on SHG spend over the past 3 years, 1 unit requires approximately £70,000 of SHG funding, therefore a

grant allocation of £15.3M for 2021/2022 should result in the delivery of 218 units. However, it is important to note that scheme costs can vary depending on the number of units being developed, size of the units, accessible or adapted units, unforeseen ground works, or Modern Methods of Construction (MMC) developments, all of which can increase scheme costs.

- 6.3 The increase in SHG investment will contribute to the local economy providing a valuable work programme to local building contractors. In response to the pandemic the initial messages from Welsh Government are positive in respect of tackling the economic recession through large scale capital infrastructure. It is proven that building new infrastructure lays the groundwork for future economic growth. Furthermore, regions that spend on new infrastructure tend to attract more private investment, which boosts productivity and enables sustained economic activity.
- 6.4 As a result, there is a significant net economic benefit from WG investing in new affordable housing. According to a report by the Local Government Association, 'Delivery of housing, developing a stimulus package post-pandemic' (June 2020), for every pound invested in affordable house building, a further £2.84 is generated in the wider economy. Based on this research, it is therefore reasonable to suggest that the **£15.3M (58%) SHG investment and the £11M (42%) RSL investment into social housing schemes could generate nearly £74.6M into the wider economy.**
- 6.5 Over the past 3 years, in order to deliver affordable housing through the SHG the council has worked closely with RSL's to develop schemes that meet the housing need. Those RSL's that are successful with their scheme submissions, procure their own contractors to carry out the required building works. Since 2018, the 38 schemes that have been developed through the RCT SHG programme **have all been delivered by local contractors (South Wales region), with 50% of these being delivered by contractors from RCT.** The increase in SHG is therefore very likely to provide a significant boost to the local economy.

7.0 EQUALITY AND DIVERSITY IMPLICATIONS

- 7.1 An Equality Impact Assessment screening test has been complete and indicated that a full Equality Impact assessment was not required.

8.0 CONSULTATION

- 8.1 A consultation exercise is not required.

9.0 FINANCIAL IMPLICATION(S)

- 9.1 The Social Housing Grant for 2021/2022 has nearly doubled when compared to last financial year, with an investment of £15,314,340. In partnership with its RSL partners, RCT commits to allocating the full amount to affordable housing schemes which will draw down the grant by the end of the financial year.
- 9.2 As all SHG is held by WG, and paid directly to RSLs following recommendations for approval by the council, there are no financial implications associated with this report.

9.0 LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 9.1 There are no legal implications associated with this report.

10.0 LINKS TO THE CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT.

- 10.1 The Scheme will assist RCT to contribute to the delivery all three of the Council's Corporate Plan priorities of economy, people and place. The Scheme will also assist RCT and MTCBC to contribute to three of the seven wellbeing goals that 'The Well Being of Future Generations (Wales) Act 2015' puts in place as follows:

1. A healthier Wales
2. A prosperous Wales
3. A Wales of cohesive communities

11.0 CONCLUSION

- 11.1 This report has set out to Cabinet members the Social Housing Grant offer for 2021/2022 and the potential benefits this grant will have on meeting housing need and supporting economic growth across Rhondda Cynon Taf (RCT).
- 11.2 The Welsh Government's 'Prosperity for All: the national strategy' recognises that the bedrock of living well is a good quality affordable home. There has long been recognition of the significant role that appropriate housing can play in improving society and the economy, for example, contributing to good physical and mental health and increasing educational attainment. Increasing the supply of housing to meet need across all tenures is therefore critical in these and other ways. Increasing the supply of affordable homes can help reduce homelessness and poverty. Furthermore, affordable housing provision provides people who

cannot afford market housing to access adequate and suitable accommodation.

- 11.3 The increase in SHG investment for 2021/2022 to the amount of £15.3M is therefore welcomed, and it is recognised that this investment will result in increased and better quality affordable homes in RCT and benefit the local economy.

Other Information:-

Relevant Scrutiny Committee

Finance and Performance Scrutiny Committee

Contact Officer

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