

	<h2>Housing Committee</h2> <h3>27 October 2014</h3>
Title	Business Planning
Report of	Housing and Environment Lead Commissioner
Wards	All
Status	Public
Enclosures	Appendix A – Call for Evidence Executive Summary Appendix B – Savings Targets Appendix C – Housing Committee Commissioning Plan
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<h2>Summary</h2>
<p>The Housing Committee has agreed to develop a five-year Commissioning Plan, and proposals for £4.2m savings, by December 2014. This report seeks to support the Committee in this task by setting out the suggested outcomes for the Commissioning Plan, identifying the major commissioning challenges, which this Committee will need to address over the coming five years, and providing proposals for delivering savings. The report also proposes a draft commissioning plan for adoption by the committee.</p>

<h2>Recommendations</h2>
<p>That the Housing Committee:</p> <ul style="list-style-type: none"> • That the Housing Committee approves the Commissioning Plan (Appendix A), subject to consultation. The Commissioning Plan sets out the strategic priorities, commissioning intentions, outcome measures, revenue budgets and capital requirements for recommendation to the council’s Policy and Resources Committee on 2nd December 2014. • That the Housing Committee agrees to public consultation on the Commissioning Plan commencing immediately following Policy and Resources Committee on 2nd December 2014, before final Commissioning Plans are agreed by Policy and Resources on 17 February 2015.

1. WHY THIS REPORT IS NEEDED

- 1.1 On 30 June 2014 the Housing Committee agreed to complete a Commissioning Plan and savings proposals by December 2014. The Committee also noted that the Policy and Resources Committee were to set a savings target for the Housing Revenue Account (HRA) at their meeting on the 21 July 2014. The target allocated for the HRA was a £4.2 million reduction in the HRA management fee to be achieved by 2019/20. This report seeks to support the Committee in addressing this task. It:
- sets out suggested outcomes for the Commissioning Plan and the Corporate Plan;
 - identifies the major challenges which this Committee will need to make commissioning decisions on over the coming five years; and
 - summarises progress towards putting measures in place to deliver the £4.2m savings target, and suggests that the Housing and Environment Lead Commissioner be authorised to take these forward to Policy and Resources Committee on 2nd December 2014.

Outcomes

- 1.2 There are a number of sources that can inform the commissioning priorities of the Committee, including: its terms of reference; the Corporate Plan; other Council plans and strategies notably the current Housing Strategy and associated documents; Government policy; and research and best practice. The suggested list below also draws on the proposed Draft Housing Strategy and the Strategic Asset Management Plan agreed by the Assets, Regeneration and Growth Committee on 8 September 2014.

Priority	Key Outcomes
Increasing Housing Supply	<p>Barnet is delivering large numbers of new homes with an appropriate mix of size and tenure through its growth and regeneration programmes in particular:</p> <ul style="list-style-type: none">• Housing Strategy has set out Barnet's plans for increasing supply• Housing Needs Assessment have identified the quantum and mix of housing required• Growth and Regeneration programmes and new private developments meet housing need, and contribute to Barnet's reputation as a desirable place to live.• Developments on Council land meet housing need and maximise benefits to the Council.

Priority	Key Outcomes
Delivery of Affordable Housing	<p>Barnet has identified the number of affordable homes it needs and is delivering these in particular:</p> <ul style="list-style-type: none"> • Housing Strategy has identified Barnet's approach to providing affordable homes • Housing Needs Assessment has identified the amount of affordable housing needed • Affordable Housing Supplementary Planning Document has set out how much affordable housing will be sought from new developments as part of the planning process • A new Framework Agreement with the GLA will set out our approach to delivery of affordable homes in the context of the London Housing Strategy • The HRA Business Plan has set out the investment priorities for new and existing council homes • Developments on Council land meet needs for affordable housing and maximise benefits to the Council.
Council Housing and Housing Needs Services	<p>Barnet has arrangements in place for providing housing and homelessness services that deliver high satisfaction amongst residents and minimises the number of people being admitted to emergency temporary accommodation in particular:</p> <ul style="list-style-type: none"> • The Housing Strategy has set out objectives for Housing Services in Barnet • The future of homelessness and housing management services beyond 2015/16 have been established • The contribution of homelessness and housing management services to the Council's overall aims has been developed
Tackling Homelessness	<p>Homelessness and use of emergency accommodation has been minimised in particular:</p> <ul style="list-style-type: none"> • Development of a detailed Homelessness and Temporary Accommodation action plan • Budget monitoring will help to contain costs associated with use of emergency accommodation • Housing Allocations Scheme will ensure that scarce affordable housing is targeted at those in need and making a contribution to the borough • Tenancy Strategy will ensure that more council housing is made available for those who need it

Priority	Key Outcomes
Sustaining quality in the Private Rented Sector	<p>Barnet has a good quality private rented sector that provides a key role in meeting the housing needs of the borough in particular:</p> <ul style="list-style-type: none"> • Supporting good landlords in the Private Rented Sector and intervening where necessary. • Bringing empty properties back into use • Houses in Multiple-Occupation – Business Case to extend licensing beyond the statutory minimum scheme to assist in improving the housing impact of houses in multiple-occupation. • Use of Article 4 direction to withdraw the right of houses to be converted into Houses of Multiple Occupation without planning consent.
Providing suitable housing to support vulnerable people	<p>Barnet is delivering homes with an appropriate mix of size and tenure for the needs of vulnerable groups through its growth and regeneration programmes in particular:</p> <ul style="list-style-type: none"> • New integrated specialist housing including extra care • Wheelchair accessible housing • Continuation of the Winter Well programme • Creating a supported housing pathway for children leaving care • Creating a supported housing pathway for people with mental health needs which promotes independence and recovery
Financial contribution to the Council	<p>The Council will work to review the current arrangements with The Barnet Group to assess value for money and to explore options for the future delivery of services to meet the Councils strategic needs. This will include options for the delivery and management of new homes and a mixed economy of private, social and affordable rents. Revised arrangements will be in place by April 2016.</p>

Challenges

1.3 There are a range of strategic challenges that need to be addressed in the Commissioning Plan to ensure that the Council uses the levers at its disposal to deliver outcomes such as those described above. The Committee has already begun the process of addressing these challenges and will need to take decisions in key areas over the coming months. The main challenges are summarised below.

An Increasing Population

1.4 With about 365,000 residents, Barnet is already the second most populous London Borough, and is set to see more growth, with a projected population increase of 83,000 over the next 30 years.

- 1.5 The largest increases are expected among children and the elderly, and a particular challenge will be to provide appropriate housing choices for an increasing number of older people.

Increased Housing Demand

- 1.6 Increased demand for housing is already evident, with higher house prices and rents and increased levels of homelessness and people in emergency temporary accommodation.
- 1.7 Home ownership has fallen whilst private renting has increased as more people have found it difficult to buy their own home due to higher prices and reduced availability of mortgages. Private renting is set to continue to increase and means that within 10 years half the properties in the borough are likely to be rented.
- 1.8 Rents are also rising and are increasingly beyond the reach of low income households which means that some people will need to consider living in more affordable areas outside of the borough.

Financial Constraints

- 1.9 Whilst Barnet is a relatively wealthy place, there are pockets of deprivation. More than 20,000 households have been affected by the Government's welfare reforms, which are designed to help people back into employment by making sure that work pays. This means that some households have found it harder to meet their housing costs and the council has worked successfully with its partners, including Job centre Plus, to help households with a focus on employment.
- 1.10 In addition, the Council has been required to make significant reductions in its expenditure, and is determined to provide services in a more cost effective way to maintain quality and customer satisfaction. The reform of council housing finance provides an opportunity to invest in housing in a way that helps reduce some of these costs.

The impact of Growth and Regeneration

- 1.11 Capacity for 26,000 new homes to be built between 2010 and 2025/26 has been identified in Barnet, and these will be delivered through our growth and regeneration plans. The challenge will be to ensure that the new homes are provided in a way that enhances the borough by creating quality places and delivers the type of homes that we need and not just the quantity.
- 1.12 At its meeting on 9 July 2014, the Assets, Regeneration and Growth Committee agreed the principles that should govern a pipeline of developments on the Council's own sites. This Committee will want to ensure that such developments deliver both high quality outcomes and value for money for the Council and the community; and in particular, how development can support Council services in meeting their housing strategy objectives (for

example around improving housing choice for older people, or meeting our homelessness obligations).

Delivering savings

- 1.13 Policy and Resources Committee on 21 July 2014 established a 20% savings target of £4.2 million from the Housing Revenue Account for Housing Committee which will be used to support significant development of new homes on Council sites.
- 1.14 Proposals for delivering the £4.2 million savings are summarised in the table below, and set out in more detail in Appendix B:

Service Area	Description	Saving
Barnet Homes	Service Reviews	£1.965m
Barnet Homes	Efficiency	£1.024m
Barnet Homes	Growth and Income	£0.839m
Barnet Homes	Reducing Demand and Promoting Independence	£0.371m
	Total	£4.2m

2. REASONS FOR RECOMMENDATIONS

- 2.1 The Council is developing a new Housing Strategy (reported separately to this Committee) setting out the outcomes and priorities which Housing Services need to meet in the future:
- Increasing the supply of houses and delivering homes that people can afford
 - Improving quality in the Private Rented Sector
 - Tackling homelessness, and providing suitable housing to support vulnerable people
 - Delivering efficient and effective services to residents

Council's Response to the Challenges

- 2.2 The council has already done much to address the challenges laid out in section 1, for example through its plans to deliver 27,000 new homes through growth and regeneration, and the commencement of building the first new council homes for over 20 years. However, the extent of the housing challenges that face us mean that there are further actions we need to take and options to consider.
- 2.3 High demand for new homes and rising housing costs mean that we will prioritise **increasing the housing supply**, including the use of our own

resources to build new houses, and the **delivery of homes that people can afford**, including homes for rent at local housing allowance levels and low cost home ownership.

- 2.4 The increased level of private renting means that we will focus on **improving quality in the private rented sector**, including the use of discretionary powers to control and manage houses in multiple occupation.
- 2.5 We will continue to help those that need assistance by **tackling homelessness**, with a focus on prevention, and **providing suitable housing to support vulnerable people**, including older residents, those with disabilities and mental health problems and young people leaving care.
- 2.6 We will ensure that housing finances are optimised to maximise the amount of money to invest in delivering new homes, including a review of our rents policy. We will work with Barnet Homes, our Arm's Length Management Organisation (ALMO) to review the housing services to ensure that they are fit for the future, able to deliver our wider objectives and **deliver efficient and effective services to residents**.
- 2.7 These responses are laid out in more detail in the Commissioning Plan at Appendix C and in the draft housing strategy (reported separately on this agenda).

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 This report sets out a range of options across the committee's remit to meet the budget challenge. This includes proposals for workforce savings, as well as generating greater income from new business. Alternatives to this could include cuts to services the Council provides, but these are not included in this report.

4. POST DECISION IMPLEMENTATION

- 4.1 If this report is agreed, these budget proposals will be incorporated into the Council's draft budget proposals for 2015-20, which will be considered by policy and resources committee on the 2nd December. The commissioning outcomes will be incorporated into the corporate plan due to be considered at the same meeting. The commissioning plan will form the basis of the Housing Committees future strategic work programme including future business cases to deliver savings within the HRA.

IMPLICATIONS OF DECISION

- 4.2 **Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**
 - 4.2.1 In addition to continued austerity, demographic change and the resulting pressure on services poses a significant challenge to the Council. The

organisation is facing significant budget reductions at the same time as the population is increasing, particularly in the young and very old population cohorts. Given that nearly two thirds of the Council's budget is spent on Adult Social Care and Children's Services, this poses a particular challenge as these services are predominantly 'demand led'.

4.2.2 The budget proposals included in this report will enable the committee to meet its savings target as set out by Policy and Resources Committee in July 2014.

4.2.3 A national HRA subsidy system ended in April 2012 and was replaced with self-financing. The move to self-financing in the HRA was achieved by the Council making a payment of £103 million to the Treasury; the payment of negative subsidy being replaced with the cost of servicing this additional debt. The HRA settlement also included the calculation of a notional debt figure that was higher than the actual HRA debt held by Barnet, generating the capacity for additional borrowing headroom of £39m. The Council has developed an investment model to make decisions about how to spend the headroom over the next five years which is included with the commissioning plan at appendix C. The proposed housing strategy will be a key document to shape and support these decisions as they are taken forward through the 'Housing Development Pipeline' process agreed with the Assets, Regeneration and Growth Committee.

4.2.4 The HRA Business plan has already identified the following priorities for investment which are progressing:

Existing Stock - Investment of £32.5m of additional essential expenditure on the council's existing housing stock over the period 2013/14 to 2023/24 to include:

- Accelerated replacement programme for electrical mains following a fire at Upper Fosters in April 2012
- Updated assessment of rewiring requirements for housing stock
- Addition of properties at Ramsey Close into the HRA Business Plan
- Inclusion of additional works on West Hendon estate

New Homes – Investment of £7.7m to deliver an initial tranche of 41 new homes on infill sites on HRA land in the borough.

Extra Care Housing – Investment of £12.344 million to redevelop the site at Moreton Close, NW7 to provide an Extra Care Housing Scheme for the Council and to pay statutory home loss and disturbance to those residents moving from the existing scheme.

Leasehold Buybacks – Investment of £8.773 million to acquire leasehold properties for the Council on the Council's Regeneration Estates from leaseholders who wish to sell in advance of a Compulsory Purchase Order and use these properties as temporary accommodation until they are required by the development partners.

- 4.2.5 The budget projections within these commissioning plans contain indicative figures through to 2020. These budgets will be formally agreed each year as part of Council budget setting, and therefore could be subject to change.
- 4.2.6 Consultation with Ward Members on potential development opportunities at Broadfields, Whitings Hill, Northway/Fairway, Moxon Street and Coppetts Road has been approved by Assets, Regeneration and Growth Committee and following consultation with Ward Members, further consultation with residents will be undertaken prior to the submission of planning applications.
- 4.2.7 Additional priorities are being developed including the development of further Integrated Specialist Housing and proposals to meet investment in an additional 500 new homes by 2019/20 included in the commissioning plan at appendix C.
- 4.2.8 The introduction of the overall benefit cap (as part of the Government's reform of welfare) from August 2013 means that some households will not be able to afford the rents charged in Barnet and other parts of London for temporary accommodation and private rented sector homes even where these fall within local housing allowance levels. The housing strategy will have to take account of these issues in providing a fair approach in terms of procuring quality accommodation in affordable locations.

4.3 Legal and Constitutional References

- 4.3.6 All proposals emerging from the business planning process will be considered in terms of the Council's legal powers and obligations (including, specifically, the public sector equality duty under the Equality Act 2010) and, where appropriate, mechanisms will be put into place to ensure compliance with legal obligations and duties and to mitigate any other legal risks as far as possible.
- 4.3.7 Constitution, Part 3, Responsibility for Functions, Appendix A – sets out the terms of reference of the Housing Committee which includes:
- Housing Strategy (incorporating Homelessness Strategy)
 - Work with Barnet Homes, RSLs and social housing providers to ensure the optimum provision of housing and associated facilities for those who require social housing
 - Commissioning of Environmental Health
 - Promote the better integration of privately rented properties into the Borough's framework;
 - All matters related to Private sector Housing including Disabled Facility Grants
 - Housing licensing and housing enforcement.
- 4.3.3 Specifically the Housing Committee may submit budget proposals to the Policy and Resources Committee relating to the Committee's budget for the following year in accordance with the budget timetable.

4.4 Risk Management

4.4.6 The Council has taken steps to improve its risk management processes by integrating the management of financial and other risks facing the organisation. Risk management information is reported quarterly to the Performance and Contract Management Committee and is reflected, as appropriate, throughout the annual business planning process.

4.5 Equalities and Diversity

4.5.6 Equality and diversity issues are a mandatory consideration in the decision making of the Council. This requires elected Members to satisfy themselves that equality considerations are integrated into day to day business and that all proposals emerging from the finance and business planning process have properly taken into consideration what impact, if any, there is on any protected group and what mitigating factors can be put in train.

4.5.7 The projected increase in the borough's population and changes in the demographic profile will be key factors that need to be considered when determining both the corporate strategy and service responses. Both of these need to also reflect the aspirations and contributions of current residents

4.5.8 A number of savings and income generation proposals have been included in Appendix B to this report. As set out in Appendix B, they result from a combination of greater efficiency in use of Council assets, income generated through a range of new business, reducing demand for services and service redesign

4.5.9 The proposals and priorities within the commissioning plan have been developed to minimise the impact on the most vulnerable, in particular vulnerable households at risk of homelessness. The equalities impact will be reviewed as proposals are developed in more detail and based on consultation findings, with equality impact assessments being undertaken to inform the final consideration of the Commissioning Plans by the Policy and Resources Committee in February.

4.5.10 The Commissioning Plan will be subject to formal consultation following the publication of the draft budget, and this position will be reviewed when the budget is then set in 2015.

4.5.11 All human resources implications will be managed in accordance with the Council's Managing Organisational Change policy that supports the Council's Human Resources Strategy and meets statutory equalities duties and current employment legislation.

4.6 Consultation and Engagement

Consultation and Engagement

4.6.6 Public consultation will commence on all Committee Commissioning Plans following Policy and Resources Committee on 2nd December 2014, before final Commissioning Plans are agreed by Policy and Resources Committee on 17 February 2015.

4.6.7 Full public consultation will take place on individual proposals to deliver the savings identified before final decisions are taken by the Committee and savings plans are formalised in the Council's annual budget. Future consultation and engagement will be informed by the consultation work that has already been carried out as part of the Priorities and Spending Review process during which a comprehensive series of residents engagement activities took place in order to understand their priorities for the local area and look at how residents and organisations can support services going forward.

4.6.8 Over the last 12 months the council has been reviewing its priorities and spending. To help inform the council's future long term spending plans the council commissioned the Office for Public Management (OPM), an independent research organisation, to run a comprehensive series of residents engagement activities to understand their priorities for the local area and look at how residents and organisations can support services going forward.

4.6.9 The engagement followed two phases:

Phase 1:

4.6.10 A series of resident workshops, service user and businesses focus groups last autumn.

4.6.11 The [findings](#)¹ provide a rich evidence base of residents' priorities, what residents value most, their ideas for generating income, and how local people can work together. As a result the council has been able to identify [broad themes](#)² based on residents' views and involvement which will be used to help focus the council's future long term spending plans.

Phase 2:

4.6.12 Between March and June 2014 OPM ran an online call for evidence to hear views of organisations, businesses and individual residents on the future of

¹ http://engage.barnet.gov.uk/consultation-team/call-for-evidence/user_uploads/phase-1--barnet-challenge-opm-summary-report.pdf

² http://engage.barnet.gov.uk/consultation-team/call-for-evidence/user_uploads/key-themes-identified-from-the-first-phase-of-consultation.pdf

Barnet, how the council can ensure that public services best meet the needs of the borough, how the council can change and how organisations and individuals can play a part in meeting Barnet's challenges during this time.

4.6.13 OPM has analysed the responses to the call for evidence on the council's behalf. Evidence was sought on two main topic areas:

- Ideas on the future of public services in Barnet, and how organisations and individuals can play a role in providing some of these services.
- Ideas on how the council could be more entrepreneurial and generate more income.

4.6.14 A summary of the findings can be found in Appendix A and the full report is available at http://engage.barnet.gov.uk/consultation-team/call-forevidence/consult_view

5 BACKGROUND PAPERS

5.2 Relevant previous decisions are indicated in the table below.

Item	Decision	Link
Cabinet 12 March 2010	Decision item 8 - approved the existing Housing Strategy	http://barnet.moderngov.co.uk/Data/Cabinet/201004121900/Agenda/Document%207.pdf
Cabinet 14 September 2011	Decision item 8 - approved Barnet's approach to social housing reform	http://barnet.moderngov.co.uk/Data/Cabinet/201109141900/Agenda/Document%204.pdf
Cabinet Resources Committee 24 June 2013	Decision Item 6 - Local Authority New Housing Programme	http://barnet.moderngov.co.uk/documents/s9244/CRC%20LA%20New%20Build%20public.pdf
Housing Committee 30 June 2014	Decision Item 5 - Business planning – corporate plan and medium term financial strategy 2015-20	http://barnet.moderngov.co.uk/documents/s15740/Housing%20Committee%20Business%20Planning%20-%20Cover%20Report.pdf
Assets, Regeneration & Growth Committee 9 July 2014	Decision Item 11 - Strategic Asset Management Plan principles for consultation	http://barnet.moderngov.co.uk/documents/s16064/Strategic%20Asset%20Management%20Plan%20principles%20for%20consultation.pdf
Policy and Resources Committee 21 July 2014	Decision Item 6 - Finance and Business Planning – Capital programme and review of reserves	http://barnet.moderngov.co.uk/documents/s16150/Finance%20and%20Business%20Planning%20Capital%20programme%20and%20review%20of%20reserves.pdf
Policy and Resources Committee 21 July	Decision Item 10 - Funding for an Extra Care Housing Scheme	http://barnet.moderngov.co.uk/documents/s16154/Funding%20for%20an%20Extra%20Care%20Housing

Item	Decision	Link
2014	at Moreton Close, NW7 and Advance Acquisitions of Leasehold properties on Regeneration Estates	%20Scheme%20at%20Moreton%20Close%20NW7%20and%20Advance%20Acquisitions%20of%20Leasehold.pdf
Assets, Regeneration & Growth Committee 8 September 2014	Decision Item 12 - Barnet Development Pipeline	http://barnet.moderngov.co.uk/documents/s17356/Development%20Pipeline%20-%20Report.pdf