

Appendix A6 - Housing Committee

Commissioning Plan 2015 - 2020

1. The Context for the development of this plan

Public services in England during the decade 2010-2020 face an unprecedented challenge as the country deals with the impact of the financial crisis of 2008, alongside the opportunities and challenges that come from our changing and ageing population.

Despite a growing economy, the UK budget deficit is forecast to be £75bn at the 2015 General Election, with cuts set to continue to the end of the decade no matter who is in Government. At the same time, demand on local services continues to increase, driven by a growing population, particularly the number of young and older residents. We therefore must plan for the fact that austerity will affect all parts of the public sector to the end of the decade and that we will not be able to meet increasingly levels of demand from simply doing more of what we are currently doing.

The public too, does not expect simply more of the same. Expectations of local services are increasing, advances in customer services and technology provides the ability to interact with services 24/7. Local residents as a result expect better services and more prompt responses from the Council. However satisfaction with the Council and local services remains relatively high in Barnet, and over recent years resident satisfaction with a number of local services has increases, despite these challenges.

In thinking about how the Council lives within its means, the Council needs to recognise that residents are also facing wider financial pressures, from high energy bills, increasing housing costs, continued wage restraint, and benefit reforms, so the ability of many households to absorb the impact of reductions from public sector funding through increased financial contributions is constrained.

We can however expect over the duration of this plan that significant opportunities will flow from Barnet being part of a growing and arguably booming London economy. Unemployment levels have fallen by a third in the last year, the number of 16-18 year old Not in Education, Employment or Training (NEETs. in Barnet is, at 2.3%, the fourth lowest in England and fewer Barnet residents are claiming out-of-work benefits than the London average. This plan needs to ensure that all residents of Barnet can benefit from the opportunities of growth, whether through new employment opportunities, increased investment in infrastructure such as roads and schools, or enjoying new neighbourhoods and places in which all people can live and age well.

Barnet Council's Overarching Approach to meeting the 2020 Challenge

The Council's Corporate Plan sets the framework for each of the Commissioning Committees five year commissioning plans. Whether the plans are covering services for vulnerable residents or about universal services such as the environment and waste there are a number of core and shared principles which underpin the commissioning outcomes.

The first is a focus on fairness

Fairness for the Council is about striking the right balance between fairness towards the more frequent users of services and fairness to the wider taxpayer and making sure all residents from our diverse communities - young, old, disabled, and unemployed benefit from the opportunities of growth.

The Council must 'get the basics right' so people can get on with their lives – disposing of waste, keeping streets clean, allowing people to transact in more convenient ways, resolving issues promptly in the most cost effective way.

We must shift our approach to earlier intervention and demand management Managing the rising demand on services requires a step change in the Council's approach to early intervention and prevention. Across the public sector, we need to work with residents to prevent problems rather than treating the symptoms when they materialise.

The second is a focus on responsibility

Continue to drive out efficiencies to deliver more with less:

The Council will drive out efficiencies through a continued focus on workforce productivity; bearing down on contract and procurement costs and using assets more effectively. All parts of the system need to play their part in helping to achieve better outcomes with reduced resources.

Change its relationships with residents, with residents working with the Council to reduce the impact of funding cuts to services:

In certain circumstances, residents will also need to take on more personal and community responsibility for keeping Barnet a great place particularly if there is not a legal requirement for the Council to provide services. In some cases users will be required to pay more for certain services as the Council prioritises the resources it has available.

The third is a focus on opportunity

Prioritise regeneration, growth and maximising income – Regeneration revitalises communities and provides residents and businesses with places to live and work. Growing the local tax base and generating more income through growth and other

sources makes the Council less reliant on government funding; helps offset the impact of service cuts and allows the Council to invest in the future infrastructure of the Borough.

Redesign service and deliver them differently through a range of models and providers:

The Council has no pre-determined view about how services should be designed and delivered. The Council will work with providers from across the public, private and voluntary sectors to provide services which are more integrated, through a range of models most appropriate to the service and the outcomes that we want to achieve.

Planning ahead is crucial:

The Council dealt with the first wave of austerity by planning ahead and focusing in the longer-term, thus avoid short-term cuts - the Council is continuing this approach by extending its plans to 2020.

2. Committee context

Background to Housing Provision

A rapidly increasing population in Barnet has resulted in increased demand for housing and rising housing costs. In addition, there has been a significant shift in tenure, which has seen owner occupation reduce and private renting increase by about 10% respectively between 2001 and 2011. Over the next ten years it is expected that renting will rise to comprise 50% of the housing accommodation in Barnet.

WHAT IS HOUSING IN BARNET FOR?

Based on what we know already about housing in Barnet we arrive at the following emerging strategic priorities which will be consulted upon as part of the draft housing strategy:

- We will prioritise **Increasing the Housing Supply**, including the use of our own resources to build new houses,
- The **Delivery of homes that people can afford**, including homes for rent at local housing allowance levels and low cost home ownership.
- The increased level of private renting means that we will focus on **sustaining quality in the Private Rented Sector**, including the use of discretionary powers to control poorly managed houses in multiple occupation.
- We will continue to help those that need assistance by **Tackling Homelessness**, with a focus on prevention as well as making best use of our existing housing stock.
- **Providing suitable housing to support vulnerable people**, including older residents, those with disabilities and mental health problems and young people leaving care will be a priority.
- 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**.

Taking into account these objectives, we can describe the overall vision for housing in Barnet as:

“Barnet is a place where housing helps individuals and families who add economic, social, civic or cultural value to communities, to live as owners or renters of property.”

HOUSING IN BARNET IN 2020 – PEN PORTRAIT

Barnet in 2020 is a place where **individuals and families who add value to the community, be it financially, culturally, or through the provision of important services like teaching or nursing can find a place to live and are able to put down roots**. The borough's population has reached a new high of 387,000 people, 20,000 more than the number in 2014, with more growth anticipated for the foreseeable future. This growth reflects not just the rise of London as a whole, but also the relative success of Barnet, which is now widely viewed as **an aspirational suburb** where people from a wide range of backgrounds want to live, work and raise families.

This is partly as a result of Barnet's close **proximity to excellent infrastructure connections** and the City of London, but also the fact that housing in the borough reflects its current and expected future population. The more traditional and established parts of the borough are **conserved to a high standard**, whilst areas of higher future growth such as **Colindale and Brent Cross-South are enabled to grow to their full potential** through active brokerage by the council and its partners to unlock growth and deliver infrastructure, and by **actively engaging with home builders to create high quality housing** for the growing population. Additional supply of housing is being unlocked by bringing **vacant properties back onto the market** at affordable prices.

Housing in Barnet is differentiated from other areas by its **high quality developments** and focus on creating **places and homes that people, whether home owners or renters, want to live in for the medium and longer-term**. Homes in Barnet are not only an adequate size and quality internally, but also **integrate particularly well into the existing physical and social fabric** of the borough. For instance, by matching with the local vernacular and providing the right infrastructure for the new residents' and **"building out" negative impacts like crime and anti-social behaviour**, whilst making it easier for new residents to interact with each other and build cohesive communities.

In 2020 **owning a property remains a key aspiration** for many people living in the borough. This is recognised by both the council, central government and developers who are responding by **delivering historically high levels of new housing** through regeneration and non-regeneration building in all parts of the borough, **particularly 1 and 2 bedroom properties** demanded by those taking their first steps onto the property ladder. New housing in the borough is appropriate not just for new families and younger people, but is also **designed explicitly with the needs of an ageing population in mind**, both in terms of their health and their needs as active participants in the local community.

The nature of the housing market in 2020 has **more emphasis on private renting** than was the case in 2014, with **the majority of people moving into the borough renting**, and the overall percentage of owner-occupied properties falling.. **More and more highly skilled residents are also choosing to rent**. This combination of greater numbers of renters, and a changing profile of renters means that the quality of the **quality of private rented properties is increasingly in line with the best owner-occupied properties**. **The length of tenure of private rented contracts is increasing**, with 2, 3 and 5 year contracts for families and more mature renters increasingly becoming the norm and helping the market to mature. An important principle of the councils approach to housing is that **anyone who works and adds value to the community is able to live in Barnet**, even if this includes support from local housing allowance. In 2020 some school staff, nurses and carers are included in this cohort.

Barnet continues to manage **the supply of houses in multiple occupation** through its Article 4 adopted planning powers. It intervenes in the private rented market where rogue landlords fail to meet minimum health and safety standards for rented property, and supports good landlords.

Homelessness has reached the lowest level for 15 years, with **people identified as vulnerable or homeless being offered temporary accommodation and additional support and mentoring** to help them re-engage with the private sector renting safely and quickly. The Council works hard to find the best option for vulnerable people, whether that's local to Barnet, or further afield. Unlike the rest of London Barnet continues with its policy of no homeless person ever being put into bed and breakfast accommodation. **Coordinated preventative work** by the council and its partners means that fewer and fewer vulnerable people are reaching a point of crises where temporary accommodation needs to be found for them.

3. Outcomes

Within the resources available to the Committee up to 2020, achieving the following outcomes will steer strategic decision making in relation to service delivery and investment.

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.
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 2014/15 has been established • The contribution of homelessness and housing management services to the Council's overall aims has been developed

<p>Tackling Homelessness</p>	<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
<p>Sustaining quality in the Private Rented Sector</p>	<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 control development of new HMOs
<p>Providing suitable housing to support vulnerable people</p>	<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
<p>Financial contribution to the Council</p>	<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>

4. About this plan

The commissioning plan has been developed in sections for the following priorities that make up the draft Housing Strategy:

- Increasing Housing Supply
- Delivery of Affordable Housing
- Council Housing and Housing Needs Services
- Tackling Homelessness
- Sustaining quality in the Private Rented Sector
- Providing suitable housing to support vulnerable people
- Financial contribution to the Council

For each priority, the strategic direction is set out together with the commissioning intentions and the outcomes to be achieved.

5. Priority: Increasing Housing Supply and Delivery of Affordable Housing

Delivering homes that people can afford

- **Increasing supply** will help ease the pressure on housing costs over the longer-term. However, **there is a more immediate need to address the issue of a lack of housing – across all tenures - that people can afford.**

Reviewing the amount of affordable housing in new developments

- The Council will review its **Affordable Housing Supplementary Planning Document**, which determines the amount of affordable housing for rent and sale as part of new developments. The current requirement is for 40% of homes on new developments to be affordable and the review will consider whether this should change.

Rented homes at affordable prices

- The Council believes that, for most people, including working households on modest incomes, 'affordable' means **rent at Local Housing Allowance (LHA) level** – meaning that residents will qualify for Housing Benefit if their income is low enough to qualify. As a result, the Council will seek to **increase the supply of rented homes at LHA level** by making use of available resources to develop new homes.

Simplifying rents policy and reinvesting to build more homes that are affordable

- There is a **link between the level of rent that is charged for council housing and the amount of resource available to invest in the construction of more homes that are affordable.**
- The Council needs to strike the right balance between **setting council rents at a level which is fair and generating income to increase the total number of homes that are affordable.**
- In view of this, the Council will **charge an affordable rent at Local Housing Allowance (LHA) levels or 80% of average market rent whichever is lower for all new council homes it builds.** This will generate an additional income to be **reinvested in building more homes that are affordable.**
- To **ensure consistency in relation to existing properties**, the Council will set **rents at LHA levels or 80% of the average market rent whichever is lower when empty properties are re-let.** For **existing tenants**, the Council will consult on proposals for increasing rents to LHA levels or 80% of average market rents whichever is lower. Each additional 1% increase will generate around £550,000 of additional income to be **reinvested in building more homes that are affordable.**

In delivering more homes that people can afford, the Council will:

- ✓ **Increase the supply of housing over the longer-term.**
- ✓ **Revise its Affordable Housing Supplementary Planning Document**, which guides applicants, agents, developers and planners through the affordable

housing delivery mechanism and clarifies Barnet's application of Local Plan and London Plan policy requirements.

- ✓ Increase the supply of rented homes at **Local Housing Allowance level (LHA)**.
- ✓ Strike the right balance between the level of council rents and the amount of resource available for building more homes that are affordable by charging rent at LHA levels or **80% of average market rent for all new council homes; existing council properties that are re-let** and, over time increase, for **existing council tenants**.
- ✓ Additional revenues generated through this change in rents policy will be **reinvested to increase the number of affordable homes across the borough**.

For residents this will mean;

- An increased supply of homes at affordable prices
- New homes that will meet housing need in the borough

For providers this will mean

- Developers and Registered Providers will have the opportunity to work with the council to build new homes including new and innovative products

Commissioning intentions:

	Commissioning intention	What needs to happen
1	Increasing the supply of new homes	- Housing Strategy has set out Barnet's plans for increasing supply
2	New homes that will meet the needs of Barnet's households	- Housing Needs Assessment has 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

	Commissioning intention	What needs to happen
3	Delivering Homes that people can afford	<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 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 - Council rents policy in place that provides additional income for building new council homes - Developments on Council land meet needs for affordable housing and maximise benefits to the Council.

These commissioning intentions will contribute to the following outcomes:

- **Increasing Housing Supply**
- **Delivery of Affordable Housing**

Outcome measures

Measure	Baseline – 13/14	Target - 19/20
Additional Homes provided on HRA land	-	500 additional homes provided by 2019/20
% of New Build homes that are affordable		40%
Reduction in those considering affordable housing as a concern in residents' survey.		Reduce to average for London by 2020 (Barnet 6% above London Average Spring 2014)

Revenue impact

The revenue position for the services is detailed at the end of the plan.

Capital requirements

The capital position for the services is detailed at the end of the plan.

6. Priority: Council Housing and Housing Needs Services and Tackling Homelessness

- Barnet Council will continue to take action to **reduce the number of people placed in temporary accommodation** and, in doing so, has successfully **avoided the use of bed and breakfast accommodation**.
- The Council's strategy for reducing the number of residents in temporary accommodation will continue to focus on increasing the number of private lettings to homeless households **working with private landlords** to achieve this; a greater focus on **homelessness prevention measures**; sourcing accommodation in **less expensive areas outside of Barnet**; and working in partnership with Job Centre Plus to create a multi-agency **benefits Task Force** to work closely with households affected by welfare reform to minimise the risk of homelessness.

Making best use of existing housing stock

- In order to make the best use of existing stock, the Council has already **changed the way that these homes are allocated** and restricted allocations to those households that are in the highest need.
- Barnet's housing allocations scheme also already recognises the contribution that people who are **working** or **volunteering** make to the community by taking this into account.
- In order to **increase the turnover and availability of council homes**, most new tenants now receive a fixed term tenancy of five years,
- A review of the operation of the Barnet's Tenancy Strategy by February 2015 to ensure that its stated objectives are being achieved.

In tackling homelessness in Barnet, the Council has:

- ✓ **Increased incentives to private landlords** to increase the number of private lettings to homeless households.
- ✓ Placed a greater focus on **homelessness prevention measures**.
- ✓ Sourced accommodation in **less expensive areas outside of Barnet**.
- ✓ Partnered with Job Centre Plus to create a multi-agency **benefits Task Force** to work closely with households affected by welfare reform to minimise the risk of homelessness.
- ✓ Reformed its **Tenancy Strategy** to recognise volunteering and setting fixed term tenancies of five years for new tenants to **increase the turnover of council homes** and **make more homes available to those that need them**.

For residents this will mean;

- Support from the Council via Barnet Homes to prevent Homelessness
- Access to homes in more affordable areas outside of the borough
- Support for residents affected by welfare reform to minimise the risk of homelessness
- Additional priority for affordable housing for those residents making a contribution to the community by working or volunteering

For providers this will mean

- Opportunity to provide high quality and efficient housing services for Barnet's residents

Commissioning intentions:

	Commissioning intention	What needs to happen
1	Housing Services provision that meets the needs of Barnet's residents	- The Housing Strategy has set out objectives for Housing Services in Barnet
		- Work to ensure high quality and efficient homelessness and housing management services beyond 2014/15
		- The contribution of homelessness and housing management services to the Council's overall aims has been developed.
2	Reducing Homelessness and the use of Temporary Accommodation	- 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

These commissioning intentions will contribute to the following outcomes:

- **Council Housing and Housing Needs Services**
- **Tackling Homelessness**

Outcome measures

Measure	Baseline – 13/14	Target - 19/20
Percentage of respondents very or fairly satisfied with the service provided by their social housing provider		No less than 81% annually
Numbers in Emergency Temporary Accommodation (ETA)		No More than 500 at financial year end
Number of households living in Bed and Breakfast		Zero

Percentage of those households in ETA pending enquiries or found to be intentionally homeless		No more than the London Average quarterly
Homelessness Preventions		No less than the London Average ¹

Revenue impact

The revenue position for the services is detailed at the end of the plan.

Capital requirements

The capital position for the services is detailed at the end of the plan.

¹ Total number of cases of homelessness prevention and relief per thousand households

7. Priority: Sustaining quality in the Private Rented Sector

- Everyone wants to live in a home that is of **good quality** and makes them feel safe. As such, Barnet's Housing Strategy will seek to **improve the quality of housing across the borough**.
- In all new developments, the Council is committed to building **high quality new homes** where people want to live. At the same time, there is also a need to tackle the issue of **poor quality housing in the private rented sector**.
- The high demand for homes has seen an increase in the number of **Homes in Multiple-Occupation (HMOs)** – particularly through the conversion of family homes into properties shared by unrelated people which, in some cases, are not well managed.
- The Council will review how HMOs are **regulated** and **crack down on rogue landlords** and sub-standard properties, working directly with landlords and encouraging them to acquire formal accreditation through the **London Landlords Accreditation Scheme**.

In order to ensure high quality housing across the borough, the Council will:

- ✓ Ensure that all new homes are built to **high standards of quality**.
- ✓ Review regulations relating to **Homes in Multiple Occupancy**.
- ✓ Crack down on **rogue landlords** and encourage more of the borough's private landlords to acquire formal accreditation through the **London Landlords Accreditation Scheme**.

For residents this will mean;

- Sustained quality in the private rented sector
- A reduction in poor quality HMOs and associated negative impacts on local neighbourhoods

For providers this will mean

- Improved professionalism within private rented sector

Commissioning intentions:

	Commissioning intention	What needs to happen
1	Supporting good landlords in the Private Rented Sector and intervening where necessary.	<ul style="list-style-type: none"> - 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 control development of new HMOs

These commissioning intentions will contribute to the following outcomes:

- **Sustaining quality in the Private Rented Sector**

Outcome measures

Measure	Baseline – 13/14	Target - 19/20
Housing Health and Safety Rating System		Category 1 hazards reduced in 165 properties
Improvement in HMOs		60% HMOs licensed in 90 days or less
Improvement in HMOs		60% Licensed HMOs with expired major conditions are complied with or enforcement action is taken against owners
Improvement in HMOs		5% increase in the number of accredited landlords
HMOs licensed		Total number of licensed premises is increased by 20 annually

Revenue impact

The revenue position for the services is detailed at the end of the plan.

Capital requirements

The capital position for the services is detailed at the end of the plan.

8. Priority: Providing suitable housing to support vulnerable people

In order to provide suitable housing to support vulnerable people, the Council will:

Prioritise developments for:

Older people including:

- New homes
- Co-housing
- Sheltered housing
- Supported housing options
- Adapted and Accessible Older Properties
- Advice
- Housing for adults with disabilities
- Mental Health
- Young People Leaving Care

In providing suitable housing to support vulnerable people in Barnet, the Council has:

- Identified a site and funding agreed for new Extra Care Housing Scheme
- Planning permission granted for Co-housing project
- Developed additional Sheltered Housing Plus
- Re-commissioning of housing related floating support services
- Supported Living Housing Scheme established at Speedwell Court
- 220 Disability Facility Grants were approved in 2013/14.

For residents this will mean;

- Increased housing options for vulnerable people in Barnet

For providers this will mean

- Working with the Council to provide a range of housing options for vulnerable people

Commissioning intentions:

	Commissioning intention	What needs to happen
1	Increased supply of alternatives to residential care for vulnerable people	<ul style="list-style-type: none">- New integrated specialist housing including extra care- More wheelchair accessible housing
2	Reduce the number of deaths amongst older people associated with cold weather	<ul style="list-style-type: none">- Continuation of the Winter Well programme
3	Providing sustainable housing options for children leaving care	<ul style="list-style-type: none">- Creating a supported housing pathway for children leaving care
4	Providing sustainable housing options for people with mental health needs	<ul style="list-style-type: none">- Creating a supported housing pathway for people with mental health needs which promotes independence and recovery

These commissioning intentions will contribute to the following outcomes:

- **Providing suitable housing to support vulnerable people**

Outcome measures

Measure	Baseline – 13/14	Target - 19/20
Provide additional integrated specialist housing including extra care		100 additional units by 2019/20
Provide additional wheelchair housing		10% of new housing provision
Provide additional 'lifetime homes' housing		100% of new housing provision

Revenue impact

The revenue position for the services is detailed at the end of the plan.

Capital requirements

The capital position for the services is detailed at the end of the plan.

9. Financial contribution to the Council

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 Council's 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.

Council Housing and Housing Needs Services

The council's Medium Term Financial Strategy (MTFS) includes a general fund saving of £300k for 2015/16. A Priority Spending Review (PSR) target has been set for a 20% reduction of management costs in the HRA for the period from 2016-20. This equates to a baseline adjustment of £4.2 million and work is currently underway to identify how that can be achieved. This savings assumption has been built into the proposals for funding new build and ensuring use of right to buy receipts (see pages 13 and 14). In order to meet this saving requirement Barnet Homes has developed proposals for savings which currently total £3.4 million as laid out in the section on savings below. These savings targets are set out in the table below.

<u>Service Area</u>	<u>2014/15 budget</u> <u>(£'000)</u>	<u>MTFP</u>	<u>PSR</u>
		<u>Proposed</u>	<u>Suggested</u>
		<u>2015/16 budget</u> <u>(£'000)</u>	<u>2019/20 budget</u> <u>(£'000)</u>
HNR (Expenditure)	20,484	20,184	20,184
HNR (Income)	(16,230)	(16,230)	(16,230)
Inflation			196
TOTAL	4,254	3,954	4,150

<u>Service Area</u>	<u>2014/15 budget</u> <u>(£'000)</u>	<u>Proposed</u>	<u>Suggested</u>
		<u>2015/16 budget</u> <u>(£'000)</u>	<u>2019/20 budget</u> <u>(£'000)</u>
HRA (Expenditure)	65,176	65,176	60,976
HRA (Income)	(61,830)	(61,830)	(61,830)
TOTAL*	3,346	3,346	(854)

* The 2014-15 & 2015-16 periods show a net cost of Housing Revenue Account (HRA) services (funded by the HRA reserve). The PSR period shows a surplus.

HRA Savings proposals – Barnet Homes proposed savings 2016-2020

Service Area	Description	How saving will be achieved	Saving

Barnet Homes	SERVICE REVIEWS -	<ul style="list-style-type: none"> • Reviewing the role of: • Support services • Income collection and tenancy sustainment • Caretaking and estate management • Resident involvement, capacity building and community engagement • Supported housing and Assist • Repairs • Call Centre • Regeneration & housing management • Management structure 	£1.965m
Barnet Homes	Efficiency	<ul style="list-style-type: none"> • Consider Revised reward strategy • Increasing use of graduates, interns, volunteers and apprenticeships • Negotiate reductions in service level agreements between Barnet Homes and LBB • Review contracts to achieve greater purchasing power and maximise efficiencies from existing contracts • Reduction in accommodation costs as reducing floor space • Efficiencies already delivered to fund All Systems Go business case 	£1.024m
Barnet Homes	Growth and Income	<ul style="list-style-type: none"> • Income from new build • Income from new business • Income from PRS management • Seek introduction of higher fees and charges • EA & TA savings from new build 	£0.839m

Barnet Homes	Reducing Demand, Promoting Independence	<ul style="list-style-type: none"> Reducing demand on services as a result of customer portal and customer applications Review the landlord and tenant contract 	£0.371m
		Total	£4.2m

Delivery of Affordable Housing - Delivery of new council homes will be supported by a combination of HRA headroom, right to buy receipts and GLA grant. The Savills modelling tool shows that in addition to the existing commitments², a new build programme of 500 new council homes over 5 years could be supported subject to the availability of suitable land, as well as two further extra care housing schemes (100 units).

In addition, Barnet Homes have secured £2.47m funding from the GLA 2015/18 affordable housing programme to support building 101 new homes at a total cost of £19.1m.

Tackling Homelessness – Containing budget pressures associated with the costs of temporary accommodation continues to be a challenge especially with the demand to bring forward early decanting for regeneration. Detailed plans are in place to contain those costs and this will be monitored through existing governance structures.

Barnet Homes Capital Programme:

Investment to refurbish General Fund hostels and 3 new council homes at Alexandra Road.

2014-15	TOTAL CAPITAL FUNDING £'000					
General Fund	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Alexandra Road	24					24
Hostel Refurbishment Programme	270					270

Current HRA Capital Programme:

Investment to ensure that council owned housing stock is well maintained and that statutory health and safety obligations are met. Also includes investment to improve Granville Road and deliver 38 new council homes.

2014-15 TO 2018-19	TOTAL CAPITAL FUNDING £'000
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² Existing Barnet Homes programme for 41 units, Extra Care Housing at Morton Close, Advanced Acquisitions of Leasehold properties on Regeneration Estates

Housing Revenue Account	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Major Works (excl. Granville Rd)	8,519	8,520	8,438	8,101	6,331	39,908
Granville Road	293					293
Regeneration	4,623	2,301	2,506	2,065	1,684	13,181
Misc. - Repairs	1,316	942	2,020	2,073	2,348	8,698
M&E/ GAS	14,101	15,014	8,254	8,079	6,826	52,273
Voids and Lettings	1,980	1,712	1,806	1,853	2,305	9,655
38 New Affordable Homes	6,832					6,832
Totals	37,664	28,488	23,024	22,171	19,493	130,840

Current Actions - Development & Infrastructure

Priorities for use of HRA Headroom	
	<ul style="list-style-type: none"> General Fund Savings particularly social care pressures and costs of emergency temporary accommodation Tackling Homelessness Regeneration & Growth
In Place	<ul style="list-style-type: none"> Additional £32m investment in existing stock £7.7m for 41 New homes on HRA land £12.3m for new supported housing scheme at Morton Close £8.7m for advanced acquisitions on Regeneration Estates
To be confirmed	<ul style="list-style-type: none"> Additional new build – 500 units by 2019/20 Two more supported housing schemes – 100 units by 2019/20
Other expenditure	<ul style="list-style-type: none"> Development of affordable homes on General Fund land Developing our own Private Rented Sector with prudential borrowing Use of Right to Buy Receipts Can we do more with existing assets? (Net Present Value project underway)

Critical dependencies for the availability of HRA headroom and design of the financial model

- Levels of affordable rented homes, including quantity of private rented homes at Local Housing Allowance levels
 - Use of Low Cost Home Ownership and innovative private rented models
 - Rents policy for the Councils housing stock
 - Future of non-secure tenants on the regeneration estates in the borough
 - Delivery of the Barnet Homes HRA saving of £4.2 million
- Establishing role of Barnet Homes going forward

The table on the next page shows the currently modelled available build budget and the maximum numbers of units capable of being built on HRA land assuming:

- Current Right to Buy projections
- Delivery of the HRA management fee saving of £4.2 million
- A rent policy of annually increasing rents 0.5% above CPI plus 1% (the current rent increase cap)
- Holding HRA reserves at a minimum of £7 million

5. Build cost of £150,000 per unit (note actual build cost would vary significantly dependent upon what was being built especially in terms of density and specialist requirements)
6. Accumulated surpluses are achieved at end of each year and are available for subsequent year investment

The following page lays out the financial modelling for investment in house building on the Council's HRA land holding based upon the assumptions above. This shows that approximately 750 homes could be built subject to land availability over the next five years.

HOUSING REVENUE ACCOUNT							
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/2020	
Income	£	£	£	£	£	£	
Dwelling rents	(53,164,530)	(54,168,612)	(54,109,790)	(53,664,026)	(52,570,966)	(52,570,616)	
New Build Dwellings	0	0	(4,504,491)	(4,956,361)	(6,301,029)	(7,879,214)	
Non-dwelling rents	(1,596,622)	(1,689,506)	(1,675,027)	(1,648,791)	(1,603,124)	(1,591,130)	
Tenants Charges for services and facilities	(4,088,289)	(3,858,931)	(3,930,169)	(3,882,849)	(3,844,793)	(3,854,227)	
Leaseholder Charges for Services and Facilities	(2,898,389)	(2,945,732)	(2,983,940)	(2,995,690)	(2,954,934)	(2,998,687)	
Total Income	(61,747,830)	(62,662,781)	(67,203,417)	(67,147,718)	(67,274,846)	(68,893,874)	
Expenditure							
Repairs and Maintenance	7,650,000	7,650,000	7,650,000	7,687,310	7,457,970	7,385,863	
Supervision and management							
General	14,207,510	13,127,510	12,166,510	11,574,469	10,918,657	10,276,274	
Special	6,756,617	6,756,617	6,756,617	6,986,794	7,161,464	7,340,500	
Rents, Rates, taxes and other charges	121,500	121,500	121,500	124,538	127,651	130,842	
Contribution to capital programme	33,489,000	32,683,000	23,024,000	22,171,000	19,494,000	17,312,130	
Impairment write off for HRA commercial properties	820,000	840,500	861,513	883,050	905,127	927,755	
Debt Management Costs	7,424,728	6,588,108	8,803,092	8,376,508	8,307,310	8,172,716	
Increase in bad debt provision	615,000	615,000	615,000	615,000	615,000	615,000	
Total Expenditure	71,084,355	68,382,235	59,998,232	58,418,668	54,987,178	52,161,080	
Net Cost of HRA Services	9,336,525	5,719,455	(7,205,185)	(8,729,049)	(12,287,668)	(16,732,794)	
Interest and investment income	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	
(Surplus) or deficit for the year on HRA services	9,256,525	5,639,455	(7,285,185)	(8,809,049)	(12,367,668)	(16,812,794)	
Right to buy receipts retained	(6,778,360)	(8,261,540)	(8,261,540)	(8,261,540)	(8,261,540)	(8,261,540)	
(Surplus) or deficit contributing to HRA balances	2,478,165	(2,622,086)	(15,546,726)	(17,070,589)	(20,629,209)	(25,074,334)	Totals
No. of Newbuilds Base Case		412	19	85	88	102	706
No. of Newbuilds with 4.2m		0	5	12	18	25	60
No. of Newbuilds CPI+1%+0.5%		0	1	4	6	9	20
Maximum build total each year.		412	25	101	112	136	786