



Out-Of-Borough Acquisitions Project

Business Case

**Outline Business Case (OBC):
Out-Of-Borough Acquisitions Project**

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1. Introduction and Strategic Context

The last few years have been challenging in the social housing sector, with national increases in homelessness against a backdrop of welfare reform. The impact of the welfare and benefit reforms has affected all local authorities and social housing providers but particularly those in London. The increased demand for housing has placed pressure on already strained and limited housing supply.

At a local level, Barnet has experienced increased high levels of demand for affordable housing, whilst sources of supply have been limited. Demand has been exacerbated by the buoyant private rental market in the borough which is increasingly unaffordable for those on lower incomes. Loss of private rental accommodation is now the most common reason for a homelessness application, with residents who might previously have made their own arrangements in the private rental sector approaching the local authority.

Supply & Demand in Barnet: A Snapshot

- There has been a 49% increase in new homelessness applications between 2011/12 and 2015/16.
- There was an overall 35% decrease in letting within Council stock from 2011/12 to 2015/16 and Barnet has below levels of social housing on average compared to other London boroughs.
- There has been a significant increase (38%) in the number of households in temporary accommodation (numbers have increased from 2,172 in April 2012 to their current level of 2,999 at the end of May 2016)
- Barnet has the 6th highest number of households in temporary accommodation in the country
- Almost half of all the households in temporary accommodation in England are placed by North and East London Authorities. This has led to increased pressure in competition for affordable supply.
- Whilst it is positive that the regeneration schemes in Barnet are progressing in their development, this has an impact on available supply as 'non-secure' tenants placed in regeneration units as long term TA are decanted and require rehousing, either to alternative TA or social housing units. 724 households have been decanted since April 2012 and a further 316 decants are scheduled for the forthcoming two financial years.

This has posed a major challenge to Barnet Homes' Housing Options Service – for example, trying to ensure that the limited supply of housing is provided to those with the greatest need, and that emergency and temporary accommodation is used effectively, whilst also attempting to identify new sources of housing supply. In addition, the cost of providing emergency/temporary accommodation has increased significantly. A key priority for Barnet Homes since 2013 has to been to strive to reduce the impact that the high cost of temporary accommodation has on the Council's General Fund (GF).

In 2013, Barnet Homes' Housing Options service developed a menu of options to tackle the problem of emergency/temporary accommodation, and this was presented to the Delivery Unit Board (DUB). One of the options proposed was the acquisition of out-of-borough properties – but the Delivery Unit Board decided to explore alternate options at the time, the majority of which have subsequently been implemented.

2. Rationale

The opportunity to acquire out-of-borough properties has recently been revisited in line with the London Borough of Barnet's Housing Strategy.

Acquisition of additional properties outside of the borough will provide the opportunity to increase affordable housing supply relatively quickly at a lower cost than in-borough alternatives, and will supplement the existing development programme and development pipeline. It is envisaged that the initial acquisition program will be limited to approximately 38 properties purchased from Q3 2016/17 onwards based on an assumption of an average purchase price of £114k per unit. There is a further budget of £15,500 per unit which includes refurbishment costs and professional fees.

This approach aligns with the London Borough of Barnet's *Housing Strategy 2015-2025* that aims to:

- Increase the supply of affordable housing available to homeless households (page 27)
- Explore the possibility of purchasing homes directly in more affordable areas which could be let to households who can no longer afford to remain in the borough (page 29).

And with the Council's Corporate Plan:

- Where services are delivered efficiently to get value for money for the taxpayer

3. Project Definition

Project Objectives

The key objectives of this project are to:

- Increase Barnet Homes' housing supply, by procuring new properties from outside of the London Borough of Barnet.
- Reduce the costs of temporary accommodation and subsequent impact on the Council's General Fund

Project Deliverables & Outcomes

The key project deliverables are listed in the table below:

Deliverable	Details	Timeframe
Business Case (incorporating options analysis)	Undertake research analysis and identify options for acquisition of out-of-borough properties. Development of a business case that includes options analysis, preferred option, financial modelling, risk management etc.	April 2016
Presentation of recommendations	Presentation of options, and preferred approach to the London Borough of Barnet Council	June 2016
Approval	Approval (budget and approach)	July 2016
Implementation	Procurement of properties in accordance to the preferred approach Development and implementation of processes (i.e. repairs and maintenance arrangements etc.)	Commence in Quarter 2 (September 2016)
Review	Review & benefits realisation	On-going

4. Options

Several other London boroughs are already acquiring units out of borough and/or out of London, some have been doing it for several years. For example, Westminster City Council has purchased over 90 units for use as temporary accommodation, including 40 acquired in 2015/16. Our discussions with them have provided us with useful insights and learning. Whilst the market in areas closer to London continues to be buoyant there is a supply of units (off-plan, new-build and existing) to be acquired and where necessary refurbished within the price per unit envisaged.¹

In developing the business case, options were considered. These included utilising the acquired units as a form of Temporary Accommodation where higher rents could be achieved and a blended model of acquisitions offering either as some units of long term social housing and some units of temporary accommodation. However, to adhere to the brief which was to acquire new affordable tenancies for Barnet residents, the following approaches have been explored in more detail.

1. Continue to acquire properties outside London on licence from existing temporary accommodation providers

Existing temporary accommodation rates mean that for each new household placed in 2-bed emergency temporary accommodation costs the Council almost £2,400 net per annum. With bad debt provision and management costs factored in, this figure increases to approximately £3,400 net per annum, per household. Where properties are sourced outside London, these costs reduce significantly, however it still represents a net cost per unit of almost £1,900 per annum at current prices.

This 'do nothing' position would result in each household potentially costing £138k net over the next 30 years and would mean there is no positive financial impact to forecasted future General Fund budget pressures. It is therefore the least favourable option.

2. Housing Revenue Account borrowing to acquire private sector properties for use as temporary accommodation

Properties would be purchased outside London, funded by the Housing Revenue Account. A budget of up to £13.75m was assumed with approximately one third of the purchases to be funded by right-to-buy receipts.

¹ Including legal and other professional fees.

Barnet Homes would fully manage properties secured through this method and tenants would be secure tenants of Barnet Homes and the Council.

Key benefits

There are three key benefits realised through this model:

- The potential net cost of £55k per property over a 30 year period is more favourable than existing methods of providing out-of-London temporary accommodation which could potentially cost £138k per unit over a similar period
- Capital asset acquired
- Model utilises right-to-buy receipts, which reduces the borrowing requirement by 30%

Disadvantages

There are however some disadvantages of delivery through this method:

- Properties acquired through this method could only be let with secure tenancies and could not be used as temporary accommodation or as a stepping stone into the private rented sector
- There is a short/medium term risk with 1% decreases in HRA rents over the next four years and further uncertainty in future years
- The loan outstanding for properties acquired in Luton at the end of the 30 year term is greater than the initial borrowing requirement (however this is offset against an asset that would be expected to appreciate by a greater amount over the term)

Conclusion

As of May 2016, uncertainty over the future financial position of the Housing Revenue Account means that this approach cannot be recommended at this stage.

3. General Fund borrowing to acquire private sector properties for use as temporary accommodation

The Council would borrow via the General Fund through the Public Works Loans Board at an interest rate of approximately 3.3% to fund the purchase of private sector properties in areas outside Barnet, and most likely, outside London.

Barnet Homes would provide a full management service for properties purchased and units would be used to provide long-term temporary accommodation, let at 100% of the relevant Local Housing Allowance rate.

Key benefits

There are four key benefits realised through this model:

- Delivers at a net cost of £38k per property (including interest of the loan) over a 30 year period which is more favourable than existing methods of providing out-of-London temporary accommodation which could potentially cost £138k per unit over a similar period
- Capital asset acquired
- Properties let through this method could be used for temporary accommodation for homeless households and used as a stepping stone into the private rented sector

- A greater turnover of properties would mean increased temporary accommodation cost avoidance
- There is greater flexibility on rents that could be charged for properties acquired using this model, with rents required to be 'reasonable' to achieve full housing benefit subsidy

Disadvantages

There are however some disadvantages of delivery through this method:

- There is General Fund borrowing required to deliver this scheme as opposed to the HRA model, where right- to-buy receipts could not be used.
- The initial loan of £5m would not be fully repaid at the end of the 30 year term and the Council would have to refinance the loan (however this is offset against an asset that would be expected to appreciate by a greater amount over the term)

Suggested approach

The proposal is for the acquisition of units in areas outside London through General Fund borrowing and to utilise them as temporary accommodation. This option has a number of benefits, not least the ability to use properties purchased for helping homeless households move into the private rented sector, thus providing greater opportunity to reduce General Fund temporary accommodation costs.

Affordability of units outside of Barnet

It is not surprising that the our research has confirmed that given the average house prices in Barnet, better value for money and a greater number of units can be acquired with the funding available through the acquisition of units out of London. The table below shows the difference in property prices and current supply using an average two bedroom home as an example:

	Colindale	Luton	Northampton
Median Purchase Price	425,000	195,000	142,500
No of properties on the market ²	89	172	259
Properties listed under £130,000³	0	25	189

Whilst more units could be delivered further out of London there are a number of key considerations to be factored into any acquisitions programme:

- Distance from Barnet (potentially higher management and void costs)
- Opportunities for employment in the area
- Cultural diversity of the location e.g. access to specialist shops, places of worship, similar communities
- Ability to achieve successful lettings and minimise void periods

Furthermore there would be increased management costs if any acquisitions programme did not limit itself to a few locations. Over recent years many housing associations have been rationalising their stock and divesting in areas where they have minimal holdings given the increased overheads in effectively managing limited scattered stock across a range of local authorities. This learning should be factored into the acquisitions programme and therefore it is recommended that purchases are made for properties within a reasonable travelling

² Number of properties listed for sale as at 16 May 2016 (Source: www.home.co.uk)

³ Number of properties listed for sale on 16 May 2016 at £130,000 or under (Source: www.rightmove.co.uk)

distance of Barnet e.g. up to 30 miles away and therefore would suggest Luton as a proposed procurement region.

There are however several key advantages to focusing on procurement of properties outside London. These include:

- The potential to provide accommodation at more affordable rents, with Local Housing Allowance rents in Luton (£142.44 per week) over £100 per week lower than rents in Barnet (£255.34)
- Properties can be purchased in affordable areas such as Luton for less than the Stamp Duty Land Tax threshold of £125,000 and therefore the cost of purchasing will be lower than in more expensive areas such as Barnet, thus improving the financial viability

Client group for properties acquired out of London

Households in Temporary Accommodation: Since 2014 Barnet Homes has placed 514 housing applicants in a range of areas out of London both in forms of temporary accommodation and in the private rented sector. This has been supported by the Barnet Council's Placement Policy approved on 24th September 2013. Any new out of London acquisitions that could be offered as affordable flexible tenancies to housing applicants where there is an accepted housing duty would both reduce numbers in temporary accommodation and importantly offer a longer term and affordable housing solution. For some households affected by the benefit cap, accommodation in Barnet is unaffordable.

Risks: One of the key risks associated with an out of London acquisitions programme is that units could be acquired in areas where existing tenants or housing applicants might not wish to move to. In respect of housing applicants, those who are within the higher housing bands (bands 1 & 2) more often have very specific reasons for acquiring accommodation within Barnet e.g. support needs, employment. However those in lower bands (3 & 4 no community contribution, no/limited local connection) are not usually offered flexible tenancies but assisted with longer term temporary accommodation or with offers in the private rental sector. The proposed programme would certainly offer this group a housing solution that is not currently available.

To mitigate this, the selection criteria for the locations for acquisitions must be developed further in the full business case along with an equalities impact assessment in respect of potential tenants. Given the established track record set out above of delivering out of London moves this mitigation will help minimise void periods. Nonetheless a higher void period has been factored in than for a council tenancy in Barnet.

The model:

- Non-secure tenancy offered
- 3-6% void loss varying depending on location of acquisition
- TA cost avoidance figure in example based upon 1 household avoiding out of London TA at current net cost

5. Expected Benefits

Please refer to **Appendix A** for a summary of expected benefits for this project.

6. Risks

Please refer to **Appendix B** for a summary of key risks and mitigating actions.

7. Financial Appraisal

The project would be funded from the Council's General Fund. An initial budget of £5m would see the programme deliver the following number of units:

Luton/Bedfordshire 38 units

The table below indicates the potential overall financial position delivered by the scheme taking into account worst and best case scenarios⁴

Table 1 – revenue position vs. existing TA options

Best Case – Purchasing Option – per unit				
	5 Years	10 Years	20 Years	30 Years
Income	£36,357	£76,035	£168,210	£280,570
Expenditure	£52,647	£105,136	£210,540	£318,164
Net	£16,290	£29,101	£42,330	£37,594
Worst Case - Purchasing Option				
Income	£35,394	£72,375	£152,093	£240,151
Expenditure	£59,852	£120,326	£244,977	£378,259
Net	£24,457	£47,950	£92,884	£138,109
Existing TA Option				
Income	£35,983	£75,251	£166,476	£277,678
Expenditure	£53,270	£112,111	£248,986	£416,138
Net	£17,288	£36,860	£82,510	£138,461

Table 2 – Capital position

Capital - Per unit	Best Case	Worst Case
Average Purchase Price	£114,000	£114,000
Refurbishment Costs and Fees	£15,500	£20,500
Total Cost	£129,500	£134,500
Asset value @	6% PA	2% PA
10 Years	205,694	148,490
20 Years	368,367	181,009
30 Years	659,689	220,649
Outstanding borrowing @ Yr. 30	£51,800	£53,800
Capital Benefit @ Yr. 30	£607,889	£166,849

⁴ Analysis of worst case and best case scenarios were tested against the cost of existing TA options in the Luton Area, with the worst case assuming higher costs for voids, management/maintenance, inflation, refurbishment, and major works

Table 1 shows that there is a wide divergence between the potential outcomes between best and worst case scenarios, with the best case scenario delivering revenue savings against the cost of existing TA options, whilst the worst case is more expensive for the first 20 years.

The Business Plan has been reviewed by independent financial consultants 31ten, who examined the model developed by Barnet Homes and the key assumptions that underpin it, including:

- The availability and price of properties in the Luton area
- The on-going costs associated with the acquisition of homes, including interest, repayment of capital, management and maintenance.
- The probability of achieving a positive outcome above taking into account the best and worst case scenarios set out in table 1 above.

The key findings presented by 31ten suggested that:

- The average purchase price for a minimum 38 units would be £114k.
- The best case scenario would see the Council achieving average annual revenue savings of £30,000 for the first ten years (cost avoidance of £7,759 per property over the first ten years for 38 properties would amount to £294,547 and therefore an average of £29,455 per year over ten years), whilst the worst case suggests an average annual cost of £42,000 over the same period.
- Probability testing indicated that there would be a likelihood of 75% that the programme would cost a similar amount to existing temporary accommodation options over the first 12-15 years, and achieve revenue savings of 25% after 23-26 years. The Council could expect to benefit from an increase in asset values for the properties purchased of between 6-7% per year, rather than the 2% presented in the worst case scenario.

5.2.7 In effect, the conclusion on the 31ten report was that the project would most likely cost the same as existing TA options over the first 15 years, following which it would be cheaper. On this basis, the key financial benefits of purchasing properties would be to provide greater certainty over costs and provide the Council with assets that will increase in value. However, it should also be noted that there would be an immediate capital benefit to purchasing these properties, as allowances for minimum revenue provision reduce the overall amount of borrowing outstanding from the first year.

To take into account future anticipated changes to temporary accommodation subsidy, both the purchasing scheme and existing temporary accommodation options have been modelled using 100% of the April 2016 Local Housing Allowance rate.

8. Project Approach

Please refer to **Appendix A** for the proposed project plan that includes key dates and milestones.

9. Project Assurance

Project Organisation Structure

The project structure is shown below:

Role	Name & Position	Comments
Project Sponsor	Paul Shipway (Strategic Housing Lead)	Representing Council interests
Project Manager	(Development Manager)	
Project Board	Paul Shipway (Strategic Housing Lead)	Representing Council interests
	Derek Rust (Director of Operations)	Representing Barnet Homes interests
	Kate Laffan (Assistant Director, Operations)	Representing Housing Options (housing supply)
Project Team	(Development Manager)	Lead on the bidding and acquisition of properties
	Nick Lowther (Service Manager, Housing Supply)	Lead on supply and location
	Thomas Carroll	Inform on investment levels needed to bring the homes acquired up to an agreed standard and maintained as such Lead on the refurbishment of properties when acquired
	TBC	Project support

The project board will meet monthly as required with the following responsibilities:

- Provision of overall guidance and direction ensuring project remains on track against time, cost and quality requirements
- Review and approval of project plan and any exception plans
- Support and oversight of risk management processes
- Approval of changes
- Resolving strategic and directional issues
- Liaison with and seeking of direction and decisions from politicians

Project Controls

The Project Manager will be expected to manage and re-profile timescales where key milestones are not impacted. Where key milestones will be impacted these instances will be reported to the Project Sponsor to agree next steps and the mitigating action to be taken.

- The Project Board will be responsible for sign-off of the business case (incorporating the options appraisal), before it is presented to the Council.
- The London Borough of Barnet (Council) will be responsible for approving the business case, proposed budget and approach for delivery.
- The project team will be responsible for engaging with Barnet Homes' managers and staff, and key stakeholders to ensure that all deliverables are developed in line with service requirements and that the required quality standards are met.

Quality Criteria & Approval Process

Deliverable / Product	Quality Criteria	Author	Reviewers	Acceptor
Business Case (incorporating options analysis)	Options appraisal and financial appraisal, procurement strategy with recommendation	Project Manager	Kate Laffan Derek Rust Project Team	Project Board
Presentation of recommendations	Report and presentation in accordance with LBB requirements	Derek Rust	Project Board	Project Board
Approval	Minuted approval to proceed	London Borough of Barnet	N/A	London Borough of Barnet
Implementation	Procurement of out-of-borough properties Development and implementation of associated processes	Project Team	Project Manager	Project Board
Review	Assessment against benefits realisation criteria Lessons learned report	Project Manager	Kate Laffan Derek Rust Project Team	Project Board

10. Dependencies

Assumptions

- Timely provision of any requested information and input from senior stakeholders.
- On-going political support for Barnet Homes to undertake out-of-borough acquisitions and for the on-going management of these properties
- Ability to implement cost effective, quality management and maintenance arrangements for the acquired properties.
- There has been adequate budget provision identified within the HRA for the acquisition of additional properties.

Constraints

- There is a lack of affordable housing supply in the areas that Barnet Homes is confident that customers will agree to move to.
- Barnet Homes' repairs and maintenance contractors are unlikely to agree to provide services to out-of-borough properties, as this does not form part of their existing contract
- That there may be some resourcing implications for management of stock outside of the borough/London.

Interfaces / Dependencies

- The London Borough of Barnet will need to approve the proposed approach, for the project objectives to be achieved
- There are other initiatives and projects underway that are also aimed at increasing the available housing supply.

11. Approach to Consultation

A range of stakeholder consultation and engagement has occurred as part of the public engagement programme developed for the London Borough of Barnet's Housing Strategy.

A summary of these activities includes:

- The Council conducted a borough wide programme of resident engagement and consultation from 17 December 2014 to 11 February 2015. This was part of the Housing Committee Commissioning Plan. The programme included a series of themed workshops examining the competing pressures facing each committee and an online survey.
- A 12 week public consultation was undertaken between 6 January 2015 and 31 March 2015 on the Housing Strategy. The consultation included an online survey as well as presentations to the Housing Forum, Barnet Homes Performance and Advisory Group, and Barnet Landlords Forum.
- The Council also facilitated a focus group of eight Citizens Panel members from the owner-occupation, social and private rented sectors.

Appendix A: Benefits Realisation

Benefit Type	Description of the benefit	Who will benefit	Expected benefit value	Financial year that the benefit will be realised	Benefit Owner	How will the benefit be measured	Baseline value (£, % etc) and date
Financial	Temporary accommodation cost avoidance	The Council	£3.8m	From Q3 2016/17	Nick Lowther Service Manager – Supply	Financial monitoring	
Financial	Increase of council stock and revenue from this stock	The Council Barnet Council Tenants or Housing Applicants	38 additional units	by 17/18	Paul Shipway	Performance monitoring	

Appendix B – Financial Model

1. Individual unit Income and Expenditure sheet (Luton area)

	Year 1	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
Income							
1 Rent	7,407	7,706	8,508	9,394	10,371	11,451	12,643
2 Void Loss	222	231	255	282	311	344	379
Total Income	7,185	7,475	8,253	9,112	10,060	11,107	12,263
Expenditure							
3 Routine Maintenance	800	866	956	1,056	1,165	1,287	1,421
4 Management Cost	295	319	353	389	430	474	524
5 Service Charge & Ground Rent	1,400	1,515	1,673	1,847	2,040	2,252	2,486
6 Major Works	912	987	1,090	1,203	1,329	1,467	1,620
7 Bad Debt Provision	287	299	330	364	402	444	491
8 Interest	4,274	3,932	3,504	3,077	2,650	2,222	1,795
9 MRP	2,590	2,590	2,590	2,590	2,590	2,590	2,590
Total Expenditure	10,558	10,508	10,496	10,527	10,605	10,736	10,926
Charge/Credit to General Fund	3,373	3,034	2,243	1,415	545	-371	-1,338
Closing Balance	3,373	16,290	29,101	37,848	42,330	42,327	37,594
10 Purchase price	114,000						
11 Stock investment	15,500						
12 Loan Amount	129,500						

- 1 Rents set at 100% LHA for 2 bed in Years 1-3 and then annual % increase in LHA. 52 week charge
- 2 3% void loss
- 3 Annual maintenance cost per unit with 2% annual inflationary increase
- 4 Annual management cost per unit with 2% annual inflationary increase
- 5 Leasehold service charges with 2% annual inflationary increase
- 6 Major works investment at 0.8% of the purchase price
- 7 4% Bad debt provision
- 8 3.3% loan interest
- 9 Minimum revenue provision of 2% per year (50 year asset life)
- 10 Costs of purchasing
- 11 Professional fees and costs to bring unit up to standard
- 12 Total loan equates to 10 and 11 above combined

2. Analysis of options considered

	GF Purchasing Worst case	GF Purchasing Best case	Current TA Worst Case	HRA Best case	HRA Worst Case
Loan Required	134,500	129,500	-	91,880	96,880
Income	240,151	280,570	277,678	238,511	204,174
Expenditure	378,259	318,164	416,138	267,466	318,491
Net Cost	138,109	37,594	138,461	28,955	114,317
Loan Outstanding	53,800	51,800	-	36,752	38,752
 					
Purchase Price	114,000	114,000	-	114,000	114,000
Value of Asset at current prices	134,500	129,500	-	129,500	134,500
Value of Asset at end of 30 years	220,649	659,689	-	659,689	220,649
 					
Capital benefit over 30 years	166,849	607,889	-	622,937	181,897
Revenue benefit vs. existing TA over 30 years	352	100,867	-	109,506	24,143

Appendix C: Initial Risk Register

Ref	Risk type	Risk description	Risk Owner	Date raised	Initial assessment			Control actions	Consequences/ potential impact
					Probability	Impact	RAG		
001	Project management	There is a risk that there is insufficient resource to deliver the project within planned timescales.	KL	Jan 16	Low	Medium		Project plans and resource planning to be developed to identify key milestones and capacity required to deliver.	Expected savings and other benefits will not be achieved, and/or project activity will fall behind schedule.
002	Reputation	There is a risk that this project will attract negative publicity	KL	Jan 16	Low	High		Develop a communications strategy and engage with the host borough to inform them of the acquisitions programme	Staff and public have a negative perception of this project and its objectives. This makes it more difficult to implement the project and to realise benefits from it.
003	Financial	There is a risk that the assumptions made in modelling are not accurate and that the financial benefits are not realised	NL	Jan 16	Medium	High		Closely monitor activity to track financial benefits and early identification of risks. There are a number of options the Council has, including stock disposal. In addition, the 31st review suggests that there is a 75% probability that the scheme will at least break even compared to existing TA options	Expected savings and other benefits will not be achieved
004	Financial	There is a risk that there will be an insufficient volume of units available for purchase at the projected average	NL	Jan 16	Low	High		Further modelling is being carried out to identify other potential areas for acquisitions. Where there are no properties available	Delivery of new acquisitions may not be met, if unable to purchase properties at

Ref	Risk type	Risk description	Risk Owner	Date raised	Initial assessment		Control actions	Consequences/ potential impact
		purchase price of £114k. Analysis provided by 31tTen indicated that only 38 units are projected to transact in Luton at this average purchase price over the next 12 months					for purchase that meet the modelled conditions, no additional units will be acquired	the right price.
005	Reputation	There is a risk that customers will refuse to accept properties in out-of-borough locations	NL	Jan 16	Low	Medium	Undertake market research and analysis before selecting locations and purchasing properties to ensure that customers are likely to accept properties in these areas.	Political and media fall out from spending public money on properties that are sitting vacant.
006	Performance	There is a risk that properties in out-of-borough locations will have longer void times due to customers refusing to move to these areas	NL	Jan 16	Medium	Medium	Households seeking to move out of area will be identified at an early stage in the acquisition process and consideration will be given to offering properties acquired to households already located in areas outside London in other forms of temporary accommodation	Void performance may worsen, and Barnet Homes may fail to meet its KPI targets.
007	Financial	There is a risk that the costs of managing out-of-borough properties will be high	NL	Jan 16	Medium	Medium	Barnet Homes already has considerable experience delivering out-of-London TA. Consider purchasing out-of-borough properties close together, to ensure efficiencies and reduce management costs	Higher costs to manage these properties – exceeding budget
008	Procurement	Existing Barnet Homes' repairs and maintenance contractors are unlikely to agree to service out-of-borough properties.	DH	Jan 16	High	Medium	Establish agreement with local contractor to deliver repairs and maintenance services to these properties	Out-of-borough properties may end up in poorer condition. Customers may experience a lack of service or lengthy wait times for repairs.

Appendix D: Initial Project Plan

Phase	Activity	Owner	Due Date	Status	Comments
Business Case (incorporating options analysis)	Complete research & analysis and identify options for:		May 16	In progress	
	• Property Location (out-of-borough)	DB	May 16		
	• Property Type	NL	May 16		
	• Property Size	DB/NL	May 16		
	• Property Tenure	DB	May 16		
	• Property Condition	TC/DB	May 16		
	• Procurement Strategy	NL/DB	May 16		
	Identify and document each available option	NL/KL	May 16		
	Complete initial financial modelling	NL	May 16	Complete	
	Identify, monitor and manage risks	KL	May 16	Ongoing	
	Prepare an outline business case for review by LBB	KL	May 16	Complete	
	Develop recommended quality standard for out-of-borough properties	TC	Jul 16	Not Due	
	Develop options for managing out-of-borough properties	KL	Jul 16	Not Due	
	Develop options for undertaking repairs and maintenance for out-of-borough properties	TC	Jul 16	Not Due	
	Develop procurement strategy options	NL/DB	Jul 16	Not Due	
	Prepare final business case	KL	Jun 16	Not Due	
Reviewed by DPPB	PS	08 Jun 16	Not Due		
Business case signed off by Commissioner	CS	11 Jul 16	Not Due		
Presentation of recommendations to the Council	Draft Report	KL/PS	01 Jun 16	In progress	
	Council make decision whether to approve programme	PS	11 Jul 16	Not Due	
Implementation	Commence acquisition programme	DB	From Q3 2016/17	Not Due	
	Complete first tranche of purchases	DB	Q3 2016/17	Not Due	
Review	Qtly review of programme incorporating lessons learned.	KL	Ongoing	Not Due	

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9/2/16	1.1	Amended following comments	Kate Laffan
23/2/16	1.2	Document refresh	Nick Lowther
16/5/16	1.3	To update with current proposals	Nick Lowther
20/6/16	1.4	To update report following independent review	Nick Lowther

Distribution List:

Name	Role	Date
Derek Rust	Director, Operations	
Paul Shipway	Strategic Housing Lead LBB	
	Development Manager	
Nick Lowther	Service Manager, Housing Supply	
Thomas Carroll	Major Works Programme Manager	
	Graduate Policy & Project Officer	

Approvals:

By signing this document, the signatories below are confirming that they have fully reviewed the Business Case for the out-of-borough acquisitions project and confirm their acceptance of the completed document.

Name	Role	Signature	Date	Version
Derek Rust	Director, Operations			
Paul Shipway	Strategic Housing Lead			
Kate Laffan	Assistant Director, Operations			