



In London Acquisitions Project

Business Case

**Business Case:
In London 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 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 3,047 at the end of August 2016)
- Barnet has the 6th highest number of households in temporary accommodation in the country
- 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).

An opportunity has now arisen to utilise the Council's Right to Buy receipts to help fund HRA purchasing of properties on the open market. This will have a dual benefit of both ensuring that the Council spends its Right to Buy receipts within the required timeframe, whilst also increasing the supply of affordable accommodation for Barnet households.

2. Rationale

The opportunity to acquire properties from the open market has recently been revisited in line with the London Borough of Barnet's Housing Strategy. In 2012 the government introduced several major changes to the Right to Buy scheme. One such change included the requirement of councils to make use of Right to Buy receipts within three years of their collection, or pay the receipt in full (plus interest) to HM Treasury.

Barnet currently has approximately £800,000 Right to Buy receipts that are required to be committed by the end of Quarter 3 (December 2016), and the use of these receipts to purchase properties on the open market would result in a direct financial benefit to Barnet's Housing Revenue Account. The utilisation of the funding and the additional interest payment that would be required to be paid to HM Treasury should these receipts not be used will therefore be considered in the overall benefit of any proposed scheme.

Acquisition of additional properties will also provide the opportunity to increase affordable housing supply relatively quickly, and will supplement the existing development programme and development pipeline. It is envisaged that the acquisition program will be limited to approximately 11 properties purchased in Q3 2016/17 based on an assumption of an average purchase price of £240k per unit. We will use our established procurement model to help deliver this project. There is a further budget of almost £26,000 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 affordable properties from the open market.
- Utilise outstanding Right to Buy receipts before the end of Q3 2016/17 to retain the benefit of the funding within Barnet's Housing Revenue Account

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 properties. Development of a business case that includes options analysis, preferred option, financial modelling, risk management etc.	September 2016
Presentation of recommendations	Presentation of options, and preferred approach to the London Borough of Barnet	September 2016
Approval	Approval (budget and approach)	October 2016
Implementation	Procurement of properties in accordance to the preferred approach Implementation of processes (i.e. repairs and maintenance arrangements etc.)	Delivery in Quarter 3 (October 2016)
Review	Review & benefits realisation	On-going

4. Options

Several other London boroughs are already acquiring units from the open market, and 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. Barnet Homes are also undertaking an out-of-borough acquisitions programme following approval from Assets Regeneration & Growth Committee in July 2016, and our learning from this programme will be of benefit to other planned acquisition programmes.

In developing the business case, 3 main options were considered. These included do nothing, acquiring units only within the borough of Barnet, and extending target areas for procurement to include both Barnet, and other neighbouring boroughs.

1. Option 1 – Do nothing

Do nothing. This option would see the Council having to return over £800,000 Right to Buy receipts (plus interest) to HM Treasury and thus deny the Council of much needed additional housing stock.

Barnet currently has approximately £800,000 Right to Buy receipts that are required to be committed by the end of Quarter 3 (December 2016), and the use of these receipts to purchase properties on the open market would result in a direct financial benefit to Barnet's Housing Revenue Account.

Key benefits

- None

Disadvantages

Disadvantages of delivery through this method:

- The Council would have to return £857,000 Right to Buy receipts (plus interest) to HM Treasury
- It would deny the Council the opportunity of acquiring additional housing stock
- Failure to utilise the Right to Buy receipts would be a missed opportunity to acquire Capital assets

2. Option 2 - Acquiring private sector properties in the borough of Barnet

Properties would be purchased only in the borough of Barnet, funded by the Housing Revenue Account (HRA). A budget of up to £2.86m was assumed with approximately one third of the purchases to be funded by Right to Buy receipts and 70% funded by HRA reserves.

Barnet Homes would fully manage properties secured through this method and tenants would be secure tenants of Barnet Homes and the Council, provided with fixed term tenancies. Properties would be let at 65% of market rent.

Key benefits

There are three key benefits realised through this model:

- Delivers additional in-borough supply of affordable accommodation for Barnet households
- Capital asset acquired
- Model utilises Right to Buy receipts, which reduces the borrowing requirement by 30% and meets the Council's target timeframe for committing receipts
- Additional savings will be realised through a reduced use of temporary accommodation

Disadvantages

There are however some disadvantages of delivery through this method:

- The best case scenario indicates that this option would be delivered at a net cost of £62k per property (including interest of the loan) over a 30 year period
- There is a short/medium term risk with 1% decreases in HRA rents until 2020 and further uncertainty in future years
- Properties acquired may be subject to the Right to Buy and therefore properties sold after within five years of acquisition.
- EUV may be applicable if the Council decides to realise the value of the assets obtained through this scheme, and therefore the full value of the investment may not be recovered.

3. Option 3 - Acquiring private sector properties in Barnet and neighbouring boroughs

Properties would be purchased in the borough of Barnet and neighbouring boroughs, funded by the Housing Revenue Account (HRA). A budget of up to £2.86m was assumed with approximately one third of the purchases to be funded by Right to Buy receipts and 70% funded by HRA reserves.

Barnet Homes would fully manage properties secured through this method and tenants would be secure tenants of Barnet Homes and the Council, provided with fixed term tenancies. Properties would be let at 65% of market rent.

Key benefits

There are five key benefits realised through this model:

- The best case scenario delivers at a net surplus of £63k per property (including borrowing costs) over a 30 year period
- Capital asset acquired
- Provides a more financially viable option than restricting acquisitions to in-borough purchases only
- Properties outside Barnet can be acquired at lower average cost, thus increasing the potential volume of acquisitions and new supply of affordable accommodation for Barnet households. This option would deliver 11 new units as opposed to just 9 where units are only sourced in-borough
- Model utilises Right to Buy receipts, and meets the Council's target timeframe for committing receipts
- Additional savings will be realised through a reduced use of temporary accommodation

Disadvantages

There are however some disadvantages of delivery through this method:

- Properties acquired outside of the borough of Barnet may be more difficult to let and experience higher void loss than in-borough alternatives
- There is a short/medium term risk with 1% decreases in HRA rents until 2020 and further uncertainty in future years
- Properties acquired may be subject to the Right to Buy and therefore properties could be sold after five years of acquisition.
- EUV may be applicable if the Council decides to realise the value of the assets obtained through this scheme, and therefore the full value of the investment may not be recovered.

Affordability of units outside of Barnet

It is not surprising that 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 including the acquisition of units outside Barnet. The table below shows the difference in property prices and current supply using an average two bedroom home as an example:

	Barnet ¹	Enfield ²	Brent ³
Average Realistic Purchase Price	266,485	202,997	249,490
Average Weekly Rent (65% market rent)⁴	199	179	228
Average Gross Annual Rental Yield	3.88%	4.59%	4.75%

Whilst more units could be delivered outside Barnet 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

¹ Calculated using 10 lowest cost realistic purchases advertised for sale on www.rightmove.co.uk on 27 September 2016

² Calculated using 10 lowest cost purchases advertised for sale on www.rightmove.co.uk on 27 September 2016

³ Calculated using 10 lowest cost purchases advertised for sale on www.rightmove.co.uk on 27 September 2016

⁴ 65% market rent calculated using voa median rents for properties within relevant postcode at September 2016

- Ability to achieve successful lettings and minimise void periods

There are however several key advantages to focusing on procurement of properties in a broader target area. These include:

- The potential to provide accommodation at more affordable rents, with market rents in Enfield (£179 per week) lower than those in Barnet (£199 per week)
- Where properties are purchased outside Barnet, there is an increased likelihood that larger properties could be procured at a cost that is financially viable. For example, a 3 bedroomed property could be secured in Enfield for as low as £239,995 (4.8% yield), whilst in Barnet the lowest possible purchase price is £300,000 (4.2% yield).

Client group for properties acquired out of borough

Households in Temporary Accommodation: Barnet Homes has almost 1,000 households placed in a range of areas outside of Barnet in forms of temporary accommodation secured from the private rented sector. This has been supported by the Barnet Council's Placement Policy approved on 24th September 2013 and Temporary Accommodation Procurement Policy which was approved by Housing Committee on 28th June 2016. Any new acquisitions that could be offered as affordable flexible tenancies to housing applicants under the Council's Housing Allocations Policy 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 acquisitions programme where properties are acquired out-of-borough 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 requiring 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. Given the established track record set out above of delivering out of borough 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:

- Flexible/Fixed-term tenancy offered, with Barnet retaining responsibility for households placed in these units
- Tenant rent set at 65% of the market rent for a similar property in a similar location
- 3-4% void loss varying depending on location of acquisition
- Higher maintenance costs of between £800-£1,000 per unit per annum included to meet Barnet Homes letting standards
- Management costs of £450 per unit per annum to take account of increased costs in relation to the location of acquisitions

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 through utilisation of approximately £857,000 Right to Buy receipts and £2m of Housing Revenue Account reserves. An initial budget of £2.856m would see the programme deliver between approximately 9 and 11 units.

The table below indicates the potential overall financial position delivered by the scheme taking into account worst and best case scenarios⁵

Table 1 – revenue position HRA purchasing in Barnet only (Option 2)

Best Case – per unit				
	5 Years	10 Years	20 Years	30 Years
Income	£51,663	£111,462	£266,835	£486,003
Expenditure	£82,482	£167,013	£346,513	£548,958
Net	-£30,818	-£55,552	-£79,679	-£62,954
Worst Case – per unit				
	5 Years	10 Years	20 Years	30 Years
Income	£50,826	£107,171	£243,047	£416,980
Expenditure	£85,393	£172,998	£359,243	£569,462
Net	-£34,567	-£65,826	-£116,196	-£152,482

Table 2 – revenue position HRA purchasing in Barnet and neighbouring boroughs (Option 3)

Best Case – per unit				
	5 Years	10 Years	20 Years	30 Years
Income	£56,450	£121,789	£291,557	£531,033
Expenditure	£68,951	£140,151	£293,238	£468,826
Net	-£12,501	-£18,363	-£1,681	£62,206
Worst Case – per unit				
	5 Years	10 Years	20 Years	30 Years
Income	£55,535	£117,101	£265,566	£455,614
Expenditure	£71,840	£146,089	£305,862	£489,126
Net	-£16,305	-£28,989	-£40,296	-£33,512

Tables 1 and 2 above show that there is a wide divergence between the potential outcomes between the best and worst case scenarios for all options. Option 3 would likely deliver a revenue benefit of as much as £62k per unit over a 30 year period whilst Option 2 would at best be delivered at a £62k net cost over a similar period. In all scenarios it is not expected that either option will deliver a short to medium term revenue benefit.

⁵ Analysis of worst case and best case scenarios assumed varying costs for voids, management, maintenance, inflation, refurbishment and major works costs

Table 3 – Overall scheme benefit of in-borough purchasing (Option 2)

	Best Case	Worst Case
Number of units	9	9
Total Purchase Price	£2,918,491	£2,977,811
Cost of purchasing and refurbishment	£237,281	£296,602
Total Income	£4,250,380	£3,646,729
Total Expenditure	£4,800,950	£4,980,275
Net Cost	£550,570	£1,333,545
Right to Buy receipts used	£875,547	£893,343
Right to Buy interest benefit	£131,332	£134,002
Total Right to Buy benefit	£1,006,879	£1,027,345
Total HRA benefit	£456,310	-£306,200

Table 4 – Overall scheme benefit of in-borough and surrounding boroughs purchasing (Option 3)

	Best Case	Worst Case
Number of units	11	11
Total Purchase Price	£2,918,491	£2,989,415
Cost of purchasing and refurbishment	£283,696	£354,620
Total Income	£5,841,354	£5,011,749
Total Expenditure	£5,157,083	£5,380,380
Net Cost	-£684,271	£368,631
Right to Buy receipts used	£875,547	£896,824
Right to Buy interest benefit	£131,332	£134,524
Total Right to Buy benefit	£1,006,879	£1,031,348
Total HRA benefit	£1,691,150	£662,717

An important financial benefit derived through the programme would be the utilisation of Right to Buy receipts as an alternative to returning these funds to HM Treasury. The delivery of a schedule of as many as 11 units through Option 3 could potentially deliver an overall benefit of £1.69m over a 30 year period where the benefit of retaining the Right to Buy receipts is included. Again, the difference between the overall benefit of both options is significant, with Option 3 generating a benefit of over £1.2m more in a best case scenario than Option 2.

Suggested approach

The proposal is to proceed with Option 3 (the acquisition of units both in Barnet and the surrounding boroughs in London) funded by Right to Buy receipts and Housing Revenue Account reserves. We will use our established procurement model to acquire these units. This option has a number of benefits, not least the ability to maximise the impact of the capital invested to acquire more affordable supply for Barnet households, and the potential to deliver substantially higher returns than the alternative option focusing on in-borough acquisitions. Importantly, the proposal to include out-of-borough acquisitions (Option 3) would still deliver an overall benefit of over £660,000 in a worst case scenario and it is therefore the preferred option

8. Project Approach

Please refer to **Appendix D** 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	Nick Lowther (Service Manager, Housing Supply)	
Project Board	Paul Shipway (Strategic Housing Lead)	Representing Council interests
	Derek Rust (Deputy Chief Executive)	Representing Barnet Homes interests
	Kate Laffan (Assistant Director, Operations)	Representing Housing Options (housing supply)
Project Team	Nick Lowther (Service Manager, Housing Supply)	Lead on the bidding and acquisition of properties, supply and location
	Kate Laffan (Assistant Director, Operations)	Representing Housing Options (housing supply)
	Thomas Carroll (Major Works Project Manager)	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
	Russell Buchanan (Project & Contract Management Officer)	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 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 customers would prefer to move to.
- That there may be some resourcing implications for management of stock outside of the borough
- Competition for units on the open market is fierce with lower cost acquisitions likely to be of interest to a large number of buyers

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 benefit will be realised	Benefit Owner	How will the benefit be measured	Baseline value (£, % etc) and date
Financial	Utilisation of Right to Buy receipts	The Council	£1m	From Q4 2016/17	Paul Shipway	Financial and Performance monitoring	
Financial	Increase of council stock and revenue from this stock	The Council Barnet Council Tenants or Housing Applicants	11 additional units	by 17/18	Paul Shipway	Performance monitoring	

Appendix B – Financial Model

1. Individual unit Income and Expenditure sheet (Best Case)

Income	Year 1	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
1 Rent	11,560	12,137	14,414	17,120	20,333	24,149	28,682
2 Void Loss	347	364	432	514	610	724	860
Total Income	11,213	11,772	13,982	16,606	19,723	23,425	27,821
Expenditure							
3 Routine Maintenance	800	918	1,090	1,295	1,538	1,827	2,170
4 Management Cost	450	516	613	728	865	1,027	1,220
5 Service Charge & Ground Rent	1,400	1,607	1,908	2,266	2,692	3,197	3,797
6 Major Works	1,857	2,131	2,531	3,006	3,571	4,241	5,037
7 Bad Debt Provision	336	353	419	498	592	703	835
8 Interest	5,107	4,699	4,188	3,677	3,167	2,656	2,145
9 MRP	3,714	3,714	3,714	3,714	3,714	3,714	3,714
Total Expenditure	13,665	13,939	14,465	15,186	16,138	17,364	18,917
Charge/Credit to HRA	2,453	2,166	483	-1,420	-3,585	-6,060	-8,904
Closing Balance	2,453	12,501	18,363	15,163	1,681	-23,535	-62,206
Net Income available to repay principle	-2,453	-2,166	-483	1,420	3,585	6,060	8,904
10 Purchase price	239,527						
11 RTB Reinvestment	79,595						
12 Stock investment	25,791						
13 Borrowing Required	185,722						
Closing Balance	188,175	198,223	204,085	200,885	187,403	162,187	123,516
1 Annual rent							
2 % void loss							
3 Annual maintenance cost per unit with inflationary increase							
4 Annual management cost per unit with inflationary increase							
5 Lease hold service charges							
6 Major works investment							
7 Bad debt provision							
8 Annual loan interest less MRP contribution							
9 Minimum Revenue Provision based upon 50 year asset life							
10 Purchase price excluding cost of purchase & work to bring to standard							
11 Assumed to be 30% of purchase price							
12 Cost of works required to bring to standard and cost of purchasing							
13 (10+12)-11							

2. Financial modelling assumptions

	Best Case	Worst Case
Annual Rent Inflation (CPI plus 1%)	3.50%	2.50%
Void Loss	3.00%	4.00%
Bad debt provision	3.00%	4.00%
Maintenance Costs	£800 per annum plus inflation	£1,000 per annum plus inflation
Housing Management Costs	£450 per annum	£450 per annum
Inflation (Base rate plus 1%)	3.50%	3.50%
Major Works	1.00%	1.00%
Service charge and ground rent	£1,400 per annum	£1,400 per annum
Refurbishment costs	£10,000	£12,500
Borrowing rate	2.75%	2.75%

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	Sep 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	Sep 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	Sep 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 31ten 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

Ref	Risk type	Risk description	Risk Owner	Date raised	Initial assessment		Control actions	Consequences/ potential impact
004	Financial	There is a risk that the purchases will not be completed within the target timeframe and that the HRA benefits derived through the delivery of this scheme will not be realised	NL	Sep 16	Medium	High	Dynamic purchasing system has been established and Barnet Homes will engage several providers in the delivery of units within the target timeframe. Potential units identified at the earliest possible stage to enable background work assessing individual purchases to be carried out and offers to be made at the earliest opportunity	HRA benefits derived through the delivery of this scheme will not be realised
005	Reputation	There is a risk that customers will refuse to accept properties in out-of-borough locations	NL	Sep 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	Sep 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	Sep 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

Appendix D: Initial Project Plan

Phase	Activity	Owner	Due Date	Status	Comments
Business Case (incorporating options analysis)	Complete research & analysis and identify options for:		Sep 16	Complete	
	• Property Location	NL	Sep 16	Complete	
	• Property Type	NL	Sep 16	Complete	
	• Property Size	NL	Sep 16	Complete	
	• Property Tenure	NL	Sep 16	Complete	
	• Property Condition	TC	Sep 16	Complete	
	• Procurement Strategy	NL	Sep 16	Complete	
	Identify and document each available option	NL	Sep 16	Complete	
	Complete initial financial modelling	NL	Sep 16	Complete	
	Identify, monitor and manage risks	NL	Sep 16	Ongoing	
	Prepare an outline business case for review by LBB	NL	Sep 16	Complete	
	Develop recommended quality standard for properties	TC	Oct 16	Not Due	
	Develop options for managing properties	KL	Oct 16	Not Due	
Develop options for undertaking repairs and maintenance for properties	TC	Oct 16	Not Due		
Develop procurement strategy options	NL	Sep 16	Not Due		
Prepare final business case	NL	Sep 16	Not Due		
Business case signed off by Housing Strategy Lead	PS	11 Jul 16	Not Due		
Draft Report	NL	01 Jun 16	In progress		
Council make decision whether to approve programme	PS	21 Oct 16	Not Due		
Commence acquisition programme	NL	Q3 2016/17	Not Due		
Complete first tranche of purchases	NL	Q3 2016/17	Not Due		
Qly review of programme incorporating lessons learned.	NL	Ongoing	Not Due		
Presentation of recommendations to the Council					
Implementation					
Review					

Document Control

File path	
Reference	
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Document History



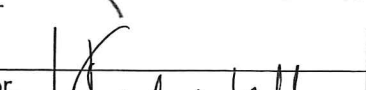

Date	Version	Reason for change	Changes made by
20/09/16	1.0	Document creation	Nick Lowther
27/09/16	1.1	Updated following comments	Nick Lowther
30/09/16	1.2	Updated following comments	Nick Lowther
06/10/16	1.3	Updated following comments	Russell Buchanan

Distribution List:

Name	Role	Date
Troy Henshall	Chief Executive	28/09/16
Derek Rust	Deputy Chief Executive	28/09/16
Mike Gerrard	Finance Director	28/09/16
Paul Shipway	Strategic Housing Lead LBB	30/09/16
Kate Laffan	Assistant Director, Operations	28/09/16
Nick Lowther	Service Manager, Housing Supply	28/09/16
Russell Buchanan	Project & Contract Management Officer	30/09/16

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
Troy Henshall	Chief Executive		6/10/16	1.3
Elliott Sweetman	Director of Operations		6/10/16	1.3
Derek Rust	Deputy Chief Executive		6/10/16	1.3
Kate Laffan	Assistant Director, Operations		6/10/16	1.3