



## Housing & Growth Committee

16 November 2022

<b>Title</b>	<b>Q2 2022/23 Contracts Performance Report</b>
<b>Report of</b>	Chair of Housing & Growth Committee
<b>Wards</b>	All
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	No
<b>Enclosures</b>	None
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### Summary

This report provides an overview of Quarter 2 (Q2) 2022/23 performance for the contracted services delivered by Regional Enterprise (Capita) and Barnet Homes (The Barnet Group) that fall under the remit of this committee.

Overall, performance is going well, with the most KPIs achieving their targets. The council continues to work with its contracted partners to address areas of concern, particularly on ensuring that progress is being made where backlogs have occurred due to the impact of the Covid-19 pandemic.

### Officers Recommendations

The Committee is asked to note the Quarter 2 (Q2) 2022/23 performance for the contracted services delivered by Regional Enterprise (Capita) and Barnet Homes (The Barnet Group) that fall under the remit of this committee.

## 1. PURPOSE OF REPORT

### Introduction

- 1.1 This report provides an overview of Quarter 2 (Q2) 2022/23 performance for the contracted services delivered by Regional Enterprise (Capita) and Barnet Homes (The Barnet Group) that fall under the remit of this committee (listed in alphabetical order):

#### Regional Enterprise (Re)

- Private Sector Housing (Enforcement)
- Private Sector Housing (Grants)
- Regeneration

#### Barnet Homes

- Homelessness
- Quality Housing
- Safe and Secure Homes

- 1.2 The report does not include budget information, which is provided separately to Policy and Resources Committee.

### Overview

- 1.3 Re services have performed well in Q2, with all KPIs but one for Housing Enforcement, Housing Grants and Regeneration achieving target. The KPI that did not meet target continued to be affected by the backlogs created by Covid-19 restrictions.
- 1.4 Barnet Homes performance was mixed, with four of the nine KPIs not achieving target in Q2. This was attributed to two major factors: firstly, procuring affordable private rented properties has become increasingly challenging within London, with demand far outstripping supply; and secondly, the fact that the expected increase in homelessness demand from families in the private rented sector (due to Covid-19 and the ongoing cost of living crisis) did not materialise. However, the overall number of households in temporary accommodation (TA) reduced by a further 18 households since the previous quarter and 127 since Q2 2021/22, representing the lowest figure for over a decade.

### Notes on tables

- 1.4 The targets listed for Re are both for the year 2022/23 and the current reporting period, Q2 2022/23. Several KPIs are reported annually but monitored on a quarterly basis; for this reason they are included in the performance tables but are not given a RAG rating until the end of the year.
- 1.5 The targets for Barnet Homes are cumulative unless otherwise stated and so both the annual targets and incremental targets for the current period have been included in the performance tables.
- 1.6 Performance is shown for the current reporting period, Q2 2022/23 and the same period last year, Q2 2021/22, along with the Direction of Travel (DoT).

## 2. REGIONAL ENTERPRISE

### Private Sector Housing (Enforcement)

Indicator	Polarity	Unit	Target	Current Period Actual	Actual for Same Period Last Year	DoT on Last Year
Number of empty properties brought back into residential use	Bigger is Better	Number	125	5	8	Worsened
Number of private tenanted properties with Category 1 hazards reduced (to Category 2 hazards)	Bigger is Better	Number	200	15	25	Worsened
Compliance with Environmental Health Service standards (Priority 1 incidents and service requests)	Bigger is Better	%	100	100	100	Same
Compliance with Environmental Health Service standards (Priority 2 incidents and service requests)	Bigger is Better	%	95	95.8	96.4	Worsened
Compliance with Licensing Requirements for Houses in Multiple Occupation (HMOs) - Licenced HMOs meeting legal standards	Bigger is Better	%	72	70.2	64.5	Improved

- 2.1 There are five KPIs for Private Sector Housing (Enforcement). Two achieved the Q2 target and one narrowly missed the Q2 target but achieved an improvement when compared to the same time last year. Two are 'monitor only' for the quarter but performance has worsened when compared to the same time last year.
- 2.2 Performance on empty properties and private tenanted properties with Category 1 hazards has been affected by vacancies / recruitment difficulties and the legacy of Covid-19.
- 2.3 Empty property surveys have been undertaken in Q2 to maximise officer time on site to try and catch up on some of the time lost through Covid-19: 310 inspections were completed in the August survey and another 50 inspections are due to be completed in the Empty Property Week in October, along with additional publicity. Performance has also been affected by the fact that a lot of the worst cases that the team dealt with for years have now been brought back into use and improved, leaving better quality properties remaining empty. Whilst this is positive overall, it reduces the enforcement options available to officers to force owners to bring them back into use, making it harder to obtain traction with these owners.
- 2.4 The number of private tenanted properties with Category 1 hazards reduced has been significantly affected by the lack of staff this year in Housing Enforcement and HMO Licensing. The majority of HMO Enforcement staff were dedicated to the Homes for Ukraine project and two thirds of the Housing Enforcement team left over the same period. A new officer has been recruited to cover the Homes for Ukraine work but since then another officer has left the HMO Licensing Team. Recruitment is ongoing and is expected to improve this area of performance in the second half of the year.
- 2.5 During Q2, the team took urgent enforcement action to protect local people from harm in two housing cases. Emergency prohibition orders were served against two properties where there were electrical hazards, damp and mould structural collapse and a mouse infestation in one and in another overcrowding, inadequate lighting, excess heat and fire safety issues.

2.6 In Q2, in collaboration with Barnet Homes, the team also secured the rehousing of a family from a property with a serious leak, damaged electrics resulting in electric shocks and risk of structural collapse of the ceiling. The work has been completed and the family returned home.

## Risks

2.7 There was one high-level (scoring 15+) joint risk related to Private Sector Housing (Enforcement) in Q2, which is being managed in accordance with the council's risk management framework.

Title	Description	Score	Review Summary
Unsafe/unhealthy living accommodation in private rented sector	A backlog of HMO licensing casework built up during the pandemic and work on the Homes for Ukraine project could lead to identification of issues being slower and all proactive activity to search for unlicensed properties being delayed resulting in residents being exposed to unsafe/unhealthy living conditions.	16	Approval was gained in October for additional resource to work on the backlog. Recruitment continues with three out of four posts in the main HMO team filled and an officer being onboarded to fill one out of the two additional posts. Finding suitably qualified staff with acceptable salary expectations remains a challenge, and different mechanisms for recruitment are being explored to help address this challenge.

## Private Sector Housing (Grants)

Indicator	Polarity	Unit	Target	Current Period Actual	Actual for Same Period Last Year	DoT on Last Year
Reduction of unit costs of disabled adaptations	Smaller is Better	£	£12,500	£9,489	£10,194	Improved

2.8 There is one KPI for Private Sector Housing (Grants) and this achieved the Q2 target.

2.9 During Q2, the service continued to work with the council to develop the draft Housing Financial Assistance Policy, intended to come to committee for approval in early 2023. The new policy aims to update the sums permitted in the current Private Sector Housing Assistance Strategy and ensure the policy remains fit for purpose considering the present market and economy.

## Regeneration

Indicator	Polarity	Unit	Target	Current Period Actual	Actual for Same Period Last Year	DoT on Last Year
Delivery of affordable housing completions	Bigger is Better	Number	370	154	101	Not comparable
Regeneration budgetary and financial controls (% of invoices sent within timescales)	Bigger is Better	%	85	100	100	Same
Delivery of Regeneration projects' deliverables and milestones to meet outcomes and achieve benefits	Bigger is Better	%	90	100	133.3	Worsened

- 2.10 There are three KPIs for Regeneration. Two achieved the Q2 target and one is 'monitor only' for the quarter. *(The delivery of affordable housing completions is an annual KPI reported quarterly. As the programme changes year-on-year, comparative data is provided for information only).*
- 2.11 Significant progress has been made by the service, together with Harrow and Barnet Public Law (HBPL), on the regeneration at Dollis Valley, Granville Road and Grahame Park. Both the compulsory purchase order at Dollis Valley and a resolution to the substation leases at Granville Road completed in September following lengthy negotiations.
- 2.12 The current market conditions do not appear to have impacted sales at West Hendon, with the developer stating that in August sales at West Hendon outperformed other schemes within the West London Portfolio.
- 2.13 During Q2 the Transport team have responded to Inspector queries at the Local Plan Inquiry and progressed the Orbital bus study in collaboration with Transport for London (TfL).

### 3. THE BARNET GROUP

- 3.1 The Annual Delivery Plan sets out the framework for the delivery of housing services provided by Barnet Homes, including for the following strategic priorities:
- Tackling and preventing homelessness and rough sleeping
  - Ensuring decent quality housing that buyers and renters can afford, prioritising Barnet residents
  - Safe and secure homes.

#### Homelessness (Tackling and preventing homelessness and rough sleeping)

Indicator <sup>1</sup>	Polarity	Unit	Annual Target	Year to Date Target	Year to Date Actual	Actual for Same Period Last Year	DoT on Last Year
Number of homelessness preventions	Bigger is Better	Number	1450	720	545	632	Worsened
Number of households in Temporary Accommodation	Smaller is Better	Number	2400	2300	2076	2203	Improved
Households placed directly into the private sector by Barnet Homes	Bigger is Better	Number	615	305	191	300	Worsened
Rough sleeper count (every other month)	Smaller is Better	Number	N/a – snapshot	20	14	15	Improved

- 3.1 There are four KPIs for the Homelessness service. Two achieved the Q2 target and two did not.
- 3.2 Targets for homelessness for 2022/23 were based on projections of significant increased demand but so far, these have not materialised. In addition many landlords have exited the private rented sector (PRS), and those landlords remaining have been less receptive to previously successful negotiation and mediation strategies in order to sustain tenancies. As a result, the number of homelessness preventions has remained

<sup>1</sup> These indicators are reported on a cumulative basis – ie year to date

below target for Q2; although the service achieved a further 250 preventions in Q2, bringing the year to date total to 545.

- 3.3 The number of households in temporary accommodation reduced in Q2 (2076), from 2094 in Q1, and 2203 in Q2 last year., continuing the positive trend in this area. However, with a cost-of-living crisis being faced by many households and the lack of affordable housing supply to facilitate placements into the private rented sector, it is expected that there will be significantly increased demand for the remainder of the year.
- 3.4 82 households were placed directly into the private rented sector by Barnet Homes in Q2, bringing the year to date total to 191 against the target of 305. This represents a challenging first half of the year for Barnet Homes with mainly external factors contributing: procuring private rented properties has become increasingly challenging with demand across the market far outstripping supply and landlords therefore having a greater pool of potential tenants to choose from.
- 3.5 Far fewer affordable properties have been coming on to the market, with recent research conducted by Savills (for July 2021 to June 2022) indicating only 9% of properties advertised were at Local Housing Allowance levels and a reported 35% drop in supply compared to 12 months ago. Consequently, landlord incentive rates are being reviewed to ensure that they are aligned with wider London Local Authority offers and this is expected to be completed in Q3.
- 3.6 Rough sleeper numbers have increased to 14 from 11 in Q1 but remain below the target. Across London in the same period, the latest figures available show that numbers have increased from 687 in June to 781 in August.

## Risks

- 3.7 There was one high-level (scoring 15+) joint risk related to Homelessness in Q2, which is being managed in accordance with the council's risk management framework.

Title	Description	Score	Review Summary
Increased demand for temporary accommodation	Failure to prevent households becoming homeless and a lack of suitable affordable accommodation options could lead to an increased demand for expensive temporary accommodation resulting in increased budget pressures in the General Fund.	16	Overall numbers in temporary accommodation continued to reduce in Q2, reaching the new lowest level in over a decade of 2076. Whilst positive, there are a number of factors which put this area at risk: large reductions in Private Rental Sector (PRS) properties available to rent, rental inflation in the PRS; increased likely demand linked to the cost of living/inflationary pressures on household finances; and slowing of acquisition activities due to market challenges and interest rate increases.

## Quality Housing (Ensuring decent quality housing that buyers and renters can afford, prioritising Barnet residents)

Indicator <sup>2</sup>	Polarity	Unit	Annual Target	Year to Date Target	Year to Date Actual	Actual for Same Period Last Year	DoT on Last Year
Number of homes purchased for use as affordable accommodation	Bigger is Better	Number	125	55	61	48	Improved
Supply a range of housing available for care leavers, in particular for those ready to move into independent living	Bigger is Better	Number	62	30	21	43	Worsened
Affordable housing delivered on council owned land (TBG schemes)	Bigger is Better	Number	45	24	21	56	Worsened

3.8 There are three KPIs for Quality Housing. One achieved the Q2 target and two did not.

3.9 Q2 saw the completion of a further 36 properties for use as affordable accommodation, through a combination of 17 Housing Rent Account acquisitions and 19 purchases by Open Door Homes. This, added to the 25 completions for Q1 brought the total to 61 units, exceeding the year to date target of 55 units has been exceeded.

3.10 Nine care leavers were housed in Q2 bringing the year to date total to 21, which is below the target of 30. This has been impacted by the reduced supply of 1 bedroom properties this year (75, compared to 99 in the same period last year). Of these, only 28 have been suitable to offer care leavers, as the remainder have been either adapted with level access showers or offered to highest need housing applicants in band 1. A project group has been set up to explore options for increasing the supply to care leavers. The position will be closely monitored for the remainder of the year, along with the number of naturally occurring voids becoming available within the Barnet Homes and Registered Provider stock.

3.11 In Q2, 11 new homes at Friern Court have completed, bringing the total affordable homes delivered on council land to 21, slightly below the target of 24. A further 29 homes at Summers Lane and Hermitage Lane have completed in October 2022. These are not included in the Q2 figures above as they were completed outside the Q2 reporting period – and will be included in Q3 figures/reporting). They were delayed from Q2 mainly due to issues with connections by statutory utility companies. With further completions due in January 2023, it is expected that this KPI will meet target by the end of the year.

3.12 Overall, the acquisitions and development programmes has remained subject to increasingly adverse market conditions, particularly build cost inflation and increasing interest rates. This is particularly relevant to the Open Door Homes acquisitions programme which is at risk of needing to pause as a result of higher interest rates on future loan drawdowns; however the rest of the development programme looks set to achieve target and will continue to be monitored on a monthly basis.

<sup>2</sup> These indicators are reported on a cumulative basis – ie year to date

## Risks

- 3.13 There was one high-level (scoring 15+) joint risk related to Quality Housing in Q2, which is being managed in accordance with the council's risk management framework.

Title	Description	Score	Review Summary
Viability of the Housing Revenue Account business plan	External pressures such as above projected interest rates, changes in legislation and carbon neutrality on the Housing Revenue Account (HRA) could lead to the HRA business plan becoming economically unviable resulting in a reduction in service provision to residents or the general fund needing to support the HRA.	16	An element of this risk has now materialised and is being managed as an issue: a response has been sent to central Government on the recent rent consultation and next steps / their response is anticipated in Q3 so that an updated paper can be taken to Housing and Growth committee in January 2023 to agree the new rent levels for 2023/24. Lobbying alongside London Councils is taking place to ensure Government are aware of the potential impact. There remain other elements of this risk in terms of inflation, cost increases and changes in legislation hence keeping this risk open.

## Safe and Secure homes

Indicator <sup>3</sup>	Polarity	Unit	Annual Target	Current Period Target	Current Period Actual	Actual for Same Period Last Year	DoT on Last Year
Scheduled fire risk assessments completed (council housing) on time	Bigger is Better	%	100	100	100	100	Same
Priority 0 and 1 fire safety actions completed on time	Bigger is Better	%	92.5	92.5	100	96	Improved

- 3.14 There are two KPIs for Safe and Secure Homes. Both achieved the Q2 target.
- 3.15 Performance in relation to the completion of fire risk assessments at council housing blocks within the specified target timescale has remained strong in Q2, in line with historical performance. Similarly, the completion of high priority actions resulting from fire risk assessments within target timescales has continued to remain above the 92.5% target. Close monitoring of risk assessments and resultant actions have continued to ensure lead-in timescales for ordering relevant building components has been actioned as early as possible.
- 3.16 More generally, during Q2 good progress has been made with the delivery of the fire safety investment programme to high priority homes. The recently approved programme to low and medium rise blocks will commence in Q3 this year.

## Risks

- 3.17 There was one high-level (scoring 15+) joint risk related to Safe and Secure Homes in Q2, which is being managed in accordance with the council's risk management framework.

<sup>3</sup> These indicators are reported on a quarterly basis



Title	Description	Score	Review Summary
Health, safety and compliance issues	Barnet Homes' failure to achieve regulatory requirements for the housing stock could lead to health, safety and compliance issues resulting in death to residents, staff and public, legal challenges and financial costs.	15	Good progress on delivery of the £52m fire safety programme continued during Q2, with the programme remaining on track for completion on time. Risk mitigation works at LPS blocks Stanhope and Holmsdale in N11 are due to complete in Q3. Lead member briefings in respect of redevelopment proposals for LPS blocks were delivered in Q2, with recommendations scheduled to be presented to the Housing and Growth Committee in November 2022.

#### **4. REASONS FOR RECOMMENDATIONS**

4.1 This report provides an overview of Quarter 2 (Q2) 2022/23 performance for the contracted services delivered by Regional Enterprise (Capita) and Barnet Homes (The Barnet Group) that fall under the remit of this committee

#### **5. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

5.1 None

#### **6. POST DECISION IMPLEMENTATION**

6.1 None.

#### **7. IMPLICATIONS OF DECISION**

7.1 None.

#### **8. Corporate Priorities and Performance**

8.1 Performance monitoring is essential to ensure robust management of the council's strategic contracts and supports commercial discussion and decision-making. It also ensures resources are adequately and appropriately directed to support delivery and achievement of corporate priorities.

8.2 Relevant council strategies and policies include the following:

- Re Contract
- Barnet Homes Management Agreement and Annual Delivery Plan

#### **9. Resources (Finance and Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

9.1 The report does not include budget information, which is provided separately to Policy and Resources Committee.

#### **10. Legal and Constitutional References**

10.1 Section 151 of the Local Government Act 1972 states that: "without prejudice to

section 111, every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs". Section 111 of the Local Government Act 1972 relates to the subsidiary powers of local authorities to take actions which are calculated to facilitate, or are conducive or incidental to, the discharge of any of their functions. Robust contract management assists with ensuring the proper administration of the council's financial affairs.

10.2 The council's Constitution, Article 7.5 Committees, Forums, Working Groups and Partnerships, sets out the functions of the Housing and Growth Committee.

(1) Responsibility for:

- Housing (including housing strategy; homelessness; social housing and housing grants; private sector housing and leasing; housing licensing and enforcement; HRA Revenue Account and Capital Programme);
- Regeneration Strategy and Overseeing Major Regeneration Schemes
- Asset Management
- Development of Council Land
- Fire Safety
- Economic Development including Employment Strategy; Business Support and Engagement; and Town Centres

(2) To submit to the Policy and Resources Committee proposals relating to the Committee's budget (including fees and charges) for the following year in accordance with the budget timetable.

(3) To make recommendations to Policy and Resources Committee on issues relating to the budget for the Committee, including virements or underspends and overspends on the budget. No decisions which result in amendments to the agreed budget may be made by the Committee unless and until the amendment has been agreed by Policy and Resources Committee.

(4) To receive reports on relevant revenue and capital expenditure, contracts, performance information and risk on the services under the remit of the Committee.

## **11. Insight**

11.1 The report identifies performance information in relation to the council's strategic contracts for Quarter 2 (Q2) 2022/23. The report covers delivery from Regional Enterprise (Capita) and Barnet Homes (The Barnet Group).

## **12. Social Value**

12.1 The Public Services (Social Value) Act 2012 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits. Before commencing a procurement process, commissioners should think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders. As set out in the council's Contract Procedure Rules, commissioners should use the Procurement Toolkit, which includes Social Value guidance. The Contract Management Toolkit should also be used to help ensure that contracts deliver the expected services to the expected quality for the agreed cost. Requirements for a

contractor to deliver activities in line with Social Value will be monitored through the contract management process.

### **13. Risk Management**

13.1 The council has an established approach to risk management, which is set out in the Risk Management Framework. Risks are reviewed quarterly (as a minimum) and any high-level (scoring 15+) joint risks with strategic contractors are included in this report, as well as being reported to Policy and Resources Committee as part of a wider corporate risk report.

### **14. Equalities and Diversity**

14.1 The Equality Act 2010 requires organisations exercising public functions to demonstrate that due regard has been paid to equalities in:

- Elimination of unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010.
- Advancement of equality of opportunity between people from different groups.
- Fostering of good relations between people from different groups.

14.2 The Equality Act 2010 identifies the following protected characteristics: age; disability; gender reassignment; marriage and civil partnership, pregnancy and maternity; race; religion or belief; sex and sexual orientation; marriage and civil partnership.

14.3 In order to assist in meeting the duty the council will:

- Try to understand the diversity of our customers to improve our services.
- Consider the impact of our decisions on different groups to ensure they are fair.
- Mainstream equalities into business and financial planning and integrating equalities into everything we do.
- Learn more about Barnet's diverse communities by engaging with them.

This is also what we expect of our partners.

14.4 This is set out in the council's Equalities Policy, which can be found on the website at:

<https://www.barnet.gov.uk/your-council/policies-plans-and-performance/equality-and-diversity>

### **15. Corporate Parenting**

15.1 In line with Children and Social Work Act 2017, the council has a duty to consider Corporate Parenting Principles in decision-making across the council. There are no implications for Corporate Parenting in relation to this report.

### **16. Consultation and Engagement**

16.1 Obtaining customer feedback is part of the contract management process to inform service delivery, service development and service improvement.

**17. Environmental Impact**

17.1 There are no direct environmental implications from noting the recommendations. Implementing the recommendations in the report will lead to a positive impact on the Council's carbon and ecology impact, or at least it is neutral.

**18. BACKGROUND PAPERS**

18.1 None