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Matter being dealt with by	Natalie Layton
Telephone Number	020 8489 2919
Fax	020 8489 5218
Email address	Natalie.layton@haringey.gov.uk

24 July 2015

To: All Members of the Overview & Scrutiny Committee

Dear Member,

**RE: OVERVIEW AND SRUTINY COMMITTEE – MONDAY 27 JULY 2015, 7pm**

Please find attached the following reports for Overview & Scrutiny Committee on Monday 27 July (at 7pm), which were not available at the time of collation of the agenda.

**ITEM 7a MINUTES OF SCRUTINY PANEL MEETING** – Children & Young People’s Scrutiny Panel – 9 July (Pages 1-6)

**ITEM 13 SCRUTINY REVIEW INTERIM REPORT – JOB SUPPORT MARKET SCRUTINY PROJECT** – To receive the interim Overview & Scrutiny Committee project report on the Job Support Market. (Pages 7-24)

**ITEM 14 SCRUTINY REVIEW REPORT – COUNCIL’S HOUSE BUILDING PROGRAMME SCRUTINY PROJECT** – To receive the Housing and Regeneration Scrutiny Panel project report. (Pages 25-40)

Yours sincerely

Natalie Layton  
Principal Committee Co-ordinator

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**MINUTES OF THE CHILDREN AND YOUNG PEOPLE'S SCRUTINY PANEL  
THURSDAY, 9 JULY 2015**

Councillors: M Blake, Hearn (Chair), Mallett, Rice and Wright

Co-optees: Ms Y. Denny (Church of England representative)

**CYPS1. FILMING AT MEETINGS**

The Chair referred Members present to agenda item 1 as shown on the agenda in respect of filming at this meeting and Members noted the information contained therein.

**CYPS2. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Morris and Mr Taye.

**CYPS3. ITEMS OF URGENT BUSINESS**

None.

**CYPS4. DECLARATIONS OF INTEREST**

None.

**CYPS5. DEPUTATIONS/ PETITIONS/ PRESENTATIONS/ QUESTIONS**

None.

**CYPS6. MINUTES**

**AGREED:**

That the minutes of the meeting of 18 March 2015 be approved.

**CYPS7. TERMS OF REFERENCE - CHILDREN AND YOUNG PEOPLE'S SCRUTINY PANEL**

**AGREED:**

That the terms of reference for the Panel be noted.

**CYPS8. CORPORATE PLAN, PRIORITY 1: BEST START IN LIFE**

James Page, the Head of Transformation and Strategy, Children and Young People's Service, reported that outcome measures and performance targets for the next three years were currently under development. The aim was that these would help to clarify what good looked like. Ambitious targets had been set and it was intended that progress against these would be measured in an open and transparent way. It was proposed that performance information would be published quarterly on the Council's website.

In answer to questions, the Panel noted that:

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- A well-being survey of children and young people had been commissioned from an organisation that had successfully undertaken similar work elsewhere;
- The distribution of services across the borough had been looked at. Locality based services were determined by levels of need. In particular, a detailed analysis of services had been undertaken in respect of early help;
- Health issues relating to migrant children were being considered as part of service re-design. The intention was to re-align services with localities and work on this was taking place with school nurses. The intention was to pick up issues at an earlier stage;
- Over 120 schools were now buying traded services from the Council. A wide range of services were traded and there were now also attracting schools from outside of the borough.
- The number of Looked After Children (LAC) had gone down in the last year. The focus of action was on good permanency planning so that young people had a greater level of stability. The service was also working to support young people better when they left care. In addition, consideration was also being given to the needs of those children and young people who were on the edge of care. The intention was to provide support at an earlier stage.

Councillor Mark Blake reported that there was a disproportionate number of young people from black and ethnic minority communities within the youth justice system and that a disproportionality toolkit had been developed by the Youth Justice Board to help local authorities address this. Gill Gibson, Assistant Director for the Children and Young People's Service, agreed to look into this issue and report back in due course. She reported that, as part of the service from October 15, there would be a team focussing on young people 'at risk' as part of a multi agency response and targeting a response to vulnerable groups. Recent analysis under the LSCB had, for example, identified that disabled children were over represented amongst those young people involved in gangs. The new structure aimed to have the responsiveness to deal with specific needs and issues. The aim was to intervene earlier and involve the whole of the family. It was intended to obtain good data on where any gaps might be and that this would inform the commissioning strategy.

Panel Members requested data on the percentage of LAC who were within the youth justice system. However, it was noted that young people who were remanded were automatically put into care.

Members of the Panel raised the issue of the consultation process for the re-organisation of children's centres, which had recently been launched. Councillor Waters, the Cabinet Member for Children and Families, reported that the consultation would be running until 20 September. The process would involve a number of public meetings. Responses to the proposals could also be made on line. All Children's Centres had been informed of the consultation process and it was hoped that it would be possible to get good feedback from them. One particular issue that would be looked at was what could still be provided at locations that were no longer to be Children's Centres following the reorganisation.

The Chair requested assurance that Equalities Impact Assessments (EIAs) were being used as a tool by the Council. The Panel noted that EIAs were used where required and that there was now additional capacity within the Council's Policy Team

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to advise services on this issue and ensure that they were an integral part of change processes.

**AGREED:**

1. That the Children and Young People's Service give consideration the use of the Youth Justice Board's disproportionality toolkit to monitor the percentage of black and ethnic minority young people within the youth justice system locally; and
2. That data be shared with the Panel on the percentage of LAC within the youth justice system.

**CYPS9. PANEL PROJECT ON YOUTH TRANSITION - INTERIM FINDINGS**

The Chair reported that the Panel had been disappointed that it had not been able to make more progress with the project. In particular, she thought that they had not necessarily received evidence from the right children and young people so far. Not all of them wished to go to university and a significant number were more interested in vocational options. Part of the evidence received appeared to suggest that some young people felt at a disadvantage coming from the local area. Many young people also went out of borough for post 16 education as they appeared to be of the view that there were more exciting opportunities elsewhere. It was intended that the additional work by the Panel would examine these issues.

Panel Members expressed concern at developments within post 16 education within the borough. Both the Tottenham University Technical College (UTC) and Haringey 6<sup>th</sup> Form College appeared to be experiencing challenges in recruiting students. The Cabinet Member for Children and Families stated that she shared the concerns of the Panel regarding post 16 education in the east of the borough. The 6<sup>th</sup> Form College now had a new Principal who was committed to increasing its attractiveness to potential students. The UTC should be an attractive post 16 option for young people and efforts were being made to increase its visibility and profile. In addition, a national digital college was to be launched that would provide another option for local young people. Alternative options outside of the borough were not necessarily better than what was provided locally.

Panel Members stated that the work on this issue had to be considered within the context of the inequalities that existed within the borough. Haringey was one of the most unequal boroughs in London and, in particular, there were particular inequalities based on ethnicity. There was also an issue relating to travelling across the borough as there certain places where young people would not go due to rivalries based around post codes. Many schools in the east of the borough did not have 6<sup>th</sup> forms so provision was something that would need to be looked at, particularly as young people were now required to stay on until they were 18. It would be useful to find out what colleges outside of the borough were doing to attract students. Haringey did not necessarily need to compete directly but could instead focus on creating its own niche. For example, it could concentrate on vocational routes in areas where there were skills shortages.

In respect of the 6<sup>th</sup> Form College, the Cabinet Member reported that it had now become an academy. Work was taking place with it in order to bring about improvements. The college had been set up at a time when schools in the east of

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the borough were not performing well and the intention was that it would attract a sufficient number of students to make it a viable proposition. However, schools in the east were now performing very well but most still did not have 6<sup>th</sup> forms. In addition, a greater level of academic rigour was now often required in post 16 options.

The Panel noted that discussions had taken place between the Chair and officers from the Children and Young People's Service regarding how to take the work of the project forward. It was proposed that the following be undertaken:

- Visits to two local schools to hear how they provide impartial advice and guidance to young people and, in particular, those between the ages of 12 and 14. This could also provide an opportunity to raise the issues brought up by children and young people during the earlier consultations undertaken by the Panel;
- Comparisons with other local authorities. It was noted that work regarding this has taken place as part of the Post 16 Review undertaken by the Council's Corporate Delivery Unit; and
- A final evidence gathering session to which relevant officers in the Children and Young People's Service would be invited to update the Panel on work that is currently being done and recent developments.

**AGREED:**

1. That the preliminary findings of the Panel for the project, as outlined in the report, be approved; and
2. That the proposed programme of further work be approved.

**CYPS10. WORK PROGRAMME UPDATE**

Panel Members were of the view that the prevention of radicalisation was an issue that warranted particular attention. It was noted that the Prevent programme was included within the list of potential community safety issues to be covered by the Environment and Community Safety Scrutiny Panel, under whose terms of reference it was included. The Cabinet Member for Children and Young People reported that there was a lot of work that was being undertaken on this issue with schools and that an element of safeguarding was included within this. More staff were to be recruited to assist with the programme. Members of the Panel were of the view that there needed to be a balanced approach. Over reaction could lead to marginalising communities further. It was important that there was consultation with communities and that Muslim people were involved in the development of the programme.

In respect of the proposal to undertake in-depth work on early help, Gill Gibson, Assistant Director for Children and Young People, requested that this be scheduled after the other proposed project for the Panel, which it was proposed would focus on early years.

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The Panel noted the responsibilities that overview and scrutiny had in many important areas and which had been highlighted in reports on the Rotherham and Mid Staffordshire scandals. Concern was expressed that the lack of staffing resources for scrutiny could preclude it from fulfilling these responsibilities adequately. It was noted that report would be submitted to the Overview and Scrutiny Committee on 27 July on the lessons from Rotherham. This would look at the implications of the Casey report into the issue and would have a cross Council focus. A programme of action would be recommended in response to it. The Local Safeguarding Children Board would be an important element within this and regular liaison with it would be included within the work plan.

The Panel noted that overview and scrutiny had assumed a greater level of responsibility for scrutinising safeguarding following the disestablishment of the Council's Children's Safeguarding Policy and Practice Advisory Committee in 2012. It was also noted that that all schools were required to have a safeguarding policy. The Chair felt that reassurance and clarity regarding safeguarding issues would be welcome, such as details of how schools deal with issues and suggested that a presentation to Members could assist with this.

It was noted that the Adults and Health Scrutiny Panel would be undertaking a major piece of work on obesity. The Children and Young People's Panel could nevertheless still look at the issue but it would not necessarily need to be examined in depth. The issue of school places was a matter of general concern and would be appropriate for a one-off item to provide assurance regarding planning processes. In terms of educational attainment performance, there was a lot of data available and school performance was generally good across the borough. One possibility for addressing this issue would be to invite two schools to come along to a Panel meeting and outline what they did to address performance.

Reference was made by the Panel to the fact that some primary schools were over subscribed and that there had been a number of large housing developments within the borough which were likely to increase the pressure on school places. The Cabinet Member for Children and Families reported that the Council was required to publish a school place planning report every year. London wide projections regarding potential demand for places were used within this. The most recent estimates showed a drop in the west of the borough. Projections took into account housing developments. There were more school places available than previously due to the presence of free schools and the overall position had improved since last year.

The Panel noted that the issue of Child and Adolescent Mental Health Services (CAMHS) was considered by the Adults and Health Panel during the last year as a piece of in-depth work. An update on the progress of this would be requested in due course by the Adults and Health Panel. Members of the Children and Young People's Panel would be welcome to attend the meeting of the Adults and Health Panel that considered this. It was also felt that fostering and adoption and gangs – possibly jointly with the Environment and Community Safety Panel - would be appropriate areas for future work by the Panel.

The Cabinet Member for Children and Families reported that the Council's Corporate Parenting Advisory Committee had a key role in fostering and adoption

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and agreed that Panel Members would be put on the distribution list for it. The Chair stated that issues could be approached using a range of approaches, such as scrutiny in a day.

**AGREED:**

1. That, subject to the above-mentioned comments, the items outlined in Section 8 of the report be prioritised for inclusion in the 2015/16 work programme and recommended for endorsement by the Overview and Scrutiny Committee at its meeting on 27 July 2015;
2. That, in respect of the items agreed for inclusion in the 2015/16 work programme, the Chair of the Panel meet with appropriate Cabinet Members and senior officers to clarify further the work programme; and
3. That Members of the Panel be added to the distribution list for the Corporate Parenting Advisory Committee.

**CYPS11. NEW ITEMS OF URGENT BUSINESS**

None.

**CYPS12. DATES OF FUTURE MEETINGS**

- 8 October 2015; and
- 3 March 2016.

**Clr Kirsten Hearn**  
**Chair**





<b>Report for:</b>	Overview and Scrutiny Committee – 27 <sup>th</sup> July 2015	<b>Item Number:</b>	13
<b>Title:</b>	Job Support Market in Haringey – Interim Report		
<b>Report Authorised by:</b>	Cllr Charles Wright, Chair of Overview & Scrutiny Committee		
<b>Lead Officer:</b>	Martin Bradford, Scrutiny Officer 0208 489 6950 <a href="mailto:martin.bradford@haringey.gov.uk">martin.bradford@haringey.gov.uk</a>		
<b>Ward(s) affected:</b>	All	<b>Report for Key/Non Key Decisions:</b>	N/A

## 1. Describe the issue under consideration

- 1.1 Under the agreed terms of reference, the Overview & Scrutiny Committee can assist the Council and the Cabinet in its budgetary and policy framework through conducting in-depth analysis of local policy issues and make recommendations for service development or improvement.
- 1.2 In this context, the Overview & Scrutiny Committee conducted a review of the Job Support Market, to assess the nature and level of support available to those in long term unemployment. The Committee commenced work in January 2015 and within its plan of work held a number of evidence gathering sessions with local stakeholders.
- 1.3 This report details the interim conclusions and recommendations of the Committee. A further consultation with local job support market providers is planned which will confirm and validate findings and recommendations within the report. Further to this, a finalised report will be presented to OSC in October 2105.

## 2. Cabinet Member introduction

- 2.1 N/A

## 3. Recommendations

- 3.1 That the Committee agree:
  - (i) To note the interim findings and conclusions contained within this report;

- (ii) That a validation exercise be undertaken with local stakeholders to confirm interim conclusions and recommendations;
- (iii) That a finalised report is presented at the next meeting of this Committee.

#### 4. Alternative options considered

4.1 N/A

#### 5. Background Information

##### National context

5.1 Unemployment has been steadily falling in the UK since 2012. This is demonstrated through a number of measures:

- The proportion of working age people who identified themselves as unemployed has fallen from 2.46million (8.1%) in December 2012 to 1.8million (5.7%) in December 2014;
- The proportion of working age people claiming Job Seekers Allowance (JSA) has reduced from 1.5million (4.6%) in January 2012 to 806,000 (2.6%) in May 2015;<sup>1</sup>

5.2 Although there has been a marked fall in unemployment, there is concern at the level of long-term unemployment. Evidence would suggest that of those who are unemployed, the proportion that have been in long term unemployment (for 12 months or more) has been growing and now accounts for over 213,000 (25%) of those claiming JSA.<sup>2</sup>

5.3 There is widespread evidence to suggest that the effects of long term unemployment can be profound for the individual concerned. It is noted that those in long term unemployment can experience severe financial deprivation, have higher levels of mental and physical ill health and can become socially excluded. Moreover, unemployment analysis<sup>3</sup> would appear to suggest that the longer people are out of work the greater impact this will have on future employment in that:

- They may be more likely to have lower pay;
- The incidence future unemployment is greatly increased;
- The less likely they will ever return to the labour market.

5.4 Such effects of long-term worklessness may not just be restricted to those claiming JSA however, as there may be a far larger pool of people claiming other related benefits for similarly long periods of time. It is estimated that, with the inclusion of those claiming Employment Support Allowance<sup>4</sup> or Incapacity Benefit for over 6 months, this would mean that nationally there could be approximately 2.4 million people in long-term worklessness.<sup>5</sup>

##### Local context

5.5 Locally, as of May 2015 there were 5,216 people that were unemployed and claiming JSA; 3,316 of these were in the Tottenham constituency and 1,853 in the Hornsey & Wood Green constituency (Figure 1). The total number of JSA claimants in Haringey has reduced significantly (46%) over the past two years from 9,786 in February 2013 to 5,216 in May 2015. The JSA claimant rate<sup>6</sup> has also declined significantly for both Haringey

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1 Unemployment by constituency, House of Commons Briefing Paper 7256, July 2015

2 Unemployment by constituency, House of Commons Briefing Paper 7256, July 2015

3 Unemployment in the Great Recession, Bell and Blanchflower 2010

<sup>4</sup> (ESA) is a benefit for people who are unable to work due to illness or disability

5 Tackling long-term unemployment, Rachel Salmon, LGiU Policy Briefing March 2015

6 The proportion of those claiming JSA as a percentage of workforce jobs plus the Claimant Count i.e.g. those in employment, self employment, HM forces, and Govt supported trainees.

constituencies over this same period, though in Tottenham (5%) the rate remains twice that of Hornsey and Wood Green (2.5%) and the London (2.7%) and England (2.4%) average (Figure 2).

- 5.6 In the period February 2013 to May 2015 the number of those claiming JSA for more than 12 months in both Haringey constituencies declined considerably: in Tottenham JSA claimants declined from 1,855 to 965, a 48% reduction (Figure 3) whilst in Hornsey and Wood Green the number of JSA claimants declined from 895 to 540, a 40% reduction (Figure 3). Such reductions in the number of claimants are however below that recorded for London (51%) and for England as a whole (53%).
- 5.7 Assessment of the geographical distribution of longer-term JSA claimants presented clear differentials across Haringey. Geographical analysis of those who had been claiming JSA for 1 year or more (Figure 4) and 2 years or more (Figure 5) demonstrate that although there are pockets of long-term claimants in the west of the borough (Hornsey and Highgate wards), longer term JSA claimants were predominantly resident in the east of the borough (particularly in Northumberland Park, Bruce Grove, Tottenham Hale, Tottenham Green, West Green and Harringay Wards).
- 5.8 Analysis of long-term claimants of JSA by age group) demonstrated higher rates of claimants for those claiming for more than 12 months for every age group in Haringey compared to both London and Great Britain figures (Figure 6. This disparity is most pronounced among 50-64 year old age group where the rate of long-term claimants in Haringey (1.4%) is almost three times greater than the national average (0.5%).
- 5.9 Whilst the number and rate of those claiming JSA may have fallen in Haringey, the number claiming other work age related benefits has increased. Analysis of local Employment and Support Allowance (ESA) data indicates that the number of local in Haringey people claiming ESA has increased significantly from 4,920 in February 2012 to 11,160 in November 2014), a 227% increase (Figure 7). Furthermore, almost 4,500 people have been claiming ESA for two years or more (Figure 8).
- 5.10 There are a large number of agencies that provide wide ranging support for those seeking help back in to employment, education or training. These agencies are commissioned at all levels of government including national, regional and local authority level. The table below is illustrative of range of agencies active in the local job support market in Haringey:

National	<ul style="list-style-type: none"> <li>• Job Centre Plus, Work Programme Providers (e.g. Ingeus, Shaw Trust, Reed)</li> </ul>
Regional	<ul style="list-style-type: none"> <li>• Greater London Authority</li> </ul>
Local Authority	<ul style="list-style-type: none"> <li>• Economic Development Team, Haringey Employment &amp; Skills Team, Haringey Adult Learning Service, Housing Options Team, Public Health Commissioning, Housing Related Support</li> </ul>
Voluntary Sector	<ul style="list-style-type: none"> <li>• Tottenham Hotspur Foundation, Princes Trust, North London Partnership Consortium</li> </ul>
Other public	<ul style="list-style-type: none"> <li>• Registered Housing Providers – Homes for Haringey, Metropolitan, Family Mosaic,</li> <li>• College of Haringey, Enfield &amp; North East London</li> </ul>

5.11 Given the number of agencies involved in the job support market and the different levels of at which services are commissioned; there are inevitable questions as to the effectiveness of coordinated support for local unemployed people.

Aims and objectives

5.12 The overarching aims of this project was to assess the role of Haringey Council in the local job support market and to identify what actions the Council could take to enable those agencies working in this sector to better serve the needs of local, long term unemployed people. Within this overarching aim, the Committee identified a number of key objectives which included:

- To assess the role and functions of the Council in the local job support market, with particular reference to:
  - its leadership and enabling role;
  - those services it provides directly and those commissioned from third parties;
- To assess how Council operated or commissioned services are aligned and where appropriate work in partnership to better support the needs of local long unemployed;
- To assess the role of local providers in the job support market (e.g. jobcentre plus, Tottenham Foundation, work programme providers) to:
  - Assess the range of services provided to local people in long term unemployment;
  - Identify any gaps or areas of under provision in the local job support market (e.g. information, advice, access to training, apprenticeships);
  - Identify opportunities for joint or collaborative working;
  - Identify priorities and actions for the Council to support the job support market.
- Consult and involve local long term unemployment people to:
  - provide an assessment of their experiences with local job support services;
  - Identify how best work, training and education needs can be provided more effectively in the future.

Work-plan

5.13 A range of information gathering methods were employed to ensure that Committee had access to the necessary evidence to assist it in its investigation of the job support market in Haringey. This included;

- Desk based reviews (local policy and performance data, comparative data from other authorities);
- Evidence gathering sessions (with Council providers, local partners, local long term unemployed people and other local stakeholders);
- Primary data collection – focus groups and interviews (among long term unemployed);
- Site visits - Job Centre Plus and Haringey Employment & Skills Team;
- Formal panel meetings (to coordinate, plan and monitor work).

5.14 Evidence to assist the Committee in meeting the project objectives was primarily taken at three evidence gathering sessions which were as set out below:

<b>Evidence gathering session</b>	<b>Key Aims &amp; objectives</b>	<b>Invitees</b>
1. Council role in the local job support market (23 <sup>rd</sup> January 2015)	<ul style="list-style-type: none"> <li>▪ What services does the Council provide to support unemployed people?</li> <li>▪ What are the priorities in supporting long term unemployed people?</li> <li>▪ Are there any gaps in the job support</li> </ul>	<ul style="list-style-type: none"> <li>▪ Council officers</li> </ul>

	market? ▪ How effectively do council services work together, and with partners?	
2. Role of partners in the job support market? (11 <sup>th</sup> February 2015)	▪ Are there any gaps in the range of support services available to local unemployed? ▪ Are there opportunities for local services to work together to better support unemployed people? ▪ Are there clear leads and priorities set by the Council to guide and inform work?	▪ Employment and training providers
3. Perspectives from the long term unemployment (focus groups and interviews March to April 2015)	▪ How effective are local services in supporting long term unemployed? ▪ Are there service any gaps? ▪ What can be done to improve local services?	▪ Those in long term unemployment

5.15 Additional informal panel meetings were held with other key council officers to discuss the work of the panel, emerging findings and possible recommendations. A full list of all those who participated in this project is given in Appendix A.

#### Interim conclusions and recommendations

5.16 The Committee has undertaken a preliminary assessment of the evidence received and has noted a number of emerging conclusions and recommendations which are detailed below.

1. There is a need to establish a forum where local job search agencies (e.g. Job Centre Plus, Work programme Providers, Haringey Employment & Skills Team, Voluntary Sector Agencies and registered key Housing Providers) can network, share information and develop a more coordinated response to support the needs of local long term unemployed people. It is suggested that this is a sub group of the **Employment and Skills Board** and reports directly to it.

Once established, it is clear that this **job support forum** should be task centred and aim resolves a number of working priorities which should include:

- How to improve data sharing data across the sector to ensure for more effective **identification** and **targeted support** for local long term unemployed;
- To identify any gaps in the local skills training offer and to develop shared and coordinated response;
- To identify how local services can work together more effectively (joint priorities and pooled resources) to develop a more coordinated response to support long term unemployed people - this could encompass **targeting** the particular needs of specific groups of long term unemployed people (e.g. single parents, those with criminal records, those aged 50 and over and young people) or the specific **employment aspirations** of unemployed people (e.g. construction industry, retail, office);
- To identify how **the range of training and development opportunities** available should be collated and presented bringing together the local skills and training offer in a **more accessible** way to the long term unemployed;
- To identify **good practice** (outcomes) in supporting local unemployed people and to share this across the job support network;

- To coordinate and target approaches to local businesses to extend and improve local job opportunities and or work experience opportunities for long term unemployed.

2. People in long term unemployment may face multiple barriers to finding work and therefore present with more complex needs. In this context, long term unemployed require intensive longer-term support across a wide range of services to address all these needs and thus a more **coordinated** and joined up approach is integral to effective support.

Whilst there were many examples of good **joint working across services** to deliver joined up advice and support to unemployed people, there were a number of gaps and areas where service improvement would be beneficial to assisting long term unemployed;

- a) Advisers at Job Centre Plus and local unemployed people both identified that it would be helpful to have **housing advice and support** available within Job Centre Plus to provide such specialist on-site support to help clients assess the viability of potential work opportunities and possible impact on welfare benefits;
- b) Quicker and more effective processing of **Housing Benefit** claims to ensure that claimants receive the benefits that they are entitled to and that any adjustments are made quickly to ensure claimants do not go in to debt;
- c) Evidence from providers and unemployed single parents identified the lack of **childcare** as a significant gap in supporting local unemployed people. Of particular concern was the lack of provision in the **evening and weekends**, when more part-time positions were available. A more strategic oversight and commissioning strategy of childcare provision may be needed.
- d) Improved linkage between job support agencies and local education and training providers (e.g. CONEL and HALS).

3. Whilst there is clearly some work taking place to support those with **mental health** problems back in to work (e.g. employability course offered through MIND, Individual Placement and Support (IPS) service), providers noted that this issue would benefit from a more strategic response involving all job support agencies and BEHMHT to:

- a) Provide greater recognition and awareness of this issue within existing support programmes;
- b) Upscale local capacity and coordinate a response to this issue;
- c) Provide further training to local job support providers to help in the identification and onward referral of clients with experiencing mental ill health;
- d) Aid the identification of those with an undiagnosed mental health condition and the range of support available.

4. There is a need to develop **work experience opportunities** among the long term unemployed as these can help to build confidence, benchmark skills and identify additional training needs. Four key areas for development identified within the review included:

- a) To substantially increase the volume and quality of work placement opportunities available locally;
- b) That there needs to be a more coordinated approach by local job support agencies to local employers in seeking work placement / job opportunities (e.g. to avoid duplication and streamline efforts);
- c) That the Council (and Homes for Haringey) should lead by example and establish an explicit work experience programme for local long term unemployed, and should also encourage other public sector and key employers to follow suit;
- d) That the Council should consult and engage with local businesses (especially small to medium size) to identify what support they would need to extend and improve work experience opportunities for local long-term unemployed people.

5. It was evident from the submissions of both job support providers and from unemployed people themselves that the transition from unemployment to work can require significant social and economic adjustments. The evidence would suggest that there is a need for greater **transitional support** to help the long term unemployed adjust to and sustain new employment. This support should include:

- a) Additional financial assistance where there is a lag between the curtailment of benefits and receipt of first pay cheque;
- b) Benefits advice and guidance to help people understand the changes that will result from new employment (e.g. housing benefit, council tax exemptions, tax credits);
- c) Budgeting and financial planning advice (how to manage money), this should include the promotion of the local credit union and financial services available to the unemployed and those on low incomes.

6. Evidence from Council officers, Job Centre Plus and from unemployed people themselves highlighted local disparities in the level of careers advice provided to unemployed people. This suggested that there is a need for the development of a local **careers guidance strategy** to ensure that:

- a) There is consistent and comprehensive careers advice and support to young people throughout schooling;
- b) Careers advice and support continues to be available to adults and those seeking work.

7. One of the most significant barriers to work is the level of pay offered to those in long term unemployment. From the evidence of the long term unemployed, it was noted that many instances, it would not be financially viable to take on part-time or even full time employment once rent and other essentials had been accounted for. The Council was noted to be Committed to the provision of the London Living Wage, though the Committee was unsure of the degree to which this applied to contractors (and sub contractors) and if this could be effectively monitored. In this context, the Committee recommended that:

- a) The Council and its partners should continue to press for more widespread adoption of **London Living Wage** to increase the viability of working options for unemployed people;
- b) The Council should undertake an audit of **council contracts** to fully assess the degree to which the London Living Wage is paid to employees;
- c) Undertake further work to assess what support is currently provided for those that are **in low waged work** and identify priorities for additional support and how this can be provided across the job support market.

8. (i) Members of the panel were encouraged by the work of the **Haringey Employment and Skills Team (HEST)** in providing in-depth support and advice to local unemployed people. It was felt that this intensive model of support, as well as access to practical services (e.g. IT services), best suited the needs of the long term unemployed. Many long-term unemployed people however, seemed unaware of this service and the support that it provided, and it was thus recommended that:

- a) HEST would benefit from **improved communications** and promotion to improve the accessibility of the services it provides;
- b) The presence of a HEST adviser (sessional) within **Job Centre Plus** may help to improve the interlinking and onward referral between these services;
- c) The operation of HEST at **additional sites** outside of Northumberland Park may contribute to improved accessibility of this service.

(ii) The Committee noted that there has been financial uncertainty around the future funding of HEST for a number of years which was detrimental to the operation of the service. It appears that such operational uncertainty will however continue in the short term as funding is only assured until 2016/17 within the current MTFS. In this context, the Committee recommended that:

- a) That increased income through S106 monies should be used to put HEST on a more stable financial footing to enable it to consolidate and extend the valuable services it provides to local unemployed people.

**9.** Interviews with local unemployed people highlighted the centrality of **access to IT computers and the internet** to support their job search activity. The Committee noted that those claiming Job Seekers Allowance were required to undertake a minimum number of hours in job search activity each week and that applications for jobs (for whatever grade) almost exclusively needed to be completed on line. With many of the long term unemployed being unable to afford a PC or have internet access at home, local libraries and other community access points had become important hubs for local job search activity. It is apparent however that these sites were often crowded (especially out of school hours) and where access can be limited (1 hour slots). In addition, many of the long term unemployed required ongoing IT advice and support which was not available at such community hubs and therefore further restricted their job search activity. It is therefore recommended that:

- a) Providers may wish to consider shared or pooled services to (1) further promote PC and Internet access the borough (2) provide more intensive and ongoing IT support targeted to those with less developed IT skills.
- b) There should be improved signposting to IT services and support among providers.

**10.** In evidence from providers, a **Guaranteed Interview Schemes** for those meeting essential criteria for job vacancies was noted to be a positive development which encouraged local unemployed people to focus and apply for local jobs. Whilst acknowledging that awareness of this scheme may be low and there are currently limited suitable vacancies, the Committee recommended that:

- a) There needs to be further promotion of the Haringey Guaranteed Interview Scheme to ensure that relevant vacancies are actively promoted with local job support market providers;
- b) That once a working model of this scheme is re-established, it is replicated within Homes for Haringey and suggested to other local partners;
- c) That the Council consider opening up this scheme to vacancies recruited through agencies.

**11.** The Committee noted that Job Centre Plus is centrally commissioned and that service levels are prescribed accordingly, and in this context there may be little scope for local service variations. It was also noted that Job Centre Plus staff face a difficult task in both monitoring compliance with required job search activities (and thus eligibility for benefits) as well as providing personalised advice and support for job search activity. Evidence from service users would appear to indicate that whilst **Job Centre Plus** was the key service for accessing training and support, **awareness and access to such training courses** was perceived to be 'ad hoc' which was mostly dependent on the experience of their personal adviser or the relationship that they had with their personal adviser. In addition, the Committee noted that there were instances where local unemployed people missed out on training opportunities as JCP advisers did not have authority to sign-off relatively small sums of money for training (as higher authorisation was required which took too long). It is therefore recommended that:



- a) A new system for promoting work and training opportunities is developed for local job seekers at JCP;
- b) A higher financial limit /lower threshold is established to enable JCP advisers greater flexibility to authorise funding to support training courses for unemployed.

12. Interviews with local unemployed people noted that job search activities were hampered by the **cost of travel**. Whilst some had access to reduced priced Oyster Cards and received support for travel to interviews, awareness of such schemes and take up was by no means universal. It was therefore recommended that:

- a) Further work should be undertaken to promote those schemes or agencies which are able to provide financial assistance for travel for unemployed people (e.g. improved signposting between agencies).

13. A significant personal barrier to gaining work among the long term unemployed was **lack of confidence and low self esteem**. Many providers noted that the long term unemployed required a '**hand holding and confidence building**' to assist them through job search processes, however these 'softer' aspects of job support services were often **absent within commissioning contracts**. How local services can help to build confidence and self esteem among long term unemployed therefore remains a critical question for the local job support market. The Committee noted that the successful completion of any training (be it skills based, therapy or art course) could help to improve confidence and lead to improved employment outcomes. The Committee therefore recommended:

- a) That the Council assess how access all adult learning courses could be improved to help long term unemployed move a step closer to the job market;
- b) That the Council assess how 'softer aspects' of the local jobs and skills are reflected and resourced in local job support market.

14. Many of the long term unemployed interviewed within this project perceived that there was a **stigma to living in Tottenham** which disadvantaged them in their job search activities. In this context, it was felt that more should be done to promote a positive image of Tottenham and of its residents – and how more generalised negative perceptions of benefit claimants (for example, as portrayed through *Benefits Street*) should be countered. In addition, both interviewees and those attending focus groups also noted that in some instances, they felt **stigmatised as a service user** at some local job support providers. Job support market providers themselves also noted that further work is needed with employers to demonstrate the value and opportunities of employing those who have been in long term unemployment.

15. The Committee noted the substantial income stream was derived from **S106 monies** which can be used to support local jobs and training opportunities (£300k had been received and a further £600k in pipeline). In addition, the Committee noted that **planning conditions** and **procurement** processes can be used generate real opportunities for increasing work and employment for local people, where there is sufficient monitoring in place to support this. Whilst beyond the remit of the Committee, it was noted that further work and training opportunities should be included and delivered through regeneration procurement activities of the Council.

16. Throughout the course of this review it was noted that there was a policy tension as to how best the Council and partners should tackle the cycle of worklessness. There was a perception among some informants to this review that it may be more cost effective to target young unemployed people over those in long term unemployment. A critical

question therefore remains, in that how does the Council and local job support market ensure that the needs of the longer term unemployed continue to be recognised and adequately supported against competing priority groups and a limited pot of resources?

### **13. Comments of the Chief Finance Officer and financial implications**

13.1 Given the interim nature of the report and its recommendations there are no direct financial implications arising from it. However, some of the interim recommendations could ultimately have financial implications for the Council and, it is important therefore, that funding for any proposed Council support be quantified alongside the source of that funding in the final report.

### **14. Comments of the Assistant Director of Corporate Governance and legal implications**

14.1 Section 9F of the Local Government Act 2000 (“LGA”) requires the Council to ensure that its Overview and Scrutiny Committee has the power to make reports or recommendations to the Council or the Cabinet on matters which affect the Council’s area or the inhabitants of that area. The Committee’s terms of reference include that power.

14.2 As the findings and conclusions contained in this report are interim, the Committee is not being asked to agree these findings or conclusions or to agree a report to be made to the Council or the Cabinet. Accordingly Section 9FE of the LGA, which states that the Committee must by notice in writing require the Council or the Cabinet to consider and respond to a report from the Committee to the Council or the Cabinet, does not apply.

### **15. Equalities and Community Cohesion Comments**

15.1 The work of the Committee noted that long term unemployment is not evenly distributed evenly among communities in Haringey. Indeed, research<sup>7</sup> has suggested that those most likely to be in long –term long unemployment include the following groups:

- Low skilled people;
- Ex-offenders;
- Ethnic minorities;
- Single parents;
- Older workers (50+).

15.2 It should be noted that that some of the central recommendation of this report focus on the need for more targeted work with those groups most affected and local job support market providers develop a more coordinated response to enabling such groups to move closer to the employment market.

### **16. Head of Procurement Comments**

N/A

### **17. Policy Implications**

17.1 The recommendations detailed within this report are interim, and will be finalised subject to a validation exercise with providers. Once this has been completed, the full policy implications of the recommendations will be assessed.

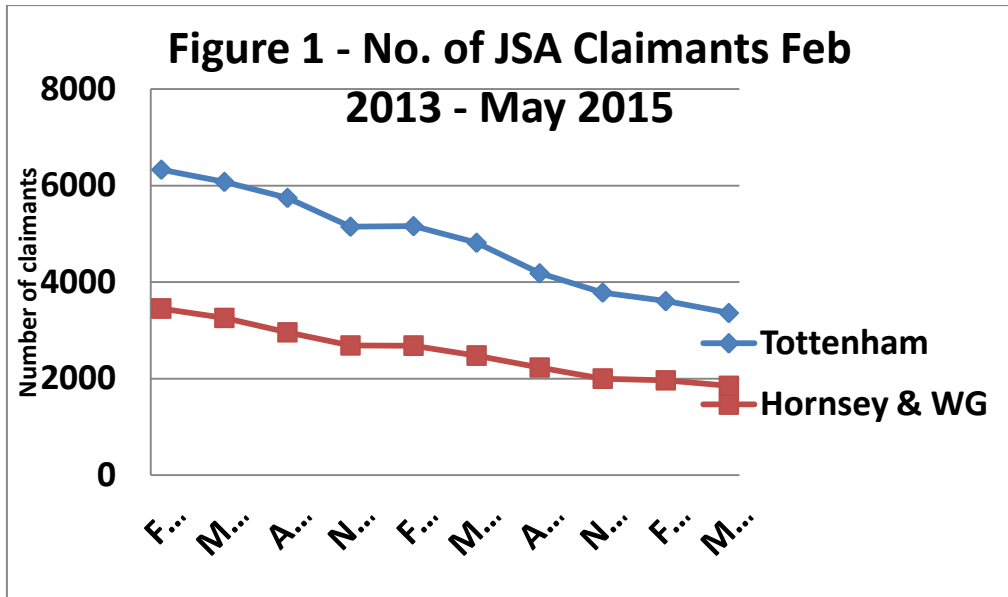
### **18. Use of Appendices**

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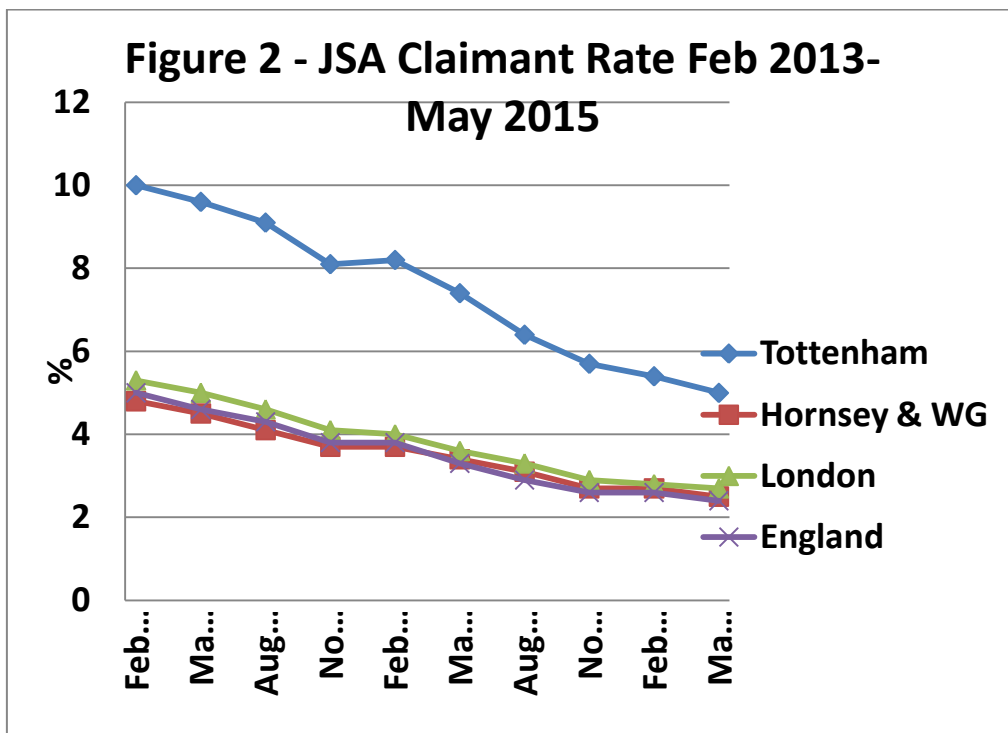
<sup>7</sup> Tackling Long-Term Unemployment Amongst Vulnerable Groups, OECD, 2013

Appendix a – Full list of contributors to this review.

**19. Local Government (Access to Information) Act 1981**

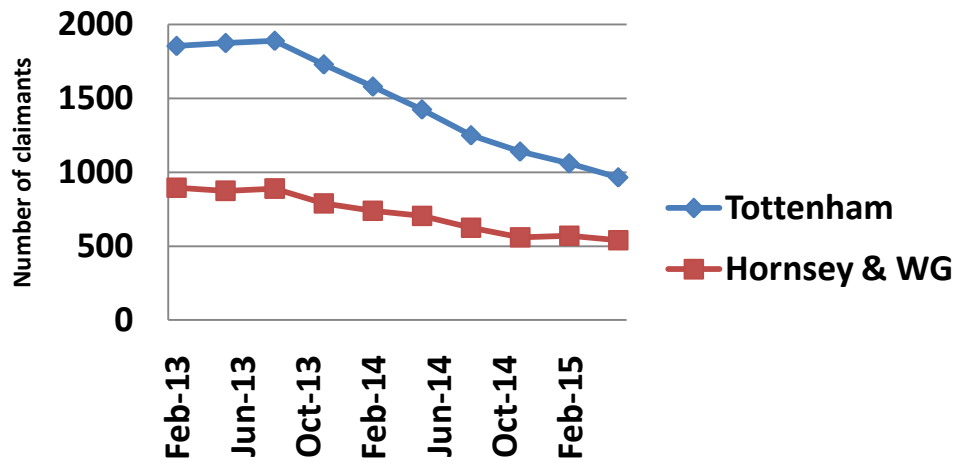


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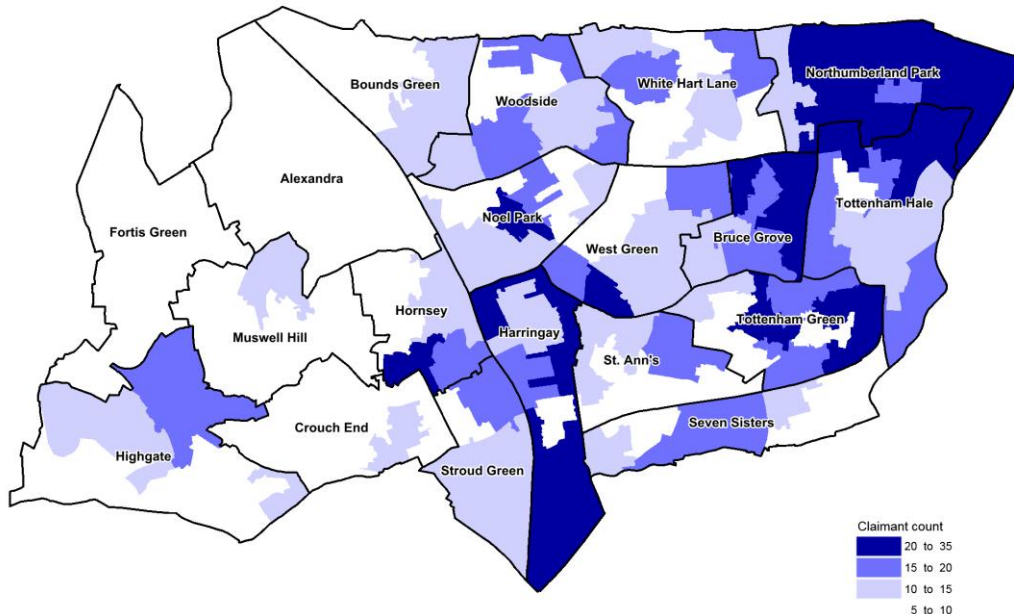
**Figure 3 - Number of JSA Claimants with claim +12 months duration (February 2013 to May 2015)**



source NOMISWEB

**Figure 4 – Number of JSA claimants in Haringey wards – duration of claim +12 months**

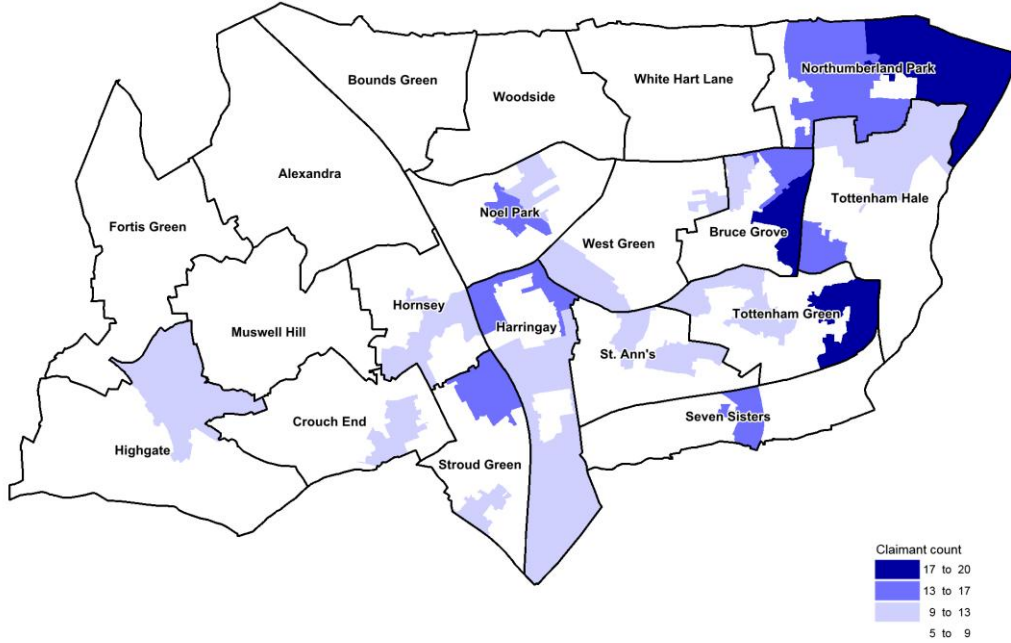
Number of claimants claiming for 1 year or over (LSOA) May 2015



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**Figure 5 – Number of JSA claimants in Haringey – duration of claim + 2years**

Number of claimants claiming for 2 years or over (LSOA) - May 2015

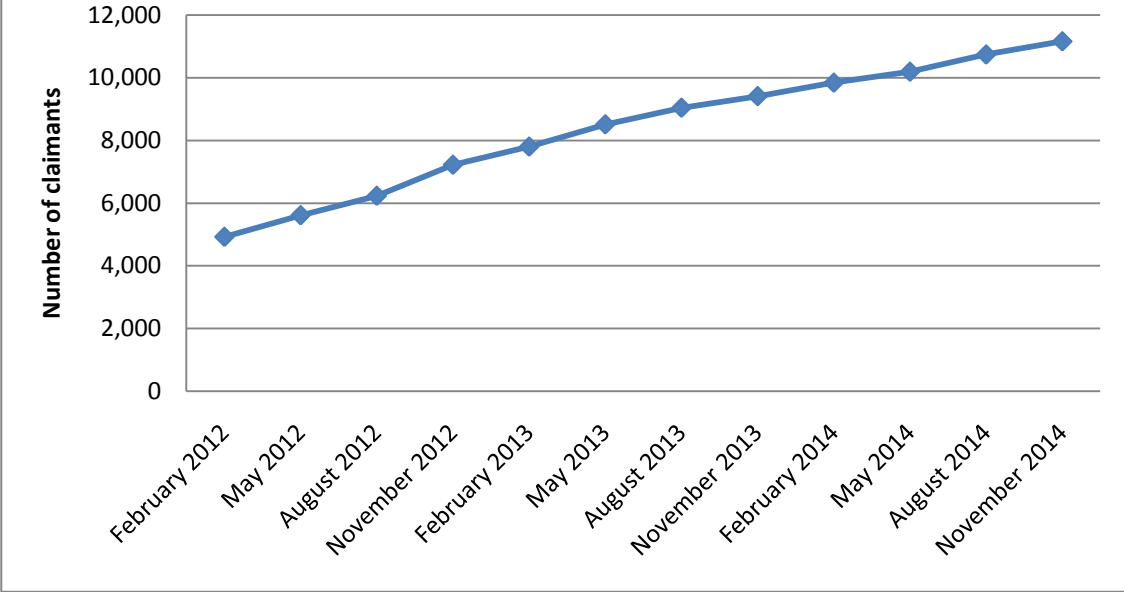


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Figure 6 - JSA claimants by age duration (June 2015) source NOMISWEB

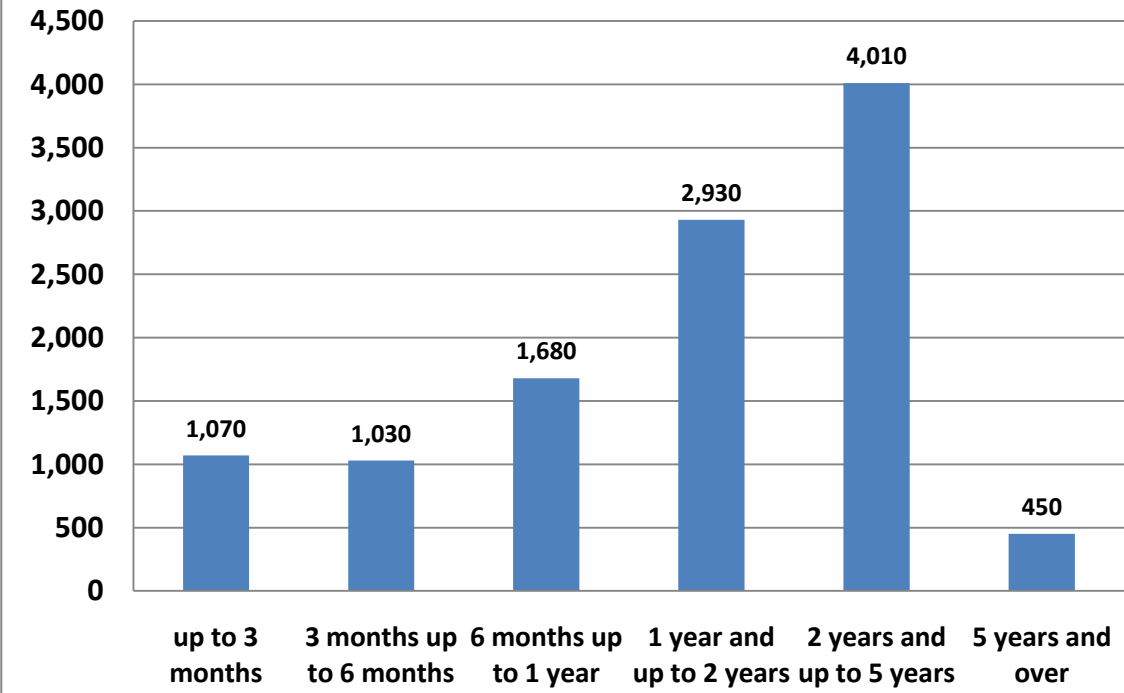
	Haringey (level)	Haringey (%)	London (%)	Great Britain (%)
<b>Aged 16 to 64</b>				
Total	5,005	2.7	1.9	1.7
Up to 6 months	2,650	1.4	1.1	1.0
Over 6 and up to 12 months	915	0.5	0.3	0.3
over 12 months	1,440	0.8	0.5	0.5
<b>Aged 18 to 24</b>				
Total	725	3.1	2.4	2.5
Up to 6 months	515	2.2	1.7	1.7
Over 6 and up to 12 months	130	0.6	0.4	0.5
over 12 months	75	0.3	0.2	0.3
<b>Aged 25 to 49</b>				
Total	3,075	2.5	1.9	1.9
Up to 6 months	1,650	1.4	1.1	1.0
Over 6 and up to 12 months	565	0.5	0.3	0.3
over 12 months	860	0.7	0.5	0.5
<b>Aged 50 to 64</b>				
Total	1,205	3.4	2.1	1.4
Up to 6 months	485	1.3	0.9	0.7
Over 6 and up to 12 months	215	0.6	0.3	0.2
over 12 months	505	1.4	0.9	0.5

**Figure 7 - Employment Support Allowance Claimants in Haringey (February 2012 to November 2014)**



source NOMISWEB

**Figure 8- Duration of Employment Support Allowance Claim (as of November 2014)**



source NOMISWEB



**Appendix A – List of project participants**

**Council Officers**

**Dan Hawthorn**, Assistant Director for Regeneration  
**Jacque McGeachie**, Assistant Director for Human Resources  
**Stephen Kelly**, Assistant Director for Planning  
**Huw Sharkey**, Assistant Director for Procurement  
**Vicky Clark**, Economic Development Consultant  
**Ambrose Quashie**, Economic Development Officer Policy & Projects  
**Denise Gandy**, Welfare Reform, Director of Housing Demand  
**Sylvia Lewin**, Families First, JCP Adviser  
**Robert Bennett**, Head of Service, Haringey Adult Learning Service  
**Sharon Bolton**, Delivery Manager, Haringey Employment & Skills team  
**Sarah Hart**, Public Health Commissioner (Substance misuse)  
**Sean May**, Principal Adviser, Partnerships and Developments  
**Cleo Andronikou**, Housing Related Support Commissioning Officer

**Council Partners**

**Phyllis Fealy**, Job Centre Plus  
**Jackie Chapman**, Director of Employability and Employer Engagement, College of Haringey, Enfield, & North East London  
**Nikki Kelly**, Employment and Skills Manager, Tottenham Hotspur Foundation  
**Fiona Apio-Matanda**, Reed in Partnership  
**Ellie King**, Performance and Delivery Manager, Ingeus  
**Dominic Arnall**, Business Manager, Shaw Trust  
**Henrietta Catherine**, Public Sector Partnerships Manager, Prince's Trust  
**Aminata Diaby**, Senior Project Officer, Greater London Assembly  
**Chinyere Ugwu**, Community Development Director, Homes for Haringey  
**Emmanuel Coker**, Metropolitan Housing  
**John Egbo**, Director, North London Partnership Consortium  
**Marc Molloy**, Family Mosaic Housing  
**Tony Azubike**, Senior Operations Manager, Reed in Partnership

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<b>Report for:</b>	Overview and Scrutiny Committee – 27 <sup>th</sup> July 2015	<b>Item Number:</b>	14
<b>Title:</b>	COUNCIL'S HOUSE BUILDING PROGRAMME SCRUTINY PROJECT - Council role in housing development – interim project report		
<b>Report Authorised by:</b>	Councillor Charles Wright, Chair Overview & Scrutiny		
<b>Lead Officer:</b>	Martin Bradford, Scrutiny Officer 0208 489 6950 <a href="mailto:martin.bradford@haringey.gov.uk">martin.bradford@haringey.gov.uk</a>		
<b>Ward(s) affected:</b>	All	<b>Report for Key/Non Key Decisions:</b>	N/A

## 1. Describe the issue under consideration

- 1.1 Under the agreed terms of reference, scrutiny panels can assist the Council and the Cabinet in its budgetary and policy framework through conducting in-depth analysis of local policy issues and make recommendations for service development or improvement.
- 1.2 In this context, the Housing & Regeneration Scrutiny Panel (2014/15) conducted a review of the Council role in housing development, specifically to identify:
  - (i) What legal and financial instruments were available to the council to support its house building ambitions;
  - (ii) What could be learnt from other Local Authorities who had already embarked on their own house building programmes.
- 1.3 The panel commenced work in December 2014 and within its plan of work held a number of evidence gathering sessions with Council officers and other local authorities.
- 1.4 This is an interim report which details the work of the panel and the emerging conclusions and recommendations it has reached. It is proposed that a further meeting with officers is scheduled to confirm and validate findings, with a final report presented at the next meeting of the Committee.

## 2. Cabinet Member introduction

- 2.1 N/A

### 3. Recommendations

#### 3.1

- (i) That the Committee note this report of the Housing and Regeneration Scrutiny Panel;
- (ii) That the Committee note the emerging conclusions and recommendations contained within the report;
- (iii) That the Chair of the review and the Chair of Overview & Scrutiny meet with the relevant Cabinet member and officers to discuss the review recommendations in September; and
- (iii) That a finalised report is presented at the next meeting of the Committee.

### 4. Alternative options considered

#### 4.1 N/A

### 5. Background Information

#### Introduction

5.1 Reform of the Housing Revenue Account (HRA) has devolved new responsibilities to Local Authorities and provided greater flexibility in the management of local social housing stock. Key aspects of the new 'self-financing' HRA framework included:

- The transfer (or repayment) of debt to stock owning Local Authorities (and now bear interest rate and inflation risks);
- Local Authorities to retain all rental income from housing stock;
- Greater flexibility to borrow against these assets, including the finance of new build.

5.2 The amount which local authorities can borrow to finance new build, the 'headroom' in the HRA account, is prescribed centrally through the Department of Communities and Local Government (DCLG). The borrowing caps set by the DCLG have on the whole been restrictive, with around half of all authorities able to borrow £10million or less, which at 2014 rates would only be sufficient to build 80-90 houses,<sup>1</sup> (though with the recent increases in associated costs, as detailed in 5.42, this figure could be substantially lower).

5.3 The desire to build new houses from within the borrowing cap has of course to be balanced against other housing needs within the HRA for example, the maintenance of existing stock to Decent Homes Standard. So given this, and the overwhelming levels of housing need, many Local Authorities have sought alternative models of finance and capital investment outside the HRA framework to support their home-building ambitions.

5.4 In Haringey, once existing borrowing is taken into account, the council has headroom borrowing of approximately £56million. The Council is using part of this borrowing capacity, together with income from other sources (e.g. Right-to-Buy), to fund a £28million local house building programme (Phase 1 Estate Regeneration and Infill Strategy) which will see the delivery of approximately 100 new homes. If the Council is to take a more active role in housing delivery to help meet local demand however, it is clear that additional sources of finance will need to be sought to fund such ambitions.

#### Aims, objectives methods

5.5 In the context of the above, the panel undertook an in-depth review to assess what additional legal and financial instruments were available that could further assist the

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<sup>1</sup> Where is housing heading? Why is it important to change local authority borrowing rules? Chartered Institute of Housing *July 2014*

Council in its own house build ambitions. In addition, the panel also sought to assess what could be learnt from other council house building programmes in other local authorities that could inform policy and practice here in Haringey.

- 5.6 Within this overarching aim, the panel sought to address a number of the following key questions.
- What funding mechanisms have been used to support council-led development?
  - To what extent have the availability of land and land values impacted on council led development?
  - How has the availability of internal knowledge, skills and experience impacted on council-led development?
  - How are council ambitions for delivering mixed communities achieved or supported through Council led development?
  - How have council led programmes sought to restrict Right-to-Buy options within council led development?
  - An increased role for the Council in housing development, naturally brings greater risks, how are these managed?
- 5.7 A range of information gathering methods were employed to ensure that the panel had access to the necessary evidence to assist it in its investigation, which included:
- Evidence gathering sessions (with Council officer and local authorities);
  - Attendance at specialist housing conferences;
  - Formal panel meetings (to coordinate, plan and monitor work).
- 5.8 Evidence to assist the panel in the project objectives was primarily taken at four evidence gathering sessions which were as set out below:

Evidence gathering session	Key Aims & objectives	Informants
1.	<ul style="list-style-type: none"> <li>▪ Establish local policy &amp; practice</li> </ul>	<ul style="list-style-type: none"> <li>▪ Planning Service, LBH</li> <li>▪ Finance, LBH</li> <li>▪ Legal, LBH</li> <li>▪ Housing Regeneration, LBH</li> </ul>
2, 3 & 4	<ul style="list-style-type: none"> <li>▪ Establish comparative policy &amp; practice</li> </ul>	<ul style="list-style-type: none"> <li>▪ London Boroughs of: Barking &amp; Dagenham, Ealing, Enfield, Hackney, Newham &amp; Sutton.</li> </ul>

Conclusions and recommendations

- 5.9 The panel have undertaken a preliminary assessment of the evidence and have formed the following conclusions and recommendations.

*Council development strategy*

- 5.10 In the context of ongoing squeeze on local government finance, a diminishing central grant and greater reliance on localised income, evidence received within the review would suggest that **retention of the Council’s assets** should underpin the Council’s housing development strategy. Within this approach, the Council would be able to maintain its **strategic position to influence the local housing market** as well as maintaining and developing **long term income streams**.

5.11 Evidence received from other authorities strongly backed such an approach and many had adopted this within their own development programmes. In a neighbouring borough, the panel noted that all private sales were on a leasehold basis, as the retention of the freehold presented opportunities for future income generation. But perhaps most compelling of all was the evidence from an authority with many years house building experience, where it was noted that in the early years of this programme, freeholds were released which in hindsight diminished the role and future influence of the Council.

**Recommendation 1**

**Within the Council led development strategy, where possible the Council should seek to retain its assets (including freeholds) to maintain its strategic influence in the local housing market and maintain the possibility of developing future income streams. That in respect of those properties deemed 'uneconomic' to repair, where possible that these are demolished and rebuilt as part of a wider infill programme.**

*Challenges for council-led development*

5.12 Evidence from local authorities indicated that councils face a number of distinct challenges in embarking on their own build programmes. These included:

- a) The availability of land suitable for housing development;
- b) The value of land available and possible housing options this presents;
- c) Borrowing limitations set within the HRA (borrowing cap);
- d) Financial tensions between maintaining the existing housing stock (decent homes) and ambitions to deliver new housing stock;
- e) The loss of housing stock, even new build, through existing and new Right-to-Buy regulations;
- f) Lack of in-house experience, skills, and expertise to support council delivery programmes.

5.13 Whilst accepting that there will be local variations, it is clear that a local housing development strategy should seek to resolve the above challenges.

*Increasing role for the Council in housing development*

5.14 Despite the challenges listed above, it was apparent that councils were taking a very active role in housing delivery, mostly driven by necessity. Among those boroughs which gave evidence, there was widespread recognition that the current operation of the **housing market was dysfunctional** in that it was not delivering the quantum, type or quality of housing to respond to local housing needs. In particular, there was concern that the housing market as it currently operated was not delivering:

- (i) The quantum of housing needed to fulfil targets set within the London Housing Plan (Mayor);
- (ii) The number of **affordable housing units** which were most urgently needed in London.

- 5.15 Further evidence of the need for councils to adopt a more active role in housing delivery was cited in the attitude of developers to particular aspects of local housing development. London boroughs participating in this review noted that it was **difficult to obtain developer interest** in a number of circumstances:
- (i) In-fill developments where a small number of units may be scattered across a wide area;
  - (ii) Estate renewal where there was little or no scope for additional development or where it was uneconomic to do so (e.g. site clearance issues).
- 5.16 Evidence presented to the panel indicated that local authorities were adopting a proactive position in local housing delivery to respond to areas of market failure and meet local challenges and expectations. A number of authorities indicated that they were playing **an active role in land assembly** and land preparation for development, which included:
- Land clearance – e.g. decontamination of land, particularly Brownfield or old industrial sites;
  - Consolidating ownership to de-risk potential sites – e.g. use of Compulsory Purchase Orders
  - Land acquisition (and assembly) in development opportunity areas;
- 5.17 From the submissions from other local authorities, it was noted that such active land-assembly policies helped to create greater interest in the sites from potential developers. It was suggested that with a **greater number of developers** interested in the site, this could strengthen the hand of the council procurement and contracting processes to help maximise the outputs from the site (e.g. in proportion of affordable homes).
- 5.18 In discussions, it was noted that **stalled development sites** could also present a significant issue, particularly where these occurred in key development opportunity sites. In this context, there was evidence that authorities were taking an active role by offering to buy off-plan from developers to provide necessary cash injection to stimulate development.
- 5.19 Further evidence for Councils to take a more strategic role in housing delivery is provided through the Elphicke House Report.<sup>2</sup> This national investigation into the current and future role of local authorities in housing delivery, strongly recommended that local authorities undertake a step change from their current role as statutory provider to more strategic role as **Housing Delivery Enabler**. The report argues that this role should encompass a number of functions:
- Community leadership and strategic clarity on development;
  - Creating new housing opportunities;
  - Shaping a stronger housing finance market;
  - Effective management of housing supply;
  - Business leadership.

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<sup>2</sup> From statutory provider to Housing Delivery Enabler: Review into the local authority role in housing supply Elphicke- House Report, DCLG, January 2015

**Recommendation 2**

**That the Council should adopt a strategic and proactive role in housing delivery, adhering to those principles endorsed within the Elphicke-House Report.**

- 5.20 During the course of its work, the panel noted that there are currently two lists of sites for potential development, one of which centres on the land owned by the HRA and another list by General Fund (GF). To ensure a full assessment of local development opportunities, it is suggested that the council create a unified list of potential sites within both the HRA and GF. It is also suggested that members, with their experience and local knowledge, should also be able to suggest sites for inclusion on to this list.

**Recommendation 3**

**That the Council develop a unified list of potential development sites from both HRA and GF owned land. Recognising their local knowledge and expertise, members and staff should be actively encouraged to contribute to the continued development of this unified list.**

- 5.21 There was some agreement amongst contributors that there should be more effort to engage and involve smaller and medium size developers in local home building, given that larger developers may have little interest in some aspects of local development. This would also concur with the findings within the Elphicke-House report.

*Borrowing through the HRA and other sources of finance*

- 5.22 The reform of the **Housing Revenue Account (HRA)** system has given the Council greater flexibility in the way that it manages its own housing stock, in particular its ability to fund the build of new council owned homes through headroom in the HRA. However, the level of capital finance available for new development within HRA is established by DCLG (the '**borrowing cap**') and it was evident that this varies substantially across each authority.
- 5.23 There were wide variations among local authorities that contributed to this review where it was noted that borrowing capacity in one authority (£169m) was almost 12 times that of another (£14m). Thus, whilst some were able to fund their development ambitions through the HRA, most had to resort to finding additional finance from other sources.
- 5.24 Evidence to this review and from other publications would indicate that local authorities are resorting to a wide range of funding sources to deliver local housing ambitions, these included:
- Receipts from section 106/ planning gain;
  - Other capital receipts, for example from Right-to-Buy and land sales;
  - General fund borrowing (which included council-owned housing vehicles);
  - Through finance or investment raised in off-balance-sheet partnership vehicles to which the local authority is a partner ;
  - From sale and leaseback arrangements.



- 5.25 Given limited borrowing available through the HRA (headroom), a number of authorities had resorted to a range of other sources to secure capital funding to fulfil local housing development ambitions. The panel noted that in some instances, **capital funding** had been secured **at very low rates of interest** which ultimately allowed a greater subsidy to final letting arrangements. For example, an outer London borough has secured £150m through the **European Investment Fund** at 1% below PSLWB which enabled lettings to be made at 50% of market rent (e.g. social rent).<sup>3</sup>
- 5.26 What was clear from the evidence of participating authorities and from the emerging literature on this subject is that local housing finance is an area of expanding opportunities with a myriad of potential funding solutions available to local authorities to fulfil local housing ambitions. Whilst the Council should rightly be cautious about the efficacy of such arrangements and long-term value delivered to the authority, the panel were of the view (which is also endorsed by Elphicke-House) that the Council should systematically assess the range of funding opportunities available to assist the council housing delivery ambitions. Given the low interest rates currently available, it is recommended that this process should be undertaken promptly and with the use of specialist consultant input.

**Recommendation 4**

**That the Council undertake a detailed assessment of the public and private finance options available for key development sites. This should be undertaken promptly (to obtain best value from current low interest rates) and with the use of specialist financial services. In addition, the Council should continually monitor the various housing grants and alternative funding available to support new build and apply accordingly.**

- 5.27 Further still, the panel noted there was evidence to suggest that due to self-financing, councils on the whole were in a strong position to borrow on their existing housing stock. It was noted that councils typically have a gearing ratio (ratio of debt to equity) 50 per cent lower than that of developing housing associations (HAs).<sup>4</sup> Research by the Federation of ALMOS indicated that in 2012, there was headroom of approximately £2.8 billion within the borrowing caps but additional borrowing capacity of at least £20 billion would be released if the caps were relaxed or removed.<sup>5</sup>

**Recommendation 5**

**That the Council should continue to lobby DCLG directly and through other representative organisations (London Councils and GLA) for a relaxation of borrowing limits set within the HRA. In addition, the Council should update**

<sup>3</sup> It is noted that rates available through the European Investment Bank can vary and that conditions attached to such loans may be stringent, which may not always compare favourably with PWLB loans in the longer term.

<sup>4</sup> Where is housing heading? Why is it important to change local authority borrowing rules? Chartered Institute of Housing *July 2014*

<sup>5</sup> Let's get building, Federation of ALMOs, 2012

**and reassess gearing debt ratios on HRA estates to provide further evidence to support future borrowing opportunities.**

- 5.28 In the course of its evidence gathering, the panel also became aware of LG Develop<sup>6</sup>, a scheme operated through the Local Government Association to facilitate local authority access to external financing to support housing delivery. Within this scheme, individual local authorities are invited to identify housing units required and funding requirements needed, which forms the basis of a collective approach by the LGA to institutional investors. The key advantage of this scheme is that it develops access to large scale institutional investors and potential borrowing at lower rates of interest.
- 5.29 LG Develop is a scheme designed to help councils to:
- build substantial numbers of new homes through the securing of additional funding, outside of the usual route, the Housing Revenue Account (HRA)
  - build homes that will meet local housing need, generate income and stimulate local economic growth
  - access favourable rates from institutional or other corporate funders, which are often only achieved 'at scale'.
- 5.30 There are currently bids for 6,382 new homes requiring £798million of funding within the current programme and the scheme remains open.

**Recommendation 6**

**The Panel recommend that the Council actively consider joining the LG Develop Scheme to further support council home building ambitions for the borough.**

*Special Purpose Vehicles (Housing Delivery Organisation)*

- 5.31 The panel noted that a number of 'early adopter' councils had established a **subsidiary company** as a vehicle to lead housing development in the area. It was reported that such subsidiaries or Special Purpose Vehicles (SPV) presented a number of advantages to the Council to support local housing delivery, which included that:
- i) It allowed access to a wider pool of financial resources to support housing development;
  - ii) It allowed the development of mixed housing tenures which can create stable income for the company (e.g. from private rental income);
  - iii) It enabled the issue of short-hold tenancies which restricted opportunities for Right-to-Buy in that it can issue short-hold tenancies;
  - iv) It can help to develop longer term income streams for the Council through;
    - a) borrowing from the General Fund (GF) at a more commercial rate;
    - b) importing surpluses back to GF;
- 5.32 Evidence from participating authorities also noted that if this is a route that the Council should seek to take, it will be important to **rebrand** the subsidiary or SPV, in that it helps to establish the company within a new framework through which to engage and involve other housing stakeholders (e.g. re-establishes the Council as

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<sup>6</sup> LG Develop, Local Government Association

a house-builder, or as a private landlord). Evidence from other authorities suggested that once the company has successfully built (to rent, to let, or lease) it establishes the Company as a key player in local housing development and reinforces the Councils position to strategically influence local housing development.

### **Recommendation 7**

**That, in line with the Elphicke-House Report, the Council actively considers the option of establishing a Housing Delivery Organisation.**

#### *Right to Buy*

- 5.33 There was a broad consensus among all informants to the review, that **Right-to-Buy** (RTB) has had a detrimental impact on the strategic housing situation in London in that it has:
- Removed stock from the housing register;
  - Reduced the homes available to those in need
  - Impeded estate regeneration plans.
- 5.34 The panel also noted that given the **relaxation of eligibility criteria** and an increase in the maximum discount that tenants could receive (£100k), the volume of housing **stock lost** to RTB had **increased substantially** over the past couple of years. In Haringey, it was noted that successful RTB applications have increased from 150 to 218. Evidence of similar and increases in RTB uptake was further exemplified in the evidence presented to the panel from participating authorities:
- In a central London borough, prior to new incentive structure about 15 units were lost to RTB each year, though this year (14/15) almost 350 homes would be lost;
  - In a neighbouring borough the number of homes lost to RTB has increased from 4 to over 200;
  - In another outer London borough, successful RTB applications had almost doubled from 2012/13 to 2014/15.
- 5.35 Where housing development secured through the HRA and a secure tenancy is in place, the property becomes eligible for tenants to buy through Right-to-Buy scheme (after 3 years). In this context, there is a real risk that such stock may be lost in the future. As a consequence, many of those councils sought to secure other means of funding to reduce the potential of newly developed housing stock being lost through RTB. These included borrowing through the General Fund, the establishment of a Special Purpose Vehicle or combination thereof.
- 5.36 Given that the incentive to RTB had substantially increased, it was noted that some boroughs had increased funding to internal audit services to help assess fraudulent RTB applications which had proved successful.
- 5.37 The panel noted that the Council has a similarly active team of internal auditors assessing RTB applications which reviews every RTB application to ensure that

any property where potential benefit or succession fraud is indicated can be investigated further. In 2014/15, the panel noted that:

- 118 applications have been withdrawn or refused following the applicants' interview with the Fraud Team or further money laundering investigation;
- 134 applications were cleared for progression;
- 256 applications are currently under investigation.

5.38 The panel noted that the 118 withdrawn or refused applications represented £11.8m in RTB discounts saved and means that the properties are retained for social housing use.

#### **Recommendation 8**

**That the role of Internal Audit Team in the identification of fraudulent RTB applications is fully acknowledged, and this team continues to be fully supported and maintained.**

#### *Skills, experience and resources*

5.39 The panel noted that with so many councils embarking on their own home building programme a **demand 'bubble'** had been created for housing development officers and other related professional support services (e.g. legal housing, architects and regenerations specialists). From the the experience of other London authorities however, the panel recommend that given the scale of proposed developments, it would be a **false economy** for the Council to **'under recruit'** for such positions, but ensure that the necessary skills and expertise is in place to support effective implementation of development plans.

5.40 In the absence of any comprehensive council development programmes, the panel noted that many council development teams currently have limited skills and expertise to support their own housing development plans and ambitions. Evidence from those authorities with more established council-led development programmes have highlighted the need to quickly develop a 'core development team' to help **build up in-house capacity** and to support current and future housing development aspirations. In particular, other authorities found it beneficial to recruit to the following positions:

- a) **Commercial Adviser** – to provide detailed, expert assessment of the viability of proposed schemes and to ensure that the maximum benefit was derived from each for the authority;
- b) **Development Modeller** - to provide detailed economic site assessments and to help set out the development opportunities and possibilities for individual sites;
- c) **Housing Project Managers** – to ensure that with project oversight, schemes are delivered to plan and on time as delays can impact on quality of final build;
- d) **Housing Design Officers** - acknowledging the importance of quality design in creating communities where people want to live and stay.

5.41 There was agreement within the panel that the **'Hackney model'** of developing a key set of in-house housing development skills and expertise is the most effective way to secure the housing ambitions of the Council. The panel were of the view that this approach had helped to reduce costs and improve build outcomes given that

there is **'no substitute' for local knowledge** and understanding of land and property issues. Furthermore, given that the Council is likely to have a growing development role in medium to long term, it would seem sensible to ensure that a core team is in place.

**Recommendation 9**

**That the council should adopt the 'Hackney model' in building up a 'core development team' to ensure that necessary skills and expertise are available in-house to support the housing development aspirations of the Council.**

**The Council should also (i) consider recruiting to more specialist posts (e.g. commercial adviser/ development modeller) to ensure that best value is obtained from each site (ii) ensure that the best available professional support is available for effective delivery of individual development projects.**

5.42 There was evidence to suggest that the housing development 'bubble' currently in evidence across London was also fuelling **development costs** for council new build. It was estimated that new build costs had increased by as much as **25%** over the past two years and had begun to impact on build programmes. Given that the current housing development boom is likely to continue in the short to medium term, it is likely that new build costs will continue to escalate in response to scarce resources and such costs should be factored in to planned new build programmes.

**Recommendation 10**

**That the forecast increase in development costs is fully factored in to local development plans.**

5.43 Evidence from those authorities with some years of housing delivery behind them, would suggest that there are many challenges on the path to being an active and successful developer, and that there were many lessons learnt along this journey. What was clearly evident to the panel however was that as local authorities continued within this development role, the collective skills, expertise and **confidence** grew and was reflected in housing development ambitions and successes of respective councils.

5.44 Whilst local authorities can clearly learn from each other, given the individuality of local authorities and the specific circumstances of individual development sites, there must be some expectation that local development programmes will be a process of reflection and learning.

*Compulsory purchase orders*

5.45 For the redevelopment of some sites, it may be necessary to instigate **Compulsory Purchase Orders** (e.g. with leaseholders) to ensure prospective sites were vacant for development. There was some unanimity among participating boroughs, that the Compulsory Purchase Order process should be instigated at least **2-3 years in advance** to ensure vacant possession and smooth progression of planned developments.

*Managing risk*

- 5.46 There are clearly substantial risks that councils face in embarking on their own development programmes. One of the questions the review sought to address is how councils can manage such risks, and from the evidence of contributors it was noted that councils employ a number of strategies:
- a) Embarking on joint SPV projects where risks are shared with one or more partners;
  - b) Creating individual SPVs for specific regeneration projects to minimise financial contamination if projects go awry;
  - c) Planning a balanced portfolio of development tenures (build for private rent, build for outright sale, build for affordable rent etc)
  - d) Retention of assets is a key way to maintain influence and control and avoid risk.

*Managing risk -procurement*

- 5.47 Contributors identified a number of key risks to council-led housing development programmes. There was some unanimity among providers that **procurement processes** and the subsequent **relationship with appointed contractors** represented one of the biggest risks to council home building ambitions. Contributors noted that the time taken to follow due legal process and duration of procurement processes should be fully factored in to development plans, as such delays can severely impact on overall projects costs, particularly in the context of inflationary building costs (e.g. raw materials and staffing).
- 5.48 In addition, contributors noted that there could be tensions within their relationship with contractors (e.g. costs, specifications) which can lead to delays or variations in the final build outcomes. Such relationships with contractors need to be managed effectively, and of course, underpinned by council legal and financial advice. In this context, it was recommended that councils spend more time in how they plan to build-out development plans with contractors.

**Recommendation 11**

**That the Council provide further consideration as to how it manages its relationship with development contractors in securing housing development projects. In particular, the Council should ensure full legal and financial service buy-in to proposed development sites.**

*Housing Viability Assessments*

- 5.49 Housing Viability Assessments (HVA) represent an ongoing challenge to local authorities in local housing development programmes, particularly in relation to the provision of affordable housing. A number of authorities reported that they had local policies which aimed to secure up to 50% of new development as affordable homes, though in reality, much lower percentages were achieved (20-30%).
- 5.50 **Housing viability assessments** can be seen as the ‘**black box**’ of housing development in that the Council can appear to have little (if any) influence over this process or its outcomes. The panel note the work of London Councils to tackle the

HVA and would encourage local participation in this collective response.<sup>7</sup> Further work however clearly needs to be undertaken to improve the understanding of the HVA process, its impact on the provision of affordable homes and possible ways that the Council can influence/ contribute to such assessments.

**Recommendation 12**

**That the Council undertake further work to improve the understanding of the Housing Viability Assessment process, its impact on the provision of affordable homes and possible ways that the Council can influence/ contribute to such assessments. That the Council consider signing up to planned new initiatives by London Councils to tackle this issue on a regional basis. That the council consider following the example of Islington Council which plans to amend the planning process whereby viability assessments are published in full.**

*Consultation*

5.51 All those authorities engaged within this review noted that **resident engagement and involvement** was of paramount importance to estate renewal and regeneration plans. Evidence from participating authorities noted that there were a number of elements that were instrumental to effective resident engagement and involvement which included that:

- a) Engagement started at the **earliest opportunity**
- b) That regeneration plans are **open and transparent**
- c) That regeneration plans clearly identify **possible options** and identify where residents can engage and influence possible outcomes
- d) That residents are **actively engaged** in the process e.g. visits to regeneration projects.

**Recommendation 13**

**In the context of and recognising the above elements, it is recommend that an explicit consultation strategy is developed at the outset of each estate regeneration/ new build to maximise resident engagement and involvement and facilitate regeneration plans.**

5.52 Evidence from other authorities noted that there were wide-ranging options for the **decanting of existing residents** in the regeneration of existing council estates. Extensive and open consultation clearly underpins this process in that it helps to build relationships and trust with the local community / residents. Of the range of options developed to support estate regeneration, plans included:

- a) Giving local residents first options;
- b) Giving residents the right to return to the newly regenerated site;
- c) Allowing leaseholders to transfer existing equity in to new development schemes;

*Housing management*

5.53 From the evidence of other local authorities, the panel strongly recommend that **those agencies that will ultimately manage** any new build council housing stock

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<sup>7</sup> 'Councils mull pan-London agreement on viability studies', Inside Housing, 2<sup>nd</sup> March 2015

are involved at the early stages of planning and development. This is to ensure that effective stock management processes are reflected within development plans and designs as this can help to resolve mixed tenure issues, help to maintain quality design and assist in the effective long term maintenance of housing stock. Indeed, most contributors were of the view that greater attention need to be applied to the final management arrangements of new housing stock to ensure stock effectively managed.

**Recommendation 14**

**It is recommended that those agencies which will eventually manage new build are actively involved at the planning and design stage to ensure that specifications are conducive to effective and sound housing management principles.**

**6. Comments of the Chief Finance Officer and financial implications**

- 6.1 Detailed financial comments will be incorporated into the final report reflecting the complexity of the issues surrounding Housing finance and the impact of recent government changes.
- 6.2 However, it is important at this stage that the changes announced in the budget are fully appreciated. In particular the proposal to require social housing rents to fall by 1% per annum for the next four years will impact significantly on the Council's ability to respond to some of the issues raised in this report. The estimated impact of this measure could mean that, at the end of the four year period, income from rents would be around £15m per annum lower than currently anticipated.

**7. Comments of the Assistant Director of Corporate Governance and legal implications**

- 7.1 The Assistant Director of Corporate Governance has been consulted in the preparation of this report and comments that:
- 7.2 Under Section 9F Local Government Act 2000 ("LGA"), Overview and Scrutiny Committee have the powers to make reports or recommendations to Cabinet on matters relating to the discharge of Cabinet functions or which affect the Council's area or the inhabitant of its area. The Constitution provides that the Scrutiny Review Panels must refer their findings/recommendations in the form of a written report to the Overview and Scrutiny Committee for approval. Afterwards, final reports and recommendations will be presented to the next available Cabinet meeting together with an officer report where appropriate. The Overview and Scrutiny committee must by notice in writing require Cabinet to consider the report or recommendations.
- 7.3 As the findings and conclusions contained in this report are interim, the Committee is not being asked to agree these findings or conclusions or to agree a report to be made to the Council or the Cabinet at this stage. Accordingly Section 9FE of the LGA, which states that the Committee must by notice in writing require the Council or the Cabinet to consider and respond to a report from the Committee to the Council or the Cabinet, does not apply.

**8. Equalities and Community Cohesion Comments**

- 8.1 The review highlighted the importance of community consultation, specifically that this commences 1) at the outset with residents at planned development sites and, 2) is



ongoing through development process. Only through this process can the diverse range of community needs and aspirations be fully reflected within local development plans.

**9. Head of Procurement Comments**

N/A

**10. Policy Implications**

10.1 The recommendations detailed within this report are interim, and will be finalised subject to a meeting of the Chair of the review and the Chair of Overview & Scrutiny Committee. Once this has been completed, the full policy implications of the recommendations will be assessed.

**11 Use of Appendices**

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**12. Local Government (Access to Information) Act 1981**

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