



Agenda item:

[No.]

CABINET

on 23rd March 2010

Report Title: **The Single Conversation with the Homes and Communities Agency (HCA) and Haringey's Local Investment Plan (LIP)**

Report of: Niall Bolger Director of Urban Environment

Signed: *WPB* . 8th March 2010.

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Wards(s) affected: **All Wards**

Report for: **Key Decision**

1. Purpose of the report

1.1. The purpose of this report is to:

- Review the progress of the Single Conversation with the Homes and Communities Agency (HCA) and development of Haringey's Local Investment Plan, towards entering into an agreement with the HCA and other relevant partners for future investment in the borough.
- Consider the investment requirements identified in the Local Investment Plan and to consider Haringey's priorities.
- Consider Haringey Council's contribution to achieving Local Investment Plan priorities.
- Note the progress of work to investigate the feasibility of an appropriate delivery framework for Haringey.

2. Introduction by Cabinet Member (if necessary)

- 2.1. The proposals outlined in this report have serious financial implications for the Council and our ability to deliver new affordable housing in the future. We need to continue to engage in the Single Conversation towards reaching agreement with the HCA regarding the investment priorities for Haringey when budgets are known and secured following the general and local elections and the next Comprehensive Spending Review. We also need to continue to explore how the Council can contribute to achieving the Local Investment Plan priorities through creating an appropriate delivery framework.

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

- 3.1 The Council's Housing Strategy 2009-19;
- 3.2 The Council's Homelessness Strategy 2008/11;
- 3.3 A key objective within the Strategic & Community Housing Service's Business Plan is to maximise the development of affordable housing, by attracting investment and ensuring effective partnership working, to meet the needs of residents and help build strong and environmentally sustainable communities.
- 3.4 Council Plan Priorities:
 - Encouraging lifetime well-being at home, work, play & learning.
 - Promoting independent living while supporting adults and children in need.
- 3.5 CEMB report 24th February 2009 - The Single Conversation: the Haringey model for engagement with the Homes and Communities Agency (HCA)
- 3.6 Cabinet report 8th September 2009 - Building Britain's Future – Developments in National Housing Policy

4. Recommendations

It is recommended that Cabinet:

- 4.1. Note the actions taken in progressing Single Conversation with the HCA and the formulation of Haringey's Local Investment Plan for housing and regeneration;
- 4.2. Note and approve the investment priorities identified in our draft Local Investment Plan.
- 4.3. Consider the issues relating to the Council's contribution to achieving these Local Investment Plan priorities.
- 4.4. Note the progress of work to investigate the feasibility of an appropriate delivery framework for Haringey, including a detailed appraisal of the options and benefits of setting up Local Asset Backed Vehicles (LABV) as a method of taking forward the Council's major housing and regeneration objectives.

- 4.5. Agree to receive a further report in July 2010 on the feasibility of a Haringey LABV and completed Local Investment Plan.

5. Reason for Recommendation

The Single Conversation:

- 5.1. The Homes and Communities Agency is the national housing and regeneration delivery agency for England, whose role is to create thriving communities and affordable homes. It became operational on 1st December 2008 incorporating English Partnerships, the investment arm of the Housing Corporation and some of the functions of CLG. The HCA works nationally, but supports the delivery of the ambitions of local partners to provide better places that offer great homes and good jobs in well-served communities where people enjoy living and can afford.
- 5.2. The HCA's aim is to connect local ambition with national targets by engaging local authorities. The process through which this is done is termed the Single Conversation. It has promoted this as a dynamic process through which they will agree and secure delivery at a local level in support of national objectives as part of an ongoing relationship with local authorities and other partners.
- 5.3. The Single Conversation covers all housing and regeneration priorities in a local area, including growth, renewal, affordability and sustainability, and how these areas are interconnected. The HCA's Single Conversation with local authorities is expected to cover strategy, investment, capacity and delivery.

Local Investment Plans:

- 5.4. During 2009 local authorities were requested to prepare a comprehensive housing and regeneration Local Investment Plan for submission to the HCA by the end of 2009. The development of the LIP will lead to a range of investment options which will be subjected to a high level appraisal to select priority interventions for all partners. The priority interventions will provide the basis for the Local Investment Agreement between HCA and the local authority. This Agreement is a non-legally binding memorandum of understanding that will identify partners, resources, delivery and timescales and must also demonstrate fit with the London regional, sub-regional and Haringey's strategies and plans.
- 5.5. To develop the Single Conversation with the HCA, gather the information and develop a draft LIP, a cross service project team was established following the report to CEMB of 24th February 2009, under the chair of the Director of Urban Environment.
- 5.6. A specialist external consultant with experience of working with the HCA and other local authorities in the preparation of LIPs was commissioned to assist the

team in the collation of information and preparation of an initial draft Plan for presentation to the HCA in October 2009. Following detailed discussions a more detailed draft of the Plan was presented to the HCA in December 2009.

Making the Case for Haringey:

5.7. The Local Investment Plan makes a clear business case for future HCA investment in Haringey by describing the borough in terms of its:

- Strategic significance and;
- Opportunity and need;
- Robust policy and delivery framework

The Plan also outlines Haringey's key investment priorities and propositions for both:

- Strategic projects and;
- Other projects and programmes

5.8. The Local Investment Plan promotes an approach that will achieve mixed income communities through a Borough-wide package of investment that will help to break down high levels of deprivation and address the issue of East-West severance in Haringey.

5.9. The Local Investment Plan adopts a place-making approach and in line with Haringey's Core Strategy identifies the following areas as the Borough's three priorities for transformation through HCA investment including in infrastructure:

- Haringey Heartlands;
- Tottenham Hale;
- Wider Tottenham Area (including Seven Sisters).

Our Investment Priorities:

5.10. The investment priorities identified in our Local Investment Plan currently include:

- Continuation of the Decent Homes programme and security of future funding;
- A tailored investment package across a Borough-wide pool of sites to tackle East-West severance;
- Infrastructure investment in the three priority place-making areas;
- Investment that supports our efforts to tackle homelessness and reduce the number of households in Temporary Accommodation and Emergency Accommodation;
- Increasing the supply of permanent affordable housing;
- An Empty Homes strategy and pilot programme;
- Environmental regeneration and remediation;

- Support to increase capacity for estate renewal and regeneration;
- Investment in housing that helps to tackle worklessness through employment and training (e.g. a Foyer scheme)
- Redevelopment of the specialist accommodation stock (e.g. provision of extra care schemes)
- Support for redevelopment of hostels

The HCA's Response:

5.11. The methodology that the HCA are using to appraise Local Investment Plans is via five key 'cases', focusing on the Strategic, Commercial, Economic, Financial and Management case that the Plans are making. This enables them to judge whether they feel that they are fit for purpose documents.

5.12. The HCA's feedback on Haringey's Plan has been positive and the next phase will involve the Council working together with the HCA's North London team to look in greater depth at our priorities, how they rank, and the inputs and outputs required to achieve delivery. We are therefore considering our top priorities for investment and the Council's contribution to achieving Plan priorities.

5.13. In terms of timescale two Plans per HCA region will be agreed by March 2010 (the HCA chose Barnet and Croydon for the London region). The remaining Investment Plans will be agreed from end of March and become part of an ongoing dialogue with the HCA. Officers are continuing to meet with the HCA on a regular basis to discuss our priorities and propositions, and to finalise the Plan and Agreement as future public spending levels become clearer. Regular quarterly liaison meetings, themed meetings and the Transforming Haringey Strategic Major Projects Group with the GLA family will all be used to further this dialogue.

A Framework For Further Delivery:

5.14. The HCA have asked us to produce a gap analysis of investment required in the borough quantifying what we feel the HCA needs to invest in Haringey. It is clear that the HCA is adopting a 'something for something' strategy and in order to be successful we will need to further develop our offer to the HCA in return for increased investment.

5.15. We have begun to address this in the Local Investment Plan by describing the work we are doing to explore proposals for innovative new funding mechanisms such as:

- Investigating the feasibility of a Haringey Local Asset Backed Vehicle (LABV) to partner with private sector developers;
- Introduction of an Infrastructure Tariff to forward fund and help de-risk development;
- Utilising new HCA powers in Haringey such as equity investment approach

used at Hale Village;

- Production of an infrastructure delivery plan;
- Development of joint funding packages;
- Increased use of Compulsory Purchase Orders.

5.16. Strategic & Community Housing are also working together with Homes for Haringey to:

- Submit to the HCA a Pre Qualification Questionnaire that will enable Haringey to become an investment partner and potentially a direct recipient of pre-qualified for direct receipt of HCA grant.
- Develop an estate regeneration plan looking beyond delivery of the Decent Homes Programme.

5.17. The HCA has clearly indicated that with anticipated public spending reductions and increased competition they will expect contributions from local authorities in the form of discounts or local grant when subsidising the development of land sold by Councils. This situation is already occurring on sites in Haringey and could lead to a reduction in housing supply if not addressed. The HCA generally look for authorities to provide a discount/subsidy in return for their investment. This is difficult for Haringey as the Council does not hold significant capital assets. However they see failure to do so as increasing the subsidy required from HCA resources to fund a market value receipt for the Council, and this will become a sticking point in negotiating our Local Investment Agreement and attracting additional resources to the Borough in future.

Local Asset Backed Vehicle:

5.18. Cabinet has already given its approval for officers to carry out a detailed appraisal of the options and benefits of setting up an asset backed vehicle as a method of taking forward our major housing and regeneration objectives.

5.19. The feasibility will address four strategic options for use of the Council's property portfolio:

- Option 1 – Dispose of surplus assets on an individual basis;
- Option 2 – Individual development agreements;
- Option 3 – A series of individual joint ventures;
- Option 4 – A flexible multi-site joint venture (LABV)

5.20. For a LABV key issues that the feasibility will address include:

- Borough-wide or local vehicle? (e.g. just Greater Ashley Road, Tottenham Hale or cross borough?)
- Risk;
- Governance arrangements;

- Balance of assets v cash invested;
- Set up vehicle to contain assets from Day One, or drip feed assets into vehicle over time;
- The number of partners (the choice of sites would influence this);
- Involvement of the LDA or HCA?

5.21. A project team has been established and preliminary discussions held with the HCA and LDA. A brief for the feasibility report will be considered at Regeneration Programme Board on 16th March 2010 and report presented to Cabinet in July 2010.

6. Other Options Considered

6.1 No other options appropriate

7 Chief Financial Officer Comments

- 7.1 This report sets out arrangements for the negotiation and completion of a joint Local Investment Plan with the Homes and Community Agency. This activity is being funded from existing Urban Environment financial resources.
- 7.2 The report also refers to work in progress to produce a detailed appraisal is undertaken of the options and benefits of setting up Local Asset Backed Vehicles (LABVs) as a method of taking forward the Council's major housing and regeneration objectives. This appraisal will need to include all relevant financial issues, including the potential impact on funding the Council's capital programme.

8 Head of Legal Services Comments

- 8.1 The Head of Legal Services has been consulted in the preparation of this report.
- 8.2 The Head of Legal Services notes the content of the proposals for progressing the HCA Single Conversation and the Local Investment Plan. At this stage there are no legal comments to be made on the proposals set out in this report. However, legal advice should be obtained as the proposals progress and if the recommendation is that a Local Asset Backed Vehicle should be set up. Further advice may therefore be required when this matter is next reported to the Cabinet.
- 8.3 The Local Investment Agreement with the HCA is a **non-legally** binding memorandum of understanding.

9 Equalities & Community Cohesion Comments

9.1 Minority and disadvantaged groups have a higher than average dependence on affordable housing and increasing housing supply, especially of social rented housing, will therefore be beneficial for those groups in helping to meet housing needs.

10 Consultation

11 Service Financial Comments

11.1 There are no specific financial implications at this time. A detailed review of financial implications will be made as the initiatives contained in this paper are progressed.

12 Local Government (Access to Information) Act 1985

13 Appendices

13.1 Haringey Single Conversation – 4th Draft Borough Investment Plan March 2010

Timetable for Spring 2010.

Toni	Mon	Tue	Wed	Thu	Fri	Sat
AM	ECDL Extra Spreadsheets RM4 WG 8 Feb. – 29 Mar.	E2E		New CLAIT RM 4 WG 4 Feb. – 18 Mar.	New ECDL Extra word processing RM4 WG 5 Feb – 26 Mar	
PM	Numeracy	Apprentices	Numeracy	New ECDL Presentation Software. WG 11 Feb – 1 Apr		
EVE			Introducing Excel RM 2 WG 13 Jan – 10 Feb.			

