

**STAKEHOLDER VIEWS ON
HOUSING POLICY AND
PARTNERSHIP WORKING IN
SOUTHWARK
PERSPECTIVES FROM THE GLA, DCLG AND
LONDON COUNCILS**

A Smith Institute report for Southwark Council

June2013



Contents

Introduction	3
The main challenges	4
Views of Southwark Council	6
Opportunities.....	7
Sticking points	9
Partnership working.....	10
Interview word cloud.....	11

Introduction

Following publication of the report from the *Independent Commission on the Future of Council Housing in Southwark (October 2012)*, the Smith Institute were commissioned to carry out interviews with key housing stakeholders. This peer review exercise was intended to: feedback opinion about the Commission's report; and capture experience and ideas about the future.

This document presents the findings from the interviews undertaken with key players from the Greater London Authority, the Department for Communities and Local Government and London Councils.

The interviews were semi-structured and focused on three main themes:

- On the main housing challenges and priorities facing Southwark
- On the key issues, what works, and working with the Council
- Views on opportunities for change and partnership

Interviews took place over the period 29th April – 29th May 2013. Interviews were conducted with:

- Alan Benson , Head of Housing, GLA
- Richard Blakeway, Deputy Mayor for Housing, Land and Property
- Tom Copley, London Assembly Member
- Paul Downie, Deputy Director for Affordable Housing Management and Standards, DCLG
- Nicky Gavron, London Assembly Member
- Inez Hough, Senior Area Manager, South London, GLA
- David Lunts, Executive Director for Housing and Land, GLA
- Nigel Minto, Head of Housing and Planning, London Councils

The main challenges

Interviewees felt the main challenges were around demand for sub-market housing and the quality of the existing stock.

Demand for new housing

It was acknowledged that like other boroughs demand for housing was high. One interviewee mentioned that there were not enough 1-2 bedroom properties, which is a pressing issue given the impact of the welfare reforms. Greater supply of smaller properties could also provide more opportunities for under-occupying households to move - thus enabling existing larger homes to be re-let to families. However, several noted that Southwark would not be able to meet the growing demand.

“Southwark can’t possibly meet all the borough’s housing needs”

Quality of existing stock

Interviewees noted that decent homes was still a major challenge for the Council, and was a legacy of the poor performance of the Council since the 1990s. Funding to meet the continuing challenge of delivering homes at the minimum standard would be expensive. Some interviewees stressed that the Council would have to make tough decisions over funding and number of homes it could maintain.

“Is there sense managing costly deteriorating stock?”

Welfare reform

It was mentioned by some that welfare reforms would place a major strain on tenants’ incomes and on the Council’s rental stream. The low incomes of many tenants more broadly was also mentioned as a real challenge for the borough’s economy and enabling greater investment in housing.

“Welfare reforms make it harder for the Council and will add to the risk profile”

Why council housing?

One interviewee thought the Council needed to decide what it wanted to do with its housing stock - it would be very hard to maintain present levels of council homes. This was shared by another interviewee who thought the big decision was about who the housing was for –‘why social housing for these people’? At present, the public were asking why should the state be paying for poor people to live in wealthy places.

“What are Southwark’s guiding principles for stock retention?”

Affordability and security

Other challenges included the lack of security of tenure for those renting outside of the social housing sector. Likewise, for those in the private rented sector, the Council had a major challenge to find affordable housing for its many low income residents.

“The answer could not just be Nye Bevan’s ideas of mixed communities translated into the 21st Century”.

Views of Southwark Council

Interviewees tended to think that Southwark could be more open and up its game on housing.

It was said by one interviewee that the Council and senior staff could do more to engage with others but this was changing under the new Housing Revenue Account regime. Another interviewee thought that the Council was better than some but not as good as others. They thought the Council had improved in recent years and was much easier to work with. However, the Council needed to improve further and could have a better breadth and width of capabilities. It was said that if Southwark continued to improve it could be a leader in the sector.

Affordable rent

Some thought that the Council needed to be more flexible around affordable rent. One person mentioned that housing associations believed Southwark was not easy to work with because of this issue. They also thought a greater tenure mix would help the borough and its residents.

“Some developers and RPs see Southwark Council as too difficult, especially over affordable rent”

Openness

One interviewee thought that the borough hadn't changed much and did not recruit sufficiently from outside the local authority world. They thought the Council was too inward looking and detached. They thought this hindered innovation and meant the borough was not as good as others.

Potential to be a leader

The decision of the Council to be open about strategic decision making was welcomed by one interviewee. It was thought that if the Council adopted a grand strategic vision it could be very influential. They suggested that this could happen by taking the tough decision to reduce the size of the council's stock.

“Southwark could pick up the pace and seek to be the best landlord in London. It could punch much more above its weight”

Opportunities

Number of properties, regeneration and scope for new build

Opinions were mixed about how many new homes Southwark could deliver. One interviewee thought Southwark would struggle to build an extra 1,000 new homes. Another thought that councils across the capital could collectively deliver over 10,000 new homes, and that Southwark would be a major contributor. However, it was unclear how many would be at sub-market rents.

A couple of interviewees thought the Council's housing stock was too large. It thought that the Council should look to rationalise the number of homes it owns. At present too much of Southwark's stock was expensive to maintain and would be cheaper to build new homes, at higher densities. Another thought the Council should look to (trickle) transfer out its worst housing stock. They asked what were the guiding principles for stock retention? One interviewee thought the stock could come down to 20,000 homes to enable it to improve quality, but acknowledged this would be politically difficult. However, another thought that the Council needed to maximise the number of council homes - there would be a trade off against investment in existing stock but the waiting list in the borough demanded it.

“Southwark have to decide what to do with their stock. It will be hard to maintain the current level of social housing”

Funding investment in housing

It was thought by most interviewees that Southwark could make more of its borrowing capacity and land to deliver new homes for Londoners. One interviewee said that it did not make sense for boroughs which had borrowing headroom and resources for refitting or new build to give those funds to registered providers. Councils, if they needed to, could buy in the capability from housing associations.

Another believed that the Council needed to change its rent policy to capture the diversity of incomes in the borough. A more flexible approach to rents could deliver more housing and cross subsidise new housing at lower rents. Rents could be tapered according to income and circumstances.

The Council was advised to look at Barking and Dagenham, who are seeking up to £100m from private investors to build 600 homes. That funding model, put together by K&L Gates, allowed the Council to raise funding without breaching their borrowing cap.

Camden's community investment programme was also mentioned as a way of using receipts from land and sales to invest in, amongst other things, housing. Cross subsidy of new homes could come through homes for rent and sale. This would

allow the Council to do more things now given the GLA was unlikely to provide much subsidy.

One interviewee thought the Council should look at community land trusts as a way of providing more new housing.

“The future will see less funding and fewer incentives to build. Southwark council will have to prioritise.”

Right to Buy

A couple of interviewees felt that there was scope for buying back properties from leaseholders to provide more homes for rent, which could make estate regeneration easier. This was something that Tower Hamlets were currently doing and in the process were claiming the New Homes Bonus.

One interviewee thought the Council needed to address the management of its leaseholders. One idea floated was moving leaseholder management to a separate entity. Another thought the Council should look at changing its right to buy covenants and introduce clauses in leases prohibiting subletting.

Estate renewal

It was thought the Council needed to concentrate on regenerating key estates. This should involve local communities to avoid the mistakes of the past. Such renewal should not just be about homes, but also the social and economic infrastructure. Another thought that regeneration could allow for a more balanced tenure mix and provide a better housing offer, including more intermediate housing.

“Southwark could do more on shared ownership, which is something the GLA actively supports”

Welfare reform

The issue of the benefit cap was raised by one interviewee. Boroughs in the capital are under increasing pressure to export the homeless and vulnerable. Boroughs needed to consider how they would house lots more people who cannot afford to live in inner London.

Private rented sector

The Mayor wants a greater supply of private rented housing and is against rent controls. It was therefore said that Southwark should look to doing more to promote schemes which increased good quality, secure private rented accommodation.

Sticking points

Affordable rent

Southwark's position on affordable rent was criticised by some. It was said that it was stopping much needed new housing. The GLA stated that they would only look to subsidise rents in exceptional circumstances, such as large scale estate regeneration. The view was that the borough would have to accept that in the future there would be less funding and fewer incentives to build. Southwark would therefore need to prioritise what levels of social housing they wanted. The GLA did not have much grant to spend therefore low rents made it difficult for much to be done. If Southwark was to accept affordable rent then there was greater scope to do a deal with the GLA on a mix of affordable and social rent.

However, one interviewee stated that whilst the government does not want to fund social housing, only affordable housing, the idea that grant has gone for good may not be true. Under a different government it could easily come back. Labour, for example, have pledged to massive increase capital funding for housing.

It was said in one interview, that the mayor and the GLA were not on the same page - whilst the Labour Group wants the maximum amount of social housing with security of tenure, the Mayor wants more affordable housing.

Partnership working

One interviewee thought that the GLA's relationship with the Council was good. They thought that the borough was open and responsive to partnership working, but this was less so on major projects.

Another mentioned that Southwark could have much better relationships with registered providers, and could be difficult as a strategic partner.

Planning

One interviewee mentioned that some housing associations had complained that Southwark was too slow at granting planning permission.

Debt cap

It was thought that Councils would find it hard to plan for the long term given uncertainty around the debt cap. Some councils were paying down their debt but if the debt cap was lifted then there would be greater scope to invest in existing properties and build on a much bigger scale.

Partnership working

Strategy and leadership

One interviewee thought that the Council needed a strategic steer and firm leadership to pursue a 'borrow to build' strategy.

"Southwark needs a clear vision and should not get hung up on ownership issues".

Capacity and capabilities

It was thought that Southwark needed to be realistic about what it could achieve. They had more technical capacity than most, but needed to use developers more effectively. However, another interviewee thought the Council needed greater partnership working with registered providers to scale up and bring in skilled staff. This would make Southwark more of a commissioning body - the borough should acknowledge that it is a housing management organisation and not a builder.

"There is a capacity issue. They need greater partnership working with RPs to scale up and import capabilities"

Relationship with the GLA and HM Treasury

One interviewee stated that Southwark's relationship with the GLA would be critical, especially if government investment in housing increased. What also mattered was GLA's relationship with the Treasury. If councils and associations wanted a return to grant they needed to lobby the Treasury and not the Department for Communities and Local Government. At the moment the preferred route for government support was coming through guarantees rather than grant, but this could change.

Meeting with key players

One person interviewed believed that Southwark could have greater influence on the London-wide housing agenda. They thought that on the back of the Commission's work the Council should be organising events with key players to have more influence and foster partnership working.

"Southwark should throw its doors open and organise events with key players"

