

# Cabinet

Tuesday 16 July 2013

4.00 pm

Ground Floor Meeting Room GO2A, 160 Tooley Street, London  
SE1 2QH

## Appendices relating to Item 8

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**8. Independent Housing Commission - Conclusions And Next Steps  
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Date: 8 July 2013



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**The future of housing**

June 2013

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**The future of housing in  
Southwark – report of the resident  
engagement programme**

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## 1. Executive Summary

- 1.1. This section summarises the results of a very wide reaching community engagement plan process that discussed the implications of the Independent Housing Commission's report and gathered residents' views on it. The engagement process reflected the council's inclusive and ambitious approach to community engagement, the principles of which were agreed by the cabinet in October 2012. It provided the first opportunity to test the new approach.
- 1.2. Underpinning the wide ranging community engagement programme were five key community engagement aims. These were that it should be:
  - universal
  - impartial
  - comprehensive
  - timely
  - cost effective
- 1.3. The engagement process was also designed to adhere to the government Code of Practice on Consultation.
- 1.4. Because the future of council housing over the next 30 years impacts on all residents in the borough the council set out to gather the views of as many residents as possible, regardless of their housing tenure.
- 1.5. The engagement did not ignore the existing formal mechanisms of resident engagement but was characterised by a drive to use additional, new and innovative ways to consult in an attempt to broaden participation and encourage those who do not normally engage with the council to give us their views.
- 1.6. The process included a varied range of engagement exercises that included:
  - housing based formal meetings, such as Area Housing Forums, Tenant Council, and Homeowners' Council to gather the views of representatives of council tenants and leaseholders
  - Community Councils
  - community forums
  - events targeted at young people including work with a local youth radio station that engaged over 120 young people
  - events targeted at housing needs of older people

➤ social media and on-line surveys

- 1.7. To engage as wide a range of residents as possible the Community Conversations method was used. Community conversations are led by cabinet members and ward councillors and take place in locations where people are already going about their day to day business. They can include having conversations in busy shopping streets across the borough or in parks where people are enjoying leisure activities. This was one of the centrepieces of our engagement and attracted people who were not likely to express their views through other more conventional routes. The Community Conversations included working with local community volunteers and an interactive video booth for people to say what they thought.
- 1.8. Libraries were also a focal point for the engagement, again capturing people's views where they just happen to be rather than creating a new environment for engagement. In addition neighbourhood based focus groups ensured we worked with a sample of people in different localities.
- 1.9. In an effort to include as representative a sample as possible of the borough's diverse populations, we engaged people who experience barriers to having their views heard. This included those who have English as a second language and those who are part of newer migrant communities.
- 1.10. In total there were over 80 different key events, activities or ways of engaging that gathered several thousand views, ideas and suggestions. We are grateful to all those residents who contributed to it.
- 1.11. The majority of the data collected was via an open qualitative survey methodology. Residents completed 643 such surveys. Surveys were completed and submitted in person at one of the community conversations, by post or online. The survey consisted of 4 broad open questions:
  1. Who should council housing be for and for how long?
  2. How much council housing should there be and to what quality?
  3. How should council housing be managed?
  4. Any other comments?
- 1.12. Each question was accompanied by brief background information ranging from data on Southwark's current council stock to summaries of the Independent Housing Commission's conclusions.
- 1.13. This approach made the engagement a more open conversation with our residents and provided an assurance that the engagement was impartial and comprehensive, in that there were no pre-selected options to choose from.

- 1.14. In addition to the wider conversations in February 2013 the council set up a representative group of council tenants and homeowners, known as the Futures Steering Board (FSB). Its membership was made up of people nominated by Tenant Council and Homeowners' Council respectively. This group had access to advice and support from an independent housing expert from Solon Community Network. Its initial remit was to act as a quality assurance mechanism for the engagement process. However, it decided instead to submit its own conclusions and recommendations to the council.
- 1.15. The council also received a separate submission from Homeowners' Council that focused on the issues for leaseholders and homeowners that in their view were most significant in considering the future approach to housing in the borough.

### **Open surveys and Community Conversations**

- 1.16. Open surveys, largely submitted through the Community Conversations brought in the largest volume of responses.
- 1.17. In response to who should council housing be for and for how long, people were more likely to say that council housing should be for households on low incomes. This was followed by views on the need to maintain lifetime tenancies, the importance of having a local connection, those with disabilities and those for whom the private rented sector is unaffordable.
- 1.18. In response to how much council housing there should be and to what standard of quality, respondents were more likely to say that the council should have more council housing to meet the need, that this should be of better quality and that there should be more investment in the current stock.
- 1.19. In response to how council housing should be managed, respondents were more likely to say that the council housing stock should be council managed but that there should be more resident involvement, that the council should encourage Tenant Management Organisations and that the council should work more in partnership with others.

### **Area housing forums**

- 1.20. The responses given on who council housing should be for varied, however the most common responses were in favour of those with a strong local connection and those on low incomes.

- 1.21. All area housing forums were in favour of an increase in the council's stock of council homes.
- 1.22. A range of responses were given to how council housing should be managed. The most common responses were that it should be council managed, with some of the forums favouring a more local approach and more tenant and leaseholder input and scrutiny.

### **Communities of identity forums**

- 1.23. These groups had no clear consensus on who should be given priority for council housing but were more likely to say that tenancies should be for life and the length of local connection should stay as it is now (i.e. 6 months).
- 1.24. On how much council housing there should be, these groups were more likely to favour no reduction in the number of council homes and that it should all be of decent quality.
- 1.25. With regard to how council housing should be managed, participants were more likely to be in favour of more resident involvement, a more local approach to management and increasing the number of Tenant Management Organisations.

### **The Futures Steering Board**

- 1.26. The board was set up in February 2013. The tenants and homeowners that were nominated to the board met twelve times and had an initial remit to act as a quality assurance panel for the council's wider engagement. The board decided to change this after four meetings, instead focusing on its own conclusions and making its own recommendations to the council.
- 1.27. The board was supported throughout the process by Solon Community Network.
- 1.28. Members of the board agreed with the council's current plans to build 1,000 homes in the borough, although they were concerned that the proposed timeframe of completion by 2020 could result in a net loss of homes for social rent, as combined disposals and right to buy sales could outstrip the number of new homes created. The board therefore urges the council to complete the new homes as quickly as possible. The board also believed that the council can completely self-finance the new homes, using a range of income sources.

- 1.29. The modelling undertaken by the board assumed that homes built for rent would be let at social – not affordable – rent levels. Members of the board felt strongly that, given the low level of median incomes in the borough for both council tenants and residents in general, and the high average market rents, affordable rents set at 65% or 80% of market rates would be too high for those on the housing waiting list.
- 1.30. The board also considered options for the council to supplement its income in order to allow it to kick-start a major house building programme.
- 1.31. On the question of who council housing should be for and for how long, the views included: maintaining lifetime tenancies; not introducing income or savings thresholds; considering carefully but not automatically penalising those with poor tenancy records; and some priority for ex-servicemen and women.
- 1.32. On the question of how council housing should be managed, the board felt that the main issue in terms of housing management is recruiting and retaining the right staff to run a professional and personal service for residents. In particular, the group suggested a specialist team within the council to oversee a new building programme.
- 1.33. The group felt that the most important issues were self-financing the build of new homes while ensuring that the overall level of rented stock is at least maintained. They acknowledged the scale of the challenge, and were keen to continue working with the council to explore how this ambition can be realised.

### **The Community Councils**

- 1.34. On the question of who should council housing be for, participants were most likely to say those most in need.
- 1.35. When asked about how much council housing there should be and to what standard, most participants did not think compromising on quality was acceptable at all and that there should be as much housing as the council can possibly provide. When presented with a stark choice of more units at lower quality or fewer units at higher quality, the majority of respondents preferred the “middle” option of 30,000 good quality units rather than 20,000 top quality or 39,000 of less good quality. However, this was not consistent across all localities. A majority of those attending both Dulwich and Borough, Bankside & Walworth Community Councils favoured the retention of 39,000 rental units and a significant majority of those attending

all Community Councils were unhappy with the premise that the provision of more housing might imply lower quality.

- 1.36. Participants were also likely to support more resident involvement and a more local approach to management.

### **Homeowners' Council**

- 1.37. Homeowners' Council, which represents the council's 14,500 leaseholders and freeholders prepared their own submission in response to the consultation. The key points from the submission are set out below.
- 1.38. Strategic decisions on the long-term future of social renting will inevitably have a major impact on homeowners. In particular investment decisions have the potential to increase the costs charged to leaseholders significantly.
- 1.39. Homeowners' Council believes Southwark Council should provide as many social rented homes as possible over the next thirty years. These homes should be let on social rents on full secure tenancies to ensure affordable homes for local families and key workers. This option may mean that more homeowners face large major works bills if their rundown blocks and estates are renovated rather than demolished.
- 1.40. Alternatively, the options that reduce the amount of rented housing are likely to increase the level of annual service charges. The higher level of demolition under these scenarios will displace more homeowners, who will be unable to afford replacement homes without some support from the Council.
- 1.41. Many homeowners are on low incomes and would like to see a wider range of options to help struggling owners, including optional individualised reserve funds and discretionary caps for homeowners in exceptional hardship.
- 1.42. As the Council's financial position improves, Homeowners' Council would also like to see greater use of buy-backs from households that can no longer afford home ownership.
- 1.43. There is general support among homeowners for devolved management to improve efficiency and responsiveness, although Homeowners' Council recognise the Tenant Management option will not appeal to tenants in all parts of the borough.

- 1.44. Regardless of the management option chosen, homeowners need more cost-effective management of both repairs and major works.
- 1.45. Disruptive sub-letting is a serious issue and there is support for action against homeowners that permit anti-social behaviour. However, there is opposition to the Council acting as the sole letting agent for new homeowners as this will restrict choice and flexibility.
- 1.46. Homeowners' representatives would like to be fully involved in the implementation of policies and procedures that are developed as a result of the strategic review of housing.

### **Young people**

- 1.47. The council particularly sought the views of young people. With a 30 year strategy, it was recognised that many young people would be the council tenants and homeowners of the future.
- 1.48. On the question of who council housing should be for and for how long, the young people were more likely to say that this should be for those in need of financial help and people on low incomes. Families with children and single parents were among the most mentioned groups although young people also referred to others they saw as vulnerable, such as homeless people, unemployed people, those with disabilities and older people. Young people were also most likely to say that people on low incomes and children should be given priority.
- 1.49. The young people who were engaged through the work with Represent radio were also keen to talk about building communities, not just houses, and the importance of community pride and involvement. They wanted to create places that made people proud of where they lived and where they were involved in managing and keeping their neighbourhoods clean.

## 2. Introduction

- 2.1. On 13 December 2011 the council's cabinet made the decision to establish the independent commission on the future of council housing in Southwark. The commission's brief was to explore options for the future financing, ownership and operation of the housing stock in Southwark beyond 2015/16. The report of the independent commission was presented to the council cabinet in October 2012 and it set out the Commission's views on the challenges Southwark faces in creating, sustaining and maintaining housing provision to meet the growing needs of the borough's residents over the next 30 years.
- 2.2. The council's decisions on the future of council housing will have a major influence on the well-being of all Southwark's residents. It is therefore vital that the council's investment plans are not only affordable and sustainable, but deliverable and effective. In order to meet this aim it is essential that all residents have had the opportunity to directly influence the development of Southwark's future housing strategy.
- 2.3. In December 2012 the cabinet agreed a wide ranging community engagement plan on the key issues raised in the commission's report. This encompassed not just those living in the council's stock, but also other residents who may, for example, be living close to Southwark's estates, or who are registered on the housing list
- 2.4. Because of the strategic importance of council housing in Southwark, and its links to other council priorities such as economic wellbeing and improving the health of the borough, it was of primary importance that the engagement exercise was broader than just those living in or near council homes.
- 2.5. This report summarises the results of this very wide reaching community engagement process that discussed the implications of the Housing Commission report and gathered residents' views on it. The engagement process reflected the council's inclusive and ambitious future approach to community engagement, the principles of which had been agreed in October 2012, and provided the first opportunity to test the new approach.

### 3. Principles Underpinning the Engagement

3.1. Underpinning the wide ranging community engagement programme were five key community engagement aims. These were that it should be:

- Universal
- Impartial
- Comprehensive
- Timely
- Cost effective

3.2. How these were met is set out in table 1 below.

Table 1	Aims of Community Engagement Process
1. Universal	<p>All stakeholders had the opportunity to participate in the engagement process and to have their views taken into account. The Independent Housing Commission report noted that:</p> <p><i>“About half the households in the borough live in a property owned by the council (as either tenants or leaseholders), and the rest of the population live in fairly close proximity to a council housing estate or development. Any inquiry into or report about the future of council housing in Southwark therefore touches on the lives of nearly all the borough’s residents”. Housing Commission Report 2012.</i></p> <p>Therefore, the engagement programme aimed to provide all residents with the platform to express their views about the future of Housing in the borough.</p> <p>This was achieved through using a wide range of methods of engagement designed to gather the views of both residents and leaseholders in council housing and other residents of the borough. This included the following:</p> <ol style="list-style-type: none"> <li>1. Southwark’s well developed formal architecture of engagement including sessions with: <ul style="list-style-type: none"> <li>• Area Housing Forums</li> <li>• Community Councils</li> <li>• Community Forums including older and younger people</li> </ul> </li> </ol>

	<p>2. New media and social networking including:</p> <ul style="list-style-type: none"> <li>• Twitter and Facebook</li> <li>• Email responses</li> <li>• Online surveys on the council website</li> <li>• Online community forum discussions</li> </ul> <p>3. An extensive series of community conversations in busy high street locations across the borough, supplemented by a series of mini conversations in places such as libraries.</p> <p>Engagement activities were promoted through a very active communications plan that included the council and other websites, the local press, council publications and newsletters, flyers, Twitter and Facebook designed to maximise awareness of the engagement programme.</p>
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2. Impartial	<p>To attempt to get a more informed response without leading participants to any particular response or option for the future information was provided of two types:</p> <ul style="list-style-type: none"> <li>• Basic facts and figures about housing in Southwark</li> <li>• The report and findings of the independent Housing Commission.</li> </ul> <p>The Housing Commission conducted an independent review of the provision of housing in Southwark that explored the various options available to residents of the borough to shape how housing policy is delivered over the next 30 years.</p> <p>The core aim of the engagement process was to ask residents “a simple, fundamental question - what is the future for council housing in our borough”</p> <p>Residents were asked to consider the 3 scenarios discussed within the Housing Commission report. However, it was essential for the engagement process not to be limited to asking residents to vote for one of their preferred housing provision outcomes.</p>
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	<p>Rather, the engagement process was an independent and impartial process that sought to understand the views of residents in the borough before the Council attempts to formulate and implement its strategy for the next 30 years.</p> <p>Residents were asked to consider the following core questions:</p> <ul style="list-style-type: none"> <li>• Who should council housing be for and for how long?</li> <li>• How much and to what quality?</li> <li>• Future Management Models? The engagement process asked residents to consider whether different models apply in different places/for different kinds of housing and how do we get more people involved in tenant/homeowner management etc.</li> </ul>
3. Comprehensive	A robust and mixed methodology approach was used to gain a clear understanding of residents' views. A summary of the engagement programme is outlined above.
4. Timely	The engagement was carried out before any decision has been arrived at for the future of housing in order to fully engage people at a time when they could influence the future strategy.
5. Cost effective	The engagement made use of traditional and established communication mechanisms including the Tenant's and Homeowners Councils, Area Housing Forums, Community Councils and other forums. This combined with the use of the Council's webpage and other social media tools maximised communication opportunities with residents while using resources in a cost effective manner.

3.3. The engagement process was also designed to adhere to the government Code of Practice on Consultation as set out in table 2 below:

<b>Table 2 Consultation Principles</b>	
Criterion 1: When to consult Formal consultation should take place at a stage when there is scope to influence the policy outcome.	<p>The engagement process took place prior to any decisions being made on the future of council housing. It therefore took place at a time when residents views could genuinely influence future policy.</p> <p>The engagement outcomes will be used to help shape the provision of council housing over the next 30</p>

	<p>years. The approach is one of deciding together on the options for the future. The current housing strategy for the borough is for 2009-2016. Therefore, engaging with residents in 2013 allowed all stakeholders to influence the future of housing in the borough.</p>
<p>Criterion 2: Duration of consultation exercises Consultations should normally last for at least 12 weeks with consideration given to longer timescales where feasible and sensible.</p>	<p>The engagement programme took place over a 6 month period, beginning in January 2013. The findings from the engagement process are to be presented to Cabinet and other key stakeholder groups in July 2013.</p>
<p>Criterion 3: Clarity of scope and impact Consultation documents should be clear about the consultation process, what is being proposed, the scope to influence and the expected benefit and costs of the proposals.</p>	<p>The engagement documentation was tested in the initial focus groups to ensure clarity in its scope.</p>
<p>Criterion 4: Accessibility of consultation exercises Consultation exercises should be designed to be accessible to, and clearly targeted at those people the exercise is intended to reach.</p>	<p>This report summarises the comprehensive and diverse methods that were used to provide residents with the opportunity to express their views throughout the engagement process (including, interactive voting, workshops, face to face interviews, postal and online surveys and targeted focus groups). Background information was also provided for participants covering key facts on housing in the borough to allow more informed conversations to take place.</p>
<p>Criterion 5: The burden of consultation Keeping the burden of consultation to a minimum is essential if consultations are to be effective and if consultees' buy-in to the process is to be obtained.</p>	<p>The engagement process sought to build on the success of recent engagement exercises, including Community Conversations and the Southwark Spending Challenge. It is envisaged that a fresh and interactive approach to communicating with residents will avoid the engagement fatigue experienced while using more time consuming research activities.</p>

<p>Criterion 6: Responsiveness of consultation exercises          Consultation responses should be analysed carefully and clear feedback should be provided to participants following the consultation.</p>	<p>The findings from the engagement programme will be reported to Cabinet in July 2013. A detailed report will be published and the findings presented to tenants, leaseholders and all stakeholder groups in the third quarter of 2013.</p>
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- 3.4. While some residents were initially concerned at the use of the term 'conversation' rather than 'consultation', fearing it was engagement of a lesser level, this approach of engaging with residents at the very beginning of the process has been received positively as residents understood they were able to make their views heard on a wider variety of issues rather than just on a set of options or issues predetermined by the council.
- 3.5. It is clear from the written responses received, as well as the verbal comments made, that the approach of more open engagement, for example using open, rather than multiple choice surveys, has been warmly welcomed by residents. Furthermore, by making elected members and officers available to discuss the issues important to residents in locations that are central to communities, for example shopping centres and libraries, this engagement has also had an educational element, with a number of residents commenting that after taking part they had a much greater understanding of council housing and the council's responsibilities in this area.
- 3.6. Below is a selection of quotes taken from responses received via written surveys.

*"I think this survey is a great idea. You may not solve the problem but greater respect is achieved. Thank you".*

*"Very useful to do questions (did lettings review as well), now I understand council housing, glad I did survey".*

*"It's really great to see an exercise like this taking place. I would encourage that when developing future plans –it's not about one solution – but a number of them".*

*"Improve education about council housing – this has been a great introduction for me, at the age of 36...!"*

## 4. Who and how we consulted

### Who we consulted

- 4.1. All residents living in the borough will be impacted by any changes to the provision of housing services over the next 30 years (this is especially true for tenants and homeowners). We therefore set out to gather the views of a sample of as many residents as we could regardless of their housing tenure. There are several existing mechanisms in place to ascertain the views of our tenants and leaseholders; these forums played an important part in the community engagement process ensuring that the views of tenants and leaseholders/homeowners were significant in the engagement process. The ways that we undertook engagement activities were as follows:
- 4.2. **Housing based formal meetings:** Engagement activities took place with representative housing based meetings, such as area housing forums, the Tenants Council, and the Homeowners Council to gather the views of representatives of council tenants and leaseholders.
- 4.3. **Community councils:** Engagement sessions took place at four of five of the borough's community Council meetings.
- 4.4. **Community Forums:** Southwark has a very well developed architecture of engagement through more formal community forums. These include the Disabilities Forum, Southwark Youth Forum, the LGBT Forum, the Forum for Equalities and Human Rights, the Pensioners Forum, Amador Bhubishot (Bengali community forum), Southwark Somali Refugee Council, and the Refugee Communities Forum. Engagements activities took place at a range of community forums representing a number of communities of interest in the borough.
- 4.5. **Young People:** Because the Housing Commission's work lead us to look 30 years into the future up to the year 2045; it was important to provide active roles for a young people so that their contributions were significant and influential. Engagement took place with the Southwark Youth Council and other youth groups. Work was also carried out with Rerezent Radio.
- 4.6. **Housing needs of older people:** It was also important that we engaged people on the housing needs of tenants and homeowners when they become older people. We therefore ensured that the Community Conversations engaged older people in the borough.

## How we consulted

- 4.7. To engage as wide a range of residents as possible we used the **Community Conversations** method of going to where people are already and offering to have conversations located around a highly visible marquee or stall in busy shopping streets across the borough. This was one of the centrepieces of our engagement and attracted people who were not likely to express their views through other routes. The enthusiasm of council decision makers to talk unmediated to people living in Southwark about very important issues, such as the future of housing, is the reason why this method has been successful already and therefore lead members and ward councillors present led the conversations supported by council officers from the community engagement team.
- 4.8. The council, working with **community volunteers** made a local history based photography exhibition about housing in Southwark that encouraged people to talk about their views about housing and change in the borough. We also provided an interactive video booth for people to tell us what they thought.
- 4.9. We made the best use of our **libraries** by touring the same engagement products used for the Community Conversations. In addition **neighbourhood based focus groups** ensured we worked with a sample of people in our neighbourhoods to input in to the engagement, and further extend the opportunities we gave local people to have their say and capture any differences there may be between each neighbourhood.
- 4.10. In an effort to include as representative a sample as possible of the borough's diverse populations we engaged people who experience barriers to having their views heard. This those who have **English as a second language** and those from **newer migrant communities** such as the Latin American community.
- 4.11. **Video booths:** The Housing Commission is regarded as an independent expert. We used a video booth including a short presentation by Jan Luba QC, who chaired the Commission, that explored the main findings from the Commission's report and posed a series of questions to those participating.
- 4.12. **Social media and on-line surveys:** The council has a twitter account and a Facebook page which were used alongside more traditional media to raise awareness, create interest and have conversations. We also used discussion groups and on-line forums, such as the SE1 Forum to gather community views. This has proved to be an efficient and cost effective way of gathering

views. We also developed an on-line survey to extend our reach to people whose preferred method of engagement is the internet.

- 4.13. In order to ensure the participation of young people we ran a campaign with **Reprezent Youth Radio** to encourage young people to give us their views. The report on this element of the engagement is set out at Annex 4 & 5.
- 4.14. Reprezent 107.3 FM is the only radio station in the UK that is fully presented by young people under the age of 25. Reprezent actively campaigns on a range of issues affecting young people and broadcasts to about 350,000 young people across London.
- 4.15. The majority of the data collected was via **an open qualitative survey** methodology; residents completed 643 such surveys. Surveys were completed and submitted in person at one of the community conversations, by post or online. The survey, a copy of which is located in Annex 10 of this report, consisted of 4 broad open questions:
- Who should council housing be for & for how long?
  - How much council housing should there be & to what quality?
  - How should council housing be managed?
  - Any other comments?
- 4.16. Each question was accompanied by brief background information ranging from data on Southwark's current council stock to summaries of the independent housing commissions reported options.
- 4.17. This approach had a number of benefits – it allowed residents to respond with as much or as little text as they deemed appropriate, it ensured that residents didn't feel limited to the breath of issues they could cover and finally it provided an assurance that the engagement was impartial and comprehensive in that there were no preselected options to choose from.
- 4.18. In addition to the wider conversations in February 2013 the council set up a representative group of council tenants and leaseholders/homeowners known as **The Futures Steering Board (FSB)**. Its membership was made up of people nominated by the Tenant Council and Homeowners Council respectively.
- 4.19. The initial remit of the FSB was to act as a quality assurance mechanism for the engagement process and an independent 'Residents' Friend' (Solon Community Network) was appointed to provide it with external advice and expertise.

4.20. The FSB met 12 times over four months and decided that rather than take on the quality assurance role it would focus on and submit its own conclusions and recommendations to the council. These are reproduced in full in an appendix of the Cabinet report.

4.21. A timetable of the key events is set out in Table 3 below

<b>Table 3 Timetable of Key Events</b>		
<b>Date</b>	<b>Type of event</b>	<b>Title</b>
19/02/13	Focus Group	Initial focus group
27/02/13	Focus Group	Canada Water Library
16/03/13	Community Conversation	Peckham Square
20/03/13	Community Forum	Community Council Chair and Vice Chairs
23/03/13	Community Conversation	The Blue Market Bermondsey
05/04/13	Staff engagement	Tooley Street Office
06/04/13	Community Conversation	Co-op Lordship Lane Dulwich
08/04/13	Community Forum	Click Street Youth Forum
09/04/13	Mini C Conversation	Sainsburys Dog Kennel Hill
09/04/13	Area Housing Forum	Rotherhithe AHF
10/04/13	Area Housing Forum	Camberwell West AHF
11/04/13	Twitter Live Q&A	Live Q&A with the Leader
11/04/13	Area Housing Forum	Dulwich AHF
11/04/13	Area Housing Forum	Nunhead & Peckham Rye AHF
11/04/13	Area Housing Forum	Walworth West AHF
13/04/13	Community Conversation	Elephant and Castle Shopping Centre
15/04/13	Library conversation	Blue Anchor Library
15/04/13	Area Housing Forum	Camberwell East AHF
15/04/13	Area Housing Forum	Peckham AHF
16/04/13	Area Housing Forum	Aylesbury AHF
17/04/13	Area Housing Forum	Bermondsey East AHF
17/04/13	Area Housing Forum	Borough and Bankside AHF
17/04/13	Community Council	Camberwell Community Council
17/04/13	Community Council	Peckham & Nunhead Community Council
18/04/13	Library conversation	Brandon Library
20/04/13	Community Conversation	Butterfly Walk Camberwell
22/04/13	Library conversation	Camberwell Library
22/04/13	Community Forum	Amador Bobishot (Bengali Forum)
22/04/13	Community Council	Dulwich Community Council
22/04/13	Community Council	Borough & Bankside Community Council
25/04/13	Library conversation	Dulwich Library
25/04/13	Library conversation	Grove Vale Library
27/04/13	Community Conversation	Surrey Quays shopping Centre

29/04/13	Library conversation	Canada Water Library
29/04/13	Library conversation	John Harvard Library
01/05/13	Staff engagement	Queens Road Office
01/05/13	Mail out	All TRA Chairs and Secretaries
02/05/13	Library conversation	East Street Library
02/05/13	Library conversation	Kingswood Library
04/05/13	Community Conversation	Dulwich Park
07/05/13	Area Housing Forum	Rotherhithe AHF
09/05/13	Community Forum	Latin American community workshop
10/05/13	Mini C Conversation	East Street Market
13/05/13	Community Forum	Bankside Residents Forum
14/05/13	Community Forum	LGBT Network
14/05/13	Area Housing Forum	Bermondsey West AHF
15/05/13	Housing forum	TMO Liaison Committee
16/05/13	Area Housing Forum	Walworth West AHF
16/05/13	Area Housing Forum	Dulwich AHF
16/05/13	Library conversation	Nunhead Library
16/05/13	Community Forum	Somali Relief & Islamic Cultural Centre
20/05/13	Area Housing Forum	Peckham AHF
20/05/13	Area Housing Forum	Camberwell East AHF
21/05/13	Community Forum	Southwark Refugees Communities Forum
21/05/13	Area Housing Forum	Camberwell West AHF
22/05/13	Support group	Time & Talents - Stroke Group
22/05/13	Area Housing Forum	Bermondsey East AHF
22/05/13	Housing forum	SGTO, Bells Gardens
22/05/13	Support group	Time & Talents Social group
23/05/13	Library conversation	Peckham Library
29/05/13	Community Forum	Southwark Disability and Mobility Forum
29/05/13	Community Forum	Southwark Pensioners Forum
29/05/13	Youth Club	Surreys Adventure playground
30/05/13	Community Forum	Somali Integration & Development Forum
06/06/13	Area Housing Forum	Walworth East AHF
05/06/13	Community Group	Golden Oldies @ St Mary's Church,
11/06/13	Support group	Healthy Ageing Café
12/06/13	Forum for Equalities & HRs in Southwark	For information, update.
26/06/13	Community Council	Borough & Bankside Community Council
27/06/13	Area Housing Forum	Nunhead & Peckham Rye AHF

## 5. Demographics

- 5.1. In terms of being accessible to all residents, a dual approach was taken to ensure the engagement process met its core aim of universality.
- 5.2. Firstly, a set of events were designed specifically to encourage participation by groups of residents either traditionally underrepresented, or for whom traditional engagement events are hard to access. These events included those outlined in the list below; the events were promoted via community engagement contacts. Where appropriate, interpreters also attended or engagement materials were translated by volunteers.
- Click Street Youth Forum
  - Amador Bobishot (Bengali Forum)
  - Latin American community workshop
  - LGBT Network
  - Somali Relief & Islamic Cultural Centre
  - Southwark Refugees Communities Forum
  - Time & Talents - Stroke Group
  - Time & Talents Social group
  - Southwark Disability and Mobility Forum
  - Southwark Pensioners Forum
  - Surreys Adventure playground
  - Somali Integration & Development Forum
  - Golden Oldies @ St Mary's Church,
  - Healthy Ageing Café
- 5.3. Secondly, to ensure that the Community Conversations and library conversations (where the majority of surveys were completed) were accessible to all residents, a sample of survey respondents were asked to provide information on their tenure, age, gender and ethnicity. This data was collected on 1 in 4 surveys. The tables below indicate both the results of this sampling and how those results compare when benchmarked against the results of the 2011 census. Where direct data comparison is not possible, e.g due to different census data definitions, this is noted and a best possible comparison is made.

## Tenure

Tenure	Count	%	Census %
Council tenant	96	56.47%	31.25%
Private homeowner	21	12.35%	17.50%
Rent privately	15	8.82%	23.70%
Housing Association	14	8.24%	12.50%
Council leaseholder	13	7.65%	13.87%
Prefer not to say	8	4.71%	n/a
Temporary	3	1.76%	n/a
<b>Total</b>	<b>170</b>	<b>100.00%</b>	

- 5.4. Council tenants constituted the majority of survey respondents while comprising just under a third of households in the borough. Given the subject of the engagement it is neither surprisingly, nor of concern that this group is overrepresented. The same assumption is made regarding the underrepresentation of private homeowners and private renters. Housing association tenants are broadly representative in numbers, while council leaseholders are under represented, though this maybe a reflection of the number of leaseholders known not to live in their property and/or the borough.

## Age

Age	Count	%	Census %
60 and over	29	20.86%	10.89%
45-50	25	17.99%	6.98%
25-34	24	17.27%	23.60%
35-44	21	15.11%	16.73%
51-60	22	15.83%	9.42%
16 -24	14	10.07%	14.90%
Prefer not to say	4	2.88%	n/a
<b>Total</b>	<b>139</b>	<b>100.00%</b>	

- 5.5. While the 2011 census data release shows that under 16 year olds account for 17.5% of Southwark's population, they accounted for a negligible proportion of the general survey respondents, however the Represent Radio commissioned engagement was targeted at this group to counter this predicted underrepresentation.
- 5.6. Older people were twice as represented among survey respondents than in the borough as a whole, while the 35-44 years old age group was a highly representative sample.

## Ethnicity

Ethnicity	Count	%	Census %
White British	66	44.00%	54.30%
Black or Black British	32	21.33%	26.80%
Asian or Asian British	15	10.00%	9.50%
White European	14	9.33%	12.30%
Mixed/dual heritage	10	6.67%	6.20%
Other	5	3.33%	0.80%
Latin American	4	2.67%	n/a
Prefer not to say	4	2.67%	n/a
<b>Total</b>	<b>150</b>	<b>100.00%</b>	

- 5.7. Generally those who completed the housing commission survey were representative of the borough in terms of ethnicity – White British being the largest group followed by Black or Black British, then Asian or British Asian and Mixed/Dual heritage, with White European and ‘Other’ being slightly underrepresented. It should be noted that the 2011 Census did not contain ‘Latin American’ as a specific ethnicity option and direct comparison is therefore not possible with this group.

## Gender

Gender	Count	%	Census %
Female	81	54.73%	50.60%
Male	67	45.27%	49.40%
<b>Total</b>	<b>148</b>	<b>100.00%</b>	

- 5.8. The sample reflects the borough balance of females to males; that of a slight skew towards females.

## 6. Analysis of Qualitative Survey Data

- 6.1. The primary research method used in the engagement exercise was qualitative rather than quantitative using semi-structured interviews and open surveys which were either completed in an interview with people who were giving their views or in most cases written by the participants themselves.
- 6.2. The amount of data generated was therefore extensive with several thousand comments made by participants and a sample size that far exceeded one that market researchers would use to carry out quantitative research with a high degree of confidence.
- 6.3. To be able to categorise and present the key findings of the data a process commonly known as data reduction was used. The most systematic and commonly used method for doing this in qualitative research is for the researchers to read through the transcripts and develop categories or codes to represent the data. In other words when similar topics were encountered they were coded as belonging to a similar category.
- 6.4. In this case to make the exercise less subjective the codes were developed inductively by taking a sample of 120 data sets and identifying common themes and opinions expressed within them. This allowed the 'codes' to be developed for each of the 4 open questions asked. The codes were designed to cover the vast majority of issues or comments made by all respondents. If a passage referred to several different themes, the passage was coded for all the different relevant themes.
- 6.5. So for example for question 1, all sampled responses could be labelled or 'coded' with one of 35 issues e.g. 'tenancy should be for life' or 'housing should be for those on low incomes', question 2 – with one of 23 e.g. 'there should be more housing' or 'need more family sized homes', for question 3, one of 19 including 'the council should manage all council housing services' or 'services should not be run for profit'. Finally a list of 10 further codes was established to cover a number of cross cutting comments such as 'against right to buy' or 'council should do more to deal with underoccupation'.
- 6.6. The coding sheet showing all the categories and codes used for this exercise is shown on the following pages.

<b>Questions 1 - Who should council housing be for and for how long?</b>	
<b>Who should council housing be for?</b>	
ALL	For all
ARMED	For ex service personnel
ASIS	As it is now
CARE	For carers / fosters
CONT	Extra priority for community contribution
DA	For victims of domestic abuse
DIS	For households with a disability or a long term illness
FAM	For families
HOM	For homeless households
LOWI	For low income households
KEY	For key workers
LEG	For households for whom the council has a legal duty
LOCA	For those with a local connection/ local connection important.
NEED	For whoever 'needs' it
OLD	For older persons
PRS	For whoever can't afford the private sector
REF	For refugee and asylum seekers
SIPAR	For single parents
SIPER	For single people
UNEM	For the unemployed
VOL	For volunteers
VUL	For vulnerable
WORK	For working households
YP	For young people
<b>For how long</b>	
ALAN	Tenancies should be for as long as someone needs it.
LTT	Tenancies should be for life
NLTT	Tenancies should not be for life
REV	Should review whether someone still needs tenancy periodically
SUCAN	Succession of tenancy a good thing
SUCPR	Succession of tenancy a bad thing
<b>Means testing</b>	
MT	General reference of means testing
MTA	Should means test to join waiting list
MTL	Means test during tenancy and leave tenancy if income has increased
MTPA	Means test during tenancy and pay higher rent if income has increased
NMT	Should not means test

<b>Question 2 - How much should we have and of what quality?</b>	
AMAP	Should have 'as much as possible'
BAS	Council housing should be of a basic standard
BMHQ	Need more quality homes
DECEN	Should be of decent homes standard
DES	Should improve design of new builds
DEVELP	Should get more affordable housing from developers/ through planning unlike Heygate
EMP	Deal better with empty homes

FAMP	Build more family sized homes
GQUA	Council housing should be of a good quality
GREEN	Protect green/open spaces
HOMOW	Need more homeowner products eg shared ownership
INVEST	The council should invest in its current stock
MORE	Need more
NOMO	No more housing
NR39	No reduction from 39,000
NR39Q	No reduction and improve quality
RED20	Reduce to 20,000
RED30	Reduce to 30,000 but better quality
REPMAN	The council should be better at repairing and maintaining its properties
REPR2B	Use right to buy sale receipts to fund new building
S2I	Sell old properties to fund building of new
SHEL	Build more sheltered and /or adapted accommodation
SINP	Build more single person sized homes
SSL	Stop selling land/homes

### Question 3- How should council housing services be managed?

BUS	Services should be run in a more business like manner
CATA	Should bring back caretakers
CM	Should be council managed
COOP	Should have more co-ops
DEVEL	Should become a large scale developer
DEVOL	Devolve services to local level
IMPROCS	Need to improve customer service
LOCOFF	Services should be run from local offices
N4P	Services should not be run for profit
PART	More partnership
REPMAN	The council should be better at repairing and maintaining its properties
RI	Increase resident involvement
RSLAN	Against housing associations
RSLPRO	For increased housing association role
TDM	Tenants should do more
TMO	Explicitly wants more TMOs
TMOA	Anti TMOs
TMOc	Combination of TMOs and council managed
TMOCPART	Combination of TMOs, the council and partners

### Cross cutting comments

R2B	Against right to buy
UNOC	Council should do more to tackle underoccupation
SUBL	Council should do more to tackle tenancy fraud.
MIX	Should have mixed communities
ENF	Council should enforce tenancy condition/ ASB stronger
CONTR	Council needs to improve contractor performance
PRS	Private sector is problem/too expensive

AWR	Anti Welfare Reform
TDM	Tenants should do more to look after home
IMM	Allocation of housing to recent immigrants a problem/unfair
SUS	Need sustainable communities

- 6.7. Taking this approach produced the data tables that are reproduced in the findings section of this report and allowed the researchers to note the most commonly mentioned issues or views held by respondents. It should be noted that a large number of the comments made were not mutually exclusive, with respondents mentioning a number of issues, for example stating they thought council housing should be for both older persons and families.
- 6.8. Furthermore, there were a number of issues that while mentioned by a significant number of respondents [for example that tenancies should be for life], were not necessarily mentioned by a majority of respondents. It would be inappropriate to infer where this happened that the absence of a mention equates to a disagreement with the most commonly expressed views. For example, while 117 (18%) respondents stated a preference for life time tenancies, it would be misleading to assume that 82% respondents were against life time tenancies.
- 6.9. Estimating magnitudes of responses based on qualitative research has limitations and therefore any numerical findings should not be read too literally. For this reason the findings section of the report, as is common with qualitative research reports, uses what are commonly known as ‘fuzzy numerical qualifiers’ such as “more likely to say” rather than percentages.
- 6.10. Triangulation is the technique most commonly used to establish credibility or trustworthiness in qualitative research. To enhance the credibility of this research we did the following:
- Used multiple methods of data collection and analysis.
  - Used multiple data sets generated across the different methods of research that we used
  - Had a number of different people analysing the results
  - Collected data over an extensive period of time
  - Worked to ensure that the people we collected views from were diverse and therefore potentially held different perspectives on the issues we were researching
  - Fed back findings as we progressed to reality check them
- 6.11. The size of the sample was also significant even though in qualitative research sample sizes tend to be smaller. In simple terms if we were to

apply the method normally used in quantitative research to the population of the borough this would require a random sample size of just over 380 individuals to be 95% confident that the views represented those of the whole population within a margin of error of 5%. The sample size used in this case was much larger and therefore gives more confidence that the results reflect what the population are likely to say.

## 7. Summary of findings

### Open survey

7.1. Each of the 7 community conversations consisted of officers and councillors attending an all day Saturday event at a prominent location in the borough, predominantly in shopping centres or high streets where Saturday footfall would be highest. Officers and councillors encouraged residents to complete an open survey (a copy of which can be located in Annex 10 of this report) either alone or via semi structured interviews. The results of these community conversations, as well as the further 11 Library Conversations was the completion of over 500 surveys, this was supplemented by a further 83 completions online and 50 via post (those who took the surveys home, rather than complete on the street). Residents were also encouraged to complete these surveys either when attending one of the further community forums or via a letter to each tenant and resident associations chair and secretary enclosing a copy. The key findings of these are set out below. The full breakdown of all coding and issues mentioned can be located in Annex 3 of this report.

### Who should council housing be for and for how long?

7.2. The table below shows the top 5 most mentioned issues and/or comments on the question of who council housing should be for and for how long. This is broken down to show all respondents, each of the main community conversation events and postal and online responses.

<b>Rank</b>	<b>All respondents</b>	<b>Rank</b>	<b>Postal</b>
1	For low income households	1	Local connection is important
2	Tenancies should be for life	2	For low income households
3	Local connection is important	3	Tenancies should be for life
4	For those with disabilities or long term sick	4	For those with disabilities or long term sick
5	For those who can't afford Private Rented Sector	5	Immigration is a housing allocations problem
<b>Rank</b>	<b>Lordship Lane, East Dulwich</b>	<b>Rank</b>	<b>Peckham</b>
1	For low income households	1	Tenancies should be for life
2	For families	2	For low income households
3	For those who work	3	For those with disabilities or long term sick
4	Should review tenancy periodically	4	Local connection is important
5	Local connection is important	5	For families
<b>Rank</b>	<b>Butterfly Walk, Camberwell</b>	<b>Rank</b>	<b>Dulwich</b>
1	For low income households	1	For families
2	Tenancies should be for life	2	For older people

3	Local connection is important	3	As long as people need it
4	For those with disabilities or long term sick	4	For low income households
5	For families	5	Tenancies should be for life
<b>Rank</b>	<b>Surrey Quays, Rotherhithe</b>	<b>Rank</b>	<b>Online</b>
1	Local connection is important	1	Tenancies should be for life
2	For all	2	For those who can't afford Private Rented Sector
3	For those who can't afford Private Rented Sector	3	For those who work
4	For low income households	4	Local connection is important
5	For families	5	Tenancies should not be for life
<b>Rank</b>	<b>The Blue, Bermondsey</b>	<b>Rank</b>	<b>Elephant &amp; Castle</b>
1	Local connection is important	1	For low income households
2	As long as people need it	2	For those who can't afford Private Rented Sector
3	Tenancies should not be for life	3	Tenancies should be for life
4	Immigration is a housing allocations problem	4	For those who work
5	Tenancies should be for life	5	For those who 'need ' it

7.3. 'For low income households' was a top 4 answer in 8 of the 10 areas above (including the overall 'all respondents' category, with only responses made online the exception. Similarly, local connection was noted as being important in 8 of the 10 areas along with the belief that tenancies should be for life in 7 of the 10 areas.

7.4. The following are quotes taken from completed surveys which illustrate the most common responses to this question.

*"If working and paying rent to a private landlord, it's like working for the landlord."*

*"Children [of current residents] should at least have a chance of getting a council property to help maintain the community spirit. This would also, help cutting cost of residential homes etc and having carers' visits as families would look after each other."*

*"People who are unable to help themselves and are unable to earn a good salary; people who are disabled, unwell for long or short period of time, those with children who are unable to work, those who are unable to earn an average income. Also those who work for council services such as refuse collects, teachers, nurses etc."*

*"Lifetime tenancies (there will be natural churn anyway), encourages people to invest in their homes and communities"*

*"Everyone should be able to live in a decent home. In Southwark, where a significant proportion of residents are either disadvantaged (through illness, disability, poverty, poor education) or on low incomes, availability of adequate*

*social housing has to be a priority. Secure tenancies for all Southwark residents who need a council home has to be the only way forward as the benefits, which admittedly may not be immediate or as easily 'quantified' (i.e. their financial value calculated) will be huge and longer-lasting."*

### How much should there be and to what standard of quality?

7.5. The table below shows the top 5 most mentioned issues and/or comments on the question of how much council housing there should be and to what standard of quality. This is broken down to show all respondents, each of the main community conversation events and postal and online responses.

Rank	<b>All respondents</b>	Rank	<b>Postal</b>
1	More council homes	1	No reduction from 39,000
2	More council homes and good quality	2	Good quality
3	No reduction from 39,000	3	Against right to buy
4	Good quality	4	Need to get a better deal from developers
5	Invest in current stock	5	More council homes and good quality
Rank	<b>Lordship Lane, East Dulwich</b>	Rank	<b>Peckham</b>
1	No reduction from 39,000	1	More council homes
2	More council homes	2	More council homes and good quality
3	Against right to buy	3	No reduction from 39,000
4	More council homes and good quality	4	For those who can't afford PRS
5	Invest in current stock	5	Good quality
Rank	<b>Butterfly Walk, Camberwell</b>	Rank	<b>Dulwich</b>
1	More council homes and good quality	1	More council homes and good quality
2	More council homes	2	Good quality
3	No reduction from 39,000	3	Need more homeowner products e.g. shared ownership
4	Good quality	4	More council homes
5	Invest in current stock	5	No reduction from 39,000
Rank	<b>Surrey Quays, Rotherhithe</b>	Rank	<b>Online</b>
1	More council homes	1	Invest in current stock
2	More council homes and good quality	2	More council homes
3	Against right to buy	3	Need to repair and maintain stock
4	Invest in current stock	4	As much as possible
5	Good quality	5	No reduction from 39,000
Rank	<b>Bermondsey</b>	Rank	<b>Elephant &amp; Castle</b>
1	More council homes	1	More council homes
2	No reduction from 39,000	2	No reduction from 39,000
3	Need to repair and maintain stock	3	Good quality
4	More council homes and good quality	4	More council homes and good quality
5	Good quality	5	Invest in current stock

- 7.6. The top five responses in all areas related to the need to either have more council homes for rent or not reduce the current stock. In terms of quality there was consistency across all areas with comments that council housing should be of a good quality and/or the council invest more in the quality of its current housing in the top 5 of all areas.
- 7.7. The following are quotes taken from completed surveys which illustrate the most common responses to this question:

*“Central government needs to change right to buy as the stock of housing belongs to the community”*

*“You have 20,000 people on the waiting list. BUILD MORE HOMES.”*

*“There should be more council housing – not a decrease! There are other ways for the council to raise funds to cover the cost of upkeep. As more and more people lose their jobs and benefits. Council housing has never been more needed. Please do not reduce the housing stock. People exercising their right to buy – money from that should go o build more council stock”*

*“More than 39,000. The council should build-build-build to address the housing crisis here in London. Sell off properties that are deemed too expensive to maintain and use money to build new properties. Mixed tenure model is the way to go.”*

*“I know the council will look at the money needed and be worried but good housing is the core of a good life.”*

*“Council property should be modern built to a good standard and require minimal upkeep. Current Victorian terrace properties are not suitable due to their poor insulation/sound proofing and maintenance costs”*

*“The share buy ownership should be made more flexible and be affordable to people with less earning and to people with certain age. The mayor says those part share ownership as affordable but I find it unaffordable though I am earning more than £22K.”*

### How should it be managed?

7.8. The table below shows the top 5 most mentioned issues and/or comments on the question of how council housing should be managed. This is broken down to show all respondents, each of the main community conversation events and postal and online responses.

<b>Rank</b>	<b>All respondents</b>	<b>Rank</b>	<b>Postal</b>
1	Should be council managed	1	Should be council managed
2	Increase resident involvement	2	Explicitly wants more TMOs
3	Explicitly wants more TMOs	3	Need to improve customer service
4	More partnerships	4	Devolve services to local level
5	By combination of TMOs, council and partners	5	Increase resident involvement
<b>Rank</b>	<b>Lordship Lane, East Dulwich</b>	<b>Rank</b>	<b>Peckham</b>
1	Should be council managed	1	Should be council managed
2	Increase resident involvement	2	Increase resident involvement
3	More partnerships	3	Explicitly wants more TMOs
4	Devolve services to local level	4	More partnerships
5	RSL	5	By combination of TMOs, council and partners
<b>Rank</b>	<b>Butterfly Walk, Camberwell</b>	<b>Rank</b>	<b>Dulwich</b>
1	Should be council managed	1	For increased housing association role
2	Increase resident involvement	2	Should be council managed
3	Explicitly wants more TMOs	3	Increase resident involvement
4	By combination of TMOs, council and partners	4	By combination of TMOs, council and partners
5	RSL	5	Explicitly wants more TMOs
<b>Rank</b>	<b>Surrey Quays, Rotherhithe</b>	<b>Rank</b>	<b>Online</b>
1	Should be council managed	1	Explicitly wants more TMOs
2	By combination of TMOs, council and partners	2	Should be council managed
3	Increase resident involvement	3	Increase resident involvement
4	Explicitly wants more TMOs	4	For increased housing association role
5	More partnerships	5	Devolve services to local level
<b>Rank</b>	<b>Bermondsey</b>	<b>Rank</b>	<b>Elephant &amp; Castle</b>
1	Increase resident involvement	1	Should be council managed
2	Explicitly wants more TMOs	2	Increase resident involvement
3	More partnerships	3	By combination of TMOs and council
4	Need to improve customer service	4	Services should be run Not for Profit
5	Devolve services to local level	5	Need to improve customer service

7.9. The following are quotes taken from completed surveys which illustrate the most common responses to this question:

*"I am a tenant at a TMO and I couldn't be happier. I think devolving more housing services to TMOs and Housing organisations will give tenants some sort of ownership over the decisions made about their homes".*

*"I can see that the council managing housing is not working and, whilst it seems in theory a brilliant concept for tenants to manage estates etc themselves, there is a danger of factions and bullying, and there would not necessarily be the required experience. For these reasons, I think management should be passed over to housing associations who would have the experience and authority necessary".*

*"If the council and tenants could work together and discuss the problem together, I believe they will be able to resolve the problem as to how council housing should be managed".*

*"Would be nice to have more resident involvement in managing properties but this is problematic because this often attracts the power hungry and control freaks into these positions".*

*"The council should be more relaxed about tenants and leaseholders making improvements to their homes - there should be less red tape and costs payable to the council".*

*"Tenants should be introduced to who is moving in next door to them and on the landing. This should reduce subletting and anti-social behaviour".*

*"I've had no problem with Southwark council management on my estate. I would not be happy with social and private housing options- as I feel profit would win out".*

*"Council should use their own tradesmen and not use outside contractors. Council should be more organised in maintaining and looking after their housing. Inspectors used to come around; now we see no-one and the properties are falling into disrepair".*

## Area housing forums

- 7.10. Community Engagement officers attended the 12 area housing forums meetings between March and May, presenting summaries of the housing commission's report and asking for the forums' views on the 3 key questions. While the forums were initially asked to provide their feedback via the prioritisation of a number of statements, a number of forums felt that this was too limiting and did not provide enough scope for the forums to give fuller feedback. Consequently, forums were asked to provide feedback via whichever method they felt to be most appropriate with the vast majority of forums opting to make written recommendations rather than prioritise statements. The area housing forum's responses can be seen in full in Annex 1 of this report.
- 7.11. The responses given on who council housing should be for and for how long varied. However, the most common responses were likely to be in favour of those with a strong local connection and those on low incomes as well as a number in support of the retention of lifetime tenancies.
- 7.12. All area housing forums were in favour of an increase in the council's stock of council homes. Some area housing forums felt this could be achieved by the council building homes on its own land, a small proportion of which could be sold on the private market to cover the costs of those that could then be rented at social rent. A number of forums also had concerns as to the affordability of social housing, noting that properties let at an Affordable Rent level were not affordable to most households and social housing should mean social rent. There were also multiple references to the need to invest in current stock.
- 7.13. A range of responses were given as to how council housing should be managed. The most common responses were that it should be council managed with a number of the forums favouring a more local approach and more tenant and leaseholder input/scrutiny. There were also a number of forums which felt the housing services needed to be managed in a more 'professional' and/or 'business' like way, with increased efficiency and improved expertise of staff. A number of forums felt that where services had been provided by external organisations in the past for example, repairs and maintenance, that had resulted in a poor service/value for money for both the council and residents.

### **Communities of identity**

- 7.14. Community forum meetings were organised by the Community Participation team; working with established contacts and partners, officers arranged 11 events from March to May, with a primary focus of ensuring the engagement was accessible to all residents. The full list of events can be found in paragraph 4.21 of this report but included the Southwark Pensioners Forum, the Southwark Refugees Community Forum, a Latin American event and the Somali Relief & Islamic Cultural Centre
- 7.15. The forums took the format of an interactive presentation with time for Q & As and then multiple choice voting, the number of questions varied depending on the timeslot allocated for the session but ranged from how long should a council tenancy be for? to how much council housing should we have? Where required documents were interpreted or translated.
- 7.16. These groups had no clear consensus on the issue of who should be given priority for council housing but were more likely to say that tenancies should be for life and local connection should stay as it is now (6 months). Most favoured an increase in the age of those who should be able to apply for sheltered housing.
- 7.17. On the question of how much council housing there should be these groups were more likely to favour no reduction in the number of council homes, people were more likely to say housing should all be of decent quality.
- 7.18. With regard to how council housing should be managed participants were more likely to be in favour of more resident involvement, a more local approach to management and increasing the number of TMOs. These groups were also more likely to think that different properties have different needs so their management should reflect that.

### **Futures Steering Board**

- 7.19. The Futures Steering Board (FSB) was set up in February 2013 to oversee Southwark Council's borough-wide engagement about the future of housing. The FSB was made up of tenant and leaseholder representatives, and was supported throughout the review process by Solon Community Network.
- 7.20. The FSB met 12 times over four months. The original remit of the group was to act as a quality assurance panel for the council's wider engagement, but this was changed after 4 meetings, enabling the FSB to focus instead on its own conclusions and recommendations to the council.

- 7.21. The FSB agreed with the council's plans to build 1,000 new council homes in the borough. The FSB believed that the council can completely self-finance the build using a range of income sources including community infrastructure levies, bond issuance, and receipts from sales of new and old homes. Surpluses from the first cycle of home-building could then be ploughed into a second cycle, and the process could be repeated indefinitely.
- 7.22. The FSB undertook its own research into the potential cost of building new homes, as well as the potential sale price the council could achieve for new builds. Within its report three scenarios were considered using different prices for building and selling homes. While all of the scenarios are viable, the more income the council can generate by lowering build costs/increasing sales prices/increasing the number of voids sold, the more capital it will have to build and improve homes.
- 7.23. The FSB also considered a range of options for the council to supplement its income in order to allow it to kick-start a major house building programme. Of all the options considered, the FSB suggested bond issuance, selling off voids that meet certain criteria, and building more Hidden Homes are likely to be the best approach.
- 7.24. The FSB also considered a range of questions around who council housing should be for and allocations. its key recommendations to the council included: maintaining lifetime tenancies, not introducing income or savings thresholds, considering carefully but not automatically penalising those with poor tenancy records and some priority for ex-servicemen and women.
- 7.25. The FSB felt that the main issue in terms of housing management was recruiting and retaining the right staff to run a professional and personal service for residents. In particular, the FSB recommended the council set up a specialist team to oversee its new house-building programme. The team would be able to pull together all of the contingent parts of the council that are needed, would have sufficient authority to "get things done", and would have the sole purpose of building homes.
- 7.26. The FSB also made a series of recommendations to the council based on their findings. Above all, the recommendation to self-finance 1,000 new homes while ensuring that the overall level of rented stock is at least maintained was felt to be the most important. The FSB is aware of the scale of the challenge, and is keen to continue working with the council to explore the detail of how this ambition can be realised.
- 7.27. In addition the group made a number of recommendations to the council summarised as follows:

**Recommendation 1:** the council self-finances 1,000 new homes with 65% for social rent and 35% sold outright.

**Recommendation 2:** the council should raise income through a variety of methods but should strongly consider bond issuance and increasing capital receipts through void sales and a hidden homes programme. The council should aim to generate sufficient capital on the first round of building 1,000 homes to be able to plough straight into the next round and beyond.

**Recommendation 3:** Southwark should set up a dedicated team to manage all aspects of the new build process, which would include: co-ordinating hidden homes, the new build programme, income from sales of voids and right-to-buy properties, and community infrastructure levies. The programme is dependent on one team being able to pull together all the contingent parts required to make it a success. The team could be a specialist unit within the council, or alternatively a subsidiary model might be explored.

**Recommendation 4:** the council should consider re-establishing its own mortgage product for local residents to help them into home ownership as well as help to ensure it can sell new properties built to cross-subsidise building new homes for social rent.

**Recommendation 5:** the council should take advantage of the opportunity presented by the Localism Act to build in some priority for local people into its allocations system, the FSB believes a two-year connection to the borough (either through living or working) would be a fair balance.

**Recommendation 6:** the council should ensure that in bringing in a new development focus, it does not in any way jeopardise its relationship with existing tenants and leaseholders. Community is important too, and current residents should have the opportunity to participate fully in shaping, designing, and delivering services.

**Recommendation 7:** this is the start, not the end. The FSB is extremely keen that this report, and the wider engagement, marks the start of a conversation about the future of housing in the borough. Beyond its July meeting, Cabinet should set out a clear roadmap for the next few months and beyond showing how residents will continue to be involved in mapping out the future of housing in the borough, working alongside officers and councillors.

**Recommendation 8:** while not directly connected to this piece of work, FSB members feel that there is a role in Southwark's future housing management model for greater co-regulation of its housing services, notably through the establishment of a resident scrutiny panel/committee that would work alongside existing structures. The scrutiny function would give residents the chance to work closely with staff to look at how services can be improved.

### Community Councils

- 7.28. Each community council was asked to receive an interactive item on the subject of the housing commission and the future of council housing engagement. This item was presented at 4 community councils in April and in the case of one community council, again in June.
- 7.29. In order to increase the number of community attendees able to take part a combination of presentation and interactive electronic voting on multiple choice questions was selected. The number of questions varied depending on the timeslot allocated for the session but ranged from how long should a council tenancy be for? to how much council housing should we have?
- 7.30. While there were lessons to be learnt in terms of the new technology, with one forum having issues that required the item to be re-presented at that particular community council's June meeting, overall it did provide for an additional means of encouraging participation in the engagement and resulted in approximately 140 residents having their say.
- 7.31. On the question of who should council housing be for, participants were most likely to say those most in need.
- 7.32. When asked about how much council housing there should be and to what standard, most participants did not think compromising on quality was acceptable at all and that there should be as much housing as the council can possibly provide. When presented with a stark choice of more units at lower quality or fewer units at higher quality, the majority of respondents preferred the "middle" option of 30,000 good quality units rather than 20,000 top quality or 39,000 of less good quality. However, this was not consistent across all localities. A majority of those attending both Dulwich and Borough, Bankside & Walworth Community Councils favoured the retention of 39,000 rental units and a significant majority of those attending all Community Councils were unhappy with the premise that the provision of more housing might imply lower quality.

- 7.33. Participants were also likely to support more resident involvement and a more local approach to management

**The views of leaseholders/homeowners**

- 7.34. A report summarising the views and experiences of the members of the Homeowners' Council, who were elected at local area housing forums to represent Southwark Council's 16,500 homeowners is attached an appendix of the Cabinet report and is summarised in paras 7.35 – 7.45 below.
- 7.35. The Homeowners' Council fully supports Southwark Council's strategic review of housing in the borough, and it would like to be fully involved in strategic decisions and as new policies and priorities for the future are developed.
- 7.36. Strategic decisions on the long-term future of social renting will inevitably have a major impact on homeowners. In particular ,investment decisions have the potential to increase the costs charged to leaseholders significantly.
- 7.37. Homeowners believe Southwark Council should provide as many social rented homes as possible over the next thirty years. These homes should be let on social rents on full secure tenancies to ensure affordable homes for local families and key workers.
- 7.38. But this option may mean that more homeowners face large major works bills if their rundown blocks and estates are renovated rather than demolished.
- 7.39. Alternatively, the options that reduce the amount of rented housing are likely to increase the level of annual service charges. The higher level of demolition under these scenarios will displace more homeowners, who will be unable to afford replacement homes without some support from the Council.
- 7.40. Many homeowners are on low incomes and would like to see a wider range of options to help struggling owners, including optional individualised reserve funds and discretionary caps for homeowners in exceptional hardship.
- 7.41. As the Council's financial position improves homeowners would also like to see greater use of buy-backs from households that can no longer afford home ownership.

- 7.42. There is general support among homeowners for devolved management to improve efficiency and responsiveness, although they recognise the Tenant Management option will not appeal to tenants in all parts of the borough.
- 7.43. Regardless of the management option chosen, homeowners need more cost-effective management of both repairs and major works.
- 7.44. Disruptive sub-letting is a serious issue and there is support for action against homeowners that permit anti-social behaviour. However, homeowners are opposed to the Council acting as the sole letting agent for new homeowners as this will restrict choice and flexibility.
- 7.45. Homeowners' representatives would like to be fully involved in the implementation of policies and procedures that are developed as a result of the strategic review of housing.

#### **Reprezent Radio Youth Campaign**

- 7.46. The council particularly sought the views of young people. With a 30 year strategy, it was recognised that many young people would be the council tenants and homeowners of the future.
- 7.47. Reprezent ran two pre-campaign focus groups on 9th and 10th April 2013. The purpose of the focus groups was to gather young people's opinions on the main topic of the campaign and discuss how the campaign should be run to maximise its impact and reach. The young people decided that they should concentrate on the question of who council housing should be for and for how long as this was the question that was most likely, in their view, to be of most interest to young people.
- 7.48. The campaign then consisted of two radio broadcasts; the second of which was attended by the Leader of the council who responded to questions put by the young people. The young people involved carried out vox pops with other young people to gather views and there was an online survey that ran during the period of the campaign.
- 7.49. At the end of the campaign project, Reprezent ran two further focus groups on 14<sup>th</sup> May 2013. The purpose of the focus groups was to gather qualitative answers from young people to the core questions amended from the first two focus groups. Some of the survey responses were also shown to the participants to expand the discussion.
- 7.50. During the period of the housing campaign Reprezent engaged 120 people directly in the conversation. During the period the campaign ran Reprezent

had over 80,000 young people listening in. The lead housing story was the fourth most popular in April and the 2<sup>nd</sup> most popular in May indicating that the campaign increased traction over the campaign period. The Soundcloud also showed over 100 people downloading the show post broadcast, a higher figure than many of the station's weekly shows.

- 7.51. The Rerezent online survey ran between 15 April and 14 May and attracted 88 responses from young people aged between 13 and 29. A summary of the responses is set out below.
- 7.52. On the question of who council housing should be for and for how long, the young people were more likely to say that this should be for those in need of financial help and people on low incomes. Families with children and single parents were among the most mentioned groups although young people also referred to others they saw as vulnerable, such as homeless people, unemployed people, those with disabilities and older people. Young people were also most likely to say that people on low incomes and children should be given priority.
- 7.53. Young people also saw themselves as one of the most vulnerable groups in need of support to help them move forward in their lives.
- 7.54. Most young people were against the idea of any sort of time limit on tenancies.
- 7.55. When asked who should not have a council house the overwhelming view was those who can afford to purchase or rent privately.
- 7.56. Asked what they would most change about council housing young people were more likely to talk about stricter rules and fairer processes to stop people abusing the system and make sure that people who need it most get it and better maintenance and security.
- 7.57. In May 2013 Rerezent ran two further focus groups. These were informed by the earlier focus groups and responses to the online survey. Two significant findings emerged from this. The first was that while the answers to the question of who council housing should be for were similar to the earlier ones their answers became more comprehensive and also there was increased understanding of how complicated individual cases of need can be. The second was that on reconsidering the question of time limits for tenancies most still disagreed with a fixed timeframe but felt there should be some kind of 'probationary period' to, as they saw it, encourage people to make an effort to improve their situation.

- 7.58. The young people who were engaged through the work with Rerezent radio were also keen to talk about building communities, not just houses, and the importance of community pride and involvement. They wanted to create places that made people proud of where they lived and where they were involved in managing and keeping their neighbourhoods clean
- 7.59. Finally the young people who participated were particularly keen to hear from the council about what happens next as a result of the engagement.

### **Online forums**

- 7.60. Threads were started on two of the borough's most visited online forums – SE1 Forum and the East Dulwich Forum, a story was also posted on the SE5 Forum website. The threads encouraged online users to make an online submission to the engagement. The thread posted on the East Dulwich Forum generated 35 comments by 11 forum members, a transcript of which can be found in full in Annex 7 of this report.
- 7.61. The discussion initially focused on whether society wants/ needs social housing and then moved on to the possible social and economic implications of more or less council housing. Issues around the sustainability of London's population growth, whilst supporting the notion of mixed communities specifically in relation to income levels, was also mentioned. One poster noted that *'like many surveys, the people most likely to input into it and shape the findings are not going to be those most affected by its conclusions'*.
- 7.62. The discussion ended by focusing firstly on problems both with underoccupation of homes and the Government's 'bedroom tax' and then the increase in need for social housing because of the increase in house prices compared to incomes set against a reduction in stock as a result of Right to Buy.

### **Twitter Q & A session with the Leader of the Council**

- 7.63. On 11<sup>th</sup> April, the Leader took part in a live twitter Q&A with twitter users encouraged to post their housing commission related questions to the Leader for answering live. A full list of both the tweets which mentioned the Q & A via the hashtag #askpeterjohn, and those tweeted by the council and the Leader can be found in Annex 6 of this report.
- 7.64. The questions received via this session were highly varied, covering a number of areas from criticism of regeneration projects and CCTV coverage to questions over how disabled people and people with HIV are supported in the council's housing allocations policy.

## 8. Conclusions

### Open surveys/Community Conversations

- 8.1. This method of engagement brought in the largest volume of responses the majority through the community conversations, large and small, that took place across the borough.
- 8.2. While there are some differences between geographical locations and the different methods of submitting responses there is generally a great deal of consistency across these responses that is summarised in the following conclusions.
- 8.3. In response to the question of who council housing should be for and for how long people are more likely to say that council housing should be for households on low incomes. This is followed by reference to the need to maintain lifetime tenancies, the importance of having a local connection, those with disabilities and finally those for whom the private rented sector is unaffordable.
- 8.4. In response to the question of how much council housing there should be and to what standard of quality it should be noted, as was common with the other methods of engagement, participants did not respond well to the implication made in the independent housing commission report that reducing the level of stock meant that it was possible for the remainder to be of higher quality.
- 8.5. Respondents were more likely to say that the council should have more council housing to meet the need, that this should be of better quality and that there should be more investment in the current stock.
- 8.6. In response to the question of how council housing should be managed respondents were more likely to say that the council housing stock should be council managed, that there should be more resident involvement in the management of council housing, that the council should encourage more Tenant Management Organisations and that the council should work more in partnership with other landlords/boroughs.

### **Area housing forums**

- 8.7. The responses given on who council housing should be for and for how long varied. However, the most common responses were likely to be in favour of those with a strong local connection and those on low incomes.
- 8.8. All area housing forums were in favour of an increase in the council's stock of council homes.
- 8.9. A range of responses were given to how council housing should be managed. The most common responses were that it should be council managed with some of the forums favouring a more local approach and more tenant and leaseholder input/scrutiny.

### **Communities of identity forums**

- 8.10. These groups had no clear consensus on the issue of who should be given priority for council housing but were more likely to say that tenancies should be for life and local connection should stay as it is now (6 months). Most favoured an increase in the age of those who should be able to apply for sheltered housing.
- 8.11. On the question of how much council housing there should be these groups were more likely to favour no reduction in the number of council homes and were more likely to say all housing should be of decent quality.
- 8.12. With regard to how council housing should be managed participants were more likely to be in favour of more resident involvement, a more local approach to management and increasing the number of TMOs. These groups were also more likely to think that different properties have different needs so their management should reflect that.

### **The Futures Steering Board**

- 8.13. The tenants and leaseholders/homeowners that made up the group focused their response on ways in which the council could finance a building programme to, among other things, ensure that it maintained at least the existing level of stock. This applied even if it meant the council building some homes for sale to finance those that were socially rented.
- 8.14. However in response to the question of who council housing should be for and for how long the group felt that the council should maintain lifetime tenancies and should have no income or savings thresholds on who should be able to apply for council housing.

- 8.15. In response to the question of how much and to what standard of quality the group felt that the council should at least retain the existing level of stock but preferably increase the stock of sales available for social rent to meet the demand.
- 8.16. In response to how it should be managed the group felt that this should be council managed but that there was a need to improve the level of service and that there should be more resident involvement/scrutiny in this.

### **Community councils**

- 8.17. On the question of who should council housing be for, participants were most likely to say those most in need.
- 8.18. When asked about how much council housing there should be and to what standard, most participants did not think compromising on quality was acceptable at all and that there should be as much housing as the council can possibly provide. When presented with a stark choice of more units at lower quality or fewer units at higher quality, the majority of respondents preferred the “middle” option of 30,000 good quality units rather than 20,000 top quality or 39,000 of less good quality. However, this was not consistent across all localities. A majority of those attending both Dulwich and Borough, Bankside & Walworth Community Councils favoured the retention of 39,000 rental units and a significant majority of those attending all Community Councils were unhappy with the premise that the provision of more housing might imply lower quality.
- 8.19. Participants were also likely to support more resident involvement and a more local approach to management

### **Homeowners Council**

- 8.20. Leaseholders/homeowner representatives participated in and supported the views of the Futures Steering Board and the Homeowners Council submitted their own response that summarised some of the key issues for this group.
- 8.21. In relation to the question of who council housing should be for representatives of this group wanted the council to provide sufficient housing to meet need in particular to ensure that families and key workers on low incomes are able to afford decent homes in all parts of the borough.
- 8.22. In relation to the question of how much and to what standard of quality this group wanted the council to build as much as possible at least to maintain

the current numbers of socially rented homes in the borough. The group felt that whatever option the council chooses it should consider the impact on homeowners and in particular the impact of service charges both for major works and for ongoing service charges and works with homeowners to mitigate these.

- 8.23. In relation to the question of how council housing should be managed this group tended to conclude that it should be managed by the council but that whatever the council does it takes on board how others can produce better value for money in their management.
- 8.24. This group also favoured greater resident involvement/scrutiny in the management of council housing and while being generally supportive of options like Tenant Management Organisations acknowledged some limitations and felt that these did not necessarily work in every situation.

### **Young people**

- 8.25. On the question of who council housing should be for and for how long, the young people were more likely to say that this should be for those in need of financial help and people on low incomes. Families with children and single parents were among the most mentioned groups although young people also referred to others they saw as vulnerable, such as homeless people, unemployed people, those with disabilities and older people. Young people were also most likely to say that people on low incomes and children should be given priority.
- 8.26. The young people who were engaged through the work with Represent radio were also keen to talk about building communities, not just houses, and the importance of community pride and involvement. They wanted to create places that made people proud of where they lived and where they were involved in managing and keeping their neighbourhoods clean

**Overall**

- 8.27. The diversity of opinion offered through this extensive engagement programme makes overall summation challenging albeit some strong themes have emerged. Respondents were more likely to say that council housing should be for households with low incomes and families with those elaborating citing the need for a local connection, an inaccessibly expensive private rented sector and problem of properties lost to right to buy.
- 8.28. With the exception of the community councils, respondents felt the council should increase its housing stock, with a number stating that the council should build its own homes. In terms of how those homes are managed most felt that the council should remain the service provider, albeit with increased resident involvement, in some cases via the operation of tenant management organisations.



# Let's talk about... The future of housing

## ANNEX 1 – Feedback from area housing forums

Forum	Who should council housing be for and for how long?	How much council housing should we have?	How should our council housing be managed?
Aylesbury - Views collected via individuals' submissions of written comments and prioritisation of statements.	Tenancies should be for life and allocated in a manner that leads to mixed communities.	The council should build more council homes; it can fund the building of council homes by selling a minority of properties privately. This would help create mixed communities too.	Split of opinion – 1) Council housing services should be run by whoever is fit to run them. Or 2) council housing services should not be run by outside organisations.  Concerned that TMOs are not sustainable as rely on individuals who will not always be around in the long term.  Support the idea that services would meet the needs of residents better if they were planned locally rather than centrally.
Bermondsey East – views collected at meeting dated 22 <sup>nd</sup> May	Local people on low incomes should get more priority for council housing as without this families and communities will continue to be broken up as children have to move out of the borough because of unaffordable private sector housing. If children have to move out of the borough then they will not be able to	Southwark should have more council housing. Southwark should stop selling council land to Housing Associations who develop unaffordable properties. Council should stop wasting money on poorly performing contractors.	Services should be council managed but planned and delivered locally as this would improve communication.

	provide support and care to their elderly relatives and the financial burden of this care will then fall on the council.		
Bermondsey West - views collected at meeting dated 14 <sup>th</sup> May	Some sort of priority should be given to people who have lived in Southwark for a long time, without this communities are breaking up as children have to move out of the area as they cannot afford the private rented sector but do not currently qualify for council housing. People who do voluntary work, foster carers and members of the armed forces should also receive priority.	The council should build more properties for rent instead of instead of selling off properties to private developers.  If the council had repaired and maintained the current stock properly over time, there would not be such high investment needs now and the council would have more money to spend on building new homes.  Where there are large scale developments, there is a lack of community spirit in the area and tenants and leaseholders feel excluded when from the planning and investment decision making processes.	Services should be managed by the council, not outside organisations or contractors. For example the repairs services should be bought back in cost to ensure a quality and cost effective service. If services are provided by an outside organisation, tenants and leaseholders should have a greater role in monitoring the performance of contractors.
Borough & Bankside – views collected at meeting dated 17 <sup>th</sup> April	Housing policy should aim at keeping communities together and creating/supporting “functional communities”. Therefore housing policy should be designed so as to make council housing much more popular – so it is a choice people make rather than being the only housing that can be accessed by people who can’t afford other options.  This includes a commitment to life time tenancies.	There should be no reduction in council homes in Southwark. The numbers of flats built in redevelopment are often short fall than the original stock; redevelopment is not a good thing.  It is dishonest to call shared ownership and 80% market rent homes “affordable housing”, maybe the council is saying it is meeting targets by doing this?  Regeneration schemes aren’t delivering sufficient low cost homes for people on average incomes in Southwark.	All three options have some positive elements, but generally the council should just manage services in whichever way results in the best service for residents.  Recommended <ul style="list-style-type: none"> <li>• Services including repairs and investment services need to be much better than it is at the moment.</li> <li>• Select better contractors and check the jobs when it is done on regular basis.</li> <li>• Separate out the roles of social housing and being a landlord with the obligation to look after public buildings.</li> </ul>
Camberwell East – views	There are flaws in the approach taken by the Housing Commission in their	The council should be looking at ways to build more council housing, not reduce its	No to more partnership working, the council always seems to come out of the deal worst off.

collected at meeting dated 20 <sup>th</sup> May	reporting – for example they over estimated the cost of building. The commission just used old tried and tested methods when what was needed was a new way of thinking.	stock. The council should be looking at building homes on the land it already owns, selling a minority on the private market to pay for those that can then be retained for rent at social rent level.	For example major works contractors put pressure on officers. Repairs should be bought back in house.
Camberwell West – views collected at meeting dated 22 <sup>nd</sup> May	Need an increase in local connection to ensure communities are not broken down. Families being separated as adult children have to move out of London to afford renting in the private sector.	The council should make a rolling and regular investment in current stock to ensure that all properties are of a decent standard.	Services should be council managed but planned and delivered locally, local relationships work better.
Dulwich – views collected at meeting dated 16 <sup>th</sup> May		There should be no reduction in the number of council homes in Southwark, in fact the Council should maximise the amount of property it manages perhaps by increasing the amount of tenanted properties in new builds resulting from regeneration schemes. The Council needs to invest in its housing stock by carrying out the major works on its existing stock and building new properties to keep up levels of affordable housing.	On Q3 there was no consensus in the sense that everyone agreed that both options 1 and 3 had merit but did not favour one over the other. There was a desire to keep stock centrally managed by the Council itself with the large scale control over services but would like in the future to see more localised accountability and delivery of services. TMOs were acknowledged to be successes but delegates were cautious about wanting to pursue that option themselves, with many commending the previous availability of neighbourhood offices that were able to provide a form of one-stop service.
Nunhead & Peckham - collected at meeting dated 26 <sup>th</sup> June	Tenancies should be for life.	2008 median earnings – £9-10k, therefore cannot reduce supply of council housing, Council needs to build more while avoiding taking on extra debt. Increase the number of conversions undertaken as these present better value for money/ revisit hidden homes. Stop any large scale stock transfer. Heygate promised social and affordable but now not going to result in any social rent homes.	The council should remain the landlord and provide council landlord services. There should also be a professional in-house investment team.

<p>Peckham collected at meeting dated 20<sup>th</sup> May</p>	<p>People born and bred in Southwark should be able to move and return for various reasons. The council should look into what other boroughs do, such as mutual exchange and downsizing on the same estate. The council could apply flexible tenancy at their discretion, before deciding on tenancy for life.</p>	<p>Not convinced that the council cannot build more houses; moreover, the government have a social responsibility to look after those who cannot afford private renting or home-ownership. It also noted that there is an agenda on rents convergence. The council needs to consider reducing overheads on their housing stock.  Recommendation: Peckham area housing forum propose that the council should build more council homes and drastically reduce overheads to allow maintenance of its stock.</p>	<p>Peckham area housing forum support a combination of option 1,2 &amp; 3 though noted that a number of issues would have to be addressed including, the need for a more fully integrate its housing, planning and regeneration teams.  Tenants and Leaseholders could play a greater role in the design and monitoring of contractors supported with a proviso that there is adequate background checks and training.  The council could generate money from the properties they build and sell, but should continue with their social responsibility that is to make rents and buying affordable as a non-profit organisation.  The council should put in place a mechanism to monitor outside organisations before outsourcing.</p>
<p>Rotherhithe – 7<sup>th</sup> May Views collected via individuals’ submissions of written comments and prioritisation of statements.</p>	<p>Communities are being broken up as families ties are lost because people who have grown up in the area now can’t access council housing anymore.</p>	<p>The council should build more council homes for local people and should invest in the current stock to ensure a decent standard.</p>	<p>Need improved accountability, efficiency, consistency; with less emphasis on process and more on outcomes; currently a sense that ‘the left hand doesn’t know what the right hand is doing’  Officers, teams and department’s responsibilities and contact details should be clear so tenants and leaseholders have a clearer understanding of who deals with what.</p>
<p>Walworth East – views collected at meeting dated 6<sup>th</sup> June</p>	<p>Need to allocate housing to those on low incomes/ unable to afford private sector as well as those who are vulnerable, otherwise estates will turn into ghettos.</p>	<p>Southwark needs more social housing at social rent – not ‘Affordable Rent’ which is not affordable to most people. New building could be built by either the council or housing associations as both have</p>	<p>Council housing services should be managed in house by council officers. Services provided in house are better because they are more accountable and cheaper as they are not run for profit.</p>

<p>Walworth West – views collected at meeting dated 13<sup>th</sup> May</p>	<p>People with strong local connection - current system means families and communities are breaking down as children on low incomes who cannot afford to rent in borough have to move away as they don't get priority for council housing while households who have only recently moved to the borough do.</p>	<p>their good and bad points. Main issue is that whatever is built is truly affordable. The council needs to enforce planning guidance around the 35% affordable properties target in every development but again these must be truly affordable at social rent level.</p>	<p>The council should set up more apprentices particularly in the housing building/ repairs service. Social housing for the people by the people.</p>
		<p>More council housing of a good quality - in order to increase the number of council homes, the council should take advantage of the funding to be raised via private development on the riverside in the north of the borough and current low borrowing rates. Council should build on own land with a split of 50% for private sale and 50% for rent at council social rent level. This approach would be broadly cost neutral, with the private sales funding the costs incurred with building the units for social rent. New social housing should be rent at social rent level, not 'affordable rent' which is not affordable to most people.</p>	<p>Southwark council housing services should be run by professionals with a business approach. The farce of Heygate must never be repeated.</p>



# Let's talk about... The future of housing

## ANNEX 2 – Feedback from community councils

NB: - Number of questions asked dependent on timeslot given. Percentages rounded to nearest whole number. Those in bold most popular responses.

Forum	Borough, Bankside and Walworth Community Council (37 respondents)	Camberwell Community Council (34 respondents)	Dulwich Community Council (21 respondents)	Nunhead and Peckham Community Council (42 respondents)
Community contribution?	<b>Yes – 20 (54%)</b> No – 10 (27%) Didn't vote – 7 (19%)	Not asked	Not asked	Asked who should get extra priority in allocation of council housing? Those most in need (as now) – 7 (17%) <b>Work households on low income – 14 (33%)</b> Those who make community contribution eg key worker – 6 (14%) Those who have been in borough for long time eg 5 years – 5 (12%) <b>I need more information – 9 (21%)</b> Didn't vote – 1 (2%)
Local connection	<b>6 months – 9 (24%)</b> 1 year – 8 (22%) 2 years – 8 (22%) 5 years -4 (11%) Don't know – 3 (8%) Didn't vote – 5 (13%)	Not asked	Not asked	Not asked
Length of tenancy	<b>Life – 27 (73%)</b> 5 years – 4 (11%) 10 years – 0 (0%) 15 years – 1 (3%) 20 years – 2 (5%) Don't know – 3 (8%)	Not asked	Not asked	Not asked
How much council housing	<b>39,000 -12 (32%)</b> 30,000 – 3 (8%)	Same amount (39,000) – 10 (29%)	<b>Same amount (39,000) – 7 (33%)</b> Less (30,000) – 4	Same amount (39,000) – 12 (29%) <b>Less (30,000) – 18 (43%)</b>

Forum	Borough, Bankside and Walworth Community Council (37 respondents)	Camberwell Community Council (34 respondents)	Dulwich Community Council (21 respondents)	Nunhead and Peckham Community Council (42 respondents)
should we have?	20,000 -2 (5%) Other/more – 7 (19%) Didn't vote – 13 (35%)	<b>Less (30,000) – 16 (47%)</b> Much less (20,000) – 4 (12%) Didn't vote – 4 (12%)	(19%) Much less (20,000) – 0 (0%) Didn't vote – 10 (48%)	Much less (20,000) – 7 (17%) Didn't vote – 5 (12%)
External organisations, for example other social landlords, should have a role in managing council housing services	<b>Strongly Agree – 3 (8%)</b> Agree – 11 (30%) Neither - 6 (16%) Disagree – 5 (14%) <b>Strongly disagree – 7 (19%)</b> Didn't vote – 6 (16%)	Strongly Agree – 7 (21%) Agree – 6 (18%) Neither - 3 (9%) <b>Disagree – 9 (26%)</b> <b>Strongly disagree – 6 (26%)</b> Didn't vote -3 (9%)	Strongly Agree – 0 (0%) Agree – 3 (14%) Neither - 3 (14%) <b>Disagree – 9 (43%)</b> <b>Strongly disagree – 6 (29%)</b> Didn't vote -0 (0%)	<b>Strongly Agree – 9 (21%)</b> Agree – 6 (14%) Neither - 7 (17%) Disagree – 7 (17%) <b>Strongly disagree – 12 (29%)</b> Didn't vote -1 (2%)
Where services are provided by an outside organisation, tenants and leaseholders should play a greater role in monitoring the contractor's performance	<b>Strongly Agree – 18 (49%)</b> <b>Agree – 12 (32%)</b> Neither - 1 (3%) Disagree – 1 (3%) Strongly disagree – 0 (0%) Didn't vote – 5 (14%)	<b>Strongly Agree – 27(79%)</b> Agree – 4 (12%) Neither - 0 (0%) <b>Disagree – 1 (3%)</b> Strongly disagree – 1 (3%) Didn't vote -1 (3%)	<b>Strongly Agree – 13 (62%)</b> <b>Agree – 6 (29%)</b> Neither - 2 (10%) Disagree – 0 (0%) Strongly disagree – 0 (0%) Didn't vote -0 (0%)	<b>Strongly Agree – 29 (69%)</b> Agree – 2 (5%) Neither - 2 (5%) Disagree – 1 (2%) <b>Strongly disagree – 3 (7%)</b> Didn't vote -5 (12%)
Council housing services would meet the needs of residents better if they were planned and delivered locally rather than centrally	<b>Strongly Agree – 14 (38%)</b> <b>Agree – 15 (41%)</b> Neither - 2 (5%) Disagree – 2 (5%) Strongly disagree – 0 (0%) Didn't vote – 4 (11%)	<b>Strongly Agree – 13(38%)</b> Agree – 6 (18%) Neither - 4 (12%) <b>Disagree – 9 (26%)</b> Strongly disagree – 1 (3%) Didn't vote -1 (3%)	<b>Strongly Agree – 4 (19%)</b> <b>Agree – 11 (52%)</b> <b>Neither – 4 (19%)</b> Disagree – 1(5%) Strongly disagree – 0 (0%) Didn't vote -1 (5%)	<b>Strongly Agree – 27 (64%)</b> Agree – 4 (10%) <b>Neither - 6 (14%)</b> Disagree – 0 (0%) Strongly disagree – 2 (5%) Didn't vote -3 (7%)
The council	<b>Strongly Agree – 14 (38%)</b>	<b>Strongly Agree – 13 (38%)</b>	Strongly Agree – 5 (24%)	<b>Strongly Agree – 21 (50%)</b>

Forum	Borough, Bankside and Walworth Community Council (37 respondents)	Camberwell Community Council (34 respondents)	Dulwich Community Council (21 respondents)	Nunhead and Peckham Community Council (42 respondents)
<p>should increase the number of properties it has, even if it has to build some properties for private market rent, or purchase, to subsidise the low rent council properties</p>	<p><b>Agree – 10 (27%)</b>  <b>Neither - 7 (19%)</b>  <b>Disagree – 2 (5%)</b>  <b>Strongly disagree – 0 (0%)</b>  <b>Didn't vote – 4 (11%)</b></p>	<p><b>Agree – 6 (18%)</b>  <b>Neither - 2 (6%)</b>  <b>Disagree – 9 (26%)</b>  <b>Strongly disagree – 2 (6%)</b>  <b>Didn't vote - 2 (6%)</b></p>	<p><b>Agree – 6 (29%)</b>  <b>Neither - 3 (14%)</b>  <b>Disagree – 7 (33%)</b>  <b>Strongly disagree – 1 (5%)</b>  <b>Didn't vote - 0 (0%)</b></p>	<p><b>Agree – 8 (19%)</b>  <b>Neither - 8 (19%)</b>  <b>Disagree – 2 (5%)</b>  <b>Strongly disagree – 3 (7%)</b>  <b>Didn't vote - 0 (0%)</b></p>
<p>The council should do all it can to increase the number of estates/ blocks that are run by Tenant Management Organisations</p>	<p><b>Strongly Agree - 7 (19%)</b>  <b>Agree – 10 (27%)</b>  <b>Neither - 12 (32%)</b>  <b>Disagree – 2 (5%)</b>  <b>Strongly disagree – 2 (5%)</b>  <b>Didn't vote – 4 (11%)</b></p>	<p><b>Strongly Agree – 4 (12%)</b>  <b>Agree – 4 (12%)</b>  <b>Neither - 15 (44%)</b>  <b>Disagree – 5 (15%)</b>  <b>Strongly disagree – 6 (18%)</b>  <b>Didn't vote - 0 (0%)</b></p>	<p><b>Strongly Agree – 5 (24%)</b>  <b>Agree – 3 (14%)</b>  <b>Neither - 6 (29%)</b>  <b>Disagree – 2 (10%)</b>  <b>Strongly disagree – 4 (19%)</b>  <b>Didn't vote - 1 (5%)</b></p>	<p><b>Strongly Agree – 13 (31%)</b>  <b>Agree – 11 (26%)</b>  <b>Neither - 8 (19%)</b>  <b>Disagree – 2 (5%)</b>  <b>Strongly disagree – 5 (12%)</b>  <b>Didn't vote - 2 (5%)</b></p>
<p>Different types of properties (eg tenanted or leasehold, block or street) have different needs, so services should be provided in different ways, or by different organisations</p>	<p><b>Strongly Agree - 7 (19%)</b>  <b>Agree – 12 (32%)</b>  <b>Neither - 9 (24%)</b>  <b>Disagree - 7 (19%)</b>  <b>Strongly disagree – 1 (3%)</b>  <b>Didn't vote – 1 (3%)</b></p>	<p><b>Strongly Agree – 9 (26%)</b>  <b>Agree – 11 (32%)</b>  <b>Neither - 7 (21%)</b>  <b>Disagree – 5 (15%)</b>  <b>Strongly disagree – 2 (6%)</b>  <b>Didn't vote - 0 (0%)</b></p>	<p><b>Strongly Agree – 4 (19%)</b>  <b>Agree – 2 (10%)</b>  <b>Neither - 5 (24%)</b>  <b>Disagree – 4 (19%)</b>  <b>Strongly disagree – 5 (24%)</b>  <b>Didn't vote - 1 (5%)</b></p>	<p><b>Strongly Agree – 8 (19%)</b>  <b>Agree – 14 (33%)</b>  <b>Neither - 7 (17%)</b>  <b>Disagree – 2 (5%)</b>  <b>Strongly disagree – 4 (10%)</b>  <b>Didn't vote - 7 (17%)</b></p>

## ANNEX 3 – Open surveys - Full ranking of issues/ comments made

Question 1 – Who should council housing be for and for how long?

*Opinions/ comments rank in order of number of respondents who mentioned them.*

<b>Who should council housing be for?</b>	
Low income households	151
Those with a local connection	105
Disabled & long term sick	89
For those who can't afford expensive PRS	88
Families	86
Elderly	66
Working	65
For those who 'need' it	65
Everyone	51
Vulnerable	43
Key workers	33
Homeless	29
Single parents	28
Young people	22
Single persons	18
Those who make a contribution	18
Unemployed	13
Carers	8
Refugees	7
Ex service personnel	5
Victims of domestic abuse	4
Volunteers	2
Legal duty	2
As it is	5
<b>For how long?</b>	
Tenancies should be for life	118
Should review whether someone still needs a tenancy periodically	61
Tenancies should be for as long as tenant needs it.	48
Tenancies should not be for life	46
For succession	4
Against succession	3
<b>Means testing</b>	
<b>Mentions means testing of which:</b>	<b>86</b>
Means test - general reference	24
Should means test and leave tenancy	22
Means test and pay higher rent	18

Means test to join list	17
Should not means test	5
<b>Cross cutting issues</b>	
Unfair or problem that housing goes to immigrants who have not been in the borough that long	43
Council should do more to address underoccupation	41
Mixed communities important	23
Need sustainable communities	21
Council should do more to address subletting	15
Against Right to Buy	13
Council should be stronger on tenancy enforcement	6
Regen/ developers not working	4
Against welfare reform	3
Poor contractor performance	1
<b>Count of OTH</b>	<b>182</b>

Question 2 - How much council housing should we have and of what quality?

<b>How much council housing should we have?</b>	
More	107
More and be of good quality	81
Should not reduce from 39,000	78
'As much as possible'	35
30,000	26
Should get more affordable housing from developers/ through planning e.g. unlike Heygate	25
39,000 of good quality	23
Stop selling off land and/or properties	19
Should sell old to fund new building	17
20,000	16
No more	6
Use right to buy receipts to fund new building	5
<b>And of what quality?</b>	
Council housing should be of a good quality	66
The council should invest in its current stock	54
Needs more homeowner products	34
Should be better at repairing and maintaining properties	26
Should be of basic quality	16
More sheltered and adapted housing	9
Decent homes standard	9
More family sized homes	9
More single person sized homes	8
Protect green spaces	7
New homes need to be better designed	6

<b>Cross cutting issues</b>	
Against Right to Buy	34
Private sector too expensive to access	26
Mixed communities important	19
Unfair or problem that housing goes to immigrants who have not been in the borough that long	10
Tenants should do more	10
Council should stop selling land and/or homes	8
Council should sell in order to build more of better quality.	8
Council should do more about empty homes	9
Council should be stronger on tenancy enforcement	6
Council should do more to address underoccupation	4
Council should improve contract management	4
Need sustainable communities	3
Council should do more to address subletting	2
Against welfare reform	1
<b>Count of OTH</b>	<b>180</b>

### Question 3 – How should we manage our council housing?

<b>How should we manage our council housing?</b>	
Should be managed by the council	163
Should have more resident involvement	76
Should be managed by TMOs	63
Should be managed in partnerships	46
Should be managed by council, TMOs and in partnership	40
Should be managed by RSLs	38
Need to improved customer service	38
Should be devolved	36
Should be managed by council and TMO	35
Should be managed in a more business like way	23
Should be managed not for profit	21
Need to improve repairs and maintenance service	16
Should bring back caretakers	16
Tenants should do more	14
Council should be a large scale developer	12
Council should improve contract management	12
Against TMO	9
Should be managed via local offices	8
Support Co-ops	8
Against RSLs	6
<b>Cross cutting issues</b>	
Council should be stronger on tenancy enforcement	6
Council should do more to address subletting	3

Against Right to Buy	2
Council should do more to address underoccupation	2
Need sustainable communities	2
Private sector too expensive to access	2
Mixed communities important	1
<b>Count of OTH</b>	<b>97</b>

Questions 1- 3 – Cross cutting comments ranked

<b>Cross cutting issues - TOTAL</b>	
Unfair or problem that housing goes to households who have not been in the in the country that long	53
Against Right to Buy	49
Council should do more to address underoccupation	47
Mixed communities important	43
Private sector too expensive	28
Need sustainable communities	26
Council should do more to address subletting	20
Council should be stronger on tenancy enforcement	18
Tenants should do more	10
Council should do more about empty homes	10
Council should stop selling land and/or homes	8
Council should sell in order to build more of better quality.	8
Council should improve contract management	4
Against welfare reform	4
Regeneration/ developments not working	4
Poor contractor performance	1

## **ANNEX 4 – Rerezent Radio – Report on commissioned Southwark Council housing engagement**

Please see attached PDF.

## **ANNEX 5 – Rerezent Radio – Summary of focus group and online surveys**

Please see attached PDF.

## **ANNEX 6 – Questions/comments recieved via Twitter Q & A**

RT @doylefotografix **new housing being built Edmund st. No solar panels, ground source heat pumps, brown water reclamation.2013? Rubbish #askpeterjohn**

RT @NAT\_AIDS\_Trust **How r housing needs of disabled people & people living with HIV taken into account in your allocations policy? #askpeterjohn**

RT @holden\_izzy **Why are people who ask for smaller homes given more priority then those with severe and serious medical needs? #askpeterjohn**

RT @\_theSpectacle\_ **How do feel about leaving 1000 decent homes empty at the Heygate so Southwark could make a lousy £4m? #askpeterjohn**

RT @\_theSpectacle\_ **Can any council tenants feel secure in your borough? #askpeterjohn**

RT @\_theSpectacle\_ **How do feel about the lies your council told Heygate residents? #askpeterjohn**

RT @betterelephant: **@\_theSpectacle\_ forcibly displaced #heygate residents certainly have something to say: <http://t.co/TeQHjOyZJz> #askpeterjohn**

RT @ragmall **What is being done to get fibre optic broadband for those in Rotherhithe directly connected to the exchange and won't benefit? #askpeterjohn**

RT @juliancheyne @singleaspect @michaellondonsf **been to many 'consultations' by different authorities - they are a front for pre-made decisions #askpeterjohn**

RT @singleaspect @michaellondonsf **But are they employing a PR firm or sending people involved? Big difference. #askpeterjohn**

RT @PovertyVoice 4/ **Way ppl treated by gvmt & council services "you feel like dirt on floor". "Dignity" charter for Southwark svcs? #askpeterjohn**

RT @PovertyVoice 3/ **Ppl confused by current changes. In recent housing forum, main issue lack of advice & support. Can you provide more? #askpeterjohn**

RT @PovertyVoice 2/ **Can @lb\_southwark specifically commit to involving the most deprived residents of borough in making decision on housing? #askpeterjohn**

RT @PovertyVoice 1/ **We're a @lb\_southwark-funded proj supporting ppl in #poverty to have their say on matters affecting their lives #askpeterjohn @peterjohn6**

RT @rottenouthwark **Do you get paid to keep charging for broken CCTV while crime subsequently flourishes? #askpeterjohn**

RT @singleaspect is **Dawson Heights safe from development for the next 30 years? Bearing in mind it's not listed.** #askpeterjohn

@Ben\_Winkley **80% on-year increase in service charge: either LBS doesn't have control of costs now or has taken eye off ball before - which?** #askpeterjohn

## ANNEX 7 - Feedback received via online forums

The following was posted both three online forums:

My name is Alice Orr-Ewing and I am organising Southwark Council's consultation on the future of council housing the borough. I am hoping East Dulwich forum members may have views on this subject they would be happy to share.

As London's largest council landlord, social housing is central to Southwark and as such we are seeking the views of all residents of the borough.

By way of some background... in 2011, the council appointed an independent housing commission to:

- \* explore options for the future financing, ownership and operation of Southwark's council housing stock beyond 2015/16.
- \* examine proposals and make recommendations for an investment strategy for up to 30 years

In October 2012, this independent housing commission published a report entitled 'The future of council housing in Southwark' ( [[moderngov.southwark.gov.uk](http://moderngov.southwark.gov.uk)] ). The report outlined 3 investment scenarios as well as 3 options for how council housing could be managed in the future.

At this early stage, we are not consulting on a preferred option or proposal; rather we are presenting the findings of the independent housing commission and asking for residents' views on the following broad questions.

- \* Who should council housing be for, and for how long?
- \* How much council housing should we have?
- \* How should our council housing be managed?

More information about the housing commission (including a video presentation by the commission's chair) and its report can be found here [[www.southwark.gov.uk](http://www.southwark.gov.uk)]

An online survey which asks the three broad questions above is available here [[forms.southwark.gov.uk](http://forms.southwark.gov.uk)] alternatively you can come along and complete the survey in person at one of these events - [[www.southwark.gov.uk](http://www.southwark.gov.uk)]

I'll keep an eye on this thread and endeavour to respond to any enquiries as they come up, alternatively, please contact me on the details below.

Many thanks,

Alice Orr-Ewing | Resident Involvement Coordinator  
Community Participation | Housing and Community Services Department |

Southwark Council  
 Location: 2/4 160 Tooley Street, London SE1 2QH  
 Tel: 020 7525 7791 | [alice.orr-ewing@southwark.gov.uk](mailto:alice.orr-ewing@southwark.gov.uk)

**SE1 Forum thread – original post dated 30<sup>th</sup> April can be located:**

<http://www.london-se1.co.uk/forum/read/1/170308>

1 comment by 1 forum member

**Jan the old one** Tuesday 30 April 2013 6.41pm  
 Stop selling off ANY Council property, libraries, schools, housing....and refuse permission for tenants to sublet their property for inflated rents if the right to be can not be rescinded(?) dunno if thats the right word. now will peruse the rest of your post and links Alice!

**East Dulwich Forum thread – original post dated 7<sup>th</sup> May can be located:**

<http://www.eastdulwichforum.co.uk/forum/read.php?20,1103240,page=1>

35 comments by 11 forum members

**✉ Re: Consultation on the future of council housing in Southwark**

Posted by **Too Good To Be True** May 07, 01:23PM

Thanks for highlighting this survey. I've replied using the Southwark Council portal.

Will you be sharing the findings with Family Mosaic and other publicly-funded housing providers? Seems important for at least the third question (and probably all three).

**✉ Re: Consultation on the future of council housing in Southwark**

Posted by **LBS RI coordinator** May 07, 01:33PM

Thank you Too Good To Be True, yes we will be sharing the findings publically. Additional consultation is being undertaken with other groups such as housing associations who operate in the borough, as you highlight it is not just residents who will have a view and interest in these questions.

Alice

**✉ Re: Consultation on the future of council housing in Southwark**

Posted by **rahrahra** May 07, 01:42PM

"half the households in the borough live in a property owned by the council". wow, that's incredible.

**✉Re: Consultation on the future of council housing in Southwark**

Posted by **Too Good To Be True** May 07, 02:18PM

I assume that figure doesn't include housing association, but does include private leaseholders where the council owns the freehold.

I was initially surprised, but then remembered every street I've lived on has had some council residences.

**✉Re: Consultation on the future of council housing in Southwark**

Posted by **DaveR** May 08, 06:56PM

I had a quick skip through the report. I have to say that my impression was that the authors (a seemingly impressive bunch) have not really addressed the key issue in the terms of reference i.e. ownership. They recognise that for the last 20+ years most of what has been happening in the area of social housing has been through independent organisations, not local authorities at all, but then never ask themselves the key question i.e. why should Southwark be in the business of owning and operating social housing at all? I note that the Peabody Trust came close to suggesting that but they obviously realised that it was outside the true terms of reference for this exercise.

**✉Re: Consultation on the future of council housing in Southwark**

Posted by **Pugwash** May 10, 12:49AM

Bromley Council many years ago decided that it would not operate any council social housing and hived all their housing stock off to Broomleigh Housing - a Housing Association. I think Broomleigh has now dissolved. Housing Associations rents are far higher than council rents.

With the 'bedroom tax' looming for those council tenants under pension age, plus the changes in Housing Benefit (being paid monthly directly to tenant via bank account), and getting rid of council tax benefit as we now know it, we need to have a variety of rented accommodation options that offer alternatives to private highly priced homes.

Southwark is the largest ( or one of the largest) social housing providers in the country.

**✉Re: Consultation on the future of council housing in Southwark**

Posted by **DJKillaQueen** May 10, 01:14AM

For me the issue is a simple one. Do we believe that affordable homes should exist for those on low or no incomes, or don't we? Common sense tells us that there are always going to be people with low income, irregardless of how successful an economy is or isn't. So why do we not care more than we do about where they are housed?

The second issue is that of who should manage and own social housing. Council tenants have far more protection under housing law than HA tenants and for that reason alone, councils should be allowed to continue to provide housing. The alternative is to create instability for millions of vulnerable and poor people on something as basic as housing.

The thing that continues to astound me is why government, knowing full well the problems and crisis looming, are not doing more to help social landlords provide those homes. Why they pursue with this ridiculous idea that house prices can just keep going up and up, as though a never ending supply of first time buyers exists - which of course they don't - which is why we see a continuous stream of new incentives dreamt up, like part buy part rent, or the latest being government grants to help first time buyers and a stupidly huge increase in discount for right to buy council tenants.

The bottom line is that this government wants no councils owning any housing. They want it all in the private sector or under HA's (both far more expensive rental options), whilst reducing the amount of help given through benefits for those on low or no income.

Most people I think would rank a place to live as being as important as healthcare, food, and education. So why some people think it's ok to squeeze the poorest out of decent affordable housing is a mystery to me. Do we really want a return to overcrowded slum dwellings? (and all the consequences of that?). Beveridge would be turning in his grave.

**✉Re: Consultation on the future of council housing in Southwark**

Posted by **DaveR** May 10, 12:47PM

I would put the questions slightly differently

1. do we want there to be social housing? answer, yes
2. on what terms should it be offered i.e. how cheap, what sort of tenure, and how allocated? This is a political decision, whether local or national, and there is obviously no single, simple answer. In particular, you ideally want a system that does not incentivise dependence, but recognises the reality that some people may need social housing for life.
3. Who should own and run it? This is an entirely separate question from 2. My reason for preferring independent bodies over local authorities is a simple one - all other things being equal, specialists do a better job than generalists. There are also some more particular reasons, e.g. local authority boundaries are pretty arbitrary (particularly in London) from a housing perspective, and that makes the system needlessly complicated.

**✉Re: Consultation on the future of council housing in Southwark**

Posted by **Too Good To Be True** May 10, 01:54PM

Does it make sense to have social housing disproportionately concentrated in expensive central London boroughs?

Hypothetical example:

If Southwark is 50% social housing and Bromley 20%, over the long term it might make sense to shift council housing to Bromley to the point at which the proportions are equal (say 35% - avoiding either becoming disproportionately middle class/council house).

The money saved could be spent on reducing the chance of future generations needing social housing, say by spending more on schools.

**✉Re: Consultation on the future of council housing in Southwark**

Posted by **LondonMix** May 10, 02:52PM

I agree that how socially housing is allocated geographically is important. The demand for social housing (due to internal migration from elsewhere in the UK) is virtually limitless. How concentrated social housing is in any given borough and how of London's overall housing stock should be allocated to social housing are tough questions. If you think the answer is anything between 100% or 0% how you come up with a figure is difficult.

Every house that is developed for social housing that could be developed for private ownership, exacerbates the shortage of private housing in London and vis-a-versa. Whatever is developed it helps one segment of the community at the expense of the other. As long as more people want to live in London than can afford to (private and social) these decision will remain zero-sum. London is turning into a city of extremes with a smaller and smaller middle income population.

I say this not knowing what the answer is...

**✉Re: Consultation on the future of council housing in Southwark**

Posted by **Too Good To Be True** May 10, 03:27PM

I think any answer should involve:

1. Building up - there's no reason why we can't have high quality high rise of the sort you see in Singapore (large communal gardens, swimming pool, well sound-proofed, decent-sized rooms etc). I don't think the younger generation are as rigidly anti-flat as their suburban-utopia parents.


2. Encouraging the expansion of a second UK metropolis. Building radically from London just encourages inequality. e.g. HS2/cross-rail will just encourage more

people to commute into London, making London property more valuable and increasing the benefits bill for those in social housing. Why not start building radically from, say, Manchester, until it reaches the population density required to sustain all the great amenities London has?

 **Re: Consultation on the future of council housing in Southwark**

Posted by [DaveR](#) May 10, 03:30PM

I agree with the first, and the aspiration of the second, but encouraging economic development in cities outside London will not be achieved by building houses there (or by shifting public sector jobs there - that's been tried already).

 **Re: Consultation on the future of council housing in Southwark**

Posted by [Too Good To Be True](#) May 10, 03:34PM

Perhaps devolution and tax breaks for point 2 (like the old special enterprise zones in China). It is a tough one.

I meant radial infrastructure rather than house-building.

 **Re: Consultation on the future of council housing in Southwark**

Posted by [LBS RI coordinator](#) May 10, 03:51PM

Thank you for your comments so far, these really do reflect the huge challenges and questions these issues pose.

Please do visit the link above complete the survey online, however comments made on this thread will also be fed into the summary of feedback report that will be drafted this summer.

Regards,

Alice

 **Re: Consultation on the future of council housing in Southwark**

Posted by [LondonMix](#) May 10, 05:17PM

I definitely agree with point 2 but also recognise that this will be a challenge. The real pull would have to be jobs I think. Incentives for businesses to locate in major cities outside of London would definitely help. The stuff people value about London won't develop unless people who like to buzz of London and will patronise those types of activities can find work in industries that inspire them elsewhere. Infrastructure etc matters but jobs really are the biggest factor I think. London creates a lot of employment which is why its such a mecca for talented people.

Point 1 is harder. Dense residential developments work well in newly developing areas. However, its difficult to plop a massive high rise in an area full of low rise

structures. I think because London is so green (parks everywhere), living in apartments is actually easier here than in lots of cities. However, so much of London has already been developed as low rise homes its hard to know if there are enough suitable areas to make this a real solution.

Too Good To Be True Wrote:

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> I think any answer should involve:

>

> 1. Building up - there's no reason why we can't

> have high quality high rise of the sort you see in

> Singapore (large communal gardens, swimming pool,

> well sound-proofed, decent-sized rooms etc). I

> don't think the younger generation are as rigidly

> anti-flat as their suburban-utopia parents.

>

> 2. Encouraging the expansion of a second UK

> metropolis. Building radially from London just

> encourages inequality. e.g. HS2/cross-rail will

> just encourage more people to commute into London,

> making London property more valuable and

> increasing the benefits bill for those in social

> housing. Why not start building radially from,

> say, Manchester, until it reaches the population

> density required to sustain all the great

> amenities London has?

**✉Re: Consultation on the future of council housing in Southwark**

Posted by [uncleglen](#) May 10, 06:05PM

Friends of the earth have estimated that this country can sustain 30 million people. Why is it that politicians (apart from Chinese ones) never mention population control? (Because they are happy for us all to live in misery so long as they get their votes methinks)

The world population is increasing at an unsustainable rate and nothing is being done.

This is because politics works in the short term and they just have their eye on the next election and will say and do whatever it takes to manipulate the ballot box.

You may say I am a cynic but I have been involved in all hues of politics and they all want one thing- power- and are therefore not to be trusted

**✉Re: Consultation on the future of council housing in Southwark**

Posted by [DJKillaQueen](#) May 10, 06:05PM

'encouraging economic development in cities outside London will not be achieved by building houses there (or by shifting public sector jobs there - that's been tried already)'

And cities in the north have been demolishing housing because there's no-one to live in them. The exodus to the South East has been a long one, over decades. That's what happens when one government destroys the last industry of an area and successive government also fail to regenerate.

It's because of that fact that criticism of migration irritates me. people will go where they have the best chance of finding work. That hasn't been anywhere outside the South East in 30 years.

I also am vehemently against the idea that poorer communities should be farmed out to the suburbs (as though they have no right to be part of a capital inner city). Paris did that....and the consequences are there for all to see.

I like the suggestion of well designed, and practical high rise tenement blocks, but think LMs point about fitting that into the current London landscape is a valid one. We have to accept that London is becoming a mega city, and that means we need to house a lot of people, irregardless[sic] of income or wealth. On the downside though, London has historically suffered from poor planning, too many authorities and too much red tape. Getting anything done takes forever by which time the original problem has morphed into something else. That's not going to change anytime soon either.

Just also to take issue with someone's point that councils are somehow not as adept as managing housing as say an HA. Creaming off council tenants rents (which government does) has been one major reason why councils have found themselves struggling to maintain the condition of their stock in the past. Why councils can not keep all of the rent they collect has always baffled me. To add insult to that, the government then gave some of that rent they creamed, back, and called it a subsidy - thereby leading the majority of people who know nothing about the inner financing of social housing to believe that council tenants rents are subsidised by central government.

My view is that councils are perfectly capable of managing social housing, if left to do it on the same level playing field as HAs. At present though, all government capital funding and incentives for social housing strongly favour HAs.

**✉Re: Consultation on the future of council housing in Southwark**

Posted by [DJKillaQueen](#) May 10, 06:09PM

I agree uncleglen. There is no long term planning on social issues anymore....just meandering policies designed to gain the short term vote.

**✉Re: Consultation on the future of council housing in Southwark**

Posted by [LondonMix](#) May 10, 06:39PM

Agree totally that the inner London should definitely include poorer members of the community in the overall socio-economic mix. However, with housing a scarce resource, what do you think DJ is the right percentage of London's housing stock that should be allocated to social housing. It can't be everything and for proper planning, there needs to be some target in mind. That's what I am struggling with. I think higher than the national average is okay as London offers more opportunities but I don't know what the right number is given the impact it has on the cost of private housing.

DJKillaQueen Wrote:

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>

> I also am vehemently against the idea that poorer  
> communities should be farmed out to the suburbs  
> (as though they have no right to be part of a  
> capital inner city). Paris did that....and the  
> consequences are there for all to see.

 **Re: Consultation on the future of council housing in Southwark**

Posted by [DJKillaQueen](#) May 10, 11:53PM

I think the moment we apply percentages is a bad moment....because there already exists an historically established quota, based on need. Any tinkering with it, draconian or otherwise is social engineering at it's worst. The political pressure is downward...on further reducing the available social housing in the capital.....but no-one has given any decent reason why that should be.

I am firmly of the view that housing policy should reflect need (as it has before).....because history has shown us the consequences of a policy not driven by need...and until the day we are all born economically equal (amongst other things) I think no pseudo intellectual or lesser intellectual economist can argue for anything based on anything other than need, if he/she wants to affect the impact of inequality at birth bears on some members of our society.

I care about those who are poor and disconnected, through no fault of their own. It's what makes me selfless and civilised. It's a real shame more people don't feel the same way.

 **Re: Consultation on the future of council housing in Southwark**

Posted by [LondonMix](#) May 11, 12:57AM

That's pretty self-righteous. Its a question in the survey and acknowledging that there is a trade off involved in these decisions doesn't mean that someone doesn't care about the poor, aren't civilised etc...

 **Re: Consultation on the future of council housing in Southwark**

Posted by [DJKillaQueen](#) May 11, 01:43AM

It's not self righteous at all. It's the difference between seeing 'need' as opposed to the self interested policy that seems to emanate from the political parties these days. My point is that the trade off is the result of selfish posturing by government, policy to pit the majority over the minority, deflecting away from the politicians who make policy and making scapegoats of the poorest and most vulnerable (and local authorities too). It is the job of government to provide for all within society - to strike a reasonable balance. If society needs more affordable housing then policy should be conducive towards that. Instead we have policy that is moving away from social housing as an option altogether, where the poorest are shoved into overcrowded living conditions, or worse still made homeless altogether. Local authorities should be standing up to government on this, not caving in and asking constituents to help them come up with the best structure within government dictate. NO PARTY WON AN OVERALL MAJORITY...yet we have a Tory party acting as though it did. Shameful.....

Here's a parallel...do we start turning children away from schools because the need for places is ignored over what we want to afford? Do we start turning people away from hospitals because their need is less important than what we want to afford? A place to live is as essential as healthcare and education.....any idea that can be dealt with by quota is as ridiculous as suggesting education and healthcare should be under the same consultation.

And just to add regarding this survey (and I attended a CC meeting with a workshop around this survey)...like many surveys, the people most likely to input into it and shape the findings are not going to be those most affected by it's conclusions. Those people really are without a voice in all aspects of consultation. We live in a culture where those who are best educated, most informed, most articulate and shout loudest, get heard. The people most affected by any decisions this consultation may take will not have had the largest input into that decision making. I could already see that impact at play at my CC meeting. No amount of consultation, changing goalposts, management etc is going to change the level of basic need for affordable housing.....and to pretend otherwise is delusional.

**✉Re: Consultation on the future of council housing in Southwark**

Posted by [mynamehere](#) May 11, 07:40AM

Southwark just lost a one billion pound investment by UCL in Bermondsey. It seems it was theirs to lose and they lost it. UCL and their money for housing and jobs and education have gone to Stratford

**✉Re: Consultation on the future of council housing in Southwark**

Posted by [kr1st3l](#) May 12, 03:24AM

"Building up" is spatially beneficial, but also councils should consider a buy back scheme aimed at buying back right to buy properties. This could be offered to anyone wishing to sell their ex-council property; i.e. couples with children who no

longer live at home wishing to downsize & older citizens wishing to move into residential accommodation or who wish to retire somewhere peaceful'n'sunny!! There are so many under-occupied homes in Southwark & the new 'extra bedroom' tax is ridiculously unfair & greedy, whilst not actually solving or easing the strain on our housing problems. Councils could offer ex-council property owners a fairer deal than they could achieve selling privately; whereby they achieve the full value of their home but without any agency fees & a tax/stamp duty relief. Also, rather than raising rent/service charges on under-occupied council properties, actually offering alternative options would be far more acceptable to council tenants. Those with extra rooms could be offered an exchange or to downsize; with the option of being able to select viable properties & location of their choice (without having to use the bidding system). This would be a much better approach to tackling our boroughs housing deficiency. Householders and tenants alike, should not & would not, feel they are being deliberately forced into poverty/financial burden, and so forcing them out of their family home that they may have lived in for years! This is heartbreaking for most people, so offering other housing options -less aggressive actions on behalf of councils would be far more agreeable to our community.....

**✉Re: Consultation on the future of council housing in Southwark**

Posted by [TE44](#) May 12, 11:30AM

This woman left a suicide note blaming government, after struggling to pay her bedroom tax.

Of course, there are many things that lead to this act, but there are many people who are struggling day to day with mental and physical health problems who are facing losing their homes. I cannot understand how tackling the issues of under occupied houses with bedroom tax without any attempt to consult or offer alternative housing for people in this situation.

**✉Re: Consultation on the future of council housing in Southwark**

Posted by [DJKillaQueen](#) May 12, 01:59PM

That's very sad and not that rare. 1300 people have died after failing an ATOS assessment (since its introduction). People ARE dying because of this government's reforms. If a person is living on the breadline (and benefits are just that) and on top of that are suffering from depression (a condition that the government doesn't think is a disabling illness btw) then it's not hard to see why trying to find an extra £10 a week for rent can be the tipping point of despair.

The bedroom tax is nonsense of course, designed by people who have no idea what they are doing. And if they could find a way to reduce basic rate benefit (the £71 or so of JSA) they would. They can't do that without legal review though, which might well decide that people need MORE to live on. So instead they attack periphery benefits.

With regard to councils, when they sell through right to buy...they are not getting anything near the market value of the property. The Tory government have always

decided that massive discounts should be given to council tenants (Labour reduced the discount - the coalition have made it bigger than ever). WHY? It's designed to render councils incapable of replacing that stock. WHY? Because we have affluent and ignorant Tories in power who think we should return to a Dickensian world of overcrowded slums for the poorest, provided by private landlords.

There was no consultation regarding the bedroom tax with local authorities, to a) find out how many properties each authority held that were under occupied and b) to find out if local authorities had enough alternative smaller accommodation to rehouse people to. Incomptant for sure but also an indication of just how nasty this government is. They really do not care if the housing market can not provide suitable affordable alternatives.

**✉Re: Consultation on the future of council housing in Southwark**

Posted by [Chillaxed](#) May 13, 02:06PM

"With regard to councils, when they sell through right to buy...they are not getting anything near the market value of the property. The Tory government have always decided that massive discounts should be given to council tenants (Labour reduced the discount - the coalition have made it bigger than ever). WHY? It's designed to render councils incapable of replacing that stock. WHY? Because we have affluent and ignorant Tories in power who think we should return to a Dickensian world of overcrowded slums for the poorest, provided by private landlords."

I don't follow the logic here. How does the right-to-buy scheme render councils incapable of replacing that stock?

**✉Re: Consultation on the future of council housing in Southwark**

Posted by [DJKillaQueen](#) May 13, 02:41PM

Because tenants are given anything up to £100k off the market value. Imagine if you owned a home worth £200k but were only allowed to sell it for £100k. Discounts can be up to 70% of the market value. Labour reduced the discounts, the coalition have made them bigger than ever.

Also when Thatcher's government first introduced this policy, councils weren't allowed to spend any of the money from the sales at all on house building (Labour changed that). It was an out and out attempt to reduce social housing.

Over the past thirty years around two and a half million homes have been lost to the private market through right to buy, and worse still, a third of those sold homes are now in the hands of private landlords. The son of one former Tory Housing Minister owns 40 ex local authority homes alone.

There are around five million people nationwide on social housing waiting lists. There's no doubting that the right to buy scheme has been a disaster for affordable housing in the UK (but that was the point). It's worth also adding that the bigger and

better homes (especially houses) were amongst the first to go. That too is why there is a shortage of council owned family sized homes.

So we now have the crazy situation where councils are paying out to house homeless families in properties they once owned at four times the rent they charge the tenants living in properties they still own. Meanwhile we have a government who in spite of knowing all this are reducing what they will pay to house the low waged and unemployed and disabled. The result is a return to overcrowding and poor sanitation and increased costs to local authorities in trying to manage it all.

A few days ago Stephanie Bottrill walked under a lorry on the M6 because 'she couldn't afford to live'. The welfare reforms had just been too much for her. The bedroom tax was the tipping point. We should all be ashamed that is happening in our country, from a government that wasn't even elected with the majority mandate of the people. Cameron et al did not earn or win the right to govern in anything but a hung parliament.

We need more affordable housing, and fast. That's number one. And number two, we need the bedroom tax abolished, or at least waived if a local authority doesn't have suitable accommodation to rehouse someone. There needs also be a grace period of adjustment, so that only those who genuinely have no desire to adjust, by turning down reasonable offers of alternative accommodation, are punished. Driving people out of their homes of 18 years and longer without any sensitivity or proper alternative is just nasty.

 **Re: Consultation on the future of council housing in Southwark**

Posted by [Chillaxed](#) May 13, 03:34PM

Thanks. I've no doubt you're more knowledgeable than me or most on this subject, so bear with (educate!) me.

If you are taking a council tenant out of the pool by selling them a home, why do you need to replace that stock? Or, with the proceeds of the sale (albeit reduced) shouldn't you be able to at least partially replace that stock?

I ask as my first reaction to council homes being sold at a discount to council tenants is not that it's a plot to return to Dickensian slums. What are the steps in between?

 **Re: Consultation on the future of council housing in Southwark**

Posted by [LondonMix](#) May 13, 03:48PM

DJKillaQueen Wrote:

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 > And number two, we need the bedroom  
 > tax abolished, or at least waived if a local  
 > authority doesn't have suitable accommodation to  
 > rehouse someone. There needs also be a grace

- > period of adjustment, so that only those who
- > genuinely have no desire to adjust, by turning
- > down reasonable offers of alternative
- > accommodation, are punished. Driving people out of
- > their homes of 18 years and longer without any
- > sensitivity or proper alternative is just nasty.

I agree with the above entirely!

I agree generally with the sentiment that everyone should be housed without overcrowding etc and this should be judged by need. However, I wonder if the money it would take to create all the housing demanded in London (including the infrastructure spending needed to keep up with the expanding population) wouldn't be better spent on creating jobs elsewhere in the country. Maybe London will just turn into a super-metropolis, which is fine I guess but it seems like abandoning the rest of the country..

The right to buy scheme is a tough one as I've seen both sides of it. I know people who bought their homes that way, fell on hard times, had to sell them to someone else and burned through the profit they made. It didn't lift them out of poverty at all and now they are being housed in private accommodation on housing benefit. On the other hand, one of my colleague's Irish-Catholic family was lifted out of poverty by it (according to him).

If right to buy meant that the people who bought would never need social housing again (nor would their children) then it would be a good idea. Allowing people to own their own homes rather than rent them off the council is a good thing. But life isn't as simple as all that!

**✉ Re: Consultation on the future of council housing in Southwark**

Posted by [DJKillaQueen](#) May 13, 04:05PM

There are no in-between steps really. For the first 12 years of right to buy, councils were not allowed by law to reinvest the money from the sale of homes in house building or buying of new stock. So none were built.

Secondly the demand for affordable housing has not decreased with the sale of social housing for the following reasons.

Traditionally, people moved from social housing when they could afford to buy a home in the private market. But that was when house prices were still within the realms of average salaries. My parents for example did that. They were only allowed to borrow 2.5 times my father's income and they bought a run down terraced house. My dad was a bus driver. Today a bus driver borrowing 2.5 times his annual salary could not afford to buy anything....let alone a three bedroomed house anywhere. So for that reason there is an increased demand for social housing.

In the 80's two things happened. Deregulation of mortgage lending restrictions and

cheap credit which led to a housing boom in the private sector and the sell off of social housing at discounts to get lower waged families on the property ladder.

The result 30 years on (in simple terms) are house prices that are no longer in the range of most average salaries (house price inflation) and a growing need for affordable housing with a shrinking level of affordable housing available, including council owned property.

And when first time buyers dry up, the government and banks just create another scheme, like part buy part rent, buy to let and now grants for first time buyers...anything to keep the prices going up and up. We've had three recessions in as many decades, and the housing market has been barely touched by any of them.

I use the Dickensian analogy for good reason. At present we have real issues with over crowding in small properties, especially council properties where entire families are housed in small flats. There are no affordable houses for them to rent. The kind of property I'm taking about has two teenagers sharing bunkbeds in one a room not big enough to house a wardrobe too. And this is something the government now demands.

These small dwellings have real issues with condensation. Often low waged tenants can not afford to heat them daily which exacerbates the problem and it's not uncommon to find mould and mildew covering whole areas of walls and ceilings. Mould IS a serious health issue. How do children also find the space they need to study, or do homework in those kinds of conditions too? The conditions people live in has a huge impact on many things. Damp, cold, mouldy and overcrowded living spaces are not unlike anything in Dickens time.

Almost one million people in full time work need housing benefit to pay some of their rent. Again this was unheard of 30 years ago. Governments, instead of recognising that it's the unaffordability of housing that creates the squeeze, instead choose restricting benefits in some lame attempt to squeeze landlords into reducing their rents. But many landlords can't reduce their rents because they are still paying mortgages on those properties and in reality, what has happened is that landlords have decided to no longer rent to the low waged or unemployed...which in turn increases demand for affordable housing.

It's a complex issue...brought about by many things. The solutions are not quick, cheap or easy either but it can't continue as it is.

**✉ Re: Consultation on the future of council housing in Southwark**

Posted by [LondonMix](#) May 13, 04:16PM

Landlords can't set rents to cover their mortgage. It works the other way around. Demand for housing is what drives rents. Enough people who own houses and have lost them to the bank can attest to that.

Similarly, mortgage companies have put in covenants in their contracts for many buy to let deals that they can't rent to tenants on benefits (which is really just discrimination dressed up like business).

I think the point Chillaxed is making which is a fair one is that if people hadn't been given the right to buy, they would still be in social housing so that in and of itself hasn't created a shortage.

Demand for social housing has gone up for all the reasons you've mentioned so all things being equal more social housing is needed than before, but that would be the case whether certain people had bought their homes or not because those people are either now living in their homes or would still be renting from the council. The two issues aren't as closely related to each other as you make out in your post above. However, I agree that property ownership doesn't forever end the cycle.

**✉Re: Consultation on the future of council housing in Southwark**

Posted by [DJKillaQueen](#) May 13, 04:19PM

I've always said LM that investment in things like small businesses and anything that gets people working for themselves and in turn creating jobs has to be part of any plan to reform anything. And I've yet to see any government in my living memory do anything significant in this respect. All I've seen is 30 years of a shrinking economy and the decimation of any kind of industry. So I completely agree with you.

The irony is that homes have been demolished in my home town of Liverpool because so many people left the city (two thirds of them over the last 30 years) to find work. Again I laugh at governments suggesting people move to find jobs because we've all been doing that for decades. They really do not have any clue of life outside the South East.

I think at the time, right to buy seemed like a great idea, but over time I think it's not been a successful one. It's a bit like the sub-prime market in the US. You are trying to sell a lifestyle to people who can't really afford it, and have no comfort zone if circumstances change or things go wrong. Another crucial social change though is the loss of Jobs for life. That was a central factor in enabling lower income families to buy their homes. Job insecurity and employment by fixed period contract has also pushed up the cost to the welfare state. For me it shows a basic lack of understanding by those that dream up these things of how difficult upward social mobility is for those at the lower end of it all.

**✉Re: Consultation on the future of council housing in Southwark**

Posted by [DJKillaQueen](#) May 13, 04:24PM

I take your point on right to buy and tenant replacement, but I'd still argue that there are 2.5 million homes that were formerly owned by the council that no longer are't and that a high proportion of them are not occupied by the tenant that bought the property either.

It's hard to know if right to buy had never happened, if those tenants would still be there (so not freeing up any properties anyway) or if tenants would have bought in the private sector instead (again increasingly unlikely as those property prices soared). It's definitely a point worth considering though, so you have got me rethinking that one a little.

## **ANNEX 8 – Direct quotes from completed housing commission surveys**

### **Question 1 - Who should council housing be for and for how long?**

*Council housing should be for everyone. Priority to vulnerable groups i.e. disabled, elderly, vulnerable, single people.*

*It should be for the most vulnerable and deprived but also a means for new households to be accommodated whilst they move to housing independence. Low cost housing enables employers to keep salaries low so acts as hidden business cost. Employers should therefore directly pay through business rates but in return receive nomination rights for certain employees' i.e. new staff relocating from elsewhere.*

*In view of the pressure for larger sized (especially family) accommodation and in view of the recent bedroom tax requirements, it would probably be wise to require tenants to downsize to smaller accommodation if they no longer need the same size of accommodation any longer but ideally this should be made available nearby to their original home if this is what they wish.*

*There needs to be a shift in focus so that it's not just housing that's provided, but a community. If people were supported in a more holistic way – with centres for residents to engage in therapeutic & educational activities \* – well-being and job prospects could be involved therefore allowing people to gain skills, earn more, move out and free up space. . \*These could be volunteer run by residents – promoting skill learning & community engagement.*

*Nothing will change. My opinion doesn't matter. This box won't change anything*

*We should also push for longer tenancies in private rented housing; maybe given shorter tenancies when you need people to downsize.*

*Local children should at least have a chance of getting a council property to help maintain the community spirit. This would also, help cutting cost of residential homes etc and having carers' visits as families would look after each others. No other countries in the world allow people to just arrive and get homes, collect benefits without giving something back.*

*I agree that houses should be for those with low income –but it should be about providing people new to London on affordable opportunity to live and work in the borough. Southwark needs to be diverse and having a housing stock which encourages diversity and to maintains dynamic flow is important. Should the council offer for rent space for small businesses, community ventures etc, so having as just one part of the thriving sustainable future for all*

*Young people who are homeless but are doing their best either in work or in education e.g. applying to university should be interested in and be given the best chance over those with no occupation or wish to better themselves.*

*Council housing should be for those who are in work, but in low income jobs thus enabling them to live close to their work. Whilst I appreciate there needs to be a housing solution for the long-term unemployed, I find it bizarre they are given a home in zone 1 whilst hard working individuals have to live miles from central London away from the borough.*

*However, and whilst I appreciate this is outside your scope, if employers were less concerned for their own profits and incomes and paid employees more, there would be less need for subsidised housing. It seems that council tax used to subsidise social housing, indirectly, increases the incomes of the rich.*

*Everyone should be able to live in a decent home. In Southwark, where a significant proportion of residents are either disadvantaged (through illness, disability, poverty, poor education) or on low incomes, availability of adequate social housing has to be a priority. This of course is in sharp contrast with the council's recent practice of selling off perfectly liveable council homes to developers for peanuts or allowing developers to not provide any affordable, let alone any/sufficient social housing.*

*As someone who lives in private rented accommodation in Southwark, it is important to me that the borough continues to provide council housing which supports a diverse community. I am concerned that current developments such as in the Elephant & Castle may undermine this.*

*Social housing (not "affordable housing") should be secure and available to everybody who needs it*

*Council housing should be a non permanent solution for people in their hour of need. I fully support having affordable housing stock and a support network for those who are struggling. But my opinion is that this should be a stepping stone rather than permanent solution. Too many people live in council accommodation permanently as a lifestyle choice, rather than a necessity.*

*I think it is good that most council tenants are secure. I would hate to see my neighbour leave because they no longer qualify.*

*Lifetime tenancies (there will be natural churn anyway), encourages people to invest in their homes and communities .Maybe consider people's incomes for rent payable*

*The house or flat allocated by the Council should not be for life, because housing needs vary over the life-cycle. People whose children are adults no longer need the same amount of space as people with a young and large family. Tenants are willing to ask for larger properties when they need them; they should recognise that they must down-size when their children leave*

*If working and renting in private rented sector it's like working for the landlord.*

**Question 2- How much should we have and to what quality?**

*The shared ownership should be made more flexible and be affordable to people with less earning and to people with certain age. It is obvious that the council cannot afford housing for everyone so there should be other solutions or more people will be found living on the road. The mayor says those part share ownership as affordable but I find it unaffordable though I am earning more than £22K.*

*The right to buy should be maintained, as this means that people from different levels of social live together, instead of creating clear distinctions between rich and poor, with gated communities/sink estates. New council homes should be a mix of pure council owned flats and part ownership, to encourage diversity of occupancy*

*People should repair their own homes – a lot of people are capable of doing a good job. The council could help with materials. Would save cost of repairs so council could repair existing stock.*

*I am a 55+ year old, am working full time £22,000 and am renting private one bed room in the borough at £900 which represents about 70% of my salary. I tried to buy a part ownership and have viewed about 3 flats so far but was rejected because I need more deposit because of my age. Landlord keeps increasing rent so I have no options than to move from the borough, which makes me sad. I would prefer to stay in this borough as I have been living here for more than 4 years.*

*Council property should be modern built to a good standard and require minimal upkeep. Current Victorian terrace properties are not suitable due to their poor insulation/sound proofing and maintenance costs*

*As much as required and to a standard that any housing / council employee would be happy to see a member of their family reside in.*

*Build new properties – sell off those that are too expensive to repair. Maintain a set of standards to ensure that poor quality housing does not impact on people's health.*

*Repair the old buildings because a lot of people prefer them as they are much better than the new buildings.*

*For starters, there has got to be enough council housing to provide homes for the 20,500 people on council's waiting list. If the council is prepared to sell off prime land and 1,200 council homes at a loss, and to allow developers to breach council's own planning policies by not building any affordable let alone council housing, all the woes of 'but we don't have the money' really don't wash.*

*Council should not waive its affordable percentage of affordable homes policy of 35%. If council has to sell off their homes, they should not sell to investors who can sell off property at a profit, thereby excluding people who need it.*

*The best thing the council can do in my opinion is to build more houses to rent.*

*Those living in council housing should be made (if physically able) to maintain the community by learning from the Southwark builders/plumbers in apprentice programs to be able to learn a skill and costs to the council to be less for repairs.*

*There should be more homes built. I know the council will look at the money needed and be worried. But good housing is the core of a good life; keeping Southwark as an affordable place to live in London is important.*

*The council needs to maintain its own property more effectively. .Whilst it should look at building more, this should not be at the expense of improving the quality of its repairs.*

*You have 20,000 people on the waiting list. BUILD MORE HOMES.*

*Need more council housing .Borrowing – capital investment (at moment interest rates are very low so can take opportunity and cut waste in council (half number of employees)*

*By maintaining a high level of social housing, I believe that Southwark is fostering a disproportionately of high number of residents on low incomes, and with their many other attendant social problems. If the housing stock were to be reduced surely people would have to look to other boroughs, or other cities, or other solution to their housing problems. This way the burden on Southwark could be shared with more fairly with other population centres*

*Don't like how question are phrased .I would welcome alternative methods of popular funding and resources: Newington Library was funded by public DIRECT subscriptions. I would happily participate in that*

### **Question 3 - How should we manage our council housing services?**

*I am a tenant at a TMO and I couldn't be happier. I think devolving more housing services to TMOs and Housing organisations will give tenants some sort of ownership over the decisions made about their homes.*

*I can see that the council managing housing is not working and, whilst it seems in theory a brilliant concept for tenants to manage estates etc themselves, there is a danger of factions and bullying, and there would not necessarily be the required experience. For these reasons, I think management should be passed over to housing associations who would have the experience and authority necessary.*

*Would be nice to have more resident involvement in managing properties but this is problematic because this often attracts the power hungry and control freaks into these positions.*

*To the extent that the properties are largely failures in despair, I feel the council should keep the large blocks and towers, as they seem to be able to manage these better, and sell all of their small (inc. Leasehold) properties to companies that are able to handle them properly.*

*The council should be more relaxed about tenants and leaseholders making improvements to their homes - there should be less red tape and costs payable to the council.*

*Tenants should be introduced to who is moving in next door to them and on the landing. This should reduce subletting and anti-social behaviour.*

*In my work as an occupational therapist, the adaptations agreed and requested can take 3 times as long to be fitted in a housing association property as in a council one*

*I've had no problem with Southwark council management on my estate. I would not be happy with social and private housing options- as I feel profit would win out.*

*If the council and tenants could work together and discuss the problem together, I believe they will be able to resolve the problem as to how council housing should be managed.*

*I worry about the loss of accountability that inevitably occurs when management becomes diffuse. I would rather that the council remained clearly responsible for the management of publicly funded / subsidised residential property, rather than it being passed to a host of different organisations.*

*As a private tenant living among council tenants, I'm shocked by how much they expect the council to take responsibility for anything to do with their homes or neighbourhoods. They seem to want all the rights of being a homeowner, but none of the responsibilities. When a vandal broke a number of car windows, the neighbours were all outside tutting that the council was taking too long to clean up the glass. Ridiculous! I got out there with a broom and did it myself, even though it wasn't in front of my house and wasn't a car I owned.*

*Council should use their own tradesmen and not use outside contractors. Council should be more organised in maintaining and looking after their housing. Inspectors used to come around; now we see no-one and the properties are falling into disrepair.*

#### Question 4 - General comments

*This is successfully done in Japan, Holland etc. Come on Southwark lead the way. I am an architect and I believe that radical action and ideas are needed. I would love to be involved with groups, of people that need social housing and the council could release land so groups of people could develop ideas for housing – a mixture of rented and owned – a self build type of project with a variety of investors eg construction cos, housing association, council, the participants.*

*Improve education about council housing – this has been a great introduction for me, at the age of 36...!*

*Leaseholders who rent out their properties should be made to rent to people on the waiting list and rents should be capped.*

*I feel quite strongly that good social housing, including council owned and run, is really important. People need to feel that they won't fall through the gaps, but at the same time they need to be secure in their homes. It's important for individuals and families, but it's also really important for the security and ability of the local community – we need to look after each other, and make sure it's done well*

*Southwark is a good landlord and a good council...Kept the library which is a good thing.*

*Need to be stronger at dealing with ASB, need to care for vulnerable but not pander to those who ASB. Need to be a stricter landlord. Council has responsibility to borough as a whole. Area in greater need of regeneration is Old Kent Rd and Walworth.*

*Sad so much private investment in Rotherhithe and Bermondsey after closure of the Docks because I don't think local people were given opportunity to stay/invest in the area. Lots of private investment that I feel has all overdeveloped the area. Not enough water, green space, too densely built*

*There should be rewards for people that look after their homes eg some money for redecoration...And invest in them eg kitchens.*

*Remember anyone can find themselves living below their means, so now is the time to continue to help those less fortunate.*

*Also, the council needs to carry appropriate checks to avoid frauds when someone requests a house/flat. It is really disappointing to hear "on the street" that if you pay money to someone who works for the council, they will get you a council house even if you don't meet the selection criteria. I know these are just rumours, but behind these stories there is always some truth.*

*I am a foster carer looking for a four/five bedroom house to rent and all the doors seem to be shut against me and yet there are children in care to be fostered. I do not understand why this is not a priority of the council.*

*Services are very disjointed, too many teams/ departments/ staff dealing with their tenancies. I believe we should have one officer dealing with a manageable patch. Should reinstate external decorations programme to maintain the housing stock.*

*I think rent arrears and anti social behaviour are major issues for the council. Trying to recover any monies owed to the council because of rent arrears should be a priority.*

*Very useful to do questions (did lettings review as well), now I understand council housing, glad I did survey*

## ANNEX 9 - Quotes where element of response coded OTH – ‘other’

Question 1 – Who should council housing be for and for how long? ‘Other’ responses

<i>The below are extracts from responses that were coded as OTH – ‘other’.</i>
Foster carers
Families should have access to housing in different boroughs
If housing allocated to vulnerable person, they should have support living nearby
People with children should be prioritise for homes with gardens
who’s been on the waiting list the longest or who’s been in borough the longest
Prioritise school leavers
Fair rent for accommodation
Should avoid incentivising lifestyles that are not of benefit to society e.g. teenage parents
Your question suggests that council housing tenants can be categorised as social misfits and that council property should become temporary workhouse accommodation.
Priority for those in greatest need. Needs to be a culture change about attitude towards council tenants. Difficult to judge a community contribution – shouldn’t force people to do it. . Need should be based on need only, not time spent in Southwark. Probably still favour lifetime tenancy but would like idea of more innovative ways of helping people – fixed term tenancies or pay to save.
Waits are too long for those in Band 3
There should be guarantee of social housing for children.
5 yr local connection and NI contributions
Those who get parents tenancy when the parent dies, can understand why they would do it. There are those who have never contributed to society
ensure all new builds have 25%council tenant
Had to wait 5 year before getting council property couldn’t just arrive in UK and get property
Average earner who've lived in area all their life/
Shouldn't change local connection period.
Nothing will change. My opinion doesn't matter. This box won't change anything
Housing should be for the people who deserve it – the current rules are fine but are not enforced and not enough properties
People feel proud of being council tenants
It should not necessarily be for those with children as a right – this puts added demand on the housing stocks.
There should be some council housing for low income people. . . More social housing projects for first time buyers and key workers.
Shouldn't be provided for long term for those who don't work. But stability in community comes from established residents so those who pay there way may be reviewed favourable
There is too high percentage of council housing in Southwark. 30% should be the target. It makes the poorer areas ghettos and is not helping the poorer people who live in them.

Affordable properties to be made available to low income families. Not sure if this is being done on the Heygate Estate, too much emphasis on selling to the private sector of people cannot to live in the borough who will do low paid jobs
Those living in council housing should be made (if physically able) to maintain the community by learning from the Southwark Buildings/Plumbers in apprentice programs to be able to learn a skill and costs to the council to be less for repairs.
Allow elderly & family and short term/mobile people to live in a ? and make sure space is adaptable – it's how you manage change
Stop selling council housing. Instead provide money for those who wish to move to private to buy private.
Parity between tenants and leaseholders. Current major works on block – unfairness in ballots – where is incentive to tenants to choose cheaper option. What is the incentive for council tenants to look after properties? Tenants should pay service charges same as leaseholders. Should be a safety net.
Improvements on all neighbouring areas so people would consider other areas i.e. not just affluent Dulwich. Improve community safety.
Does council housing act as a disincentive to work?
I think it should be for people with three years NI contribution, or those above 30, or those coming out care, at risk of abuse, or immigrants (don't mind this).
Shouldn't be able to pass on tenancy unless to disabled family member. If a tenant has two cars they probably don't need council housing.
Adult children of current tenants
Should not be restricted to those with issues or vulnerable, as this will create ghettos and deprivation with little prospect of those living there achieving better – poor health, poor education, increased crime, low achievement, high unemployment.
under £60k and they should get tenancy for life unless they become a millionaire
Focus on rights of 50+ often carers, not much in place for this group.
No social cleansing
Yes I will highly recommend the council housing and social housing in Southwark, as thousands of people with low or high income.. They are living here for 2/3 generations and like to live in the same way. As their family – friends and helping community is with them.. It's very hard for people who live in these council houses to move and go new places with higher rents. Please, please, help us
Councils should build more housing, and redevelop areas for housing purposes, focused upon affordable home schemes.
Need more specialist housing for old people, to help free up houses for others.
Should be for tenants as they are the ones paying the rent.
Renting from council is cheaper and gives peace of mind than renting from private landlord
More option for people to be able to buy their house with less deposit
People living on benefits should be investigated to make sure that no one is taking advantage from the public money
Full time UK residents
I have four kids; I don't have a council flat because of the cost of private landlord I rented a one bed flat which I think is ridiculous. I have a 10years and 11years and twins (age 5 years) we all sleep in a one bedroom because the council thinks we are not a priority. Those who are overcrowded

For people who are eligible to live and work in the country
Too many tenants not in suitable accommodations
Not immigrants (unless they fall under below categories after 10 years(. Asylum seekers, but not if they choose Southwark (3yr tenancy). People who have a home but lose it because they can't afford to pay their mortgage (2yr tenancy)) Not pregnant girls, they are best off with their families. People who lose their job through illness/disability Retire people who can't afford mortgage when the become widowed
First come, first serviced basis.
Those looking for a job
Lowest income families with lowest savings/assets and individuals with no family/friend in UK.
Central London should not just be for the rich - that would be boring
I think there should be a cap on housing benefit for large families – contraception is cheaper. You'll never get this right. But thanks for trying.
Need better lettable standard
Right to buy good for mixed communities
Give people a choice, as to buying or selling property
We like idea of 5 year rent to save to buy.
Should be fair, no bidding.
Wants to do mutual exchange because underoccupying
For eligible citizens. As long as they live in the property.
Council housing should particularly be offered to students also have graduated and moved within the area for work purposes
Children should be allowed to have their bedroom (end). . Disabled people need to have their own room so too the careers need their own space etc
Those with mental health problems
I have heard a number of complaints from friends and family regarding this matter. For example, elderly people and pregnant women living in Somali and deteriorated council housing should be put on priority.
Stable housing is essential for stable communities, for physical i.e. mental health and well-being. Secure tenancies give that stability
Council should offer cash incentives to underoccupiers to down size
Band 4 aren't a priority
Families with young children should not be housed in upper storey flat
Council housing should be an option.
Students – as long as they study .Council flats should be given to immigrants with work permits.
Should be for large families
Get rid of Band 4
For person/single and capable of working then shouldn't be provided.
To all eligible under the priorities/needs criteria abolished by the democratically elected majority party. Their policy should have been included in their party manifesto on which they stood for election. The duration should be for the length of time the need exists again in accordance with the policies of the council.
It should be for the most vulnerable and deprived but also a means for new households to be accommodated whilst they move to housing independence. Low cost housing enables employers to keep salaries low so acts as hidden business cost. Employers should therefore directly pay through business rates but in return receive nomination rights for certain employees' i.e. new

staff relocating from elsewhere.
Eligibility should be based on previous national insurance contributors to ensure priority to the right people.
Long term tenancies with security to permit personal investment in properties (within limits). Remove unlawful sublets – should be occupied by tenant on books, evict and return to pool of properties. Buy back from leaseholders where appropriate.
Council housing should only be for those who have absolutely nowhere else to live, inc family and friends.
Council housing should only be for people who have no other options and are in desperate need of accommodation.
Should include people who turn 60. Housing blocks should be specifically made for them, so they have a choice to move out. People living where they are for a long time should be allowed to live there.
Size of flat/houses to change as circumstances change (to downside/upgrade.
housing should be taken away from those who refuse to seek or accept work that they are capable of doing
people who just started a job, allow them time to build up money to buy a place of their own
Too many big families...Certain amount at time/flexible to move between different size properties i.e. as family increase and decrease.
I am a 55+ year old, am working full time £22,000 and am renting private one bed room in the borough at £900 which represents about 70% of my salary. I tried to buy a part ownership and have viewed about 3 flats so far but was rejected because I need more deposit because of my age. Landlord keeps increasing rent so I have no options than to move from the borough, which makes me sad. I would prefer to stay in this borough as I have been living here for more than 4 years.
I believe that there should be a 2 yr trial period to see if the person can live and survive and if not then they should be given help to be able to learn how to maintain a home
The council needs to address the shortage of 1 and 2 bedroom properties in the borough. I was born in Southwark, want to stay in Southwark, but where is the affordable property?
Council housing should be available to all but should be designed to be unattractive to those who can afford other options
Focus on people over 25 years. Having children (especially if under 25) should not be a way to get to the top of the list.
Not for people on a good salary i.e. more than the minimum wage should go to the private rent sector.
Consideration should be given to abusing allocation for children of long standing LBS residents. people under 30 and over 60
Priority for people with skills the economy needs.
Not for people who just come out and get the best places and people like me are overcrowded. My 17 year old has his own room and my 6 yr old and 18 month old sleep with me.
Keep band 4 but have opportunity to move up bands after a time
I'm one of the lucky ones to have a council flat (smile) I think that if they want they can build many more homes but I think they do not want to do that because as they want to keep the price down.
The council should ensure that housing is for families in need that don't have income from work but really want to work and look for a job.

Private landlord should have lower rents .Decent living standards. Gas safety check don't .Too much overcrowding.
Should help tenant get job
People on benefits
There needs to be a shift in focus so that it's not just housing that's provided, but a community. If people were supported in a more holistic way – with centres for residents to engage in therapeutic & educational activities * – well-being and job prospects could be involved therefore allowing people to gain skills, earn more, move out and free up space. . *These could be volunteer run by residents – promoting skill learning & community engagement.
Foster carers should have house given to them by the council. At the moment no one looks out for foster carers and yet there are children to be cared for.
.Proof of looking for work .Working part time. NOT SINGLE MOTHERS
Residents of Southwark should be given a priority for their families to remain in the borough...
The Council does not need to prioritise who housing should be for. Council should be building homes. I find the above question loaded and designed to obtain a response aimed at cutting access to social housing and undermining the welfare state.
For those who cannot afford private housing. Families need council housing to provide a stable home for their children. Young people could be allocated rooms in multi-occupancy homes. People should have the tenancy for as long as they need it but Housing staff should inform them of what is available at yearly tenancy checks
Capital receipts from sale by RTB should be allowed to be re-invested in building a new council housing & improving the housing stock.
Those who are overcrowded
How long - 18 years.
£50k pa
Should encourage those who can afford to move out of council housing.
For the less well off and either as a stepping stone for ownership or to offer a protected environment for life a flexible model
Grew up in a council estate, now a home owner avoid ghetto.
Review & offer assistance to look at part rent, part buy, buy
Tenancy for as long as you want but also look at support for people able to buy
Review at 10 years to see if Council can support tenant to look at alternatives i.e. buying or part buy/pay rent
Allocate to those on the waiting list
Working and paying into the system. People who have come from Southwark and done military service coming home – Home for Heroes. People housed should be responsible to keep area respectable. More assistance to move to the right size accommodation. Assistance to look at moving into other tenures/ownership
Help and encourage people to move on – Upgrade - buy
Older people should have tenancy for life but young single mothers 2-5yrs then encouraged to find own place if able to earn.
Southwark is better than a private organisation because if you got any problem any help we should be able to sort it out quickly, so my opinion I prefer Southwark Housing section
Shared ownership rubbish
Families - lifetime tenancies, everyone 2yr trial then reviewed
Social Housing is important and without them we cannot manage it

Pregnant mums should not be allowed unless they have no support.
ex servicemen /women
ex servicemen /women
I think the ideas that people are having to receive £1,000 per month in subsidies – more than most of us have to live on!
I think that race and ethnic background should not be taken into consideration e.g. whether someone has three kids and lives in a two bedroom house and serves in the army does not put them in a better position because they serve for the country. People should be seen and treated equally.
Overcrowded
People from abroad with money & people who can afford it.
We should also push for longer tenancies in private rented housing; maybe given shorter tenancies when you need people to downsize
Circumstances age groups stop gap – temporary until financial
Council housing should be for the aged ay 70 above: homeless irrespective of the circumstances. Not for young and able working ones that deliberately made themselves homeless.
Council should be council for the people and there shouldn't be a no third party.
Disabled children
B people make themselves vulnerable to get around the system, to quality for council housing
Overcrowded
Should go back to old system - get rid of CBL
Not for lazy people who don't want to work
Students
Where possible existing council properties should be sold for profit and more modern council accommodation built East Dulwich's old Victorian accommodation is not suitable for Council tenancy. No to life time except for elderly
Also, more 1 Bedroom places should be built to potentially free up larger properties. Only residents with real need should be on a waiting list.
Children should at least have a chance of getting a council property to help maintain the community spirit. This would also, help cutting cost of residential homes etc and having carers' visits as families would look after each others. No other countries in the world allow people to just arrive and get homes, collect benefits without giving something back.
.I agree that houses should be for those with low income –but it should be about providing people new to London on affordable opportunity to live and work in the borough. Southwark needs to be diverse and having a housing stock which encourages diversity and to maintains dynamic flow is important. Should the council offer for rent space for small businesses, community ventures etc, so having as just one part of the thriving sustainable future for all...Can payment/rent be subsidised by non property contributions. You can have a council house –but you have to work in your local area.
Family siblings should be entitled to housing - 3. People who pay their rent regularly unless they genuinely come into hard times. .4. The housing should put people in the right accommodation at the beginning of application
Should make elderly downsize
t is not a right for people to live in this Borough, most who cannot afford rent still manage to have iplayers, iPod, flat screen 40" TV, mobile phones, cars designer clothes and can be seen drinking beer at £3 a pint all day

.I understand that council tenants have secure tenancy, and when people need to downsize if there are enough 1 beds for people to move into within the same area it would help keeping family together. Mr Woods is an excellent housing officer for Crawford estate.
Need to make sure people aren't making fraudulent applications to the waiting list
Grandchildren of current tenants
Grandchildren of current tenants
Shouldn't run business from council home.
More sheltered housing
Those who are overcrowded. recon the criterion to establish priority should be the gravity of the situation the perspective tenants would find themselves in case they aren't awarded council housing with a further weighing bonus for time spent on the waiting list
Different band for young people needing accommodation. A start up tenancy should go from 12 months to 18-24 months
Thos eon waiting list longest
Became a council tenant following major housing problems in west London in 1980's did not have minimum info on housing at earlier stage.
.Young people who are homeless but are doing their best either in work or in education e.g. applying to university should be interested in and be given the best chance over those with no occupation or wish to better themselves.
Moreover programmes to assist people in moving into private accommodation should be given more thought (such as assonance to help tenants buy their own property in the private sector)
Young mothers with children should be put into the new type buildings or housing conversions so they are all together
Should be a stepping stone, rather than permanent solution.
Prioritisation? Foey... Council housing should not be a competition between the deserving and undeserving poor.. between those on 'x' income and those on 'y' ( even though there may in some cases be a marginal difference between the two)
Care leavers
Social rent, not affordable rent.
Whilst I appreciate there needs to be a housing solution for the long term unemployed, I find it bizarre they are given a home in zone 1 whilst hard working individuals have to live miles from central London away from the borough.
Housing not be offered to young single parent/asylum seekers etc
For no one. Their shouldn't be any. It should be disposed of. If there is council housing it should be seen as a short term measure (maybe a couple of years) to assist those in distress and not to build entrenched communities where a need for cheap housing (i.e. paid by others) is passed on from one generation to the next. It should not be occupied by people who were once of modest means but now find themselves with completive salaries or assets who then continue to live in subsidised housing at a cost to council tax/tax payers in general and at the expense of those in distress who are more deserving of assistance. Council housing provides a subsidy for employers that don't pay their staff sufficient to find housing within a reasonable distance to their employment. This distorts both employee markets and the housing market.

However, and whilst I appreciate this is outside your scope, if employers were less concerned for their own profits and incomes and paid employees more, there would be less need for subsidised housing. It seems that council tax used to subsidise social housing, indirectly, increases the incomes of the rich.
For those who have fallen on hard times.
Council housing should be a temporary measure.
don't agree that council housing needs to be provided in areas that are expensive; if as a private house buyer I can't afford to live in Central London, I need to move out. Why should that be different for people who don't even earn their own living?
Children/young people of parents that have worked in this country for over ten years- not those that have been here for ten years just claiming benefits- regardless how many children these parents have
Care leaver
Having children should equal intentional overcrowding.
50% of your Housing Waiting Lists are for people in Band 4 the lowest band. Yet a suggestion was made by the Council at one of the talks I went to, to disenfranchise that group i.e. 50% of the people on the waiting list. Those people are often wage earners who cannot afford the private rents and who cannot get a bank to lend them money for a mortgage. A fairer system would be to allow a percentage from each band to have a chance to get a property each week.

**Question 2 - How much council housing should we have and of what quality?  
'Other responses'**

<b><i>The below are extracts from responses that were coded as OTH – 'other'.</i></b>
Southwark council housing better than a lot of LAs, should stay the same. Don't build on parks
Hard to decide, too much bureaucracy
More RSLs should build
Should have rent controls in private rented sector – would reduce some of the burden on council housing if PRS more affordable and better security of tenure
Decide what residents are responsible for .Means test for other works. Rents should cover upkeep
Should consult on design of new build
Equality of proportion between the providers
Make it harder for LH to rent out properties
Vicious circle the way things are managed. Government don't listen to the people – don't listen, make same mistakes and wasting money.
Concerned about sustainable and environmentally friendly construction. .Need new homes to be secure from crime
No more tower blocks
Need more tower blocks
Pope House is terrible and local housing offices are useless.
Bring back GLC system
Lack of space is a problem
Should be 25% council, 25% part owned, 25% private owned, 25% private rent. If more housing then must have more schools and health services and consider impact on public transport and parking/traffic

There will never be enough to satisfy demand.
Too much high rise development around Blackfriars
Build more but not big estates
Cut waste - half number of council employees
Map need of borough and the build accordingly
Building is good for local economy
No to means testing
More parks and grassed areas and more services like gyms and schools
Build social housing in Dulwich as well as Peckham
Southwark is not an island and needs to work with SE regional pressures and opportunities
To the extent that the properties are largely failures in despair. .. I feel the council should keep the large blocks and towers, as they seem to be able to manage these better, and sell all of their small (inc. Leasehold) properties to companies that are able to handle them properly.
Use local people/ apprentices to repair and maintain stock
No to expensive refurbish
R2B is good as results in mixed neighbourhoods
Could increase rents a bit so have more money to spend on investment.
It should always be of the best quality (people are not 2nd class citizens), but it should be properly (though not intrusively) supervised the rest of us have a right to know how money is being spent.
Means test and then leave if enough money
Buy back LH properties
Changes with government could mean what people are promised is lost
Don't mix private and social housing
Standard should be average ..Normal facilities - not posh but not like homeless (reasonable)
Quality over quantity
Should have lifts in all blocks 2flrs or higher
Don't like how question are phrased .I would welcome alternative methods of popular funding and resources: Newington Library was funded by public DIRECT subscriptions. I would happily participate in that
The inflated investment package of previous investment in the building industry has created a terrible recession which requires massive bail-outs by the government. a) this is because private developers have hyper inflated the real cost of land. b) have charged prices which are 50% above the real value of the houses and apartment sold to the buyer. c) control measures must be enforced and construction move forward on realistic affordable cost
Should have more RSL properties
Acceptable quality
Same level but manage for efficiently
Bigger rooms
Council should monitor supply and demand better
Reform R2B so right can be transferred to another property.
Basic qualities for first timers – no frills, do not encourage. Better quality with opportunity to make improvements.
Let residents take over and do up run down properties
Depends on supply and demand.
Stop knocking down existing homes

Any new build needs to be soundproofed and eco friendly
Council must abolish pre-pay systems on electricity & gas – hideously expensive for tenants, it makes no money for the council. Surely, with thousands of homes to supply, the council could negotiate a deal (perhaps even a profitable one) with electricity and gas companies
Private and social -cross subsidise
Problem with density?
More housing, less shops
Should spread social housing more evenly over London
How they would like to have and put themselves in the tenant's shoe.
There is no enthusiasm from the council to alleviate this ongoing problem even though the rents are rising year on year. Poor standard of housing produces poor standard of people not through their own fault but the environment is depressing and debilitating to anyone mental ability to function.
Must consider density.
Must replace like for like what council sells.
The Land Trust is a more responsible scheme – final buyers are social trusts not private landlords
Means test and leave if can afford to.
Need to look at other ways of funding building
The level of council housing should be a lot but stable they would be built considering future years. Or they would not have o rebuilt – it saves money.
Safe, less crime
Sell old to fund new. Look at Land Trust
Safe and secure
Depends on population increase.
Seek investment from private sector.
There should be a surplus – the surplus should be rented privately as revenue stream for local authorities
Sell off that which is too expensive to repair
Don't sell off the best.
Demand led, not too desirable that people are envious of council tenants
Should have fire escapes on high rises
There should be ways to help people move on, maybe out of the borough if they think it's right for them
It's very important if he's a park near or some playground, and most important a school nearby...Every house should have heat and be prepared to save energy
More RSL builds
Building is good for local economy
There's more demand
Right amount, just wrong people currently in them.
More infrastructure
Need more infrastructure
The mayor says those part share ownership as affordable but I find it unaffordable though I am earning more than £22K
Tenants could move in and do repairs to empty flats
Must be truly affordable.
Larger room sizes

Anti RSL
Less tower blocks, more low rise
Building good for local economy
RSL should build more
Every home sold under Thatcher's policy of selling housing should be replaced by two or more new homes
Acceptable standard
Replace those which are sold.
Young people should live in high rise.
Self build projects to help build residents skills. Basic standard.
Reduction will just shift burden of support to PRS which is even more expensive.
A reasonable cut in council housing needs to be addressed to save money
Quality should be the best that is affordable.
Sell properties too expensive to repair
Enough to keep single people and families in safe hygienic homes.
Increase rents a bit so have more money to invest.
Build private to subsidise council housing
Local levy to fund building
Transfer to RSL
Number of council properties should reflect the local demographic changes. Basic
Excellent quality
Anti RSL
Building helps local economy
Affordable
JRF Housing Trust in Yorkshire has interestingly found ways of managing stock.
There should be different standard of housing according to the condition of different people. So if there is a banding from 1 – 5 people there should be houses quality form 1 - 5 according to there people
Train unemployed residents in house building. B – pre-fabs were built in a week!! I have seen many buildings in the SE1 area going up in a relatively short time using this frame work and filling techniques – bricks and mortar aren't the only answer
Low-paid workers need housing in the borough so Tesco and others should either pay a living wage or contribute to Council housing. They need us and should pay
Should build different areas including outside London
The Southwark Council is good standard of quality of life as well, for me I think the service is the best when you need them to repair if something is not working.
Demolish old and rebuild
Council should insure all homes against natural disaster.
Need more infrastructure
Anti RSL
Pro R2B
Pro R2B
Work with RSLs
Pro RSL
Pro high rise. More infrastructure
Call centre rubbish.

Transfer poor quality properties to RSL
Please, put any socialist thought such as the rich should subsidise the needy out of your plans. .It is not a right for people to live in this Borough
Should accommodation available for those in emergencies.
Build high rise with RSLs
More business like approach
LH shouldn't run businesses from their property
So more to encourage PRS to provide affordable housing
Property poorly built.
Depends on demand.
Depends on demand.
Transfer to RSLs/ dispose
the emphasis should be on recognising the benefits of mixed economic social communities to the economic prosperity of the city and not turning zone 2 London into a ghetto for high income earners
No large estates
Mixed types of housing
Combination of options
Council should borrow the money they need, rather than sell stock
Explore more imaginative options
Reasonable standard
No reduction
6% of Southwark population
Legal minimum standard, enhancements paid for by residents
Council should borrow to fund building & refurb
enough for all those on waiting list
Re-purposing non-residential stock. Personalisation of properties. No right-to-buy
Housing designed to instil community spirit
Good eco standard
Decent quality. Protection from harassment by neighbours
Council rents should increase to pay for investment
Nationalise privately owned buy-to-let properties
Tenants should be able to improve council properties if they wish
Ok quality
Tenants should be responsible for painting own homes unless disabled
As much high quality & sustainable housing as possible, reducing amount of poor residents in private-rented paid for by housing benefit. Everyone to afford market rents
Amount determined by what budget allows
More for couples
Build on industrial / brown field sites
Enough for all who need it
Don't need vast amount, and not of high standard
Quality before quantity
The maximum amount of housing should be retained and expanded. Council should borrow money to do this
Council agree with Housing Associations that X amount of properties will be offered to council

tenants
Profit from right to buy back to the council
The current standard is fine
Council as developer - both converting houses into flat and converting industrial sites
Rebuild the Aylesbury
Quality should slowly but continually rise
Enough for everyone
As little as possible. Encourage individual enterprise and home businesses
70% of all housing to be council. Good quality, but tenants to make own improvements
Encouragement should be given to local communities to permit new build in their area by guaranteeing a proportion of allocations to the local area
Should not borrow to build, already have too much debt. The language of the housing commission is inflammatory - words like 'decline' are not helpful. Should encourage take up of freeholds.
Build in partnership with RSLs and Private sector
Encourage use of lodgers

**Question 3 – How should we manage out council housing services? ‘Other’ responses.**

<i>The below are extracts from responses that were coded as OTH – ‘other’.</i>
The key is getting people to take more responsibility.
I am satisfied with the standards kept by the council.
I’m always dealing with someone different
Council is gradually sorting things out. Should means test for repairs
Very poor repairs and major works on Manor Estate
Whoever it should be, they should be accountable.
Employ skilled people that understand business sector i.e. experienced and knowledgeable
Council managed but get rid of the caravan [mobile housing office?] Do away with TRAs at forums
Who are my councillors. What do they do? I have no idea
A reporting hotline to council managers would help
Stop getting in to bed with shysters like lend lease
Expand your wonderful southwark ‘handy persons’ service
Providing new homes to rent and part own.
The council should simplify their structure and have a clearly identifiable person who is responsible for particular roads and house
The council is appalling at managing its household stocks and seems only proficient at extra exorbitant and unnecessary charges from leaseholders to cover the cost of their tenanted properties
Fairly
Council should realise land for self build.
Meetings where tenants get together and talk about grievances. Get local people who have skills to do the maintenance and get paid – they could do it better than contractors and teach each other
Anti RSL. Should own percentage of home , earn percentage for how long you’ve lived there
1. All drainage, sewerage, and road maintenance should continue to be managed by the council. 2. Tenants should have full responsibility for all aspects of home maintenance. . 3. In order for tenants to meet this demand schemes should be offered to tenants which provide grants to carry out essential work such as bathroom, toilet, kitchen, bedroom refurbishment . 4. Council should be responsible for all aspects of maintenance regarding walls, roofs, foundations etc. . 5. Cheap insurance schemes should be in place for tenants to cover risks . 6. Management constructions companies should have liability to carry out repair work effectively, quickly, and within budget on behalf of the council.
The council should do more to help tenants – e.g. internal decorations.
Condensation is a real problem – I don’t mind paying if repairs are done properly
Making profit from rents seems, at just a glance, to be an undesirable goal, because that would surely increase the rents. So, maybe investment should be directed to the quality of people’s lives, in order to create in them the necessary motivation, and trying to increase the return on investment (ROI) not directly from rents, but from the money people would be spending if, having good house conditions, they could get better paid jobs

We need the intervention of the government to manage the council housing and cross over to other low rent housing providers if such a facility is on offer
Council managed but need some to monitor their performance.
Use tenants skills in maintenance
As it is
Mix of homeownership products
House as many & needy families as possible
Staff needs to be more understanding and helpful. Help more specific to individual's needs i.e.. Old person, young person
Sack lots of them and not to manage by the council . . They don't do enough . . Housing the wrong people
Communicating better with tenants. Professional staff who treat tenants with respect not bully tenants. Less bureaucracy and adequate notice.
I think council housing should be more effective by providing forms to fill out in regard to general complaints of there application
Give tenants option to do own repairs
As it is
TMOs should run only if its inclusive – some tenants are not aware, or are dishonest
As it is
By the council, however, there should be minimal staff as the housing should also be minimal
I think there should be something like central management system, is people can really see in one go as to what tenure of housing is available
But we have to be careful not sell off too much because it could inadvertently put people in hands of pirate private landlords
Compulsory purchase of house/flats where the owners don't live there
Use more property guardians
RSL could lead to higher rents
Having rent and rates together is best as used to happen
Need value for money
Need value for money
A simpler management structure is for the council to be a one stop shop for the management of council housing. I live on x Road, Rotherhithe, where you have London Quadrant responsible for rent and Southwark Council responsible for council tax collection
More access to information.
If the housing dept had a brain the cost of maintenance would plummet. All problems start as small ones – currently the council waits until its a big problem before acting. It took 18 months to fix my bin door.
In house repairs - opportunity to employ local people.
This needs expert knowledge, so not willing to give an opinion.
Better when Bermondsey Council
Use property guardians
Depends on type of housing
More inspections by housing staff. Sheltered Housing for mental health residents
In my work as an occupational therapist, the adaptations agreed and requested can take 3 times as long to be fitted in a housing association property as in a council one. Frequently the person needing them is left in distress during the interim and may even be found dead

Smaller patches/ areas to be managed by housing officer grade to keep good continuity in an area. Strict council policy to become uniform and not influenced by 'crisis management' change when TRAs or elected members put pressure on.
Would be nice to have more resident involvement in managing properties but this is problematic because this often attracts the power hungry and control freaks into these positions
The council's got too much.
Fairly
At the meeting a woman well-known to me and 82 years of age was given one weeks notice in March that her heating was going to be renewed. This was duly done buy she noticed her electric fire had been removed, she queried this and asked to have it reinstated, the workers refused as they said her electricity was out-dated. She has been without a fire for the last 3 months
Regeneration dragging on
Councillors are now distant – surgeries do not work.
Neighbourhood committees, made up of local interests. The committee should include a representative who was a former council tenant, who bought off her place from the council. I think he/she would command respect
If tenants to manage then should have to go through recruitment process.
The Council should try other channels, none of the above. They should look for other ways. Tenant should not be involved in management as there will a conflict of interest.
Should be managed London wide
More apprenticeships
The tenants already do most of the work load. I certainly do not intend to pick up the pieces as a volunteer, would you?
If TMOs - need support and training
But over the last few years Southwark has asked that the TRA's to do more work while Southwark staff does less and less. We report repairs at our meeting for weeks later nothing has been done. Who checks for housing services to do their jobs?
The council could identify for each building in an estate a super tenant who is designated to report to the council any decisions made collectively by the estate; engage with council re repairs that need to get done, and facilitate estate wide meetings.
Sadly Southwark Council has been in decline for many years. Money wasted, they talked the talk but don't seem to walk the walk. . . Take a look at BANES Council and how they have given services to contactor they have flourished and council homes are much better. . . After the recent fire those tragedy it shows Southwark are not on top of things and they need help and guidance.
Ensure review and monitoring
I am too old to worry about what could be done in the next 30 years, I am just living year by year, and hoping to get through the winter.
Whoever provides value for money
More support for small local providers and DLOs as long as properly monitored.
There's no democracy!!! just family business and links!!!!
I'm not sure devolving services would improve efficiency as you'd hope, it may make the whole system more bureaucratic and prone to disruption from a small number of 'problem' tenants
Both centralised senior strategic management, flowing down to neighbourhood and estate level with real tenant involvement where appropriate. Council must be open, consultative and accountable to tenants for its decisions.

Value for money - doesn't just mean the cheapest.
Monitoring
As is. Value for money.
Resident involvement but be careful to also listen to people other than the loud argumentative ones who like going to meetings.
As is
Give grants to tenants to look after/repair their properties
Tenants should be encouraged/incentivised to take better care of their houses and gardens
Support tenants in repairing their properties.
The council should be more relaxed about tenants and leaseholders making improvements to their homes - there should be less red tape and costs payable to the council.
There could be more tenant involvement, but it is not essential. Most people want services run efficiently and helpfully; but they don't want to have to run them themselves. This is true of education, the health service, transport, etc. etc. including housing . If there is a good, responsive management and repair service, few people will want to actually take over and run it themselves.
Whatever most cost effective.
TMOs with strict monitoring.
Tenants should be introduced to who is moving in next door to them and on the landing. This should reduce subletting and anti-social behaviour.
For instance on the most unpopular estates, tenants may not be over keen to participate. Especially if all they really want is to be rehoused elsewhere. Even here a more intensive form of housing management and responsive repairs service may help, perhaps as per some of the ideas in the 'Priority Estates Project' literature, especially getting some form of tenant commitment to their existing estate
There needs to be mechanisms for residents to feedback to the council on the performance of their partner HAs
Use of small to medium size contractors will increase local employment opportunities and partnerships can deliver training and apprenticeships.
The council should look to divest itself of blocks, and seek more partnerships, with transfer of responsibilities to other providers. It is disappointing that the housing commission did not consider any models where the council does NOT remain the landlord. This benefits / disadvantages of this should be modelled.

**ANNEX 10 – Copy of Housing Commission open survey**

Please see attached PDF.

**ANNEX 11 – Copy of Lettings Review survey**

Please see attached PDF.



## Southwark Housing Campaign

Summary report

June 2013





# Southwark Housing Campaign – summary report June 2013

## Introduction – Future of Social Housing

### Overview

As part of the ‘Community Conversations’ public engagement strategy, Southwark Council commissioned Represent to engage young people across the borough and talk about the future of social housing in Southwark

The objective of the campaign was to add value to the existing campaign that Southwark was delivering. Southwark’s team were engaging residents face to face at open events across the borough as well as providing a platform online to collect the views and opinions on a wide range of issues that all related to the future of housing in Southwark.

Represent were able to add value by engaging over 120 young people in the conversation.

Using the Represent 107.3FM platform, Represent delivered focus groups (four), tailored programming (two), an online questionnaire and also news stories (three).

The FM broadcast was also peppered with information about housing in the form of small snippets of information and youth opinion that was recorded and edited and transmitted to promote youth opinion, engagement and interaction.

Represent’s social networks were also used to promote the issues we were collecting information about. Over 80,000 young people

across London were made aware of how Southwark works with young people.

This campaign resulted in young people learning about housing, proposing ideas and making creative programmes that tackled the issues that they thought were the most important.

This summary report is intended to only discuss the structural delivery of the campaign. The resulting opinion and campaign deliverables are included in the return as separate documents (see return list at the end of this document).

### Methodology

The success of previous campaigns has provided us with an experiential edge to delivering a smooth and well-designed campaign.

The core elements of the campaign were already known

- **Broadcast material**
- **Online Surveys**
- **News stories**
- **Socially Networked content**
- **Public Interaction**

The key to a successful campaign for young people is to involve young people in its design and delivery. To this end, Represent’s

## Southwark Housing Campaign – summary report June 2013

first responsibilities was to deliver two focus groups that provided us with the general content to place within the core elements

Jon Panellist

Two focus groups were delivered to identify the general content we needed and to also identify how we could maximise youth engagement and interaction

G-Frsh Celebrity Feature

Lorelle Lead Panellist

As part of the content generation, 30 young people were vox-popped using the questions generated from the focus groups. This content was edited and played out on Represent over 100 times over the lifetime of the project (See Audio Return).

Following the focus groups, a team was coordinated to deliver the broadcast shows including

Features relating to Social Housing were made and two shows were delivered that focused on housing issues and included panel discussions, public interaction, Q and A sessions with Cllr Peter John and led to a greater comprehension of the issues. (See Audio Return)

Martha Caidan Producer / Editor

Ailbhe Waterhouse Presenter / Editor

Akeem Akinbole Co-Presenter

The shows funnelled listeners to the online consultation set up following the first focus groups and over the lifetime of the campaign 89 young people completed the questionnaire. (see Paperwork Return)

Maria Panellist

Diana Panellist

Geniva Panellist

Ayo Panellist

Shows were available for ‘on demand’ listen again via the Represent web site and also available as direct downloads.

Elliott Features

Paul Features

Three ‘News’ stories were available on the Represent website that also directed people to the survey.

Kyle Features

Tyler Features



## Southwark Housing Campaign – summary report June 2013

### Statistics

The generally accepted RAJAR (Radio and Joint Audience Research) formula for FM listenership is based on extrapolating Digital Media listenership figures to calculate approximate FM listenership. They consider web/digital listenership as being 20.9% of FM listenership. From our web figures between the 22<sup>nd</sup> April (official campaign launch) and the 19<sup>th</sup> May, the period of the campaign, 17,398 accessed the online stream – using the RAJAR formula that would equate to **86,990** FM listeners. These were concentrated in Southwark and Lambeth, as our marketing and youth engagement were focused there.

Although the formula is accepted by the industry as an effective guideline, we would consider a variance of 10% either way. As we had a smaller established web audience prior to the FM launch, the 10% variance is likely to be negative. Throughout the period of the Represent ‘It Makes Sense’ campaign, we had

- **86,990** FM listeners – with a 10% negative variance – **78,291**
- **17,398** web listeners

The Lead Housing story was the 4<sup>th</sup> ‘most read’ in April and the 2<sup>nd</sup> ‘most read’ in May. This indicates that the campaign increased traction over the course of the campaign.

The Soundcloud shows 100 people have downloaded the show post broadcast. This figure is higher than many of our weekly shows.

### Post Campaign analysis

Post campaign focus groups were delivered to a further 8 young people to ascertain the level of informed opinion subsequent to the campaign. (See paperwork return)

### Conclusion

The campaign delivery was successful and informative. All content objectives were met and the campaign was smoothly delivered.

Young people were integral to the successful delivery of this campaign and took the subjects seriously. By translating the adult messages into a young persons language and by identifying the details within the issue that affect young people, Reprezent was able to provide Southwark Council with a highly specialised youth engagement product and a detailed opinion.

As there was a short lead in time, the ability to garner celebrity endorsement was hindered. Reprezent, like any media provider, is able to gain endorsement whilst celebrities pass through as a by-product of the media obligations.

In future campaigns, a two-month window will afford us the opportunity to involve a greater number of celebrities, although it must be stressed that this does not automatically provide results, it just provides more profile.

The structural campaign was well-supported by the Southwark Council communications team and they provided us with contacts

## Southwark Housing Campaign – summary report June 2013

and political support which made young people feel that they were being given respect and that they had their voices heard.

**Vox Pops**  
Three sets of Vox-Pops

### **Outstanding**

Many of those consulted asked for Cllr Peter John to report back on what actions would be taken as a result of the consultation. This has been discussed and agreed, we do need however to agree a date before too much time has elapsed, thereby building trust with respondents.

**Shows**  
Future of Housing Part I

Future of Housing Part II

### **Audio Return containing:**

#### **Features**

Alex – Life on estates

GFRSH – Social Housing Commentary

Kyle – Dancehalls and Housing

Ailbhe and Anton – Housing Debate

Martha – Squatting and Squatters

Suli Breaks – Commentary

Tarek – Intro to Housing

#### **Reports**

Focus Groups 1, 2 and Survey report

Show Transcripts 1 and 2



## Southwark Housing Campaign

### Focus group + survey report

June 2013

#### Contents

- Pre-campaign consultation
- Post-campaign consultation
- On-line survey

# 01. Pre-campaign consultation

## Introduction

Represent ran two pre-campaign focus groups on 9<sup>th</sup> and 10<sup>th</sup> April 2013. The purpose of the focus groups was to gather young people's opinions on the main topic of the campaign and discuss how the campaign should be run to maximise its impact and reach.

### Who

- Gender: 4xFemale, 3xMale
- Age: Between 16 and 20
- Status: 2xEducation (FT), 2xEmployment, 1xWork experience, 2xNEET
- Housing type: 3xCouncil house, 2xHousing association, 2xHouse owned by family

## Who do you think council housing should be for and for how long? (Core question)

In each group, two participants were given the core question and the rest were provided with a list of four different examples in addition to the question:

1. Unemployed 24 yo single mother with two children aged 3 and 4
2. Unemployed 40 yo homeless man with no family
3. Working parents with five children aged 4,5,7,9 and 11 (income less than £15K)
4. Retired couple aged 63 and 65 who receive the State Pension (£120/wk) and have some savings (they do not own any property)

### Responses:

*'People who earn under a certain amount per annum... single parent families... maybe if you're on benefits...? (...) I live in council housing myself and I've been living in the same house since I was born. I wouldn't like to move somewhere else especially because we have made our home there.'*

*'[After listening to an answer from another participant who was given the list] Oh, I didn't think about homeless people. I forgot. I think family with kids should be prioritised..like over crowded houses. For instance, at my house we only have two rooms and my sister needs to sleep with my mum.'*

*'My main concerns were children. I thought growing up you wanna have somewhere you can call home and lay your head. You don't wanna move around and it's not fair for children especially when it comes to their education. So, I thought a single mother and a family with many children are main priorities.'*

*'My first priority is single parents. It is very unfair to be dragging 2 kids from house to house. Then, it took a while for me to think who to put next... but I thought a family with children should be prioritised next. And then a 40yo homeless. I am unemployed myself and it's difficult. (...) I think they should be able to stay as long as they need it.'*

*'Council housing should be for those who are unable to work such as disabled people, those without financial support who are single parents, those who do not earn enough to pay rent but do work, the*

## 01. Pre-campaign consultation

*homeless at least until they get a job, the elderly that do not own homes or do not get a high enough pension to rent and the unemployed'*

### Findings:

- **When no example was given**, young people (YP) heavily relied on their personal experience and this sometimes resulted in limited answers. Our research showed that good examples could show different aspects of the topic, thereby enriching YP's answers.
- **Time limit:** apart from one participant, most of the participants thought there should not be a fixed time limit on how long they should be entitled to stay in a council house. However, most participants agreed that a structured support system should be put in place to make sure residents do their best to improve their situation (e.g. job scheme).

### Re-phrasing the question

Participants were asked to create their own version of the original question. Participants agreed that the original question presented a lot of information in one single sentence. They often forgot to answer to the second half of the question (*for how long*).

### Participants' questions:

- Q1: Who do you think should qualify for council housing and why? Who do you think council housing should be for and why?

- Q2: What do you think the conditions are for how long someone should be able to rent council housing and why? Do you think being given a council house should have a time limit? If yes, how long should it be?
- Additional question: Is there anyone/any types of people who you think should not be able to attain council housing?

### Structure of the campaign

Participants thought that the structure of the campaign is chronological and 'makes sense'.

### Online survey:

Both groups thought the survey should come after the first show.

*'It will be better if they can be informed first.. Then they will know exactly what we are asking (...) like you today gave us a bit of information in the beginning.'*

Also, putting the survey on the news section of the website, together with relevant news stories, would make it easier for people to participate.

### Content of the shows:

1. **Leader of the council:** participants generally liked the idea of the leader coming down to the station. If the leader joins the show, it should be a combination of informative and Q&A sessions.

## 01. Pre-campaign consultation

*'(...) because I live in council housing... I have a lot of questions to ask... it's normally not possible to talk with official people...so it would be nice to have somebody from the council on the show.'*

**2. Other people on the show:** presenters and DJs from different shows at Represent can form a panel and discuss this issue. It would also attract more listeners. Famous musicians would attract more listeners but participants emphasised that they should have something meaningful to say about the topic.

### **Promotion:**

Newspaper; other shows at Represent; social media

### **Prize for the online survey:**

Most participants did not think it was a good idea to hand out a very expensive prize but agreed a smaller prize could be a good trigger: something that could give them an experience like a gift card from Ticketmaster or Amazon.



## 02. Post-campaign consultation

### Introduction

At the end of the campaign project, we ran two further focus groups on 14<sup>th</sup> May 2013. The purpose of the focus groups was to gather qualitative answers from young people to the core questions amended from the first two focus groups. Some of the survey responses were also shown to the participants to expand the discussion.

### Who

- Gender: 5xFemale, 2xMale
- Age: Between 16 and 22
- Status: 5xEducation (FT), 2xWork experience
- Housing type: 4xCouncil house, 1xHousing association, 2xHouse owned by family

### Core questions

- Who do you think council housing should be for?
- Why do you think they should get a council house?
- Do you think being given a council house should have a time limit? If yes, how long should it be?
- Why do you think there should be or should not be a time limit?

These four questions were put to the participants.

### Responses:

*'I tried to avoid a stereotypical answer. I think young adults and vulnerable people should get a council house and also people with children and homeless people. I think they should be over 23... because I think at that stage people should be leaving home but they might need some support to be independent. [Regarding the time limit] I think as it happens already there should be a yearly probation period so that if people abuse the system they can be knocked off and someone who will value it more can have it.'*

*'Anyone really...who is in need of housing on low incomes or with children or homeless...because they are vulnerable and need support. Affordable housing with a council can offer security.. I am a single mum myself and it's important to have a house... the same place you can go back everyday. I think there should be a time limit but it should be dependent on individual circumstances.'*

*'Vulnerable people... people with dependencies..homeless people..people who don't earn enough... they should get council housing because there are the people who need to be looked after and not exploited. [as for the time limit] I think potentially those who earn a certain amount should move on when they earn enough to rent privately...like means tested..'*

*'Those with lower income..single parents..elderly and disabled...I don't believe there should be a definite time limit...however, people should be means-tested every two to three years to see if they have enough income to move out.'*

## 02. Post-campaign consultation

*'I think there should be a time limit but it should be dependent on individual economic circumstances... not a set time limit for everyone.. everybody's case is different.'*

### Findings:

- Participants' answers to the first question ('Who should council housing be for?') were generally similar to the ones gathered from the first two focus groups. However, as some participants listened to the campaign shows on Represent 107.3FM, they were more familiar with the topic and naturally their answers were more comprehensive.
- A separate question on the time limit ('For how long?') was developed after the first consultation as most participants found the original question too broad to answer (see Page 3): *'Should there be a time limit? If yes, how long should it be?'*

Interestingly, this question in fact helped participants to consider the time limit issue more carefully. Instead of coming up with a definite number of years or simply answering 'as long as they need it', after the lengthy discussion, both groups arrived at the conclusion that there should be a 'sort of' time limit such as 'a probation period' to encourage people to make an effort to improve their situation. And yet, both groups disagreed with the idea of setting a fixed timeframe that applies to all cases.

### Four example cases

In the two post-campaign focus groups, we used the four examples (see Page 2) as a group exercise so participants were able to share their views with each other. Both groups found it very challenging to prioritise the list, particularly between the case of a single mother and that of working parents with five children. The discussion let the participants realise how complicated individual cases could be and how many elements the council should take into consideration to decide on who should have a council house. The following are some of the extracts from the discussion:

*'I didn't put homeless people in my first question....mainly because of the stereotype I have on them...I am still not sure if he should be given a high priority....but I can see where everybody comes from [that a homeless man should be given a house]...I will probably add the homeless on my original answer.'*

*'We cannot really say she[single mum] is taking an advantage of the system...hmm...the man's not around....that can be hard...but his family might help? It's difficult.... We really need more information and to look into the whole case...like family history and current support that she might get from the council...it's really difficult.'*

### Single mother

Some of the survey participants raised concerns around the relation between teenage pregnancy and council housing. We showed some of these comments to the participants and asked their opinions:

## 02. Post-campaign consultation

*'I mean I see what they mean... child should not be used as a means to get a house... or free things... I don't agree with this at all.. child should not be use like this...but how can we know all single mums are like that? We don't know.. they might really need a house for their children.'*

*'That's only a small minority of people who are doing that... there are so many more people who actually need a house for their kids. People just judge teenage mothers... people and the media only look at the small negatives but not the positives..'*

### Feedback

Overall, the post-campaign consultation re-affirmed that young people do care about this issue and they think the policies around council housing should become stricter and fairer for both people who already have a council house and who are on the waiting list. They were quite keen on getting feedback from Southwark Council and told us that it would be great if they could hear what's happened as a result of this consultation.

***'What's gonna happen now? How is this going to be used? We'd really like to hear what's happened...it was nice to have the Leader on the show but it will be also great to hear from them what's happened as a result....'***



## 03. Online survey

This is the summary of the online survey which was run during the campaign.

### Basic info

- Survey period: 15<sup>th</sup> April – 14<sup>th</sup> May
- How many? 88
- Gender: 59% female: 41% male (52:36)
- Age: Between 13 and 29, Average 19

### Questions developed from the first consultation:

1. Who do you think council housing should be for?
2. Why do you think they should get a council house?
3. Do you think being given a council house should have a time limit?
4. If yes, how long should it be?
5. Is there anyone who should not have a council house?
6. If yes, who would it be?
7. Which of these people should be housed as the first priority?
  - a. Unemployed 24 year-old single mother with two children aged 3 and 4
  - b. Unemployed 40 year-old homeless man with no family
  - c. Working parents with five children aged 4,5,7,9 and 11 (income less than £15K)
  - d. Retired couple aged 63 and 65 who receive the State Pension (£120/wk) and have some savings (they do not own any property)

8. Which of them from Question 7 should be housed as the second priority?
9. If you could change any previous answers, would you?
10. If yes, which question would you like to answer again and why?
11. If you could change anything about council housing, what would it be?

### 1. Who should it be for? Why?

Most responses included people who are in need of financial help to find a place to stay such as 'those on low incomes' or 'people who cannot afford'. Also, families with children and single parents were among the most mentioned groups. Additionally, homeless people, those with disabilities, unemployed people and the elderly appeared in the responses. This shows that young people elaborated on different examples of vulnerable people in society.

Example responses:

1. *I think Council housing should be for anyone who is unable to earn enough to rent privately. Also, I think families and the elderly should get main priority because every child deserves a place to call home, and the elderly need somewhere stable and rural so that accessing other places can be made easier.*



## 03. Online survey

7. *Because it will help them progress.*

**2. Do you think being given a council house should have a time limit? If yes, how long should it be?**

- 39% yes : 61% no

61% of the survey respondents said there should NOT be a time limit. Female participants (64%) appeared to be more against the idea of having a time limit than male participants (58%).

Of the respondents who said there should be a time limit, 71% said it should be less than 5 years.

1 year	1
2 years	5
3 years	7
4 years	4
5 years	7
7years	1
10 years	1
15 years	1
Others*	7
<b>Total</b>	<b>34</b>

\* Other answers: 1) *As long as the person is still financially, and functionally unable to get a house on his/her own.* 2) *Case-by-case depending on income increase.* 3) *There should be a limit but not a fixed one applied to everybody. Should be dependent on each case*

- 4) *Until the council is satisfied that the person is financially stable.*  
 5) *When they can afford to come off.* 6) *When they no longer require it.* 7) *Whenever that person is fit to do so.*

**3. Is there anyone who should not have a council house?**

- 66% yes: 34% no

People who should not be eligible for a council house according to the respondents were mainly those who can afford to rent or purchase a house: 'the rich', 'people who earn more than £20K', 'people who earn enough money or are financially stable to pay for their own home'.

**4. Which of these people should be housed as the first priority?**

- Unemployed 24 year-old single mother with two children aged 3 and 4
- Unemployed 40 year-old homeless man with no family
- Working parents with five children aged 4,5,7,9 and 11 (income less than £15K)
- Retired couple aged 63 and 65 who receive the State Pension (£120/wk) and have some savings (they do not own any property)

### 03. Online survey

First priority	Second priority
47% single mothers	39% working parents with five children
38% working parents with five children	27% single mothers
9% homeless men	18% retired couples
6% retired couples	16% homeless men

As seen in the first question, the survey participants gave a high priority to people with low incomes and children. Generally, female participants (48%) appeared to be more sympathetic towards the situation of a single mother than male participants (44%). Similarly, male participants (11%) tended to sympathise with a homeless man more than female participants (8%).

#### 5. If you could change anything about council housing, what would it be?

Two things jumped out from the responses:

- Stricter rules and fairer processes to prevent people from abusing the system and make sure people who need the most get it.
- Better maintenance and security

Also, a few survey participants raised concerns around the stigma attached to council housing and the negative portrayal of it by the mainstream media.

1. *It needs to be well maintained to give out a positive message to those living in the community. There needs to be more of it.*
2. *Cases should be looked at on a more individual basis, so that those who truly need it can receive it. Also, more council houses need to be provided.*
3. *It will be the construction or refurbishment of the homes. I feel like with council houses not much care or interest is put in it in terms of fixing tiles, boilers, dealing with infestations. So I will say spending more time and money on building better homes before locating people to them.*
4. *It should attend to the needs of everyone who owns a council house because I've known of cases where a brother and sister had to share their bedroom even after 18, which is illegal but it took years for them to get another house with more room.*
5. *Try and change the stigma attached to it (although that'd probably be extremely difficult/impossible) ... maybe some people make choices on purpose so they can be given council housing, I think it should however be viewed as something you're not automatically 'entitled' to just because of your life situation (...).*

### 03. Online survey



Figure 2. Keywords (Anything you would like to change about council housing)

On-line survey: <http://bit.ly/16gkERR>

Join our  
**COMMUNITY**  
CONVERSATION



Let's talk about...  
**The future of housing**

The council is looking at how over the next 30 years we can make our borough's council homes and housing services sustainable for the future at the quality our residents deserve. We're looking to all our residents to help us shape the future of council housing over the long term.

Everybody's view is important. Please take a few minutes to complete this survey and tell us what you think. Your response is confidential and will help feed into the council's future housing policy.



## 1. Who should council housing be for and for how long?

**The Independent Housing Commission said:**

**Council housing is a big issue for Southwark. About half the households in the borough live in a property owned by the council and everyone else lives near to a property owned by the council.**

**Southwark has more housing than any other borough, 39,000 homes with tenants living in them, another 14,500 with leaseholders and homeowners who have bought under things like the right to buy.**

**Good quality low rent council housing contributes to better lives and is essential to the well being and life chances of tens of thousands of local residents young and old. If Southwark is to remain a successful borough with a mixed income community we will continue to need to provide significant amounts of council housing at below the market rents that many of our residents cannot afford.**

**Many council tenants and leaseholders are on very low incomes (70% below £20,000 and many below £10,000 five times less the average for homeowners). If they did not live in council housing they would have to live in poor quality private housing or leave the borough. While the number of private homes is increasing most are unaffordable to those on low income.**

**Housing impacts on people's health, education and employment and shapes the landscape of the borough.**

**Even at the current levels there is not enough council housing available – we have over 20,500 people on our waiting list and severe shortages of one bedroom and family homes. Population growth will increase the demand for council homes and an ageing population will mean more specially adapted homes are needed for older people.**

**Most of our tenants are known as secure tenants – this means unless they do something wrong their tenancies last for life.**

**The council needs to prioritise who council housing should be for in the future.**

**Please write your answer in the box below**

## 2. How much council housing should there be and to what standard of quality?

**The Independent Housing Commission said:**

The council housing stock is set to decrease if nothing is done including through continuing sales by people exercising their right to buy. This increases the pressure on the waiting list.

A lot of council housing is old, nearing the end of its life and in need of major repair or replacement. This is very costly for the council. It is very unlikely that the council will be able to significantly increase the amount of homes it has, nor is large scale stock transfer an option.

The commission suggested three options for the period from 2045:

A slow decline to 30,000 homes to rent, happening through things like the impact of the right to buy. This would release extra funds to improve the homes the council keeps but do nothing to address the shortage of affordable low rent housing.

Keeping about 39,000 homes to rent – this would mean building and refurbishing a large number of council homes. This would mean the council borrowing significant sums of money and building somewhere between five and 9,000 new homes (about two and a half times the whole Aylesbury Estate).

A careful reduction to 20,000 homes to rent. This would cut management and maintenance costs and make money available to improve the remaining homes to a good standard. However with the high level of demand for council homes it means more pressure on other social and private housing providers

The commission suggested these options and also said the council should consult the public on how much housing there should be among other things.

**Please write your answer in the box below**

### 3. How should council housing be managed?

The Independent Housing Commission said:

Parts of the housing service are not good enough. While this is getting better more radical steps need to be taken to improve customer care.

There are opportunities for more tenant involvement in how housing is managed.

The council could remain a large scale landlord providing housing management and developing new homes in-house, providing a wider range of homes to rent or part own.

The council could devolve more housing services to tenant management organisations and neighbourhood housing organisations with tenants involved in directly managing their local housing.

The council could look to work more in partnership with other social and private housing providers like housing associations playing more of a steering role than directly managing housing.

In all these cases the council would remain the landlord.

**Please write your answer in the box below**

**4. Any other comments? Please write your answer in the box below**

**Thank you for taking the time to complete this survey.**

**If you would like to be kept up to date with information about this consultation or future community conversations please provide us with the following information.**

**First name** \_\_\_\_\_

**Surname** \_\_\_\_\_

**Address** \_\_\_\_\_

\_\_\_\_\_ **Postcode** \_\_\_\_\_

**Email address** \_\_\_\_\_

**Are you a resident of the borough?**

- Yes .....
- No .....

**Housing tenure?**

- I am a council tenant* .....
- I am a council leaseholder* .....
- I own a property in the borough* .....
- I rent privately* .....
- I am a housing association tenant* .....
- I am living in temporary accommodation* .....
- I prefer not to say* .....

**Gender?**

- Male .....
- Female .....
- Prefer not to say .....

**Ethnicity?**

- White British .....
- White European .....
- Mixed/dual heritage .....
- Asian or Asian British .....
- Black or Black British .....
- Latin American .....
- Arab .....
- Chinese .....
- Other .....
- Prefer not to say .....

**Age group**

- 16 to 24 .....
- 25 to 34 .....
- 35 to 44 .....
- 45 to 50 .....
- 51 to 60 .....
- 61 and above .....
- Prefer not to say .....

# Join our **COMMUNITY** CONVERSATION



## Let's talk about... **The future of housing**

### **Who should council housing be for and for how long? The Lettings Review**

Southwark Council is one of the largest landlords in the country, but not everyone who wants council housing can get it. There is very high housing demand with over 20,555 people on the council's housing register (the list of people applying to live in council homes or to transfer council properties). Around 3,000 council and housing association homes become available for letting each year, including specialist properties for older people, those with disabilities etc.

Due to an increase in Southwark's population the waiting time on the housing list is likely to get longer if all other factors remain the same. Therefore the council wants to hear your views on the following questions, which will help shape the future of housing in Southwark.

Last year a Lettings Review was set up to look at changes to the council's lettings policy (rules on who can apply to live in social housing in Southwark). The Lettings Review Group included residents, councillors and housing experts in the borough. The group was asked to think about 'Who should council housing be for and for how long?'

The survey asks you to consider the recommendations of the lettings review group and let us know whether or not we should make changes to our existing lettings policy. Please take a few minutes to complete this survey, your response is confidential and will help feed into the lettings policy and the council's future housing policy.

The information you provide will be used fairly and lawfully and Southwark Council will not knowingly do anything which may lead to a breach of the Data Protection Act 1998.

There are more than 20,555 people on the housing register (the waiting list of people wanting to live in social housing). What are called “bands” are used to make sure those in most need are given housing first. There are four bands, band one is the highest priority and band four is the lowest.

- **Band one**
  - Under occupiers - people exchanging bigger properties for smaller ones
  - Council tenants who need to move so that new homes can be built or old ones repaired
  - Council tenants affected by fire and flood
  - Social services nominations (families)
  - Statutory obligation – those who we have to house by law
- **Band two**
  - Urgent medical priority - people with a severe illness or disability that is made significantly worse by their current housing
  - People who need to move because of serious harassment
  - Multiple need - people with more than one reason to move, for example, overcrowding and medical priority
  - Social services nominations (care leavers)
- **Band Three**
  - Homeless families with children or vulnerable homeless people
  - People living in overcrowded housing
  - Medical Priority - people who need to move because of their illness
  - Council tenants whose relationship has broken down
  - People who have no inside toilet, kitchen or bathroom
  - People with no electricity or hot water
- **Band Four**
  - Everyone else.

The lettings review group suggested that band four be abolished as applicants in this band have very little prospect of ever being re-housed, given the high demand for housing from those registered in higher priority bands.

**Q1 Do you think the housing register should only include residents who have a chance of being allocated council housing?**

- No, I think everyone should be allowed to be the register regardless of whether they will get a property or not .....
- Yes, only residents with a chance of being allocated a council home should be included on the housing register. ....
- I do not know .....

To be considered for housing in Southwark you need to have a “local connection” for at least six months in order to join the housing register.

“Local connection” normally means you live or work in Southwark.

**Q2 How long do you think that applicants for council housing should demonstrate a “local connection”?**

- 6 months .....
- 1 year .....
- 2 years.....
- 5 years.....
- Do not know.....

The council has a special policy for residents in council housing who have to move so that regeneration or major works (rebuilding or major repairs) can take place.

These residents are given top priority on 'Homesearch' and entitled to a newly built home if one is available. The lettings review recommends that this policy is unchanged.

Homesearch means that every week we advertise all the properties available (whether they are from the council, housing associations or even other boroughs) on our website and people on the waiting list bid for them.

**Q3** What do you think we should do for residents who have to move to allow regeneration?

---

The council's lettings policy says that all children aged 16 or over should have their own bedroom. The government's overcrowding standard says that only children over 21 years of age should have their own bedroom. Because of the shortage of larger homes in Southwark, we are considering changing the age at which young people should have their own room, and raising the age limit to 21.

**Q4** At what age do you think a young person should be guaranteed their own bedroom?

- 16 and over .....
- 18 and over.....
- 21 and over.....
- Do not know .....

The Localism Act lets councils give priority for housing to people who make a community contribution.

Community contribution can mean people who do voluntary work, foster carers, members of the armed forces etc. (Community contribution can also mean people who are working.)

**Q5** To what extent do you agree that individuals who make a community contribution should be given priority on the housing register?

- Strongly agree* .....
- Agree* .....
- Neither agree nor disagree*.....
- Disagree* .....
- Strongly disagree* .....

**Q6** [If yes] Who do you think should be given priority for homes in Southwark because they make a community contribution?

PLEASE SELECT ALL THAT APPLY

- Volunteers in the community*.....
- People fostering children carers*.....
- People caring for sick or disabled relatives etc* .....
- Key workers (such as nurses, teachers, police etc)*.....
- Member of the armed forces* .....
- Those who are working*.....
- Other* .....

If Other please specify \_\_\_\_\_

The money that we spend on looking after council housing mainly comes from the rents we collect from the people who live in it. However, about 60% of people get some housing benefit.

Central government has set what is called a ‘formula’ or ‘target’ rent for what it thinks our rents should be and wants all social housing providers to use this to set their rents. Central government expects our rents to be the same as the ‘formula’ or ‘target’ rent level by 2015/2016. This is called ‘convergence’. At present our average rent is about £96 a week, the government’s ‘formula’ rent is about £105 a week.

However, using annual rent affordability limits (what people who live in our housing can afford to pay), Southwark won’t ‘converge’ until 2021/22

By not converging in time, Southwark will lose money through lost income

This could be speeded up if, for example, all new housing applicants went straight to formula rent (not existing tenants or transfers)

**Q7** Should the council charge new tenants (not existing ones) higher levels of rent in order to raise more money to invest in council housing?

- Yes, new tenants should be charged the government’s recommended rate.* .....
- No, all tenants should pay the same amount* .....
- Do not know* .....

Sheltered housing is housing that has been specially adapted for older or some disabled people who are 55 or over to allow them to carry on living independently. It is designed so residents can be comfortable, have the companionship of other residents, and be provided with extra security. The council lets people apply for sheltered housing if they are over the age of 60, or 55 if they have a disability.

**Q8** Thinking about residents with disabilities or other special needs, at what age do you think residents should be allowed to apply for sheltered housing?

- 50.....
- 55.....
- 60.....
- 65 and above.....
- Do not know .....

**Q9** Now thinking specifically of residents who do not have a disability or any other special needs, at what age should such individuals be allowed to apply for sheltered housing?

- 55.....
- 60.....
- 65 and above.....
- Do not know .....

Most council tenants are called secure tenants; this means that as long as a council home is their only and main home, we cannot make them leave without a court order. This means that unless they do something wrong they can keep their tenancy for life.

From 2003 the council brought in what are called introductory tenancies for new tenants. These last for 12 months after which they automatically become secure tenancies unless the council has started legal action to repossess the property.

- Q10 To what extent do you agree that tenancies should be for life?**
- Strongly agree*.....
  - Agree* .....
  - Neither agree nor disagree*.....
  - Disagree* .....
  - Strongly disagree*.....

- Q11 If you do not agree that tenancies should be for life, what do you think is the minimum length a tenancy period should be for tenants (without a disability, or special needs, or older people’s housing)?**
- 5 years*.....
  - 10 years*.....
  - 15 years*.....
  - 20 years*.....
  - Do not know* .....

- Q12 Do you have any additional comments on who should be able to live in council housing?**
- 

### About you

- Q13 Are you a resident of the borough?**
- Yes*.....
  - No*.....
  - Prefer not to say* .....

- Q14 [IF A RESIDENT] How would you best describe your housing tenure?**
- I am a council tenant*.....
  - I am a council leaseholder*.....
  - I own a property in the borough*.....
  - I rent privately*.....
  - I rent from a housing association* .....
  - I am living in temporary accommodation*.....
  - I prefer not to say* .....

- Q15 What is your gender?**
- Male* .....
  - Female*.....
  - Prefer not to say* .....

- Q16 Which of the following best describes your ethnicity?**
- White*.....
  - Mixed/dual heritage* .....
  - Asian or Asian British* .....
  - Black or Black British* .....
  - Latin American* .....
  - Arab* .....
  - Chinese* .....
  - Other* .....
  - Prefer not to say* .....

**Q17**      **And lastly, which age group you belong to?**

- 16 to 24 .....
- 25 to 34.....
- 35 to 44.....
- 45 to 50.....
- 51 to 59.....
- 60 and above .....
- Prefer not to say .....

**Thank you for taking the time to complete this survey.**

**If you would like to be kept up to date with information about this consultation or future community conversations please provide us with the following information.**

**Q18**      First name \_\_\_\_\_

                 Surname \_\_\_\_\_

                 Address 1 \_\_\_\_\_

                 Address 2 \_\_\_\_\_ Postcode \_\_\_\_\_

                 Email address \_\_\_\_\_



FUTURES  
STEERING  
BOARD

THE FUTURE OF HOUSING IN SOUTHWARK  
JUNE 2013 – FINAL REPORT



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## 1. Executive Summary

- 1.1. The Futures Steering Board (FSB) was set up in February 2013 to oversee Southwark Council's borough-wide consultation about the future of housing. The FSB was made up of tenant and leaseholder representatives, and was supported throughout the review process by Solon Community Network.
- 1.2. The FSB met 12 times over four months. The original remit of the group was to act as a quality assurance panel for the council's wider consultation, but this was changed after 4 meetings, enabling the FSB to focus instead on its own conclusions and recommendations to the council.
- 1.3. The Southwark Housing Commission report, published in October 2012, outlined a huge array of challenges for the housing sector in Southwark, and formed the basis for Southwark's consultation. The FSB also used the findings and challenges presented within the report as a starting point for its own review and recommendations.
- 1.4. The FSB agrees with the council's plans to build 1,000 homes in the borough, although is concerned that proposed timeframe of building them by 2020 may result in a net loss of homes for social rent, as combined disposals and right to buy sales could outstrip the number of new homes created. The FSB therefore urges the council to complete the new homes as quickly as possible. The FSB believes that the council can completely self-finance the build using a range of income sources including community infrastructure levies, bond issuance, and receipts from sales of new and old homes. Surpluses from the first cycle of home-building could then be ploughed into a second cycle, and the process could be repeated indefinitely.
- 1.5. The FSB undertook its own research into the potential cost of building new homes, as well as the potential sale price the council could achieve for new builds. Within this report three scenarios are considered using different prices for building and selling homes. While all of the scenarios are viable, the more income the council can generate by lowering build costs/increasing sales prices/increasing the number of voids sold, the more capital it will have to build and improve homes.
- 1.6. The modelling undertaken by the FSB assumed that homes built for rent would be let at social – not affordable – rent levels. The FSB felt strongly that given the low level of median incomes in the borough for both council tenants and residents in general, and the high average market rents, affordable rents set at 65% or even 80% of market rates would be too high for those on the waiting list.

- 1.7. The FSB also considered a range of options for the council to supplement its income in order to allow it to kick-start a major house building programme. Of all the options considered, the FSB suggests bond issuance, selling off voids that meet certain criteria, and building more hidden homes are likely to be the best approach.
- 1.8. The FSB's recommendations to the council around who council housing should be for and allocations include: maintaining lifetime tenancies; not introducing income or savings thresholds; considering carefully but not automatically penalising those with poor tenancy records; and some priority for ex-servicemen and women.
- 1.9. The FSB felt that the main issue in terms of housing management is recruiting and retain the right staff to run a professional and personal service for residents. In particular, the FSB recommends the council set up a specialist team to oversee its new building programme. The team would be able to pull together all of the contingent parts of the council that are needed, would have sufficient authority to "get things done", and would have the sole purpose of building homes.
- 1.10. The FSB has made a series of recommendations to the council based on their findings. Above all, the recommendation to self-finance 1,000 new homes while ensuring that the overall level of rented stock is at least maintained is the most important. The FSB is aware of the scale of the challenge, and is keen to continue working with the council to explore the detail of how this ambition can be realised.

## 2. Scope

- 2.1. In February 2013 Southwark Council residents appointed Solon Community Network to support a newly established group of Southwark's tenants and leaseholders – the Futures Steering Board (FSB) – who had been brought together to oversee Southwark's borough-wide community consultation exercise. The FSB was originally made up of five tenants from Southwark's Tenant Council, and four leaseholders from the Home Owner Council. During the course of the programme, one tenant and one leaseholder withdrew from participation. Full details of the members of the Futures Steering Board can be found at appendix 2.
- 2.2. Over the course of four months, from mid-February to mid-June 2013, the FSB met 12 times. During the course of the programme, the remit of the FSB changed.
- 2.3. The FSB's original remit in February 2013 was to:
  - act as a consultative board for residents (tenants and leaseholders in council properties);

- ensure tenants and leaseholders had a strong voice in the consultation;
  - provide a quality assurance role for the broader consultation; and,
  - ensure the consultation had a broad reach.
- 2.4. Following some discussion within the FSB about members' desired outcomes from their participation, and based on conversations held with senior Southwark officers and councillors at the end of 2012, the FSB changed its remit in April. Its new agreed remit was to submit its own response to Southwark's consultation, and make its own recommendations on how the borough should respond to its housing challenges. It was intended that the FSB's report would be considered alongside the report from the borough-wide consultation, to allow the Cabinet to consider a wide range of perspectives.
- 2.5. Under its new remit, the FSB considered a range of strategic housing areas, including:
- who council housing should be for;
  - how much council housing there should be in the borough;
  - how Southwark's housing should be managed; and
  - strategic financial options.
- 2.6. Given the relatively short timescale in which to consider such broad, strategic areas, the FSB agreed that the principle output from its programme of meetings would be a short report detailing its position and recommendations. The group agreed that if the basic premise of the report was accepted, and broadly chimed with feedback from the broader consultation, then further detailed work would be needed to work up an approach and action plan for the council, as well as further consultation.
- 2.7. The FSB decided that one of its principal objectives for the programme would be to find ways for the council to create new homes to be let at "social rent" (i.e. around 40% of market rent) levels, rather than "affordable rent". Members expressed deep concern that any move towards "affordable rent" (i.e. rents at around 65% and theoretically up to 80% of market levels) in Southwark would be unaffordable for the majority of those residents living in Southwark's council housing or on its waiting list.
- 2.8. The group also acknowledged that for Southwark to be able to build in an environment of low/no grant, it would have to become more commercially minded to raise the requisite finance.

### 3. Methodology

3.1. Over the course of the programme, the FSB met 12 times – 8 times under the “new remit” and 4 under the initial one. At each meeting the FSB looked at a number of strategic housing areas, as well as keeping abreast of Southwark’s concurrent borough-wide consultation exercise. The seven areas discussed under the new remit were:

9<sup>th</sup> April: Capital Income Generation (a report from 2009), including “Hidden Homes”

23<sup>rd</sup> April: allocations policy and “who should council housing be for?”

14<sup>th</sup> May: “how much council housing should there be?” and how should it be paid for?

21<sup>st</sup> May: “how should council housing be managed?”

4<sup>th</sup> June: an update on the broader consultation and how it relates to the FSB’s work

11<sup>th</sup> June: agreeing the outline report

18<sup>th</sup> June: agreeing the final report

25<sup>th</sup> June: final edits to report and planning for deputation to Cabinet

3.2. The meetings acted a series of workshops in which members of the FSB analysed information and formed a consensus view on key issues.

3.3. The range of documents referred due during the workshops is listed at appendix 1.

### 4. Context/background

4.1. In late 2011, Southwark Council commissioned a full independent strategic review of its housing options for the future. Southwark’s Housing Commission, chaired by housing lawyer and expert Jan Luba QC, worked from January to October 2012 to explore Southwark’s options in terms of finance, ownership, operations and investment strategy.

4.2. The review identified that Southwark faces a “worsening housing crisis, with demand for affordable homes continuing to far exceed supply”.<sup>1</sup> Future challenges facing Southwark identified within the report include: population growth; an ageing population; growth in the private rented sector; welfare reform; increases in right to buy sales; a relatively inefficient repairs service; huge costs to improve sub Decent Homes standards across one-third of the stock; and, the quality of a large percentage of the stock declining faster than it can be repaired.

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<sup>1</sup> Southwark Housing Commission, 2012, *investing in council housing: options for the future*, p11.

- 4.3. The review also identified that the recent introduction of self-finance for local authority housing presented a tremendous opportunity for the council to make “a fresh start and reset the relationship between the council and its tenants and leaseholders.”<sup>2</sup>
- 4.4. The Commission identified three potential investment scenarios for Southwark over a thirty-year period. First, a slow and steady decline from its current level of 39,000 (tenanted) homes down to 30,000, allowing the council to improve its retained stock and build up a sizeable surplus. Second, maintain the stock at around 39,000 homes, requiring significant investment to both improve existing homes as well as build new ones. Third, a managed reduction to 20,000 homes which would allow Southwark to build up a significant surplus to invest in its retained home and use to work with partners to develop housing through other channels.<sup>3</sup>
- 4.5. The FSB members felt neither of the reduction options would help alleviate Southwark’s housing crisis, unless surpluses were ploughed into the provision of social housing via other providers, such as housing associations. Even then, FSB members would wish to seek assurances that any new housing built for social rent would be let at around 40% of market rent levels, rather than the affordable rent levels of around 65% of market that have been available since 2011, given the low levels of income in the borough, especially among council tenants.

## 5. How much council housing should there be, and how should it be paid for?

- 5.1. The Commission highlighted the extent of the housing crisis Southwark faces at present, driven by population growth of 27% from 1976 to 2011 (226,000 to 287,000),<sup>4</sup> and more than 20,000 households on the housing register. While Southwark’s waiting list is not as long as other London boroughs, it has increased by more than 40% in the last six years, and without action is likely to keep lengthening.
- 5.2. The options for those on the waiting list are limited. The average house price in Southwark during the fourth quarter of 2012/2013 was £388,714, down 0.5% on house prices in the same quarter of the preceding year.<sup>5</sup>

<sup>2</sup> Ibid., p52.

<sup>3</sup> Ibid., pp56-61.

<sup>4</sup> Ibid., p.34

<sup>5</sup> BBC website, [http://news.bbc.co.uk/1/shared/spl/hi/in\\_depth/uk\\_house\\_prices/html/be.stm](http://news.bbc.co.uk/1/shared/spl/hi/in_depth/uk_house_prices/html/be.stm)

- 5.3. Options for living in private rented accommodation are not much better. In April 2012, the median advertised monthly rent for a two-bedroom flat in the borough was £1,826, with the lower quartile price at £1,435.<sup>6</sup>
- 5.4. Contrasted with median income levels of £9,100 for council tenants in Southwark, and £16,800 for residents overall, the prospect of either owning a property or living in the private rented sector seems poor for the majority of Southwark's residents.<sup>7</sup>
- 5.5. Given this context, the FSB felt strongly that Southwark Council should seek to retain current council stock levels, or if possible, increase them. FSB members felt that the only sure way to continue to provide housing for rent at social rent levels would be for the council to own and manage the stock itself.
- 5.6. Members acknowledged, however, that the council is likely to continue to work with housing association partners in order to meet its overall target of 8,558 net new affordable homes between 2011 and 2026 (set out in the borough's Core Strategy), and 20,050 net new homes from 2011-2021 (set out in the London Plan). FSB members felt that Southwark should use its leverage as a landholder and planning body to insist that housing associations create new homes to be let at social rent levels – not affordable rent levels – for reasons already outlined in this report.
- 5.7. The FSB supports the council's ambition to build 1,000 new homes.<sup>8</sup> However, the FSB has concerns that by 2020, the year by which the 1,000 new homes are pledged to be built by, Southwark may have sold more homes (though void sales and right to buy) than it will have built. The FSB therefore urges the council to look at reducing the timescale.
- 5.8. Following on from the initial cycle of 1,000 new homes, the FSB believes the council should be able to recycle capital receipts into a second round of home-building, and from that round a further cycle, and so on. The FSB believes that the council would be able to learn lessons from the first round and apply them to future rounds to both cut down on costs and the time taken to build new homes.

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<sup>6</sup> Southwark Council, February 2013, *Southwark key housing data 2012/2013*, p6.

<sup>7</sup> Ibid., p32 & 2.

<sup>8</sup> [http://www.southwark.gov.uk/news/article/762/southwark\\_announces\\_building\\_of\\_1000\\_new\\_council\\_homes](http://www.southwark.gov.uk/news/article/762/southwark_announces_building_of_1000_new_council_homes)

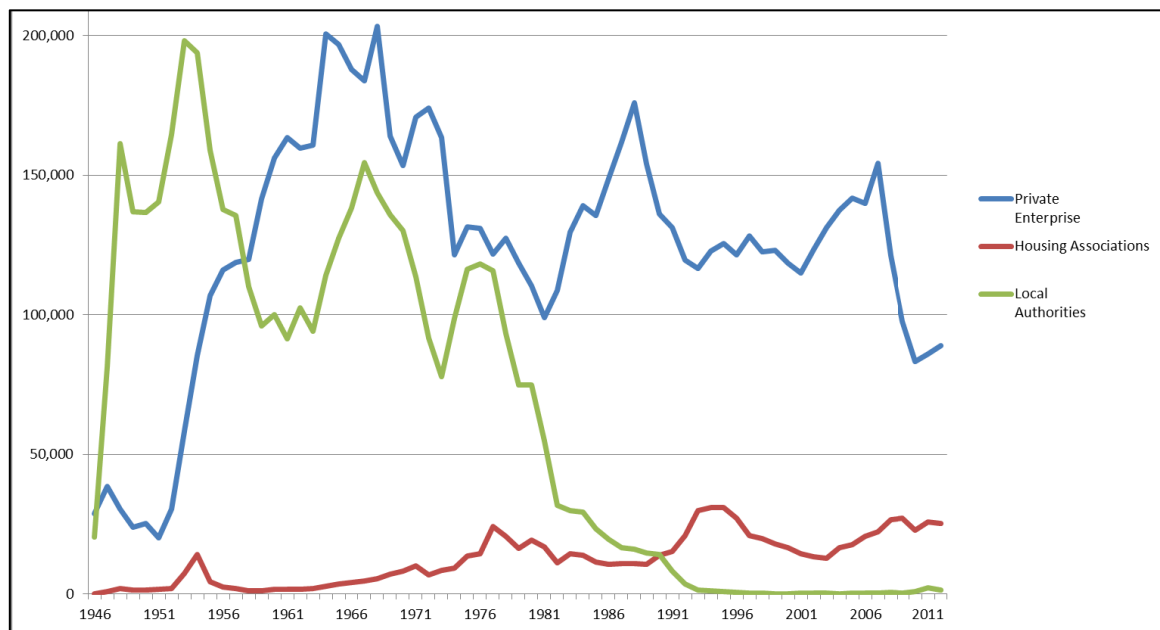
## 6. Southwark Council: developing new homes

### Background

- 6.1. Over the last 20 years, the level of council house building nationally has been very low, although the last two years have seen an increase to around 1,500 per year. As figure 1 shows, council home completions in the early 1950s were close to 200,000 per year, but since the early 1990s have been minimal.

Figure 1. Permanent dwellings completed by tenure, 1946-2012

Source: DCLG live tables 244



- 6.2. Since 2003, local authorities have had greater flexibility to borrow or raise money to access finance for development/improvement work through prudential borrowing. However, the amount they can borrow is still controlled by central government. The new self-financing scheme introduced in April 2012 allows local authorities to keep their own rents and service charges and borrow money against future rental income. However, the government still sets the limit, in the form of a cap, on the amount that can be borrowed.

### Raising finance – how much would the council need?

- 6.3. In October 2012, Southwark's Cabinet considered a paper looking at directly funded housing delivery. The paper referred to the council's stated aim of building 1,000 homes by 2020, and set out the proposed phase 1 sites for the first 286 homes. Grant Thornton advised the council that its programme of 1,000 new homes would cost

somewhere between £131 and £153 million, with an approximate build cost of £160,000 per new home, and an average sales value of £280,000 per unit.<sup>9</sup>

- 6.4. The Housing Commission estimated that the average build cost of new homes in the borough would be £168,000.<sup>10</sup> The Commission's figures suggest the council would need £168m to build 1,000 new homes, although that figure includes a sum of £56,000 per unit for infrastructure costs, which may not be needed for units built in spaces where pre-existing infrastructure was already in place, such as some sites for hidden homes.
- 6.5. The FSB undertook research into the cost of new builds in different parts of the country to try and find some further data. The FSB found detailed costing for two sites in central London, the average unit cost of Southwark's hidden homes programme in 2011, several sites in Scotland, and two further sites outside of London. The FSB found a wide variation in average new build costs per unit, as the table below shows.

Table 1: A spread of average new build unit costs<sup>11</sup>

Location	Average new build cost per unit
Central London 1 – Camden (Holly Lodge)	£138, 291
Central London 2 – undisclosed location	£156,000
Southwark Hidden Homes costs 2011	£102,000
Stroud District Council cost of 2-bedroom to Sustainable Code 4	£115,000
Aylesbury estate estimated cost	£160,000
Canterbury City Council	£99,510
Scotland average across five sites	£70,500
<b>Average across all sites</b>	<b>£120,200</b>

- 6.6. Within these data there are a number of variants such as the size of the schemes, the size and type of home, and of course the location.
- 6.7. FSB members decided to look at a range of different scenarios to look at the different impact different build prices would have to the overall viability or profitability of a scheme. Some of the scenarios are set out in tables 2 and 3.

<sup>9</sup> Southwark Council Cabinet report, 23<sup>rd</sup> October 2012, *Directly Funded Housing Delivery*, <http://modern.gov.southwark.gov.uk/documents/s32665/Report%20Directly%20Funded%20Housing%20Delivery.pdf>

<sup>10</sup> Southwark Housing Commission, op. cit., p58.

<sup>11</sup> Data drawn from desktop research. The data for "central London 2" were not sourced from the public domain but could be made available for viewing if required.

## How many to rent, how many to sell?

- 6.8. The FSB's principle goal, agreed by its members from the outset, was for the council to embark on a programme of home building that would at very least maintain, and ideally increase the overall supply of homes for social rent in the borough, as well as increasing the overall supply of all types of housing.
- 6.9. Southwark's Core strategy policy 6 outlines that any new development in the borough with ten or more units must have a minimum of 35% affordable housing. Within that 35%, different areas in the borough have different targets for social and intermediate products.
- 6.10. The FSB decided to explore the idea of building new developments with a higher percentage of homes for social rent: i.e. around 65%, with the remaining 35% sold outright to provide capital receipts to cross-subsidise social rented units. However, the scenarios looked at are also presented here with ratios of (rent/sale) 60%/40% and 70%/30% in order to illustrate that there are options to raise more or less capital.
- 6.11. Tables 2 and 3 show three different scenarios – A, B and C. All of the scenarios follow certain assumptions:
- Building the first 1,000 homes will take until 2020, as set out by the council.
  - An average sale price for new units of £280,000, based on advice given to Cabinet in October 2012. Compared with an average sale price across the borough for flats of £320,869 and £388,714 for all homes in Q4 of 2012/2013<sup>12</sup>, this price seems achievable.
  - Income from community infrastructure levies of £44,500,000 is included in the models as it is assumed this money would be used up-front.
  - Income from voids based on an assumption of generating an income of around £250,000 per void, based on data supplied by Southwark Council to the FSB (see 7.16.).
  - An assumption that over the course of the programme the council sells around 480 homes<sup>13</sup> through right to buy (around 80 per year), and that this generates around £21,000,000 in receipts.<sup>14</sup>
  - Only known income is included within the calculations – any additional income raised through bonds, loans or via any other means is omitted.

<sup>12</sup> [http://news.bbc.co.uk/1/shared/spl/hi/in\\_depth/uk\\_house\\_prices/html/be.stm](http://news.bbc.co.uk/1/shared/spl/hi/in_depth/uk_house_prices/html/be.stm)

<sup>13</sup> This figure is based on data drawn from DCLG live table 691, showing the following figures for RTB sales in 2012/2013; Q1 – 7, Q2 – 15, Q3 – 23, which totals 45 for the first 3 quarters of the year. The FSB has therefore assumed 35 sales for the final quarter, totalling 80 for the year, and 480 over 6 years.

<sup>14</sup> *Directly Funded Housing Delivery*, op cit., p15.

- Each scenario is presented within three potential options – the sale ratio at 35%, 40% and 30%.
- Models are based on current prices, and are not adjusted for inflation.

### Scenario A

6.12. This scenario simply uses average build (£160,000 per unit) and sales (£280,000 per unit) figures set out in the October 2012 paper to Cabinet.

### Scenario B

6.13. This scenario assumes that of 1,000 new homes built, 700 are built at a cost of £160,000 per unit, as per scenario A, but the remaining 300 homes are built as “hidden homes” at an average cost of £102,000 per unit, bringing the average build cost per unit down to £142,000.

### Scenario C

6.14. This scenario is the “challenge” scenario considered to see what could happen if build costs were reduced to a low figure of £120,000 per unit. The data looked at by the FSB suggest £120,000 might be achievable, as outlined in Table 1. It is noted, however, that the lower build cost figures are generally taken from sites outside London, where build costs tend to be cheaper.

6.15. In table 2, the models are all set to show no net loss or gain in social rented homes. In order to achieve that, the number of void sales would have to be restricted to a fairly low rate to allow for around 80 right to buy sales per year. All scenarios within each ratio option show a profit ranging from around £45m to £85m to re-invest.

6.16. In table 3, the models are based on making each scenario, A, B and C, regardless of the rent/sale ratio “zero-cost” – where the overall receipts through sales of new homes and sales of old homes equal the build cost of the new homes. Each scenario generates a profit of £65.5m to re-invest, but scenario A in each ratio option would lead to a small net loss in the number of homes available for social rent, whereas scenario C in each option shows a net gain.

6.17. The FSB presents these indicative figures knowing that they are subject to a number of variables, including the health of the housing market. If right to buy figures returned to those seen in Southwark from 2003-5, for example, when more than 3,000 homes were sold in two years, the council would have to build far more extensively to retain current social rented stock levels.

Table 2: no net gain/loss in social rented homes – build programme 2014-2020

	65%/35%			60%/40%			70%/30%		
	A	B	C	A	B	C	A	B	C
Av. build cost per unit	£160,000	£142,000	£120,000	£160,000	£142,000	£120,000	£160,000	£142,000	£120,000
Av. sale price per new unit	£280,000	£280,000	£280,000	£280,000	£280,000	£280,000	£280,000	£280,000	£280,000
Av. sale price per void unit	£250,000	£250,000	£250,000	£250,000	£250,000	£250,000	£250,000	£250,000	£250,000
No. of homes	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
% homes sold	35%	35%	35%	40%	40%	40%	30%	30%	30%
Build cost	-£160,000,000	-£142,000,000	-£120,000,000	-£160,000,000	-£142,000,000	-£120,000,000	-£160,000,000	-£142,000,000	-£120,000,000
Sales receipts	£98,000,000	£98,000,000	£98,000,000	£112,000,000	£112,000,000	£112,000,000	£84,000,000	£84,000,000	£84,000,000
Surplus/loss on build	-£62,000,000	-£44,000,000	-£22,000,000	-£48,000,000	-£30,000,000	-£8,000,000	-£76,000,000	-£58,000,000	-£36,000,000
CIL income	£44,500,000	£44,500,000	£44,500,000	£44,500,000	£44,500,000	£44,500,000	£44,500,000	£44,500,000	£44,500,000
Sale of voids	£42,500,000	£42,500,000	£42,500,000	£30,000,000	£30,000,000	£30,000,000	£55,000,000	£55,000,000	£55,000,000
Receipts from RTB	£21,000,000	£21,000,000	£21,000,000	£21,000,000	£21,000,000	£21,000,000	£21,000,000	£21,000,000	£21,000,000
Balance	£46,000,000	£64,000,000	£86,000,000	£47,500,000	£65,500,000	£87,500,000	£44,500,000	£62,500,000	£84,500,000
Total homes built	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
New homes sold	350	350	350	400	400	400	300	300	300
Homes for rent built	650	650	650	600	600	600	700	700	700
Void homes sold	170	170	170	120	120	120	220	220	220
Homes sold through RTB	480	480	480	480	480	480	480	480	480
Total new homes for social rent	0	0	0	0	0	0	0	0	0

Table 3: three scenarios adjusted to be “zero cost” developments (including void sales receipts) – variable void income – build programme  
2014-2020

	65%/35%			60%/40%			70%/30%		
	A	B	C	A	B	C	A	B	C
Av. build cost per unit	£160,000	£142,000	£120,000	£160,000	£142,000	£120,000	£160,000	£142,000	£120,000
Av. sale price per new unit	£280,000	£280,000	£280,000	£280,000	£280,000	£280,000	£280,000	£280,000	£280,000
Av. sale price per void unit	£250,000	£250,000	£250,000	£250,000	£250,000	£250,000	£250,000	£250,000	£250,000
No. of homes	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
% homes sold	35%	35%	35%	40%	40%	40%	30%	30%	30%
<b>Build cost</b>	<b>-£160,000,000</b>	<b>-£142,000,000</b>	<b>-£120,000,000</b>	<b>-£160,000,000</b>	<b>-£142,000,000</b>	<b>-£120,000,000</b>	<b>-£160,000,000</b>	<b>-£142,000,000</b>	<b>-£120,000,000</b>
Sales receipts	£98,000,000	£98,000,000	£98,000,000	£112,000,000	£112,000,000	£112,000,000	£84,000,000	£84,000,000	£84,000,000
Void sales receipts	£62,000,000	£44,000,000	£22,000,000	£48,000,000	£30,000,000	£8,000,000	£76,000,000	£58,000,000	£36,000,000
Surplus/loss on build + void sales	£0	£0	£0	£0	£0	£0	£0	£0	£0
CIL income	£44,500,000	£44,500,000	£44,500,000	£44,500,000	£44,500,000	£44,500,000	£44,500,000	£44,500,000	£44,500,000
Receipts from RTB	£21,000,000	£21,000,000	£21,000,000	£21,000,000	£21,000,000	£21,000,000	£21,000,000	£21,000,000	£21,000,000
<b>Balance</b>	<b>£65,500,000</b>	<b>£65,500,000</b>	<b>£65,500,000</b>	<b>£65,500,000</b>	<b>£65,500,000</b>	<b>£65,500,000</b>	<b>£65,500,000</b>	<b>£65,500,000</b>	<b>£65,500,000</b>
Total homes built	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
New homes sold	350	350	350	400	400	400	300	300	300
Homes for rent built	650	650	650	600	600	600	700	700	700
Void homes sold	248	176	88	192	120	32	304	232	144
Homes sold through RTB	480	480	480	480	480	480	480	480	480
<b>Total new homes for social rent</b>	<b>-78</b>	<b>-6</b>	<b>82</b>	<b>-72</b>	<b>0</b>	<b>88</b>	<b>-84</b>	<b>-12</b>	<b>76</b>

## 7. Options for the council to raise finance for new builds

- 7.1. In an era of low/no grant for building council/social homes, the FSB believes the council should aim to completely self-finance its programme of 1,000 homes, and generate sufficient income from the sale of both new and old homes and the end of the cycle to be able to start immediately on a further cycle of 1,000 homes.
- 7.2. Even if the council is able to build 1,000 new homes at a net “zero cost”, a substantial amount of up-front funding to kickstart the programme is needed. The FSB therefore looked at a range of fundraising options that the council could explore.

### Community Infrastructure Levies

- 7.3. In the October 2012 paper presented to Cabinet, the council outlined its plans for its own Affordable Housing Fund (AHF) to build new homes with. The paper outlines that the fund is already worth £44.5m thanks to the generation of receipts through community infrastructure levies (although some of this income is pending at the time of this report).<sup>15</sup>

### Bond issuance

- 7.4. Local authority bonds are a historically common way for councils to raise money. However, no council bonds were issued from 1994 to 2011, as any attempt to do so would require central government approval.
- 7.5. Local authorities are now looking at issuing municipal bonds again – a number of authorities have applied for credit ratings and have come out looking really strong. Birmingham City Council has a AA+ rating, and Wandsworth a AAA rating (better than the UK government).
- 7.6. Two recent examples of bond issuances illustrate their potential for Southwark. In 2011, the Greater London Authority (GLA) issued £600 million in bonds, with the yield 0.17 per cent cheaper than the rate of interest the GLA could have obtained had it borrowed the money from the Public Works Loan Board. In May this year, Peabody announced it had raised £60m through a bond issuance at the lowest yield rate (3.9%) ever achieved by a housing association.<sup>16</sup>

<sup>15</sup> Southwark Council October 2012 Cabinet report, op. cit.

<sup>16</sup> <http://www.24dash.com/news/housing/2013-05-08-peabody-secures-60-million-bond-placement-at-lowest-ever-borrowing-rate>

- 7.7. In early June 2013, the Homes and Communities Agency quarterly survey of registered providers showed that housing associations had raised £3.8bn through public bonds and private placements in 2012/2013 – an increase of 153% on 2011/2012 (when £1.5bn was raised). Overall, bond activity accounted for 70% of new finance in the sector, compared with 28% for “traditional” bank funding.<sup>17</sup>
- 7.8. As a very large landlord and landowner, Southwark could make a bond issuance work, and may be able to access finance more cheaply than by borrowing money through the prudential system.

### **Prudential borrowing**

- 7.9. Prudential borrowing is the set of rules that govern local authority borrowing in the UK. Local authorities were granted the power to borrow money to invest in capital works and assets under the Local Government Act 2003. Under the prudential system, local authorities can raise finance without central government consent as long as they can afford to pay the debt back from their own income streams (such as rents and service charges).
- 7.10. In April 2012, the UK government established a new system of self-financing for council housing. Under the system, councils retain rents and service charges from their tenants and leaseholders, but they must use that income to service their debt obligations and pay for the management and maintenance of their housing stock.
- 7.11. As part of the reforms, local authorities were asked to take on a share of the national housing debt. Southwark’s inherited debt is £451 million.
- 7.12. However, under the reforms local authorities are entitled to borrow money up to a limit set by the Treasury. Southwark has the potential to borrow a further £126 million before it reaches its limit.
- 7.13. Southwark’s borrowing headroom is substantial and higher than many of its local authority counterparts, and Southwark’s gearing ratio is much lower than for large housing associations. A 2011 report showed that the average gearing ratio for the top 60 registered providers of social housing was 78%, with average debt per unit £18,738.<sup>18</sup> Southwark’s average debt per unit is currently £11,600, putting it well below the housing association average.

<sup>17</sup> Inside Housing, *Capital market funding raises £3.8 billion*, 14<sup>th</sup> June 2013.

<sup>18</sup> Beaver and Struthers, *2011 Annual Review of Social Housing*.

7.14. Southwark's debt is currently being serviced at a rate of 6.8%.<sup>19</sup> The FSB is concerned about Southwark's ability to service even higher levels of debt without bringing down the rate of interest currently paid. While the FSB recognises the opportunity a potential £126m represents, further prudential borrowing is not the preferred option of the group.

### Receipts from voids

7.15. The Commission highlighted that "void sales can make a modest contribution to council income and over time could be used to address issues with blocks that have very high levels of leaseholders. They could also release money for new-build properties, which are cheaper to maintain."<sup>20</sup>

7.16. Data supplied by Southwark Council to the FSB show that in the years 2011/2012 and 2012/2013, Southwark raised nearly £22m from the sale of 86 properties – an average sale price per unit of £254,000.

7.17. The voids were sold off for a number of reasons including the property being: uneconomical to repair; worth more than £400,000; difficult to let; a listed building; and a range of other factors.

7.18. Southwark currently caps the number of void sales per year to a maximum of 140, although around 2,000 to 2,500 homes per year become void, so there is scope to sell far more. The FSB would support the sale of more homes, as long as receipts are ringfenced and ploughed into building new homes, with a view to maintaining or increasing overall stock levels.

### Hidden Homes

7.19. In March 2009, Southwark tenants and officers presented a report to the erstwhile Cabinet on generating capital to invest in building new homes. At the time, the report sought to set out how the council could raise income through: selling off voids meeting agreed criteria; and, selling off under-used land and non-residential buildings.

7.20. The report recommended a number of actions, including:

- Setting a target to generate £20m per year through void sales;
- Identifying under-used land to develop either private or public sector housing;

<sup>19</sup> Southwark Housing Commission, op. cit. p54.

<sup>20</sup> Ibid., p44.

- Converting existing dwellings or spaces into new homes through a Hidden Homes programme based on the successful model deployed in the London Borough of Wandsworth (Wandsworth has now created 238 hidden homes over 10 years);<sup>21</sup>
- Setting up a small, dedicated staff team to oversee the programme.

7.21. The report emphasised that the programme of building hidden homes by recycling receipts from the sale of voids would be self-sustaining. If an element of the council's ongoing new build programme in the future was made of up hidden homes, it could help to bring down overall build costs, as set out in scenario B above.

### **Right to buy receipts**

7.22. Southwark's estimated right to buy sales are 40 per year,<sup>22</sup> although this estimate was made before the maximum discount in London was increased to £100,000.<sup>23</sup> Guidance from the Department for Communities and Local Government states that RTB receipts can be used to provide new builds, but only up to a limit of 30% of the cost of providing each new unit.

### **Partnership working**

7.23. The FSB also looked at a range of partnership working options to either raise additional finance or use Southwark council's potential access to finance to enable partners to build more homes. Options considered included: partnering with a housing association and building homes to let at market rents and ploughing surpluses into new building; public/private partnerships in which Southwark provided land and private sector companies the finance for developments (reference LBBB); leaseback schemes; and, Southwark council using its borrowing headroom to lend out to partners and generate income through interest repayments.

7.24. However, FSB members felt that all of the partnership options exposed to the council to the risk of losing control of the type of housing being produced, meaning ultimately not enough new homes being built for social rent.

### **Southwark council as mortgage lender**

<sup>21</sup> [http://www.wandsworth.gov.uk/info/200027/council\\_housing/247/hidden\\_homes](http://www.wandsworth.gov.uk/info/200027/council_housing/247/hidden_homes)

<sup>22</sup> Southwark Council Cabinet report, 23<sup>rd</sup> October 2012, *Directly Funded Housing Delivery*, p15.

<sup>23</sup> <https://www.gov.uk/government/news/mark-prisk-offers-100k-right-to-buy-discount-to-the-capital-s-social-tenants>

- 7.25. In addition to supply-side policies, FSB members also felt that the council could act to stimulate local demand for some of the new homes it will build and sell. The FSB understands that the council still has a handful of mortgages in place that were started in the 1980s.
- 7.26. In 2011, fifteen local authorities agreed to join forces and put money into a Lloyds TSB scheme to top up deposits of first-time buyers. The scheme is called Local Lend a Hand and allows buyers to purchase a home with a deposit of 5%. As of April 2013 there are 53 schemes nationally.
- 7.27. The council would typically then offer a further 20% of the equity to buy a home, and would receive the interest payments on this amount. The council would need to agree its own borrowing cap with its partner bank.
- 7.28. Generally, mortgages available through Local Lend a Hand are cheaper than commercial mortgages, although the full amount still needs to be repaid. The local authority receives interest payments on the amount it lends (the typical interest rate in 2011 was 4.25%), but they carry most of the risk (i.e. negative equity or default).
- 7.29. The FSB recommends that Southwark re-establishes its mortgage lending facility, to enable local residents to access mortgage finance at a very competitive rate, ideally lower than they would be able to get through the open market. The council would also benefit from receiving interest repayments on its loans, and it could plough that income into building or improving homes.

## Risk

- 7.30. There are a number of risks for Southwark to be aware of, should it decide to increase its debt levels or raise finances through bond issuances. In 2012 the National Audit Office published a report looking into the financial viability of the social housing sector. Some of the risks highlighted in the report for providers of social housing operating in a low grant environment include:
- increased borrowing could result in a higher gearing ratio and a lower credit rating;
  - increased reliance on property sales could increase the council's exposure to housing market volatility and leave potential shortfalls in funding for future development/improvement;
  - lower cash reserves as cash would be used up funding capital projects up front
  - Higher rents for tenants to make up any funding shortfalls which tenants may not be able to pay leading to higher levels of arrears; and,

- an overall negative impact on overall financial viability.<sup>24</sup>

7.31. While these risks would be a real possibility, they are faced by all providers of social housing, especially those seeking to build.

## **8. Who should council housing be for?**

8.1. The FSB discussed the question of who council housing should be for after considering findings from Southwark's own consultation, as well as looking at what other local authority areas were doing.

8.2. The FSB agreed on a number of key areas, underpinned by the principle that council housing should be for those people that need it.

### **No fixed-term tenancies**

8.3. FSB members felt that any introduction of fixed-term tenancies would have a destabilising effect on existing communities within the borough and would create even more population "churn".

### **No income limit/threshold**

8.4. FSB members argued against any introduction an income threshold for people applying to be on the housing waiting list. Members felt such a policy could have a residualising effect within social housing, and could also act as a disincentive to earn above a certain level.

### **No upper limit on savings/equity**

8.5. The FSB's reasons for ruling this out were similar to those put forward for rejecting an upper income limit.

### **No place for those who already have a property they can live in**

8.6. The FSB felt that if applicants for housing already owned a property in which they could live, they should not be able to access council housing.

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<sup>24</sup> National Audit Office, 2012, *Financial Viability of the Social Housing Sector: introducing the Affordable Homes Programme*.

**Additional points should be given to people who can demonstrate a local connection for the last two years, whether it's through living or working in the borough**

8.7. FSB members felt that the general consensus across Southwark, and in many other boroughs – that there should be a greater emphasis on local connection – is right. Members felt a two-year connection was about right, as long as other boroughs had broadly similar criteria; a significant variance would mean encouraging large-scale movements of people across boroughs to find the borough with the most suitable criteria.

**Notice should be taken of those applicants with poor tenancy records.**

8.8. Members did not want to unduly “punish” those with poor tenancy records who may have extenuating circumstances. As such, the group felt paying attention to such records, and assessing each case on its own merits, would be the best approach.

**Those who are under-occupying but want to move should be provided with financial support but also, critically, “soft” support to help them settle into a new area.**

8.9. Members were concerned about the emotional and psychological impact of moving home, and so felt that in addition to a monetary payment, the council should maximise efforts to help people settle into new homes through home visits, early signposting to relevant services and regular contact.

**Extra priority for ex-servicemen and women**

8.10. Members felt priority should be given for ex-servicemen and women with a local connection, and also for a time-limited period to be agreed.

**Continue with CBL system, but perhaps review aspects such as the number of times someone can view properties before accepting**

8.11. Members supported the Choice-Based Lettings system, but felt a revision could be made to place a lower cap on the number of times an applicant can view properties before accepting

**9. How should council housing be managed?**

- 9.1. The FSB felt that the overarching point to be made in relation to this question was that whatever structure the council adopts in future, there are a number of fundamental points that are essential to a successful future for council housing in the borough.

### **The council retains its large landlord status**

- 9.2. In order to continue to be able to provide low-cost housing at social rent levels, the FSB felt the council needed to retain high levels of stock for social rent, for reasons already outlined in this report related to housing need.
- 9.3. In addition, the FSB members wanted to stress that in an ongoing era of low/no grant for social housing providers, Southwark's large-landlord status puts it in a strong position to be able to access finance for development and improvement, and to continue to generate and recycle capital receipts for future investment.

### **Staff**

- 9.4. Any future structure for housing management needs to be able to retain, attract and develop high-quality staff with the right balance of skills, knowledge and experience. FSB members urged that innovation from staff, councillors and residents is needed to explore new ways to deliver housing services that are right for residents.
- 9.5. The FSB felt that in order to manage a development process successfully, a specialist, dedicated team is needed to oversee all aspects of work connected to delivering new homes. Specifically, the team would need to coordinate Hidden Homes, the new build programme, income from sales of voids and right to buy properties, and community infrastructure levies. The programme is dependent on one team being able to pull together all the contingent parts required to make it a success.

### **Contract management**

- 9.6. FSB members noted that Southwark council formerly had a Contract Compliance Unit (CCU) that appears to have been discontinued. FSB members felt that successful contract management would be essential for the success of a new build programme, and procedures and people need to be in place to make sure that contracts are closely monitored and remedial action, where required, taken swiftly.

### **Local offices/presence**

- 9.7. FSB members felt that the closure of local offices has left Southwark without a local connection with many of its residents/estates. The example of the Aylesbury estate, where there is still a local presence, was given to show why having staff who are accessible locally is important; it allows residents to have face-to-face contact with the people managing their homes which in itself builds relationships and trust.
- 9.8. The FSB understands that the council wants to make efficiency savings and seek value for money – but wonders if the withdrawal of local services will have a detrimental impact on resident satisfaction and thereby drive up costs in the shape of increased complaints or failure to diagnose repairs correctly when they are reported through a call/contact centre.
- 9.9. The FSB supports Tenant Management Organisations where effective management and monitoring is in place. The FSB’s principle concern about TMOs was support to ensure a successful transition when the original tenants and leaseholders who set the TMO up are ready to move on.

#### **Co-regulation: resident scrutiny**

- 9.10. While not directly connected to this piece of work, FSB members feel that there is a role in Southwark’s future housing management model for greater co-regulation of its housing services, notable through the establishment of a resident scrutiny panel/committee that would work alongside existing structures. The scrutiny function would give residents the chance to work closely with staff to look at how services can be improved.

## **10. Recommendations**

This section brings together all of the key recommendations made in this report.

**Recommendation 1:** the council self-finances 1,000 new homes with 65% for social – not affordable – rent and 35% sold outright.

**Recommendation 2:** the council should aim to at least maintain, and if possible increase, its current number of homes available for social rent

**Recommendation 3:** the council should raise income through a variety of methods but should strongly consider bond issuance and increasing capital receipts through void sales and a hidden homes programme. The council should aim to generate sufficient capital on

the first round of building 1,000 homes to be able to plough straight into the next round and beyond.

**Recommendation 4:** Southwark should set up a dedicated team to manage all aspects of the new build process, which would include: co-ordinating hidden homes, the new build programme, income from sales of voids and right to buy properties, and community infrastructure levies. The programme is dependent on one team being able to pull together all the contingent parts required to make it a success. The team could be a specialist unit within the council, or alternatively a subsidiary model might be explored.

**Recommendation 5:** the council should consider re-establishing its own mortgage product for local residents to help them into home ownership as well as help to ensure it can sell new properties built to cross-subsidise building new homes for social rent.

**Recommendation 6:** the council should take advantage of the opportunity presented by the Localism Act to build in some priority for local people into its allocations system, the FSB believes a two-year connection to the borough (either through living or working) would be a fair balance.

**Recommendation 7:** the council should ensure that in bringing in a new development focus, it does not in any way jeopardise its relationship with existing tenants and leaseholders. Community is important too, and current residents should have the opportunity to participate fully in shaping, designing, and delivering services.

**Recommendation 8:** this is the start, not the end. The FSB is extremely keen that this report, and the wider consultation, marks the start of a conversation about the future of housing in the borough. Beyond its July meeting, Cabinet should set out a clear roadmap for the next few months and beyond showing how residents will continue to be involved in mapping out the future of housing in the borough, working alongside officers and councillors.

**Recommendation 9:** while not directly connected to this piece of work, FSB members feel that there is a role in Southwark's future housing management model for greater co-regulation of its housing services, notably through the establishment of a resident scrutiny panel/committee that would work alongside existing structures. The scrutiny function would give residents the chance to work closely with staff to look at how services can be improved.

## Appendix 1: Background papers

*2011-15 Affordable Homes Programme – Schemes Confirmed by the HCA: April 2011 – December 2012*, Homes and Communities Agency (2013)

([http://www.homesandcommunities.co.uk/sites/default/files/our-work/2011-15\\_ahp\\_-\\_schemes\\_confirmed\\_by\\_the\\_hca\\_end\\_of\\_dec\\_2012.xlsx](http://www.homesandcommunities.co.uk/sites/default/files/our-work/2011-15_ahp_-_schemes_confirmed_by_the_hca_end_of_dec_2012.xlsx))

B. Thompson, *Local Asset Backed Vehicles: A success story or unproven concept?*, RICS (2012)

Barratt Development plc, *Annual Results Announcement for the year ended 30 June 2012* (2012)

Beever and Struthers, *2011 Annual Review of Social Housing* (2011)

Building and Social Housing Foundation, *Building New Homes for Rent: Briefing for Local Authorities* (2012)

*Capital Income Generation for the Housing Investment Programme*, Cabinet Report (17 March 2009, London Borough of Southwark)

D. Chevin, *Social Hearted, Commercially Minded: a report on tomorrow's housing associations*, The Smith Institute (2013)

*Directly Funded Housing Delivery*, Cabinet Report (23 October 2012, London Borough of Southwark)

E. Cox and K. Schmuecker, *Beyond Banks and Big Government: Strategies for Local Authorities to Promote Investment*, IPPR North (2013)

*Investing in Council Housing: Options for the Future*, Independent Commission on the Future of Council Housing in Southwark (2012)

National Audit Office, *Financial viability of the social housing sector: introducing the Affordable Homes Programme*, (2012) (HC 465, Session 2012-13, 4 July 2012)

Price Waterhouse Coopers, *Making the most of HRA Reform* (2011)

Savills, *A Spotlight on the National Planning Policy Framework (NPPF) One Year On* (2013)

Savills, *Report to G15 - Additionality of Social Housing* (2013)

Southwark Council, *Affordable Housing: Draft supplementary planning document* (2011)

Southwark key housing data, 2012/13 (London Borough of Southwark, 2012)

*Stroud District Council New Homes Development Strategy*, Housing Advisory Panel Report (17 October 2012, Stroud District Council)

**Appendix 2: membership of the Futures Steering Board (FSB)**

<b>Name</b>	<b>Organisation</b>
Jeff Barnett	Home Owners Council
Cris Claridge	Southwark Group of Tenants Organisations
Steve Hedger	Tenants Council
John Nosworthy	Home Owners Council
Ian Ritchie	Tenants Council
Sandy Stewart	Home Owners Council
Carol Vincent	Tenants Council
Alistair Smyth	Solon Community Network
Susy Lloyd	Solon Community Network

**APPENDIX 3****SOUTHWARK HOMEOWNERS' REPORT ON  
THE FUTURE OF COUNCIL HOUSING IN SOUTHWARK****Executive Summary**

- This report has been prepared by the Homeowners' Council, which represents Southwark Council's 14,500 leaseholders and freeholders.
- Strategic decisions on the long-term future of social renting will inevitably have a major impact on homeowners. In particular investment decisions have the potential to increase the costs charged to leaseholders significantly.
- We believe Southwark Council should provide as many social rented homes as possible over the next thirty years. These homes should be let on social rents on full secure tenancies to ensure affordable homes for local families and key workers.
- But this option may mean that more homeowners face large major works bills if their rundown blocks and estates are renovated rather than demolished.
- Alternatively, the options that reduce the amount of rented housing are likely to increase the level of annual service charges. The higher level of demolition under these scenarios will displace more homeowners, who will be unable to afford replacement homes without some support from the Council.
- Many homeowners are on low incomes and we would like to see a wider range of options to help struggling owners, including optional individualised reserve funds and discretionary caps for homeowners in exceptional hardship.
- As the Council's financial position improves we would also like to see greater use of buy-backs from households that can no longer afford home ownership.
- There is general support among homeowners for devolved management to improve efficiency and responsiveness, although we recognise the Tenant Management option will not appeal to tenants in all parts of the borough.
- Regardless of the management option chosen, homeowners need more cost-effective management of both repairs and major works.
- Disruptive sub-letting is a serious issue and we support action against homeowners that permit anti-social behaviour. However, we are opposed to the Council acting as the sole letting agent for new homeowners as this will restrict choice and flexibility.
- Homeowners' representatives would like to be fully involved in the implementation of policies and procedures that are developed as a result of the strategic review of housing.

## **1. Introduction**

- 1.1. This report draws on the views and experiences of the members of the Homeowners' Council, who were elected at local area housing forums to represent Southwark Council's 14,500 homeowners.
- 1.2. The Homeowners' Council fully supports Southwark Council's strategic review of housing in the borough, and it would like to be fully involved in the development of the new policies and priorities that are developed as a result of its investment decisions.
- 1.3. Strategic decisions on the future of rented council housing will have significant impacts on households living in homes sold in Southwark under the Right to Buy (RTB), including the costs of major works and other service charges. Greater freedom in the housing finance regime offers Southwark an excellent opportunity to address years of underinvestment in its stock, but many leaseholders may face large increases in costs as a result of the review.
- 1.4. In addition we feel that improvements in services (such as greater transparency and involvement in decisions) can be achieved relatively quickly at little or no cost to the Council, and we would not want to see these "quick gains" lost while large strategic decisions are being considered. The Independent Commission's report summarises (especially on page 40) some important issues for homeowners, in particular our concerns about value for money, transparency and involvement in decision-making processes.
- 1.5. Although the review of housing investment will focus on the future of tenanted housing, we hope that the strategic decisions made by the Council will also provide a framework for better services and stronger working relationships with the thousands of homeowners who also rely on Southwark Council for some housing services. This report suggests some possible options for consideration.

## **2. *Investing in Council Housing: the investment scenarios***

- 2.1. All of the homeowners' representatives consulted for this report felt that Southwark Council should remain a large social landlord. Many leaseholders were once council tenants themselves and there is strong support for more council housing, provided the new properties are let on secure tenancies at social rents that will allow local families and keyworkers to afford decent housing in all parts of the borough.

- 2.2. We believe Southwark Council should build as many new socially rented homes as possible over the next thirty years, although we recognise land and other resources may be limiting factors. At the very least the Council should maintain its rented stock at the current level of 39,000 homes by replacing any future losses from the Right to Buy, void sales and demolition.
- 2.3. The Independent Commission's report *Investing in Council Housing: options for the future* clearly demonstrated the significant financial benefits of stock reduction. But as homeowners' representatives we feel this option would not be in the best interests of local residents, because we cannot be certain that other housing providers will increase their building programmes to make up the lost social rented homes.
- 2.4. We recognise that a decision to maintain stock numbers at its current level will mean less demolition and more patching up of existing buildings, compared with the other scenarios. One of the implications will be large major works for more leaseholders under this option, and we discuss some ways in which leaseholders (who are often on relatively modest incomes) might be protected from the impact of very large major works bills later in this report.
- 2.5. Alternatively, if the Council decides to adopt the 20,000 dwellings scenario (or even the less dramatic reduction to 30,000 homes), the higher rate of demolition will mean that more homeowners are displaced through regeneration schemes. While secure tenants are invariably offered a right to return, the compensation paid to homeowners (even with the additional statutory "home loss" payment of 10%) is never enough to buy one of the new replacement homes on the scheme. If this option is chosen, we would ask the Council to adopt a boroughwide package of options that allow displaced homeowners to stay in their neighbourhoods after redevelopment.
- 2.6. Leaseholders are concerned that the improvements in the housing budgets brought about by a large drop in stock numbers could lead to demands for very high standards of services. While homeowners naturally want to see good quality housing services, we are worried that households on comparatively low incomes, including pensioners, are already struggling to pay annual service charges of up to £3,000 a year. Looking ahead, we feel it would be unjust to charge those homeowners who are on modest incomes the full costs of very expensive services that will only be possible because of large surpluses in the Housing Revenue Account. We suggest some options to control the level of service charges later in this report.
- 2.7. To sum up, it seems likely that many homeowners will face higher costs due to the investment scenario chosen by the Council. The Right to Buy encouraged working class families to enter home ownership, and many of them are now retired and living on relatively small pensions. Where RTB

homes have been sold on, the purchasers have often been households on relatively low incomes who saw buying on a council estate as the only way to get on the property ladder in Southwark. Although we do not want to claim that all homeowners are poor, most resident owners are not particularly wealthy and many are definitely struggling to cope with the costs of home ownership during the economic downturn. We support the option that the Council builds new homes to address the housing crisis in Southwark, but we would also ask that consideration is given to measures that mitigate the impacts of higher major works costs on homeowners.

### **3. *Investing in Council Housing: management options***

- 3.1. Regardless of the management model adopted by the Council, homeowners need to be sure that housing staff are committed to controlling costs and ensuring best value. This includes maintaining proper control over contractors.
- 3.2. There is relatively little enthusiasm among homeowners' representatives for the option that the Council directly manages most of its stock across the borough.
- 3.3. In theory the economies of scale, sound procurement and contract management should allow the council to reduce costs under this option. In this context, the reference on page 50 of the Independent Commission's report to efficiency savings of 2% may seem unambitious.
- 3.4. But many homeowners believe the Council has not been able to achieve the same scale of savings as Tenant Management Organisations, or even some private sector managing agents. If the "large landlord" option is chosen, we believe the Council should examine why these smaller organisations seem to be able to produce better value for money for tenants and homeowners, and look to adopt some of their practices in its own management. Although the Home Ownership Unit has improved leasehold management to some extent in recent years, many leaseholders still doubt whether housing staff can change their culture and working practices quickly enough to make the required gains in efficiency and to control costs over the short-to-medium term.
- 3.5. Many homeowners feel that many frontline staff still see management and maintenance issues solely in terms of tenanted homes, and there are strong suspicions that the Council considers leaseholders an easy and convenient source of funds.
- 3.6. Some leaseholder representatives have expressed interest in partnering arrangements to drive greater efficiency. But the general view is that partners are always likely to put their own interests before that of Southwark Council or its residents. The failure of two large partnering

contracts for housing work has only increased scepticism about the effectiveness of this approach.

- 3.7. Southwark has failed to impose sufficient control over its contractors in the past, and we are concerned that it might be unable to manage formal partnerships effectively. The Council needs to ensure that the partners (and contractors) do not take excessive profits from our capital budget. While there may be some benefits in partnering with high-performing local boroughs and housing associations, we think that joint ventures and significant outsourcing of housing management and repairs are simply too risky.
- 3.8. The greatest interest among homeowners has been in the Tenant Management Organisation (TMO) option. In particular we have been impressed by the improvements in resident satisfaction and the value for money achieved when tenants and leaseholders employ their own housing staff and procure their own repairs contracts. We believe that effective local management has the potential to produce useful savings on management and maintenance.
- 3.9. But we agree with the Independent Commission's assessment that TMOs will not appeal to residents in every part of the borough. One representative described them as "hothouse flowers that need to be nurtured", citing local failures alongside the success of TMOs like Leathermarket JMB. TMOs tend to be too reliant on a small group of committed activists, creating concerns about their long-term viability, and they are likely to have greatest appeal in neighbourhoods where tenants are particularly unhappy with local services. Any service improvements will be very dependent on individual TMOs' ability to recruit good managers. Although we feel TMOs are an option that should be encouraged, they are not a practical solution for all of the borough's housing stock in the foreseeable future.
- 3.10. We think that the Independent Commission's description of Neighbourhood Housing Organisations (NHOs) on page 65 of its report is interesting. But we are worried that the Commission seems to imply this model might be imposed on neighbourhoods that have rejected the TMO route. We are also concerned that these NHOs might have to be significantly larger than TMOs (a separate director and board for every few hundred homes seems impractical, and the Birmingham district housing panels mentioned by the Commission will each cover around 6,500 homes). We are not sure that this rather limited level of devolution will bring the same level of local scrutiny and savings as a TMO, and if this option is adopted any NHOs should be set up on monitorable, fixed term contracts with senior staff employed on a similar "performance related" basis. However, the general neighbourhood approach to management decisions does seem a reasonable way to involve residents in the drawing up and awarding of contracts.

- 3.11. While we support the principle of local management and the devolution of decision-making to neighbourhood level, several homeowners' representatives have concerns about devolving Southwark's leaseholder management services down to the neighbourhood level. The Home Ownership Unit does seem to have brought greater professionalism and focus to the Council's work with homeowners. Local area offices used to have responsibility for Section 20 consultations on future works and the experience was often unsatisfactory. The wider housing service does not yet have a culture that values all residents regardless of tenure, and at the moment we would be concerned that Neighbourhood Housing Organisations might marginalise homeowners' issues.

#### **4. Affordability: the impact of major works**

- 4.1. Decisions on stock numbers, investment and management models will have significant impacts on homeowners, and strategies to address historic under-investment will impose extra costs on lessees. Regardless of the decisions made by the Council, the reality is that affordability of service charges will remain an issue for many homeowners.
- 4.2. We would like to see the Council consider a wider range of options to protect homeowners from excessive increases as it develops new strategies for housing investment. Some leaseholders are already facing bills for tens of thousands of pounds for Decent Homes / Warmer Drier Safer improvements and fire risk assessment works as homeowners pay for the poor design and inadequate maintenance of their estates. While homeowners can plan for many future costs, it is impossible to make provision for the extra costs that are imposed by changes in national policies or responses to unexpected disasters. Homeowners on modest incomes with little or no equity in their homes will simply find it impossible to pay these huge bills.
- 4.3. To add to the uncertainty estimated bills sent out to leaseholders sometimes underestimate the final costs, particularly where blanket costing has estimated costs across a number of different blocks of flats. One representative recounted a case where an initial estimate of £4,000 has become a final bill for £16,000. He made two points: firstly, how could the cost have quadrupled on this piece of work, and secondly how could any leaseholder be expected to budget for the final costs in such a case? The Independent Commission found leaseholders wanted better consultation on major works, and we would draw Cabinet's attention to the Commission's comment on page 40 of its report that only 6% of leaseholders felt they were receiving value for money on their major works at the end of 2011.
- 4.4. Decisions on the refurbishment of high-investment estates will produce some extremely large charges. Homeowners on the Four Squares estate have already reported bills of more than £40,000 as the backlog of work

is addressed following many years of under-investment. Council decisions to carry out all the major works on an estate at once may be justified in terms of efficiency, but this can impose unfeasible costs on homeowners as all the costs fall within a single year's charge.

- 4.5. Southwark Council was forced to abandon its sinking fund for homeowners because it was unable to pay for matching work on tenants' homes. The strategic investment decisions taken by the Council should provide a stronger platform to tackle defects. But a boroughwide sinking fund spreading the costs and risks across all homeowners might be difficult to implement even if the legal barriers could be overcome.
- 4.6. It would be possible to introduce an opt-in scheme allowing individual homeowners to save for the cost of planned works to their own home in future years. The Council's recent proposal that homeowners could choose to go onto fixed charges calculated over a thirty-year period is an interesting one, although we cannot currently see how lessees that opt into the fixed charge regime could benefit from future efficiency savings.
- 4.7. Any assistance that the Council can give owners saving for future bills will be welcome. Given the increasing number of homeowners unable to pay large bills, we feel the Council needs to consider how it can offer more support in suitable cases.
- 4.8. The Council does offer some options for struggling homeowners, such as equity shares and loans and interest-free payment schemes. These options can help some homeowners pay large one-off bills, but they do not address the problem of owners who consistently struggle to pay their annual service charges. Some owners simply cannot afford to stay in their homes due to changing circumstances, and we would like to see more consideration given to council buy-backs from these residents as housing budgets improve. The recent proposal that the Council might buy back homes at the tenanted value, allowing the occupier to remain in the home as a secure tenant paying rent, is an interesting one that is worth further investigation.
- 4.9. The Council also has the power to limit the impact of large major works charges on poorer homeowners through a discretionary Major Works cap of £10,000 over a five year period. The Social Landlords Discretionary Reduction of Service Charges (England) Directions 1997 allows landlords to adopt such a scheme in individual cases of "exceptional hardship", and we urge the Council to consider this option.
- 4.10. As the original Right to Buy purchasers retire and new marginal buyers are attracted into the tenure with increased RTB discounts, we believe more households will struggle to pay large major works bills. Any decision to renovate rather than demolish council blocks will increase the number of low income households caught in this trap, and we would ask that the Council sets a range of measures in place to support the increasing

numbers that will be unable to pay for expensive major repairs and improvements that are chargeable under the lease.

- 4.11. We are concerned that these new marginal homeowners may fall into mortgage arrears if interest rates rise, and we feel there may also be a case for the Council exploring provision of its own mortgages as part of its long-term strategic review.

## **5. Affordability: annual service charges**

- 5.1. While one-off major works charges of thousands of pounds can be devastating for households on modest resources, the Homeowners' Council also receives many complaints about the annual service charges. At the end of 2011 less than a third of leaseholders felt the annual service charge represented value for money.
- 5.2. A common complaint is that bills are too high for the quality of work that has been carried out, especially where work is sub-standard. The Independent Commission's bench-marking showed Southwark is performing relatively poorly in some key areas of housing management, adding to homeowners' view that we are not receiving good value for money.
- 5.3. Many leaseholders feel that the council does not monitor its contractors and craftspeople carefully enough. While we welcome the proposal that there should be more inspections of work, we need to be convinced that the recruitment of extra staff (communal repairs officers) really will reduce service charges for leaseholders.
- 5.4. A second criticism is that procedures for challenging service charges are cumbersome, and that we need an in-house mechanism to resolve disputes effectively so that homeowners do not have to keep taking the Council to the Residential Property Tribunal Service.
- 5.5. Although the Council has begun to introduce more detailed invoice billing, homeowners still need more information on the likely cost of new contracts, as well as greater input into the awarding and monitoring of these contracts.
- 5.6. To sum up, homeowners need better information and greater influence over service charges, contracts and the correcting of mistakes. When the new Homeowners' Information Centre is in operation later this year it will be able to offer independent advice to homeowners. Southwark Citizens Advice Bureau is also able to provide advice, funded by the Council. But awareness of these services is low and they will need to be promoted more effectively as strategic investment decisions impact on homeowners.

## **6. Estate regeneration and the displacement of homeowners**

- 6.1. Southwark Council is already committed to the demolition and rebuilding of several estates, and a decision to reduce stock numbers would increase the number of homeowners losing their homes. Estate redevelopment always creates a major issue of affordability for homeowners, because the market value of the existing home (even with the additional 10% home loss payment for resident owners) never covers the costs of an equivalent new home in the regenerated neighbourhood.
- 6.2. Individual redevelopment schemes are currently carried out by different developers, so the options for displaced home owners can vary from estate to estate. To ensure equal treatment across the borough, we believe the Council should develop a standard set of rehousing options offered to all displaced homeowners anywhere in the borough. This should include a clear commitment to "equity share" schemes (where the council or developer owns part of the new home and recovers their investment when the property is sold on) and a "home swop" option to available council properties. If the Council decides to carry out the redevelopment work itself or through long-term partnerships with specific developers, this would make a "Southwark offer" for displaced homeowners easier to implement.
- 6.3. The process of buying back owner-occupied homes on redevelopment schemes can be long and stressful, and owners often complain that they are trapped in their property for years while they wait for their phase of the redevelopment to come around. Greater use of council buybacks at the beginning of regeneration schemes would be a real benefit to families trapped for years by development blight, and other boroughs have been able to offer this option on some projects. Scenarios that improve the Council's capital budgets would allow more early buyouts.

## **7. Sub-letting**

- 7.1. The Independent Commission highlighted some of the management issues around letting by non-resident landlords, in particular anti-social behaviour and access for emergency repairs.
- 7.2. The Council (and other agencies such as the police) already have a range of powers to tackle anti-social behaviour regardless of tenure, and we believe these should be used wherever possible. As well as anti-social injunctions and ASBOs, this might include closure orders where premises are being used for serious and persistent anti-social behaviour. The Council can also force landlords to address anti-social behaviour in their property under the lease, including possible forfeiture. We believe the Council would be justified in tackling a pro-active approach where disruptive sub-letting is causing problems for other residents. In addition,

we believe that homeowners should have a duty to provide the Council with up-to-date contact details.

- 7.3. The Independent Commission suggested that the lease could be changed to compel new owners to let their properties through the Council. We are dubious about the practicality of this proposal. Firstly, we are concerned that it would create two distinct classes of homeowners with different rights to let their properties. Secondly, it would limit choice and competition for owners, who may have particular requirements that could not be met by a single "one size fits all" service. Lastly, we have some doubts about the Council's capacity to take on a large new area of work and deliver it in an efficient and cost-effective way.
- 7.4. Overall, we support greater action against homeowners that allow their tenants or anyone else to annoy neighbours. But a major restriction on the choice of letting agents would remove choice and flexibility for the majority of landlords who do take responsibility for their properties, and it is not clear that it would actually reduce levels of nuisance behaviour.

## **8. Involving homeowners in strategic decisions**

- 8.1. Over the next few months Southwark will be developing its long-term vision for council housing in the borough, and the choices made will have significant impacts for homeowners. Developing and implementing the changes that will be needed to achieve the new vision will take rather longer.
- 8.2. The Homeowners Council is an effective forum to discuss day-to-day issues around leasehold management and service delivery. But the current emphasis on long-term planning means homeowners also need to feed their views into the strategic process so that the impact on the thousands of homeowners in the borough can be fully understood.
- 8.3. One solution might be regular meetings between Homeowners' Council representatives and senior housing staff to review strategic issues and their impact on services for homeowners. We would urge the Council to ensure that homeowners' issues are given appropriate weight in strategic investment decisions.

## **Acknowledgements**

We would like to thank all the members of the Homeowners' Council and LAS2000 who contributed to this report. Particular thanks are due to Jeff Barnett, Margaret Diab, Liz Errington, Ed Heron, David Monaghan, John Nosworthy, Michael Orey, Sandy Stewart, Peter Suthers and Michael Tyrer, who contributed their time and expertise so generously.

We would also like to acknowledge the assistance of Communities First, who acted as the independent homeowners' adviser during the production of the report.

# **STAKEHOLDER VIEWS ON HOUSING POLICY AND PARTNERSHIP WORKING IN SOUTHWARK**

## **THE PERSPECTIVES OF LOCAL AUTHORITIES**

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A Smith Institute report for Southwark Council

June 2013



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## 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 housing director and housing cabinet leads from local authorities which have an interest in the borough.

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 for partnership

Interviews took place over the period 1<sup>st</sup> May – 23<sup>rd</sup> May 2013. Interviews were conducted with:

- John Clark, Director of Housing, Greenwich
- Ben Denton, Director of Housing, Westminster City Council
- Cllr Julian Fulbrook, Cabinet Member for Housing, Camden
- Cllr Jonathan Glanz, Cabinet Member for Housing, Westminster City Council
- Sean McLaughlin, Director of Housing and Adult Services, Islington
- Cllr James Murray, Executive Director for Housing, Islington
- Cllr Pete Robbins, Cabinet Member for Housing, Lambeth
- Rachel Sharpe, Housing Director, Lambeth
- Eddie Stevens, Housing Service Director, City of London Corporation

## The main challenges

### *Supply of housing*

Like all inner London boroughs it was felt that one of the main challenges for Southwark was a lack of supply of affordable housing. It was felt by some, who were decent homes compliant, that they had more opportunities than Southwark to spend time and resources concentrating on developing new homes and regenerating areas. All felt that a priority was to build at quality standards, which inevitably takes time and patience, and demands investing in new and existing housing at the same time.

*“Southwark, like all inner London boroughs, has a lack of supply of affordable housing.”*

### *Quality of the stock*

The second main challenge concerned the quality of stock. This was mentioned in all the interviews, and most thought Southwark had a much harder task than their own borough. Some acknowledged that there was likely to be a shortfall in funding to bring homes up to the decent homes standard.

### *Meeting wider strategic objectives*

It was said that housing policies had to fit with wider strategic objectives. One borough mentioned aligning housing with well-being objectives. Although Housing Revenue Account (HRA) money was ring-fenced it should also work with the General Fund – for example boroughs needed a housing strategy which sought to reduce the costs of social care. Similarly, housing could be used to help engender the wider aim of growing the local economy and wealth creation.

*“Whilst HRA is ring-fenced it also has to work with the general fund.”*

### *Affordable rent*

Affordable rent was a problem for re-lets when housing associations shifted over to the new regime. One authority had undertaken research which showed that housing was going to those with lower housing needs. Another thought it was unaffordable for some people and also could cause real tensions – how could the Council justify charging different rents to neighbours for the same service?

### *Welfare reform*

Welfare reforms were also mentioned as a major challenge and a potential risk to income streams. Councils shared many of the same fears as housing associations.

### *Right to buy*

One interviewee mentioned the issue of companies buying right to buy properties. The Council should take any action it could to curb this. However, another thought it was relatively small scale, but growing.

## Views of Southwark Council

Perceptions of Southwark varied. However, most thought the Council was doing a good job in difficult circumstances.

One interviewee said the Council seemed mindful of what they can achieve and are not politically doctrinaire. It was thought that they were doing the best they could given the socio-economic make-up of the borough. It was felt by another that Southwark was a progressive Council and a sensible, pro-active and responsible authority. They thought the borough was using its new freedoms to the best advantage especially as they could not rely on grant, and that Southwark were right to take their time.

Others thought that the borough had not got on with things. One cited huge estates which have been left empty or have not been improved. One thought that the Council allowed too much private housing and could deliver more council/social housing.

Others however did not have a view of the Council but acknowledged that they had an inherently challenging stock.

*“Southwark is a solid centre-left, inner-city borough doing what it can.”*

*“What I have heard is that they are interested and involved and trying their best.  
They seem to be rolling up their sleeves.”*

## Opportunities

### *Cross boundary working*

One interviewee mentioned their work with other neighbouring boroughs to help address cross boundary issues. They gave the example of combating fraud and unlawful subletting. These issues demanded collaboration as those with more than one home could have them in different authorities. The boroughs shared data to trace those who were subletting.

Another interviewee stated that whilst there were close relationships on some areas (such as temporary accommodation) more could be done in others. Tracking subletting, dealing with rogue landlords, and home improvements could all be undertaken jointly. They mentioned the shared services group and suggested it could be broadened to even include other issues, such as lettings. However, this was not without problems - different policies, practical issues around computer software and possible political concerns. But if there was common ground then it could only be a good thing. This would need to be driven at a high political level, but with different electorates that would be a tough ask and there would need to be demonstrable benefits to both boroughs concerned.

*“Boroughs are showing a can do attitude. There’s enormous scope for working together.”*

### *Development*

One borough mentioned that it was not in favour of affordable rent. They were starting to build new council homes, on council land - 25% private sale, 25% shared ownership and 50% council housing. Their programme also included infill on existing estates. All thought there was no option but to cross subsidise from homes for sales.

One scheme mentioned in an interview was where a developer provided a small number of properties which could not be sold on the open market and priced below market levels. When these properties were resold they would have to sell to someone the Council had nominated.

One councillor thought that councils had to look for any space/land they could find, including rooftops and disused garages. Councils had to hunt for these ‘hidden homes’.

### *Estate renewal*

One interviewee thought that no one model would work for housing and regeneration across a borough. In some places it was about the initial design rather than how they were built. Finding solutions to problems required different approaches.

One council that was meeting the decent homes standard was focusing on improving the place and clean-ups. This included, improving walkways and having good concierge facilities.

#### *Preferred providers*

Working with housing associations, because of affordable rent, was seen as a major challenge by some authorities. One had a clear policy and expected housing associations to offer agreed rent levels and tenures that matched their objectives. If it did then the authority would put in land at discounted prices and seek New Homes Bonus for grant/gap funding.

#### *Delivery structures*

One interviewee thought that Southwark should think about devolving powers and setting up arms length (housing) bodies – these would allow the Council to bring in new people with new skills sets which would help to enhance capabilities.

This was shared by another who said that forming an Arms Length Management Organisation (ALMO) could lead to improvements as they were focused solely on providing a good service.

In another interviewee, a similar but nuanced suggestion was proposed. They thought that the structures in Southwark were too diffuse – that having strategy, regeneration, housing management and finance managed separately stopped the borough concentrating on delivering a quality service and new homes. It also made it much more difficult for associations to work with the borough given that they needed to speak to different teams on a scheme. This also applied to planning who were often said to be distant to the housing team, who had insights into how schemes worked in practice. This need not mean having an ALMO but consolidating services and greater joint working within the borough.

They also felt that sometimes the HRA was viewed in the same way as the general fund. However, housing was an asset to be invested in rather than just a service provision. Housing also required strong relationships with tenants and leaseholders in a different way to other services.

However, one person interviewed thought that there was too much discussion about high level governance (delivery models) which could be a distraction. A well run ALMO is better than a poorly run in-house service and vice versa.

*“You have to concentrate on quality of what we are doing and set strategic objectives it’s not all about large scale voluntary transfers or ALMOs.”*

*“Southwark should think about devolving powers and setting up arms length bodies.”*

*Estate based focused*

One person interviewed thought the borough should look hard at the management of certain estates – which ones needed to be improved and tackle them accordingly. This could help support regeneration which is much needed.

*Demand management*

One borough had worked hard to limit the number of people needing emergency accommodation. It was said this allowed them to manage demand for housing.

One mentioned buying up right to buy homes which would be cheaper than the private rented sector for temporary accommodation. It would also allow them to 'decant' tenants when regenerating areas.

Another mentioned that they were in part meeting their social care challenge by running a popular scheme to buy seaside homes in Kent and elsewhere, which helped free up under occupied homes. This could be extended to temporary accommodation, to offer people the option of living outside the borough. They stressed that this was being done on a voluntary basis. If a resident declined the offer to move, they would not be forced to do so.

*Contractors*

Working with contractors to increase the proportion of their staff versus subcontractors for maintenance services was mentioned by one interviewee. It was said that subcontractors tend to be of a poorer quality. However, it was said there is often a tension between small local firms, employing local people and larger national contractors who often provide a better service.

*Innovative ideas*

One suggestion made, was charging affordable rents and putting 10% of the rent into a savings scheme to help the tenant build up a deposit to buy a house.

One borough was looking at establishing a lettings agency, similar to Newham, which is licensing all private landlords.

## Sticking points

### *Affordable rents*

One of the barriers mentioned by local authorities was affordable rent. Councils we spoke to had mixed views, with many uncomfortable given that rents were clearly unaffordable for those on low incomes. These boroughs either had a policy of discouraging affordable rent or were actively seeking to stop it. This stance was causing tensions with some housing associations.

Others took a more flexible view. One mentioned that they were calculating affordable rent not as a percentage of market rent but were linking rents to median incomes. This produced interesting results which were much lower than 80% of market rents and helped those on modest incomes. Housing associations they worked with accepted the challenge and were glad to have a system not based on market rent.

Rent levels more broadly were mentioned by one interviewee as a sensitive issue. Increasing social rents was causing tensions and was a tricky political issue. However, it could be justified if the service improved.

*“We have undertaken research on affordable rent and homes are mainly going to those with lower housing need.”*

### *Mix of tenures*

Another issue was the mix of tenures on new developments. For some it was about having a debate with social landlords rather than being prescriptive. What mattered was meeting the boroughs overall objective.

One interviewee thought that Southwark was not flexible enough on planning. It had the potential to allow more new build, but it was not viable to build for sale properties in low demand parts of the borough and social housing in the north. They thought the Council needed greater flexibility around the mix of tenures on some schemes – 35% would not work on some developments.

*“They need some flexibility. 35% affordable doesn’t work on some schemes – this needs to shift even if 35% of all units built across the borough are social housing.”*

However, others thought that housing associations and other developers needed to understand that authorities had a democratic mandate. Delivering genuinely affordable homes and mixed communities mattered politically.

### *Partnership working*

One interviewee said that the impression they had of Southwark was that they dictated the terms, and if providers didn't like it they could go elsewhere.

*"You don't get things done by bossing people around."*

Relationships with housing associations were mentioned. One thought that sometimes they could get more by working with developers -that housing associations did not bring that much to the table without grant funding. They also felt aggrieved that associations would sell properties in their borough in order to build more in another borough. Sometimes associations could also neglect their management services and prefer to focus more on development.

## Partnership working

### *Similar objectives*

One interviewee mentioned that partnership working involves defining common goals and working closely with partners to achieve them. If a housing association has different priorities then it is hard to work with them, especially in regard to affordable rents. They said it was important to acknowledge that you will not get on with all providers and need to have aligned interests.

Another said that the borough needed to be clear about what it wanted to get out of partnership working and have a clear set of outcomes. It was commented that Southwark would need to be realistic about achieving its housing and place making aims.

*“We define our goals and work closely with those who agree with them. If a housing association has different priorities then we find it hard to work with them.”*

### *Meeting partners regularly*

Most agreed that relationships were kept going and built up by meeting regularly with partners. One cabinet housing lead met with housing association chief executives regularly, as did officers with senior staff. These were a mix of informal and formal meetings and they had a housing association group which met every month. These meetings were two way conversations, and covered issues around existing stock as well as development. That particular authority said that they don't dictate terms as associations operate in several different authorities and have their own pressures. This was not a view shared by all councils.

### *Building on existing relationships*

Using and building on existing partnerships was mentioned by one interviewee. This included strong personal connections, including where officers had worked together with people at other organisations. Housing was a small world and authorities needed to utilise those formal and informal connections (organisations such as ARCH were seen as useful forums for information sharing).

*“They know what we do and how we work.”*

### *Providing a forum*

One interviewee mentioned that some providers felt that they did not know who to talk to at Southwark. They suggested creating a forum for decision makers to make agreements. Such a forum could meet quarterly and would help build relationships. This was a matter of timing: getting agreements in time was a necessity as providers have to make investment decisions on existing stock and new build. What was important was getting senior decision makers sat round a table rather than more

junior offices talking about particular elements of potential schemes. This would allow for better joint working and allow for compromise.

*“The problem is who do you speak to? They need a forum for decision makers to hammer out agreements.”*

#### *Preferred providers*

One council had a framework of around 10 housing associations who were preferred providers. Through the semi-formal agreement if land was available then these associations are given the option to develop. Housing officers met with the housing associations at director level and once a year they have a breakfast with chief executives. It was thought that concentrating on building a few good relationships made partnership working easier. However, it was thought that innovative ideas could be missed – some proposals they received in the past had been completely leftfield which they had not thought about. This did not happen as much with preferred providers.

#### *Neighbouring boroughs*

For some boroughs relationships with neighbouring councils were undertaken on a more informal basis - talking politics and changes in strategy and sharing information. This was also the case with the GLA.

One interviewee thought that much more could be done to work with Southwark across borders. At the moment sub-regional groups were South East and South West but inner London boroughs had much more in common. This would allow for sharing of information, intelligence and ideas. It would not just be about shared services.

One interviewee noted that in the past housing directors of inner south London boroughs met once a year but this had stopped.

*“Boroughs need to learn from each other, not least on HRA improvements.”*

#### *Leadership and culture*

One interviewee thought that to have partnership working you had to have the right culture. This depended on having good people in key positions. The top-down culture would not change if the leadership was not willing to work with other organisations; and this attitude would feed down to junior staff. The interviewee noted that the Council had to move some staff on to bring this about. It was noted that good partnership working is not going to happen without supportive people. They need to have loyalty to the place and willingness to trust and work with others.

*“I think partnership working depends of on having good people in key positions.”*



# **STAKEHOLDER VIEWS ON HOUSING POLICY AND PARTNERSHIP WORKING IN SOUTHWARK**

## **PERSPECTIVES FROM HOUSING ASSOCIATIONS**

---

A Smith Institute report for Southwark Council

June 2013



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## 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 directors and chief executives from nine housing associations which have an interest in the borough.

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 30th April – 14th June 2013. Interviews were conducted with:

- Matt Cooney, Chief Executive, Asra Housing Group
- Keith Exford, Group Chief Executive, Affinity Sutton Group
- Chris Flynn, Managing Director, Riverside Housing SE Division
- Duncan Howard, Regional Director, Southern Housing Group
- Steve Howlett, Chief Executive, Peabody
- Tom MacCormack, Chief Executive, Hexagon
- David Montague, Group Chief Executive, London & Quadrant Housing
- Brendan Sarsfield, Chief Executive, Family Mosaic
- Tony Swinden, Director of Neighbourhood Services, Guinness South
- Steve White, Chief Executive Officer, Hyde Housing

## The main challenges

Housing association leaders were asked what the main challenges for the borough were. It was thought that there were no easy choices and that the Commission's report set out the main options. It was agreed that any option would be hard to deliver given the political and financial pressures. The main responses about the challenges centred around the quality of the stock and the demand for housing.

### *Quality of the stock*

Most thought the present quality of the stock was a priority for the Council. It was acknowledged that Southwark was in the unenviable position of having to maintain poor quality, system built housing. A significant proportion of the stock would require regenerating, which demands high levels of investment. It was felt that Southwark would need to be bold about demolition as the stock was tired and would require too much funding.

*“Much of the stock is in a poor state and in areas of deprivation. It's going to be difficult to improve the quality”*

### *Demand for stock*

The high demand for properties was also mentioned. One respondent commented that the provision of social housing (in boroughs like Southwark) was what made London function, not only economically but socially. Another was concerned about development of social and private housing coming to a halt. This could create a huge backlog of undersupply.

### *Scarcity of resources*

Interviewees spoke of the tensions between the demand for new homes and maintaining decent homes. The Council's resources were not limitless. Decent homes could easily eat up all of the investment that could provide new homes. Some felt the Council concentrates too much of its investment on meeting the decent homes standard and providing quality housing. Either way, a long term strategy and stakeholder consensus was needed to help Southwark make the most of their stock.

*“Decent homes could eat up all the money for new build. There are no easy choices”*

### *Welfare reforms*

Another challenge mentioned was around welfare reform, in particular direct payments. This would place extra pressure on the Council to build good relations with tenants to ensure their rental stream. If Southwark's response to the welfare reforms was inadequate then its Housing Revenue Account plans would be at risk. One interviewee also thought the incremental nature of the reforms could make the task more difficult.

*“Everyone is worried about welfare reform. The key concern for tenants is cheap rents”*

*The local economy*

A couple of respondents mentioned the economy as a key challenge. Providing jobs opportunities and getting tenants into work would improve some areas of the borough which were particularly deprived. Related to this, one mentioned that there were too many poor residents in poor housing, achieving a better mix was important to regenerating areas and could provide increased income streams.

*“Southwark has a lead housing role to play in serving London’s economy”*

## Views of Southwark Council

Views about the Council were mixed. Most thought Southwark was heading in the right direction and welcomed the initiative of setting up a housing commission, agreeing that it was a good sign.

### *Capabilities*

Some stated that they had worked well with the Council and had a good working relationship. They thought the Council was open to new ideas, realistic and that things were improving. Others had concerns over the Council's skills and capabilities.

It was widely believed that the real test for the skills and capabilities of the staff would come with welfare reform. Building better relationships would be key to preventing rent arrears. This would involve breaking out of traditional ways of communicating with tenants. One interviewee mentioned the relatively poor collection rates Southwark achieved in the direct payments pilot scheme as an indication of how far the Council still had to go. Another feared that the Council had "really not got their heads round" welfare reforms, and would be likely to suffer from arrears.

*"There's still a question mark over whether the Council has the capabilities and skills to develop"*

### *Efficiency*

Some argued that housing associations were more efficient than councils, and that councils needed to focus more on delivering a quality service. One argued that they would be better off transferring the stock to an association – possible through trickle transfers". The view from most was that the Council could do better and that lessons on efficiency could be learnt from housing associations. One said that the Council's offer to tenants was not that great, and that there was room for improvement.

*"Southwark can't do it all themselves"*

### *Politics of council housing*

It was thought that the political dynamic of the borough often made it hard to forge a consensus and hindered long term planning. One interviewee thought that there was a gap in understanding between councillors and officers, which needed to be breached. This was particularly important in the case of planning and affordable rents. It was said that more could be done with re-lets. It was also felt by some that the Council was too inflexible, especially over affordable rent and there was more scope to lift rents above target levels. Greater flexibility around affordable rents could allow the borough to increase their rental stream to invest in their stock. One

interviewee thought that the Council needed clarity about how many low cost homes it was attempting to provide.

*“The Council can’t hang onto the idea of grant coming back. They have to shift their thinking”*

## Opportunities

All the interviewees mentioned that there were opportunities for partnership working. Most thought there was huge potential, and that some of the problems Southwark faced could be overcome through joint ventures. Some mentioned the scale of their development programmes, which although spread across London (or the UK) could be used to deliver more homes in the borough. Whilst Southwark had land assets and Section 106 money, housing associations had the freedoms and flexibilities to borrow far more than the borough could.

*“In a grant free future there is scope for joint ventures in all housing markets”*

### *Asset not a liability*

It was thought by one respondent that for too long council housing had been viewed as a liability. Instead the Council needed to examine the latent value of its stock. This could enable extra investment, not least through partnership working with housing associations. This could also come in the form of using funding from Southwark’s Housing Revenue Account to work in partnership with associations to lever in external investment. It was said the borough was often reluctant to add in land and other assets (unlike Islington for example).

### *Tenure mix*

One housing association leader noted the old mono-tenure council schemes had not delivered the results that were hoped for, and under the present system for funding affordable housing such schemes would not stack up financially. New developments would have to involve part sale (around 50%) and part for rent (around two thirds at submarket rents and a third at market rent). Ensuring greater volume of new schemes would require greater flexibility around market and affordable rents than is sometimes the case in the borough. This could equally apply to letting voids at affordable rent which would enable more housing in the borough to be provided at social rents. It was thought that the Council could no longer hang on to the idea of grant for social rents and they had to plan for a different future.

Changing the offer on life time tenancies was also mentioned. This would be possible on joint schemes where the housing associations were more flexible. Lifetime tenancies could be let at a premium to increase rental income to deliver additional investment. Others thought in order to boost invest in older flats in need of investment affordable rent might be a solution.

*“They have to be more flexible on rents and lifetime tenancies in order to make the schemes work”*

### *Housing associations as developers*

It was thought by some that the Council needed to get back to house building. However, perhaps unsurprisingly, that it was better to partner with housing associations, who had a social purpose, rather than developers who sought high returns on their investment. It was noted that some local authorities they partnered with provided development and maintenance services.

Others thought that registered providers needed help to cross subsidise. Southwark was sitting on high value land and could regenerate more. They could parcel up some of their areas and regenerate value out of their sites. One mentioned that other boroughs were much better at offering land and other assets.

*“It is important that providers work together to create mixed communities”*

### *Regeneration*

One interviewee mentioned the opportunity to invest in regeneration of existing council estates. They thought it was not about transfer but about leaseback agreements. This could involve allowing the association to rent some properties at market levels, for say five years, to cover the cost of the initial investment in improving the standard of homes and then returning those homes to lower rents over the life time of the agreement. Although others were less keen to pursue partnership working on regeneration projects.

*“The Council is missing a trick. It can make much more use of its high value areas”*

### *Maximising income streams*

One interviewee thought that there was poor market segmentation, stating that there were opportunities for the social housing sector to make additional money (from those who could afford it) through extra services which could be ploughed back into housing. Another mentioned a scheme they undertook outside London which included service charges which covered investment in the wider environment/place and not just housing. It was thought that this was a good way to make a place successful and ensure the long term viability of the scheme.

### *Private rents to social rents*

One interviewee mentioned that although they were taking the blame for turning their back on those in poverty the funding regime was pushing them to provide housing for people with a wider mix of incomes. Given the scarcity of land it was thought that it would be better to develop private rented housing rather than for sale properties. Income from sales is a one-off whilst renting would provide a constant income stream. Private rented housing could in the future also be turned into social housing.

*“Perhaps GLA grant could make up the difference between social and affordable rents?”*

*Infill*

Infill was mentioned by some of the interviewees. It was suggested that Southwark could do more. Rather than using scarce land elsewhere in the borough infill could help develop new homes on existing sites. This could not only change the social mix but could also help providers achieve economies of scale.

*Management and maintenance services*

Some were interested in providing management and maintenance services. This was attractive to those who had properties close to Southwark's housing (to achieve efficiencies) or through leaseback/equity stake agreements. One interviewee thought that a housing association could take a stake in an estate. Southwark could place a value on the stock, the housing association could take a percentage stake (less than half) and the money could be used for regeneration. The housing association could provide and improve the management and maintenance, and as an equity partner the Council would get a share of the cost savings. After 5 or ten years tenants could choose to stay with the Council or transfer.

*Mutuals and a public trust*

One housing association suggested there's an opportunity to create a new joint enterprise ('management mutual') to manage homes in the borough. The new venture would benefit from sharing resources and skills, a combined approach to management and more localised and focussed decision making. It would seek to deliver efficiency savings and lever in additional investment beyond the constraints of the Housing Revenue Account. All gains from the joint enterprise would be ploughed back into the mutual for the benefit of tenants, who would be represented on the board. The idea would be to run some pilot management mutuals with staff from the Council and housing association.

It was also suggested that the Council could join forces with a housing association to create a 'public trust', which would be a new model of common ownership which holds the freehold of homes and sits outside the public accounts. Residents could become members of the trust, which would contain a mix of assets from the Council and housing association.

*Ageing society*

It was suggested that Southwark should focus more on the housing and health (adult social care) interface. Huge savings could be made by providing suitable housing for older people, rather than having people cared for in hospitals. However, the lack of suitable housing for older people could become a crisis.

*Other ideas*

It was thought that if the Council wanted to plan and build appropriately it should be bottom up. However, it would be expensive and time consuming.

There was mention of Southwark converting office space into flats, although the Council is able to opt out of the new reforms to change building use.

It was said that the Council needed to revisit the use of new technology in combined heat and power schemes. It was said they often didn't work.

One idea floated was shifting Housing Revenue Account to an arms length social business, with focused boards and a degree of independence and perhaps with housing association involvement.

## Sticking points

The main areas mentioned by most respondents were around planning policies and affordable rent.

### *Financial viability – rents and property sizes*

It was thought that there could be greater flexibility between affordable and market rents. Some thought that the Council was too demanding on the size of units – it was not viable to provide family sized homes on social rent. Meanwhile, there are not enough 1-2 bed properties, and pressure for these smaller homes will intensify as a result of the ‘Bedroom Tax’. It was said that the Council should do more to convert voids to affordable rents.

It was thought that the Council needed to be more realistic about land values and how much land could be granted for low-rent housing. The Council would need to ensure it didn’t provide too much subsidised housing – it needed a balance. This could include more shared ownership housing (which would need to be sold and rented at higher prices for it to be viable), although it was acknowledged that there were problems with stair casing up to full ownership. Some noted the problems of the affordability of affordable rent but generally thought it was a good way to cross subsidise development. Although those out of work would not be able to afford affordable rent, it was stated that it is better to have a development with fewer proportion of social rented homes than no development at all. Unless there was grant on the table then the quantum of social housing often wanted would not be viable. One interviewee thought that whilst grant was not available from central government the Council could sell land at reduced rates and put in funding from the New Homes Bonus so that more social rented housing was built.

*“Insisting on social target rents makes it impossible for associations to build. It is a question of low rents versus building new homes.”*

### *Capabilities*

The view of the planning policy was not universal – one interviewee thought that the planning policy was not the issue but how the plans are interpreted. It was thought that there was a lack of expertise and experience managing and building properties to make schemes a success. This was shared by another who thought there was a split between those enabling new housing and the planners. They thought planners were holding back those in the council who wanted to get new build going and that there was not enough liaison between the two silos. Another thought the Council lacked a continuity of planners and that it takes too long to get consent.

*“There are planning issues, but the Council is generally easy to work with”*

### *Nominations*

There was concern from some about nominations agreements. One wanted them to be re-negotiated. There were also concerns over capped rents in nomination agreements. One interviewee called for greater influence over whom they house - at present they had limited scope to help under-occupying tenants who want to trade down to a smaller home. Others however were not overly concerned by the Southwark's lettings policy.

*"You have to increase the churn and move people on"*

### *Partnership working*

On the specific area of partnership working, many respondents felt more could be done to improve the prospects for joint working. Some felt that although they met officers regularly they were merely told what Southwark plans were. The dialogue was too one way. It was felt that "they are not inclusive enough", at least compared with other large stock retaining councils. Another thought that it was difficult to ascertain who to speak to about partnership working and potential new schemes.

It was said that the Council does not approach housing associations saying that they have an issue and seek advice about working together to find a solution. Instead the Council tend to do a piece of work on a scheme or have an idea and then approach an association to see if they are interested. It was thought that Southwark could benefit from being more open and talking their concerns through. It was said that the housing association sector had a lot of skilled and experienced people who the Council could learn from. There was a case for better joint understanding and knowledge transfer.

It was also mentioned that the regulatory system for housing associations was changing and that Council's needed to be aware of the Homes and Communities Agency's plans to tighten up the rules to protect social housing assets.

## Partnership working

The general view was that the Council could work better with housing associations and improve existing relationships.

### *Two way conversations, timing and trust*

One interviewee mentioned the Southwark Housing Association Group as a useful forum to keep them up to speed with what Southwark was doing, but that it wasn't enough of a two way dialogue. They thought that the best stage for involvement was when strategic reviews were being undertaken so that housing associations can feed into the process, but at present they did not feel this was happening in Southwark – or at least they hadn't been invited. Another mentioned that the Council was too focused on lower level issues rather than strategy.

It was felt by most that the borough was not open enough. It was said that if they let the associations in then there were potentially huge opportunities to deliver more housing in the borough. Any conversations would need to be two way. This would help both sides to resolve issues, bring forward new thinking and peer review existing plans. This was a common theme that came out of the interviewees alongside the need for the Council to be more trusting of associations to enable future collaboration.

*“They are too hands-off. It's improving, but their level of interaction is still too distant”*

### *Building relationships*

The interviewees were asked how relationships could be built and partnership working enabled. It was acknowledged that it would take time but some thought it could be achieved through regular one to one meetings and more regular formal meetings. It would be important that meetings took place between senior decision makers and that there was a genuine commitment to joint working and making things happen. There was also scope for more secondments, mentoring and sharing of best practice. Another interviewee thought that within the Council those who enable new housing should be seconded to the planning department to foster better understanding and speed up decision making.

One interviewee said that some local authorities have formal quarterly stakeholder meetings with senior people from the main players discussing the big issues and other regular one to one meetings. The two weren't mutually exclusive and what mattered was a willingness for there to be a genuine discussion. These types of meetings were felt to be useful not only in themselves but also to develop relationships which are needed when working together.

An example given of a successful joint venture was a bid an association made outside of London. The Council were clear from the outset about who the stakeholders were and the political consequences – this made not only the bid better but also helped to ensure the programme was much easier to deliver. They also stressed the large degree of trust they were given.

*“We want to build trust on shared values and long term vision”*

*Partnerships beyond the housing world*

One interviewee also mentioned that often partnership working gets stuck in the housing world. There was too little understanding of the role housing plays in job creation and the positive impact good quality housing has on health outcomes. There was potential to work together on a wider range of social and civic issues, but the Council needed to appreciate more the commercial side of associations.

*“We could combine assets with Southwark and make much more of the HRA regime”*



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

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A Smith Institute report for Southwark Council

June2013



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## 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 29<sup>th</sup> April – 29<sup>th</sup> 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"*



Date: June 2013

# Finance and Housing Stock Options Appraisal

Prepared for: Southwark Council



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## 1. Executive Summary

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### 1.1. Introduction

The Council has ambitions to improve its services and the quality of its homes beyond current levels. It faces significant challenges with a legacy of housing which is reaching the end of its life and is expensive to repair and costly to maintain and replace.

Following the Housing Commission report in 2012 the Council is conducting an extensive programme of resident engagement to consider the future of council housing in Southwark. At the same time it has commissioned Savills to carry out a finance and housing options appraisal. The scope of Savills work has included a review of the base line position of the housing business plan, and an analysis of options to improve investment in homes and services.

It should be stressed that the findings in this report present an initial view, following a relatively high level assessment. Further work is needed to refine the position and this is set out in the conclusion to the report.

### 1.2. Developing a robust information base for decisions

A critical element of the housing business plan is the information available on the future investment needs of the stock. Savills has reviewed the information available to the Council held in its asset management data base, alongside information from other sources within the Council in order to prepare a comprehensive assessment of future investment need. This indicates a requirement for an estimated £58k per tenanted property over the next 30 years – a total of some £2.1bn.

More work is required to refine these estimates to ensure that a deliverable programme is established which represents a value for money approach to maintaining existing assets and Savills' review makes recommendations about the steps required to develop this.

Savills has also reviewed the revenue costs in the current business plan. Day to day management and maintenance costs compare favourably with the Department for Communities and Local Government (CLG)'s previous assessment of reasonable costs for Southwark. They reflect significant savings already delivered to prepare for Housing Revenue Account (HRA) self financing.

The review indicates areas where the revenue position could be refined over time, including increases in income from a self funded garage improvement plan as well as potential savings from local management. Additional allowances are included in the plan to manage the impact of welfare reform and these will also need to be refined over time as the impact of these changes materialises.

### 1.3. Baseline HRA business plan

All income and expenditure and key assumptions that drive the Council's housing landlord business have been brought together into a single comprehensive financial model that can be



used to project the future resources, investment and borrowing requirement over time, and to test different scenarios and future options.

The baseline plan includes the capital expenditure in the current business plan to deliver Warm, Dry, Safe. Under this scenario the plan indicates significant financial capacity, with additional borrowing capacity of £126m before reaching the cap on borrowing allowed by Communities and Local Government (CLG) as well as significant revenue resources building up in the longer term.

The position changes once the full investment needs of the stock are considered, as well as revised estimates for the impact of welfare reform. Under this scenario, borrowing is increased as necessary to meet investment needs. While an increase in borrowing would be required, this is still affordable within the long term plan.

This demonstrates that an increased programme of investment is possible within resources available to the Council subject to:

- Sensitivity analysis to test the impact of risks
- Demonstration of the value for money of investment at this level at a local level
- Deliverability of larger capital programme

In order to test the strength of the plan to withstand future risk the report has explored the impact of reduced income and increased costs that could materialise for a range of different reasons. While the business plan can withstand a level of risk, for example where future capital receipts are less than anticipated, there is a point at which reduced income and increased expenditure mean that the plan is no longer deliverable within the debt cap, and ultimately not affordable in the long term.

This demonstrates the need for the Council to make choices between the level of investment delivered and the amount of income generated from rents and capital receipts. The Council will also need to understand the impact on leaseholders of any increased capital programme and explore options to manage the affordability of service charge bills.

The housing stock is not uniform and in reality the business plan cashflows will vary across the borough, with some assets creating surpluses and others making losses. Given the legacy of housing in Southwark that is now reaching the end of its life, it is important for the borough to understand the cashflows associated with different assets in order to provide an objective basis for future decision making.

The Housing Commission made the point that in Southwark “good money is being wasted on treating the symptoms of building failure, rather than tackling the root causes”. The development of an active policy of managing housing assets which challenges the value for money of each investment decision, based on an analysis of both the value of future cashflows, and the extent to which investment meets the Council's social housing objectives could improve long term business plan capacity and resident satisfaction.

The analysis of the social return on investment needs to include more than a purely financial analysis. The financial results need to be considered alongside an assessment of other sustainability factors linked to the Council's social housing objectives. There will be different strategies for business improvement depending on whether an asset group exhibits weak values, weak sustainability or both.

A high level analysis of rental income and capital expenditure associated with assets across the borough shows that 27% of long term stock has a combination of higher than average capital expenditure and lower than average rents. Medium and high rise flats are over represented in

this group. Geographical concentrations of these properties are found in Borough and Bankside, Camberwell and Walworth. This is based on information currently available to the Council, which represents surveys of close to 30% of the stock. A more detailed analysis to model cashflows at a very local level would identify pockets of poorly performing properties that will exist in these areas and elsewhere and local options appraisals, in consultation with residents, may identify better outcomes for these properties, and for their residents, that could be delivered through alternative strategies.

## 1.4. Future options

The modelling of the baseline HRA position shows that retention of the existing housing stock is a viable option for the Council to consider, subject to the management of future risks, and effective asset management to tackle the legacy of housing that may require regeneration and renewal.

This report also looks at alternative options for the stock including

- Exploring the Housing Commission scenarios for stock reduction to 20,000 units and stock increase to maintain 39,000 over the life of the plan.
- Whole and partial stock transfer
- Whole scale PFI

Finally this section explores options for maximising opportunities under retention including exploring local management arrangements, for example tenant management organisations, arm's length management organisations and partnerships with external providers.

### 1.4.1. Stock reduction

The impact of stock reduction is difficult to test with any certainty due to the inability to predict with accuracy the rate at which the Council would be able to reduce costs as stock numbers reduce. In reality it is likely to be a significant challenge to reduce all costs pro rata in line with stock reductions. Therefore any benefits of stock reduction (e.g. from capital receipts) would be needed to manage the financial impact of stock loss, delivering limited additional value, if any, to the overall financial position. In addition a net loss in social housing would leave many in the borough without the affordable home they need, and have financial implications for the Council in terms of the increased cost of homelessness.

These assumptions can only be illustrative at this stage, and in any event, the case for stock reduction on any scale is not evident. In reality the initial view is that the HRA business plan is robust enough to allow for an increased investment programme under retention. Community led initiatives may lead to small scale transfers in future, where there is a clear rationale for the disposal, and where the impact on both the HRA and the General Fund can be managed more effectively. There is no obvious financial case to drive larger scale stock reduction and the financial benefits of this to the HRA business plan are unclear in the short term and may be negative longer term.

Stock reduction will happen, as a result of Right to Buy sales. A strategic approach to managing any further stock reductions based on community led decisions using effective asset management could generate opportunities for additional benefit by replacing stock with new mixed tenure redevelopment which adds value to the business plan.

### 1.4.2. Stock increase

The alternative scenario explored in the Housing Commission report is that the Council's rented stock is maintained at current levels with a programme of new build which replenishes stock lost from Right to Buy, void disposals and regeneration.

New build at social rent requires a subsidy and without this, HRA borrowing would quickly rise above the debt cap and social rent income would be insufficient to avoid debt escalating each year. In reality the Council would need to construct new build development either on a smaller scale, at a level that could be funded from HRA surpluses, or by providing additional cross subsidy, either from the affordable housing fund, recycled Right to buy receipts, grant and/or mixed tenure.

Delivery and funding of new or replacement housing, conventionally funded in the HRA, would lead to an increase in HRA debt and (depending on the scale) potentially a breach of the HRA debt cap. As the HRA debt cap is primarily in place to prevent increased borrowing on a council's existing HRA housing, rather than to restrict additional borrowing to fund new housing delivery, there are a number of alternative delivery and funding options that other councils are exploring, that do not impact on the debt cap. These options are typically either:

- Funding and delivery within the HRA in a way that does not impact on debt cap
- Funding and delivery outside the HRA

The important point to note is that the debt cap need not be a constraint to the Council engaging in a programme of new development. Constraints still exist however, in particular the availability and cost of funding, the affordability of the development and the Council's own capacity to deliver.

### 1.4.3. Stock transfer

The implementation of HRA self financing has introduced new issues to be considered as part of a stock options review and in particular relating to the option of stock transfer. Following the introduction of HRA self financing the Council needs to ensure that HRA debt (£451m) can be repaid from the proceeds of transfer or written off by government. CLG's starting point for consent to transfer is that transfer cash flows reflect the assumptions in the HRA self financing debt calculation, which also valued the future anticipated cash flow. Any relative increases in costs or reductions in income assumed in the transfer cash flows, which will reduce the valuation, must be explained and justified through additional outputs, in return for debt write off.

This presents a barrier to stock transfer in that typically councils would want to promise tenants an improved standard under transfer compared with retention, and this would mean a departure from the HRA self financing valuation assumptions which would trigger a requirement for debt write off. While a limited budget may exist in the current spending round to fund debt write off for stock transfer, this would need to be matched by broader economic benefits to HM Treasury which may be difficult to demonstrate based purely on an enhanced programme of investment.

Stock transfer brings additional costs in terms of VAT liability, set up costs and the costs of external funding.

An indicative business plan for a landlord taking transfer of Southwark's stock, based on assumption that the new landlord would pay a purchase price sufficient to cover the Council's existing housing debt, shows a position that is very unlikely to support the ability to raise private finance at the level required to finance the plan.



Residents have consistently stated that they would not support stock transfer in Southwark. Stock transfer can only proceed if the majority of tenants voting in a ballot confirm their support for the proposals and there is no pressing financial case for stock transfer.

Stock transfer introduces additional costs, and critical risks in terms of ballot and funding availability. Without evidence of tenant support for change, and without financial support from government, it is unrealistic to consider whole stock transfer, or large scale partial transfers as a viable option for Southwark.

#### 1.4.4. Private Finance Initiative

There are currently no rounds of funding for PFI credits available and in reality housing PFI was only ever deliverable on an estate based level, due to the limits in both the availability of credits, and the market for the contracts. PFI is therefore not considered further as a route to fund improvements to business plan capacity in Southwark.

#### 1.4.5. Maximising benefits under retention – alternative models for housing management

This initial review indicates that retention could be a viable option for Southwark with the potential to increase investment beyond the current Warm, Dry, Safe programme.

There is potential for the Council to improve its business plan under retention, through effective asset management. This would mean identifying those assets which are a net liability in the plan, and exploring alternative options for those properties, in consultation with residents. While this approach can address the issues associated with assets which are currently a financial liability within the plan, and failing to meet the Council's social housing objectives, there remains a desire to fundamentally improve the management and day to day maintenance service, as well as the quality of homes.

There are several options for alternative models of housing management which the Council may wish to explore in order to provide the step change in performance improvement which both the Council and its residents are seeking. Examples of these are set out in the report.

These models include

- Tenant led management initiatives through a tenant management organisation or community led mutual
- The establishment of a public/private or public/public cost sharing or shared services vehicle
- Local delivery vehicles
- The establishment of one or more Arm's Length Management Organisations
- Outsourced management

It is clear from resident feedback captured in the Housing Commission report, and from discussions with Council officers, that the Council is keen to deliver a step change in performance improvement and the catalyst for this change needs to be established. In the past councils have used whole stock transfer, PFI or Arm's Length Management as this catalyst for change, linked to the potential for additional funding. Additional funding is no longer available through these routes, and this has created barriers, at least in the case of PFI and whole stock transfer, where the level and cost of change cannot be justified by benefits delivered.

Arm's length management continues to be an option that is explored to provide a local focus for improvement in landlord services, and some councils have explored joint ventures with private sector providers to provide either housing management or development services. With the introduction of self financing, and the freedoms and flexibilities available for Councils to engage in new development again, many are looking at arm's length arrangements through Council owned companies, or partnerships with the private sector, to provide a locally focussed business approach to improve services and provide new homes, with residents at the heart, at board level, driving improvement in line with their priorities.

At Southwark it has been identified that the size of the housing stock in itself presents barriers to performance improvement and there is a clearly expressed desire for the development of locally focussed service delivery structures. These may be through small scale local management structures wholly owned by the Council, local partnerships with other providers, or tenant led management organisations. This would create the internal market of competition through comparisons, in order to drive service improvement. There is no immediate financial crisis in the HRA and therefore the Council has time to enable these proposals to develop at a pace which residents are comfortable with but which could deliver significant long term benefits once in place.

Key next steps to develop local delivery structures would include

- The establishment of an overarching framework of governance to ensure the development of local decisions while managing the impact on the overall HRA.
- A policy framework for decisions on how a local management area is defined. These areas must make sense to residents on the ground, and must be of a scale and with a balance of properties which enable viable proposals to develop. The area based asset analysis work identified above may be one way of ensuring that viable property portfolios are established, alongside appropriate levels of debt and funding to sustain long term improvement. This needs to sit alongside resident engagement to ensure these areas reflect existing communities and will enable the establishment of a clear local focus which balances the views of tenants and leaseholders..
- Resident engagement which allows each area to explore options for the management model that suits their appetite for involvement and partnership, drawing up local service standards to inform any contractual arrangements required.
- A programme of soft market testing, visits to other providers, and in the case of external partners, procurement, with resident involvement .
- The establishment of a service structure, with local delivery alongside shared support services, enabling the financial strength of the HRA to be maintained, while devolving delivery to a local level.

## 1.5. Conclusions and next steps

HRA self financing introduces new opportunities for a viable long term business plan with the potential to increase levels of investment beyond Warm, Dry, Safe. Initial modelling indicates that additional investment is affordable with significant long term surpluses forecast. Choices may need to be made between timing and level of investment due to short term business plan pressures.

Local asset analysis is needed to determine value for money of investment and alternative options for redevelopment and renewal.



A reduction in stock to the 20,000 unit scenario explored in the Housing Commission would lead to a significant loss of future HRA revenue which could not be matched at the same time by a corresponding reduction in costs. This means that in revenue terms the HRA would be worse off as a result of stock reduction and capital receipts from disposals would need to be used to balance the revenue position, reducing the amount of capital available for any additional benefits.

There is no overriding financial case for whole scale stock transfer, or any significant stock reduction at estate level. Instead any stock reductions can be on an asset management basis, and community led.

Local management options may facilitate service improvement and locally focussed asset management to improve business plan capacity and resident satisfaction

There are a range of funding options available to deliver Council led estate renewal and new build where this makes strategic sense, allowing the Council to access the funding required without impacting on the cap on borrowing currently in place in the HRA. This could provide opportunities for new mixed tenure redevelopment.

In order to develop the capacity of a retained HRA business plan to deliver Council and resident objectives for the future the following next steps are recommended

- A detailed evaluation of the financial performance of the Council's housing assets, alongside an assessment of the extent to which assets meet the Council's overall social housing objectives
- Exploration of the Council's appetite to lead regeneration and renewal and the development of funding strategies to deliver these within the existing HRA debt cap or through alternative financing arrangements
- A programme of resident engagement to communicate the ambitions for the retained housing stock and to explore the appetite for local management arrangements and TMO development, balancing the objectives of both tenants and leaseholders.
- The development of local management solutions needs to be planned alongside a detailed understanding of the HRA overhead recovery and its relationship with General Fund costs in order to ensure the Council and residents continue to benefit from the financial strength of the HRA but have the freedom to determine local solutions to deliver performance improvements.
- Investment planning and asset management strategy to deliver an enhanced capital programme to meet the full investment needs of the stock, where this represents value for money and developed in consultation with tenants and home owners.

## 2. Introduction

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### 2.1. Background

The Council has ambitions to improve housing services and the housing stock beyond the minimum standard to a standard desired by residents and to regenerate some of its estates over the next 30 years. Despite an unprecedented £326 million five year investment programme in making every council home warm, dry and safe by 2015/2016 there remains a legacy of poorly designed and built housing that is nearing the end of its life, is expensive to repair and costly to maintain and replace. The Council wishes to examine the options that are available to it to lever the maximum investment into its homes to renew, regenerate and repair for current and future generations of Council tenants. At the same time, despite recent improvements in housing management performance, the Council is keen to do more to improve levels of resident satisfaction and to continue to improve efficiency and effectiveness.

The council established an independent housing commission 'to explore options for the future financing, ownership and operation of Southwark's housing stock beyond 2015/16' which reported in October 2012. The Housing Commission report highlighted the challenges and opportunities the council faces in terms of meeting the housing needs of the borough in the long term. "The council has a chance to break from the past and under the new HRA system can do things differently. It has the opportunity to become a beacon of excellence. But to do this the council will need to change the way it invests in and manages its council housing. It will need to run council housing more as a social business..."

Following the publication of the independent Housing Commission's report the Council is embarking on a comprehensive engagement process with residents. The engagement is asking residents to consider three fundamental questions that will shape the future of housing in Southwark over the next years:

- Who should council housing be for (and for how long)
- How much council housing should there be (and of what quality)
- Who should manage our housing stock

At the same time the Council has commissioned Savills to take forward the findings and options presented by the Housing Commission and to test them as part of a finance and housing stock options appraisal, with a view to establishing viable future options for housing management and investment to inform future business planning and consultation with residents.

### 2.2. Review scope and methodology

The key stages of our review are as follows:

- Assessing the base position of the housing business plan
- Understanding how the Council can use its housing assets to improve business plan capacity

- Exploring a range of future options to improve business plan capacity to deliver better homes and services

As part of our review we have considered the information available to the Council and the extent to which it is fit for purpose to provide a robust information base for decisions. This has involved a review of a wide range of information currently held by the Council, and interviews with key officers to ensure as far as possible that all relevant factors are considered.

Information considered as part of this review includes

- Housing Commission report October 2012
- Stock condition information held in the Council's Apex asset management system
- Other information on investment requirements including Fire Risk and Mechanical and Electrical estimates prepared by Council officers
- The existing HRA business plan
- Existing regeneration plans at Heygate, Aylesbury and High Investment Needs Estates (HINE) and existing initiatives such as the 1,000 new homes strategy and the Leathermarket TMO self financing arrangements.
- Housing performance reports
- Existing strategies relevant to future service delivery such as the tenancy strategy and affordable housing policy, Home Ownership management and service charge policies and sheltered housing.

This information has been incorporated into a single business plan model in order to determine the base line financial position for the Council's housing stock. This model has then be used to test future options for the stock including

- Sensitivities and risks to the base position under retention
- Options to improve capacity through effective management of existing assets
- The options for different levels of stock holding set out in the Housing Commission report
- Whole and partial stock transfer
- Whole scale Private Finance Initiative (PFI)
- Local management arrangements, for example tenant management organisations, arm's length management organisations and partnerships with external providers

The review was carried out primarily in May 2013. We would like to thank Southwark staff for their co-operation in assisting in the collection of information required for this review in a very short timescale.

### 3. Developing a robust information base for decisions

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#### 3.1. Review of stock condition information

A critical element of the HRA business plan is the information available on the future investment needs of the stock. Our review of this information has looked at

- A comparison of the data held in the Apex housing management system with the data collected as part of Savills' original survey in 2010
- A healthcheck of this data to identify anomalies and gaps
- An analysis of the data at an estate level to consider variations across the borough by area and archetype
- Compilation of other data on investment requirements from Fire Risk Assessments (FRAs) and relating to Mechanical and Electrical installations (M&E)

Key messages from the comparison and the healthcheck carried out are

- In general changes reflect the programme delivered since 2010
  - The expenditure requirement on programmed repairs is approximately £10m per annum less in years 1 – 5 than projected in 2010
- Data integrity has been maintained and supplemented with in-house surveys
- There are some differences in methodology since our original survey to reflect a local Southwark standard
  - For example window replacements have been deferred where their life can be extended through repair for 6 – 10 years.
- There have been some changes in methodology for cost calculation (for example relating to roof finishes and wall structures) that have not yet consistently applied and a methodology was agreed with officers to recalculate these elements

Additional costs that have been included for other elements based on estimates provided by Southwark officers or (where indicated) information from Savills original survey

- FRA works £93.6m in years 1 – 10 with an ongoing requirement of £2m p.a.
- Asbestos £1m p.a. based on historic spend
- District heating £82m over 30 years with 50% of this requirement in the first five years
- Electrical works to lateral mains in blocks £133m over 30 years based on Southwark estimates included in Savills' 2010 survey

- Scaffolding £66.4m over 30 years based on Southwark estimates included in Savills' 2010 survey
- Lifts £5m p.a. based on historic spend.

Further refinement of this information is recommended including

- Moving to a planned replacement programme for major M&E work
- Refining work programmes arising from FRAs to provide a response that is both effective and value for money
- Identifying a programme of a scale that is deliverable, including a phased increase within affordability constraints.
- Accessing additional funding for energy efficiency and reduction of carbon emissions, in particular in relation to district heating.

No increases in charges from home owners have been assumed at this stage for prudence.

At this stage no judgement is made as to the business case for investment at a local level. In reality, as part of an asset management strategy, the Council would consider the viability of investment in individual blocks. This is considered later in the report.

When transferring Apex data into the business plan costs have been uplifted by 30% in line with historic practice in Southwark to reflect the cost of preliminary works, professional fees and management of the capital programme.

A full 30 year cost profile is included at Appendix One.

The total investment requirement is estimated at £58k per tenanted property over a 30 year period. This represents a significant allowance when compared with other local authorities and reflects the nature of the stock, much of which is beginning to reach the end of its life and has suffered from a lack of investment in the past due to historic low levels of funding available for investment in Council housing nationally.

A comparison of the 30 year stock condition estimates with the allowances currently in the business plan for the delivery of the Warm, Dry, Safe programme and HINE shows that the assessed investment requirement is significantly higher than current allowances in the first five years but broadly similar over the long term of the business plan with a lower requirement in years 26 – 30 than currently included in business plan estimates. This is illustrated below.

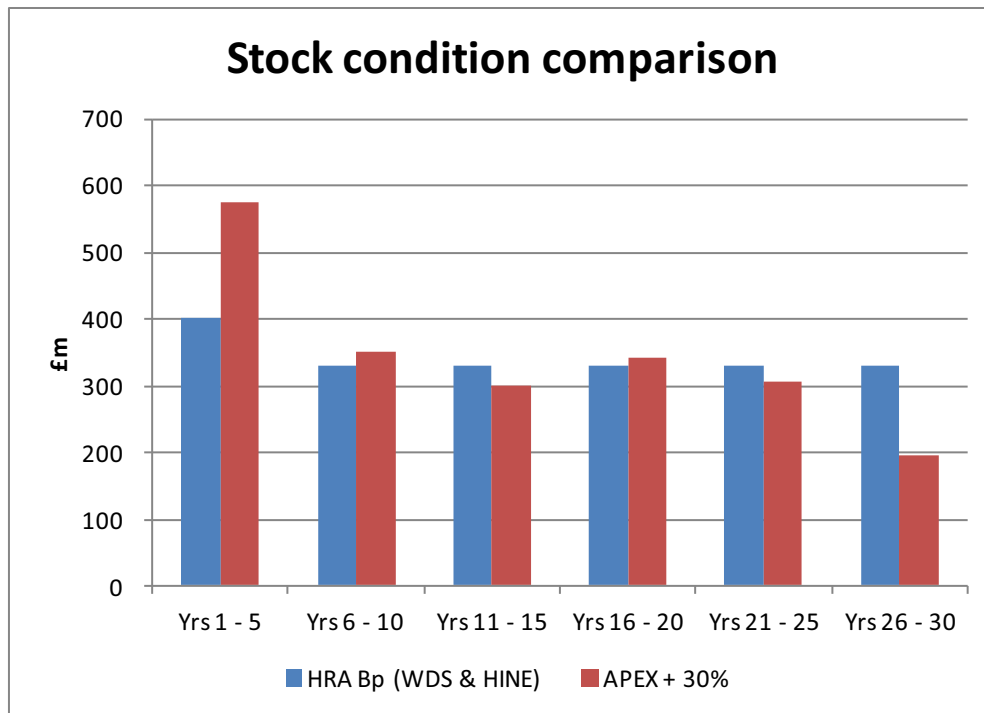


Fig 1: Comparison of 30 year estimates for stock condition and existing business plan allowances

### 3.2. HRA net revenue

Other elements considered to build up a comprehensive understanding of the income and expenditure available to Southwark's housing business plan include

- Income from rents and service charges,
- Day to day management and maintenance costs,
- Other sources of income such as backlog funding for decent homes from CLG, capital receipts from void sales and land disposals
- Stock loss as a result of regeneration, void disposals and Right to Buy
- Income from garages and commercial property
- Interest costs

Income from rents and service charges has been included in line with the existing HRA business plan reflecting Southwark's existing rent policy.

Day to day management and maintenance costs in the current business plan represent annual expenditure of £2,855 per unit in 2013/14. This compares favourably with the allowance in CLG's HRA self financing debt calculation which allowed £3,066 per unit in 2012/13. This reflected CLG's assessment of what is a reasonable requirement for Southwark given the nature of its stock, and the needs of its population. This reflects what we understand were significant efficiency savings introduced by the Council to prepare for HRA self financing prior to April 2013.

No further savings have been included in the current plan. The potential for savings is explored later in this report.

Other sources of income from backlog funding and capital receipts have been included:

- Agreed backlog grant funding of £65m
- Capital recoveries from leaseholders, estimated at £4m pa increasing by inflation
- Other capital receipts from existing regeneration programmes and future sales of voids and surplus land

The plan reflects current assumptions on stock numbers reducing from current levels of c39,000 to c32,000 over 30 years as a result of existing regeneration plans, principally at Aylesbury and Heygate, small scale void disposals and Right to Buy.

Income from garages and commercial properties is included at a rate, net of costs, of £8.7m in 2013/14, which is assumed to broadly rise in line with inflation.

Interest costs on current housing debt of £451m reflect a blended rate from a mix of different loans, many of which mature during the 30 year life of the plan. On average, the interest cost in the short term is some 6.56%, and this is then projected to reduce to 4.8% over time, as higher rate historic housing debt is refinanced.

The existing business plan included an allowance for the impact of welfare reform on rental income of £3mpa. As a result of the uncertain impact of the reforms on the Council's financial position, a further £4m pa allowance has been included for the 5 year period from 2014 and then an ongoing allowance of £2m pa.

Further refinement of this information is recommended including:

- Incorporating additional income from garages as a result of plans being developed for a self funded programme of improvements to bring empty garages back into use
- Variations in stock numbers that will arise based on community led change and strategic asset management, dealt with later in this report
- Potential savings from local management arrangements, dealt with later in this report, balanced by the impact on fixed overheads in both the HRA and General Fund (GF).
- Refining allowances for the impact of welfare reform as these materialise over time.

## 4. Baseline HRA business plan

The various factors set out in section 3 have been brought together into a single comprehensive financial model that can be used to project the estimated future resources, investment and borrowing requirement over time, and to test different scenarios and future options. Detail of the key inputs and assumptions in the plan are set out in Appendix 2. Key messages from the outputs and sensitivities are set out below.

### 4.1. Baseline plan - Warm, Dry, Safe

The baseline plan includes the capital expenditure in the current business plan to deliver Warm, Dry, Safe. The chart below compares forecast HRA debt with the cap on HRA debt imposed by CLG under HRA self financing and then shows the way in which surplus reserves would build up.

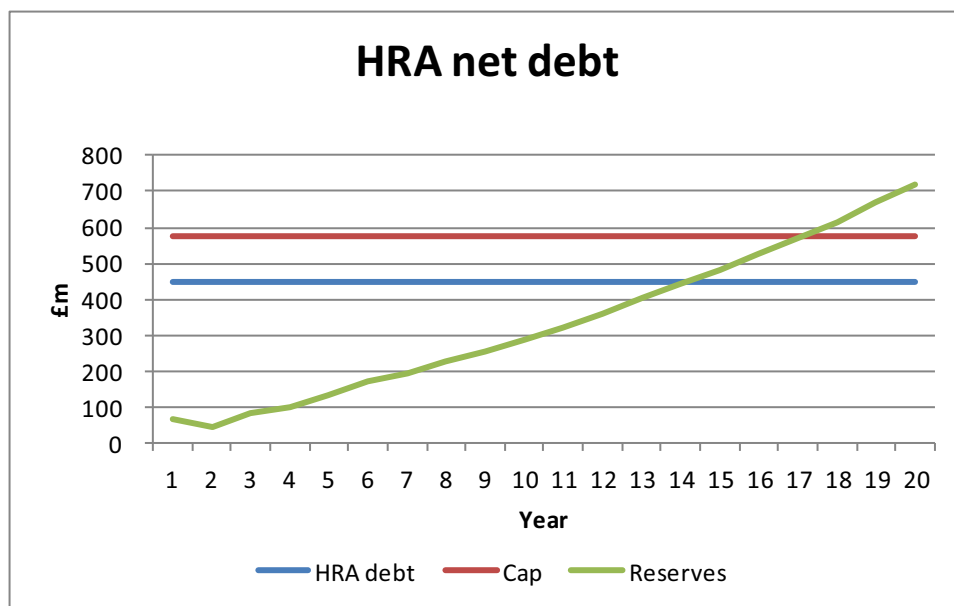


Fig 2: Baseline HRA - Warm Dry Safe

The overall financial capacity in the plan is shown by the gap between current HRA debt and the debt cap (£126m) as well as revenue surpluses that arise over time. Increasing reserves show significant financial capacity in the longer term, with reserves reaching the level of current forecast debt within 15 years.

### 4.2. Baseline HRA - fuller investment need

In reality, although the Warm, Dry, Safe programme represents a higher level of expenditure than has been the case in the past, in order to bring the properties up the decent homes standard by 2015/16, expenditure would need to increase further in order to meet the full investment needs of the stock.

The chart below replaces the Warm, Dry, Safe costs with the estimates of fuller investment need set out in section 3. This includes significant programmes for Fire Risk and Mechanical and Electrical as well as a full programme of planned major works in order to maintain the stock at the decent homes standard in the long term.

This revised plan maintains a minimum £20m in reserves and assumes that borrowing is increased as necessary to meet investment needs. It includes the estimated additional costs of welfare reform. For prudence it assumes no increase in leaseholder charges beyond those assumed under Warm, Dry, Safe.

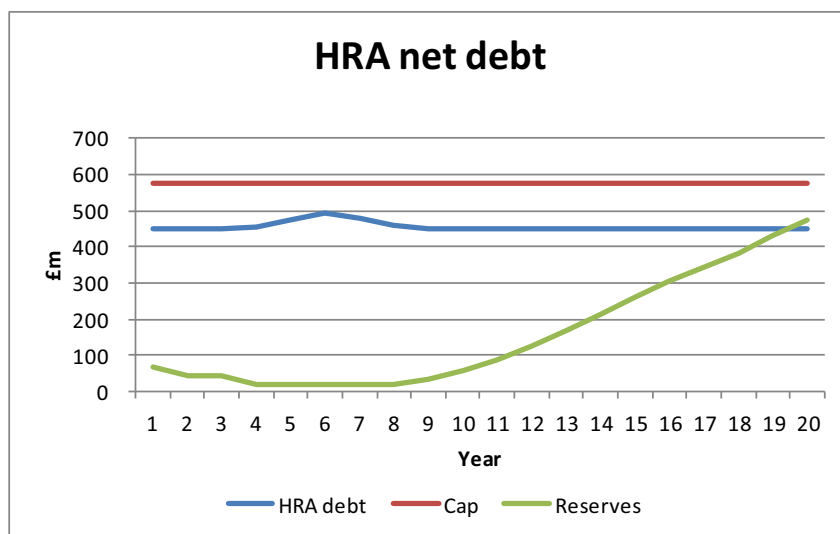


Fig 3: Baseline HRA - including fuller investment requirement

The chart shows an increase in borrowing required in years 4 to 10 of some £40m, but that this is affordable long term, and does not breach the debt cap. There would still be capacity to increase borrowing by a further £85m before the cap is breached.

This demonstrates that an increased programme of investment is possible within resources available to the Council subject to

- Sensitivity analysis to test the impact of risks
- Demonstration of the value for money of investment at this level at a local level
- Deliverability of capital programme of which in early years is some £120m pa

#### 4.2.1. Impact on home owners of increased capital expenditure

Any increase in the capital programme is likely to impact on leaseholders through increased recharges for works to common areas. The financial model shows the full costs of works to common parts charged to the HRA with the costs of the management of the programme increasing as a fixed % against overall spend. At this stage no assumption has been made for financial modelling purposes about increased recovery from leaseholders of these costs although in reality this is likely to be required. This raises questions in relation to affordability to leaseholders.

The Council currently recovers capital costs from leaseholders on a lump sum basis as costs are incurred, providing a range of options to pay over time. If the Council does implement a long term structured capital programme this may provide the basis for the Council to move to setting up sinking fund type arrangements where capital costs to leaseholders are spread over a long period. This would smooth the costs to leaseholders but clearly would result in annual charges being higher for a long period.

### 4.3. Treasury management illustrations

The HRA has a range of different debt portfolios which mature at different times which places some restrictions on options about the balance between repayment of debt and the building up of reserves. The Council will also need to consider its approach to treasury management which is outside the scope of an appraisal of options for future ownership and management of the stock.

The Council's current HRA business plan assumes that debt is maintained at £451m by refinancing loans that mature. This is reflected in the illustrations above. At the same time, using these assumptions, surplus reserves would start to escalate from year 10.

In practice an active treasury management policy may not result in additional loans being taken on at the same times as surpluses are building up. An alternative illustration using surpluses to reduce debt over time is shown below, by combining the debt and reserves lines. This is provided for illustrative purposes to demonstrate the affordability of the HRA cashflows and does not take into account the specific timing of when actual loans mature which would form part of a more detailed treasury strategy.

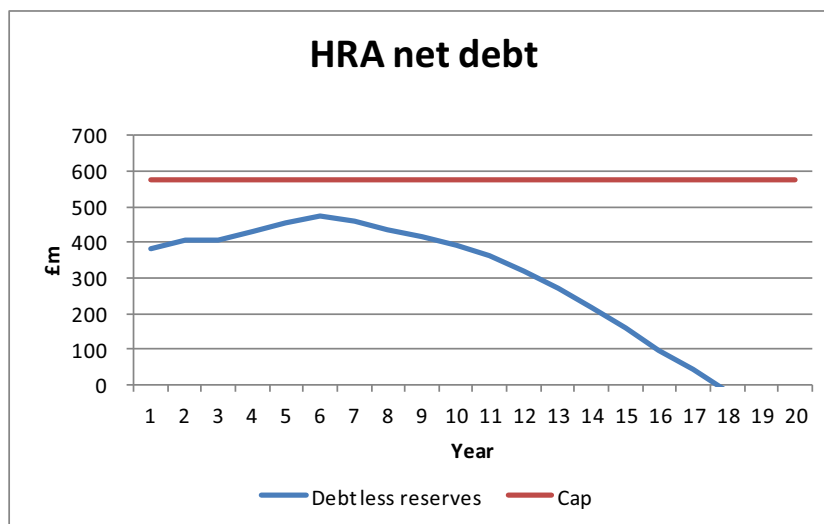


Fig 4: Baseline HRA - including fuller investment requirement with debt repayment

As an alternative to maintaining HRA debt constant at the opening level of £451m, or the above illustration which shows maximum use of reserves to repay debt, an alternative illustration shows the option of reducing debt by 2% of the opening debt (£9m) each year. Under this option the interest charge in the HRA would reduce, and lead to an escalation in reserves.

The chart below projects the HRA debt and reserves position for the baseline HRA – Warm Dry Safe (Fig 2) on the assumption that £9m of reserves are used each year to reduce debt.

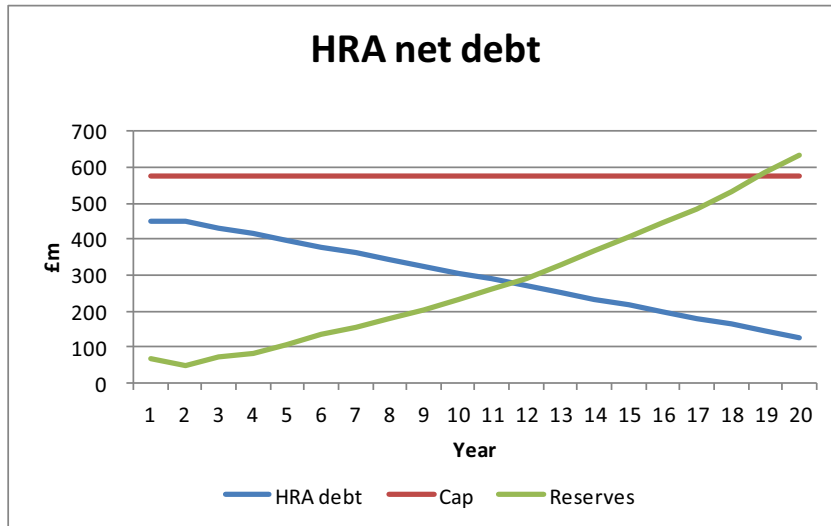


Fig 4a: Baseline HRA - Warm Dry Safe with debt repayment

On subsequent revisions of the business plan, with higher investment levels, there is limited availability of reserves to make debt repayments in the early years. For example including a fuller investment requirement (fig 3), surplus reserves do not arise until year 9. The chart below projects the HRA debt and reserves position for the baseline HRA – including fuller investment requirement (Fig 3) on the assumption that £9m of reserves are used each year to reduce debt from year 9.

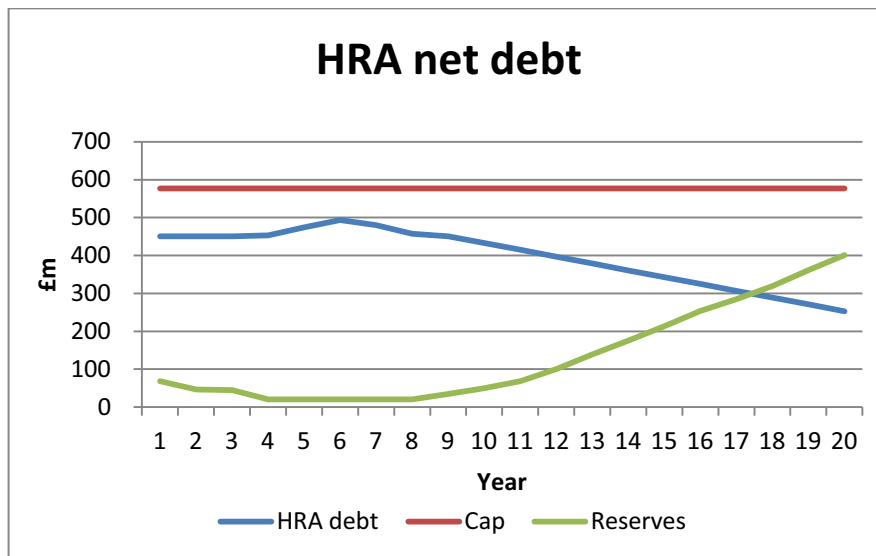


Fig 4b: Baseline HRA - including fuller investment requirement with debt repayment

These two charts illustrate how debt repayment in place of the accumulation of reserves would reduce the overall interest cost and bring forward the point at which debt was matched by reserves.

#### 4.4. Sensitivities and risk

In order to test the strength of the plan to withstand future risk we have explored the impact of reduced income and increased costs that could materialise for a range of different reasons.

The first sensitivity introduces an additional £7.5m pa expenditure in order to reintroduce a cyclical decorations programme. Whilst the base HRA business plan does have an allowance of some £1m pa towards such a programme, the inclusion of an additional £7.5m pa, based on estimates provided by the Council, would allow a full and regular programme to be carried out addressing each property on a 7 year cycle.

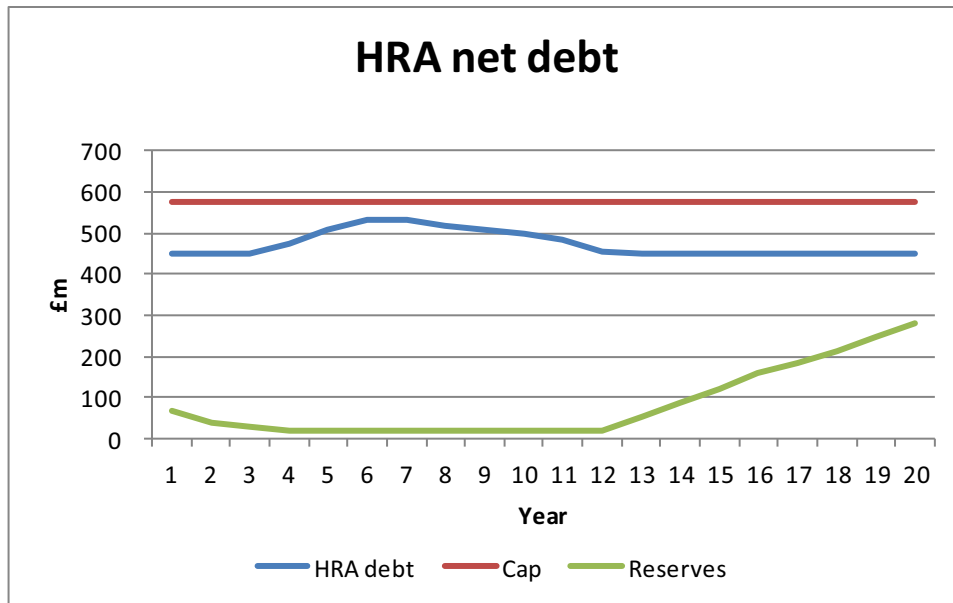


Fig 5: Baseline HRA - including fuller investment requirement and cyclical decorations programme

This shows that a cyclical decorations programme of this scale would also be affordable, though it would lead to increased borrowing for a longer period, to a level that peaked some £40m below the debt cap.

The second sensitivity looks at the impact of reduced income from capital receipts. The current plan relies on capital receipts from void and land disposals of £18m p.a. While these can be relatively certain in the short term (from existing regeneration schemes) the level of receipts in the medium to longer term is far less easy to predict. The next sensitivity shows (in addition to the cyclical decorations programme) the impact of no receipts from land sales beyond year 5, representing a £10m p.a. reduction in income from year 6 from the assumption in the base plan.

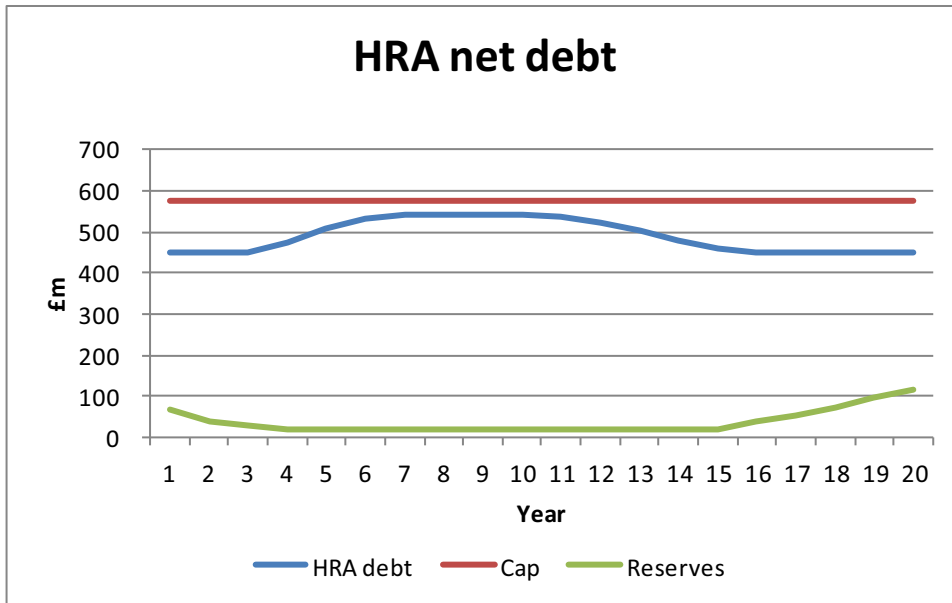


Fig 6: Baseline HRA - including fuller investment requirement, reduced capital receipts and cyclical decorations programme

This prolongs the period over which increased borrowing would be required and debt peaks at a slightly higher level, some £35m below the cap. Over time the plan is still affordable, but it takes longer for reserves to build up again.

The third sensitivity builds on the previous position, but also introduces an additional £60m over the first 5 years, to cover the estimated costs of additional FRA work to fit sprinkler systems in all high rise blocks. .

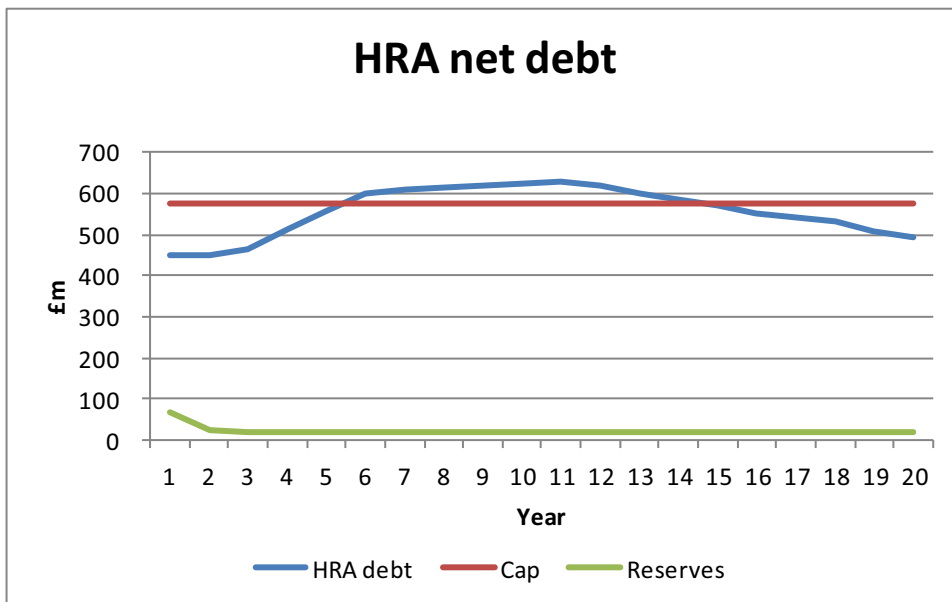


Fig 7: Baseline HRA - including fuller investment requirement, reduced capital receipts and all increased expenditure

Whilst expenditure at this level is shown as being affordable in the long term, with debt requirement reducing after year 12 and surpluses beginning to build up again after year 21, there

would be a need to increase borrowing by some £50m above the HRA debt cap, which is not permissible under current Government policy.

### Rental income assumptions

The base HRA financial forecasts assume that the Council follows Government policy on future rent increases, which would result in actual rents converging to formula in 2015/16 (subject to limits on individual property rent rises). This reflects the assumptions used by CLG in calculating the Council's debt settlement. Based on the assumption that inflation is 2.5%, this leads to rent increases in the next 4 years of:

- 2014 – 4.64%
- 2015 – 4.57%
- 2016 – 3.94%
- 2017 – 3.74%

Thereafter, annual rent increases would gradually reduce to 3%.

The baseline business plan with full investment need does not include any assumptions about cost reflective rent increases following a programme of capital improvement works as this is currently not part of the Council's rent policy. Under the government's rent restructuring policy landlords have the option to increase target rents to reflect any uplift in value generated as a result of the improvements.

It is open to the Council to adopt a policy with higher or lower rent increases. However any change in rent policy would have a direct impact on HRA resources available for revenue and capital costs and its ability to service housing debt.

The chart below illustrates the impact on the previous sensitivity (figure 7) of reducing rent increases in the next 4 years by 1% and then reverting to the previously planned rent increases.

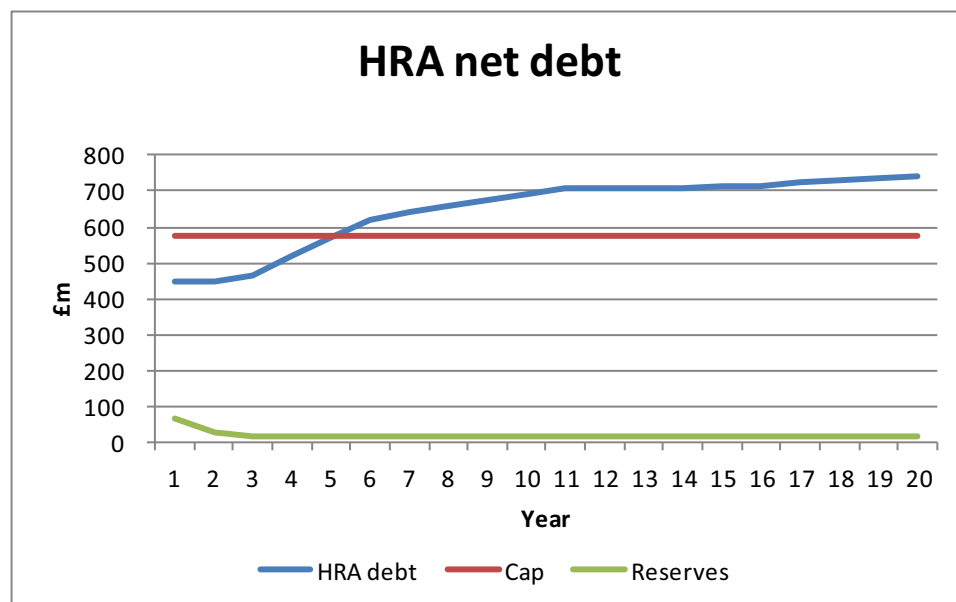


Fig 8: Impact of a 1% reduction in rent increases in the first 4 years on previous sensitivity (fig 7) Baseline HRA - including fuller investment requirement, reduced capital receipts and all increased expenditure

This shows a position that is unaffordable and demonstrates the need for the Council to make choices between the level of investment delivered and the amount of income generated. The rent loss in the 4 year period would be some £20m, and unless future increases were escalated to compensate, the overall 30 year loss would amount to some £300m

#### 4.5. HRA business plan summary conclusions

The HRA modelling demonstrates that the existing business plan is relatively robust, showing an ability to increase expenditure above current levels. It stands up reasonably well to future risks, although choices would have to be made between levels of income and investment in the event that combinations of these risks materialise.

#### 4.6. Asset analysis

The housing stock is not uniform and in reality the business plan cashflows will vary across the borough, with some assets creating surpluses and others making losses. Given the legacy of housing in Southwark that is now reaching the end of its life, it is important for the borough to understand the cashflows associated with different assets in order to provide an objective basis for future decision making.

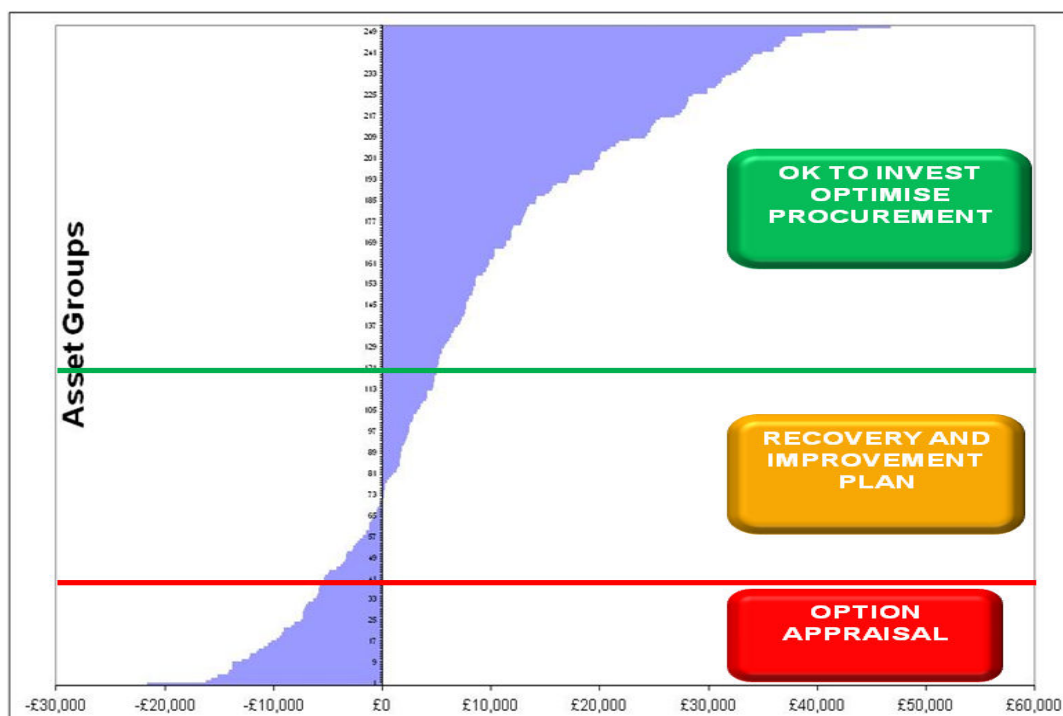
This principle was understood by CLG in the HRA self financing debt calculation where different types of housing stock were allowed different allowances for future major repair expenditure as well as day to day management and maintenance. Combined with a range of different rents this produced a range of valuations in Southwark from an average for high-rise flats of £8.4K per property to over £60K per property in respect some pre 1945 houses. These houses were assumed to generate significant long term surpluses and therefore could afford to support a higher level of debt. This compares to an average debt valuation in Southwark of £15.8K per property.

Actual business plan cashflows will vary in the same way and understanding this can help to identify candidate groups of properties where alternative options need to be explored to improve business plan cashflows before investment decisions are made. The Housing Commission made the point that in Southwark “good money is being wasted on treating the symptoms of building failure, rather than tackling the root causes”. The development of an active policy of managing housing assets which challenges the value for money of each investment decisions, based on an analysis of both the value of future cashflows, and the extent to which investment meets the Council's social housing objectives would be likely to be of benefit.

A high level analysis of rental income and capital expenditure associated with assets across the borough shows that 27% of long term stock has a combination of higher than average capital expenditure and lower than average rents. Medium and high rise flats are over represented in this group. Geographical concentrations of these properties are found in Borough and Bankside, Camberwell and Walworth. A more detailed analysis to model cashflows at a very local level would identify pockets of poorly performing properties that will exist in these areas and elsewhere. Local options appraisals, in consultation with residents, may identify better outcomes for these properties, and for their residents, that could be delivered through alternative strategies.

An example of how this more detailed analysis could support decision making across the borough's stock is shown below. In this chart each of the blue horizontal bars represents the net present value of cashflows associated with different groups of assets. A group of asset may be a particular block type on an estate, or a geographical concentration of similarly aged street properties. The bars towards the bottom of the chart represent assets that have a negative worth within the overall business plan.





**Fig 9: Net present value of operating cashflows of different assets within a large landlord stock (benchmark example – not Southwark specific)**

It should be noted that the values in the chart above are not Southwark's as detailed analysis has not been possible within the timescales for this initial review. However the range in value is typical of a large urban social landlord.

The analysis of the social return on investment needs to include more than a purely financial analysis. The financial results need to be considered alongside an assessment of other sustainability factors linked to the Council's social housing objectives. There will be different strategies for business improvement depending on whether an asset group exhibits weak values, weak sustainability or both. The benefits of this approach to evaluating the performance of the Council's assets would help to

- Strengthen the existing business plan
- Make more efficient use of capital resources available, delivering more within the HRA debt cap
- Consider long-term planning for obsolescence
- Obtain a balance between new build, remodelling & stock investment
- Test alternative strategies, enable balanced investment decisions and support difficult decision making
- Communicate reasons to members, staff and residents
- Assist the Council in delivering its social and housing objectives

#### 4.6.1. Asset analysis and HRA debt capacity

Under HRA self financing, CLG used similar methodology to assess the financial performance of Southwark's housing stock, in order to calculate the level of debt that it considered reasonable for the portfolio to support. This provides a strong link between the council's housing debt portfolio, the performance of stock which it has historically supported and the quality of housing product which is delivered through that stock for Southwark residents.

As at figure 9 (the net present value (NPV) model) the council is likely to have a stock portfolio which demonstrates a range of NPVs, some of which are likely to be positive and some of which are likely to demonstrate negative NPVs.

The council's debt portfolio is therefore likely to contain debt which relates to stock which is not delivering any net return and so in practical terms may not deliver the best value for money.

Further analysis is likely to be needed to categorise stock and attribute debt to it so that a detailed financial performance breakdown can be achieved. Doing this could enable the council to make informed decisions about the stock into which it may choose to invest and upgrade, and the stock which it may choose to release to alternative development options.

Better value for money and a more stable investment model is likely to be achievable through investment in stock which is delivering a positive contribution to the business plan, where investment is likely to deliver a genuine financial and social benefit, than in stock where negative NPVs are demonstrated. In this latter case additional debt would effectively seem to be underwriting refurbishment on stock which has a low likelihood of delivering these benefits and so reflect a lower than optimal investment.

## 5. Future options

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The modelling of the baseline HRA position shows that retention of the existing housing stock is a viable option for the Council to consider, subject to the management of future risks, and effective asset management to tackle the legacy of housing that may require regeneration and renewal.

This report also looks at alternative options for the stock including

- Exploring the Housing Commission scenarios for stock reduction to 20,000 units and stock increase to maintain 39,000 over the life of the plan.
- Whole and partial stock transfer
- Whole scale PFI

Finally this section explores options for maximising opportunities under retention including exploring local management arrangements, for example tenant management organisations, arm's length management organisations and partnerships with external providers.

### 5.1. Stock reduction

The existing business plan assumes that the current stock of 39,000 tenanted units reduces to around 32,000 units over 30 years as a result of demolition, relatively low levels of void sales and Right to Buy.

As a strategic housing authority the Council will need to consider the impact of this stock reduction on the availability of social housing in the borough. This will involve an assessment of RP provision over time and the extent to which any increase in this can off set any reduction in Council owned homes.

The impact of stock number reduction to 32,000 currently assumed in the Council's HRA business plan is:

- Rent and service charge income reduces each year following the disposal largely in line with the average amount (£5,500 per year per property increasing in line with overall rent increases)
- 20% of management costs relating to the properties are assumed to be saved (approximately £300 per year per property)
- 30% of repairs costs are assumed to be saved (approximately £475 per year per property)
- 30% of capital works costs are assumed to be saved (approximately £525 per year per property on average)

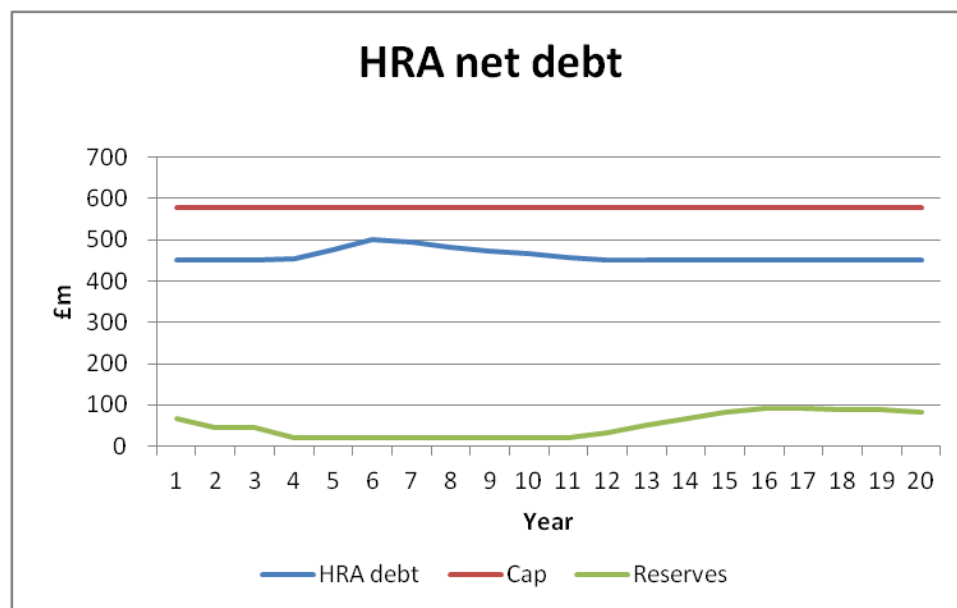
The Housing Commission explored an indicative scenario that stock loss increases at a higher rate each year as a result of increased Right to Buy sales and additional void disposals. This would result in a reduction to 20,000 units over this period, representing a significant net loss of social housing in the borough.

The assumptions used in the Housing Commission financial modelling assumed a more favourable financial position as a result of stock loss, with income from rents and other charges



more than covering operational costs and depreciation once stock numbers are reduced. This assumed significant cost reductions as a result of accelerated loss of stock. However these assumptions are inconsistent with the assumptions currently used by Southwark in its HRA business plan in relation to the balance of fixed and variable costs. In reality it would be a significant challenge to reduce all costs pro rata in line with stock reductions. Furthermore the Housing Commission makes the point that the net loss in social housing would leave many in the borough without the affordable home they need.

Based on the income and cost reduction assumptions in the Council's HRA business plan, a reduction to 20,000 units would lead to a significant loss of future HRA revenue which could not be matched at the same time by a corresponding reduction in costs. This means that in revenue terms the HRA would be worse off as a result of stock reduction. The chart below illustrates the impact on the baseline HRA with full investment (figure 3) of a gradual reduction in stock to 20,000. This shows that by year 20 reserves are reduced from £473m to £81m as a reduced income base has to manage existing housing debt and fixed costs.



**Fig10: Revenue impact of gradual reduction in stock to 20,000 units based on baseline HRA with fuller investment (Fig3)**

Whilst this chart models the revenue implications of stock reduction, it is likely that the disposal of HRA stock would generate some additional capital receipts. The level of receipts would depend on the extent to which disposals were through RTB (where retained receipts would be lower) or void disposal. Receipts would need to be applied to reduce attributable housing debt and to manage the fixed cost burden in order maintain a neutral position. This would effectively mean the Council would need to use capital resources to balance the revenue position, reducing the amount of capital available for any additional benefits.

In discussions with the Council it was agreed that further modelling should be carried out to consider the impact of stock reduction to 20,000 achieved without a net loss of social housing, due to the significant negative impact such a net loss would have on the Council's ability to discharge its duties in respect of homelessness and affordable housing provision, and the significant impact on Southwark's residents.

To illustrate the impact of stock reduction to 20,000, including a phased adjustment to the HRA fixed cost base, we have modelled a stock transfer of 16,000 units to independent landlord(s) in 2016/17. Even this position is purely illustrative. In reality the timing will depend on the

development of any community led plans for transfer, or any asset driven disposals as part of a strategic asset management plan. This is likely to present a more phased approach which cannot be identified with certainty at this stage.

Whilst the base assumptions for the treatment of fixed and variable costs in the current business plan may be appropriate for gradual/incremental changes in stock numbers, different assumptions are needed to look at the impact of a major change in stock. Issues to consider include:

- Costs can typically be classed as a mix of fixed, semi-fixed and variable. Whilst variable costs may reduce with each property disposal, semi-fixed may only change on a stepped basis following a number of disposals. Fixed costs would not normally be expected to reduce.
- A very significant reduction in stock could lead to a reduction in the fixed cost base – e.g. upon a subsequent staffing, services or accommodation reorganisation. The timing of such a reduction is difficult to predict.
- A significantly smaller landlord function would be less likely to support the current level of internal council re-charges. Whilst some reduction in charges could be balanced by a reduction in central costs (e.g. less use of accommodation and central services), in other cases there would be limited opportunity to reduce costs (e.g. corporate and democratic costs).
- Stock reduction arising from transfer to a new landlord would provide an opportunity for the Council to transfer a part of its costs base to the new landlord, e.g. through TUPE of staff, the disposal of office accommodation, or service level agreement payments to the Council by the new landlord.
- Capital investment needs by property can be identified and that information used to model the impact of the loss of stock – though there would be a fixed element of the costs likely to remain.

Again due to the illustrative nature of this sort of scenario planning, it can only be assumed at this stage that an “average property” is transferred and retained in terms of rental income and capital investment needs. In reality the actual nature of the stock transferred will have a major impact on assumptions about reductions in rental income and capital investment needs. For example, a strategic asset management approach may lead to the disposal of property with higher than average capital expenditure needs, leaving the residual business plan relatively better off – providing a receiving landlord is prepared to take the stock at a price sufficient to clear attributable housing debt (see below).

Other assumptions to model stock loss to 20,000 units include:

- 75% of the average annual capital investment costs (e.g. £2,500 per home in 2016/17) assumed as immediately saved, with remaining 25% saving achieved 5 years later
- Rent and service charge income is immediately transferred to new landlord (average £5,500 per property per year rising annually)
- 50% of pro rata maintenance costs (£800 per property per year) are assumed to be saved immediately, with the remaining 50% saving achieved 5 years later
- 25% of pro rata management costs (£400 per property per year) are assumed to be saved immediately, with remaining 75% saving achieved 5 years later

The size of stock transferred will influence the Council's ability to reduce its management and maintenance cost base. Typically the larger the transfer, the greater the ability to transfer staff and other costs across to the new landlord. However this will in all cases depend on the nature of the actual disposal.

Finally it is assumed that the capital receipt generated by the disposal is equivalent to the pro rata debt (approximately £12,000 per property). As set out in the previous section, the HRA self financing debt calculation estimated a range of different debt levels which varied by archetype. For example medium and high rise flats were assumed to have higher costs and lower income and therefore attracted a lower level of debt per unit than houses. It will be important for the Council to be able to reduce debt pro rata based on the nature of the actual archetypes transferring but this cannot be identified with certainty at this stage.

The following chart illustrates the impact of these assumptions on the baseline HRA including fuller investment (i.e. as shown in Figure 3).

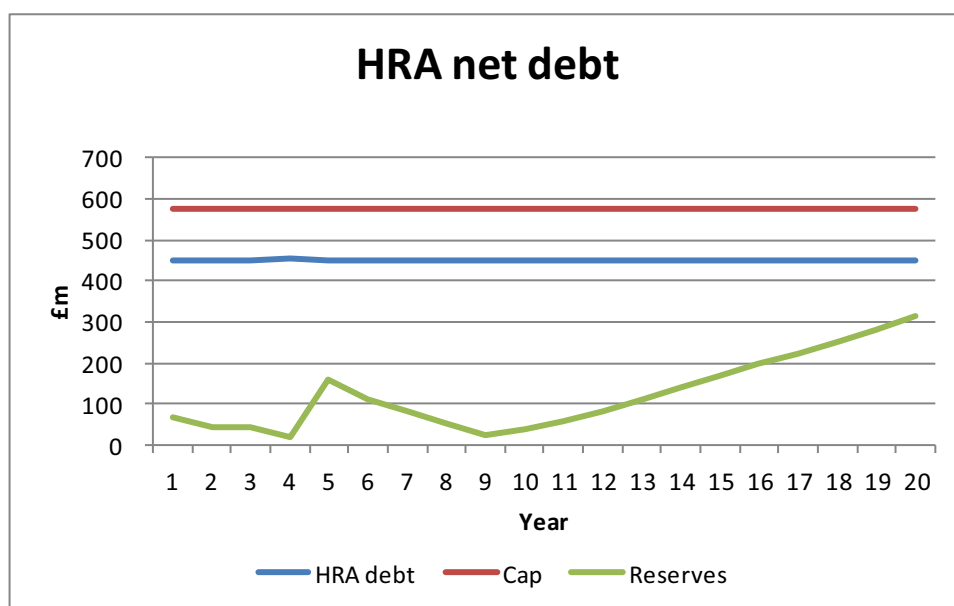


Fig 11 Revenue impact of on off reduction in stock to 20,000 units based on baseline HRA with fuller investment (Fig3)

As can be seen, stock reduction on this scale can only be modelled on a very illustrative basis at this stage. When the assumptions for stock reduction are incorporated within the baseline HRA business plan the short term pressures are reduced, providing the capital receipt is sufficient to cover the attributable housing debt. This is a critical risk and the achievement of a capital receipt at this level is far from guaranteed. The capital receipt is not used to repay debt as it is then required to manage the burden of fixed costs that can only be reduced over a period of 5 years, delivering limited net benefit to the plan over the longer term. With the receipt used in this way, the level of historic housing debt remains the same. This means that longer term the financial position in the HRA is less favourable as a result of lower surpluses generated by a reduced rental income.

These assumptions can only be illustrative at this stage, and in any event, the case for stock reduction on this scale is not evident. In reality the HRA business plan is robust enough to allow for an increased investment programme under retention. Community led initiatives may lead to small scale transfers in future, where there is a clear rationale for the disposal, and where the impact on both the HRA and the General Fund can be managed more effectively. There is no

obvious financial case to drive larger scale stock reduction and the financial benefits of this to the HRA business plan are unclear in the short term and may be negative longer term.

In considering existing projections of a reduction in rented stock to around 32,000 over a 30 year period the Council will need to consider the impact of this on the balance of tenanted/leaseholder properties. Right to Buy sales create a movement from a majority tenanted stock to a more 50/50 tenanted/leaseholder estate. The Council will need to consider the implications of this for the culture of the housing management function and how it responds to leaseholder expectations. This is addressed later in the report in the exploration of future management options.

## 5.2. Stock increase

The alternative scenario explored in the Housing Commission report is that the Council's rented stock is maintained at current levels with a programme of new build which replenishes stock lost from Right to Buy, void disposals and regeneration.

In order to model the financial impact of this scenario it is assumed that an additional 2,000 new homes are built by 2019 to replenish stock to 39,000 in addition to existing 1,000 new homes strategy that is already included in the base business plan. An ongoing programme of new build of an average of 200 per year is then required for the remaining 30 years of the plan. It is assumed that all new homes are built and let at social rents, and that existing stock reduction is of "average" stock, as set out above.

In reality it may be more likely that high liability stock is replaced with modern new build with reduced long term liabilities. It may also be the case that cross subsidy is available from the affordable housing fund and from cross tenure redevelopment. As neither of these can be predicted with any certainty at this stage the assumptions are not incorporated.

The following chart illustrates the impact of these assumptions on the baseline HRA including fuller investment. This shows the impact of replenishing social housing stock levels over time before the application of any cross subsidy either from the affordable housing fund, recycled Right to buy receipts, grant and/or mixed tenure,

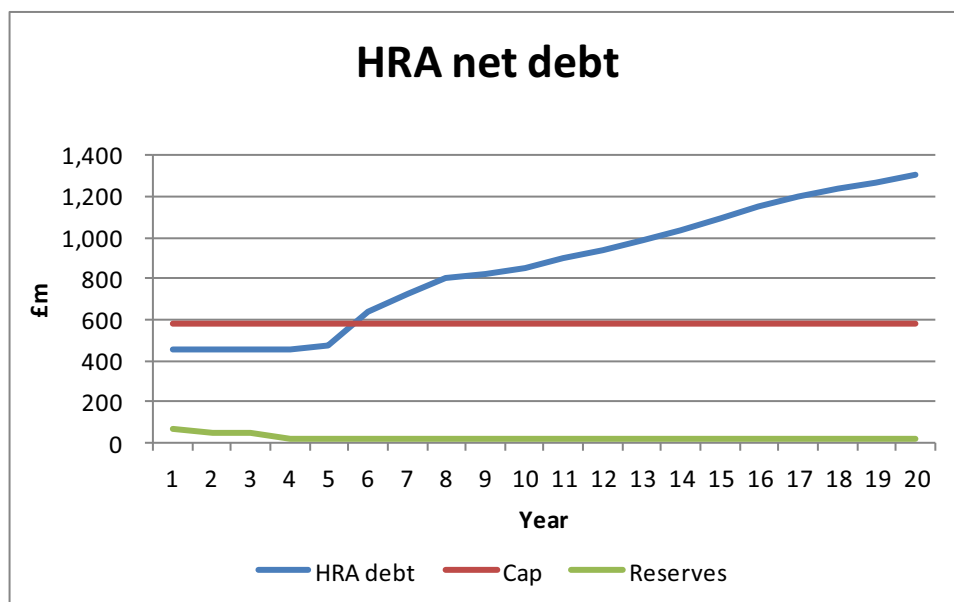


Fig 12: Impact of stock increase back to 39,000 on the baseline HRA including fuller investment (figure 3)

Under the above assumptions, the requirement to fund the replacement of housing and then letting them out at a social rent is unaffordable within the HRA. Subsidised housing requires a subsidy and without this, HRA borrowing quickly rises above the debt cap and social rent income is insufficient to avoid debt escalating each year. In reality the Council would need to construct new build development either on a smaller scale, at a level that could be funded from HRA surpluses, or by providing additional cross subsidy, either from the affordable housing fund, recycled Right to buy receipts, grant and/or mixed tenure.

### 5.3. Alternative options for stock increases

Delivery and funding of new or replacement housing, conventionally funded in the HRA, would lead to an increase in HRA debt and (depending on the scale) potentially a breach of the HRA debt cap.

As the HRA debt cap is primarily in place to prevent increased borrowing on a council's existing HRA housing, rather than to restrict additional borrowing to fund new housing delivery, there are a number of alternative delivery and funding options that other councils are exploring, that do not impact on the debt cap. These options are typically either:

- Funding and delivery within the HRA in a way that does not impact on debt cap
- Funding and delivery outside the HRA

#### 5.3.1. Funding and delivery within the HRA

The HRA debt cap restricts Council borrowing, by imposing a limit on its HRA Capital Financing Requirement (HRA CFR) at each year end. Conventional borrowing to fund capital investment on HRA assets would lead to an increase in HRA CFR. However, there are some alternative funding structures that could be used within the HRA that would support the delivery of new HRA housing without an increase in HRA CFR.

One such structure which has recently been used to fund housing in the RP sector is a sale and leaseback through an operating lease structure. Under current accounting rules, funding new housing through a lease that is classified as an operating lease (as opposed to a finance lease) would not lead to an increase in borrowing by the lessee. As a result, it is possible to deliver new HRA housing that is leased by the HRA from an investor that has no impact on the debt cap.

Financing costs of sale and leaseback arrangements will typically be higher over the long term, although the profile of payments can provide a better match against resources in the short term.

Whilst there is a precedent in the RP sector, to date, no such HRA operating lease transaction has been undertaken by a local authority. There are also some complexities in ensuring that the lease is classified as an operating lease, that would have an impact on the cost of such a funding arrangement. As a result, local authorities have tended to pursue funding and delivery of housing outside the HRA as the first alternative option.

New housing delivered within the HRA would be let on secure tenancies with the Right to Buy.

#### 5.3.2. Funding and delivery outside the HRA

Whilst housing is typically owned by a council within the HRA, there are alternative options for it to be held within the general fund or in a separate council owned company, where borrowing to fund

investment is not restricted by the HRA debt cap. Of these two alternatives, it is the council owned company option that has been pursued by a number of local authorities recently. The typical arrangement is for a wholly owned council company to be set up, which becomes the owner of new or existing housing. It is then the company that receives the rental income and has landlord responsibilities for management, maintenance and repairs. The company would have surplus rental income (after costs), from which it would have the ability to service any debt. The precise debt capacity of the company would depend on the rent levels and associated costs

It is important to note that (in the absence of a subsidy from the Council or elsewhere) that the company would need to be capable of meeting its debt servicing obligations from the net rental income. If it is structured in this way, then it could borrow from the Council to deliver new housing with no use of the current HRA borrowing headroom. It is possible for a Council to borrow from the Public Works Loan Board (PWLB) and then on lend to a company. This provides a benefit to the company as a result of lower funding costs. State aid issues need to be considered where the benefit is in relation to any market housing, although these will not apply in respect of affordable housing. Government consent may be required under S25 of Local Government Act 1988 where on lending represents financial assistance to the company.

Whilst there are a number of legal and policy issues to address, a number of other councils are using a company in this way to broaden and increase their capacity to deliver new housing.

New housing delivered through a council company would not be let on secure tenancies and therefore Right to Buy would not apply, although the company could offer a contractual preserved Right to Buy where appropriate.

### 5.3.3. Building a development strategy

The important point to note is that the debt cap need not be a constraint to the Council engaging in a programme of new development. Constraints still exist however, in particular the availability and cost of funding, the affordability of the development and the Council's own capacity to deliver.

The key steps to building a development strategy would need to include

- Identifying opportunities through
  - Review of current assets
  - Review of land capacity across the HRA estate
  - Widen scope to general fund assets
- Option appraisals – to consider the quality and quantity of housing that can be delivered
- Exploring investment opportunities to generate revenue
- Considering a range of options from private sale to market rent as well as affordable
- Buy in from members
- Consultation with existing tenants
- Wider benefits of unlocking stalled sites, increased economic activity, new homes bonus, access to new funding opportunities

#### 5.3.4. New build and the comprehensive spending review

There is the potential that the spending review announcement at the end of June 2013 may provide a mechanism for local authorities to have their debt cap lifted, in return, perhaps for increased economic activity (e.g. new build) leading to broader economic benefits.

It is also publicised that the review may include a restrictions on rent increases for non developing social landlords.

Both these measures would increase the business case for Southwark to engage in new build development within the capacity of its business plan, either within the limits on HRA borrowing or through alternative mechanisms as set out above.

#### 5.4. Whole and partial stock transfer

The implementation of HRA self financing has introduced new issues to be considered as part of a stock options review and in particular relating to the option of stock transfer.

One key issue is the valuation of the stock and the price the new landlord pays the Council. The stock is valued on the basis of tenanted market value, which values the ongoing cashflows for the properties as social housing. As the income is largely set by the Government's social (formula) rent policy, the higher the level of expenditure in the valuation, and therefore in the new landlord's business plan, the lower the value of cashflows and the lower the price paid to the Council for the stock. This ensures that the new landlord can afford to fund promises which are costed into the valuation.

Following the introduction of HRA self financing the Council needs to ensure that HRA debt (£451m) can be repaid from the proceeds of transfer or written off by government.

CLG's starting point for consent to transfer is that transfer cash flows reflect the assumptions in the HRA self financing debt calculation, which also valued the future anticipated cash flow. Any increases in costs or reductions in income assumed in the transfer cash flows, which will reduce the valuation, must be explained and justified through additional outputs, in return for debt write off.

This presents a barrier to stock transfer in that typically councils would want to promise tenants an improved standard under transfer compared with retention, and this would mean a departure from the HRA self financing valuation which would trigger a requirement for debt write off.

The HCA has issued a series of discussion papers which set out the development of new guidance for stock transfer including how authorities need to justify the case for transfer and debt write off. The discussion papers indicate that there will be a requirement for a full business case in line with HM Treasury Green Book guidance. It is worth noting that this requirement goes beyond that of any other social housing project. The business case will need to set out the strategic, economic, commercial, financial and management case for transfer. Where debt write off is required, the case must be agreed with both CLG and HM Treasury and it will be necessary to demonstrate through cost benefit analysis that the transfer proposals offer a net benefit to government over the long term.

Stock transfer brings additional costs in terms of VAT liability, as Registered Providers have a different VAT status to local authorities. As a result, the new landlord would not be able to reclaim automatically any VAT it incurs on revenue or capital costs. In view of the scale of the proposed capital programme, the potential VAT liability arising through transfer would be sizeable. To address this additional cost, transfers have typically included "VAT shelter" arrangements whereby some of the investment in homes post-transfer is undertaken under the shelter of the

Council's VAT status. However this would not eliminate the entire additional VAT liability. The additional VAT cost would reduce the valuation and potentially trigger a requirement for debt write off. Whilst this is recognised as a justification for departure from the HRA self financing cashflows, the draft guidance appears to still require the economic case for the resulting need for debt write off to be able to demonstrate long term benefits to government. The additional VAT liability would also be reflected in any recharges to leaseholders for major works.

Stock transfer brings additional set up costs for both the Council and the new landlord. The new landlord would need to absorb these costs within its business plan. The Council would need to be able to fund its own set up costs in a way that does not add to the debt write off requirement.

Following stock transfer, the new landlord would require funding from the private sector to produce a viable long term business plan. In the current economic climate the availability of long term funding may be challenging. The cost of funds is likely to be higher than the cost of current HRA debt via the Public Works Loan Board.

Some authorities have explored a financing model for stock transfer where the existing housing debt remains with the authority, reducing both the cost of funds and the amount of additional private sector funding needed. This model (referred to as "Council and Community owned" or "CoCo") is currently not acceptable to HM Treasury. Its concerns have focussed on the level of control that the Council exerts through the funding mechanism, and the resulting risk that the entire debt of the new organisation counts as public sector borrowing.

#### 5.4.1. The implication of stock transfer in Southwark

In order to consider the implications of stock transfer in Southwark we have considered an indicative business plan for the receiving landlord in the context of a whole stock transfer. The chart below shows the indicative debt of the new landlord, starting at the level required to pay the Council enough to redeem existing housing debt.

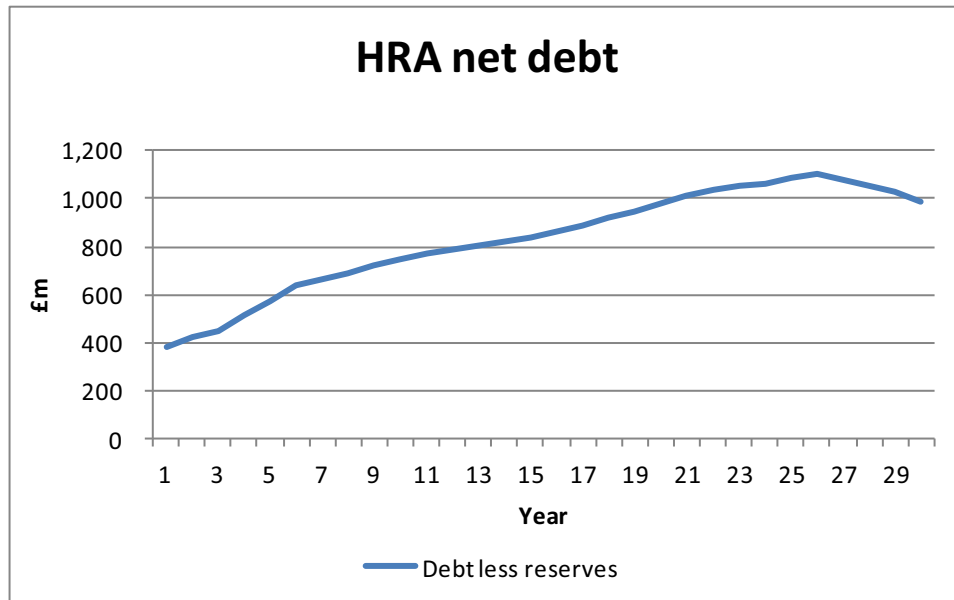


Fig 13: Indicative new landlord business plan - whole stock transfer.

Whilst the projections show debt starting to reduce by the end of 30 years, this position is very unlikely to support the ability to raise private finance at the level required to finance the plan.

Government support for transfer is uncertain, with gap funding available to support the transfer of high liability stock and limited debt write off, available only in return for wider economic benefits. This means that it would be difficult to promise tenants a higher standard of investment following stock transfer as this would not be affordable. If a higher standard of investment was reflected in the valuation, this would reduce the capital receipt, meaning that receipt would not be sufficient to meet the costs of existing housing debt. If a higher standard of investment was reflected in the new landlord's business plan, but not in the valuation, the new landlord would face a requirement for a higher level of funding, which could not be supported by the business plan cashflows, due to the high price paid initially for the stock. Affordability could be supported by debt write off by CLG, but this would mean the Council would need to demonstrate that the delivery of a higher standard of investment would generate economic benefits to central government to match or exceed the cost of debt write off. The case for these economic benefits is unclear at this stage.

Residents have consistently stated that they would not support stock transfer in Southwark. Stock transfer can only proceed if the majority of tenants voting in a ballot confirm their support for the proposals.

The business plan shows that under retention the Council can afford to deliver a higher standard of investment than current programmes, and address many of the disrepair issues identified as required. There is therefore no pressing financial case for stock transfer. Stock transfer introduces additional costs, and critical risks in terms of ballot and funding availability. Without evidence of tenant support for change, and without financial support from government, it is unrealistic to consider whole stock transfer as a viable option for Southwark.

The position with regard to large scale partial transfers is considered above in the exploration of the impact of a reduction in stock to 20,000. In the case of partial stock transfer the same issues arise in terms of the need for the Council to receive a receipt sufficient to the attributable housing debt of the properties transferring, and the extent to which this limits the receiving landlord's ability to deliver a significantly enhanced capital programme, beyond that which could be afforded under retention. In addition with partial stock transfer the Council faces the challenge of reducing its costs to reflect the reduction in rental income. It is likely that some costs will take time to manage out of the businesses, leaving the Council with critical pressures in its business plan.

The position is slightly different with small scale transfers to existing landlords. In these circumstances it may be possible for a receiving landlord to develop a business plan for the Southwark stock which reflects only a marginal additional cost of management, compared with the existing landlord's cost base. This enables the receiving landlord to pay a receipt to the Council sufficient to redeem debt and manage fixed cost reduction over time. Due to the marginal management costs, the new landlord can develop a fundable business plan. Where very small scale transfers are considered it may be possible to access existing funding facilities, removing the uncertainty of the availability of additional private finance in the current economic climate. However, the fact remains that small scale transfers can only proceed with tenant support and therefore it is only likely to be a viable option where proposals are developed which are community led. The Council's existing business plan is robust enough to allow time for these proposals to develop where they are wanted by the local community, without any pressing financial requirement to introduce the idea of transfer where it has not been developed on a community basis.

## 5.5. Private Finance Initiative

Traditionally another option considered by Councils was the Private Finance Initiative (PFI). Under this option the Council would let a long term contract for the management, maintenance and investment in Council housing to a private sector provider. The private sector provider would borrow to fund early years investment in the stock, in return for a long term payment commitment from the Council. The cost of these payments was supported by PFI credits paid by central government. There are currently no rounds of funding for PFI credits available and in reality

housing PFI was only ever deliverable on a small estate based level, due to the limits in both the availability of credits, and the market for the contracts. PFI is therefore not considered further as a route to fund improvements to business plan capacity in Southwark.

### 5.6. Maximising benefits under retention – alternative models of housing management

This review has already demonstrated that retention is a viable option for Southwark with the potential to increase investment beyond the current Warm, Dry, Safe programme.

There is potential for the Council to improve its business plan under retention. One example is the use of effective asset management to ensure investment is targeted where there is maximum return against the Council's social housing objectives. The exploration of alternative options for stock that is currently a liability in the business plan can help to identify opportunities for regeneration and renewal that would result in an improved quality of homes for residents, and improved value within the Council's business plan.

There is a limit on borrowing within the HRA, but this need not be a constraint to the delivery of regeneration and renewal as set out above. The key issues are the affordability of the scheme and the Council's capacity to lead regeneration schemes at scale, in consultation with residents.

While this approach to active asset management can address the issues associated with assets which are currently a financial liability within the plan, and failing to meet the Council's social housing objectives, there remains a desire to fundamentally improve the management and day to day maintenance service, as well as the quality of homes.

The evidence received by the Housing Commission indicated that "housing services for tenants and leaseholders have often been poor or unsatisfactory for some time". The Commission also made the point that the size of the housing stock in Southwark means that the service is "like a giant oil tanker" with a change in direction requiring time and consistency of purpose. There is evidence of recent improvements in performance demonstrated both in the Council's own monitoring against key performance indicators, and by the efficiency savings delivered to prepare for HRA self financing.

These improvements have been delivered with the existing service structure. As can be demonstrated by the HRA business plan model, the size of the existing service structure provides a financial strength which can deliver significant benefit to residents, delivering an enhanced programme of investment over time. However the size can also act as a barrier to improvement, without adequate internal competition to drive change, and making local engagement in service challenge more difficult. Additional improvements in service delivery could contribute to further revenue efficiencies, increasing the resources available for investment in homes. It could also have a significant impact on resident satisfaction.

There are several options for alternative models of housing management which the Council may wish to explore in order to provide the step change in performance improvement which both the Council and its residents are seeking.

These models include

- Tenant led management initiatives through a tenant management organisation or community led mutual
- The establishment of a public/private or public/public cost sharing or shared services vehicle

- Local delivery vehicles
- The establishment of an Arm's Length Management Organisation
- Outsourced management

#### 5.6.1. Tenant led management

One alternative which can present a proactive approach to developing local management solutions is to follow the model adopted by the Leathermarket TMO. This has involved a "self financing" model of TMO devolved management where communities take responsibility not just for the day to day management and maintenance of the properties, but also the long term capital financing of the stock. This means that the TMO can benefit from opportunities of long term effective asset management, and the Council can manage the impact on the residual HRA more effectively due to the reduction in its liabilities for debt servicing.

This may represent an effective and viable model for Southwark subject to there being community interest in this approach. In addition to community interest it is important to ensure that the calculation of attributable housing debts reflects the specific archetypes within the TMO area. This ensures that the TMO has a fundable business plan, and that the Council is not left with a level of HRA debt which represents an additional financial burden for the rest of the borough's residents.

Further work would be required to refine these proposals but it is possible that partnership arrangements for local management, and the development of further self financing TMOs could enable Southwark to start to deliver significant improvements in housing management and maintenance services based on local needs and aspirations, while continuing to benefit from the overall financial strength of the Council's HRA.

In time residents may wish to take proposals further beyond management to take on ownership of the housing, perhaps through the establishment of community mutuals (as at Rochdale) or community gateway organisations (as at Phoenix in Lewisham). In March 2012 CLG published consultation on proposals to give tenants greater control through Right to Transfer regulations. The regulations would be designed to make it easier for tenants to take the lead locally to explore options for transfer from their Local Authority, by placing a new duty on the Local Authority to co-operate. The regulations aim to ensure that change of ownership can only take place if

- The tenants group proposing the transfer is independently assessed as being credible
- Their proposals are supported by the tenants whose homes would be affected.

Additional safeguards are considered to enable a Local Authority to halt the Right to Transfer process where it would have wider negative impact.

The consultation recognises that the regulations would impose a new cost on Local Authorities to support tenants to develop proposals and propose to fund this through "New Burdens". Under certain circumstances the Local Authority would be required to consult tenants on the proposals and to ballot affected tenants on the disposal of their homes. These costs would not be funded through "New Burdens". These regulations provide no other financial assistance to support stock transfer.

#### 5.6.2. Cost sharing/shared services vehicles

One option Councils have explored historically is the creation of one or more Arm's Length Management Organisations which are wholly owned council companies, established for the management of all or part of the stock. This is explored later in this section. An alternative that

can provide less of a separation from the Council, and therefore may result in reduced set up costs is the establishment of a cost sharing vehicle where elements of the service are shared with other providers in order to provide economies of scale and benefit from shared best practice. These vehicles have often focussed on shared support services, such as procurement, finance, HR and IT and senior management.

The sharing of management services is a model seen in London with bi and tri borough agreements, for example between Hammersmith & Fulham, Kensington & Chelsea and Westminster which share a range of senior officers and services, but maintain their own individual democratic autonomies. To date this arrangement has not involved any housing services.

It is more commonly found in housing associations where the benefits from cost savings from VAT (not relevant in a local authority context) add to the business case for the establishment of the cost sharing structures.

### 5.6.3. Local Delivery Vehicles

The concept of a local delivery vehicle received government support in the 2007 green paper "Homes for the future – more affordable more sustainable". This is a broad term to include joint venture local housing companies (LHCs) which would act as master developer for new communities within an area, working in public/private partnership between the local authority and private sector. It is a model that can attract both additional funding and management expertise in order to improve performance.

Under a joint venture model the Council would still be a major shareholder in a specially established company and could use its assets to attract long term funding, supported by a management agreement to improve core services, increase investment in council owned homes and deliver new sources of housing supply.

The private sector partner would have a stake in the new vehicle, giving it a key incentive to improve performance. The private sector partner would bring additional expertise to the management of the organisation.

Subject to the attractiveness of the arrangement to the private sector partner (e.g. the scale and length of the management agreement, and the arrangements for the sharing of equity and development funding and risk) the new vehicle could deliver increased investment for residents, and could be structured to ensure that the value of future development is captured for the benefit of all residents. In this way the new vehicle would fit with Southwark's current position of having significant housing assets and would enable these assets to be used to the benefit of residents.

There are many examples of joint ventures established purely for development purposes, for example most recently Oxford City Council have been exploring a joint venture with Grosvenor to deliver 1,000 new homes on council owned land, with the Council to retain some or all of the affordable housing element of the development.

However it is fair to say that LHCs have not taken off in the way envisaged in the Government's Green Paper. The challenges in the external housing market were a large factor, impacting on development potential. But the cost of setting up LHCs was also seen as a barrier by many, particularly for smaller scale developments.

A variation of the Local Housing Company approach was proposed by the Housing Commission. This is the potential for partnership working with other local providers to share services and best practice to deliver locally focussed management. This approach may fall short of the establishment of a full joint venture company and therefore provide a more cost effective change that can be implemented at a very local scale.

Typically soft market testing for this type of approach will indicate significant interest from local registered providers (RPs) who can get advantages from economies of scale by expanding their local management service to include relatively small pockets of Southwark stock. This approach can also be attractive to local residents by providing a service focussed on the specific needs of their area.

Other providers may be able to offer to provide a management service on a marginal cost basis, reflecting the fact that their fixed overheads do not need to increase as a result of managing a larger number of properties. Therefore their proposals may reflect only the direct costs of housing management. This may seem attractive to the Council when compared with their current costs. However these proposals need to be considered in the context of how the Council would manage reductions in its own overheads.

As an example, an analysis of Housemark benchmarking costs for local authorities shows that the proportion of expenditure on "Support Services" (recharges from other council departments) is approximately 20% of total management expenditure. Where a council is considering a partnership model of devolved service delivery, it would still need to fund the support services recharge and therefore only 80% of its current cost base is available to fund management through a different provider. Therefore only bids for less than 80% of current costs would represent a significant cost saving to the Council.

These figures are purely illustrative and a detailed analysis of Southwark's HRA support service costs would be needed before assessing the value for money of any partnership management proposals. However the fact remains that reductions in management costs delivered in this way would need to be balanced against the impact on fixed overheads.

Some partnership approaches may include proposals for trickle transfer of void properties to the registered provider. This gives them an increasing asset base, which they can use to secure additional funding for investment, which does not impact on the Council's borrowing limits. This would be in addition to any void disposals to generate capital receipts. For the Council it remains important to ensure that each trickle transfer disposal at least generates a receipt sufficient to clear attributable housing debt. The Council's direct management and maintenance costs could transfer to the new provider, as they will already have done under the partnership arrangement. Therefore the only remaining issue is the reduction in fixed overheads. In considering the benefits of trickle transfer of voids to a registered provider who is already carrying out the management function in the area, compared with open market disposal of voids the Council will need to consider the balance between the ongoing ability to access the unit as social housing compared with the capital receipt available from open market disposal.

In reality trickle transfers can be difficult to manage as they represent a reactive approach to asset management and disposals, based on void occurrences which cannot be controlled or predicted with any certainty. The costs of such an approach for the Council can be difficult to manage due to the impact on the residual HRA of fixed overhead costs. The transfer of voids can only happen in relation to rented properties and may do nothing to improve services to leaseholders within the blocks.

#### 5.6.4. Arms Length Management

An alternative to the establishment of a local delivery vehicle in partnership with other providers is the establishment of one or more Arm's Length Management Organisations which are wholly owned council companies, established for the management of all or part of the stock. In the past the establishment of an ALMO created the potential to bid for additional funding to deliver decent homes. This additional funding is no longer linked to the establishment of an ALMO and the Council has already been able to access this funding directly.

While many councils have taken steps to end their ALMOs, bringing the management function back in house, others are maintaining their ALMOs and some are considering setting them up for

the first time. One example of a newly established ALMO is at Welwyn Hatfield Community Housing Trust established in 2010 as a management organisation for the management of the council's housing and most housing services. One example of a Council that has decided to maintain its ALMO is London Borough of Barnet where decisions have been made not only to extend the life of the ALMO, but also to extend the range of services that it delivers, to include homelessness and elements of adult services, improving both HRA and General Fund services.

One disadvantage of some ALMOs established purely for housing management on a relatively short term agreement has been in the inability to attract and retain independent board members with the skills required to ensure strong governance. An ALMO's role has been relatively limited and this limits the attractiveness of ALMO board membership when compared with that of a Housing Association with a broader role, for example with housing development and wider community development functions – neither of which have been historically part of an ALMOs' core functions. This is changing with the establishment of longer term management agreements and the increased freedoms in local authority housing finance to engage in new build development again.

The drivers for maintaining or establishing an ALMO now focus not on access to decent homes funding but on the potential for service improvement from an organisation focussed solely on landlord services with the operational freedom to deliver, governed by a board with strong resident representation. ALMOs are now also being explored as a useful vehicle for new development.

This is an option that Southwark may wish to explore for all or part of its stock, although with the lack of a link to additional funding, the Council would need to be convinced that the cost of establishment and separation of services from the Council was outweighed by the performance benefits that could be delivered.

#### 5.6.5. Outsourced management

Another option is the letting of a management agreement, typically with a private sector provider to deliver a defined range of housing services often over a 5 – 10 year time frame.

These arrangements have been common at a local estate level. For example Lewisham Council outsourced several small scale management agreements to Housing Associations and private sector providers, as did Westminster which then used its Arm's Length Management Organisation to manage the outsourced management arrangements. Lewisham Council has since taken steps not to renew its management agreements and the service is now wholly managed by its Arm's Length Management Organisation, Lewisham Homes. Westminster has chosen not to renew some of its management contracts, but others remain.

More recently Hammersmith and Fulham has announced plans to outsource housing management in the south of the borough, and caretaking and cleaning across the entire borough for a period of 10 years, with an option to extend for a further 5 years. The Council will continue management of the north of the borough in house, providing a mechanism for competition between providers intended to drive performance improvement across the whole borough.

Modern housing management outsourced contracts have very different characteristics to the old style "command and control" type contracts used under Compulsive Competitive Tendering in the 1980s and in the very prescriptive housing PFI type contracts with highly specified and detailed contracts, often taking several years to get into place. More recently, partnering style contracts, focused on outcome, rather than a detailed specification of inputs and outputs, have not only been cheaper and more straightforward to establish, but are also intended to give the provider the operational freedom required to improve services.

### 5.6.6. Local determination of management models

It is clear from resident feedback captured in the Housing Commission report, and from discussions with Council officers, that the Council is keen to deliver a step change in performance improvement and the catalyst for this change needs to be established. In the past councils have used whole stock transfer, PFI or Arm's Length Management as this catalyst for change, linked to the potential for additional funding. Additional funding is no longer available through these routes, and this has created barriers, at least in the case of PFI and whole stock transfer, where the level and cost of change cannot be justified by benefits delivered.

Arm's length management continues to be an option that is explored to provide a local focus for improvement in landlord services, and some councils have explored joint ventures with private sector providers to provide either housing management or development services. With the introduction of self financing, and the freedoms and flexibilities available for Councils to engage in new development again, many are looking at arm's length arrangements through Council owned companies, or partnerships with the private sector, to provide a locally focussed business approach to improve services and provide new homes, with residents at the heart, at board level, driving improvement in line with their priorities.

At Southwark it has been identified that the size of the housing stock in itself presents barriers to performance improvement and there is a clearly expressed desire for the development of locally focussed service delivery structures. These may be through small scale local management structures wholly owned by the Council, local partnerships with other providers, or tenant led management organisations. This will create the internal market of competition through comparisons, in order to drive service improvement. There is no immediate financial crisis in the HRA and therefore the Council has time to enable these proposals to develop at a pace which residents are comfortable with but which could deliver significant long term benefits once in place.

The Council's rented housing stock is projected to reduce to 32,000 over the long term. Right to Buy sales create a movement from a majority tenanted stock to a more 50/50 tenanted/leaseholder estate. In moving to devolved management solutions the balance of tenanted to leasehold stock may vary significantly by local area. In areas where there is a leaseholder majority the operational style may be very different to where there is a tenant majority. The Council will need to consider the implications of this for the culture of the housing management function and how it responds to leaseholder expectations. This may present opportunities to develop the leaseholder focus of its management service but may also raise questions about how the Council enables a balance of tenanted and leaseholder views as local solutions are developed.

Key next steps to develop local delivery structures would include

- The establishment of an overarching framework of governance to ensure the development of local decisions while managing the impact on the overall HRA.
- A policy framework for decisions on how a local management area is defined. These areas must make sense to residents on the ground, and must be of a scale and with a balance of properties which enable viable proposals to develop. The area based asset analysis work identified above may be one way of ensuring that viable property portfolios are established, alongside appropriate levels of debt and funding to sustain long term improvement. This needs to sit alongside resident engagement to ensure these areas reflect existing communities and will enable the establishment of a clear local focus which balances the views of tenants and leaseholders.
- Resident engagement which allows each area to explore options for the management model that suits their appetite for involvement and partnership, drawing up local service standards to inform any contractual arrangements required. The balance of leaseholder

and tenanted stock in each local area will influence the culture of the management service developed.

- A programme of soft market testing, visits to other providers, and in the case of external partners, procurement, with resident involvement .
- The establishment of a service structure, with local delivery alongside shared support services, enabling the financial strength of the HRA to be maintained, while devolving delivery to a local level.

## 6. Conclusions and next steps

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### 6.1. Conclusions

The financial modelling carried out for this review has combined a range of inputs which impact on the business plan including levels of income, day to day costs and future capital investment. In addition the impact of existing planned regeneration schemes, and future changes in welfare reform is considered. Taking these factors into account it is clear that HRA self financing introduces new opportunities for a viable long term business plan with the potential to increase levels of investment beyond the current Warm, Dry, Safe programme.

That additional investment is affordable with significant long term surpluses forecast. There are potential risks which need to be managed, including a refinement of the information used to scope the investment programme required, and the deliverability and value for money of investment at this scale. Choices may need to be made between timing and level of investment due to short term business plan pressures.

Local asset analysis has already identified the potential to improve business plan capacity by considering alternative options of estate renewal and regeneration rather than direct investment in some stock. Further work is needed to determine the value for money of investment and alternative options for redevelopment and renewal at a local level.

There exist a range of funding options available to deliver estate renewal and new build where this makes strategic sense and is affordable. The cap on borrowing within the HRA need not be a constraint.

A reduction in stock to the 20,000 unit scenario explored in the Housing Commission would lead to a significant loss of future HRA revenue which could not be matched at the same time by a corresponding reduction in costs. This means that in revenue terms the HRA would be worse off as a result of stock reduction and capital receipts from disposals would need to be used to balance the revenue position, reducing the amount of capital available for any additional benefits.

There is no overriding financial case for whole scale stock transfer and in any event, the financial framework for stock transfer has changed with reduced financial support from government, and challenges to the availability and cost of external funding.

Small scale stock reductions, either as a result of community led transfers, or active asset management to deal with high liability stock, could be managed within the overall HRA. However larger scale partial stock transfers would be financially challenging for the HRA, and there is no evidence of resident support for such an approach.

The Council will need to consider overall social housing levels in the borough and the balance between RP and Council provision as Council rented stock reduces naturally over time as a result of Right to Buy and existing planned regeneration schemes.

Local management options, either in partnership with other providers, or by the development of further self financing TMOs may facilitate service improvement and locally focussed asset management to improve business plan capacity and resident satisfaction.

## 6.2. Next steps

In order to develop the capacity of a retained HRA business plan to deliver Council and resident objectives for the future the following next steps are recommended

- A detailed evaluation of the financial performance of the Council's housing assets, alongside an assessment of the extent to which assets meet the Council's overall social housing objectives
- Exploration of the Council's appetite to lead regeneration and renewal and the development of funding strategies to deliver these within the existing HRA debt cap or through alternative financing arrangements
- A programme of resident engagement to communicate the ambitions for the retained housing stock and to explore the appetite for local management arrangements and TMO development, balancing the objectives of both tenants and leaseholders.
- The development of local management solutions needs to be planned alongside a detailed understanding of the HRA overhead recovery and its relationship with General Fund costs in order to ensure the Council and residents continue to benefit from the financial strength of the HRA but have the freedom to determine local solutions to deliver performance improvements.
- Investment planning and asset management strategy to deliver an enhanced capital programme to meet the full investment needs of the stock, where this represents value for money and developed in consultation with tenants and home owners.

## 7. Appendix One: 30 year stock condition estimates

<b>Revised Capital £m</b>	<b>2013-17</b>	<b>2018-22</b>	<b>2023-27</b>	<b>2028-32</b>	<b>2033-27</b>	<b>2038-42</b>	<b>Total</b>
APEX + 30%	401.7	203.8	202.6	254.7	230.9	128.8	<b>1,422.4</b>
Fire risk	48.6	45.0	10.0	10.0	10.0	10.0	<b>133.6</b>
Lifts	25.0	25.0	25.0	25.0	25.0	25.0	<b>150.0</b>
Lateral Mains	20.0	37.1	30.7	21.1	12.1	12.1	<b>133.1</b>
Asbestos	5.0	5.0	5.0	5.0	5.0	5.0	<b>30.0</b>
Scaffolding	11.4	9.0	14.0	15.0	11.0	6.0	<b>66.4</b>
Heating - District	40.0	21.0	8.0	5.0	4.0	4.0	<b>82.0</b>
Contingency	24.1	6.1	6.1	7.6	6.9	3.9	<b>54.7</b>
	<b>575.8</b>	<b>352.0</b>	<b>301.3</b>	<b>343.4</b>	<b>305.0</b>	<b>194.8</b>	<b>2,072.2</b>
Regen	70.0	2.5	2.5	2.5	2.5	2.5	<b>82.5</b>
Other	42.0	43.3	43.3	43.3	43.3	43.3	<b>258.2</b>
	<b>687.8</b>	<b>397.7</b>	<b>347.0</b>	<b>389.1</b>	<b>350.8</b>	<b>240.5</b>	<b>2,413.0</b>

*Per tenanted unit £* 15,730 9,874 8,541 9,648 8,639 5,737 58,169  
*Exc regen*

<b>HRA base Capital £m</b>	<b>2013-17</b>	<b>2018-22</b>	<b>2023-27</b>	<b>2028-32</b>	<b>2033-27</b>	<b>2038-42</b>	<b>Total</b>
Warm dry safe	360.8	330.0	330.0	330.0	330.0	330.0	<b>2,010.8</b>
HINE	41.4						<b>41.4</b>
	<b>402.3</b>	<b>330.0</b>	<b>330.0</b>	<b>330.0</b>	<b>330.0</b>	<b>330.0</b>	<b>2,052.3</b>
Regen	70.0	2.5	2.5	2.5	2.5	2.5	<b>82.5</b>
Other	42.0	43.3	43.3	43.3	43.3	43.3	<b>258.2</b>
	<b>514.2</b>	<b>375.8</b>	<b>375.8</b>	<b>375.8</b>	<b>375.8</b>	<b>375.8</b>	<b>2,393.0</b>

*Per tenanted unit £* 11,164 9,296 9,296 9,296 9,296 9,296 57,644  
*Exc regen*

## 8. Appendix two: HRA business plan key assumptions

	Assumption	Comment
Tenanted stock numbers	38,787 reducing to 32,422 over 30 years, reflecting: <ul style="list-style-type: none"> <li>• Regeneration schemes</li> <li>• 150 pa right to buy</li> <li>• 30 pa void sales</li> <li>• 900 new builds over first 7 years</li> </ul>	
New build and disposal costs and proceeds	Costs of new build not included – assumed to be funded from other sources outside HRA (except for partial use of RTB receipts)  Void sales proceeds not directly recorded in HRA model – included separately as other capital resources (see below)  RTB proceeds are available for the HRA to the extent that Government rules require them to be used to fund new build.	
Inflation	General level of inflation of 2.5% pa used for 30 years  Some specific real inflation adjustments	
Rent increases	In line with Government policy on rent restructuring, including cap on annual increases.	Councils have the option to increase at higher or lower levels, but there are financial implications.
Bad debts	HRA forecasts factor in an additional £3m pa bad debts for 2013/14 reflecting welfare reform changes. This increase is assumed in all subsequent years.	
Welfare reform costs	In addition to the £3m pa bad debt increase referred to above, a further amount of £4m pa from 2014 for 5 years, reducing to £2m pa thereafter has been included	
Garage and commercial income	Based on current year budget as adjusted for general inflation, with some additional above inflation increases in initial years	

	<b>Assumption</b>	<b>Comment</b>
Other revenue costs (management and maintenance less service charge and other related income)	<p>Current year costs used as basis for future years – adjustments for:</p> <ul style="list-style-type: none"> <li>• Inflation at general level of 2.5%</li> <li>• Tenanted service charge income rising at 3.0% pa varying directly with stock number changes – majority of related costs also increase by 3%</li> <li>• Leasehold service charge income rising at 2.5% pa varying directly with stock number changes</li> <li>• Maintenance costs 30% variable with changes in stock numbers</li> <li>• Management costs 10% - 20% variable with stock number changes</li> </ul> <p>Assumed that £4m of 2013 leasehold income relates to capital works</p>	<p>Whilst management &amp; maintenance variability assumptions are reasonable for relatively small changes, larger stock number reductions would allow step reduction in cost base.</p>
Interest and debt	<p>HRA business plan has opening HRA debt of £451m preserved for 30 year period</p> <ul style="list-style-type: none"> <li>• Repayment of current fixed term loans balanced by assumption of new 30 year fixed term loans</li> <li>• Assumed interest for replacement loans 4.5% up to end of 2015 then 5.0%</li> </ul> <p>Impact of this assumption is to reduce average cost of interest from 6.5% to 4.8% in long run</p> <p>Interest on surplus balances included at 0.4%</p>	<p>Assumptions are sensible basis for initial business planning.</p> <p>Option to look at debt repayment assumptions and options in more depth in conjunction with capital spend options</p> <p>In particular there would be little advantage in taking out new loans whilst there are substantial reserves earning only 0.4% interest</p>
Capital expenditure	<p>HRA business plan model includes amounts for:</p> <ul style="list-style-type: none"> <li>• Warm dry safe</li> <li>• High investment needs estates (HINE)</li> <li>• Regeneration</li> <li>• Other</li> </ul> <p>Modelling of alternative investment assumptions replaces Warm, Dry, Safe, and HINE with information from APEX and other sources</p>	
Leaseholder capital receipts	<p>£4m pa assumed for 2013 increased in line with inflation and no variation for changes in capital programme assumptions</p>	

	<b>Assumption</b>	<b>Comment</b>
Capital resources	<p>In addition to the capital resources generated from the HRA each year, there are:</p> <ul style="list-style-type: none"> <li>• Balances at the start of the year – both MRR and other unspent capital reserves</li> <li>• Receipts from identified sources – regen schemes and asset disposals</li> <li>• Ongoing assumed asset disposals – voids £8m and land £10m</li> </ul>	Sensitivity has been run assuming the £10m land disposal receipt stops after 5 years
Minimum reserves	In modelling of alternative investment scenarios, it has been assumed that a minimum balance of £20m is retained and that debt is increased if necessary to fund additional expenditure	

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