

Item No. 9.	Classification: Open	Date: 13 December 2011	Meeting Name: Cabinet
Report title:		Establishment of a Housing Commission for Southwark	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Peter John, Leader of the Council	

FOREWORD – COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL

Over the next five years we will be investing £326 million in Southwark’s housing stock in order to make every home warm, dry and safe. However, despite this massive investment – equivalent to over £1,000 for every man, woman and child who lives in our borough – there will be a continuing and pressing need for further investment in our properties, as some buildings reach the end of their lifespan and others continue to require significant capital investment.

Our current programme of investment is only possible with the use of the proceeds of sale of other land and assets belonging to the Council in excess of £100 million. Whilst we have decided to make this level of investment in our housing at this time, it is unrealistic to believe that we can continue to do this indefinitely, not least because we will quickly exhaust the other assets available for sale.

At the same time we face an unprecedented demand for affordable social housing in Southwark, with our waiting list now exceeding 19,000.

So it is vital that we carefully consider how we can respond to the twin challenges we face – of ensuring that we have a robust business plan which demonstrates that our housing can be high quality and self-financing into the future, whilst exploring ways in which we can increase the supply of affordable council housing stock available for rent.

To undertake this task we are proposing to establish a housing commission – which will be wholly independent of the Council and empowered to manage and direct their own work, in order to present findings and recommendations to the Cabinet in October 2012. That independence is important, so that the Commission can consider all options and possibilities for maintaining and improving Southwark’s housing stock.

The Commission will invite and hear evidence from all key stakeholders, tenants, leaseholders, residents, housing associations, and all those who are involved and interested in providing housing across the borough.

The issues and challenges which we face in Southwark are not unique, and I hope that the work of the Commission will provide guidance for other authorities facing similar issues.

I am delighted that Jan Luba QC has agreed to chair the Commission. I am confident

that together the Commission will be able to help us set a direction of travel which will inform our housing policy for the next 30 years.

RECOMMENDATIONS

1. That the establishment of an independent Housing Commission for Southwark, entitled "London Borough of Southwark Independent Commission on the Future of Council Housing", be approved.
2. Note that the Commission will formally commence work in January 2012 and report back to Cabinet in October 2012.

BACKGROUND INFORMATION

3. Southwark is one of the largest local authority providers of social housing in the country comprising 39,000 tenants and 16,700 homeowners. This size and scale puts housing at the front and centre of the council's priority agenda.
4. Locally there are 19,844 people on the Council's Housing Register (snapshot, November 2011) awaiting a home, reflecting the scale of demand for social housing locally. Further, a report published by Shelter in October 2011 outlines that ordinary working families face unaffordable private rents in 55% of local authorities in England, and particularly in London Boroughs where the average rent for a two bedroom home (£1,360) is almost two and a half times the average in the rest of the country (£568).
5. Housing has always been a significant policy issue for local and central government. Having an affordable and mixed housing supply is vital in supporting a vibrant economy. Having good quality homes can improve people's health, well-being and education along with their life chances and their future generations' life chances too.
6. Over the years national and local government have taken different approaches to try to achieve quality outcomes in housing and housing supply and services. In the last 30 years the nature of the housing stock both locally and nationally has changed with a significant shift from public to private sector provision.
7. In 1981, 70% of all housing stock in Southwark was owned by the Council. By 2011 this figure was 31%. Both the number and proportion of private sector stock has grown significantly over the same time period. On a national scale and broadly over the same period the proportion of stock under public sector ownership has declined from 30% to less than half that today.
8. These changes demonstrate that an approach to managing council housing demand and supply and delivering good quality homes should be both immediate, for example, through short to medium term investment programmes but also longer term, looking at planning for up to the next thirty years to achieve lasting, sustainable outcomes.

Delivering a fairer future for all – five year investment programme

9. In July 2011 Council Assembly agreed a new Council Plan setting out ten promises to deliver the vision of a fairer future for all. Two key promises are:

- To make every home warm, dry and safe; and
 - To bring the full benefits and opportunities of regeneration to all Southwark's residents and build new family homes on the Aylesbury Estate and at Elephant and Castle.
10. On 18 October 2011, cabinet agreed a £326million five year housing investment programme. The five year programme, which followed a two stage consultation with residents, is designed to ensure that all of the council's homes are made warm, dry and safe.
 11. The investment programme will ensure some of the most disadvantage groups living in the council's properties are given warm, dry and safe homes. This will not only have a positive impact on all the communities living in those homes but also the wider community, as it will address some of the imbalance in living conditions in the borough.

KEY ISSUES FOR CONSIDERATION

A long term approach to housing

12. The council needs to look beyond the next five years and develop a longer term strategic approach to its housing stock, to deliver sustainable outcomes that benefit all future generations across the borough.
13. The council is developing a thirty year housing asset management plan which will help inform and shape future programmes and provide an integrated approach to capital and revenue investment planning.
14. The council wants to go further and develop a strategic approach to Southwark housing stock, taking account of the promise to bring the full benefits of regeneration to Southwark's residents. This strategic approach needs to tackle the twin challenges of delivering a robust business plan that achieves high quality housing that is self-financing into the future, whilst exploring ways in which we can increase the supply of affordable council housing stock available for rent.
15. A longer term approach should also consider broader issues of investment, management and operation of the council housing stock for up to thirty years from 2015/16 (when the current five year programme comes to an end).
16. Developing such an approach will require input from specialised resources to create a sound, but challenging and innovative strategic business case for council consideration.

An independent Housing Commission

17. An independent Housing Commission would fulfill the requirement of delivering a sound, challenging and innovative business case for change in the council's strategic approach to its housing stock.
18. An independent Commission is different to models adopted elsewhere, such as in Ealing and Lambeth. In both these cases the Commissions were led directly by the council. For Southwark it is important that Commission is independent of

Council control. This will ensure that material presented to the Commission is considered independently, with that independence retained throughout all stages of the process of the Commission's work.

19. It is proposed that the Commission be supported by the Smith Institute and independent think tank. Council officers have undertaken a competitive procurement process which resulted in the successful appointment of The Smith Institute. The Smith Institute is a leading London-based public policy think tank, which specialises in housing and place-making. The Institute has worked with a wide range of housing organisations, funders, developers, tenant groups, housing charities, construction firms and well known experts and academics in the housing field.

Terms of reference

20. The Commission will explore options for the future financing, ownership and operation of Southwark's housing stock beyond 2015/16 (when the current five year investment programme comes to an end). The aim will be to examine proposals and make recommendations for an investment strategy, for up to thirty years, that is sustainable, affordable to the council and breaks the current cycle of an escalating demand for resources to maintain the quality of the stock.
21. This will be a unique opportunity for an in-depth study of investment options aimed at providing a robust strategy for Southwark's housing stock for up to the next thirty years. This study will consider all key issues that could impact on a longer term approach for council housing including strategies around allocations, rents, area and estate based regeneration, future funding streams and so on.
22. It is proposed that the Commission be led by Jan Luba QC. Jan Luba is a leading housing lawyer and has extensive experience of work in voluntary sector including with the citizen's advice bureau service, Child Poverty Action Group and the National Housing Law Service. Also, he has a particular interest in the administrative law aspects of social housing provision and homelessness.
23. The Smith Institute will use its professional networks to identify and secure suitably experienced, qualified and respected individuals for appointment as members of the Commission to support the Chair. The members will operate independently, taking evidence from key stakeholders (including tenants, leaseholders, residents, housing associations, and all those who are involved and interested in providing housing across the borough) and undertaking research and analysis to inform their findings.

Timescales and key success measures

24. This report acts as the launch mechanism for the Commission in anticipation of work commencing in January 2012. The Commission will report back to Cabinet in October 2012.
25. Before reporting back to Cabinet the Commission will be expected to undertake activities including data gathering and policy review and analysis. This will include a review of existing documentation on the nature of Southwark's housing supply and needs, across all forms of ownership, and its implications for the council's housing stock.

26. The Commission will assess existing documentation on the council's vision and planning strategies for the area and the impact of these aspirations on Southwark's housing. It will examine existing documentation on the present condition of the council's stock throughout the borough and the necessary cost to refurbish the stock to different levels of decency.
27. The Commission will undertake a review of the current position on major housing regeneration proposals, including the Aylesbury Estate Regeneration and Elmington Projects. It will consider the current Housing and Communities Agency funding position in relation to Southwark schemes.
28. As part of data gathering, views will be sought from the wider community including tenants, leaseholders, residents, housing associations, and all those who are involved and interested in providing housing across the borough and feedback will be reviewed.
29. Policy review will include an examination of the changes in housing policy announced by the coalition government, including HRA reform, new tenancy strategies and 'affordable rent' proposals. The Commission will examine the likely impact on Southwark residents and tenants.
30. The Commission will undertake a review of the potential housing delivery models available, including those in other local authorities, and their applicability to Southwark's housing stock. It will consider the long term implications of stock retention for the council.
31. The Commission will also consider alternative options for the future financing and ownership of Southwark's housing stock including area and estate based regeneration, public/private partnerships, transfer of ownership, sale and leaseback, and tenant managed organisations and variations/combinations of these. This will be set against the baseline of the council's current housing strategy and investment plans.
32. The success of the Commission will be measured against the following criteria:
 - A report on the Commission's work presented to the Council in October 2012.
 - The report recommendations to be financially sustainable and deliverable and affordable to the council for up to a thirty year time period.
 - The report recommendations to demonstrate a strong understanding of differing perspectives of all key stakeholders.
 - The report recommendations to be acknowledged as professional and independent by all key stakeholders.
 - The report recommendations to be seen as acceptable by those most affected in the Southwark community and realistic by the council, external funding bodies and leading housing associations.

Benefits of the Housing Commission

33. It is anticipated that the work of the Commission will ultimately provide the

council with a robust set of data, documentation and recommendations which can inform its approach to the provision of housing stock over the thirty years from 2015/16. The likely outcomes of this work are:

- A clear direction of travel and financially sustainable model of council housing investment.
- Better long term council housing provision for Southwark residents in potentially different forms to that currently experienced, or expected.
- Clearer knowledge of present constraints and a view of the advantages/disadvantages of housing models, including which development models may be best used in the Southwark context over the longer term.
- The opportunity to examine ways to deliver council housing which is of a suitable quality to meet resident needs over the long term and raise the borough's profile in the capital.

Policy implications

34. The Commission will be undertaking its work within the framework of the council's and government's existing housing policies.
35. Of particular relevance in this area are local and central policies on rent, lettings, allocations, tenure and ownership and Housing Revenue Account (HRA) reforms. The Commission's work will also examine the council's strategy on long term regeneration and disposal having regard to the major schemes underway in Southwark.
36. There will be synergy with existing proposals to develop a thirty year asset management plan for the borough, which will dovetail with the work of the Commission. The policy aim is that the Commission's work should both compliment and constructively challenge the Council's ongoing business delivery.
37. The Commission will produce its report on the basis that the council will have ultimate say over implementation. The key policy areas likely to be impacted by the work of the Commission could be:
 - Southwark Council's role as a significant social landlord in London.
 - Southwark Council's position on rent levels and allocation of housing.
 - Consideration of the importance of substance over form in future housing provision, i.e. examining a shift in the balance of ownership and housing development in the borough over the next thirty years so that housing need is best met.
 - Development of a longer term housing strategy for the council which takes account of its immediate resource constraints, financial commitments to current stock and potential for unlocking future resources.

Community impact statement

38. The Commission will undertake an open call for evidence and information from across the communities of Southwark. The work of the Commission and the findings it produces will be of potentially crucial importance in shaping the social context of the Borough for up to the next thirty years. The council provides housing for a diverse population and the Commission will need to be mindful of the circumstances of current communities, in order to appropriately inform its analysis and findings.
39. It is important that the Commission takes direct evidence from service users and considers Southwark's demography so that bias does not occur detrimentally against individual, or groups of residents on the grounds of age, disability, faith/religion, gender, race and ethnicity and sexual orientation as a result of the Commission's work.

Resource implications

40. The council has identified a total budget of £104,000 for this work. This includes the cost of core activities and undertaking data and evidence gathering, policy review and associated works as set out through this report.
41. Internal staff time will be required to develop and operate the programme plan with the Commission. Where appropriate specific input from the finance and legal departments may be sought, with costs contained within existing budget allocations. No new team of officers will be created as a result of the work of the Commission. Any servicing requirements to the Commission will be met through existing resources.
42. The Commission is due to report back to Cabinet in October 2012. Any financial recommendations resulting from the work of the Commission will need to be appropriately identified and addressed at that time. For the purposes of this current report it is reasonable to say that:
 - Although the strategy timeframe examined by the Commission is lengthy, current service provision and resource situation must form the springboard for any future work.
 - The high levels of commitment required to maintain existing service provision mean that any recommendations will need to acknowledge the extent and origin of resources required to generate any significant improvement.
 - There may be a range of eligible development models for the council to consider. The Commission will advise on those which may be most suitable (subject to further viability testing) depending on the location, condition and nature of existing stock and the potential economic climate in which future development may occur.
 - There will be several economic cycles and government changes over the strategy period leading to varying levels of council resource availability and capacity for financial commitment which is as yet not quantified.

Consultation

43. The Commission will be wholly independent of the Council and, through its work,

will undertake an open call for evidence and information from tenants, leaseholders, residents, housing associations, and all those who are involved and interested in providing housing across the borough. This evidence will be essential in informing and supporting the work of the Commission.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

44. There are no specific legal implications evident at this time. The report confirms that specific input from the finance and legal departments may be sought where appropriate during the course of the commission's work.

Finance Director

45. This report recommends the establishment of a Housing Commission. The finance director notes that the estimated cost of £104,000 is anticipated to be met within existing budgets. Internal staff will be used to support the Commission and where appropriate specific input from the finance and legal departments may be sought with costs contained within existing budget allocations.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Housing Investment Programme – Confirmation of Five Year Programme and Update on the High Investment Need Estates Options Appraisal Project	160 Tooley Street, London SE1 2QH	Darren Welsh, Head of Community Housing Services David Markham, Head of Major Works Maurice Soden, Housing Regeneration Initiatives Manager
Council Plan	160 Tooley Street, London SE1 2QH	Stephen Gaskell, Corporate Strategy

AUDIT TRAIL

Cabinet Member	Councillor Peter John, Leader of the Council	
Lead Officer	Annie Shepperd, Chief Executive	
Report Author	Stephen Gaskell, Corporate Strategy	
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CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
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Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Other Officers	All Strategic Directors	Yes
Cabinet Member	Yes	Yes
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