



London Borough of Haringey

Future of Housing Review

**A report to the Cabinet of
Haringey Council**

September 2015

Members of the Future of Housing Review

Alan Strickland	Chair
David Beacham	Haringey Liberal Democrat councillor
Barbara Blake	Haringey Labour councillor
Joseph Ejiofor	Haringey Labour councillor
Jennifer Mann	Haringey Labour councillor
Mabel Obeng	Haringey Council tenant

Advisers to the Future of Housing Review

Julian Wain	Lead Independent Adviser
David Hall	Financial Adviser
Catherine Illingworth	Housing Programme Transformation Manager
David Chong-Ping	M.E.L Research Ltd

Secretariat

Sean Ramdin	Business and Data Analyst
Judy Wills	Minutes and administration

Foreword

Providing good quality affordable homes is one of the most important issues facing our borough and one of the most difficult challenges facing London.

As a council we have a major direct role in housing, providing homes to 17,000 families. This is a responsibility we take very seriously. It is vital that the Council ensures that our tenants, and our future tenants, have safe, modern and decent homes of which they, and we, can be proud.

Our homes are currently managed by Homes for Haringey on behalf of the council. As Homes for Haringey's contract expires in 2016, we have taken the opportunity to take a step back and think afresh about how our homes should be managed and improved.

We are aware that there are a variety of views about how council homes should be managed. Our clear guiding principle has been to do what's best for local residents. The focus of the Review Group's work has been to work out which option will bring the best homes for the future for our tenants.

Given how quickly things are changing in the world of housing policy, making a decision about the future is no simple task. That's why, over the last nine months, a group of councillors from both parties and a tenant representative have been meeting to think hard about how Haringey Council should manage, maintain and improve its homes in the future.

We have visited other areas from Salford to Sunderland to see first hand the different approaches being taken around the country. We have examined new analysis of the condition of the council's homes. We have compared Homes for Haringey's performance against that of other housing organisations from different sectors and different regions. All of this evidence has been scrutinised, discussed and debated.

As a Review Group we are confident that we have reached a set of conclusions which will provide the best opportunity to manage and maintain good quality affordable homes for the future, while also creating a structure will which allow new homes to be built.

I want to place on record my enormous thanks to Mabel, Barbara, David, Joe and Jennifer as members of the Review Group who have contributed so much to this Review. On behalf of the Review members, I would also like to thank Julian, David, Catherine, Sean and Judy for their excellent work in helping us to consider these critical issues.

Alan Strickland
Chair, Future of Housing Review

Our priorities for homes

These are very challenging times for local councils trying to exercise strong leadership on homes, particularly in London. Numerous actual or proposed policy changes made by the Government will see the number of council and housing association homes reduce, and housing budgets hit hard.

Despite these significant challenges, the Future of Housing Review Group is clear that the Council should exercise strong and clear leadership on the building, management, maintenance, improvement and regeneration of homes.

The Review Group is clear that the approach to homes in Haringey should be driven by a clear vision and clear priorities.

As a Review Group we were guided by, and endorse, the draft vision and priorities set out in the Council's draft Housing Strategy.

Vision

Housing is about people and communities, not just bricks and mortar. This means mixed and inclusive neighbourhoods where residents can lead happy and fulfilling lives.

Priorities

1. Improve help for those in housing crisis
2. Ensure that housing delivers a clear social dividend
3. Drive up the quality of housing for all residents
4. Achieve a step change in the number of new homes built

From Haringey Council's Draft Housing Strategy 2015-2020 available from http://www.haringey.gov.uk/sites/haringeygovuk/files/1072.10_housing_strategy_july_revised.pdf

We endorse this emphasis on mixed communities.

Why establish a Future of Housing Review?

Arms length management organisations, or 'ALMOs' like Homes for Haringey were a necessity for councils wanting to access the Decent Homes funding. Worried about the ability of councils to manage their housing stock and keen to deal with poor management standards in some authorities, the previous Labour government made clear that investment in homes came only when councils transferred day to day management of their stock. Many councils opted for arms length management organisations, other transferred some or all of their homes to new or existing housing associations.

The political context for housing has now changed. The policy necessity to have an arms length housing organisation has been removed, as the previous coalition government scrapped the national Decent Homes programme and moved control of housing budgets from Whitehall to local authorities. Now keeping our own rents and making our own decision on housing finance, we are free as a local authority to decide how we best manage our council homes, although recent government policy decisions on rent setting have reduced this freedom.

With this new freedom, councils across the country have been making decisions about their arms length management organisations. Some have been kept and strengthened, others scrapped and housing management brought under internal council control, others have been converted into independent housing associations.

It is clear that some councils have made rapid decisions about the future of housing, with no tenant consultation and on a largely ideological basis. Every authority is free to take its own path, but we felt that this was not right for Haringey. Our absolute priority must be to make the right decision for tenants.

This freedom is important and we must think carefully about what we want to do. Deciding how best to manage 17,000 homes, some housing some of Haringey's most vulnerable residents, is not a decision to be taken lightly. This is a decision which will affect the quality of life for thousands of our residents, and involves a budget of around £1.5bn over the 30 year housing business plan. This is one of the most important decisions councillors from both parties will make during this administration, which will set the path for housing management for the next decade.

The work of the Future of Housing Review

It was for this reason, that rather than settling the matter by quick show of hands, we agreed to establish a Future of Housing Review.

The Review group was designed to allow us to look at this issue fairly and objectively based on the evidence. The Review group is made up of five councillors from both parties and a council tenant. The group has been supported by a senior independent

adviser, who is a former council chief executive from outside of London and an independent financial adviser who is recognised as a leading housing finance expert.

This document is a short summary report, capturing the recommendations of the Review Group. The detailed evidence we considered can be found in the Report of the Independent Adviser, and I recommend those interested in this work read both reports.

The conclusions of the Future of Housing Review are presented through two reports:

- **Report of the Future of Housing Review**

This report sets out the response of the Review Group to the evidence provided to it and gives the judgement of the Review Group following its analysis of the evidence presented by the independent advisers and the Review Group's visits.

- **Report of the Independent Adviser to the Future of Housing Review**

This report presents the evidence from which the Review has been written and is presented by the two independent advisers. Based on extensive data analysis, visits and discussions with a range of stakeholders, the advisers have analysed the options against the criteria set by the Review Group and make recommendations.

The role of the Future of Housing Review

The Review was a self-governing group where decision-making was collaborative and inclusive, basis on consensus being reached among the Review Group members.

The role of the Group was to provide overall leadership to the Review. In particular to:

- Set the process for considering the issue of future housing management
- Set the criteria for assessment against which the independent advisers would measure the options
- Set the shortlist of options to be considered
- Visit councils, housing associations and other housing bodies across the country to fully understand the pros and cons of the different options open to us
- Assess evidence provided by the independent advisers
- Agree recommendations to put forward to the Council's Cabinet

Criteria for Assessment

A key early strategic decision for the members of the Future of Housing Review was to decide on the criteria against which we and the independent advisers would assess the different options available to the Council for housing management.

The Review Group chose nine criteria. While this may seem like a long list, it reflects the complexity of the decision on housing management. We believe that these criteria strike the right balance between the competing priorities for housing management.

Criteria for Assessment

1. Contribution to Council Aims and objectives
2. Assessment of tenant views and the opportunity for tenant engagement and involvement
3. Optimise housing stock condition
4. Seek positive financial implications for the Council Housing Revenue Account and General Fund
5. Maximise service performance
6. Offer opportunity for additional service delivery
7. Maximise contribution to regeneration
8. Optimise accountability, control and influence
9. Deliver value for money and efficiencies

In addition, members wished to adopt a principle that where possible there should be no net loss of housing available at social rents.

More detail of how we used these criteria is set out in the Report of the Independent Adviser.

Shortlist of options considered

As a Review Group we agreed that we wanted to explore the following options:

Housing management options considered by the Review

- In-house management by the Council
- Continuing management by Homes for Haringey
- Transferring homes to a housing association, exploring both transfer to a new association, an existing association or a co-operative housing trust
- A Partial Transfer – transferring some of the Council's homes to a housing association.
- Setting up a Development Company
- A hybrid option which is a combination of some of the options above

The Report of the Independent Adviser captures both his assessment of the advantages and disadvantages of each of these options and feedback from the Review Group's visits to examples of the management options above.

How we considered these options

We were clear as a Review Group that we wanted to take an objective, evidence based approach. Our deliberations were based on a wide range of evidence gathered and prepared on our behalf by the independent advisers to the Review.

The evidence examined was extensive and aimed to provide us with a rounded picture of the current issues facing Haringey Council's homes, so that we could accurately assess the need for investment and improvement. In addition, evidence was gathered to give a fair and balanced view of the options open to the Council to allow us to consider which approach, or approaches, would deliver the best long term solution for homes for our residents.

We assessed a wide range of evidence, including:

- Feedback from interviews with staff, key stakeholders and other housing organisations
- A literature review
- Feedback from interviews and focus groups with current housing staff
- Feedback from focus groups held with Haringey Council tenants
- Data from the 'Test of tenant opinion' – a major survey of tenant and leaseholder views
- First hand evidence gathered through visits by the Review Group to councils and housing organisations across England to see different models in action
- A benchmarking analysis, which compared Homes for Haringey's performance against other housing organisations across England
- Extensive financial modelling setting out the investment needs of the stock and the financial implications of potential housing management approaches
- A Stock Condition Survey to provide up to date information on the investment needs of the Council's homes

As a Review Group we were particularly keen to understand how tenants viewed the service they have received from Homes for Haringey.

A major survey of tenant and leaseholder views was carried out, referred to in Government guidance as a 'test of tenant opinion.'

The overall findings of the survey were very positive, with tenants reporting good levels of satisfaction and that their satisfaction with a range of services provided by Homes for Haringey had improved over the last three years.

The main points from the feedback were:

- little support for transfer options
- low brand recognition of HfH
- increasing satisfaction amongst tenants
- recognition of recent improvement
- support for local provision of services
- leaseholder dissatisfaction with service
- the importance to tenants of involvement in service direction and governance

Key issues which emerged from the deliberations of the Future of Housing Review Group

Our examination of the issues has made clear:

- **This is a more complex decision than originally anticipated**

The choice before the Review Group is not the simple 'in/out' choice that we initially expected. The complexity of the challenges facing Haringey on housing management makes clear that no single option alone will deliver what we need. A more nuanced and sophisticated approach is needed.

- **Many councils have opted for a mix of options, contrary to external appearances**

Despite initial appearances, the reality of housing management and improvement across England is one of mixed arrangements. We have found councils with 'in-house' management but with several subsidiary companies, others with an ALMO and housing associations involved in estate renewals, others with stock transferred to housing associations but with new stock being built through a development company. The range of different housing structures across the country is considerable and a mixed arrangement is very common.

- **Financial issues are central to understanding the choices**

Financial issues are central to decisions about the future management of housing stock, particularly in considering how to improve our large council estates, for which the cost is extremely high. A decision on housing management must be taken in the context of the financial situation.

- **Focus is important**

When considering arrangements across the country, a point made to us by a range of organisations was the importance of maintaining a clear focus in order to deliver for tenants. This emerged both as the need for a thematic focus on housing and a geographical focus – a housing organisation whose attention is firmly on the area. The importance of this was seen through examples of housing organisations felt to have expanded into other geographical areas at the expense of serving their original constituency and others expanding into areas of business unrelated to housing and risking losing their focus on their core mission.

- **Importance of taking a holistic view of housing**

While maintaining a focus, it was clear that the best performing organisations took a holistic view of housing. So to have a really effective housing management arrangement, an organisation must look beyond roofs and radiators and work with tenants in the round.

- **There is a need to choose an approach which maximises the opportunity to bring in external funding**

The financial information presented to the Review has been stark. It is clear that the Council, like many local authorities, does not have sufficient funding to meet its ambitions for homes.

In choosing an approach, the evidence presented has emphasised that in order to achieve the Council's objectives on housing, external funding will need to be secured. This is particularly important to fund the Council's ambitions for the improvement and regeneration of major housing estates. Estimates presented to the Review Group show costs of up to £1.5bn for regenerating some estates.

It is clear that the Council does not have access to this level of finance. In improving our large estates, we need to agree an approach which will allow the Council to partner with organisations who can bring to bear significant funding.

- **The Council must be honest about its strengths and skills gaps**

We were struck during several visits by the clarity with which some local authorities articulated very clearly which aspects of housing they believed a local authority could deliver directly in a high quality way because they had the skills, the capacity, the organisational experience and the structures. They also articulated very clearly those areas where they felt as an authority they did not have these skills and this capacity and had therefore brought in external partners to meet these gaps.

We were impressed by this honest, transparent and mature approach to thinking about the management and development of homes. It is important that we set out our approach with a comparable honesty.

Recommendations of the Future of Housing Review

The Future of Housing Review members received the report from the Independent Adviser.

We have found the evidence presented to us clear and compelling and it is on this basis that we endorse the recommendations made by the Independent Adviser.

Below we summarise the overall conclusions and recommendations and give our rationale for agreeing these recommendations.

The report of the Independent Adviser sets out more detailed recommendations, which the Review Group fully endorses.

Recommendation 1: Future management of homes

Haringey Council should retain its housing company, Homes for Haringey and grant a new management agreement to the organisation for a period of ten years.

The Review Group unanimously agreed that Homes for Haringey should be retained. This decision is based on the following grounds:

- Performance is steadily improving - performance data shows a consistent improvement over the last 3 years
- The test of tenant opinion survey demonstrated a strong tenant satisfaction rating
- Homes for Haringey has a significant record of financial savings and efficiencies, while delivering improved satisfaction
- Tenant involvement in Homes for Haringey is strong and on-going tenant participation in housing management emerged as a priority for tenants
- Homes for Haringey have proven their ability to deliver new services outside of day-to-day housing management that help to deliver the Council's wider Corporate Plan. Examples include successfully improving services they have taken on for the first time, such as homelessness or in running innovative projects such as the youth programme Project 2020.
- Having an arms length organisation creates opportunities to bring in independent expertise and leadership on the board. We believe that this independent input is adding real value.
- The housing field is changing every day and we need a flexible and dynamic structure. Homes for Haringey has the ability to move quickly to deliver and can make decisions without the constraints of the lengthy local authority process and

procedure. Good examples of the benefits of this flexibility are the setting up the Housing Apprenticeship Academy and the not for profit Lettings Agency.

- Maintaining a subsidiary housing company provides an existing housing company structure that could be used flexibly for other purposes in future if required

The Review Group does not recommend returning housing to direct Council management for the following reasons:

- Based on the evidence received and results of the tenant survey, there is no compelling case for change based on performance, satisfaction, flexibility or financial reasons
- To do so will make no impact on the Capital Funding deficit
- Savings from the in house option will not significantly improve the overall HRA financial position
- Disbanding the ALMO removes the flexibility of having a housing company
- If the Council chooses to set up a local housing company after bringing the service in house it would need to establish another company, reducing any saving made and duplicating work
- Bringing the service back in house would remove the ability to attract comparable high calibre staff through flexibility of structure and reward
- Structures and processes of Council inhibit speed and effectiveness of response

Recommendation 2: A strategic approach to estate regeneration

To deliver improvements to homes on major estates, the Review Group recommends that a development company is likely to be the most appropriate option. A proposal should be brought forward for a development vehicle, either Council owned or a joint venture. Given the importance of improving major estates, we recommend that a proposal if brought forward swiftly for consideration.

The Review Group sees the key advantages of this approach as being:

- Brings significant additional financial support to provide improvements
- Allow the Council to retain long term control of development and land
- Offers an income stream that can be spent on the provision of further affordable and social rented housing.
- Unlike conventional development models, it delivers a long term return for the Council
- Will bring in capital investment, capacity and expertise to deliver change and solve the Council's major investment problems

- Protects new properties from the Right to Buy

The Review Group therefore strongly recommends that:

- A proposal be brought forward for a development vehicle, either Council owned or a joint venture.

Recommendation 2a: Large scale transfers to housing associations

To improve and invest in major housing estates, large scale voluntary transfer of homes to a housing association should not be pursued.

This is because:

- the level of debt write off and subsidy required to do a large scale voluntary transfer is likely to make this financially unviable and unattractive to partners, lenders and the government.
- The test of tenant opinion shows little appetite for this amongst tenants
- There is no mindset amongst members or officers that this is the right solution which would make successful transfer extremely challenging
- In addition it may increase the complexity of regeneration programmes.

Recommendation 2b: Partial transfers

The Review Group does not recommend further consideration of partial transfers at this time

We do accept that some estates may be financially viable for partial transfer if no other solution is viable. However, the recent changes in the July budget have made this more difficult still.

Recommendation 3: Improving major estates

We recommend that the Council should work with Homes for Haringey and residents to draw up plans to improve the major housing estates of Northumberland Park, Broadwater Farm and Noel Park to ensure that we are providing good quality homes for our residents for the long-term.

There are a number of estates that the Review Group have particular concerns about and would like to see some concerted action on.

Overall, where the Council and tenants decide that estate regeneration is the best way forward, the Review Group recommends that

- That the regeneration of estates should aim to re-provide the same number of affordable homes, or more.
- That existing tenants should be offered homes at a comparable rent in new development, with a package of support.

Recommendation 3a: Broadwater Farm

A full consultation exercise should be undertaken on the Broadwater Farm estate to kick off a formal conversation with residents about the future of the estate. We recommend that this consultation should be underway by before the end of 2015.

Consultation work has been undertaken with the tenants of Tangmere on the Broadwater Farm estate to discuss the future of that block.

We believe that a full consultation with all tenants should begin to open up an honest dialogue about the future of Broadwater Farm. Building on the consultation approach developed in the Love Lane area of Tottenham, the consultation should engage with residents on the full range of issues about life on the estate – health, education, jobs, crime and other issues raised by residents – not just narrow housing issues. It is important that estate renewal and improvement focuses on people and their life chances, not just homes.

Recommendation 3b: Northumberland Park estate

We recommend that a plan is agreed for regeneration of the Northumberland Park estate, working in partnership with residents. We recommend that where affordable housing is re-built the Council ensures that more larger family homes are provided to better accommodate the needs of families in the area.

We welcome that that Council has is already underway with a consultation with residents living in the Northumberland Park estate and that this work includes both discussing the future of homes and wider social and economic issues concerning residents.

Northumberland Park is a large and complex estate physically and needs careful thought and planning. Plans for the future of Northumberland Park should replace the same level of affordable housing (measured by affordable habitable rooms). We recommend that where affordable housing is re-built the Council looks to build more larger family homes.

Recommendation 3c: Noel Park estate

We recommend that specific work is undertaken to agree a long-term plan for the improvement of the Noel Park estate and recommends a self-financing model is explored

The Council has made some welcome progress on the Noel Park estate, establishing the estate as a priority for improvement and investment. Additional funds were secured from the Greater London Authority and in July the Council's Cabinet authorised investment to improve the prefab bathrooms (or 'pods') which some of the homes have and are in need of replacement.

However, an overall plan for the estate is needed, to set out how the Council will improve all homes on the estate given the significant cost of improving these Victorian homes which sit in a Conservation Area.

As Noel Park has higher land values there is potential for a self financing scheme to be developed to deal with the repairs issues and the steering group wishes this to be investigated. For preference the Review Group would wish to retain freeholds for the long term.

Recommendation 4: Improving leaseholder satisfaction

We recommend that a Leaseholder Review should be undertaken to look afresh at how the Council and Homes for Haringey relate to leaseholders.

- The test of tenant opinion demonstrated leaseholder dissatisfaction, which chimes with the experiences of the Review Group members.
- A Review should be held to examine the relationship between the Council and Homes for Haringey and leaseholders.
- The Review should cover, but not be limited to:
 - Communication with leaseholders
 - Arrangements for charging leaseholders for repairs and Decent Homes work
 - Structures for the representation of leaseholders

Recommendation 5: Tackling the long-term funding gap

We recommend that the Council draws up an asset management strategy to clearly prioritise expenditure in the context of the on-going capital funding gap

This strategy should include:

- Prioritising the Council’s aspirations between stock condition, new –build and regeneration.
- Setting clear standards for Council housing stock condition.
- Prioritising and programming work to meet those standards and to best suit the position of the Housing Revenue Account
- Managing and reducing housing revenue account costs
- An approach to active management of the Council’s social housing portfolio, including building new homes and disposing of properties where they are not viable to repair, with the receipts reinvested in new homes.

Recommendation 6 – Repairs responsibilities

We recommend that a review of repair responsibilities is carried out to examine whether the balance of responsibility between tenants and Homes for Haringey is appropriate

Recommendation 7 – Rent policy

We recommend that the Council should review its Rents Policy.

Considering the results of the test of tenant opinion, the Council should keep under review the Council’s rent policy.

The Review Group believes that a review of rent policy is due and tenants consulted further than the Future of Housing Review was able to on the issue of rents.

Given recent announcements, we expect the Government to prevent the Council and it’s tenants from making our own decisions on rents. However, the Council should go ahead with a Review if it is able to.

