

Mayor and Cabinet		
Report Title	Housing Matters Update	
Key Decision	No	Item No.
Ward	All	
Contributors	Executive Director for Customer Services, Executive Director for Resources and Regeneration, Head of Law	
Class	Part 1	Date: 16 January 2013

1. Summary

- 1.1. In July 2012 Mayor and Cabinet received a report setting out the conclusions of a technical and financial review of the potential options available to the Council to address housing challenges in the borough. As a result Mayor and Cabinet agreed that:
- officers should undertake further due diligence and begin a discussion with residents on the remaining options, which were:
 1. to remain within the existing ALMO structure
 2. to retain Council ownership of the housing stock but to reinstate Council management of the properties
 3. to transfer the homes to a new “resident-led” housing organisation
 4. to transfer the homes to an existing housing association
 - officers should bring forward options for the delivery of new housing on infill development sites, with an initial target of 250 new homes over the next five years
 - officers should continue to review the Council's long-term approach to housing for older residents
- 1.2. This report updates Mayor and Cabinet about the progress that has been made in regard to each of these

2. Purpose

- 2.1. This report is to inform Mayor and Cabinet about the findings of the discussion with residents about the remaining four options, to provide further information on the analysis of the potential options that has been undertaken on that basis, and to obtain the agreement of Mayor and Cabinet to pursue one of the two remaining possible options for continuing the conversation with residents.
- 2.2. This report is to inform Mayor and Cabinet about progress in identifying potential sites for new affordable housing, about which more details can be found in part two of this report.

- 2.3. Finally this report is to inform Mayor and Cabinet about progress in identifying options for improving specialist housing for older people in the borough, with further details provided in part two of this report.

3. Policy Context

- 3.1 Addressing issues relating to the quality and quantity of housing stock in the borough relates directly to the Council's Sustainable Communities Strategy (clean, green and liveable) and to the Council's corporate priorities (decent homes for all).

4. Recommendations

It is recommended that the Mayor:

- 4.1. Note the findings of the discussion with residents about the possible options for addressing Lewisham's housing challenges set out in section five.
- 4.2. Note the potential options for continuing the conversation with residents set out at section six, and the associated strengths and weaknesses of each.
- 4.3. Agree that, as there was limited support expressed among residents for the option of transfer to an existing housing association, and because the resident-led option offers greater potential to respond to residents concerns about rents and security of tenure – for new as well as existing residents - transfer to an existing housing association is no longer pursued as part of this process.
- 4.4. Agree that, as residents prefer retention with the ALMO to retention with a return to Council Management, and because a return to Council management at this stage would put at risk the delivery of the current Decent Homes programme, the option of a return to Council management of the stock is no longer pursued as part of this process
- 4.5. Note that therefore two possible options remain:
 1. that the Council ceases all further options appraisal activities, retains the ALMO as is, and works within the budgetary limits the Council faces as a landlord, or
 2. that the Council works alongside residents, Lewisham Homes and other bodies to better understand how, by retaining but evolving Lewisham Homes - with a view to a possible transfer of ownership to Lewisham Homes as a resident-led organisation – it might attract further investment, increase resident control, deliver residents' aspirations and address their concerns.
- 4.6. Agree that, on the basis of the appraisal of the options set out at section seven and having considered the further information contained in this report

including the required further financial and technical assessments set out at section eight, option 2 should be pursued.

5. Stock options appraisal: discussion with residents

- 5.1. Following consideration of the 11 July 2012 report on the options appraisal that had been undertaken to that date, Mayor & Cabinet decided that officers should commence a discussion with residents about the four remaining options. This programme was not to be a formal S105 consultation, but rather a discussion to ascertain whether there was an appetite to further pursue any of the options, and to identify residents' concerns.
- 5.2. Residents started this discussion from a position of little or no understanding about the options available to the Council to attract financing to address housing need. As such, the programme of discussion – which commenced in early September and ran for three months until early December – needed to be constituted in such a manner as to be able to inform residents about the issues and options as much as to seek their views about the desirability of those options.
- 5.3. From a low base of understanding, significant progress has been made in reaching residents and explaining the situation. A combination of printed materials, online and postal feedback mechanisms, officer attendance at more than 60 events, and outreach activity including speaking to residents at markets, supermarkets and outside schools has raised the profile of the "Housing Matters" consultation. When the feedback process closed to enable members to receive this update, more than ten per cent of the tenant and leaseholder population had engaged with the consultation. In total the programme engaged with 2,020 tenants and leaseholders, of whom 1,734 people registered their feedback through one of the variety of mechanisms employed by the programme.
- 5.4. A variety of engagement mechanisms have been employed, and the feedback received from each needs to be considered alongside an appreciation of the level of understanding that each group was able to reach in the time available.
- 5.5. As an example, a Resident Steering Group (RSG) of 13 residents was formed in August and met fortnightly for four months. It received a range of presentations and was able to quiz guests and officers about the options. The RSG might therefore be considered to be the most informed group of residents.
- 5.6. Alternatively, survey responses were received from more than 1,500 residents who had in the majority received only two printed publications setting out high level information about Housing Matters. These responses themselves show that residents felt that they did not fully understand the options. This is not to say that the feedback is not useful nor that it should not inform decisions about the next steps.

5.7. With that caveat in place, the following pages set out the details of each of four separate consultation activities, and the key finding of those activities. In summary, the highlights of those findings are as follows:

1. There was a high level of agreement to the Council's priorities, residents felt that the Council was right to investigate how it could attract additional investment, and also agreed that the Council should find ways to increase their influence over decisions that affect them.
2. Residents were concerned about the impact of change, and especially transfer of ownership, on their rights as tenants, the rent that they pay, and their security of tenure.
3. Residents expressed strong support for Lewisham Homes. Resident satisfaction with the services Lewisham Homes provides was high, and throughout the process the option to retain the ALMO with Council ownership of the stock was the most popular.
4. In general, residents' understanding about the issues and options was low at the outset of the consultation. Varying methods of engagement were used to raise understanding, and as a result the responses to the different elements of the consultation are based on varying levels of understanding among the respondents.
5. Levels of understanding were particularly low among respondents to the online and postal survey, and especially in relation to the proposed options, with less than a quarter of residents saying that they felt they fully understood the two transfer options.
6. Residents preferred retention with the ALMO to retention with a return to Council management.
7. Little support was expressed for transfer to an existing housing association in any of the various consultation mechanisms.
8. Support for a resident-led option was more varied. Support was higher among tenants who had time to consider the options in more detail, such as members of the resident steering group or tenants who attended presentations about the options. However, in the online and postal survey, support for a resident led option was similar to that for a housing association.

Independent Tenant Advisor and the Resident Steering Group

5.8. It is standard practice in tenant and leaseholder conversations of this nature to establish a group of residents to act on behalf of all residents in overseeing and ensuring the fairness and independence of the consultation activity and the printed materials. The steering group also has the opportunity to engage in most detail with the issues at hand and the potential solutions to those issues.

5.9. It is also standard practice for residents to appoint an Independent Tenant Advisor (ITA) to work on their behalf to assist them in fulfilling their oversight role, and also to help the steering group develop the necessary skills and understanding to play a full and active role in the consultation.

5.10. On 19 June a presentation was made to Lewisham Homes' Combined Area Panel to inform panel members of the issues being considered by the

Council. Following the decision to start a conversation with residents in July, officers wrote to all Panel members to test interest in joining a steering group to interview and appoint an Independent Tenant Advisor (ITA) for the project. Nine tenants responded and a steering group was formed. Over the course of the consultation that group grew from the initial nine members to 13.

- 5.11. The panel met for the first time on 8 August, and then on 15 August and 22 August to review tenders from ITAs and shortlist those for interviews. These tenders responded to a brief which officers had compiled in advance in order to speed the recruitment process, and six were received. The panel shortlisted the six to five for interview purposes, and following interviews which were held on Saturday 1st September the panel appointed the Tenant Participation Advisory Service (TPAS) as their ITA.
- 5.12. TPAS is a not-for-profit membership organisation with significant experience of supporting similar exercises. Its members are all local tenants and landlords. In choosing TPAS, the steering group was impressed in particular by the presentation made at interview and the organisation's clear commitment to tenant involvement and empowerment.
- 5.13. The role of the steering group was to:
 - Promote awareness and encourage tenant and leaseholder involvement in the Housing Matters programme.
 - Work with TPAS to develop and deliver an effective programme of communication and engagement.
 - Support TPAS to enable residents to shape the decision-making process.
- 5.14. The Steering Group met fortnightly to fulfil this role, and at those meetings received presentations and questioned speakers from a wide range of organisations:
 - A representative from Trowers & Hamlin, who has significant expertise on a variety of transfer and retention models, presented to the group on how a mutual model might work and the issues to be considered if one were to be pursued in Lewisham;
 - Representatives of Defend Council Housing presented on their understanding of the advantages of retention and a return to Council management;
 - The Chair and Vice Chair of Phoenix Community Housing presented their experiences both of setting up a tenant led organisation and of how they felt that organisation worked for tenants;
 - The Chief Executive and a tenant board member of Lewisham Homes attended to talk about the achievements Lewisham Homes had made since its inception. They also explained to the group that Lewisham Homes' ambition was to change into a resident-led organisation, in response to option three under consideration as part of the consultation.
- 5.15. The Steering Group also oversaw TPAS' own programme of resident engagement and consultation. It approved the materials that TPAS published, and approved TPAS' final report which is attached here as

appendix 1. TPAS engaged with more than 3,000 residents in the main to test levels of understanding and to try to gauge views about the options.

- 5.16. In summary, TPAS found low levels of awareness about the issues and options and that residents often felt that they had insufficient information to form an informed opinion. Residents generally had no strong appetite for change, preferring instead to remain with Lewisham Homes or return to Council management. TPAS found that residents were not in favour of transfer to a Housing Association. There was significant concern among residents about the impact of change, particularly about rent, rights and security of tenure.
- 5.17. In addition to talking to residents and helping raise awareness, TPAS also led the members of the RSG through a structured exercise to test their opinions on the options, on the basis of what they had heard over the past three months. Group members were asked to assess how well each of the options achieved a series of priorities (which were agreed among the group) and also to assess how important each priority was to them.
- 5.18. This process allowed group members to score each option. Of the eleven steering group members who scored the options (two members were absent), five scored option 3 – the resident led option – most highly, three scored option 1 – retention, with the ALMO – most highly, two scored option 2 – retention, with Council management – most highly and one member scored options 1 and 2 equally highly. To summarise this, residents were broadly equally split between retention in some form and transfer to a tenant led organisation (with a 6/5 split in favour of retention). None of the participants favoured transfer to a Housing Association.
- 5.19. TPAS also undertook an independent assessment of the financial modelling that the Council has undertaken to date, and helpfully provided commentary around some issues for the Council to consider should it wish to take any transfer option forward. These include those set out here in section 6.

Road shows, TRA visits and other “out-reach”

- 5.20. In order to raise awareness and understanding, and subsequently seek views, the Housing Matters programme deliberately first targeted the most engaged residents in order that those residents could play a role in taking the conversation to residents as a whole.
- 5.21. This commenced with a launch event to which tenants and leaseholders of Lewisham Homes who were active in Tenant and Resident Associations (TRAs) and TMOs were invited to hear about the Housing Matters programme, give their initial views and help shape how officers consulted with residents during the remainder of the programme. In total 56 residents attended along with TPAS representatives to promote their role on the project. Workshops were undertaken with residents to get their initial feelings on the Mayor’s housing priorities, the options and for their thoughts on how the Council should consult with residents.

- 5.22. Concerns were raised about security of tenure, rent levels and the accountability of a new landlord to its residents. Overall, the feeling was that more information was needed to be able to determine the pros and cons of each option. The residents felt that the approach to consultation should include door-knocking, information days, newsletters, drop-ins, surgeries, visits to TRAs and Sheltered Schemes.
- 5.23. Following the launch event a programme of six “road shows” was delivered across the borough. The road shows essentially mirrored the format of the launch event, with an officer presentation followed by questions and answers, and an opportunity for attendees to feed back their views by completing a short survey. The six road shows were attended by 69 residents.
- 5.24. In addition, an open invitation was made to all TRAs for them to receive the same presentation and feedback format used in the road shows. Ten TRAs took up this offer and attendance at those ten meetings is estimated (as attendees arrived at various points during the meeting) to have been more than 100. TRA residents fed back using the same short survey employed at the road shows.
- 5.25. The feedback from both the road shows and TRA meetings has been combined, as both groups fed back using the same form and both groups received similar presentations and can therefore be assumed to have reached a similar level of understanding. From the approximately 169 residents who attended these sessions, 80 feedback forms were received and the key findings were as follows:
- 68% of respondents were either satisfied or very satisfied with the services provided by Lewisham Homes
 - 91% of respondents said they thought residents should be more involved in the running of Lewisham Homes
 - When asked *if they would like more information* about any of the four options, 87% of those who answered said “Yes” for option 1 (Lewisham Homes/Lewisham Council); 81% said yes for option 2 (Lewisham Council alone); 60% said yes for option 3 (a resident-led organisation) and 28% said yes for option 4 (an existing housing association).
 - In the open comments sections of the feedback forms residents raised concerns about the impact of change on their rights, the security of their tenancy, and about the impact on rents.
- 5.26. A similar format was employed for a programme of visits which saw similar presentations provided in all 18 of the Council’s Sheltered Housing schemes. Again, residents received a presentation, had the opportunity to ask questions and raise concerns, and were left with a survey to complete and return. In total 144 residents attended these sessions and 93 feedback forms were returned, the findings from which were as follows:
- 90% of respondents were either satisfied or very satisfied with the services provided by Lewisham Homes

- When asked *if they would like more information* about any of the four options, 78% of those who answered said “Yes” for option 1 (Lewisham Homes/Lewisham Council); 56% said yes for option 2 (Lewisham Council alone); 33% said yes for option 3 (a resident-led organisation) and 29% said yes for option 4 (an existing housing association).
 - Again, the open comments sections saw concerns about rights, rents and security, as well as a desire for more social activities to be held in communal areas, and some desire for a return of the warden service.
- 5.27. Following this stage of the consultation, which targeted the most engaged tenants, the programme then sought to engage with tenants more broadly. This started with an all-resident newsletter mailing with the purpose of ensuring that all tenants had the same information and could engage in the programme.
- 5.28. A programme of drop in events was sequenced to take place immediately after the release of the newsletter. Officers staffed eleven half-day events at a range of locations across the borough, in order to respond to residents concerns and encourage them to take in the online survey (as below). More than 90 residents attended these events.

Online and postal survey

- 5.29. The online and postal survey was designed as the main focal point for the conversation with residents. From the point at which it was launched on 23 October the focus of the consultation switched from talking to residents at events to encouraging residents to read the information that they had been supplied with and to register their views through the survey.
- 5.30. The survey sought to test three key aspects of residents views. First, it asked residents how important they thought each of the five priorities the Council had set for investment were, and offered the opportunity to suggest other priorities. Second it tested residents’ understanding about the financial situation the Council faced, and asked if residents thought the Council was right to pursue options to attract additional investment. Finally the survey tested residents’ understanding of the options under consideration and asked if they thought they should be pursued further.
- 5.31. Initially the response rate was low, with 137 responses received in the first three weeks. As a result a centre page spread was placed in Lewisham Homes *Home* magazine, along with a paper copy of the survey and a return envelope as inserts. An incentive of entry into a draw for one of three prizes of £50 was offered to encourage responses.
- 5.32. The magazine and survey were supplemented with a concerted programme of awareness raising and encouragement for residents to have their say. Over a period of three weeks Council officers and Lewisham Homes staff knocked on more than 1,800 doors, ran information stands in both housing offices, spoke to residents outside of schools, in Deptford Market and at the Sainsbury’s supermarket New Cross. Finally, a telephone research company

was employed to telephone residents in areas in which it was less practical to cover with door knocking, principally street properties.

5.33. The result of this activity was that the volume of responses increased significantly. In total 1,561 survey responses were received at the point at which the survey closed on 10 December, with a breakdown of responses as follows (note that as a result of rounding the percentages do not always total 100%):

- 83% were tenants, 14% were leaseholders and 3% either chose not to say or specified another answer (i.e. were the family of a tenant/leaseholder)
- 52% were female, 40% male and 7% chose not to say
- 46% stated they were White British, Irish, or “Any other white background”, 45% stated another ethnicity and 10% chose not to say
- Most responses were received from residents aged 65+ (29%) which is likely to be reflective of the higher proportion of older tenants and the survey methodology.
- The highest number of responses (37%) was received from the north of the borough, defined as Evelyn, New Cross and Telegraph Hill wards.

5.34. It is important to note the level of understanding that residents were able to attain in the time available when considering the results that this exercise generated. Certainly a proportion of the responses received would have been from more engaged and highly informed residents who may well have engaged in other aspects of the programme. However it is clear – because residents said as much in their responses – that the general level of understanding was quite low among respondents. The level of understanding of some aspects of the survey was higher than others, as is drawn out below.

5.35. On the first section of the survey, in relation to the Council’s priorities for investment, understanding was relatively high with 59 per cent of respondents stating that they felt that they had enough information to understand what the Council’s housing priorities were. The survey also asked for views in relation to those priorities, the results of which were as follows:

Table 1: Please tell us how important you think each of these priorities is

	Very important		Important		Less important		Not important		Did not answer	
	No.	%	No.	%	No.	%	No.	%	No.	%
Improving tenants' homes	1,098	70%	311	20%	48	3%	26	2%	78	5%
Improving estates and the areas around your	877	56%	458	29%	57	4%	14	1%	155	10%

	Very important		Important		Less important		Not important		Did not answer	
	No.	%	No.	%	No.	%	No.	%	No.	%
home										
Increasing the supply of affordable housing	841	54%	409	26%	91	6%	25	2%	195	12%
Better housing for older people	944	60%	395	25%	62	4%	18	1%	142	9%
Giving residents more control	527	34%	522	33%	235	15%	67	4%	210	13%

5.36. One means of simplifying this table is to look at what percentage of residents felt the priorities were either important or very important. The following sets out the result of that analysis, excluding those who did not answer the question:

- Improving tenants' homes: 95% of responses
- Improving estates and the areas around your home: 95%
- Increasing the supply of affordable housing: 92%
- Better housing for older people: 94%
- Giving residents more control: 78%

5.37. More residents felt that improving tenants' homes was very important than any other priority. In addition fewer people left this question blank when compared to the other priorities. It is therefore fair to say that residents thought that this was the most important priority. Nonetheless these findings show that residents do agree with the Council's housing priorities, and although it had the lowest percentage of the five, nearly eight in ten respondents still felt that it was important to give residents more control.

5.38. Additional comments made by residents regarding the priorities included the need for new homes to be affordable and for the Council to tackle homelessness. Other priorities suggested by residents included the need to focus on ensuring disabled and older people were appropriately housed. Concerns were raised about the enforcement of tenancy conditions and resolving issues such as noise nuisance, dog-handling, fly-tipping and water penetration. Many comments related to the need to improve caretaking standards, to clean the estates more thoroughly and to improve the overall décor internally and externally of blocks.

- 5.39. Comments from leaseholders included the need to ensure value for money with any improvements and to keep service charges affordable and fair, while a number felt that their service charges were already too high. They also wanted to be kept informed of any potential changes and for their views to be considered when works were anticipated.
- 5.40. In the second section of the survey, which related to the situation the Council faced, understanding was also relatively high. Of 1,421 responses to the question, 801 (56 per cent) stated that they felt they had received enough information to understand why the Council is looking at options for the future management of its homes. Residents were also asked if they thought that the Council was right to seek further investment and of 1,031 responses, 797 (77 per cent) answered yes. It is important to note that a large number of people (530) either chose not to answer this question or did not notice it.
- 5.41. The final section of the survey tested understanding about the four specific options, and asked residents what they thought about those options. The results in relation to this question are presented in the table on the following page¹:

Table 2: Based on what you have heard so far, how well do you feel that you understand each option and how it might affect you?

	Option 1		Option 2		Option 3		Option 4	
	No.	%	No.	%	No.	%	No.	%
I fully understand the option and how it might affect me	936	60%	629	40%	337	22%	364	23%
I understand a little about the option but there are some things I would like more information about	331	21%	384	25%	322	21%	305	20%
I don't understand this option or how it might affect me	162	10%	219	14%	492	32%	465	30%
Did not answer	132	8%	329	21%	410	26%	427	27%

¹ Option 1: The Council continues as your landlord, and Lewisham Homes continues to manage your home

Option 2: The Council continues to be your landlord but it manages your home instead of Lewisham Homes

Option 3: The ownership of your home transfers to a new "resident-led" organisation

Option 4: The ownership of your home transfers to an existing housing association

	Option 1		Option 2		Option 3		Option 4	
	No.	%	No.	%	No.	%	No.	%
Total	1561	100%	1561	100%	1561	100%	1561	100%

5.42. Compared to the other questions which tested residents' understanding, the understanding levels for this question were lowest. More than 300 people (one fifth) chose not to answer the question "How well do you feel you understand each option and how it might affect you?" in relation to options 2, 3 and 4 (i.e. the three options that involve a change from the current situation) and this in itself might be inferred to be a sign that respondents did not understand. Understandably, the level of understanding was highest option one, which involved no change, with 60 per cent of all surveys received saying that they understood this option. This compares to 40 per cent for option two, 22 per cent for option three and 23 per cent for option four.

5.43. These levels of understanding should be considered when assessing the responses to the final question, which asked residents for their view of each option from a selection of: "I think this option should be considered further", "I am undecided about this option" and "I do not think this option should be considered further". The results in relation to this question are presented in the table on the following page:

Table 3: Please tick the box that best matches your views in relation to the options (all surveys received)

	Option 1		Option 2		Option 3		Option 4	
	No.	%	No.	%	No.	%	No.	%
I think this option should be considered further	911	58%	565	36%	200	13%	182	12%
I am undecided about this option	279	18%	455	29%	394	25%	350	22%
I do not think this option should be considered further	198	13%	200	13%	538	34%	604	39%
Did not answer	173	11%	341	22%	429	27%	425	27%
Total	1561	100%	1561	100%	1561	100%	1561	100%

5.44. The first point to note is that 58% of all surveys received (i.e. including those who chose not to answer) indicated that they thought the option of retaining

Council ownership and Lewisham Homes management should be considered further. This compares to 36% for a return to Council Management, 13% for a resident led option and 12% for a Housing Association. On that measure, clearly the status quo option was favoured most strongly.

- 5.45. It should also be noted here that the proportions of responses in favour of each of the options closely reflects the proportions who understood that option. Most respondents understood what was meant by Lewisham Homes continuing to manage the homes and the Council continuing to be the landlord, and most respondents thought this option should be considered further. This pattern is also maintained for the other options, with the two transfer options (options 3 and 4) having the lowest level of understanding and the lowest proportions in favour of pursuing them further.
- 5.46. It can be concluded from these results firstly that respondents felt more able to provide an opinion about the options they understood, secondly that few residents understood the two transfer options, and thirdly that therefore any subsequent iteration of the consultation with residents should focus on raising understanding and explaining in more detail the consequences of change.
- 5.47. Respondents also had the opportunity to register their own comments about each of the options. Many comments given by residents stated their satisfaction with Lewisham Homes and that services had improved since the ALMO was established. Those that made comments about going back directly to the Council were either dissatisfied with Lewisham Homes, felt that it was the Council's duty to retain its housing or that money would be saved. In relation to the transfer options, residents raised concerns about rents, the accountability of the transfer organisation, and concerns about losing tenancy rights, such as the Right to Buy and succession.
- 5.48. More often than not, comments were about the need for more information on the options – more explicit detail on the implications, the pros and cons of each option including the financial impact before an informed view could be given. This concern was specifically raised with the 'Resident Led' option.
- 5.49. With the caveat that respondents to the survey understood the general problem and the Council's priorities better than they understood the options themselves, the overall results of the survey might be summarised as follows:
- There was agreement that the Council's priorities were important
 - Satisfaction with the services supplied by Lewisham Homes was high, at 75%
 - Most respondents felt they had enough information to understand the situation the Council faces
 - Most respondents agreed that the Council was right to look at options to attract further investment
 - There was a poor level of understanding about the options themselves

- More residents favoured option 1: “The Council continues as your landlord, and Lewisham Homes continues to manage your home”
- Residents again voiced concerns about rights, rents and security of tenure

Focus Groups

5.50. In order to augment the consultation findings, IpsosMORI undertook five focus groups to test views and to reach beyond the people which had engaged with the Housing Matters programme to date. These groups were recruited by IpsosMORI in line with set quotas on age and familiarity with the options under consideration.

5.51. Two of the groups were made up of tenants who felt they were familiar with the options, and two of the groups were made up of tenants who did not. For each of these categories, one focus group was convened of younger people, that is people aged 39 and under, and another was convened of people aged 40 and older. Finally, a fifth group was recruited, of people who already had had their Decent Homes works completed, so as to test the opinions of tenants who had already benefitted from investment in their homes.

5.52. The focus groups took place between the 4th and the 13th of December, and the key findings are summarised below:

- The early discussions amongst the groups were characterised by a general dissatisfaction about current living arrangements and issues such as draughts, leaks, damp and mould
- Concerns were also raised about length of time taken to repair these problems
- Participants who had been tenants for longer recalled previous shortcomings in the relationship between tenants and the Council prior to the introduction of the ALMO
- Most participants felt Lewisham Homes communicated with them well, but some concerns were raised about occasional inconsistency of service
- There was a marked difference between the views of younger and older residents identified by the focus groups.
- Older people tended to be generally opposed to the idea of transfer and were especially concerned about the impact of transfer on the affordability of rents, security of tenure, accountability of the landlord and the opportunities that would exist to exercise choice and control, especially the right to buy.
- Younger people shared those concerns and initially were equally opposed to the idea of transfer or change. However, as the discussions developed, opposition loosened and participants became more curious and wanted more information on possible changes

Summary

5.53. The conversation with residents that has taken place to date has been at a high level and has focussed as much on increasing residents’ understanding of the issues and options as on testing their views about them. Residents were very largely unaware of the issues at the start of the process, and the feedback from the focus groups shows that this remains the case for a

number of residents. Furthermore, when assessing the findings of the conversation for the purposes of decision making, the level of understanding that residents had reached needs to be considered. In summary, the findings presented here provide a snapshot of residents views at an early stage in the process.

- 5.54. Nonetheless the feedback that has been received does provide evidence to inform decision making. The very clear message from the consultation was that residents are satisfied with Lewisham Homes and want Lewisham Homes to continue to manage their homes. As the one aspect of this programme that all respondents can be assumed to have had some experience of, this level of satisfaction with the services provided by Lewisham Homes might be considered to be the strongest finding from the whole exercise.
- 5.55. In addition, it has been possible to gather a sense of what residents want and fear when considering these options, and this also might inform decision making. There is a high level of agreement that the priorities set by the Council are important. Residents generally agree that the Council is right to consider options which may offer more investment in their homes and estates. Equally, residents are very concerned about the impact of change on their rights, rents and security of tenure, and in fact the most favoured option throughout was to not change at all and retain Council ownership and Lewisham Homes management. On the specific options, there was little support for transfer to a housing association but as residents began to better understand the resident-led option, support for this option increased. Finally, residents preferred retention with Lewisham Homes management to retention and a return to Council management.

6. Potential options for continuing the conversation

- 6.1. The conversation with residents to date has shown a high level of satisfaction with Lewisham Homes and a preference for Lewisham Homes to continue to manage homes and for the Council to continue as landlord. However, residents do agree with the Council's priorities and do think that it is right that the Council considers options which attract more investment for their homes and estates.
- 6.2. With this in mind, the following section details each option in turn and sets out the implications of the new evidence compiled here, in addition to that presented in July.

Option 1: Retention with Lewisham Homes management

- 6.3. As noted, the strongest message from the consultation was a high level of satisfaction with Lewisham Homes and a preference, overall, for this option. This was the option that most residents wanted to pursue further in the online and postal survey. In addition, residents voiced significant concerns about the impact of the stock transfer options on their rights, rents and security of tenure, and residents felt that their rights, rent and security of tenure would be better protected with this option.

- 6.4. As noted in the report to Mayor and Cabinet in July, this option provides the ability to finance:
- improvement to the Council's housing stock sufficient to bring it to the decent homes standard by 2016/17 and thereafter maintain it at that standard
 - building 250 units of affordable housing on in-fill sites at the Savills estimated average cost of £150,000 per unit
 - investment of £14m in the Council's sheltered and extra care housing stock, against an assessed need of £17m.
- 6.5. This option, however, is limited by the fact that the borrowing cap of £44m will continue to apply. In the consultation residents agreed that all of the Council's priorities were important and that the Council was right to investigate options to attract further investment. The previous report to Mayor and Cabinet estimated that the full cost of meeting the Council's priorities for addressing housing challenges in the borough was £125m in the next ten years, or £86m more than would be available under this option.

Option 2: Retention with a return to Council management

- 6.6. There was some support among residents for this option, although of the two retention options there was stronger support for option 1. The online survey showed that less than half of people who answered the relevant question felt that this option should be considered further, compared to 60% who felt that option one should be considered further.
- 6.7. It should be noted though, that residents were supportive of Lewisham Homes in general as well as in their preferences for the specific options. More than seven in ten people who responded to the survey said they were either satisfied or very satisfied with the services they received from Lewisham Homes, and this option would mean ceasing provision by a service provider with a high level of satisfaction.
- 6.8. The financial aspects of this option are largely the same as for option 1. It is possible that under this option management costs could be lower, as management costs could be streamlined if the service was brought back in house. The initial assessment provided in July was that that annual savings of up to £1m might be achieved this way, once one-off redundancy costs had been met. However it should also be noted that whilst reducing these costs might free up more investment capacity, it would also increase the risk that services might not continue to improve, or might even decline as a result of the disruption associated with bringing the stock back under Council management. In summary, like option 1 this option cannot attract more than £44m to invest in homes and therefore has the same £86m shortfall as option 1. It may open the possibility of annual savings on management costs but it would do so at the risk of worsening standards of service and by changing a provider in whom residents have expressed satisfaction.
- 6.9. The final consideration is the impact of change at this stage of the Decent Homes programme that Lewisham Homes is currently delivering. The

successful delivery of the Decent Homes programme requires the effective marshalling of nearly £100m of capital investment to improve tenants' homes, and Lewisham Homes has already built up the governance and management process – including resident involvement – to do this. Change may put the programme at risk because of potential changes to management structures and the potential loss of key expertise. The consultation has shown that tenants first priority is improvements to their home, and this is the most important investment programme to achieve that.

Summary of the two retention options

- 6.10. Options one and two are similar in a number of ways. Both options would see retention of Council ownership and so resident's fears about changes to their rents, rights and security of tenure would be assuaged. However neither is able to attract further investment, beyond the possibility of some savings of management costs for option two, and residents agree the Council is right to pursue additional funding and think its priorities for improving housing are important.
- 6.11. The main differences between the two are that residents are satisfied with Lewisham Homes and preferred option one to any of the four potential options. Pursuing the second option would involve a change to provision and a shift away from a service provider with a high level of resident satisfaction in pursuit of management savings which may, in themselves, result in some loss of service quality. Lewisham Homes is currently delivering an investment programme worth nearly £100m and pursuing the second option would also put that programme at risk.
- 6.12. Given that residents preferred option one to all of the others, the high level of satisfaction with the services provided by Lewisham Homes, the risk to service quality from change to Council management and also the risk to the effective delivery of the Decent Homes programme, it is recommended that the option of a return to Council management is no longer pursued.

Option 3: Transfer to a new "resident-led" organisation

- 6.13. There were low levels of understanding among residents about what this option involved and what the implications would be for them. It is therefore notable that interest in further pursuing this option was higher in those settings where residents had more time to engage with the issue, question officers, and understand the nature of the changes involved. The support for further exploring this option increased when it was proposed that Lewisham Homes could evolve into a resident-led organisation.
- 6.14. This higher level of interest was noted in particular in the residents steering group and among residents who received a presentation from officers and had an opportunity to question them on the details. At the Resident Steering Group, TPAS led residents through a structured process to rank the four options and five of the 11 residents who took part in the process preferred this option, the highest number for any single option. At road show and TRA events, where residents were able to question and engage in more detail,

more than half of residents who responded said they would like to receive more information about this option.

- 6.15. It is right to note, however, that among respondents to the survey generally support for this option was less clear. 13 per cent of all survey responses said that they thought this option should be considered further, but a further 25 per cent said they needed further information. Furthermore at Sheltered Housing schemes resident support for this option was lower than at the road shows and TRA meetings conducted using the same approach.
- 6.16. The defining element of this option is the level of resident engagement and ownership that might be possible, and the consultation showed that residents thought improved control over decision making was important to them. More than nine in ten residents who responded to the consultation after attending road show events or TRA meetings stated that they wanted residents to be more involved in the running of Lewisham Homes and the decisions that it makes. More than seven in ten respondents to the online and postal survey stated that it was either important or very important to give residents more control.
- 6.17. Residents were very concerned about the impact of change on their rights, rents and security. Because this option involves the creation of a new organisation, it would be possible to constitute the organisation in such a way as to provide some guarantees to residents about these issues. This is also usually the case for any stock transfer, in that the transfer agreement sets legally binding constraints which apply for a set period (usually five years) for *existing* tenants. However the very nature of a resident led organisation in which tenants are in the majority on decision making boards, means that there is significantly greater likelihood of protections remaining in place for rents (after five years) and for the rights and tenure options being made available to *new* tenants, the rights of whom are not normally protected in a transfer to an existing organisation.
- 6.18. The financial appraisal has shown that, in principle, the two transfer options provide the opportunity to access further investment to improve homes and estates. Residents agree that this is important to them, and they also agree that the Council's priorities are important. Were this option to be pursued further, additional due diligence could take place to identify with greater precision how much additional investment would be available, and the options for allocating that investment could also be developed in conjunction with residents.
- 6.19. Finally, the July report to Mayor and Cabinet noted that Lewisham Homes, would not be precluded from participating in a process which would lead to the transfer of the housing stock to another organisation and from evolving into one of the vehicles detailed in the variants of the options above. Residents expressed satisfaction with Lewisham Homes and for that reason it has already been recommended that the option of a return to Council management is not pursued. Likewise, it would be possible were this option to be pursued further, to base this option on the evolution of Lewisham

Homes. That is, a next stage of this process could, if it was agreed to be appropriate, investigate with residents the ways in which Lewisham Homes might be retained but also evolved so as to attract further investment and provide greater control for residents.

Option 4: Transfer to an existing housing association

- 6.20. There was little appetite expressed to pursue this option. None of the residents in the resident steering group preferred this option, and at the road show and TRA meetings – at which some support for a resident led option was expressed – again there was little interest expressed in finding out more about this option.
- 6.21. As noted above, the key differentiator between this option and that of a resident led organisation is the level of resident involvement available. Housing Associations are able to engage residents and ensure that they are involved in decision making, but this would not be a defining aspect of the organisation as would necessarily be the case with a new resident led organisation. As set out above, residents said that increased control was important.
- 6.22. Throughout the consultation it has been emphasised that rents are normally protected for five years as part of any transfer, although residents remained sceptical. Residents were also concerned about the loss of security of tenure and rights that would come from transfer to a housing association. It is set out above that the option of a new resident led organisation allows for the possibility that residents could be involved in creating an organisation in such a manner as to protect the rights and security of tenure of current and future tenants.

Summary of the two transfer options

- 6.23. The first issue to note about both transfer options is that residents expressed concern about the impact of transfer on their rights, rents and security of tenure. At no point was there any substantial (in terms of number of people) support for either transfer option and it remains the case that in order for either of these options to be finally implemented, a formal ballot would be required.
- 6.24. The July 2012 report set out in detail the key similarities and differences between the two transfer options in relation to the extent to which they could finance further investment. The summary of this was that, in practice, there was little difference in the scale of total financing that would be available. The key determinants of the level of finance are the number of properties – the asset base – and rent levels – the income the transfer recipient might expect. As these would necessarily be the same, the total level of investment would be very similar between both options. Likewise, economic circumstance is a key determinant of borrowing capacity, and this is also clearly the same for both options.
- 6.25. There are however some differences. Established Housing Associations might potentially benefit from favourable terms when accessing additional

finance, as a result of their track record of delivery and established relationships with lenders. Conversely, a newly created organisation might potentially benefit from having a lower level of existing debt than an existing organisation which has already utilised a portion of its borrowing capacity. Furthermore, and to reiterate, these differences are marginal in comparison to the main influences on borrowing capacity which are the income and expenditure associated with the stock.

- 6.26. It is clear from the results of the consultation so far that there is not currently sufficient support to suggest that one of these options might be favoured by residents were this process to proceed to a ballot at some point in the future. Equally, however, it is also clear that the level of understanding about the implications of the two options is low and that it seems to be the case that as understanding increases – for the resident led option at least – so does support for the option.
- 6.27. Furthermore it should be noted here that previous stock transfers to existing ALMOs have resulted in very positive ballot results. In Rochdale, for example, 76 per cent of residents who voted (on a 56% turnout) voted for transfer to a new mutual housing association formed out of the ALMO. In Oldham 86 per cent of residents who voted (on a 66% turnout) voted for stock transfer to the ALMO. Of course this will not necessarily be the case were such a transfer to be pursued in Lewisham, but it is evidence that residents elsewhere have favoured such an option when it has been fully developed.
- 6.28. There are therefore similarities and differences between the options in terms of their ability to finance investment, but overall the two options are comparable financially. However there are key differences in the way the two options have been received by residents. There was emerging support for a resident-led organisation among those residents who had more time to engage with the detail of the option, whereas there was less support for the housing association option. Residents were concerned throughout about the impact of change on their rights and rents, and the resident led option offers the greater *potential* that the new organisation could be created in a manner which offers a greater level of protection for existing and future tenants. Overall residents favoured retaining Lewisham Homes and were satisfied with the services it provided. The resident led option retains the possibility that Lewisham Homes might evolve to become a new organisation, which necessarily wouldn't be the case were transfer to a currently existing Housing Association be pursued. Finally, evidence from elsewhere suggests that residents have strongly favoured transfer to an ALMO when the option has been fully developed.
- 6.29. With consideration for all of these similarities and differences, it is recommended that the option of transfer to a housing association is no longer pursued as part of this process.

7. Summary of the options appraisal and possible next steps

- 7.1. As a result of the findings set out previously, it is proposed that there remain two practicable options which are for the Council to either:
1. cease all further options appraisal activities, retain the ALMO as is, and work within the budgetary limits the Council faces as a landlord, or
 2. work alongside residents, Lewisham Homes and other bodies to better understand how, by retaining but evolving Lewisham Homes - with a view to a possible transfer of ownership to Lewisham Homes as a resident-led organisation - it might attract further investment, increase resident control, deliver residents' aspirations and address their concerns.
- 7.2. Retention of Lewisham Homes was the preferred option in the consultation. Residents were concerned about the impact of change and as a "no change" option this would address that concern. However it also true that residents agreed in general that the Council should explore options that provide greater investment in their homes and they agreed that all of the Council's investment priorities were important. In its current format it cannot meet all of the investment demands required in the next ten years as it will continue to be subject to the current borrowing cap.
- 7.3. If option one is pursued there will still need to be a period of engagement and explanation to residents about what has happened and what was decided. Following that officers would work with Lewisham Homes to bring proposals back to Mayor and Cabinet about how much of the planned priority work could be delivered within the investment constraints that apply, and how the Council would prioritise spend given residents feedback to this exercise.
- 7.4. The alternative option is to continue to investigate the possibility that the sole remaining alternative option (transfer to a new resident led organisation) provides. This, again, would not be a statutory consultation with residents and not a ballot or a formal vote. Instead it would be a means by which residents, officers and others could work together to further understand how it might be possible to evolve Lewisham Homes so as to give residents more control, protect residents rights and rents as far as is possible, and attract greater investment. Key to this would be to further develop the financial parameters of any transfer option that might emerge, in consultation with government bodies and as a result of a full stock condition survey.
- 7.5. This option would mean that the prospect of additional investment is given further consideration, and that residents are involved in assessing whether that investment could be directed in such a way as to achieve their (and the Council's) priorities while giving due regard to residents concerns about the impact of change on their rights and rents. Were it to prove that it were not possible to develop such an option, then the Council could return to option 1 and proceed on that basis.
- 7.6. As such, it is recommended that option 2 is further pursued.
- 7.7. If option 2 is to be pursued, it is anticipated that Lewisham Homes, alongside Council officers, would recommence the consultation activity that has

supported this report. The purpose of this would be to provide more opportunity for residents to understand what a resident led housing organisation is in general, and to help shape proposals for what one would look like in Lewisham in particular. This would include enabling tenants to lead a discussion around their expectations for:

- the nature and structure of the organisation, the role that tenants would have and the level of their control over decision making;
- the types of guarantees that the organisation might make to tenants, particularly in order to satisfy their concerns about their rents, rights and security of tenure;
- increasing the supply of new affordable housing;
- the most appropriate use of any additional investment, were it to be available, in order to improve homes, estates and communal areas and to improve and add to the services that tenants receive.

- 7.8. An important element would be the re-establishment of the Resident Steering Group in a capacity sufficient to address the matter at hand. This may require extension of the group so that other residents can be involved. It may also require the creation of sub groups or task groups to focus on specific issues, such as for instance the options for constituting a changed Lewisham Homes, or for prioritising investment spending. This would also require the appointment of an ITA to again provide assurance for tenants and to further build tenants capacity to engage with and shape the options under consideration.
- 7.9. In addition, if option 2 is to be pursued, officers would work closely with officials at CLG and the GLA to provide greater clarity about the potential Governmental terms for a transfer and the extent to which additional financial support might be available to improve services and investment for tenants. Officers would also work closely with Lewisham Homes to identify the opportunities to optimise running costs and investment planning, focussing on management and maintenance costs and undertaking a thorough stock condition survey on which to properly base long term investment decisions, also to ensure that maximum resources could be directed to achieving more investment in tenants homes, estates and the provision of new affordable housing.
- 7.10. To summarise, if option 2 is pursued officers will work with residents, with Lewisham Homes and with Government agencies to establish in more detail the extent to which a possible transfer of ownership to Lewisham Homes, newly constituted as a tenant-led organisation, might enable greater investment whilst protecting tenants rights. It is proposed that progress in doing so is reported back in July 2013, or sooner if it is practicable to do so.

8. Key factors for further determination

- 8.1. The Mayor and Cabinet report of July 2012 presented the findings of a detailed appraisal process into the two principal options under consideration:

retaining the current ALMO structure, with Council ownership of the stock, and transfer of ownership to enable greater borrowing.

- 8.2. That appraisal process found the two transfer options presented greater capacity to borrow and therefore invest in housing priorities because they would not be subject to the borrowing cap of £44m imposed on the Council.
- 8.3. In the period since the July report the principle focus of Housing Matters programme has been to engage residents on the basis of that detailed appraisal. In undertaking that process, however, key factors have emerged which will need to be fully appraised in the next stage of this programme, before any decision to engage in a formal consultation on a specific option can be pursued. Those factors are:

The availability of a "VAT shelter"

- 8.4. The Council is exempt from VAT, and typically transfer organisations are able to access a VAT shelter which enables them to benefit from the transferring local authority's advantageous VAT position for a specified period (normally fifteen years) after transfer. The availability and precise terms of a VAT shelter play a significant role in shaping the level of investment available to a transfer organisation, and before any formal process could be pursued these factors would need to be determined in detail.

The potential for debt write off

- 8.5. The availability of debt write off would have significant implications for the Council and the investment capacity of a transfer organisation. Historically it has been possible to write off existing debt as part of the stock transfer process, but this is subject to Government policy and at present that policy has not been set.
- 8.6. The Government's Stock Transfer Guidance Manual is expected to be published in February 2013 and is anticipated to contain confirmation of whether the Government intends to continue both to support both overhanging debt write off and to support the continued availability of VAT shelters.
- 8.7. At this early stage, therefore, it is not possible to confirm whether either a debt write off or a VAT shelter would be available to enhance the capability of a transfer organisation to invest in meeting residents' housing priorities. However further clarity will be available in the near future, and officers will work closely with Government agencies to further investigate how these factors might deliver further investment capacity, while the conversation with residents continues.

Management and investment costs

- 8.8. To date the planning assumption has been that management and maintenance costs would be the same for a transfer organisation as would be the case were the Council to retain the stock. Further investigation will be required to ascertain the possible impacts of transfer on the management costs, as well as the associated impact on investment capacity for the transfer organisation.
- 8.9. The cost of investment in the stock, both for maintenance and for capital works, is the biggest single factor in the current modelling. A full stock survey was undertaken in 2008 and it would be necessary were any possible transfer to be supported by a full stock condition survey. This has not been undertaken to date in order to avoid abortive cost, but officers will work with Lewisham Homes to commission this while the conversation with residents continues.

Summary

- 8.10. There are presently unquantifiable variables that have the potential to impact on the precise level of funding available to a transfer organisation. However, it remains the case that both the stock transfer options under consideration (i.e. transfer to an existing housing association or transfer to a new resident led organisation) offer the potential for additional investment in Lewisham's housing stock, wider housing investment such as new build affordable housing and estate regeneration, and potentially for the write off of existing historic debt.
- 8.11. If an option to proceed is agreed, officers and Lewisham Homes will establish, in as precise a manner as is practicable, the financial benefits that would accrue to Lewisham's tenants and leaseholders of transfer.

9. New build housing

- 9.1. In July 2012 it was reported to Mayor & Cabinet that an initial review of capacity for new housing on the Council's current housing land had identified the capacity for an estimated 600 new homes. It was noted that there were likely to be planning and other technical difficulties in bringing these new homes forward and that as such 250 new homes represented a more feasible assessment of the level of new housing that might be delivered. On that basis Mayor & Cabinet set a target for the delivery of 250 new homes over the next five years.
- 9.2. Following a selection process, PTEa architects was appointed to assist in site selection and technical appraisal of the capacity of sites to sustain new housing. PTEa was selected on the basis of its experience of working with other local authorities on infill housing schemes, and of designing those schemes in such a manner as to minimise the loss of amenity for existing residents. PTEa was joined in its bid to support this work by Drivers Jonas Deloitte which has provided initial assessments of the financial implications of new building.

- 9.3. This process has identified four possible development sites with the potential for approximately 76 new homes. More detail about these possible sites is provided in part two of this report.

10. Older People's Housing and Extra Care

- 10.1. In July Mayor and Cabinet noted the estimated investment need of £17m to improve the Council's sheltered and extra care housing stock, which included an estimated sum of £6m for a new 40 unit extra care scheme. Mayor and Cabinet also resolved that officers should continue to review the Council's long-term approach to housing for older residents.
- 10.2. Since July officers have been searching for potential sites that could accommodate a new minimum 40 bed extra care unit. The search involved evaluating land currently in the Council's ownership or in the ownership of other Registered Providers with whom the Council might work.
- 10.3. The search identified six sites that officers believed might have had the capacity to deliver a new 40 unit scheme. As the size of the site provides only a general indication of the possible capacity, officers embarked on a process to commission initial capacity studies to determine which of the six sites would best meet the requirements for the new scheme.
- 10.4. On 26 October 2012 the Mayor of London launched his new Care and Support Specialised Housing Fund of up to £60 million. The fund is aimed at encouraging the development of new homes that provide specialised housing for London's older people and disabled adults. The announcement of the fund offered the potential to attract subsidy towards what was expected to be an expensive scheme to deliver.
- 10.5. However one of the main qualifying criteria for a bid to the fund is a requirement to achieve a start on site for building works by the end of the March 2014 and as such officers focussed on reviewing the potential sites to assess which might be deliverable within the timescales set by the GLA.
- 10.6. That review revealed that only two of the sites could achieve a start on site in this timescale. One of these sites is on Council owned land, and has the potential for an extra care scheme of 52 units. The other could be brought forward in partnership, and offers the potential for a 60 unit extra care a scheme. Further details about both schemes are provided in Part 2 of this report.

11. Comments of the Housing Select Committee

- 11.1. The Housing Select Committee (HSC) received and reviewed a draft of this report in advance of the Mayor and Cabinet meeting. The scheduling of meetings and dispatch dates – Housing Select Committee met on 8 January, when this report was dispatched - means that it has not been possible to incorporate the comments of HSC into this report, and instead those comments will be provided as an addendum at the meeting.

12. Financial implications

- 12.1. The main purpose of this report is to inform Mayor and Cabinet about the findings of the discussion with residents and to obtain the agreement of Mayor and Cabinet to the next steps in considering stock options. As such this report in itself has no financial consequences beyond the cost of further consultations, professional advice and managing the options appraisal process.
- 12.2. As agreed at Mayor and Cabinet in January, £500k was allocated to cover the costs of this activity. To December, £257k has been spent. Details of the spend can be summarised thus:

	£
Staff costs	23,000
Professional advice	143,000
Consultation support (ITA, IpsosMORI and phone survey)	67,250
Other costs (e.g. transport, printing & postage, room hire)	24,000
Total	257,250

- 12.3. This report is also to inform Mayor and Cabinet about progress in identifying potential sites for new affordable housing, about which more details can be found in part two of this report. Details of the financial implications relating to this issue are contained within part 2.

13. Legal Implications

- 13.1. The Council has a wide general power of competence under Section 1 of the Localism Act 2011 to do anything that individuals generally may do. The existence of the general power is not limited by the existence of any other power of the Council which (to any extent) overlaps the general power. The Council can therefore rely on this power to carry out housing development, to act in an “enabling” manner with other housing partners and to provide financial assistance to housing partners for the provision of new affordable housing.
- 13.2. Section 105 of the Housing Act 1985 provides that the Council must consult with all secure tenants who are likely to be substantially affected by a matter of housing management to which the section applies. The section specifies that a matter of housing management is one which relates to the management, maintenance, improvement or demolition of dwelling houses let by the authority under secure tenancies and that such consultation must inform secure tenants of the proposals and provide them with an opportunity to make their views known to the Council within a specified period. The section further specifies that before making any decisions on the matter the Council must consider any representations from secure tenants arising from the consultation.

- 13.3. Section 106 and Schedule 3A of the Housing Act 1985 set out the formal consultation requirements for stock transfer. Schedule 3A applies in place of Section 105. Essentially, the required process has two stages, requiring a Stage 1 and Stage 2 Notice. There is only a statutory requirement to undertake a ballot in the case of stock transfer.
- 13.4. At this stage in the process, the Council has been carrying out non statutory informal discussions with tenants and their representatives on the various options. Formal consultation will need to be carried out at the appropriate stage of this process, the nature of which will depend upon which of the remaining two options the Council finally decides to take forward.
- 13.5. The Equality Act 2010 (the Act) brings together all previous equality legislation in England, Scotland and Wales. The Act includes a new public sector equality duty (the duty), replacing the separate duties relating to race, disability and gender equality. The duty came into force on 5 April 2011.

The duty consists of the 'general equality duty' which is the overarching requirement or substance of the duty, and the 'specific duties' which are intended to help performance of the general equality duty.

The duty covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

- 13.6 In summary, the Council must, in the exercise of its functions, have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
 - advance equality of opportunity between people who share a protected characteristic and those who do not.
 - foster good relations between people who share a protected characteristic and those who do not.

These are often referred to as the three aims of the general equality duty.

- 13.7 As was the case for the original separate duties, the new duty continues to be a "have regard duty", and the weight to be attached to it is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.
- 13.8 The Equality and Human Rights Commission (EHRC) have issued five guides for public authorities in England giving advice on the equality duty:
1. The essential guide to the public sector equality duty
 2. Equality objectives and the equality duty

3. Equality information and the equality duty
4. Meeting the equality duty in policy and decision-making
5. Engagement and the equality duty

All the guides have now been revised and are up to date. The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at:

<http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/guidance-on-the-equality-duty/>

- 13.9 The EHRC guidance does not have legal standing. Unlike the statutory Code of Practice on the public sector equality duty which was due to be produced by the EHRC under the Act. However, the Government has now stated that no further statutory codes under the Act will be approved. The EHRC has indicated that it will issue the draft code on the PSED as a non statutory code following further review and consultation but, like the guidance, the non statutory code will not have legal standing

14. Equalities Implications

- 14.1. An EAA has been undertaken as part of the Housing Matters consultation exercise with tenants and leaseholder managed by Lewisham Homes and has shown that the 'retention' options could have potential negative impacts, specifically on older people, vulnerable people and those with disabilities. The reason for this is related to the delay in which investment could be undertaken to the Sheltered Schemes and into the wider estates and areas to improve security and lighting. In order to mitigate this, should the Council retain ownership, it will continue to explore ways to maximise its resources to carry out improvements beyond the Decent Homes Standard.
- 14.2. All options carry positive benefits for the community including the commitment to build as a minimum 250 new affordable homes. The Council has a large waiting list of over 7,000 households and this will contribute to resolving some of these households needs, particularly those that are overcrowded as the Council is aiming to deliver more family sized accommodation.
- 14.3. In terms of the consultation exercise, the Council worked with Lewisham Homes to develop its consultation and communications strategy for the project. In order to hear from as many tenants and leaseholders as possible during this consultation a number of methods were employed including drop-ins, road-shows, established tenant & resident association meetings, Sheltered scheme visits, newsletters and an online presence. The Council received over 1,500 surveys and in terms of responses, 33% were from

Black households, which is a slight under-representation of our tenant population where 40% are from Black households. There was an over-representation from people aged 65 plus who responded to the survey with 29% compared to just 16% of our tenant population being 65 plus.

- 14.4. Therefore, if transfer was pursued, the Council would need to ensure its outcomes are reflective and representative of its community. The Council would develop a new Consultation Strategy should this step be taken, It would need to reach beyond those the Council and Lewisham Homes traditionally find it easier to engage with by offering a range of more informal ways for tenant and leaseholders to get involved and to be able to express their views. The ballot stage would be critical as the turnout would need to demonstrate solid tenant engagement in the process as well as demonstrate that all sections of the tenant population had the opportunity to participate.

15. Environmental Implications

- 15.1. Bringing homes up to the Decent Homes standard will lead to greater energy efficiency, reduced maintenance costs and lower fuel bills for residents. It will also reduce the level of harmful gases being released into the atmosphere. The proposals set out here introduce the possibility that new, energy efficient, housing might be added to the Council's stock. As part of any further design assessment on new build schemes, officers will investigate the potential for creating new homes that are more efficient in terms of both construction and their use.

16. Crime and Disorder Implications

- 16.1. As part of the consultation exercise a number of residents suggested that the Council should focus on reducing anti social behaviour in addition to the five priorities it set out. If the option of continuing the conversation with residents is pursued, then this issue will be discussed in more detail, including by potentially focussing any additional investment that might be available on addressing those issues.

17. Background Documents and Report Author

- 17.1 There are no background documents to this report.
- 17.2 If you would like further information regarding this report please contact Jeff Endean on 020 8314 6213.