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Opportunities and choice



# OPENhouse

Issue No.2 September 2001

# THINGS CAN'T STAY THE WAY THEY ARE



**All together now!**

■ **IT was all pull together to make sure that everybody had a great time at the Samuda estate management board annual summer fun day on August 8. The tug of war was won, after lots of huffing and heaving, by White Watch from Millwall Fire Station.**

## The council is predicting "significant savings" ahead in bid to balance budget

**T**he council's housing department has published its latest business plan, setting out its proposals for the future.

The plan looks at ways to balance the books in the light of the predicted £290 million shortfall in funding over the next five years.

As we reported in last month's Open House, the council needs to spend around £590 million in the next five years on maintaining its housing and bringing repairs up to date. But government regulations mean that the council cannot simply borrow the money. Nor is it allowed to

put up rents enough to cover the gap. The most it will get from rents and government funding is £300 million.

Tower Hamlets director of housing Sue Benjamins said: "If we cannot raise resources, then we will need to cut spending. The business plan is looking for saving of half a million pounds for this year and next and even more savings in the years after that.

"In order to achieve the level of savings required there will need to be significant reductions in service."

Things cannot stay the way they are. Over the next two years it will be necessary to

look at ways of reducing management and staffing costs and there will need to be substantial changes to how the council delivers its housing services.

The plan points out that current levels of investment are not enough to tackle the backlog of repairs and that the council will not even be able to keep up with the planned programme of regular maintenance.

"We will try to make the plan work, but these are very significant savings that have to be made," said Sue Benjamins. "We are going to have to look at other ways to bring in the investment we need."

## Editorial

# Keeping the options open

In his interview in this issue of *Open House*, Councillor David Edgar, Lead Councillor for Housing, sets out the situation facing the council and tenants in Tower Hamlets.

He points out that, for reasons beyond the council's control, Tower Hamlets isn't going to have the money it needs to bring all of its homes up to a decent standard and keep them that way. And it won't be able to provide the housing services that residents expect at the level of rent it will be able to charge. As our front page story reports, things cannot stay the way they are.

It is a difficult situation, but not an impossible one. Opportunities to raise money are available. And tenants will be the people who decide what those options should be. In February, every tenant will get the chance to say whether they want to look at the alternatives or stay with the council. Of course concerns will be raised. Some people have already asked whether this is just a ruse to push people into another stock transfer. We are bound to hear all sorts of scare stories about 'privatisation' in the coming months.

But as Councillor Edgar says, it is not about being biased in favour of transfer. It is about giving residents the chance to look at alternatives to the council that would bring in more money and help keep services at a good standard.

Tenants will choose. Stay with the council or look at the alternatives. Nobody will be voting in February to leave the council. But there are other options – options that could make all the difference to housing in Tower Hamlets. February's referenda simply give tenants the choice to keep the options open.

### Tell us what you think

Do you have any questions, concerns or views about anything that you've read in *Open House*?

We want to hear them.

Send your letters to:

Open House

c/o Consultation and Participation Team

20 Three Colt Street,

Limehouse, E14 8HJ.

Or email to: [cpt.towerhamlets@dial.pipex.com](mailto:cpt.towerhamlets@dial.pipex.com)

### Come and find out more...

The Consultation and Participation Team will be holding a series of 'drop-in' surgeries throughout the borough. Over the next four weeks these will be as follows:

**Tuesday 11 September –**

**St. Hilda's East Community Centre, 18 Club Row, E2 7EY – between 4-8pm**

**Wednesday 12 September –**

**Canal Club, Wellington Garden, E2 9HP – between 3-8pm**

**Thursday 13 September –**

**Denning Point OAP Hall, Denning Point, Commercial St, E1 6JD – between 3-8pm**

**Tuesday 18 September – Darul Ummah**

**Community Centre, 56 Bigland St, E1 2ND – between 3-8pm**

**Tuesday 25 September –**

**Barkantine Community Centre, West Ferry Road, E14 – between 3-8pm**

More sessions in other areas to follow.

# Taking stock of our housing condition

**H**ow does the council know how much needs to be spent to repair and maintain its housing? Last financial year it commissioned a condition survey of its housing stock.

As well as a visual external inspection of all blocks, the survey took a representative sample of the council's housing and checked out both the external elements – roofs, windows, walls etc. – and the state of repairs of all the internal elements, wiring, heating, kitchens and bathrooms.

The findings from the samples were then used to calculate the cost of work for all of the stock.

Tower Hamlets is landlord to approximately 27,000 homes, and there are a further 9,300 leasehold properties, bought by former tenants under the right-to-buy scheme.

Almost a third of these properties are classed as 'non-traditional' – they are high-rise, for example, or built from concrete.

This means they are



■ **NON-traditional homes like this cost more to maintain.**

more expensive to maintain than the traditional brick two-story house. The figures in the survey are, if anything, likely to be an under-estimation.

The survey showed the need for immediate 'catch-up repairs' – to bring the stock up to a minimum modern standard – of £400 million.

In addition to these immediate investment needs, the survey showed that planned maintenance – that is, the cost of keeping the properties in a decent state – over the next 30 years would be £600 million at current

prices. These figures do not include the cost of day to day repairs.

The council faces particular circumstances that push up the cost of repairing and maintaining its homes.

Overcrowding is two and half times the London average. This puts extra pressure on the repairs service, as kitchens and bathrooms don't last as long.

### BLOCK IMPROVEMENTS

More than 200 blocks are over four storeys high, but have no lifts.

This causes major difficulties for families with young children, older people and those with disabilities.

Providing lifts in such cases is a high priority with residents. Indeed, consultation with tenants shows the high value that they place on some improvements, especially those that increase security and tackle crime, such as door entry systems and concierge schemes.

Provision for block improvements has therefore been included in the total amount of investment required.

# Government plans

**T**he Government has published its plans for housing, "Quality and Choice: A Decent Home for All", described by Deputy Prime Minister John Prescott as the first comprehensive review of housing for 23 years. The government's aim is that 'everyone should have the opportunity of a decent home'.

The Government says that all local authorities should assess the state of their own housing and construct plans to improve conditions. This is the basis of Tower Hamlets' own housing business plan.

The Government has also declared that all social housing should be brought up to a decent standard within 10 years. A decent home is defined as one which meets all of the following criteria:

- is above the current statutory minimum standard for housing;
- is in a reasonable state of repair;
- has modern facilities and services
- is reasonably warm.

At the same time, the Government wishes to change rent structures so that there is no real difference between council rents and those fixed by other social landlords, such as housing associations just because of who the landlord is. Rents will be the same for similar properties in similar areas.

Both councils and housing associations will have to move towards these new target rents over the next ten years. During that time, tenants will be protected from any sudden jumps in their rent, as increases will not be allowed to be more than £2 a week above the nor-

mal inflation linked increases in any year.

"These proposals have major implications for Tower Hamlets," said housing director Sue Benjamins.

Although the target rents have not been set yet, the indications are that the council's rents are above target levels and will have to come down – significantly reducing the borough's ability to raise money for necessary services and repairs.

"It will severely limit our ability to balance the business plan," explained Sue Benjamins. "Any shortfall will have to be tackled by finding income from other sources or cutting costs."

Indeed the Government is keen for local authorities to look at other options for bringing in investment into housing.

Local Government Min-

ister Stephen Byers said in a recent speech in Parliament:

"We must focus on bringing about the improvements for tenants and not be too traditional about the means. Options such as stock transfer, the Private Finance Initiative for housing, and arms length companies, offer local authorities a genuine range of options for improving the quality of their stock. Authorities must consider which is the best option for them, and their tenants."

The council will be discussing some of these options with tenants in the coming months. However, it is unlikely that the Private Finance Initiative (PFI) will be viable for Tower Hamlets, as the council's previous bids for this have been turned down by the Government.

# Councillor sets out options for the future

**C**llr David Edgar is the Lead Councillor for Housing. Open House interviewed him about the Housing Choice proposals. And, below, the Tenant Compact Group also had some questions.

**Open House:** Why is the council planning this referendum?

**Councillor David Edgar:** Two reasons. The council isn't going to have the money to bring all of the homes it's responsible for up to a decent standard and keep them that way. It also isn't going to be able to provide the housing services that residents expect at the level of rent it will be able to charge. In this situation, I believe that residents should have a chance to look at the alternatives to staying with the council.

**OH:** What will it mean?  
**DE:** On every estate tenants will get a chance next February to say whether they want to have a look at the alternatives to staying with council. Those estates that vote to keep their options open will be

able to say in the next stage of consultation what they would want from a different social landlord.

**OH:** Why does the council have such a big backlog of repairs?

**DE:** Over the years, the council hasn't had the money needed to deal with all of the repairs required. It's tried to keep down rent levels and, because of government controls, hasn't been able to borrow all the money needed for repairs. This hasn't stopped us getting the most out of the money available but this hasn't been enough to do all the repairs that residents and we would want to do.

**OH:** Why can't the council repair the homes?

**DE:** The government decides how much money all councils can borrow for investment and will be limiting the level of rents. The financial situation isn't going to get any better.

**OH:** Why don't you go to the Government and demand more money?

**DE:** The council has been successful in getting money from the different

funds that governments have made available and we've not been shy about arguing the case for Tower Hamlets at every opportunity. However, this money has usually been for particular areas and has often been dependent on involvement with other social landlords.

We will carry on making this case both for those residents who remain with the council and to help with the estates that choose to go to a new landlord. The fact is that the kind of money we need is unlikely to be available from the Government.

**OH:** Is this about pushing people into transfer?

**DE:** No, it's about the council giving people an honest picture of what the future holds for council housing in the borough and a choice about the alternatives to staying with council.

**OH:** You are also chair of Poplar HARCA. Are you biased in favour of transfer?

**DE:** I'm not biased in favour of transfer but I am



**■ COUNCILLOR David Edgar signs the papers setting up the Tenant Compact Group.**

biased in favour of giving residents the chance to look at alternatives to the council that would bring in more money and help keep services at a good standard. The decision about transferring to new social landlords will rest with tenants, not me.

As it happens, I will be standing down as chair of the Poplar HARCA in

September. However, during my time as chair I've seen the massive investment that's taken place in its estates and its work in training and employment and with under fives and young people. I've also seen residents play a major role in running the HARCA as directors on its board and on estate boards.

## Compact Group puts across tenants' questions

**Tenant Compact Group:** Some residents feel that their views were ignored in the consultation over the Repairs Help Centre. Can you assure them that their views will be listened to this time?

**DE:** In early 2000 we consulted on proposals for keeping rents down by closing some local housing offices once the 24 hour repairs help centre had opened.

Residents were asked if they wanted lower rents or the offices kept open. More than 80% of those who responded opted for lower rents.

The council will also listen to the views of resi-

dents in the consultation on transfers. The referenda and final ballots will be for tenants to say what they want to happen to the homes they live in.

**TCG:** If estates vote to transfer, how would you ensure that the new landlords keep the promises made before the ballot?

**DE:** The council has a role already in monitoring the performance of social landlords with homes in the borough. That role would continue and would include making sure that promises were kept. There would also be a contract between the council and any new landlord that would enable us

to take legal action if necessary.

The role that tenants have in the new landlords will also be key in making sure that promises are kept. Tenants will be able to say what role they want during the process of looking at alternative social landlords. In the case of Poplar HARCA, tenants are the largest groups on the board of directors and have therefore been well placed to make sure that promises are kept.

**TCG:** If the Business Plan expects over 11,000 homes to be sold over the next 10 years, what is the point of stock transfer?

**DE:** The expectation that over 11,000 homes will be sold over the next 10 years is a part of the reason why stock transfer needs to be considered. These sales would make the problems of the housing budget worse because of the way that council housing finance works. They would not have the same effect on the budgets of other social landlords because their finances work differently.

The amount of money that the council gets from the government or is allowed to borrow for major repairs will go down as the number of homes the council has

goes down.

**TCG:** We have already had two large stock transfers to Poplar HARCA and Tower Hamlets Community Housing. Are you convinced that the majority of the tenants that transferred are satisfied with their new landlords?

**DE:** Yes, I'm convinced that the majority of residents are satisfied with the new landlords. Surveys of residents by both organisations support this.

Not everything is perfect and there are inevitable teething problems but good progress has been made by both organisations.

## Residents to decide

**A**s the council looks for ways to plug the gap in its funding, it is vital that tenants are consulted every step of the way.

"No changes can be made to people's tenancies without their say so," stresses Cllr David Edgar, Tower Hamlets Lead Councillor for housing.

"Consultation with tenants was a key element in developing the business plan and it will continue to underpin everything we do as we look for the resources we need for the borough's housing."

### REFERENDA

Consultation will be in three stages over two to three years to ensure that tenants get to make an informed choice.

**Stage One** will last until next February. Residents will hear about what the council can provide within its current budget and how a possible change of landlord could bring in additional resources.

In February 2002, there will be a referendum on each estate. Tenants will be asked whether they wish to carry on looking at the alternative options or whether they want to stay with the council. No one will be voting to leave the council at this stage.

### STAGE TWO

Those residents who vote to go on to **Stage Two** would be given a choice of potential alternative social landlords and invited to choose an organisation to work with. Residents will remain with the council while this is happening.

**Stage Three** (in 2003) will involve a ballot, when estates can elect to transfer to a new landlord. At this stage, they can still choose, if they wish, to stay with the council.

"Whatever happens will be what tenants decide," said Cllr Edgar. "This process has been designed to give residents maximum choice and to give them the opportunity to get the housing and service they want."

## Views of the borough-wide compact group

**T**he council is keen to ensure that tenants have a role to play in planning the future of housing in the borough.

The business plan has been shared with all the Tenant Management Organisations and Estate Management Boards in the whole of the borough, as well as being discussed at a range of area meetings.

The Tenant Compact Group expressed serious concern at the levels of savings assumed, and shares the council's concerns as to whether they could be achieved and the impact on services.

Commenting on the Housing Business Plan, Bernard Cameron, the new Chair of the Borough-wide Compact Group said: "Although the Tenant Compact Group has expressed serious concerns about the level



■ **THIS picture, taken during the stock condition survey, shows how anti-social behaviour affects the environment of British Street Estate.**

of savings required to balance the business plan, we think that the council needs to look at all of the ways that this can be

done.

"If the environment on estates was improved and stronger action taken against anti-social behav-

iour, people would have more pride in their homes and the council reduce its outlay in repairs caused by vandalism."

## Tenant Compact Election results

**THE BOROUGH-WIDE** Tenant Compact, which provides a forum for consultation and tenants' views, has elected its first chair.

Bernard Cameron from Bow/North Poplar takes over from Dan Kelly from IOD/South Poplar who chaired the Steering Group that developed the Compact with the council. Bernard has been chair of British Street Tenants and Residents Association for 12 years.

At the same meeting, the following posts were also elected:

**Vice Chair:** Margaret Clark, from Stepney/Wapping Area

**Secretary:** Max Hickman from Bethnal Green Area

**Treasurer:** Andrew Mahoney, from Bow/North Poplar Area.

The Tenant Compact group provides a forum for consultation by the council on housing matters. It also plays an important role in monitoring service standards. It is where the council can discuss with tenants major policy issues that affect people's homes and the service they receive.

You can contact a Compact Group member through the Tenants' Resource Centre at 20 Three Colt Street, E14 8HJ. Telephone 020 7531 0220.

*Next month's Open House will have an interview with the new chair.*

# Council to consult residents on changes to lettings system

**I**n last month's Open House, we reported on the Tower Hamlets' survey of tenants on the transfer and waiting list to find out what people thought of the present method of letting homes.

Now the council has

brought forward proposals on how to improve the system.

The survey found that the overwhelming majority – nine out of ten – people on the list do not understand how the current lettings policy works. Three quarters of those

surveyed thought the present system unfair.

Over half the people on the list would prefer a lettings system based on length of time on the list rather than the current points scheme.

And nine out of ten people said that they would respond to adverts if available properties were advertised.

Now the council wants to change its policy so that it is easier to understand by those waiting for a new home.

### KEY POINTS ABOUT THE PROPOSED LETTINGS POLICY

- Priority will be in date order:
- 10 current target groups will be reduced to 4 priority bands (see box):
- Applicants will be able to apply for any size of

home and include anyone as a household member. However, priority will be given to the size of household we think will 'best fit' a property and to immediate family households.

■ In future, available properties could be advertised, so that people apply for homes that they wish to live in rather than being offered homes that are not suitable for their needs.

■ All properties will be advertised, just as homes for sale are. Accommodation will only be offered to someone who has told us they would like to live there. After the property is let, the groups and application dates of the successful applicants will be published.

■ Applicants in the Community Priority group would have their priority for inclusion in the group regularly reviewed and their opportunity for choice will be time limited.

### BIG CHANGES

Some of the other proposals under consideration include promoting more home swaps between tenants, helping people who wish to move to a different part of the country, where more accommodation is available, and providing financial incentives to people who have extra space to move into smaller homes.

"These would be big changes to the way we currently do things, but would put the choices and decisions with those looking for a new home".

said Andrea Baker, Acting Senior Lettings Manager.

Residents are being consulted on the proposals. A lettings event at the end of August gave people the chance to hear what the plans would mean for them, find out about the exchange schemes and available accommodation in other areas as well as looking at other housing options such as shared ownership.

### The new priority groups are:

**Community gain** – including tenants who have to move because of major regeneration schemes and people with accommodation that is too large;

**Community priority** – including homeless households to whom the council has a legal duty to provide accommodation; health priority; and special quotas such as young people leaving care, key workers such as teachers and nurses and management transfers;

**Community mobility** – including overcrowded households, other homeless households, and 'good' tenants – those who are up to date with their rent and do not cause a nuisance to their neighbours;

**Community general** – everyone else.

**What do you think of the council's proposals for improving the lettings service?**

**Send your views to Open House**