

Housing Committee

17 June 2014

Item 10: Demolition and Refurbishment of London's Social Housing Estates

Darren Johnson AM (Chair): For our first meeting on this topic today, I welcome Stephen McDonald, Director of Place for the London Borough of Barnet. I also welcome Genevieve Macklin, Head of Strategic Housing from Lewisham. We have Russell Profitt, former Head of the Peckham Partnership and now Chief Executive Officer (CEO) for Greenwich Inclusion; Stephen Ross, Asset Management Director for the Southern Housing Group; and Professor Becky Tunstall, Director of the Centre for Housing Policy at the University of York. Welcome to all of our guests this morning.

If I can start with you Becky, which is more commonly undertaken, refurbishment or demolition and rebuild, from the academic studies that you have done?

Professor Becky Tunstall (Director, Centre for Housing Policy, University of York): It depends exactly what you mean by 'refurbishment' and how high you set the bar, but really in any case there is vastly more refurbishment going on than demolition and rebuild. If you think of 2012/13, there were at least 300,000 social rented homes in the UK that had some substantial work done to them. The figures are a bit confusing. There were up to 800,000 bits of work done to homes, but at least a minimum of 300,000 had things done like boiler replacement, rewiring, new kitchen and so on as part of the Decent Homes Programme. When you look at the figures for demolitions, it is much, much smaller. If you look just in London, about 2,000 homes per year are demolished and that is in all tenures.

Darren Johnson AM (Chair): Are we seeing patterns change over time? Is demolition on the increase? Have you tracked it?

Professor Becky Tunstall (Director, Centre for Housing Policy, University of York): One of the really frustrating things about this area is there are not actually brilliant figures on demolition and it is surprisingly difficult to get really crisp figures to do that subtle measuring. For example, colleagues and I a few years ago tried to look at trends in London specifically between 2002 and 2010; and we used the returns local authorities provide to the Department for Communities and Local Government (DCLG) and different bits of information. We were able to get a minimum figure for demolitions but then there was also a maximum figure, which was the difference between the overall change in the number of social homes and those that were known to be bought. On this very basic issue, there is a bit of vagueness on the figures. However, looking at the minimum figures over that period I think the range was 1,000 to 6,000 council homes that had been demolished in inner London; and the range for London as a whole was somewhere between 9,000 and 26,000 over that eight-year period. It is somewhere between 1,000 per year and maybe 3,000 per year.

Darren Johnson AM (Chair): Is London any different from the national picture on this?

Professor Becky Tunstall (Director, Centre for Housing Policy, University of York):

Unfortunately, I have not done that same analysis for the rest of the country, but my feeling is there were two main rationales for demolishing council housing and one is a rationale that is based outside London. That is to do with low demand. Obviously, that is not the situation in London, so you have some areas outside London where there is quite a lot of demolition, or there has been over the last ten years, to cope with the real problems of difficult-to-let housing. It is also expensive to manage and refurbish. London is probably the national capital of this other form of demolition, which is demolition linked to regeneration, with increases in density and with the use of the development for cross subsidy, obviously because the land values are highest.

Darren Johnson AM (Chair): Thank you. Just in terms of scene-setting, if any of the other guests wish to add to that before we move on to some of the more detailed areas of questioning.

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham):

Certainly when I was looking at the history of what has gone on in Lewisham, we have had seven estate regeneration schemes. Four of those have been about refurbishment as well as demolishing smaller parts of the estate adjacent to vacant land and only three, out of the seven, have been about completely demolishing the whole estate and rebuilding it. It does seem to support the view that actually the extent of investment in refurbishment way outweighs the level of demolition and rebuild.

Darren Johnson AM (Chair): Has there been an emphasis on increasing density as part of refurbishment or has that just been on the demolition side?

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): On four out of those seven, we have doubled densities. Overall, there were originally 2,373 units across those seven estates and that has increased to 3,389, so it is about a third increase. There was only one estate where the number of units reduced and that was in a very early phase where it was not a requirement of the funding regime to maintain or increase densities.

Stephen McDonald (Director of Place, London Borough of Barnet): I would just add a similar experience to Genevieve's. It is just that they are not polar questions about whether you knock down or whether you maintain or refurbish. Typically, an estate regeneration will have some combination. It is very rare that you would knock down a whole estate, from experience in London. I was quite interested in that dichotomy you have mentioned because I have never worked in a low-demand environment, so I could not comment on that, but often there is a refurbishment. For example, at Grahame Park, which is one of the estates for which I am responsible, and which is currently about 2,000 units, will go to something like 3,500 and 1,000 of those will be retained units but they will have been refurbished.

Russell Profitt (Former Head, Peckham Partnership): I would just say that, unlike the pattern that seems to be prevalent at the moment, the Peckham regeneration was actually about reducing density. It was about taking units out and replacing what was there to a perceived higher standard.

Darren Johnson AM (Chair): Could that happen now, given the population pressures and so on?

Russell Profitt (Former Head, Peckham Partnership): As Stephen said, the criteria are different.

Stephen McDonald (Director of Place, London Borough of Barnet): The answer simply is no. Peckham is an interesting case and, as Russell knows, I know Peckham well. It is a good example of what we cannot really do anymore, because Peckham was done in a high-subsidy environment. We now have to pay for regeneration and rebuilding out of the proceeds of the estate and therefore you have to increase density to be able to afford to build the new stock and replace the stock that you are demolishing. The answer is, no, it is just not going to happen. The maths does not work.

Darren Johnson AM (Chair): OK. Thanks, each of you, for your opening contributions.

Stephen Knight AM: I want to examine the decision making that leads to a decision to either refurbish an estate or demolish, perhaps in part or in whole, and to rebuild. What are the driving factors that lead to such a decision? Is it entirely about condition or are there other factors like needing to add units and so on? Genevieve, do you want to start off by commenting on that issue and then I will ask others to do as well?

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): That question really has to be asked in the broader picture about what you are doing with your assets as a whole, so some questions around particular estates may lead to a debate about whether you demolish, rebuild or regenerate. However, actually, in Lewisham when we went back, there was a Housing Commission set up in 2000 and a stock condition survey was carried out in that year as well. That showed that we needed to invest £536 million across the entire housing estate over ten years to bring it up to the Decent Homes Standard, because then it was about meeting the target of decent homes by 2010. That was a Government target. We actually had £320 million, so there was a gap of £260 million. Looking at the housing estate as a whole in terms of the options that were available, there were a number. Some of it was about regenerating estates, perhaps demolishing and rebuilding, looking at what our capital was that we could do with what existed from investments, our own resources, borrowing, etc. Then there were also options around potentially stock transfer, private finance initiatives, etc, so the regeneration question of demolish and rebuild was looked at in the context of all of that.

Stephen Knight AM: It was partly about raising money to deal with your condition issue?

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): Some of it was. When we looked at the seven estates that we did end up regenerating, there were a

mix of issues that were considered. Some of it is that they were not well-functioning estates. They were in areas scoring highly on the multiples of deprivation. There was also lots of crime and antisocial behaviour. There were concentrations of mono-tenure estates. The level of investment required in some of those estates was so high that to just keep putting money at them was not seen as financially the best option. So, in discussions with residents, it was about for some of them or a lot of them, "Do we demolish parts or all of the estate and rebuild?" Also, there were funding pots available. There was the Single Regeneration funding pot and there was the Estate Action funding pot, so lots of those over the years were available.

Stephen Knight AM: Was this funding that was available if you were demolishing and rebuilding but not if you were refurbishing?

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): It was a mix, actually. Some of those funding pots we used to do both. Whatever funding is available does produce questions over what you might do with the whole of your asset base as well; so it is a mix of all of those things, really. Obviously, in discussions with residents, it is important what they want and how they feel about where they are living, what sort of levels of investment they want. Therefore a lot of it was resident-led in Lewisham around what the residents wanted and fitting that within the funding regime.

Stephen Knight AM: You are telling me that the underlying issue here was the stock condition and the need to meet the Decent Homes Standard and the overall cost of doing that?

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): There was certainly a need to invest. There had been years and years and years of lack of investment, so that is why the Decent Homes Standard was brought in and funding was available for that. So, yes, there was certainly a need to catch up on the backlog of investment requirements, yes.

Stephen Knight AM: Thank you. Stephen, do you want to give us your thoughts?

Stephen McDonald (Director of Place, London Borough of Barnet): I will start with Barnet, which is where I work now, but I will just draw on some of the other experience. Genevieve's example, in many ways, of the Decent Homes Programme, clunky in many respects, was actually very good at galvanising authorities to do that sum. What is the maintenance liability? How much do we have to fix that liability within the period we have? What is the gap and what can we do about it? That was quite a motivation in Southwark, where I was responsible for regeneration. It was certainly the thing that got regeneration happening in Hackney under my watch. Clearly, there just was not enough money to make the sums stack up. In a sense, we came to the problem with a view to refurbishing and retaining, realising that the maths does not work and then thinking about what else you can do. You actually have an asset. Can you make that asset work for you in a different way? That motivates you to start looking at regeneration, looking at densification and basically releasing the value in the land. That works particularly well in central London authorities.

If I can move to Barnet and just use some tangible examples, it almost ranges across some of the things Genevieve has said and perhaps others. Dollis Valley, which we are currently

redeveloping as a regeneration estate, was built in the 1960s and is beyond its asset life. It was poorly built and was leaking heat. The tenants did not like it, so we are doing some refurbishment but mostly a rebuild. That was the maintenance liability. The numbers stacked, even in a relatively low-value area.

On the deprivation thing, the large mono-estate is the motivation behind regenerating Grahame Park, because it is a very large estate and it is very inward-looking, a ragbone kind of a design. Everything looks in. Many of the residents never leave the estate because it is almost a vortex for some people and we wanted to break that up and get the diversity that comes with regeneration.

At Brent Cross, where we have a relatively small estate of about 300 units called Whitefield, it is very much about place-making. We are actually going to be knocking that tower estate down to create space to be able to build a new town centre, so it is a different motivation altogether.

Finally, we have a number of smaller estates of 50 to 100 units in size. We have already started with one of those. Actually, it is a very standard kind of design in particularly middle ring and outer ring London, where in the 1960s again they built tower blocks and then left an awful lot of space around them. Where we are looking for space to build council and affordable housing, that it is a really good place to do that, so we have started to do that. We are doing a refurbishment and regeneration job on those estates to get additional affordable housing, so it is sort of infill on a large scale. There are at least four reasons there, just to show you.

Russell Profitt (Former Head, Peckham Partnership): The Peckham experience, again, is rather different because it was more of the place-shaping variety that Stephen [McDonald] was talking about, rather than assets in terrace-style housing. It was a wide perspective. The area experienced disproportionately all of the negativities that you can imagine around crime, around education, around employment and around the local economy. There was a political desire to make a difference.

The point, really, is that the context is difference. The housing issue where it came in as a driver was a high turnover of residencies and a relatively low demand to take up residency on the units that were becoming vacant, so the asset was simply withering away. Therefore, there seemed no reason from a housing point of view, as well as from an economic point of view, to go for regeneration of the neighbourhood and to use a more holistic approach. In statistical terms, it was a Single Regeneration Budget (SRB) grant of about £60 million, which at the end of the day had generated an overall spend of some £300 million; because of investment that was brought in through housing associations and the private housing sector, who were offered the opportunity to try to create what did not exist in Peckham before, which was a private housing market. That has been created and helped in terms of changing the whole dynamics of the neighbourhood, so it was a different scheme to the ones that you can probably get today.

Stephen Ross (Asset Management Director, Southern Housing Group): The example I asked to talk about, which is one that I was deeply involved with, was a small one by any of these comparisons; a very small redevelopment project, Market Estate in Islington. It is a 271-unit estate finished only in 1968, so again quite a modern estate.

By the time the late 1990s had occurred, Islington had spent some money trying to do some refurbishment to it, taking leak blocks down and so on. It had not worked. Antisocial behaviour, prostitution and all these kinds of things had invaded both the estate and the park adjacent to it. They were still pretty rife. It is just north of the King's Cross, so the work that has been happening in King's Cross has driven the antisocial behaviours from the areas around King's Cross and Market Estate was a stopping point just north of there; so it suffered very badly. Locally, there was a lot of stigma and anxiety about the community more widely. It is adjacent to Islington's second largest open space, Caledonian Park. What had happened was a number of incidents had occurred. The kids firebombed the new concierge facility one night in the late 1990s, which had not been properly commissioned. That went up in smoke and that was £250,000 worth of damage. The council really could not afford to invest when we were going through a time when boroughs like Islington were starved of funding and had no capital money available.

Then a young boy was killed when a security door fell on him in one of the corridors and this then galvanised the residents, who said, "We cannot put up with this anymore". With the council, they decided the best way forward was a redevelopment programme. We were then invited through the process of a stock transfer to get involved.

It was interesting because, structurally, there was nothing wrong with the buildings. They were sound structurally. There were leaks and the usual lack of maintenance and so on, but if you had not had that backstory around it, you could have said, "With 271 homes, is it worth trying to save them?" In fact, the view was taken before we actually came on the scene that that was not the case. However, what is interesting about Market Estate, which is different from many others, is that there was a real determination to keep that community together and to retain the social value of the estate. We had to put together quite a complex programme of building, decanting and keeping the whole community together. It was quite interesting, actually, for a long-term housing practitioner as I am to actually keep a community together.

We reconfigured the park as a consequence of funding we were able to release. We spent nearly £1 million improving Caledonian Park. We were allowed to build partially onto the park. Obviously, at the end of the story, the public parks had lost no acreage, so we reconfigured it and we increased the density from 271 to 421 and a mixed-tenure estate. We kept the same number of social-rented units at 271. That was quite interesting, but we sold 89 units cross-subsidised. Whether that would happen again I do not know, because it was done at a time when boroughs were not able to raise capital. They could not go to fund in that way. The only way was to transfer it out of public ownership and into a social-rent landlord housing association, so we had to raise funds and do the work ourselves.

It was a very interesting project I think. A very small one, way below the scale of anything you have discussed so far, but it is a microcosm of the fact that although normally we say it is driven by the structural condition of buildings and so on; this was driven by a number of issues. They were part of it. The design was part of it. Really, by today's standards, it is not a design you would want to replicate, but that was not possibly the fundamental issue there.

Darren Johnson AM (Chair): A previous piece of work this Committee did was on new build council housing. One of the key recommendations of that to Government was to either lift or substantially increase the borrowing cap on local authorities. If that recommendation was implemented, we could be looking at quite a different regime in terms of refurbishment versus demolition, could we not?

Stephen Ross (Asset Management Director, Southern Housing Group): Indeed. That is why I think there are so many variables here. It is the context of the site, the location, the place it is. It is the demands of the residents, whether they want to live there or do not want to live there and how they are feeling. It is a whole range of financial attributes you put against it, the value of the land as it is, the value it could be and whether or not there are investments needed for the property or not.

The other interesting thing about Market Estate - and I will draw on this again - is that immediately next door at the same time, opened in the same years in the 1960s, was a City of London Corporation estate called the York Way Estate, which is still going strong today. It is now 50 years old. More than half of it has gone right-to-buy. The City of London Corporation has continued to invest continuously through the estate. It is the same pattern of design as Market Estate in many ways. Here, we had to replace an estate with £50 million of investment and because it had continuous investment throughout its 50 years, it stands today as a testament to that design idea and the concepts there. That is quite interesting, I think. A lot of it is to do with the way funding works throughout its life, its management and maintenance consistently over its life. In a way, you could say that Market Estate was lost through lack of that investment consistently over its 40 years, whereas the estate immediately next door has been retained and will continue on because it has had --

Tom Copley AM (Deputy Chair): The same design, you are saying?

Stephen Ross (Asset Management Director, Southern Housing Group): A very similar design, the same, with a large underground car park, a large open space, estates built on stilts with scissor-type blocks and maisonette blocks. All those 1960s designs which were considered very worthy at the time and built on good ideas of the day.

Stephen Knight AM: Nevertheless, you clearly felt that by replacing one design with a different design, you could solve some of the problems associated with the first design. What has been the outcome? Presumably, long term, you might find that the new design is not maintained properly over the long term. Are those kinds of issues that existed before going to return, or do you think there is something inherently better about the new design?

Stephen Ross (Asset Management Director, Southern Housing Group): There are so many stories here, but essentially, yes, we have designed it very much with a traditional street pattern. We have gone back to a very traditional Islington street pattern with simple rows, simple front gardens or patios, private back gardens, secure and so on; so we have lost all of that semi-public open space which was one of the major problems. There is much more natural surveillance with many, many front doors on the actual road-front, so it is a much more active road-front. We have removed a major problem, which was these large areas of open, unpoliced

estates, access galleries and so on; which created a haven for nefarious activities throughout the whole estate. We have gone back to a much more traditional design.

Because it was a stock transfer, the residents obviously had to vote for the whole thing to go through. In the offer document, we had to put together our proposals for designs and so on, so we did a lot of work with residents on that. What was very interesting was the master planning architect we employed with the residents to look at the scheme, came up with some quite interesting ideas; but once you got the residents involved, they wanted to go for a traditional design. That was very, very interesting. They did not want something that looked 21st Century. Their view was, "We have lived in a 1960s experiment. We can see around us in Islington traditional streets and properties that go back through the centuries. That is what we want to live in. We do not want to live in these modern, iconic buildings that the architects have played with. We want traditional design". That was very interesting because we had to maintain a balance and in a way, it did constrain the design that we could build.

As it is, the design works quite well. It will never win the Royal Institute of British Architects (RIBA) award and so on. It is very traditional, but it creates its place. It creates a very nice setting. There is an elaborate clock tower at the centre of the Caledonian cattle market, which now sits in a crescent, whereas before you could see it just through a gap in the buildings. We have done quite a lot in design terms, but it is not a cutting-edge design in that sense. It is returning to much more natural street surveillance and traditional street scenes.

Stephen Knight AM: Would you say that one lesson from this is that where you have lots of communal space, it has to be maintained to a very high standard if it is going to work as communal space? You have to invest in it on an ongoing basis. You cannot afford not to, because communal space often when it is neglected becomes worse than nothing.

Stephen Ross (Asset Management Director, Southern Housing Group): Yes. As I say, it is that consistent investment that has to come through. Part of the way we fund these things makes it, for local authorities particularly, very hard because they have to incur the costs of these things and they have to recover those costs. If they are not in the public realm and they are seen as part of the housing realm, they have to be funded through service charges or whatever; and this puts costs up and adds significantly. It is not on the public rates, as it were. The public does not share the costs of those spaces as they do public parks and so on, so all of that plays into the issue very much.

Professor Becky Tunstall (Director, Centre for Housing Policy, University of York): I just wanted to make a few general observations. From the point of view of local authorities, when it comes to decision making about the overall assets and estates, one thing you have to bear in mind is that there are a lot of non-options. People have spoken about the different financial regimes that have been available from central Government, over different periods of time, and the extent to which that has really driven decision making.

Then, to make a more detailed point about the use of densification to create private housing and cross subsidise, it is worth bearing in mind that that is a policy that really only works very successfully in London and the southeast. It did not work successfully from 2008 for a few

years and there were a lot of schemes that became stalled and stuck. Really, although that is at the moment the main national policy that you should just use your assets as best you can, it is not a very sustainable or well-thought-out policy. In a way, London is in a special position to be able to make use of it, but perhaps, arguably, you could show some solidarity with other places that cannot.

When it comes to decision making about whether an estate has gone too far and whether it is going to be throwing good money after bad to try to refurbish it, this is where things get very difficult. There are some examples we can all think of where the decision making was quite straight forward and easy, but there are a lot of cases where the balance was much finer. It all comes down to technicalities and the accounting work that is done to work out the cost benefit.

I have to say from an outsider's point of view, when trying to understand the processes that have gone on in the boroughs and to try to research these things, it is very difficult to find a decision-making trail. It is very difficult to find the key documents and the key assumptions that were made. There is an issue there about transparency, but there may be an underlying issue about the nature of the process itself. What were the key assumptions? Did they drift over time as new things emerged? Inevitably, there is some of this. However, we do need to think about trying to make that process as explicit as possible, so that assumptions can be challenged or, when new information comes up, it is clear why a change has been made in the decisions.

Once you start thinking about things in that way, it is sadly and obviously revealed that quite a lot of the key information that people need to make these decisions is just not available. There are serious gaps in what is going on. I mentioned how we do not even know how many homes have been demolished in London. That is obviously a big gap, but there are other very important data gaps. Stephen [Ross] mentioned the outcomes of the Market redevelopment. We do not comprehensively know the outcomes of most of these schemes because, there has not been the time and money to go back and find out comprehensively whether the goals were achieved.

There is a lot of concern about the existing residents and making sure that their situation is bettered and they have a right to return if they want to and so on. There has never been, in the UK, the kind of tracking study that has actually followed people to find out what has happened to them; if they have moved off or if they have moved back. There is some information, but never anything comprehensive to find out where they have all gone and what happened, and if those goals were achieved, so there are serious gaps there.

On issues like whether you can do something or - like on Market Estate - whether you can secure it or not, there are so many uncertainties. Any sum you do is going to be ever so sensitive to a huge number of variables. I am sure there have been some schemes in the past where there has been a little cooking of the books to push things one way or another. However you try, there is always going to be that issue that putting different numbers in could produce wildly different results, so there is a real art to looking at cost-benefit. It is not just a science.

Stephen Knight AM: Given the amount of money involved in all these decisions, it strikes me as a huge gap in our knowledge that we are not actually going back and examining the outcomes. Perhaps that could be something we could look at in our recommendations.

Stephen McDonald (Director of Place, London Borough of Barnet): I would not trouble yourself too much with that, if I may suggest, because each scheme is so different. I just think that this is not the kind of thing that lends itself to aggregate data, because I do not think it would actually help you understand it that much more. Not only is each scheme different and will be motivated by different reasons that it was set up, but it will also be at different times in the housing cycles. Your point is well made and the variables change around. In the nature of regeneration estates, by definition, if it is a regeneration estate, it is not viable. If it was viable, we would not need it. The market would sort it out. You would not need to find a way to play the numbers. None of us on this side of the table would be sitting here talking to you about estates that did not need something, whether it is cross subsidy or subsidy or whatever. One way or another, there are regeneration estates where the cost is greater than the amount of money you are going to make out of them. Therefore you have to find a way to play the tune and that tune changes as the market changes.

For a classic one, we do not need to go very far and I probably should not put my hand up to this, but I have to admit my less successful schemes as well as my successful schemes. I was responsible for both Aylesbury, and Elephant and Castle Estates and then the market tanked. I managed to empty the Heygate Estate in just over a year and won an award for that and then of course nothing happened. That is why people get very upset about regeneration.

The market tanks and the assumptions on which that is based - to go back to your very point - and the market values you thought you might be able to achieve no longer exist; and everything has to wait for the market. This goes to your point and I would support the point about the lack of sustainability in a model that relies on private sector values to support refurbishing and redeveloping public housing. It only works while the market is buoyant.

Invariably what always happens - and I have been around this business long enough - is we all get hooked and we say, "This is the solution", and then it stops being the solution. Then governments go into this "goodness, what are we going to do now" mode, and they start coming up with all sorts of quick solutions. In fact, what we should be knowing is that this is what the market does. If we want to continue to refurbish and improve public housing in this country, we need to know that in the good times we can perhaps rely on the market in certain locations; and when things do not go well, we need to have a fall-back position, which is effectively a subsidy position. I do not understand why it takes so long to learn that basic lesson. I do not think we need data to tell us that. I just think those are the facts.

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): I realise I spoke very much in general terms and did not refer specifically to some of the estates we have regenerated.

To corroborate that point around being able to audit-trail and understand how decisions are made and on what basis they are made, it is difficult to do that for precisely the reasons that

Stephen has pointed out. How there are so many variables impacting over time and government policy changes and financial changes in the market, etc.

One example I would give you of one of our estates is the very famous Excalibur Estate, which is an estate of 180 prefabs which were built post-war to last for 10 or 15 years, and are still there 50 or 60 years later. They are built out of asbestos, essentially. They have no eco value. They cannot be heated. They overheat in the summer. They are freezing in the winter. Most of the estate is desperate to get off it. However, they have lots of garden area with lots of space, and some of the residents are deeply attached to their homes and have done a lot of work with them. However, these prefabs do not work now, let alone going on into the future. The cost of doing anything with those would way outweigh trying to sustain them, or any kind of attempt to keep them and preserve them. Just the construction, etc, of them would mean that actually there are not a lot of choices around. We will be doubling the density of that estate. That is an example of where if the structure does not work, and the cost of doing anything with them going on into the future and even now is prohibitive, you look at a different solution which is about demolishing and rebuilding.

Then there are other estates, and actually most of the other estates that we have regenerated are in the north of the borough, which was always seen to be very mono-tenure and, like I say, in areas of high deprivation. Some of that was about doing what others have mentioned here, like bringing in a better mix to make the whole area more sustainable. They were linked with some town centre regeneration schemes as well, so it was about the areas and the places and making sure that the estates could integrate better with the wider environment in which tenants were living. So they did not feel like they were isolated from the rest of the community.

It is like the Pepys Estate, a huge estate. Part of that was demolished, not all of it but part of it. There was a tower block that was sold off. There was a film, a programme and a series all about it. Some of the decisions that influenced that were; actually, if we bring in some people with more disposable income, they will spend the income in the area. That will help everybody who is living in the area. That did not actually happen because the retail and the wider economic offer was not enough to make that happen on that single estate. Nevertheless, the riverfront of that whole estate has changed substantially over the years.

Just going back to that original point about a mix of reasons for why you might want to decide to regenerate an estate and the audit trail and decision making around it. It is difficult for it to be clear because the terms will always change, given the context of policy changes and the economic market within which we are operating.

Tom Copley AM (Deputy Chair): Just briefly going back to what Becky said earlier about the cross subsidy and that this is what the Government is encouraging; it might work in bits of London but it does not work in other areas of the country. Does this not just show that the Government needs to free up local authorities to be able to pursue whatever schemes they need to pursue that are best for their areas, rather than trying to impose some sort of national template?

Professor Becky Tunstall (Director, Centre for Housing Policy, University of York):

There is a national template, which is this policy, yes. I would agree that one of the big problems in British housing policy is that it is not sensitive enough to the diversity of markets around the country. The point remains that if the only way to get funding for improving very expensive-to-improve estates is through demolition, cross subsidy, and cutting out a lot of options --

Tom Copley AM (Deputy Chair): That again goes back to the need to lift the borrowing cap.

Professor Becky Tunstall (Director, Centre for Housing Policy, University of York):

Yes.

Murad Qureshi AM: Just on the borrowing, if and when local authorities are freed up to do that, can we see a lot of local authorities opting to refurbish their estates rather than building them new? Is that likely to be a scenario, Russell?

Russell Profitt (Former Head, Peckham Partnership): It depends on the context. Part of the difficulty of trying to track all of this is that each area will have its own local political dynamic. As you have heard on the Islington experience, it very much is working with the grain of the local community so that you end up with successful outcomes. You cannot impose a model and that is where the Government is going wrong. I certainly think local authorities should have more freedom and flexibility and that would help to meet their general objectives of improving the quality of housing. However, it very much will then depend on the local circumstances and that will help to limit what you can and cannot do.

Murad Qureshi AM: I understand what you are saying, but you can imagine councils packed full of councillors who go to surgeries when residents come in complaining about this, that and the other; and one of their biggest complaints is usually the state of the estates. They are going to have to respond and there is a way of doing that electorally, more so than - dare I say it - building newer places. I suspect they will be more responsive to that than people realise.

Russell Profitt (Former Head, Peckham Partnership): I am afraid it depends on the freedoms and flexibilities the authority as a whole, has to try to respond to those pressures. We are operating in a constrained environment at present. It will always be, as the Lewisham story shows, trying to match what you can do with the options that are available, and very much in the context of the priorities you have to make. You cannot do everything.

Darren Johnson AM (Chair): We are going to come on to some detailed questions later on the financing regime. For the moment we will be looking at some of the other factors that need to be taken into consideration, such as environmental criteria, sustainability and so on.

Murad Qureshi AM: Someone used the term 'sustainability' I think wrongly because you used it in the financial context. Can we use it in the environmental context? Of these considerations in the various options that are discussions, how often are environmental considerations taken on board, Becky?

Professor Becky Tunstall (Director, Centre for Housing Policy, University of York):

From my point of view and from my experience of a range of schemes – though obviously not as intimate as the other guests' here today – environmental issues do come up; but it is a little bit idiosyncratic, depending on the culture of the local authority and whether residents are raising those issues. However, they do not tend to make it into a formal cost-benefit analysis or a formal environmental accounting analysis. It tends to be that there is some thought about making some sort of gesture towards mitigating the environmental impact of knocking down and starting again, which does seem rather resource intensive. For example, there might be some extremely careful thought and hard work put into reusing rubble as hardcore, or those sorts of things. But I would say it is a minor consideration and perhaps a case in point, going back to my previous point, about how in most cases there is not a visible, formal cost-benefit analysis done.

Picking up your word 'sustainable', we can look at it in all kinds of dimensions. If you look at an estate and you are making decisions about what should happen in the next year, you will make very different decisions compared with if you think about 10 years, or 20 years or 30 years ahead. However, it is not always clear which timeframe people are looking at for different sorts of things, and also, what else needs to be in place to ensure the sustainability of whatever will be redeveloped? If we were able to start afresh with policy, we would want to have a setup where estates did not get into a position where you are forced to think really hard about what to do with them. Why is it that that happens? At Market Estate, there was an issue about management, maintenance, caretaking and those sorts of things, so again we need to be thinking about sustainability more broadly, but environmental sustainability too, so that we can avoid doing this all over again. When new places are built, we need to build in a legacy of sustained caretaking or whatever it might be.

This can really impact people's lives. I have met quite a few people whose homes have been demolished twice or even three times in their lives, because they stay in the same part of the country, and policies roll around and yet again, the homes were not as sustainable as they should have been for a huge number of reasons.

Murad Qureshi AM: When I am using the term 'sustainability', I am just acknowledging that the concept did come from the environmental field before everyone else picked up on it, particularly the financial boys.

You are right. In some ways, a resident in an estate is not thinking about a life cycle assessment or embodied carbon, but they are thinking about the combined heat and power, and the fact that they did not have much control over it in the 1960s models that we had. I am just wondering whether those kinds of things are being taken on board, given the efforts that we are trying to make on that front in terms of fuel poverty. It would be interesting to know what lessons have been learned, at least for future estate regeneration, on combined heat and power systems where the tenant only found out twice a year when it was being switched on or off, and they did not have the flexibility of it. Are those kinds of things being learned at least, Becky, in your experience, nationally?

Professor Becky Tunstall (Director, Centre for Housing Policy, University of York):

Again, for the latest, I probably would defer to my fellow guests.

Russell Profitt (Former Head, Peckham Partnership): You operate within a context, as I keep saying. Southwark has as part of its objective to try to develop the borough as a whole, so we have a planning department and we have policies. The planning department has officers whose task it is to look at these questions and advise on the regeneration of specific schemes. We would benefit from that. We were required to do an environmental impact analysis prior to any regeneration and that meant taking account of biodiversity within the locality. We had some traditional route lines of canals that we were able to sustain. There is a requirement to recreate green space used through the regeneration process. We would seek to improve the quality of the green space whilst we are working on it and add to its diversity, by retaining whatever we could of local species and the like, and use that opportunity to engage with young people on the whole business of creating a sustainable environment. Sustainability becomes an active issue within the process and towards the end.

We are also concerned about design. Part of ensuring a neighbourhood is not to knock it down every ten years because people do not like it. It is trying to engender a sense that this is a community that you are happy to live within. Part of that is about good design, so we went for things like the iconic Peckham Library and the canopy that opens the space to the green and the like; which is the Southwark way of doing regeneration. As you benefit from this in this building itself, you will know that. An environmental impact analysis was undertaken and the outcome of that helped to shape the eventual design of the areas in which people lived. We were also able to do work around latest technologies in building design, to try to build in factors to do with reducing the call on water, reducing the need for additional heating and trying to use modern building technologies in terms of the bricks and the design used; to try to reduce the demand for resources which would negatively impact on the environment in general terms.

There was an element being made through it, but I am not sure that that is typical outside Southwark. I am just merely saying that it is within the context of borough policies as a whole.

Murad Qureshi AM: Was that the case in Islington?

Stephen Ross (Asset Management Director, Southern Housing Group): In Islington, certainly with the new designs we had at that time, we built to Eco 'good' standard. Then later code level 3 and some code level 4 housing was built, to ensure they were up to it in terms of standards, renewables, efficiency and so on, and very much in terms of improving the park. It was increasing the biodiversity of the park. Those factors played in and the environmental impact was considered very greatly.

Aside from that, what we are now seeing is increasing fuel poverty and we are seeing some building designs which are very difficult to retrofit viably. We have an estate in east London which is very much built to local authority design. We inherited it. It is of steel frame construction with infill panels and so on. We are now actually thinking about redeveloping the whole thing because the residents are just not able to heat it sufficiently. It was built with all electricity. To put gas in would be very difficult and very expensive. It does not lend itself to

that. We looked to over-cladding it and putting a thermal envelope over it, but that would be phenomenally expensive and we could not get the grant funding to support it. Then actually we know electricity costs are going to go up, the residents are going to get increasing hardship and the residences are just not heated sufficiently. When it was built in the 1970s, electricity was quite cheap and people kept their storage heaters on and the whole building stayed nice and warm. Now we have a situation where one resident will keep their heating on, the one next door will not, the one upstairs might and the other one does not; so you have cold bridging problems across the whole fabric of the building and that creates its own problems. That has driven us, in a sense, to one of the factors we are looking at and to ask if it makes sense to invest more money in this building; or whether we should actually think of redeveloping it.

Just to respond, what I am saying is that it is again picking up the points we keep making. There are myriad factors you take into account when trying to reach a decision and this could be one that tips the balance.

Murad Qureshi AM: I have come across all the solid walls you are talking about, particularly in the old tenement blocks. They still seem to be around and I am very surprised, actually, that they are still kept and maintained by various associations.

Stephen Ross (Asset Management Director, Southern Housing Group): And local authorities.

Murad Qureshi AM: Predominantly the associations. Anyway, just moving to other considerations and refurbishing and demolishing, in some ways the tax regime plays a part in that. To what extent is that a critical role? Refurbishing properties still costs 17.5% in tax and new builds nil. There is a positive incentive there to do new builds rather than refurbish.

Stephen Ross (Asset Management Director, Southern Housing Group): Again, that is one of the things that will play into the debate when you are looking at the figures and looking at the numbers. With my finance colleagues, we are looking at all these things and making a judgement and, actually, that 20% makes a difference and it plays in.

The whole value-added tax (VAT) regime is very complex. We have an estate of our own, a tenement-type estate in west London, which is now well underway with a refurbishment programme. We have kept the structure of the buildings. They are attractive buildings but they are 100 years old, or more, now. The locals have been very keen that we keep the street façade and so on, but we are putting in infill and we are linking with modern buildings; we are completely gutting the building, essentially. One of the issues there is about how the VAT is taken and that has been a very challenging one because the new build elements are zero-rated and the refurbishment of the existing is 20%. However, if you change the number of units on each floor you can get away with it, so you have to take tax-planning advice on how you are going to do the design. The design of the building is driven by a number of things, but now it is being driven by what is most financially efficient in terms of VAT. That does not make much sense, really, does it? They are the regimes we have to try to work within. It is another one of those issues and pressures that come across us.

Murad Qureshi AM: I have had some success in getting nil valuations on refurbishment and it is a job-and-a-half in itself. The VAT regime may be something that the Housing Committee wants to make a recommendation on, and how it can actually determine which options housing providers take when looking at estates.

The final decision-making point, which has not really come up in the questions that Darren [Johnson] and Stephen [Knight] have asked, is about guarantees made to residents about security of tenure and rent levels. Stephen, what kind of reassurances must you have given to the residents of Market Estate?

Stephen Ross (Asset Management Director, Southern Housing Group): All I can say is that in Southern Housing Group we have done a number of stock transfers across parts of London, and we firmly hold to those guarantees. Those guarantees are built into the offer document and are sustained throughout that resident's tenancy in terms of rent, service charges and the other factors inside it. Over the challenge of questioning, if anyone does so, we make sure we continue with that.

Murad Qureshi AM: Is what you are offering the same as what a local authority could offer or is it equal or equivalent?

Stephen Ross (Asset Management Director, Southern Housing Group): I would say it is an equivalent offer. That is right. Again, if a stock transfer proposition came to us today, one of the issues is those guarantees and the complexity of the whole affordable rent regime; and whether financially they would factor in, "You should be charging us affordable rents but we have to provide two children with accommodation and therefore we have to have a similar rent regime to what the residents have had". That will play another complicated story into the debate, probably.

Murad Qureshi AM: I am sure that will come up when we bring the tenants in. I do not know if there are any perspectives on that front.

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): Interestingly, we had written in guarantees on all of our stock transfers when they took place, to maintain a social rent level for five years. Then, two years ago, when the affordable rent regime came in, one of our stock transfer partners was suggesting that they would convert some of the existing rents - because that was part of the new affordable housing development programme - to affordable rents. Again, we had not ever anticipated that as an issue and certainly it would have been an issue for residents, so as a local authority we said we would not support it; but they needed to convert a certain number of their units to make their new build stack up. Again, you could put in place guarantees and we thought a five-year period was OK. However, when faced with that policy decision from central Government, we found we were confronted with something that we were not anticipating. Policy positions can change what you might anticipate.

Darren Johnson AM (Chair): Just following up Murad's earlier point, on the decisions that, say, Lewisham and Barnet have taken, do you undertake a full lifecycle analysis and embodied

carbon analysis in terms of the environmental considerations around refurbishment or demolition?

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): I do not know the detail. I know we do take account of all the environmental factors. Interestingly, there are some issues that have come into play, the points that were made by Stephen [Ross] around combined heat and power. That is not necessarily an issue in and of itself, but where you have communal systems built in with that, it can be problematic. In fact, we are in the process of regenerating one of our estates and in the first two phases they had combined heat and power put in. I know a lot of the housing associations have said that actually it has to be at scale in order for it to work on a communal basis. They have done a study on this which they have not published because it is written into the London Plan, and therefore local authorities and planning authorities have to follow that regime.

There is some querying over actually how cost-effective it is, particularly for the residents at the receiving end of this and what their bills are. All the way down the line, the old-fashioned communal heating systems have been a nightmare to manage and over time residents have felt as though they do not have the level of control they would like to have. The heating and water charges are exorbitant and they want that level of control, which they did not have under the original communal heating systems. Even though they might be able to control it now, still there is a minimum charge associated with it, which is too high, basically.

There is an issue also around the fact that we are trying to build things that will last for lifetimes and going on into the future. There is an issue around more of a need for our homes, whatever we build, to be more flexible than just going to be there for hundreds of years. There was an issue that was raised about how it is actually difficult to retrofit some of the buildings that have been built. If we look at the old Victorian and Edwardian houses and the loft conversions, basement conversions, extensions, etc, they have tended to be a lot more flexible than some of the modern constructions. In fact, it is very difficult to retrofit them and bring them up to a standard. The only option really turns out to be perhaps demolishing and rebuilding.

There is a real issue as well that comes up repeatedly around uPVC windows and all of the stuff around making homes warmer; and then residents suffering from condensation. That comes up repeatedly and we do not seem to have found the answer to that. There are issues around looking at the environmental sustainability of buildings. While we have tried to address certain issues to make them warmer and less draughty, it has then resulted in other problems that residents then face, which we have not quite found the answers to yet.

Darren Johnson AM (Chair): Of course there are problems like that, but listening to the earlier section, the financial considerations seem to be so powerful in terms of the finance that is available and in terms of a decision. A cynic may argue that as an authority or housing provider, you make the decision that you want whether to refurbish or demolish and then commission an environmental impact assessment, to justify the decision you have already made.

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): To be honest, I do not think any authority sits there and conspires to make a decision and then

implement it. As we said earlier, there are lots of factors that come into play. Certainly, as an authority, we want to look at the financial elements and build into that all the considerations; but largely what drives a lot of these considerations is about our places working. Have they had sufficient investment to make them suitable individual units, as well as places to live in for residents? A lot of that will be driven by residents themselves who are not happy living there. Therefore the local authority is faced with a situation where it is trying to look at how it can make these places work better for the residents who are living there, and for future generations, and will then look at the options that are available. Some of that is driven by the funding pots that are available and government policy initiatives and having to work within those frameworks. However, I have worked for almost 30 years in social housing now. I do not think I have ever been in an authority where they sit conspiring in a room, saying, "Let us work out what we are going to do with this estate and let us demolish it rather than do anything else with it", without taking into consideration the wider issues we have already spoken about earlier.

Darren Johnson AM (Chair): We do recognise the huge financial constraints that you are under, which can skew decision making sometimes towards one direction rather than another.

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): It is a complicated picture and I think Stephen [Ross] has already said it is about making numbers stack up. You cannot get away from that. It would very remiss of us if we just started saying, "Let us do this when we do not have the money to do it and let us splash loads for either demolishing or rebuilding". There has been a lot of refurbishment done. The Decent Homes funding pot meant we were investing a lot in windows, doors, kitchens and bathrooms. However, now that we are in the era, since self-financing for local authorities, of proactive asset management, what you realise is that with the amount of investment over a 30-year period compared to the level of income coming in you are spending far more and the income does not always cover the costs. Is that a sensible thing to do? On certain assets like sheltered housing for older people, it might be the sensible thing to do. However, in order to make the finances work overall, you might think about whether it is worth continuing to throw good money after bad. We need to go out in certain estates where it is not a good idea to do that and you know the place is not working. You will have a conversation with residents around what they would like to see and what the options are. Yes, you have to look at the finances of it, but it is not all driven by that.

Murad Qureshi AM: There is one decision which has not really come up and which does play a role in refurbishing or demolition, decant programmes. That is a huge task in itself and is not usually done by the people doing the development side or the spreadsheet side. It is usually lumbered on housing management. How big a consideration is that in what estate regeneration occurs on our estates in London, Becky?

Professor Becky Tunstall (Director, Centre for Housing Policy, University of York): It is a huge consideration because it is a gigantic management issue. It is a political issue. It is a social issue. It is a very, very big task. One difficulty everybody faces when making these decisions is trying to understand just how big that task is from the beginning, and what the unexpected difficulties will be. In terms of the data that is missing, when making decisions, the actual financial cost of the whole decant programme is hard to estimate.

There is another big issue, which is the social cost as well. In the whole of British research, we do not have good enough information to understand that. However, it is something very important that needs to be taken into account. Again, there are risks and uncertainties there because decant programmes often take longer than people think and people spend longer in difficult circumstances. Reflecting on that question of how costs build up over time, a parallel gap is the cost to the local authority, and the cost to society of the missing home years during the time between people moving out and their new homes being finished. There are a lot of home years involved in any demolition scheme. Obviously, you can partly experience that through the costs of decant and so on, but there is an issue for people who are outside the system, or in the queue waiting to get into social housing, or waiting for a transfer as well.

Russell Profitt (Former Head, Peckham Partnership): That was a major issue in the Peckham regeneration process, quite simply, because people have rights. If they are not willing to relinquish those rights, then obviously it is a negotiated process which could take a very, very long time. If that happens, it slows down the whole process. It adds to the social cost. It impacts on the throughput within the Housing Department generally. Therefore, it has to be a factor that is managed very, very well to enable you to bring about the outcomes you want.

Murad Qureshi AM: I would be interested to know how often you had in those circumstances to use compulsory purchase orders.

Russell Profitt (Former Head, Peckham Partnership): Reluctantly, the authority had to seek compulsory purchase orders and --

Stephen McDonald (Director of Place, London Borough of Barnet): You do not need them for tenants.

Murad Qureshi AM: No, I know, but for right-to-buyers.

Russell Profitt (Former Head, Peckham Partnership): For right-to-buyers, yes, and it is a negotiated process and, as I say, people have their rights. You can get into sticky discussions about valuations and, again, all of that council's time, which is equivalent to a cost, makes the process very difficult. I am not saying I have an answer to it. I am merely saying it is an issue that has to be handled.

Stephen Ross (Asset Management Director, Southern Housing Group): One of the interesting things - and I would say it because it was seven years of my life - about Market Estate again was that it was of very modest size. However, one of the criteria we had to sign up to was that the residents wanted to stay onsite. They did not want to be moved away, hence this issue with the local park. The local authority had agreed a planning brief which allowed us to use some of the land in the park to build on, and at the end of the day the park was reconfigured so it had the same acreage as before. In other words, virtually all the residents only moved once from their old home to the new home, so the decanting was built into the whole structure of the way you worked. The residents there had seen other redevelopments and said, "We have watched, over many years, people being dispersed across the borough or

across London; so that social value just goes. It disappears. We have lived here many years. We are very happy living in this part of Holloway. We want to stay here". We had to build a whole phased programme of decanting them straight from their old homes to their new homes. It meant doing some very interesting things in terms of creating and building very close to existing properties so they could move across, but they tolerated that because they were watching their own buildings being built.

For me, it was a really very interesting project because it put a different spin on the whole thing. We were actually designing their new homes for them that they would move into. When they agreed to the stock transfer in the ballot, they knew what they would be offered in terms of where they moved to. We were not in a process of just sending them anywhere with the right to return. They actually moved. Of the 271 families, 235 families moved straight from their old home into their new home. We also had to buy out the leaseholders and we were able to get through this without using compulsory purchase powers. We retained them but we did not use them.

Professor Becky Tunstall (Director, Centre for Housing Policy, University of York):

Just very briefly, people have rights and decant is very, very expensive. However, it potentially sets up an unfairness, in the system, which is not necessarily taken into account in the decision-making between the people who just happened to be living there in the estates when the clock stops and other people who might also have housing needs in and around the borough, and who do not get guarantees and so on.

Darren Johnson AM (Chair): Thank you. We will move on to the consultation process now. How are the options made public or consulted on in the refurbishment demolition regeneration schemes that each of you have talked about, Stephen and Genevieve?

Stephen McDonald (Director of Place, London Borough of Barnet): Simply to that, I will just pick up the point Genevieve made earlier. That initial piece of work which sets out the options is typically done in the office and working through what you could do and then you present those options. Therefore, it is not asking residents what the options are because typically you have to bring the constraints to the party.

I have not worked on a scheme where we have not actively involved all of the tenants in the process. Russell has talked about some of the stuff that has gone on in Peckham. That is a case in point. For example, on the Woodberry Down when I was at Hackney, we trained residents in design. Therefore, they could then be a reference design committee because you cannot assume people on the estates have the skills - and why would they because it is not their area - to be able to help you design and develop those schemes. We do things like that.

On the Aylesbury Estate, we used a system where we set it up almost like a game of explaining to residents - and a lot of residents became involved in this - about if you want a community centre, to play the tune about what community assets the scheme can afford, how much affordable housing it can afford and what that will mean for the amount of private housing.

You want to try to get away from the fact that, because we are experts, that is why we are sitting here and we do everything in a black box and then just present the answer. It is very important, certainly on the schemes I am responsible for and I imagine my colleagues would echo that, to try to explain and bring the community with you on that journey, and get the community into that process. It really is the point that I think Russell made well, which is you have to go with the grain because otherwise you are just going to create the same problems you think you are solving.

Darren Johnson AM (Chair): Your model is to go for a preferred option but then to have extensive consultation on the detail.

Stephen McDonald (Director of Place, London Borough of Barnet): On how that option would be manifested. The option between whether we just refurbish the estate or regenerate is a false economy. As I said before, it never looks that black and white; it is much more about what the blend is and what is affordable.

Darren Johnson AM (Chair): You talked about the importance of taking the residents and tenants along the journey with you and it being a joint project of information sharing.

Stephen McDonald (Director of Place, London Borough of Barnet): To the extent we can.

Darren Johnson AM (Chair): To the extent you can, but what if residents simply take a fundamentally different view from the providers?

Stephen McDonald (Director of Place, London Borough of Barnet): We have to be very careful here that we do not fall into traps. We talk about residents and it is sort of an animate object. On the Aylesbury Estate, there are 2,500 households and they probably have 2,500 different opinions. A lot of people just do not get involved. I think that is really important. In fact, one of the great challenges – and I am sure the practitioners here will vouch for this – is getting the community to engage in it. Therefore, you really have to go a long way to get involvement in that process because, first of all, they take a long time. That is the nature of these things. People get bored, cynical, “Why has that not happened? You said this was going to happen and it did not happen”. For all the reasons we discussed earlier – policies change, markets change, politicians change. Keeping a level of engagement is one of the great challenges of taking people through large or even small estate regeneration schemes.

Darren Johnson AM (Chair): You must have had situations, given your experience, where a clear body of tenants and residents are taking quite a different view from you.

Stephen McDonald (Director of Place, London Borough of Barnet): Yes.

Darren Johnson AM (Chair): How do you manage that?

Stephen McDonald (Director of Place, London Borough of Barnet): I feel you are leading the question. I am not sure where you want it to go. I am just explaining that you

consult and you shape the scheme where you can in response to those consultations. I do not think there is anything more I can say about that. I have not been involved in a scheme where there has been and, in fact, it would not be the case for the reasons Genevieve [Macklin] gave earlier. Typically, when you choose to regenerate a scheme, if I can go to the extreme, it has been a political decision because the politicians have responded to the people on the estate who are simply not happy with the quality of that estate. The response to that has been to seek to regenerate. It is not an academic exercise and this is why I think you are looking for the data that is not there. It is not a technical process. There are a lot of technical aspects to it but it is not an academic exercise, as to whether you regenerate or whether you refurbish. It is typically, often, in my experience because we work in a political environment, we work in local authorities and we are responding. I do not know of an estate, and I challenge anyone to name one, which has been regenerated as an academic exercise. It has been in response to concerns typically about the quality of the build or the difficulties of maintaining that estate. I do not know that Woodberry Down would be a really good example of that, one of the biggest estates in London. You cannot continue to maintain a post-war estate which was built quickly and shabbily into the future. There was no other option but to regenerate that estate by any criteria, whether it is a financial environment or community sustainability, if I am allowed to use that term in its broader sense.

It then became a question of how you did that, over what period, how it was designed and if you are doing your job well. I think the practitioners around the table would vouch for this and Peckham is a really good example of that, where you actively engage the community in that process.

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): Just a couple of points particularly around your point about whether we have ever been faced with residents not supporting something that is being proposed. Yes, we have a number of examples of that. Interestingly, Lewisham is very proud of the fact that it feels it did a resident-led options appraisal back in 2004 when the options were first being looked at; and we have ended up with a very, very mixed-market approach. We had seven regeneration schemes, one Private Finance Initiative, one arm's-length management organisation (ALMO) and nine stock transfers, including a community gateway model, which is the only one in London and which is a resident-led stock transfer-type organisation. Therefore, it is a very mixed picture and that was largely driven as a result of the consultation that was carried out around the options available.

That does not mean in each of those instances all residents were supportive of the proposed way forward. For example, as I have said, Excalibur started out as a stock transfer. The economic downturn kicked in. We then moved to a regeneration-type proposal and there is quite a vociferous group of residents on that estate who want to preserve what they have, but we have had to take that on board and move with some of their proposals. We have had to renegotiate on some of the terms. Obviously it has had to fit within an overall financial packet, an envelope, but we have worked with our housing association partner to be able to deliver most of the things the residents on that estate have wanted.

Similarly, we came back and did another recent almost options appraisal again in the wake of self-financing when we had a limit on the borrowing headroom. It was only £44 million. We did

an assessment around what that could help us deliver. We know there is a need for more housing and a need for much greater investment than that £44 million borrowing headroom would allow us to undertake. We did some financial analysis. We discovered, if we did a stock transfer, we could access about £390 million through that, much, much sooner than the limit on the borrowing headroom, and therefore we could achieve a lot more within the ten-year period than if the ALMO stayed with the council.

We went through that discussion and what came out of that is lots of voting and lots of opinions and newsletters and steering groups and estate meetings and all sorts of things, and from that what came back, was a sense in which the residents were not fully committed to a stock transfer. The council then rethought it and put it on hold and said for now it is not going to pursue that option, even though there is loads of money out there that might be available if we stock transferred. With a lot of these things, and the same with Excalibur, we have gone back every time and we have taken a test of opinion. On the leaseholder front, on stock transfers, we have given leaseholders the right to express their views, even though legally it is not a requirement. It is only tenants that can be balloted, but leaseholders have also been given the right to express and to vote. In that way, we have revisited a lot of the proposals and they have developed and they have emerged as we have gone through.

A lot of these decisions have ultimately been taken on the back of the majority of those voting, supporting what the proposal is, and Excalibur Estate is definitely in that category. We have gone back lots of times, much more than we have been required when there has been large opposition against certain bits of where we are taking it. We have gone back. We have retested the opinion. When we have retested that opinion, it supported the view that we should go down the regeneration stock transfer route.

Darren Johnson AM (Chair): You have to adapt and change?

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): Yes.

Darren Johnson AM (Chair): Russell, any additional thoughts from the Peckham experience?

Russell Profitt (Former Head, Peckham Partnership): In the Peckham experience, the chapter on consultation is quite an important one because, clearly, the council did not get it right in the first place. This is linked to the funding pot of £60 million for a regeneration scheme to kick-start the process, with £58 million of that ring-fenced on housing and the other small amount to do community participation involvement and change. They did not get it right. However, in the process of the regeneration itself, there was a commitment to consultation. The consultation, as Stephen [McDonald] was explaining, takes a number of forms. Therefore, you can get as broad a spectrum of contribution to the discussion and debate as possible, rather than, for instance, taking the views of the tenants' and residents' leaders as representative of the voice of the community. You use more e-polling. We used focus groups. We used workshops. We used ways in which people can come and help build the vision for themselves. You get a vision and everybody buys into the vision, but that is the start. Everybody wants to live in a more beautiful place, that works constructively and delivers value.

Then what happens is you get a diversity of views which becomes very difficult to manage. So you use more e-polling and throughout, you make changes, and of the life cycling programme, you will adapt what you are doing in response. Otherwise, the thing just will not work. Consultation is very much part of it, but it is not a straightforward process. There is no perfect model.

Darren Johnson AM (Chair): Thank you. Stephen, are housing associations better at consultation on this than the boroughs?

Stephen Ross (Asset Management Director, Southern Housing Group): I would never cast it as innocently as that. I think again, every case is different. Just a small example I have thought of, Market Estate, because again it is small but it is interesting. As I mentioned, one of the issues there was the council had agreed through very difficult discussions, and before we were involved, to allow a supplemental planning brief, to allow housing to be built on the local adjacent park. This then brought a huge complaint and concern from park users. The Friends of the Park group was formed in opposition. Almost a class battle then took place because the users of the park said, "That estate has been ruined because the residents have ruined it. If they had looked after it it could have been saved, but you wrecked it and now not only do you want new homes, you want to take over our park". In Islington, which has a shortage of open spaces, it is very important and it was literally almost a class war between the two factions. It was in a very small way but it was significant. We had to work through lots of discussions over many months to try to agree a master plan which would compromise between the different parties and we got there.

The critical thing to say is there is not one view of residents and there is not one view of the community. There is a whole range of various views which have merit in their different ways. You are trying to find a path through that to have the end goal which is that we want to try to improve this area and we want to try to make it a decent place to live in. The anvils of these very difficult debates, you do not quite often know where the outcome might lead to but you have to try to say, "Actually, everybody accepts there is a problem here. If we all accept there is a problem, how are we going to get through it?" As I say, over many, many hours in 2003 and 2004, we managed to hammer out a masterplan so that all parties supported the planning application that went to Islington, so that was very positive in the end. It took a lot to get there.

Darren Johnson AM (Chair): Thank you. Becky, do clear guidelines exist in terms of consultation procedures?

Professor Becky Tunstall (Director, Centre for Housing Policy, University of York): There are some legal requirements to consult with secure tenants and there are legal requirements for the planning process, as to public consultation on major developments. There is an enormous amount of good practice literature.

If you look at the countries around Europe which do a considerable amount of demolition and rebuilding, particularly France and the Netherlands, Britain is really far ahead in terms of public consultation, taking it seriously and having expertise and using a wide range of techniques; and

there are more available increasingly with IT and so on. There are many consultation events that no one turns up to, people do not always want to.

Nonetheless, there is a continuing issue that in every redevelopment scheme, there will be people who feel they have not been consulted enough, or that they did not get the right information, or the information kept changing. To some extent, this is inherent in the process, but it is worth continually striving to improve that.

Another issue is there will be people who feel, at the end of the process, that they did not get as much as they could have done; and that is a bit more difficult because that is not just about brilliant techniques or having great meetings. There is a fundamental issue about the aims of the whole procedure here. Is it the aim that every one of the existing residents will be better off or is this about the borough? Will there be some losers? Those are some of the key elements of the decision-making process that maybe are not made as explicit as they might be. It might be there will have to be losers and if you say that to people at the beginning, it will be easier to accept.

Stephen McDonald (Director of Place, London Borough of Barnet): I just want to make a supplementary point, one that has been missed in the conversation. We are now talking very much about regeneration rather than refurbishment. Consultation is talking to the people who are there. One of the things we really need to bear in mind is that only some of the people who are going to be living in that place you are building, are the people you are consulting. I make that self-evident fact but we are quite keen, and we are beginning to use some surveying techniques, to think about the people who are going to be moving in. We are not going to know the individuals. However we are going to know the cohorts and we are going to know the kinds of people, to start to almost second-guess what we think they will want because as you said, you cannot consult them because they are not there.

Murad Qureshi AM: Stephen, I actually went to Colindale last week. There is certainly a very large concern about the increased density proposed with the development there, with tower blocks and what-have-you. I personally do not have any problems with increased density; I live in central London. As long as the density is managed well, I feel it can be dealt with. It is quite clear in Colindale that with the doubling of the density, it is over the Greater London Authority (GLA) figures for density, for example in the tower blocks and what-have-you. The local residents have not actually signed up to that and that is not a very good case.

Stephen McDonald (Director of Place, London Borough of Barnet): This is very good stuff you are bringing up because you have gone to the heart of things there. That is the very point I am making. The people who are there are there for a reason. They are either there out of circumstances, their allocation was part of it or they have chosen to live in what is largely quite a suburban neighbourhood. We are densifying it. This is a problem not just for Colindale, if you went to places in Croydon or other places, this is what is happening in London. To be able to fit Birmingham into London in the next ten years, we are going to have to go up, we have to keep it within the boundaries. You are right. That gives people in places like Colindale, in Barnet generally, concern. If you consult them, by and large they will say, "No, thank you. We do not want it", and that is classic NIMBY-ism.

Let me just go to the point you are making. If we want to accommodate and build more affordable housing, all housing is affordable to somebody, but for the kind of affordable housing we mean, we have to find places to do it and there are plenty of places to do it in Colindale.

The interesting question for taking that challenge to places like Colindale is how you do that in a way that ensures you leave a community when you finish the job, and you have not just destroyed a community. That is a really interesting question that probably wants to detain this Committee in its own right for a couple of hours, but is something we are genuinely grappling with in Colindale. I do not want to be glib about that because the Metropolitan Police sold the Peel Centre, which I think is the site you are talking about. That has gone from no houses to 3,000 by the time it is built out and is one of the big issues we are dealing with in London at the moment.

Murad Qureshi AM: I daresay it is going to have an important bearing on the by-election there but that will --

Darren Johnson AM (Chair): We are not dealing with the by-election now but generally, in Lewisham, you are looking at densification on existing estates, not through demolition but through infill as part of the new round of council house building. Do you want to say a little bit about that?

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): Yes. Interestingly, we have made a commitment. The council is building for the first time in 30 years. We have looked at a range of existing housing estates and sites. There are about 80 in total and we are just working on the top 13 of those in order to infill and build more housing. A lot of this is garage sites or just vacant spaces on the estates that could be better used. We have started building our first set of six homes, starting small.

Interestingly, through those discussions, residents have not really been anti the new infill. In fact, a lot of them have seen this as a positive opportunity, for example on a derelict garage site, to deal with issues around antisocial behaviour, or kids hanging out and damage and fires and so on, or they have seen it as a better opportunity to improve the estate. What we do recognise is that if you are going to infill, then you need to be able to offer the existing residents something as well. We have spoken to them about what they would like to see. Some of them do not have balconies and they would like to see balconies built on to their blocks and so on. We have not really found a NIMBY response because I think there is recognition that there is a need for more homes.

There is also a factor around, when these new homes are built, will some of the residents who live in the existing homes that may be overcrowded be able to access some of these new homes and stay on the estate? We are looking at local lettings plans and so on. We have not developed any yet because it does bring the tension Becky [Tunstall] has highlighted around the wider needs you have as a local authority in competing demands. Nevertheless, that is something we are prepared to look at and we will look at it. Generally, I think the residents

have seen a lot of potential for improving their estates we have developed the plans with local residents, with them saying what they would like to see done in the area to improve the place generally, adding on to existing blocks, putting lifts in, stuff like that. It has generally been a positive discussion. We have not had any backlash so far.

Darren Johnson AM (Chair): It is fair to say those plans have not been politically controversial, have they, in the borough?

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): They have not, no.

Darren Johnson AM (Chair): Yes, that is interesting.

Tom Copley AM (Deputy Chair): We have already touched on the main question to do with finance which is, what are the main sources of finance available for both rebuild and refurbishment. We have talked about cross subsidy. We have talked about councils financing by headroom and the potential for the borrowing cap to be lifted. We have talked about stock transfer. One thing that has not been talked about, which I know at least one housing association is in discussions about, is institutional investment. I know of at least one housing association that is talking to pension funds about attracting investment. I do not know, Stephen, whether that is something Southern has been looking at.

Stephen Ross (Asset Management Director, Southern Housing Group): Certainly we have been in discussions about financing. These are complicated matters you are looking at. The problem is, without grants coming in of any significant size, you have to try to make schemes stack up. What we are increasingly doing is we are unfortunately reducing all the loans to increase the sale and market rent level; therefore you are creating these quite complex projects which financial institutions have a problem getting their heads around. It is not what they normally fund and so on. There is some progress being made but I do not think we are there yet. However it is an issue that we have to try to work on.

They are complex issues that there is great concern about. If you are depending so much on private investors, or people buying or renting the property, then how strong is the security of that investment? Also what is happening is interesting because of the uncertainty about the benefit and universal credit, and all the rest of it. That is creating another uncertainty in the process, whereas a few years ago that was all right because it was almost that the Government backed the income. That is no longer the case. It is weakening that area. I think there are a whole range of issues chained in there.

Tom Copley AM (Deputy Chair): I do not know, Genevieve and Stephen [McDonald], whether from a local authority perspective the idea of institutional investment is attractive and something that you have explored.

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): We have been looking at lots of different funding regimes, really. We are looking at various vehicles we can use to set up as a local authority. We are getting lots of advice around it. We are

looking at things for our ALMO. Can they build and so on? Is there access to finance? Can we create a company out of them to enable them to build? This is a big issue.

One of the biggest issues affecting any of these, whether it is regeneration or new-build sites independently of regeneration, is about the huge increase in right-to-buy and, therefore, the viability of the business. Some of the vehicles we are looking at are about protecting from right-to-buy because that does affect the financial issues and sustainability of the business case. We are looking at joint ventures. We have had umpteen institutional investors come to speak to us who are interested in developing private rented sector housing. Again, we are exploring that as well.

Tom Copley AM (Deputy Chair): Enfield has set up a wholly-owned company to deliver essentially council housing, but it gets around the right-to-buy issue because they are not eligible. Is that something you have looked at?

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): Yes. We are in the very active process of looking at that, but that is with our ALMO creating a limited sub-company. You cannot set that up just to protect the new homes and right-to-buy. It has to be something other than that. We are being quite careful about what we are setting up and for what purpose we are setting up these vehicles. There are loads of issues around the financing of all of this.

Although the private-rented sector has become quite 'sexy' in the recent period, there is always the issue of the affordability of it, which is paramount, and there is the security of tenure issue. Those are the two critical issues.

Security can probably be addressed as you can get longer-term tenancies through institutional investment. That is welcome. It does not necessarily address the affordability factor. The households that local authorities need to house that are on waiting lists, etc, generally cannot afford full market rent. There are lots of pressures around how we can work with various partners to produce the full range of housing that is needed. The most critical at the moment in my estimation, is the need for more truly affordable rented homes for those most in need. Those on lower salaries, and also intermediate salaries, where people cannot access the home ownership market.

Unfortunately - and this is my private view, it is not Lewisham's view - I still think there is a load of focus on helping people into home ownership, and there are a vast number of schemes to help with that. It gets a lot of people, who enter into the home ownership market when they cannot really afford it, into trouble. Therefore, having more truly affordable rented housing is an important focus that we should be looking at and is not getting enough attention. However, yes, we are looking at all sorts of vehicles.

Tom Copley AM (Deputy Chair): I can see Russell is nodding. Do you have anything to add on that point?

Russell Profitt (Former Head, Peckham Partnership): It is a bigger issue. The current housing model we are locked into is not likely to work because affordability is increasingly becoming an issue for many of the residents of London. Wearing my social inclusion hat from Greenwich, I can see that many of the members of the black and ethnic minority (BAME) communities who ought to be able to access decent housing are having difficulties, because affordability is not necessarily something which everyone can enjoy at the moment.

Authorities are locked into a housing model which is latched on to the sorts of financial packages that we have been talking about. There is a concern in the housing press at the moment that if issues happen around right-to-buy and issues around, I suppose, income levels within London, people are not going to buy up all these houses that they are supposed to be buying. Therefore, the model at the moment is heading into jeopardy and that will have an impact on whether or not every member of the community can have the right to decent housing in the way that we keep talking about. It is a much bigger issue than we are able to talk through. At present, we are locking ourselves into a model which might not work for the future.

Tom Copley (Deputy Chair): Let us suppose the Government said, “We are going to lift the borrowing cap to free up councils to have a much greater ability to finance both refurbishing and new housing themselves”. Stephen, how would that change your approach to the whole question of rebuilding versus refurbishment?

Stephen McDonald (Director of Place, London Borough of Barnet): Perhaps I could answer the question slightly differently. At the moment Barnet, like Lewisham and I think Hackney when I was there as well, have now a council house-building programme. It is all fairly small scale at the moment. One of the things that has gone out of local authorities is that skill base. There are very few people like us who do that stuff, can actually build things, because they stopped building in the 1980s; so that skill-set has left the sector. Building up teams who can actually do development has been one of the challenges. At the moment, in the case of Barnet, we do not need more money. We need more skills to be able to do the things that we need to do. In time we will reach our limits. That is Barnet’s situation, it will not be the same across all boroughs.

I do not think it will change the question about whether we move towards more refurbishment. It will allow us to do more. I do not think it will necessarily switch whether we go for refurbishment or not, because the same arguments will apply. You do not want to throw - I know we have used this and it has been debated - good money after bad. If you have stock that is not fit for refurbishment, you should not be throwing money at it. That is what I said very early on in this session. Some of the clunkiness of our Decent Homes was, “Thou shalt put a new bathroom. Thou shalt put a new kitchen. Thou shalt put windows in”. All well intended but with unintended consequences. We have ended up spending good money on buildings that perhaps we should have thought differently about. We are more sophisticated than that and should be allowed to be more sophisticated.

Before we need to start looking at new funding sources, we have actually been given quite a bit of flexibility in the last couple of years through the changes in the Housing Revenue Account (HRA). That has given us the opportunity to start flexing our muscles in ways that we have not

been able to do before. It is certainly welcome. I just think we need more of that to be able to do more.

It does go back - and, Russell [Profitt], I only ever go after you and I keep quoting you, but I think you are saying the same things I would - to the fundamental equation that Genevieve talked about at the beginning. It is that there is a gap between how much we have to spend and how much we need to spend to get the stock, whether it is through refurbishment or regeneration, up to scratch. That hole remains. It is not as bad as it used to be. Decent Homes did a lot to bridge that gap, but it still exists. We will always be trying to find ways to fill that gap. Notwithstanding that people in the audience and yourselves may have differences of opinion about how we do that, the fact is that local authorities by and large are attempting to do that; and you will just see people play different tunes around that. With 33 boroughs in London, you will see 33 different variations of that.

Tom Copley AM (Deputy Chair): Perhaps I could move on to stock transfer? Obviously housing associations these days are also focusing quite a lot on financial pressures. How valuable is stock transfer?

Stephen McDonald (Director of Place, London Borough of Barnet): I will make two comments, if I can respond to that. Stock transfers, I think, have lost their appeal from a local authority point of view for obvious reasons. There is no money attached. They were never particularly popular. It was interesting you talked about your example. I have gone through several of them. Ask people what they think about the council as a landlord and they will complain like hell. Ask them if they want another landlord, on the other hand -- I leave it there. I find that quite endearing in a way. We might be bad but we are not as bad as the other guys, although that is, of course, what you do not know.

One of the things I would say - Stephen [Ross] will respond to this, I am sure - is that registered providers (RPs) have a big asset base, as do local authorities. We have actually a lot of potential borrowing power. I think part of the solution is, if we have to use our own stock and our own resources to fix this problem, then it will be about freeing up the use of that and how much risk local authorities and RPs, acting in the same capacity, are prepared to take. Again, that is quite an interesting question and I think you will get a variety of answers to that. I think we have to be careful we do not end up being part of the problem. We do not want to end up fuelling the bubble. The more we spend in housing, the more expensive housing gets in London.

Tom Copley AM (Deputy Chair): Would you agree with that assessment about stock transfer, specifically, not being particularly attractive?

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): Interestingly, when we looked at the recent options appraisal we did for the ALMO and the access to the £390 million as opposed to the £44 million, it was an attractive option in terms of being able to deliver a lot more quickly. That is what is critical in a lot of this. It is about how quickly you can deliver either refurbishment programmes and improve existing homes, estates and places, etc, and build new housing; versus if you work within the borrowing cap, etc, it is going to be like 20 years as opposed to 10 years. Therefore, you have whole generations

growing up from children and finishing school, etc, living in not very good conditions. Is that what you want to subject our residents and our communities to? That was the kind of logic behind our consultation on that possible option.

One of the things when we were looking at that is that some of the estates just do not work financially. There is a gap there. That gap funding, the support for it, was quite critical. What we were demonstrating to Government is actually they would get a bigger return in the VAT. That question came up earlier. Therefore, in fact, all they were doing was investing to save by gap funding and enabling the stock transfer to happen. They were seeing it as millions of pounds wasted. In fact, what it would have done for the Government and for the country as a whole is bring in more VAT receipts, enable more work, etc.

There is still a case, actually, but it has to be around actually whether residents want that. Do they support it? There is that age-old issue that a lot of the time residents do not want it. They would prefer to stay with the local authority as a landlord and have everything done that they need to be done on their estates. However, we cannot do that and we do not necessarily have the resources to do it.

Tom Copley AM (Deputy Chair): Presumably, there is the question of tenure as well. You mentioned it earlier. Was it five years that you said? Presumably a lot of residents would be very concerned about the fact they will be switched over eventually from a lifetime tenancy to a much shorter tenancy.

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): That is usually guaranteed with stock transfer, not necessarily for the new tenants that then come in.

Tom Copley AM (Deputy Chair): The existing tenancy is preserved.

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): The existing tenants will preserve their lifetime tenancy, etc. On a lot of those issues, the rent levels in the Housing Association sector tend to be higher. Residents fear that. They fear for their security of tenancy, etc. A lot of that is about an educational process of taking tenants through what their rights are and what they retain, etc. Existing tenants preserve their rights. New tenants do lose the right to buy but they have a right to acquire, which is much less discounted.

A lot of the Housing Association conditions that apply, apply for new tenants that come in rather than the existing tenants.

Tom Copley AM (Deputy Chair): They get reserved the right to buy, do they not?

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): Yes. They retain essentially the right to buy. A lot of their fears are unfounded fears, but nevertheless, if they are also thinking about their children, etc, then that might affect their way of thinking.

There is still a case for stock transfer if that gap funding was available. It needs to be looked at in the wider financial context. Essentially, if there was no cap on the borrowing headroom, local authorities could do and achieve most of what you would achieve by stock transfer. There is no doubt about that. You could achieve it in a shorter timeframe. There is no doubt about that either. I do think that is quite a critical issue. For most residents, their instinct is to stay with the local authority, rather than to stock transfer or go down that route.

Tom Copley AM (Deputy Chair): Can I ask about the regeneration fund, which is the new £150 million which the Government has announced with all three of you? Will you be bidding for it? What would you hope to use the funds for if you are successful?

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): We would have been very keen to bid but we understand it is for existing regeneration schemes that have stalled, and it is for larger schemes that they want to target the funding at. Can I just say it is absolutely negligible? I look at all of our regeneration schemes and one of our estates we are doubling density from 565 to 1,192. The overall investment needed for that is £230 million. That is for one estate.

Tom Copley AM (Deputy Chair): And there is £150 million nationwide.

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): Exactly. You are not going to change the world by bidding for that funding pot. Generally local authorities want to bid for whatever funding pot becomes available, to be honest, because you want to maximise resources and do the best you can, so long as you are not tied to something.

I would just add this as well. The range of funding that comes out from central Government has so many complexities tied up with it that in fact --

Tom Copley AM (Deputy Chair): Strings attached.

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): Exactly. It is just like, "Please". The point that was made earlier about actually giving local authorities the freedom to be able to do sensible, practical work with their residents really does need to be a hard-hitting message that gets back. Even the conditions tied to right-to-buy and keeping those funds are absolutely ridiculous. It is one small example, but it is a brilliant example of how the Government has introduced so many complexities around that, that local authorities are genuinely struggling to try and reinvest that money because of the conditions imposed upon them.

Tom Copley AM (Deputy Chair): Is one of them that they would require you to sell properties in expensive areas? I heard this from another local authority.

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): They do not require you to do that, but the effect is that if you sell properties you can only put a proportion of that funding back in. You cannot supplement it with other grant funding, etc. It

is not a one-for-one replacement. It never has been. It never will be. You might get a third of a house for the property that you have sold.

Generally the message around all of these funding pots is that they attach so many rules and strings, as you have said, that it is quite unworkable. The deadlines to actually put the bids in are ridiculous. All of that makes it very difficult. However, having said that, we always try to maximise whatever opportunities there are. I do think that £150 million is negligible and it is not really going to change very much in the grand scheme of things.

Tom Copley AM (Deputy Chair): I think many people would agree. Stephen, same question to you, do you plan to bid for any of it?

Stephen McDonald (Director of Place, London Borough of Barnet): Certainly Grahame Park has been mentioned in despatches in relation to this fund, so we are, hopefully. Absolutely, if there is money going, you do tend to shoot at any bird going past because you need every penny you can get to make the funds stack up.

Darren Johnson AM (Chair): It sounds like this could be a penny, though.

Stephen McDonald (Director of Place, London Borough of Barnet): Quite. Again, I would echo what has been said. My particular bugbear is you get this money and then somehow or other you are supposed to have spent it by a week next Wednesday.

Murad Qureshi AM: Because it gets clawed back.

Stephen McDonald (Director of Place, London Borough of Barnet): Yes, it gets clawed back. That just adds another risk in to it. Hackney was a classic example where we were given two years to spend a considerable amount of money building 200 units. We did it. I do not think my team and I actually slept for those two years because to be able to knock down and rebuild --

Tom Copley AM (Deputy Chair): Presumably that has massive impact on your ability to consult and your ability to properly plan a good design?

Stephen McDonald (Director of Place, London Borough of Barnet): You have it. All the rest and all the best practice that we have been discussing here has to almost go out the window, "Hey, we have this money. We have to spend it quickly and, whatever you want, forget it. We will have that one". Everything has to be done -- I am over-egging it. Obviously we are professionals and we do the best we can because invariably there are at least half a dozen reasons you have been offered that money, and only one of them might be to actually improve housing. It might be to pump money into the economy or whatever it is.

Tom Copley AM (Deputy Chair): Can I just ask the final question from me on this, on what the Mayor could do to fund renewal and refurbishment more effectively? Stephen, do you have any thoughts on what the Mayor could do?

Stephen McDonald (Director of Place, London Borough of Barnet): I do, actually. I will probably get on my high horse. It is not about money. It is about join-up. One of the big questions we have not even begun to touch on – and we are not going to start now because we have timed out – is that every regeneration requires section 106 agreements, and the Community Infrastructure Levy (CIL) and other things. We still expect those schemes to be able to fund all these other things. If you are in education, you want your schools. If you are affordable housing, you want your affordable housing. There have been some classic examples around Colindale on this very issue. At the end of the day, there is only so much planning gain and it can only be applied once.

Can we get some join-up from City Hall about how it wants planning gain in places where you do regeneration or enter new schemes like the Peel Centre and decide what the priorities are? In the boroughs we end up having to juggle the various parts of the organisation, going, “OK, you want more affordable housing, you want this education, you want a cricket pitch. You tell us”. Again, it is this sort of flexibility. I know it sort of sounds like bleats from the boroughs, but we are quite good at doing this. Central Government, you do not know how to do this. You have never done it in your life before. City Hall needs to be supportive of the boroughs getting on and doing.

Tom Copley AM (Deputy Chair): Genevieve, on what the Mayor could do?

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): You have probably said most of it, Stephen. A real focus on removing the complexities that are attached to everything. Give local authorities more freedom. There is a real issue around affordability that is not being addressed. A lot of that is driven by the focus on home ownership.

I have a view that the focus, as I said earlier, should be on more affordable rented products. If you look at the kinds of needs that are escalating in London, certainly registered housing, even though most of us local authorities have slashed them and reduced them by more than half so you are left with the critical need on your housing registers; homelessness is going up and bed-and-breakfast costs are going up. All of that critical area, what that means is we need more truly affordable rented products and getting back to the old social rent regime. Focus on that. The rest of Europe has good mostly rented homes, not homes that people own and sell at vast profits. The focus on having homes for people to live in, not assets to make money out of, is one of the critical messages that needs to come out politically from London.

Tom Copley AM (Deputy Chair): You think it is a mistake for the Mayor to be switching funds from the Affordable Homes Programme into the Housing Covenant, which tends to be for more ownership rather than for renting?

Genevieve Macklin (Head of Strategic Housing, London Borough of Lewisham): Yes, there needs to be a shift.

Tom Copley AM (Deputy Chair): Russell, any thoughts on what the Mayor could do?

Russell Profitt (Former Head, Peckham Partnership): I certainly agree with the need for consistency and I echo the issue around affordability. I also wanted to stress that London is, from a diversity point of view, different to the rest of the country. I think that should come in. I am concerned about younger people who are being taken in the direction of purchase when it is not affordable to them and the problems that that creates. If we could look at the demographics of London and get the Mayor to focus around the real issues of need, it would be very, very welcome.

Stephen Ross (Asset Management Director, Southern Housing Group): The issue within the London situation for an association like mine to try to develop properties and have it affordable, let alone social but affordable, in that mix is really difficult. The competition is phenomenal. Somehow the Mayor has to try to encourage land to be released, or some sort of process where we can get some subsidy built into the process. Certainly the competition now for sites within much of London is furious and fast at the moment. Whether that will change in a year's time as interest rates start to change and things start to change I do not know. Certainly at the moment we are finding competing with the private sector is just very, very difficult and very, very challenging.

You then have all the uncertainty required in becoming involved in a site, all the uncertainty going forward then with the local authority, planning, the section 106 commitments, and all these other issues which add to the whole process as well. I share the simplification argument. If we could try to take some of these impediments off, it may make life easier. We know it is going to be difficult. It is not going to be easy to develop anything in a booming city like London. However, somehow, if you want us to try to develop this type of property, you have to give us something to work from.

Professor Becky Tunstall (Director, Centre for Housing Policy, University of York): There is a lot of expert opinion on means but maybe I could just suggest a symbolic end. Over the 2000s the number of social rented properties in London reduced. That was followed by a decentralisation with people on lower incomes being pushed out. A target would be to keep the number at least steady, if not to increase it.

Darren Johnson AM (Chair): Thank you very much, each borough, each of our witnesses today. We have really appreciated you coming along and your contributions. As I said earlier, we will be returning to this next month with an open-mike session at our next meeting. Our witnesses are free to go now. We have a few other items of business to conclude now, but thank you once again for your contributions.

This page is intentionally left blank