

Committee OVERVIEW AND SCRUTINY	Date 6th March, 2007	Classification Unrestricted	Report No.	Agenda Item No. 6.1
Report of: ASSISTANT CHIEF EXECUTIVE		Title: REPORT "CALLED IN" – Housing Investment Strategy (CAB 124/067)		
Originating Officer(s): Angus Dixon		Ward(s) affected: All		

1. SUMMARY

- 1.1 The attached report of the Corporate Director of Development and Renewal, Emma Peters, and Director of Housing Management, Maureen McEleney was considered by the Cabinet on 7th February, 2007 but has been "Called In" for further consideration by Councillors Tim Archer, Phil Briscoe, Emma Jones, Peter Golds and Rupert Eckhardt in accordance with the provisions of Part 4 of the Council's Constitution.

2. RECOMMENDATION

- 2.1 That the Committee consider the contents of the attached report, review the Cabinet's provisional decisions arising and decide whether to accept them or refer the matter back to Cabinet with proposals, together with reasons.

LOCAL GOVERNMENT ACT, 2000 (SECTION 97) LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT

Brief description of "background paper"

**Cabinet report (CAB 124/067)
dated 7th February, 2007**

Name and telephone number of holder
and address where open to inspection

**Angus Dixon
020 7364 4850**

3. BACKGROUND

3.1 The attached report of the Corporate Director of Development and Renewal, Emma Peters, and Director of Housing Management, Maureen McEleney, was considered by the Cabinet on 7th February, 2007. It however has been “Called In” for further consideration by Councillors Tim Archer, Phil Briscoe, Emma Jones, Peter Golds and Rupert Eckhardt in accordance with the provisions of Part 4 of the Council’s Constitution.

3.2 The Cabinet after considering the attached report provisionally agreed:-

1. That the investment strategy set out in Section 7 of the report (CAB124/067), be agreed;
2. That the Authority set up an Arms Length Management Organisation (ALMO) called Tower Hamlets Homes to manage the retained housing stock on its behalf;
3. That it be noted that alternative management arrangements may be put in place for areas identified for regeneration, but that depending on the timing of approval and finalisation of these arrangements, Tower Hamlets Homes may manage these on an interim basis;
4. That the establishment of a shadow board for Tower Hamlets Homes comprising 4 Council nominees, 4 resident members and 4 independent members, be agreed;
5. That the Director of Housing Management be instructed to put in place arrangements for the appointment of resident board members and independent board members after consultation with the Lead Member for Housing and Development;
6. That it be noted that the estimated costs of £335,000 for setting up Tower Hamlets Homes will be accommodated within existing Housing budgets;
7. That it be noted that staff within the Council’s Landlord Structure will be subject to the Transfer of Undertakings (Protection of Employment) Regulations 1981 and 2006 (TUPE); and
8. That it be noted that further reports will be brought to Cabinet setting out specific proposals in respect of areas identified for regeneration, affordable home ownership proposals and temporary to permanent accommodation proposals.

4. THE “CALL IN” REQUISITION

4.1 The reasons advanced in the “Call In” requisition are set out below:-

The Council’s plans for housing investment and stock transfer are highly charged issues in Tower Hamlets and have the potential to divide our community more than any other issue. We have a rapidly growing population combined with sharply increasing land prices that together are lowering the standard of living of a large number of people in the borough.

Tower Hamlets has undergone, and is still undergoing incredible change in terms of infrastructure, demographics, and economics. This has led to rapid growth and development and in many instances an increasing gap between elements of society. In particular this call-in notes:

- 12% of households are overcrowded whilst 25% live in unsuitable housing, at the same time the average cost of a house in the borough is £300,000.
- 62% of council owned housing stock falls below the Decent Homes Standard, requiring an immediate investment of £350m, and that a further £219m is required over the next 8 years for newly arising repair needs.
- Over the next four years the Council's currently available funding is £131m and the hoped for ALMO funds will be up to £190m. This leaves a large funding gap even with the ALMO funds, which are not guaranteed.
- 15% of ALMOs have not reached the required two star status in order to receive the extra funding, and the council is expecting set-up costs of the ALMO of £350,000.

The report produced for Cabinet lacked detail and properly worked up alternatives and contingency plans. Specifically:

- There is no detailed plan as to how the ALMO would achieve two star status, which is required in order to receive the £190m extra funding.
- There is no contingency plan should the ALMO not achieve two star status.
- There are no detailed plans as to how the Council will fund the investment gap that will still exist even if the ALMO plan is successful.

There is insufficient detail on other options mentioned and no clear recommendation or course of action on the alternative or even complimentary options in the report. For example the report mentions a number of potential estate redevelopment and regeneration options, but lacks detail on next steps and expectations.

In addition the report sets out three management options for the future of the retained estates, but provides no details on two of them. The report states that only the third option is possible without providing information on why this is the case and we feel that more information is needed before the Cabinet can make this type of decision.

The Call-in members feel that the report made to Cabinet does not adequately address the pressing housing issues facing the Borough.

Finally there has been no consultation taken with residents to date regarding the ALMO option.

5. ALTERNATIVE COURSE OF ACTION

5.1 In accordance with the Committee's procedures, the "Call In" Members have provided an alternative course of action for consideration:-

"Councillors make the following recommendations:

- 1) That a decision regarding the ALMO be delayed until the residents of the existing council stock estates are consulted on whether they wish to see an ALMO created or whether they wish to remain as they are.
- 2) More details of the 3 potential options for the future management of the Council's retained estates should be provided so that members can make a much more informed decision than is currently the case.
- 3) Detailed plans should be produced showing how the ALMO would achieve its two star status, before £350,000 is spent on its inception.
- 4) More detailed and financed plans are drawn up to show how the Council will meet the funding gap that is expected even with the ALMO funds, and also what the Council's contingency will be should the ALMO not be successful in gaining two-star status.
- 5) The Council should also lobby central government for further assistance, given the fact that Tower Hamlets, as the report suggests is a unique borough with unique problems and opportunities, central government should be asked to provide further support. This further support could be relaxing the rules for the borough around borrowing for direct investment and a relaxation of the strict rules around eligibility for other Central Government grants.

6. CONSIDERATION OF THE "CALL IN"

6.1 The following procedure is to be followed for consideration of the "Call In".

- (a) Presentation of the "Call In" by one of the "Call In" Members followed by questions.
- (b) Response from the Lead Member/officers followed by questions.
- (c) General debate followed by decision.

N.B. – In accordance with the Overview and Scrutiny Committee Protocols and Guidance adopted by the Committee at its meeting on 6 June, 2006, the "Call In" Members are not allowed to participate in the general debate.

6.2 It is open to the Committee to either resolve to take no action which would have the effect of endorsing the original Cabinet decisions, or the Committee could refer the matter back to the Cabinet for further consideration setting out the nature of its concerns and possibly recommending an alternative course of action.

7. RECOMMENDATION

- 7.1 That the Committee consider the contents of the attached report, review the Cabinet's provisional decisions arising and decide whether to accept them or refer the matter back to Cabinet with proposals, together with reasons.