

# Merton Council

## Sustainable Communities

### Overview and Scrutiny

#### Panel



Date: 2 September 2015  
Time: 7.15 pm  
Venue: Committee rooms C, D & E - Merton Civic Centre, London Road, Morden  
SM4 5DX

#### AGENDA

Page Number

1	Apologies for absence	
2	Declarations of pecuniary interest	
3	Minutes of the previous meeting	1 - 8
4	Matters arising	
5	Pre decision scrutiny - Adult Education Commissioning Update	
6	Creating a tourist industry in Merton - Briefing Paper	9 - 14
7	Commercial Services	15 - 72
8	Climate Change and Green Deal Task Group - Update on Action Plan	73 - 82
9	Performance Report	83 - 88
10	Housing Supply Task Group - Final Report	89 - 164
11	Work Programme	165 - 176

---

**This is a public meeting – members of the public are very welcome to attend.  
The meeting room will be open to members of the public from 7.00 p.m.**

For more information about the work of this and other overview and scrutiny panels, please telephone 020 8545 4035 or e-mail [scrutiny@merton.gov.uk](mailto:scrutiny@merton.gov.uk). Alternatively, visit [www.merton.gov.uk/scrutiny](http://www.merton.gov.uk/scrutiny)

Press enquiries: [press@merton.gov.uk](mailto:press@merton.gov.uk) or telephone 020 8545 3483 or 4093

Email alerts: Get notified when agendas are published  
[www.merton.gov.uk/council/committee.htm?view=emailer](http://www.merton.gov.uk/council/committee.htm?view=emailer)

## Sustainable Communities Overview and Scrutiny Panel Membership

### Councillors:

Russell Makin  
Stan Anderson  
Ross Garrod  
Abigail Jones (Chair)  
John Sargeant  
Imran Uddin  
David Dean (Vice-Chair)  
Janice Howard

### Substitute Members:

Edward Foley  
Daniel Holden  
Abdul Latif  
Laxmi Attawar  
Jeff Hanna

### Note on declarations of interest

Members are advised to declare any Disclosable Pecuniary Interest in any matter to be considered at the meeting. If a pecuniary interest is declared they should withdraw from the meeting room during the whole of the consideration of that matter and must not participate in any vote on that matter. If members consider they should not participate because of a non-pecuniary interest which may give rise to a perception of bias, they should declare this, withdraw and not participate in consideration of the item. For further advice please speak with the Assistant Director of Corporate Governance.

### What is Overview and Scrutiny?

Overview and Scrutiny describes the way Merton's scrutiny councillors hold the Council's Executive (the Cabinet) to account to make sure that they take the right decisions for the Borough. Scrutiny panels also carry out reviews of Council services or issues to identify ways the Council can improve or develop new policy to meet the needs of local people. From May 2008, the Overview & Scrutiny Commission and Panels have been restructured and the Panels renamed to reflect the Local Area Agreement strategic themes.

Scrutiny's work falls into four broad areas:

- ⇒ **Call-in:** If three (non-executive) councillors feel that a decision made by the Cabinet is inappropriate they can 'call the decision in' after it has been made to prevent the decision taking immediate effect. They can then interview the Cabinet Member or Council Officers and make recommendations to the decision-maker suggesting improvements.
- ⇒ **Policy Reviews:** The panels carry out detailed, evidence-based assessments of Council services or issues that affect the lives of local people. At the end of the review the panels issue a report setting out their findings and recommendations for improvement and present it to Cabinet and other partner agencies. During the reviews, panels will gather information, evidence and opinions from Council officers, external bodies and organisations and members of the public to help them understand the key issues relating to the review topic.
- ⇒ **One-Off Reviews:** Panels often want to have a quick, one-off review of a topic and will ask Council officers to come and speak to them about a particular service or issue before making recommendations to the Cabinet.
- ⇒ **Scrutiny of Council Documents:** Panels also examine key Council documents, such as the budget, the Business Plan and the Best Value Performance Plan.

Scrutiny panels need the help of local people, partners and community groups to make sure that Merton delivers effective services. If you think there is something that scrutiny should look at, or have views on current reviews being carried out by scrutiny, let us know.

For more information, please contact the Scrutiny Team on 020 8545 4035 or by e-mail on [scrutiny@merton.gov.uk](mailto:scrutiny@merton.gov.uk). Alternatively, visit [www.merton.gov.uk/scrutiny](http://www.merton.gov.uk/scrutiny)

This page is intentionally left blank

All minutes are draft until agreed at the next meeting of the committee/panel. To find out the date of the next meeting please check the calendar of events at your local library or online at [www.merton.gov.uk/committee](http://www.merton.gov.uk/committee).

## **SUSTAINABLE COMMUNITIES OVERVIEW AND SCRUTINY PANEL**

**11 JUNE 2015**

**(19.15 – 21:40)**

### **PRESENT**

Councillor Abigail Jones (in the Chair),  
Councillor Stan Anderson, Councillor David Dean,  
Councillor Ross Garrod, Councillor Russell Makin,  
Councillor Imran Uddin, Councillor John Sargeant,  
Councillor Janice Howard

### **ALSO PRESENT:**

Chris Lee (Director of Environment and Regeneration),  
Anthony Hopkins (Head of Libraries and Heritage Services),  
Cormac Stokes (Head of Street Scene and Waste), Rebecca  
Redman (Scrutiny Officer), Councillor Nick Draper (Cabinet  
Member for Community and Culture), Councillor Andrew  
Judge (Cabinet Member for Environmental Regeneration and  
Sustainability), Councillor Judy Saunders (Cabinet Member for  
Parking and Environmental Cleanliness)

Deborah Upton, Executive Director for Governance (Circle  
Housing Merton Priory), Jane Bolton, Interim Managing  
Director (Circle Housing Merton Priory), Ray Evans, Deputy  
Programme Director, Repairs and Maintenance (Circle  
Housing Merton Priory), Paul Quinn, Director of Merton  
Regeneration (Circle Housing Merton Priory)

### **1. DECLARATIONS OF INTEREST**

Councillor Russell Makin advised that he is a member on the Board for Merton Community Transport.

### **2. APOLOGIES FOR ABSENCE**

None.

### **3. MINUTES OF THE MEETING HELD ON 18 MARCH 2015**

Panel agreed the Minutes as a true record of the meeting.

### **4. MATTERS ARISING FROM THE MINUTES**

Panel expressed thanks to Councillor Russell Makin for his commitment and work as the outgoing Chair of the Panel.

Panel agreed to reorder the agenda to receive the update on Morden Leisure Centre first.

### **5. MORDEN LEISURE CENTRE – VERBAL UPDATE**

Christine Parsloe provided the Panel with an update on the Morden Leisure Centre development. A newsletter had been shared with Members on progress. Christine Parsloe informed the Panel that a Project Manager appointed, through a process of open procurement, from Sweet UK Ltd. The South London Legal team have also been appointed and will oversee the development.

In addition, a memorandum of understanding with the Morden Park Playing Fields Community Trust is being discussed to reduce duplication. A surveyor has been appointed and a design team will be selected shortly. The team are also putting together a technical specification with Greenwich Leisure, which will feed into the agreed operational standards. Christine Parsloe added that the model design would be consulted upon further by architects to test the public's views. The procurement of the main contractor would also ensure value for money. She added that Cabinet would agree this shortly and the planning process would be agreed and in place by Christmas 2015.

Councillor Janice Howard asked if a physical model or online model would be established to enable the public to see the plans and feed into the consultation process. Christine Parsloe confirmed that there would be a physical model and that there would also be some online consultation, but that unnecessary additional costs would be avoided.

Councillor Stan Anderson asked about the transition from the existing site to the new site and the potential impact on service delivery. Christine Parsloe confirmed that the council intend to keep the existing Morden Park Pools site open and in operation to enable smooth movement of operational staff to the new centre. Once transition is complete, the existing site will be closed.

Councillor Russell Makin asked if there had been any discussion with TfL to ensure residents could easily access the new site. Christine Parsloe explained that traffic surveys were underway by TfL who are working with the councils Highways team. Further surveys will be undertaken when the development is firmed up.

**RESOLVED:** Panel noted the update.

## **6. CIRCLE HOUSING MERTON PRIORY – UPDATE**

Members received the attached presentation.

Deborah Upton informed the Panel that CHMP would shortly recruit to the Head of Housing permanent post.

Omar Ali, Chair of the High Path Estate Residents Association, addressed the Panel to raise issues with repairs and maintenance in some of the properties on the High Path Estate and he submitted a written statement and photographic evidence of the issues being discussed.

Councillor Ross Garrod asked what work CHMP had done to anticipate the impact of the changes to benefits and welfare for some of its residents and what support they would be offering to those affected. Jane Bolton explained that CHMP have worked with the Housing Benefit Team at the council and have identified families likely to be affected by the benefits gap. There are a number of vulnerable residents that will be referred to specialist advice agencies for people with financial difficulties. CHMP try to get people economically active and in some form of work to support them to be financially independent.

Councillor Ross Garrod asked if any funding was being made available by CHMP to expand employment and advice services available to residents. Jane Bolton confirmed that there were no plans to do so at present as CHMP cope with demand which stands at 100 residents at present. This is not a significant enough number of residents to need to expand current provision.

Deborah Upton explained that one of Circle priorities is to help people tackle the impact of welfare reform. Substantial funds were also put into the credit union by Circle but more funding would be made available if necessary.

Councillor John Sargeant asked how customer satisfaction levels were calculated as it was clear from the representation made by Omar Ali that some residents are unhappy with their service. He added that it would be useful to see case studies and examples of problematic situations and how they have been resolved.

Ray Evans (Savills) explained that he felt that the issue raised at this meeting by Omar Ali was appalling, but that it was not a case he was familiar with. He committed to address this issue as soon as possible and to meet with Omar Ali to address the problems noted in his submission to the Panel.

Ray Evans added that he was confident that improvements were being made and that Keepmoat were also improving. He added that surveyors were also on site to look at problems now. Ray Evans offered his apologies to Omar Ali and committed to personally looking into this case.

Councillor John Sargeant asked if CHMP would come to a future meeting and provide evidence on specific problems and how they have been addressed, as well as on how future issues might be mitigated to enable Members to see what the issue was, the process followed, and the outcome. Deborah Upton confirmed that this could be provided and suggested that the Panel might be interested in the work of the Tenants Scrutiny Panel.

Councillor Janice Howard enquired about the target for responses to issues raised for repairs and maintenance. Jane Bolton explained that targets are in place but that a number of factors affect response rates, for example, staff absence. Lessons are being learned about how to handle calls more efficiently and trends in contact and, of particular issues, are being identified and monitored.

Councillor Russell Makin asked how the gardening scheme was publicised. Jane Bolton explained that this information could be found on the website and in CHMP magazines.

Councillor David Dean expressed his concerns about the submission from Omar Ali and asked that councillors be kept up to date on such issues and on what remedial action was taken. He added that repairs appear to be an on going problem for CHMP and calls are not being answered or responded to promptly enough.

Councillor Andrew Judge added that the example given was, from his knowledge, far from an isolated case. Repairs are not being dealt with over a prolonged period of time. He added that the surveyors employed have not been carrying out thorough assessments and that repairs are not being adequately undertaken. Councillor Andrew Judge encouraged councillors to bring forward any cases raised by their constituents and ensure action is being taken.

Councillor Ross Garrod asked if the repairs service provided value for money to residents. Deborah Upton explained that the main reasons for this contractor being employed were the anticipated financial savings and expected improvements to the service. Residents were also consulted on the choice of contractor.

Councillor Ross Garrod noted that there were longstanding issues in Mitcham where roof repairs had not been fully carried out and scaffolding had been in place for some time. Councillor Ross Garrod asked why customer satisfaction rates seemed to be the same as those provided to the Panel last year when there is now a full time director in place, based in Merton, and more surveyors have been employed. He asked why customer satisfaction figures have remained stable. Deborah Upton explained that customer satisfaction tracks at 85% month on month. CHMP are planning to run focus groups with residents to understand their issues and why they are not happy.

Councillor Ross Garrod asked if satisfaction data was collected before or after repairs were carried out and if surveys were undertaken by an independent body. Jane Bolton explained that surveys were undertaken independently of the central call centre service and that data was provided to CHMP separately on customer satisfaction.

Councillor Imran Uddin added that statistics needed to reflect the depth of the problems being experienced.

**RESOLVED:**

- Panel requested that a response be provided to the High Path Estate Resident Association with regard to the case raised at the meeting.



- Panel requested quarterly performance data from CHMP on repairs and response times.
- Panel requested that CHMP attend their January 2015 meeting to comment on their response to the case raised at the meeting and to provide other case study examples of issues and how they have been resolved, to reassure Members that sufficient measures are in place to support residents.

## **7. DEPARTMENTAL PRIORITIES – PRESENTATIONS**

Members received the attached presentations.

Chris Lee highlighted the following areas of work that have been prioritised for the year ahead:

- Investment of £4 million in the Canons site through the Heritage Lottery Fund which would see work commence end of 2015;
- Outcomes of wheeled bin pilot in Lavender Ward and implications for waste collection service going forward;
- End of procurement process for automatic number plate recognition (ANPR) system and CCTV services which will revolutionise how traffic problems in the borough are dealt with and aid traffic flow;
- Small scale procurement programme for street lighting, which will be agreed alongside a £400,000 investment proposal. New system will reduce energy and maintenance costs;
- Development of a Housing Zone in Morden;
- Growth is a significant priority for the department;
- Achieving 40% housing supply target and ambitious plans for land in council ownership;
- Mitcham Fair Green Improvements;
- Cycling and investment from Mayors Fund which will improve the quality of infrastructure and prioritise routes;
- Housing Development Company as the HRA will not be reestablished, focus on mixed tenure and look at how this model could assist the councils general fund and create an income stream;
- Transformation programme and 10 service areas which must identify savings and efficiencies;

- Commercialisation and giving more attention to how to generate new or enhance existing services to generate income

Anthony Hopkins outlined the priorities for the C&H Department. See attached presentation.

Councillor David Dean stated that commercial opportunities through MAE should be better managed.

Councillor John Sargeant asked how the size of the offer in year 1 of the commissioning model would be determined. Anthony Hopkins explained that work was underway on this and that soft market testing was also being undertaken by the service.

Councillor John Sargeant asked if the council would seek to deliver 400 new homes per year. Chris Lee confirmed that this was the case. Councillor John Sargeant asked how ANPR would work. Chris Lee explained that there is currently a white van monitoring traffic offences, which capture an image that then needs to be scanned and submitted to the DVLA, alongside a separate system to issue a ticket. ANPR will allow a more seamless service as the software can do all of the above and is therefore more efficient and can enable the department to get through higher volumes of work. The vans can also be removed.

**RESOLVED:** Panel noted the presentations.

## **8. AGREEING THE WORK PROGRAMME 2015/16**

Panel agreed the work programme and asked that they be given opportunity to scrutinize any proposals regarding Merton Adult Education at pre decision stage. Panel agreed that this item should be scheduled into the work programme for June or September 2015, dependent on the departmental timescales for reporting to Cabinet.

The Panel asked for briefings at the September 2015 meeting on the following items to enable them to make a decision as to what the task group review would be for the Panels 2015/16 work programme:

- Commercial Services;
- Tourist Industry in Merton

The Panel heard from Merton Centre for Independent Living (CIL) regarding their request that the Panel scrutinize proposals for the Merton Adult Education service and that they engage service users with moderate to profound learning difficulties that are students of MAE to ensure that their views are represented in any recommendations made to Cabinet.

Merton Centre for Independent Living (CIL) also offered to support the Panel to undertake engagement with service users they support that have learning disabilities, for example, through training, coaching and engagement tools. Attention was also drawn to the submission from young people with disabilities that are students of MAE.

Councillor Russell Makin enquired about the Public Transport Liaison Committee (PTLC) and raising transport issues. Rebecca Redman agreed to update the panel on the meeting date for the next PTLC meeting when agreed.

Councillor David Dean asked that CHMP come back to the Panel with an update on their response to the issues raised by the High Path Estate Residents Association.

Councillor Russell Makin asked that the Panel receive an update on developments regarding Crossrail 2.

**RESOLVED:**

- Panel agreed the work programme, subject to the additions requested.
- Panels agreed to decide upon a task group review at the September 2015 meeting, further to receiving the above briefings, and appoint members to the group at that meeting.
- That the Scrutiny Officer consult with Merton CIL to engage its service users when the Panel considers MAE proposals at a future meeting
- That the Scrutiny Officer inform the Panel via email of the date of the next PTLC meeting (when determined by the department)
- Panel agreed to engage CHMP at the Panels January meeting to look at the response that has been made to issues raised by the High Path Estate Residents Association at this meeting, and on other specific cases and how they are being addressed
- That Crossrail 2 be added to the work programme
- Panel agreed to consider the quarterly performance data on CHMP repairs and response times as part of their 2015/16 work programme

**9. PERFORMANCE MONITORING –VERBAL UPDATE**

Councillor Abigail Jones proposed that the Panel undertake performance monitoring differently during the 2015/16 work programme by giving it more prominence and considering it as the first item of business on the agenda, following the standard items. It was also proposed that the Directors for E&R and C&H provide the Panel with information at each meeting on their top 3

areas of concern and how they are addressing these to enable the Panel to look at these areas in more detail and make any recommendations they feel are appropriate.

Councillor David Dean raised questions regarding the total increase in commercial waste and associated income. Chris Lee explained that commercial waste is quarterly billed and therefore income would be received in June 2015 and reflected in the next quarter on the dashboard.

Councillor Ross Garrod asked for data relating to the performance of CHMP on a quarterly basis on repairs and response times.

**RESOLVED:**

- Panel agreed to consider performance monitoring as the first item of business on the agenda
- Panel agreed to receive a brief report alongside the performance dashboard information on the top 3 areas of concern from the directors of E&R and C&H
- Panel agreed to consider the quarterly performance data on CHMP repairs and response times as part of their 2015/16 work programme

## Committee: Sustainable Communities Overview & Scrutiny Panel

**Date: 2 September 2015**

Agenda item: 6

Wards: All

### **Subject: Creating a Tourist Industry in Merton - Briefing Paper**

Lead officer: Simon Williams

Lead member: Councillor Nick Draper

Contact officer: Anthony Hopkins

---

#### **Recommendations:**

- A. That the Sustainable Communities Overview & Scrutiny Panel consider this briefing paper and decide whether a more in-depth task group review is required.
- 

#### **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. The London Borough of Merton has attractions of national and local interest from the world renowned Wimbledon Lawn Tennis Championships to the remains of Merton Priory on Merantun Way.
- 1.2. As a host borough of the London 2012 Olympics and with new attractions being developed it is an opportunity for members to consider whether more could be done to realise the economic benefits of tourism in the borough. Areas to consider include considering any infrastructure issues that prevent Merton from being a destination of choice.
- 1.3. The central hub of tourism in Merton is Wimbledon and in particular for the annual Wimbledon Lawn Tennis Championships. The Wimbledon Lawn Tennis Championships bring in an additional 25% of visitors to the town centre (*source: Love Wimbledon*) for the fortnight of the championships.
- 1.4. Visits to the borough throughout the rest of the year tend to be for business rather than leisure. In terms of visits to other attractions it is the perception that the majority of visits are either from Merton residents or from those who live in close proximity as opposed to overseas tourists. Limited statistical information is available on tourism activity in the borough and the GLA is currently in the process of developing a Cultural Tourism Strategy in partnership with London & Partners.

#### **2 DETAILS**

- 2.1. Tourism is travel for recreation, leisure, religious, family or business purposes, usually for a limited duration. Tourism is commonly associated with international travel, but may also refer to travel to another place within the same country. The World Tourism Organisation defines tourists as people "traveling to and staying in places outside their usual environment for

not more than one consecutive year for leisure, business and other purposes".

- 2.2. Tourism in the United Kingdom is one of the six biggest industries and the third-largest export earner. The focus of national tourism is outlined in the DCMS's 'Government Tourism' published in 2012. Regionally a 'London Tourism Strategy' is being put together in 2015/16 by the GLA. Members need to consider whether a Merton task group review could add value to what is being developed elsewhere.
- 2.3. Merton's Economic Development Strategy acknowledged tourism opportunities in the borough linked to Wimbledon but it was not reflected as a growth area. Tourism in the borough includes domestic tourism for day visits and overnight travel, inbound leisure visits (i.e. as part of overseas touring parties) and business travel.
- 2.4. The borough is focussed around five town centres: Colliers Wood, Mitcham, Morden, Raynes Park and Wimbledon. They are all primarily residential areas, each with their own commercial and shopping centres. People are entertained by theatres, cinemas, greyhound racing, football teams, the international tennis tournament, and cricket played on the world's oldest cricket green at Mitcham.
- 2.5. As tourism has not been identified as a significant growth area resources have gone into areas such as developing business interests and inward investment. A new Inward Investment and Business Growth Strategy is currently being developed and should be ready in approximately 6 months. The London Borough of Merton currently has no dedicated resources to support tourism and work is picked up through other work such as the borough's Heritage Strategy.
- 2.6. Current tourism activity focusses around the work of Love Wimbledon. Their work includes the establishment of an information point on the top floor of the Centre Court shopping centre that distributes information. A similar offer is also available across public libraries. Love Wimbledon has also produced a map of Wimbledon detailing the hospitality and leisure offer.
- 2.7. **Attractions**
- 2.8. International awareness of the Wimbledon Lawn Tennis Championships is supported by greater awareness of Merton Priory, which is seeking UNESCO world heritage status.
- 2.9. There are 4 registered museums in the borough:
  - All England Lawn Tennis Museum
  - Wandle Industrial Museum
  - Wimbledon Society Museum of Local History
  - Wimbledon Windmill
- 2.10. Along with 3 historic sites:
  - Southside House, Grade II\* visitor attraction
  - National Trust, Morden Hall / Watermeads

- Merton Abbey Mills

2.11. **Hotels, Restaurants and Leisure**

2.12. There are 257 hotel, restaurant and leisure firms operating in the borough. Visiting accommodation is centred on Wimbledon and other areas within close proximity of Wimbledon town centre.

2.13. Wimbledon has a number of popular theatres including the New Wimbledon Theatre and the Polka Children's Theatre.

2.14. Merton has a number of sporting accolades. Wimbledon Football Club is the only team in modern times to have enjoyed F.A. Cup glory at both amateur and professional level.

2.15. Mitcham has one of the oldest surviving cricket grounds and the borough continues to host the world-famous Wimbledon Lawn Tennis Championship that was the scene of Andy Murray's successful gold medal achievement in the 2012 Olympics.

2.16. **Transport**

2.17. Merton has seven train stations, five tube stations and a network of bus services across the borough. The Tramlink also connects a large proportion of the borough together. With the proposed introduction of Crossrail 2 transport connections are expected to improve along with population growth.

2.18. **Famous People**

2.19. Merton has been home to many famous names, from naval hero Lord Nelson, to anti-slavery campaigner William Wilberforce; suffragette Rose Lamartine Yates and the eminent engineer Joseph Bazalgette. The borough has also fostered a host of creative talent including the poet, John Donne, author Edna O'Brien; actor, George Cole and pioneering silent filmmakers, George Cricks, Henry Sharp and John Martin.

2.20. **Architecture**

2.21. Architecturally there are many interesting and historic buildings across the borough including the Buddhapadipa Temple in Wimbledon and The Canons in Mitcham.

2.22. **Parks and recreation grounds**

2.23. Merton is rich with green spaces, with over 60 green spaces and is the second greenest borough in London. Significant open space includes Wimbledon Common, Morden Hall Park, Mitcham Common and Canon Hill Common.

2.24. The Wandle Valley Regional Park is in the process of being established. Stretching along the River Wandle from Croydon and Sutton through Merton and Wandsworth to the Thames it connects a network of green spaces that are rich in history.

2.25. The Wandle Valley Regional Park Trust was established in 2012 and is now a registered charity. The partners believe a charitable company is the best business model to allow the regional park to grow over the next three to five years to create a high-quality environment that will help bring jobs, growth and prosperity to the Wandle Valley.

2.26. **Events**

2.27. There are a number of events held in Merton that have significant local interest and ambition to expand including Wimbledon Bookfest, Merton Abbey Fest and the Wimbledon International Music Festival.

2.28. **Nature Reserves**

2.29. 14 sites have been declared as local nature reserves (LNRs) and work continues with English Nature to identify new LNRs. The focus is on land recognised as being of importance for nature conservation interest, with open access for the public and either existing or potential value for environmental education.

**3 OPTIONS**

- a) Commission a task force group review to look at whether tourism could be developed in the borough by engaging with key stakeholders.
- b) Feed into the review of tourism in London commissioned by the GLA and consider its findings first. The report is expected to be released in early 2016.
- c) Continue to enable current tourism activity to take place and monitor key activities through the Sustainable Communities Overview & Scrutiny Panel through other work streams such as the Economic Development Board and Heritage & Design Working Group.

**4 CONSULTATION UNDERTAKEN OR PROPOSED**

- 4.1. This report has been produced in conjunction with key Council services that play a role in supporting tourism in the borough. The Chamber of Commerce and Love Wimbledon have also provided input.
- 4.2. Any commissioned task group review would need to include these stakeholders along with consideration for bringing in representatives from hoteliers, transport providers and groups responsible for major attractions in the borough.

**5 TIMETABLE**

- 5.1. Timetable to be agreed subject to the decisions made by the Sustainable Communities Overview & Scrutiny Panel on the options outlined in section 3.

**6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 6.1. The London Borough of Merton currently places no direct investment into tourism in the borough but supports infrastructure through a variety of different methods.



- 6.2. Love Wimbledon is a Business Improvement District (BID). It has been set up by the shops and offices in Wimbledon with the aim of making the town centre a better place to visit, shop and work in.

## **7 LEGAL AND STATUTORY IMPLICATIONS**

- 7.1. None identified.

## **8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 8.1. None identified.

## **9 CRIME AND DISORDER IMPLICATIONS**

- 9.1. None identified.

## **10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

- 10.1. None identified.

## **11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

- None included.

## **12 BACKGROUND PAPERS**

- 12.1. DCMS Tourism Strategy 2012
- 12.2. Government Tourism Policy 2011
- 12.3. Strategic Framework for Tourism in England (2010-2020)
- 12.4. London Borough of Merton Economic Development Strategy 2012
- 12.5. London Borough of Merton Heritage Strategy

This page is intentionally left blank

## Committee: Sustainable Communities Scrutiny Panel

Date : 2<sup>nd</sup> September 2015

Agenda item: 7

Wards: all

### Subject: Commercialisation

Lead officer: Chris Lee, Director of E&R

Lead member: Councillors: Andrew Judge , Nick Draper, Judy Saunders, Edith Macauley

Contact officer: Chris Lee x3050

### Exempt or confidential report

The following paragraph of Part 4b Section 10 of the constitution applies in respect of information given in **Appendices 1, 2 and 3** only of this report, which is exempt from publication. Members and officers are advised not to disclose the contents of these appendices:

**Appendices 1,2 and 3** contain exempt information as defined in category 3 of section 10.4 of Part 4b of the constitution in that it discloses information relating to the financial or business affairs of the local authority.

---

### Recommendations:

- A. That Members note and comment on the report.
- B. That Members consider whether this is a subject they would wish to focus on through a Task Group

---

## 1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. To inform members about the approach to commercialisation in Environment & Regeneration. For the purpose of this report commercialisation is defined as the approach taken to optimise income from services delivered. This is through enhanced or new discretionary services.
- 1.2. The Department has identified the need to be more commercial as a priority and is addressing capacity and skills gaps. Commercial opportunities are being pursued with some success.
- 1.3. This report deals solely with the commercial activities of E and R and it should be noted there are other, opportunities in other Departments – eg Advertising and CHAS .

1.4.

## 2 DETAILS

- 2.1. Environment and Regeneration delivers a broad range of services, the majority of which are non statutory. Like most other councils facing

significant financial challenges the Department is seeking to maximise the surplus it can generate from discretionary services. The Gross annual direct budget (Excl. depreciation & NNDR) for the Department is c£9m with external income amounting to c£28m . Some of these income streams are outside the scope of commercialisation due to Regulations [ eg Parking income and grants from Government ] .

2.2. Table 1 below provides a breakdown across the main areas.

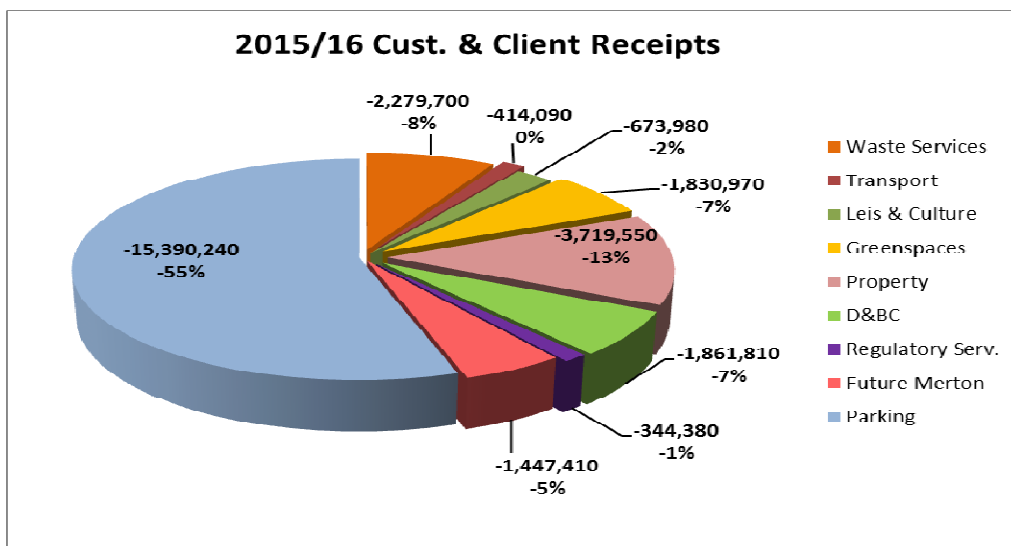


Table 1

2.3. Commercial income is growing and will need to in order to help contribute to meeting the Councils financial challenge.

Income change year on year;

YEAR	TOTAL	% CHANGE
2012/13	£11,052,771	
2013/14	£12,721,081	15%
2014/15	£13,162,722	3%

Table 2

2.4. In preparing the Departments Target Operating Models [ TOMs ] in 2013/14 it became apparent that there was scope for increased income through a more commercial approach for a range of services . Three particular areas offered more opportunity and they are detailed in this report and appendices. These are:

- Commercial waste
- Parks open space / leisure services
- Building control

2.5. The work on TOM also helped identify a number of inhibitors to maximising commercial income . These included ;

- 2.6. Culture – Local Government is not naturally a commercially minded organisation , whilst this is changing it is clear that this requires attention. At both political and management level there is a need to create a more commercial mindset and adopt different approaches to achieve success. These sometimes cut against the traditional approach and can pose risks both financially as well as reputationally. For example consideration of financial rewards for staff exceeding commercial targets or investing in new ventures to generate commercial income can be risky and in a risk averse environment does not come naturally.
- 2.7. Skills- the TOM work identified that there was a shortage of skill and expertise in key areas . Despite investment in a learning and development programme across staff involved in commercial activities in 2011 there remained a gap in our skill base and expertise.
- 2.8. Systems and processes – A need to ensure our systems and processes are as commercial as possible to make to easy to do business and for customers to choose Merton services when competing with the private sector. This includes Customer relationship Management , on line service sign up as well as technology for front line staff to be able to deal professionally with customers in the field.
- 2.9. As a consequence the Department was successful in obtaining financial support via the Council Transformation Board to invest in capacity to improve its approach to commercialisation. Whilst other Departments also had opportunities these were not as large as in E and R . A sum of c£300k was allocated for two 2 year fixed term posts and for marketing materials. The posts of Head of Commercial sales and Marketing Manager were both filled in early 2015 . The Head of Commercial sales is now vacant with the postholder recently resigning, however good progress has already been made in developing commercial and marketing plans for a number of key areas.
- 2.10. Three particular areas were prioritised for attention to seek to increase income. The commercial sales and marketing plans for these areas are attached at Appendices 1 2 and 3 . The position is summarised as follows .
- 2.11. Commercial waste .The council currently provides a waste collection and disposal service to businesses across Merton. In terms of legislative requirements a Waste Collection Authority, if requested to do so, must arrange for the provision of waste collection and disposal services for businesses within the authority. The Waste Collection Authority can make a reasonable charge for the provision of this service. However, there are many private sector waste management companies providing similar services, acting as competition within the market. Some authorities have chosen not to provide a service and effectively implement fees and charges that cannot compete with the private sector.
- 2.12. Merton has successfully delivered a service that more than covers costs. Other benefits of operating the service include the ability to influence the cleanliness of the public realm in particular through the link with our regulatory function and such initiatives as Time Banding in town centres.

- 2.13. The service is included in Lot 1 of Phase C of the current procurement exercise being undertaken by the SLWP and the partnership is using this opportunity to discuss with bidders the opportunities to manage and grow of authority portfolios. Nevertheless it makes sense for the Council to seek to grow this business up to the point of expected externalisation in April 2017. The Council currently has c 30% of the market share which generates income of c£1.2m p.a. The commercial approach adopted included a review of fees and charges, as well as more detailed analysis of the competition. This has led to changes in our pricing structure. This is particularly important when seeking to minimise the weight of waste when large receptacles are provided. In common with most waste carriers charging is by volume and not weight yet our waste disposal costs are by weight. Thus it is important to ensure that receptacles are not abused and the staff winning business take care to ensure the fees are appropriate.
- 2.14. The staffing structure has been reviewed and revised with an increased emphasis on sales skills which are being developed. We are in the process of recruiting to a dedicated Waste Sales Manager position.
- 2.15. The marketing and advertising of the service has been enhanced to target the businesses we wish to attract and to create geographical critical mass where possible – eg. Trading estates , which help reduce operating costs
- 2.16. Following on from the development of the service’s commercial strategy, officers have been working with the Marketing Manager to develop a sales and marketing offer that is focusing on re-branding the service as a value for money, flexible, reliable and convenient service. This is based on the council’s unique selling point that is based on local infrastructure and knowledge. Marketing materials are being developed based on this re-branding and appropriate marketing channels being identified. As a result of targeted sales activity we have seen a steady increase in new contracts since April 2015.
- 2.17. The table below provides a comparison of additional income secured during the first quarter of 2014/15 and 2015/16. These figures are based on customer invoices sent out. These are distributed quarterly, hence the significantly high figure for the first month of the quarter. The invoices sent out in subsequent months are for new business secured (or lost) during those months.

	15/16	14/15	Difference
April	326,668.09	308,850.28	17,817.81
May	2,217.74	-2,591.83	4,809.57
June	11,750.86	5,948.56	5,802.30
<b>Q1</b>	<b>340,636.69</b>	<b>312,207.01</b>	<b>28,429.68</b>

- 2.18. The issue around business processes is very relevant in this area where we are working to improve them to allow for more flexible pricing / short term discounts and provide for weight bands to limit waste disposal cost risk.
- 2.19. **Garden waste** – the council does not have a statutory duty to collect garden waste free of charge but can require households to separate garden waste

from other waste streams. Ideally, we would promote home composting which would lead to an overall reduction of waste arising and the need for it to be managed. However, in 2011 the council introduced a subscription based garden waste service.

- 2.20. Through effective promotion and selling the number of customers has increased from just over 3,600 to the current figure of 6,129. This represents less than 10% of households with gardens and there is capacity to extend further the number of customers. Based on analysis of similar schemes operating throughout the country the council should be targeting 15% - 20% participation in the scheme.
- 2.21. At present the service is on target to generate over £328,000 per annum. Operating costs are £326,100, creating a small surplus. In addition to this, the waste disposal saving from not having to landfill this waste equates to approximately £65,000.
- 2.22. This service is in the scope of the Phase C procurement and again the SLWP is taking this opportunity to discuss with bidders through dialogue opportunities for growing the customer base significantly and provide some form of additional revenues to the council.
- 2.23. **Parks and leisure services** – Merton’s open spaces are a tremendous physical asset which already help to generate c£1.3m in income (Excluding Merton and Sutton Joint Cemetery Board, , and rental income).
- 2.24. The analysis undertaken in developing the commercial sales and marketing plan has helped to identify the scope for more events in our parks and open spaces as well as the sports offer available. A new classical music event is being piloted in Wimbledon Park in September this year with a hope that this, with others, will become part of the calendar of events in our open spaces. Opportunities for musical as well as food festival and other types of events are under consideration. Further work is underway to seek to increase income from sports activities whilst offering enhanced services. This also applies to cemeteries where a changing population with different cultural and religious requirements demands that the service offers a broader range of services at a premium.
- 2.25. Online Booking & Payment for parks events - The online booking and payment system, which is linked directly to the council's financial management system and credits all income immediately within the general ledger has provided a sounder and more commercial front end for the service. We used this to sell tickets for events such as the annual firework display, tennis car parking and the staff tennis draw, generating increased income whilst improving the customer service and efficiency of the back office.

EVENT	PERCENTAGE BOOKED ON-LINE	COMMENT
2014 fireworks events at Wimbledon and	27% of the net income	20,990 tickets were sold delivering a total net income of £157,014.17 from ticket

Morden Parks		sales Proactis figure shows £158,913? A net total of £42,712.50 online
Wimbledon Tennis Car Park 10	26%	The total takings (before VAT deduction) for car parking is £108,815 and £28,000 of this is on-line bookings Proactis figure shows £72,275 (after VAT deducted)?  2014 figure was £82,498 (before VAT deduction) Proactis figure shows £86,868 (after VAT deducted)?  Therefore a 32% increase in 2015

Commercial Sports, Leisure & Arts Activities – We have developed more commercial products for our market such as online navigation courses, outdoor education, a marine college, specialist arts programmes for care homes and activities for children. Also moved to trade beyond the borough boundaries by both delivering services outside of the borough as well as attracting people from outside the borough to come and use our services. Commenced charging for specialist services where external agencies and organisations seek our specialist advice and work, e.g. Speaking at conferences.

Leisure Centre Contract – worked with Greenwich Leisure Limited to improve the range and scope of leisure offer including investment in a spa at Wimbledon Leisure Centre and a floodlit multi-use games area at Canons Leisure Centre. This work, combined with some energy efficiency changes to the contract, has resulted in a more commercially beneficial contract.

- 2.26. **Building Control** – This is another area where the Council operates in a competitive market . ‘Approved Inspectors’ or private Building Control surveyors currently hold about 30% of the market share in the borough. The services are offered to householders and commercial developers to ensure that development is built in accordance with Building Regulations. The Council has a distinct advantage in being able to offer this as an added service alongside the statutory Planning process. The core service has to operate at no surplus but there are opportunities to cover more core and overhead costs with significant benefit to the Council.
- 2.27. The approach taken has been to enhance the way in which this service is marketed to potential users and to seek large commercial partnerships for larger developments . Pricing and ensuring that costs are appropriate is a challenge. The in house service has a clear incentive to ensure that development enhances the borough whilst approved Inspectors may have no long term relationship with Merton and may wish to reduce costs to a level which militates against sustainable development
- 2.28. The Building Control, section has devised a detailed commercialisation plan to expand the income generating services provided to the public and to market the existing service to ensure the business is competitive with the Approved Inspectors. In association with the new marketing and commercialisation officers a bespoke plan of action has been set out to raise



awareness of the service within the Borough. However, due to the increased difficulty in recruiting Building Control Surveyors and at the same time officers leaving or retiring, it has become increasingly difficult to secure sufficiently qualified temporary staff to support the service notwithstanding frequent attempts to do so. In addition, Approved Inspectors are becoming more aggressive in the market place. BC succession planning has been added to the departments risk register in recognition of the issue and officers are looking at new ways to take the service forward.

- 2.29. In addition to the above the Department is also exploring the commercial opportunities in other areas . These include issuing fire certificate checks and inspection of damp proof courses
- 2.30. Environmental Health – We are currently looking at a range of services for which we provide information and advice free of charge and developing a charging mechanism for the same. As an example we are looking at developing a charged for business service for information and advice provided by officers regarding specialist knowledge relating to contaminated land or Air quality matters. This form of charging would reflect closely the charging regime currently operated by Planning officers FOR Pre Application advice.
- 2.31. CCTV – We have invested in new infrastructure and are exploring the opportunity for commercial investment where businesses wish to connect to our monitoring facility. This would entail capital investment by the business and a revenue contribution to the operating costs . Currently we benefit from income from Circle MPH.
- 2.32. Housing . We are developing proposals for a Housing Development Company which would be a Trading Company of the Local Authority . This company would develop Council land for Housing. The housing will be planning policy compliant with a relationship with Housing Association for the provision of Affordable Housing. The commercial benefit for the Council will be via the supply of Private rental housing as well as Housing for sale . Sites have been identified across the borough including within Morden Town centre as part of the regeneration proposed.
- 2.33. Development Control – Offering enhanced pre planning application advice and Planning Performance Agreements help to deliver services in demand from developers seeking essential advice and generate additional income .
- 2.34. The section has successfully grown the pre application service to provide significant income and has improved the way pre application advice is professionally provided. In addition, the team has successfully launched the concept of the Planning Performance Agreement throughout the Borough and developers have been keen to take it up as it provides some certainty from their perspective. The section needs to ensure these services, when secured , are delivered in each case otherwise there will be reputational harm. At present this is proving problematic with a high reliance on temporary staff with a high turnover but plans are being devised to overcome these hurdles .
- 2.35. Within the Transport Services section officers are exploring a number of opportunities to secure additional revenues, particularly through sweating

fleet assets outside of core hours of service provision to client departments (SEN and Adult Social Care) Officers have also identified additional commercial opportunities through the workshops and has invested in a Tachograph centre to provide calibration services for tachographs.

- 2.36. Under the current licencing system the Passenger Transport team are not permitted to make a profit; any surplus income has to be reinvested in the service and used to off-set the operational costs of the unit as a whole. In 2014/15, utilising the fleet outside of core hours of service provision and SLA for children and adults has brought in an additional £115K, which together with a £60K underspend, due to operational efficiencies, meant that the unit delivered £175K back to the service teams for SEN and C&H.
- 2.37. In addition the Council has invested in a Tachograph centre recognising that there was a gap in the market in the SW of London. The tachograph centre enables us to ensure that the legal requirements of our own fleet are fully met, and the surplus capacity is available for commercial work. The establishment of this facility has reduced the down time of council vehicles that previously had to be taken to a centre near Guildford for tachograph checking and calibration.
- 2.38. However, the business case for the new facility included opportunities to market services to external organisations in order to fully utilise capacity. Systems were first put in place and the council is now developing its offer to the market. This is in its early days but in late 14/15 brought in around £2,000 surplus, all based on word of mouth. This can be significantly improved upon with formal marketing, which is currently being developed. The council has also recently put in place chip and pin facilities which will enable us to take fees over the counter rather than taking account work only, which should increase our commercial opportunities in this field.
- 2.39. The workshops facility is also subject to externalisation through the Phase C procurement project and the South London Waste Partnership is exploring commercial opportunities with bidders to secure guaranteed levels of income and additional profit share arrangements.
- 2.40. Energy – The Department has successfully implemented a number of phases of Photovoltaic [ solar or ‘PV’ ] panel installations on Council owned property and benefitted from energy savings as well as income from the National Grid .
- 2.41. In some areas the Department is withdrawing from a commercial offer where the business case no longer makes sense. This is the case for pest control where the economies of scale are such that we are no longer able to compete on price and the decision has been taken to procure the service we need on the open market and withdraw from directly provided services which no longer make a surplus.

### **3 ALTERNATIVE OPTIONS**

- 3.1. The Council could decide not to provide any discretionary services. This would reduce opportunities for financial income and potentially a range of services valued by customers.

### **4 CONSULTATION UNDERTAKEN OR PROPOSED**

4.1. None.

## **5 TIMETABLE**

5.1. The work on commercialisation is ongoing and part of a number of service plans.

## **6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

6.1. The MTFs currently includes an agreed saving of £250k in relation to generating additional commercial income, taking effect in 2016/17.

6.2. This is in addition to any specific income related savings also contained within the MTFs, which is in the region of £570k.

## **7 LEGAL AND STATUTORY IMPLICATIONS**

7.1. Providing , trading and charging for services has been a feature of Local Government for a considerable time and is covered by legislation including within The Local Government Act 1972, 1976 and 2003

## **8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

8.1. There are no specific issues.

## **9 CRIME AND DISORDER IMPLICATIONS**

9.1. There are no specific issues

## **10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

10.1. There are no specific issues

## **11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

- Commercial Plans for Commercial waste , Building control and Parks / open spaces – **ALL CONFIDENTIAL**

## **12 BACKGROUND PAPERS**

12.1.

This page is intentionally left blank

By virtue of paragraph(s) 4 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 4 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank



By virtue of paragraph(s) 4 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 4 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 4 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

## **Committee: Sustainable Communities Overview and Scrutiny Committee**

**Date: 2 September 2015**

Wards: all

Agenda Item: 8

### **Subject: Executive Response and Action Plan - Climate Change and Green Deal Task Group**

Lead officer: Director for Environment and Regeneration, Chris Lee

Lead member: Councillor Andrew Judge, Cabinet Member for Environmental Sustainability and Regeneration,

Contact officer: Damian Hemmings (Future Merton)

---

#### **Recommendations:**

- A. Members consider the Executive Response and accompanying action plan detailing progress on the implementation of the agreed recommendations of the Climate Change and Green Deal Task Group.
- 

#### **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. The purpose of this report is to set out the Executive Response and Action Plan to the Sustainable Communities Overview and Scrutiny Panel to demonstrate how the agreed recommendations of the Climate Change and Green Deal Task Group will be implemented.

#### **2 DETAILS**

- 2.1. At their meeting on 30 June 2014, Cabinet considered the final report and recommendations resulting from the task group review of Climate Change and the Green Deal. Officers have since been tasked with delivering the agreed recommendations.
- 2.2. Members received an update on progress at their meeting in September 2014. This paper presents a summary of progress made since the last meeting.

#### *Progress on agreed recommendations*

- 2.3. Appendix A to this report sets out the Task Group's recommendations, status and progress on each issue. This includes how any agreed recommendations yet to be delivered will be implemented in the future.
- 2.4. It should be noted that some of the recommendations must take place sequentially. Actions have been reordered to reflect their sequential progress.
- 2.5. A summary of the progress since the Task Group reported their 11 recommendations to Cabinet in June 2014 is detailed below:

- One recommendation has been completed (Recommendation 3: adoption of Merton's Climate Change Strategy at full council on 09 July 2014).
- Progress has been made on seven out of the eleven recommendations (see Appendix A).
- The scope of one recommendation (Recommendation 6: Feasibility of delivering a local Merton Green Deal) has been severely impacted by changes in national policy, including the removal of the Green Deal energy efficiency scheme.
- Two recommendations have not made significant progress Recommendation 6 (Build consideration of the adoption/installation of energy efficiency measures in appropriate council contracts being established or renewed by procurement) and Recommendation 10 (Developing a marketing and awareness campaign for residents, staff and businesses on energy efficiency measures).

### **3 ALTERNATIVE OPTIONS**

- 3.1. None for the purposes of this report.

### **4 CONSULTATION UNDERTAKEN OR PROPOSED**

- 4.1. In carrying out its review, the task group engaged a range of stakeholders, council officers and Cabinet Members. In addition, two members of local sustainability charitable organisation Sustainable Merton acted as co-opted members of the scrutiny panel..
- 4.2. Internal engagement is undertaken via the council's Climate Change Steering Group, chaired by the Director of Environment and Regeneration. The quarterly meetings are organised thematically in accordance with the sustainability themes outlined in the Climate Change Strategy (2014-2017).
- 4.3. Wider engagement with community stakeholders and partners is undertaken through Merton's Environmental Sub-Group of the Merton Partnership, coordinated by Sustainable Merton.

### **5 TIMETABLE**

- 5.1. The action plan for the Climate Change Strategy 2014-17 and the final report of the Climate Change and Green Deal Scrutiny task group review (Appendix A) set out the timescales for delivery of the recommendations.

### **6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 6.1. The Council faces considerable financial pressure in current and future years. This strategy and the delivery of its recommendations have the potential to contribute ongoing savings.
- 6.2. As actions are developed they will be underpinned by robust business cases; where practical external funding will be secured, bids for Merton's resources may be secured on a match funding basis or by demonstrating the invest to save potential of the scheme.



**7 LEGAL AND STATUTORY IMPLICATIONS**

7.1. None for the purposes of this report.

**8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

8.1. None for the purposes of this report.

**9 CRIME AND DISORDER IMPLICATIONS**

9.1. None for the purposes of this report.

**10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

10.1. None for the purposes of this report.

**11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

- Appendix A: Action Plan and progress to date on the agreed recommendations resulting from the Task Group review of Climate Change and the Green Deal.

**12 BACKGROUND PAPERS**

Report of the Climate Change and Green Deal Task Group (June 2014);  
Minutes of the meeting of Cabinet held on 30 June 2014

## Appendix A: Executive response to the 11 recommendations of Merton’s Climate Change and Green Deal Scrutiny Task Group

It should be noted that many of the Task Group’s eleven recommendations must take place sequentially. The Task Group’s recommendations have been reordered to reflect this.

Recommendations	Stakeholder	Action / Progress	Timeline	Status
<p><b>Recommendation 9</b> – That Future Merton obtain specialist legal advice on the Council’s scope and legal limitations in generating, distributing and selling energy and advise on the development of an ESCO (paragraph 8.40)</p>	Cabinet	<p>Future Merton released a request for quote for legal services in August 2015. The law firm Bevan Brittan has been appointed to deliver a report on the legal and statutory implications of the generation, supply, distribution and sale of energy for Merton. The deadline for completion of the report is: 05 October 2015.</p>	Oct 2015	G
<p><b>Recommendation 7</b> – That Cabinet commission a feasibility study to look at establishing an Energy Services Company (ESCO) for Merton, with a view to producing a business case for the ESCO which should include a risk assessment of the proposals. A further detailed investigation into the potential for a Merton ESCO should include:</p> <ul style="list-style-type: none"> <li>• Feasibility investigations into the potential for district heating at Morden Town Centre and Colliers Wood / South Wimbledon</li> <li>• Further scoping of energy efficiency retrofit potential in Merton</li> <li>• Identification of where existing regeneration proposals/programmes may take forward energy efficiency improvements, alone or in partnership without the need for an ESCO to be in place. (paragraph 8.40)</li> </ul>	Cabinet	<p><b>Progress on this action will follow once Recommendation 9 (above) has been completed.</b></p> <p>The report on legal implications (Recommendation 9) will help to further inform decisions on the development of a Merton ESCO.</p> <p>A tender for technical support in developing the council’s district heating plans will be released in October 2015 utilising the funding secured from the Heat Network Delivery Unit (HNDU). This will be used to define heat network opportunities in Morden Town Centre and the High Path estate regeneration site in Colliers Wood and South Wimbledon.</p> <p>Future Merton are continuing to engage with Merton Priory Homes on their estate regeneration programme. The CC team are advising MPH and their appointed consultants (HTA) on sustainability</p>	<p>2015-16</p> <p>Started July 2014 (on-going)</p>	G

<p><b>*Note that this recommendation being implemented will be subject to the outcomes of recommendation 9.</b></p>		<p>and the energy strategy for all three estates.</p>	<p>until 2016)</p>	
<p><b>Recommendation 8</b> – That Cabinet receives a report on progress on rolling out the expansion of the Merton solar PV portfolio, and on the scope for making further investment, subject to the results of a scoping exercise and a viable business case. This business case should include an appraisal of whether this should be undertaken via an ESCO or not (paragraph 8.40).</p> <p><b>*Note that part of this recommendation is dependent upon recommendation 9 being achieved.</b></p>	<p>Cabinet</p>	<p><b><i>Appraisal of solar PV expansion via an ESCO will be subject to the outcome of Recommendation 9 (above).</i></b></p> <p>Phase 4b of Merton’s solar PV installation programme will be completed in September 2015. LBM current PV portfolio is as follows:</p> <ul style="list-style-type: none"> <li>• Total number of systems: 35 across 28 sites</li> <li>• Total installed capacity: 1.46MWp (mega-watt peak).</li> <li>• Total generated electricity 2014/15: 601MWh (mega-watt hours)</li> </ul> <p>A scoping study identifying the installed potential across the remaining council operational sites will be completed in September 2015.</p>	<p>Sept 2015</p> <p>Sept 2015</p>	<p>G</p>
<p><b>Recommendation 1</b> - That Cabinet, further to maximising the potential of its own sites, work with other public and private sector landowners, such as Registered Providers, private homeowners, businesses and community organisations installing solar PV (photovoltaics) on their buildings where this is supported by a business case (paragraph 4.17).</p> <p><b>*Note that this recommendation being implemented is dependent upon recommendations 8 and 9 being achieved.</b></p>	<p>Cabinet</p>	<p><b><i>Progress on ESCO subject to outcome of Recommendations 8 &amp; 9 (above).</i></b></p> <p>The report on legal implications (Recommendation 9) will help to further inform decisions on the development of a Merton ESCO.</p> <p>Early stage discussions with registered providers in Merton (MPH; Moat; Wandle) regarding opportunities for utilisation of solar photovoltaics was undertaken in 2014. No further discussions have been held at this time.</p> <p>Merton has also been invited to tender to supply</p>	<p>Oct 2015</p> <p>Aug 2014 (on-going)</p>	<p>G</p>

		exported electricity to the GLA under their License Lite scheme. This could provide a potential route for the council to act as a generator of electricity under the GLA's license to supply electricity.		
<p><b>Recommendation 2</b> - That Cabinet explore how solar PV could be made available to residents to access at cheaper rates/costs and how the council may promote or support this scheme to enable communities to purchase their own renewable technology. This may be achieved through external capital investment or the ESCO (paragraph 4.17).</p> <p><b>*Note that this recommendation being implemented is dependent upon recommendations 8 and 9 being achieved.</b></p>	Cabinet	<p><b><i>Progress on ESCO subject to outcome of Recommendations 8 &amp; 9 (above).</i></b></p> <p>An initial meeting will be held with the London Boroughs of Sutton and Croydon and the Royal Borough of Kingston on 27 August 2015 to explore the scope for developing a collective solar PV purchasing model for residents in south-west London. This is based on the 'Solar Together' programme developed by the Collective Energy Switching Company iChoosr and trialled in Norfolk during 2014. Further updates will follow subject to the outcomes of this meeting.</p> <p>FutureMerton have been exploring the potential scope for utilising the Spacehive online crowd-funding platform to support civic projects within Merton. This potentially has the scope to include crowd-funding for community owned renewable energy schemes, including solar PV..</p> <p>Merton will continue to explore wider opportunities of delivering solar PV via the ESCO subject to the completion of Recommendations 8 and 9.</p>		G
<p><b>Recommendation 3</b> - That the council adopt Merton's Climate Change Strategy 2014-2017, which has been reviewed by the Task group and revised to take account of its recommendations (paragraph 5.6).</p>	Cabinet	CC Strategy 2014-2017 adopted at full council	9 Jul 2014	<b>Complete</b>

<p><b>Recommendation 4</b> - That Cabinet agree to build consideration of the adoption/installation of energy efficiency measures in appropriate council contracts being established or renewed by procurement, where feasible (paragraph 5.6).</p>	Cabinet / Partners	<p>LBM Procurement was in the process of drafting a revised Pre-Qualification Questionnaire (PQQ) to be used for contract values in excess of £100k in September 2014. The PQQ was being reviewed by Legal. No further updates on the progress of this action have been received from Procurement team for this reporting period.</p>	Sept 2014	A
<p><b>Recommendation 5</b> - That representatives from each council Directorate participate in the Climate Change Steering Group, as appropriate, to consider cross cutting issues and projects relating to tackling climate change to ensure a strategic focus and leadership on climate change priorities (paragraph 5.6)</p>	Cabinet	<p>Climate Change Steering Group meetings are structured thematically in line with the key topics detailed in the CC Strategy and the actions incorporated therein. Representatives from relevant directorates are invited to attend meetings accordingly.</p> <p>A review of progress of actions within the Climate Change Strategy is currently underway via the Steering Group and will be completed in November 2015.</p>	<p>On-going</p> <p>Nov 2015</p>	G
<p><b>Recommendation 6</b> - That Cabinet commission a proposal on the feasibility of whether Merton might roll out a local Green Deal that addresses some of the issues associated with the national Green Deal scheme, as reported by residents, which has resulted in low take up (paragraph 6.16).</p> <p><b>*Note that this recommendation being implemented is dependent upon recommendation 8 being delivered.</b></p>	Cabinet	<p><b><i>Progress on ESCO subject to outcome of Recommendations 8 (above).</i></b></p> <p>Since April 2015 there have been significant changes in national policy with regard to energy efficiency. This includes:</p> <ul style="list-style-type: none"> <li>• Closure of the Green Deal energy efficiency scheme and Green Deal Finance Company</li> <li>• Removal of the Code for Sustainable Homes process for new domestic development from the planning system</li> <li>• Removal of the Zero Carbon Homes planning policy (2016)</li> <li>• Removal of the Allowable Solutions mechanism planning policy (2016)</li> </ul>		A

		<p>The council will therefore no longer be able to utilise the Green Deal process or Green Deal Finance to support energy efficiency retrofit activities. Furthermore, the scope for funding energy efficiency retrofit measures through carbon offset funding secured through the planning system has been significantly reduced with the removal of the Allowable Solutions mechanism.</p> <p>There have not currently been any Government announcements on the replacement for the Green Deal.</p> <p>FutureMerton is delivering a non-domestic energy efficiency retrofit project for local small businesses having secured £175k of funding from the London Enterprise Panel (LEP). The Brighter Business project is a two year project that will aim to increase business resilience through energy efficiency. The project will:</p> <ul style="list-style-type: none"> <li>• Engage with 1,000 local small businesses on issues of energy efficiency</li> <li>• Deliver fully funded energy efficiency surveys to at least 100 small businesses</li> <li>• Provide grant funding to help install identified energy efficiency measures in at least 20 local small businesses.</li> </ul>	<p>Oct 2015</p> <p>Mar 2017</p>	
<p><b>Recommendation 10</b> - That the council develop a marketing and engagement strategy to ensure the widest promotion and awareness raising of energy efficiency measures and improvements that staff, residents and local businesses can access (paragraph 9.6)</p> <p><b>*Note that this recommendation being</b></p>	Cabinet	<p>Communication and engagement plans are developed on a project-by-project basis, in accordance with Merton's approach to projects. Defined strategies have been developed for the following projects:</p> <ul style="list-style-type: none"> <li>• Brighter Business energy efficiency project (see details in Recommendation 6, above)</li> <li>• Big London Energy Switch (Collective Energy</li> </ul>	2016	A

<p><b>implemented is partially dependent upon recommendation 8 being delivered.</b></p>		<p>Switching) scheme</p> <p>Where cross-over exists with other departments (e.g. Public Health), joint communication and engagement activities are undertaken.</p>		
<p><b>Recommendation 11</b> – To be added to comment on relationship with MPH/Circle Housing. This will be finalised further to consideration of the response from MPH/Circle to the task group’s recommendations which will be tabled at the SC Panel meeting on 26<sup>th</sup> March).</p>	<p>Cabinet / Circle Housing</p>	<p><b><i>Progress subject to confirmation of recommendation</i></b></p> <p>Active engagement with MPH via housing regeneration programme (see progress on Recommendation 7)</p>	<p>On-going</p>	<p>G</p>

This page is intentionally left blank



## Sustainable Communities - C&H June 2015 & Quarter 1 performance

Dept.	PI Code & Description	Polarity	June 2015					YTD Result	Annual YTD Target	YTD Status
			Value	Target	Status	Short Trend	Long Trend			
Libraries	CRP 059 / SP 008 No. of people accessing the library by borrowing an item or using a peoples network terminal at least once in the previous 12 months	High	61,319	55,000				61,319	54,500	
Libraries	CRP 060 / SP 009 No. of visitors accessing the library service on line	High	53,221	39,500				53,221	39,500	
Libraries	SP 279 % Self-service usage for stock transactions (libraries)	High	96%	95%				96%	95%	
Libraries	SP 280 Active volunteering numbers in libraries (Rolling 12 Month)	High	310	200				310	200	
Libraries	SP 282 Partnership numbers (Libraries)	High	62	30				62	30	
Libraries	SP 287 Maintain Income (Libraries)	High	£66,567	£82,409				£66,567	£82,409	
Housing Needs & Enabling	CRP 062 / SP 035 Number of homelessness preventions	High	139	138				139	138	
Housing Needs & Enabling	CRP061SP036MP045 Number of households in temporary accommodation	Low	142	130				140	130	
Housing Needs & Enabling	SP 037 Highest no. of families in Bed and Breakfast accommodation during the year	Low	4	10				2.67	10	

Dept.	PI Code & Description	Polarity	June 2015					YTD Result	Annual YTD Target	YTD Status
			Value	Target	Status	Short Trend	Long Trend			
Housing Needs & Enabling	SP 038 Highest no. of adults in Bed and Breakfast accommodation	Low	7	10				5.33	10	

Dept.	PI Code & Description	Polarity	Q1 2015/16					YTD Result	Annual YTD Target	YTD Status
			Value	Target	Status	Short Trend	Long Trend			
Merton Adult Education	CRP 063 / SP 242 Number of enrolments funded by SFA on non-accredited courses (CL - Community Learning) (academic) (Quarterly)	High		400	Not measured this period				3,000	NMTP
Merton Adult Education	SP 243 Number of enrolments funded by SFA on accredited courses (ASB - Adult Skills Budget) (academic) (Quarterly)	High		375	Not measured this period				1,000	NMTP
Housing Needs & Enabling	SP 277 Social Housing Lets (Quarterly)	High	78	70				78	70	
Housing Needs & Enabling	SP 360 Number of enforcement / improvement notices issued (Quarterly)	High	11	11				11	11	
Housing Needs & Enabling	SP 361 Number of Disabled Facilities Grants (DFG) approved (Quarterly)	High	9	15				9	15	

# Public Protection

PI code and description	Jul-15					YTD result	Annual YTD Target	Current YTD status
	Value	Target	Status	Long Trend	Short Trend			
<b>Parking</b>								
CRP 044 Parking services estimated revenue	£1,150,861	£1,069,859	✓	↑	↑	£4,206,061	£4,096,606	✓
SP 127 % of parking permits issued within 5 working days	95%	90%	✓	↑	→	95%	90%	✓
SP 258 Sickness- No of days per FTE (parking)	1.05	0.83	✗	↑	↑	4.98	3.32	✗
SP 384/LERPark54 Backlog of PCN correspondence	99	500	✓	↑	↑	298	500	✓
SP 397 % of cases won at PATAS	67.65%	52%	✓	↑	↑	52.96%	52%	✓
SP 398 % of cases lost at PATAS	29.41%	22%	✗	↓	↓	26.09%	22%	✗
SP 399 % of cases where council does not contest at PATAS	2.94%	26%	✓	↑	↑	20.95%	26%	✓
<b>Regulatory Services</b>								
SP 041 % of service requests replied to in 5 working days (EHTSL)	94.08%	90%	✓	↑	↑	93.27%	90%	✓
SP 042 Income generation by EHTSL	£79,157	£3,000	✓	↑	↑	£188,622	£105,000	✓
SP 111 No. of underage sales test purchases (Quarterly)	Quarterly measure					34	57	✗
SP 254 % Data capture from air pollution monitoring sites (Quarterly)	Quarterly measure					85%	90%	✗
SP 255 % licensing apps. processed within 21 days (Quarterly)	Quarterly measure					100%	96%	✓
SP 316 % of Inspection category A,B & C food premises (annual)	Annual measure					97	95	✓
SP 381 % of food premises rated 2* or above (Quarterly)	Quarterly measure					91%	94%	✗

## E&R Streetscene performance

<b>Waste Services</b>								
CRP 047 / SP 068 Number of refuse collections including recycling and kitchen waste missed per 100,000	70.89	50	✗	↑	↑	61.5	50	✗
SP 064 % Residents satisfied with refuse collection (annual)	Annual measure					70%	74%	✓
SP 065 % Household waste recycled and composted	36.01%	40%	✗	↓	↓	37.98%	40%	✗
SP 066 Residual waste kg per household	193.73	164	✗	↓	↓	193.73	164	✗
SP 067 % of municipal solid waste sent to landfill (waste management & commercial waste)	64%	60%	⚠	↓	↓	59%	60%	✓
SP 071 Days lost from through sickness per FTE (waste mgmt)	2.82	1.25	✗	↓	↑	13.76	5	✗
SP 262 % Residents satisfied with recycling facilities (annual)	Annual measure					72%	75%	✗
SP 354 Total waste arising per households (KGs)	80.71	72	✗	↓	↓	310.81	288	✗
SP 407 % of FPN's issued that have been paid	54.73%	65%	✗	↓	↓	54.57%	65%	✗
<b>Commercial waste</b>								
SP 046 Total Income from commercial waste	£308,836	£275,000	✓	↑	↑	£341,008	£575,000	✗
SP 377 % customer satisfaction with commercial waste service (annual)	Annual measure					0%	85%	✗
SP 378 % market share for commercial waste (Quarterly)	Quarterly measure					25.46%	26%	✗
<b>Street Cleansing</b>								
CRP 048 % of sites surveyed on local street inspections for litter that are below standard	10.05%	8%	✗	↓	↓	7.31%	8%	✓
CRP 049 / SP 059 Number of fly tips reported in streets and parks	288	308	✓	↑	↑	1,161	1,232	✓
SP 058 % of sites surveyed on local street inspections for litter that are below standard (KBT) (Quarterly)	Quarterly measure					9.34%	9.50%	✓
SP 061 Days lost through sickness per FTE (street cleaning)	0.93	1.25	✓	↓	↓	2.96	5	✓
SP 062 % Sites surveyed below standard for graffiti (Quarterly)	Quarterly measure					5.53%	4.50%	✗
SP 063 % Sites surveyed below standard for flyposting (Quarterly)	Quarterly measure					1.05%	1%	✓
SP 139 % Sites surveyed below standard for weeds (Quarterly)	Quarterly measure					10.66%	13.50%	✓
SP 140 % Sites surveyed below standard for Detritus (Quarterly)	Quarterly measure					11.97%	15%	✓
SP 269 % Residents satisfied with street cleanliness (annual)	Annual measure					54%	60%	✗
<b>Transport</b>								
SP 135 % MOT vehicle pass rate (transport passenger fleet) (Quarterly)	Quarterly measure					85.30%	95%	✗

PI code and description	Jul-15					YTD result	Annual YTD Target	Current YTD status
	Value	Target	Status	Long Trend	Short Trend			
SP 136 Average % time passenger vehicles in use (transport passenger fleet) (Annual)	Annual measure					91%	65%	✓
SP 137 % User satisfaction survey (transport passenger fleet) (annual)	Annual measure							?
SP 271 In-house journey that meet timescales (transport passenger fleet) (Annual)	Annual measure					91%	85%	✓
SP 355 Spot checks on contractors (Transport Commissioning)	7	6	✓	↑	↑	14	10	✓
SP 392 % satisfaction of parents / carers on taxi journeys (annual)	Annual measure							?
SP 393 Average sickness days per FTE ( transport fleet)	0.9	0.83	⚠	↑	↑	4.6	3.32	⚠

## Sustainable Communities

Development and Building Control								
CRP 045 / SP 118 Income (Development and Building Control)	149,082	160,000	⚠	↓	↓	638,872	640,000	✓
CRP 050 Volume of planning applications	264	170	✓	↑	↑	884	680	✓
CRP 051 / SP 114 % Major applications processed within 13 weeks	0%	60%	⚠	↓	↓	38.46%	60%	⚠
CRP 052 / SP 115 % of minor planning applications determined within 8 weeks	60.61%	66%	⚠	↑	↓	60.99%	66%	⚠
CRP 053 / SP 116 % of 'other' planning applications determined within 8 weeks (Development Control)	88.60%	81%	✓	↑	↑	87.24%	81%	✓
SP 040 % Market share retained by LA (Building Control)	62.37%	66%	⚠	↑	↓	60.19%	66%	⚠
SP 113 Number of enforcement cases closed	61	50	✓	↓	↓	270	200	✓
SP 117 % appeals lost (Development & Building Control) (Quarterly)	Quarterly measure					29%	35%	✓
SP 380 Number of backlog enforcement cases	864	750	⚠	↑	↑	864	750	⚠
SP 408 % of residents satisfied with planning services (annual)	Annual measure							?
Property								
CRP 046 / SP 023 Maintain level of Capital receipts to support the financial strategy (excluding Merton Priory Homes) (Quarterly)	Quarterly measure					£0m	£0.2m	⚠
SP 024 % Vacancy rate of property owned by the council (Quarterly)	Quarterly measure					0.50%	3.50%	✓
SP 025 % Debt owed to LBM by tenants inc businesses (Quarterly)	Quarterly measure					7%	8.50%	✓
SP 386 Property asset valuations (annual)	Annual measure					241	150	✓
Greenspaces								
SP 026 Residents % satisfaction with parks & green spaces (annual)	Annual measure					72%	72%	✓
SP 027 Young peoples % satisfaction with parks & green spaces (annual)	Annual measure					77	71	✓
SP 028 Total LBM cemeteries income	£10,923	£15,000	⚠	↓	↓	£100,907	£100,000	✓
SP 029 Total outdoor events income	£109,184	£73,000	✓	↑	↑	£129,543	£157,000	⚠
SP 032 Number of Green Flags (annual)	Annual measure					5	5	✓
SP 318 Number of outdoor events in parks	71	45	✓	↑	↑	111	77	✓
SP 385 Volunteer input in parks management (number of groups) (Annual)	Annual measure					38	30	✓
Leisure Development								
SP 015 Income generated - Merton Active Plus activity	£10,074	£9,000	✓	↑	↑	£23,826	£22,500	✓
SP 251 Income from Watersports Centre	£156,950	£156,850	✓	↑	↑	£209,175	£211,840	✓
SP 314 External funding and internal investment £ (Quarterly)	Quarterly measure					£109,356	£0	✓
SP 325 % of residents rating Leisure & Sports facilities Good to Excellent (annual)	Annual measure					44%	51.50%	⚠
SP 349 14 to 25 year old fitness centre participation at leisure centres	9,988	8,970	✓	↑	↓	38,846	34,550	✓
SP 405 Total number of users of Merton's leisure centres	75,447	64,900	✓	↑	↑	282,850	270,366	✓
SP 406 Total number of users of Polka Theatre (Quarterly)	Quarterly measure					19,065	23,422	⚠
Future Merton								
SP 020 New Homes (annual)	Annual measure					440	320	✓
SP 257 % Town centre vacancy rates (Quarterly)	Quarterly measure					4.90%	10%	✓
SP 263 % modal share for walking and cycling in the borough (annual)	Annual measure					33	36	✓
SP 265 Reduce total no. killed or seriously injured in road traffic accidents (annual)	Annual measure					32	44	✓

PI code and description	Jul-15					YTD result	Annual YTD Target	Current YTD status
	Value	Target	Status	Long Trend	Short Trend			
SP 320 % Emissions reduction from buildings (annual)	Annual measure					18.40%	9%	✓
SP 382 New jobs created - number of apprenticeships (Annual)	Annual measure					100	60	✓
SP 383 Number of new businesses created through the Economic Development Strategy (EDS) (Annual)	Annual measure					157	100	✓
SP 395 Number of new jobs created through the Economic Development Strategy (EDS) (annual)	Annual measure					176	300	⊘
SP 396 % modal increase in cycling from 2% baseline in the borough (annual)	Annual measure					3%	0.50%	✓
<b>Traffic and Highways</b>								
SP 260 % Streetworks inspections completed (Quarterly)	Quarterly measure					47%	37%	✓
SP 327 % to Emergency callouts within 2 hours (traffic & highways)	100%	100%	✓	↓	↓	100%	100%	✓
SP 328 % Streetworks permitting determined	96%	98%	⚠	↓	↓	97.38%	98%	✓
SP 329 Percentage of Condition Surveys completed on time (traffic and highways) (annual)	Annual measure					95.35%	92%	✓
SP 350 Percentage of jobs completed where no Fixed Penalty Notice issued	91%	93%	⚠	↓	↓	94.16%	93%	✓
SP 389 Carriageway condition - unclassified roads defectiveness condition indicator (annual)	Annual measure					20.60%	21%	✓
SP 390 Footway condition - defectiveness condition indicator (annual)	Annual measure					22.70%	21%	⊘
SP 391 Average number of days taken to repair an out of light street light (Quarterly)	Quarterly measure					2.37	3	✓

This page is intentionally left blank

## **Committee: Sustainable Communities Scrutiny Panel**

**Date: 2 September 2015**

Agenda item: 10

Wards: All Wards

## **Subject: Final Report of the Housing Supply Task Group**

Lead officer: Rebecca Redman, Scrutiny Officer

Lead member: Councillor Abigail Jones, Chair of the Sustainable Communities Overview and Scrutiny Panel

Contact Officer: Rebecca Redman, [rebecca.redman@merton.gov.uk](mailto:rebecca.redman@merton.gov.uk); 020 8545 4035

---

### **Recommendations:**

- A. That the Sustainable Communities Scrutiny Panel considers and endorses the report arising from the scrutiny review of the supply of affordable housing in Merton, attached at Appendix 1, to submit to Cabinet for consideration at their meeting on 14<sup>th</sup> September 2015.
- 

### **1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1 To present the final report and recommendations resulting from the scrutiny review of housing supply, with a focus on affordable housing, for Cabinet consideration.

### **2. DETAILS**

- 2.1 At the first meeting of the municipal year 2014/15, the Panel agreed to undertake a task group review looking at the provision of affordable housing.

### **3. CONSULTATION UNDERTAKEN OR PROPOSED**

- 3.1 In carrying out its review, the task group engaged a range of stakeholders, council officers and cabinet members to ensure that evidence based recommendations could be made that would support the achievement of the aims of this review, as outlined below:

- To understand housing market characteristics and the level of housing need in Merton.

This would include:

- National and local policy context surrounding the provision of affordable housing;
- Data on housing need in Merton;
- The role of the local authority and partners (i.e. Registered Providers, private landlords and private developers) in ensuring good quality housing;
- An overview of what affordable housing is being built in Merton



- To review the councils existing housing strategy with a view to strengthening/developing this policy in light of the reviews findings;
- To determine how the council might support and encourage the production of new affordable homes in Merton and what land is available for development;
- To determine what good practice exists elsewhere that might be utilised in responding to the demand for affordable housing

3.2 Appendix 1 of the Task Group Report lists those who contributed to the review.

#### **4. TIMETABLE**

4.1 Cabinet will receive the Final Report and recommendations of the Housing Supply Task Group at their meeting on 14<sup>th</sup> September 2015.

4.2 The Sustainable Communities Scrutiny Panel should receive an Executive Response and Action Plan from Cabinet at their November 2015 meeting.

#### **5. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

5.1 None for the purposes of this covering report.

#### **7. LEGAL AND STATUTORY IMPLICATIONS**

7.1 None for the purposes of this covering report.

#### **8. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

8.1 It is a fundamental aim of the scrutiny process to ensure that there is full and equal access to the democratic process through public involvement and engaging with local partners in scrutiny reviews. Furthermore, the outcomes of reviews are intended to benefit all sections of the local community. An Equalities Impact Assessment was completed as part of the review process and is available on request from the Scrutiny Team.

#### **9. CRIME AND DISORDER IMPLICATIONS**

9.1 None for the purposes of this covering report.

#### **10. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

10.1 None for the purposes of this covering report.

#### **11. APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

11.1 Appendix 1 – task group review final report - Housing Supply (with a focus on affordable housing)

#### **12. BACKGROUND PAPERS**

12.1 Appendix 1 – Final Report of the Housing Supply Task Group





**London Borough of Merton**

**Report and Recommendations arising from the Scrutiny Review of Housing Supply in Merton (with a focus on affordable housing)**

**Sustainable Communities Overview & Scrutiny Panel**

**September 2015**

## Appendix 1

### Task Group Members

Cllr Ross Garrod (Chair)

Cllr Janice Howard

Cllr Imran Uddin

Cllr Michael Bull

Cllr Abigail Jones

### Scrutiny Support

Rebecca Redman, Scrutiny Officer

For further information relating to the review, please contact:

Scrutiny Team

London Borough of Merton

Merton Civic Centre

London Road

Morden

Surrey SM4 5DX Tel: 020

8545 3864

E-mail: [scrutiny@merton.gov.uk](mailto:scrutiny@merton.gov.uk)

## Appendix 1

### **Acknowledgements**

We would like to thank all the officers and external witnesses who have taken the time to provide written and verbal information and discussed their ideas with us. All contributors are listed in Appendix 1 of this report.

## Appendix 1

<b>Index</b>	<b>Page</b>
<b>Acknowledgments</b>	3
<b>Foreword by the Chair of the Task Group</b>	6
<b>Executive Summary</b>	7-8
<b>List of Recommendations</b>	9-11
<b>Introduction</b>	13-17
<b>What is affordable housing?</b>	17-18
<b>Housing landscape across London</b>	18-19
<b>Housing Strategy in London</b>	19-20
<b>Housing Strategy in Merton</b>	20-21
<b>Housing Need in Merton</b>	22-23
<b>Roles and Responsibilities of Local Authorities in meeting housing need</b>	23-29
<b>Welfare Reform and the Impact on Housing Need</b>	29-33
<b>Planning Policy and Housing Development</b>	33-38
<b>Housing Development in Merton</b>	38-42
<b>Relationship with Housing Associations</b>	42-44
<b>Funding Housing Development</b>	44-46
<b>Local Authorities as Enablers of Housing Development</b>	46-50

## Appendix 1

<b>Local Authorities as Housing Providers</b>	50-53
<b>Alternative Models to meet housing demand</b>	53-57
<b>Concluding Remarks</b>	57-58
<b>What happens next?</b>	59
<b>Appendices</b>	
Appendix 1 – Whom we spoke to	61-62
Appendix 2 - Equalities impact assessment	63-68
Appendix 3 – Eligibility Criteria: Temporary Accommodation	69
Appendix 4 – NHS Land in Merton	70-72

### Foreword by Councillor Ross Garrod - Chair of the Task Group

Merton is a wonderful place to live with great transport links, vastly improving schools, a plethora of parks and green spaces and vibrant town centres. I am lucky that Merton has been my home since I was a few months old, when my parents decided to move the family to Mitcham from Chiswick. Now, however, many families in Merton are finding it difficult to afford to stay in the borough and are being forced to consider moving further away. Whether that is because house prices have soared (42% in the past 3 years) or because private rent has become unaffordable (Private rent has increased by 22% in past three years), or because demand for affordable housing far outstrips supply with 8229 residents on the housing register.

People we know; whether it be a colleague at work, a friend we went to school with or a family member, can no longer afford to stay in Merton. They are leaving their community, their support networks and potentially their jobs.

The housing crisis also impacts on the tax payer: with people unable to buy a home and unable to secure affordable housing the only option for many is the private rented sector - with sky high rents. Do we put a line in here about many in work applying for housing benefit?? The taxpayer is being asked to subsidise the private landlords through the spiralling Housing Benefit bill. Nationally this cost the taxpayer £23.8 billion in 2013-14 –almost 30% of the entire welfare bill! By providing more housing at affordable rents it would help in some way with cutting the billion pound bill. It is in all our interests to act and to act now.

Unfortunately, this report will not solve the housing crisis. The problem is far wider than just Merton and needs to be tackled by national government. But there are things that can be done to ensure the supply of affordable housing is maximised in Merton. There are recommendations in this report to address issues with planning, overcrowding and development.

One of the recommendations, of which I am a vehement supporter, offers a clear path to get Housing Associations building through providing them with under utilised council owned land . In return the Council will have access to newly built properties to offer to those residents most in need on the Housing Register. It's a win/win. And the best part is that work can begin relatively quickly as the Housing Associations have the infrastructure and funding already in place to develop on these sites.

I have found throughout the process is that the key to success is to keep things simple. The recommendations I hope do just that and can help bring real change to the affordable housing market in Merton, in consultation with Housing Associations who play a key role in meeting housing need.

I would like to end by thanking officers that provided evidence to this review, James McGinlay (Head of Sustainable Communities) and Steve Langley (Head of Housing Need and Enablement) and the many witnesses the Group have spoken to for their contributions. I would also like to offer my sincere thanks to Rebecca Redman from the Scrutiny Team for her support, dedication and hard work throughout this process.

I hope the report offers some sobering reading as well as some hope that we might support residents to secure more affordable housing in the borough.

### Executive Summary

The Sustainable Communities Scrutiny Panel set up a task group with the aim of generating recommendations that would stimulate the supply of affordable housing in Merton. Affordable housing relates to social housing, affordable rent, and homes for sale at below market value. As house prices escalate, making home ownership difficult, and private rents increase, which are unaffordable for working families and often not accessible to Housing Benefit recipients, how to meet housing need is a challenge that all Councils' face.

Acknowledging that the supply of affordable housing is a national issue and that Merton is no longer a stock owning authority, and therefore unable to access funding through a Housing Revenue Account, the Task Group approached the review by considering the role of the Council as both an enabler and potential provider of affordable housing. In doing so, the Task Group sought evidence of good practice from other Local Authorities, engaged stakeholders such as Housing Associations, the GLA and the NHS, and utilised research and guidance from organisations such as Shelter, the Joseph Rowntree Foundation and the National Housing Federation, amongst others.

The approach the Task Group took was very much in line with the Government commissioned Elphicke-House Report (2014) and the recommendations it made to move councils from statutory provider to housing delivery enabler. It recommended that local authorities play a central role in supporting the provision of new homes, across all housing tenures, being more active in creating housing opportunities, using their own assets, and working closely with partners. The Task Group aligned their recommendations with these proposals.

It was clear from the outset of the review that the Council must meet housing need in a variety of ways; particularly as land availability and site size is an issue in Merton. So much so that even if all of the sites (both public and private ownership) were built out, this still wouldn't meet current housing need, let alone projected need, in the borough. What is clear in taking the recommendations made forward is that the Council needs to be in agreement about the priority it wishes to accord to enabling affordable housing development. This report, it is hoped, will help initiate that debate and provides a number of viable, alternative models to meet housing need, offering imaginative solutions that the council may pursue.

The recommendations resulting from the review seek to:

- Build stronger relationships with Housing Associations and the Private Rented Sector, acknowledging the key role they play in meeting housing need;
- Strengthen the Council's position as an enabler of housing development, in its engagement with private developers and seeking to deliver the maximum amount of affordable housing possible;
- Encourage the role of the Council as a provider of housing; and
- Support those in priority need and on the Council's Housing Register to access affordable housing

## Appendix 1

Some recommendations may also be achieved or supported should the Housing Development Company Model be accepted and taken forward. Furthermore, a number of recommendations are linked and require dialogue and effective partnership working with Housing Associations to deliver. The task group wishes to take forward these recommendations in consultation with Housing Associations across Merton and London.



## Appendix 1

### List of recommendations

Recommendations	Stakeholder/ Responsible Team
<b>Recommendation 1</b> - That Cabinet work with the private rented sector to encourage landlords to let properties to residents on the Housing Register and in receipt of Housing Benefit. (paragraph 6.16)	
<b>Recommendation 2</b> - That Cabinet explore the opportunities for providing temporary accommodation in house. This should include a review of both housing need and disruption to residents placed out of borough, as well as the potential financial benefits to the Local Authority. This should also enable the council to meet requirements regarding tenure, in particular for larger units for families. (paragraph 6.28)	
<b>Recommendation 3</b> - That a report is presented to the Sustainable Communities Scrutiny Panel in anticipation of the proposed Pay to Stay policy on how residents might be incentivised to move on to alternative forms of affordable housing, freeing up much needed social housing. (paragraph 7.12)	
<b>Recommendation 4</b> - The Cabinet undertake a review into the effectiveness of viability assessments and make recommendations on challenging developers to enable the provision of more affordable housing. (paragraph 8.12)	
<b>Recommendation 5</b> - That Cabinet agree to consider whether viability assessments can be made available for review to Councillors on the Planning Application Committee. (paragraph 8.12)	
<b>Recommendation 6</b> - That the planning department proactively considers using their right to review powers on developments that don't meet the 40% affordable housing target. (paragraph 8.12)	
<b>Recommendation 7</b> - That the Council encourages developers to engage with Registered Providers, at an earlier stage in the planning process, on the development of affordable housing. (paragraph 8.12)	
<b>Recommendation 8</b> - That Cabinet consult with councillors and community groups on potential sites and land that present opportunities for the development of affordable housing (paragraph 8.13).	

## Appendix 1

<p><b>Recommendation 9</b> - That the Cabinet consider opportunities for gifting small to medium pockets of land in council ownership to Housing Associations in order to stimulate the creation of more affordable housing to meet demand. In doing so, Cabinet should submit a report to the Sustainable Communities Scrutiny Panel for review on the business case and council's ability to gift land and on what might be proposed to housing associations within this. As part of any agreement with Housing Associations on the use of council land/sites, the Council should receive full nomination rights to all properties developed. (paragraph 8.19)</p>	
<p><b>Recommendation 10</b> - That the Cabinet agree to consult with Registered Providers in revising the terms of reference of the MerHAG Group, to enable a more regular forum for proactive engagement with Housing Associations and Registered Providers on the opportunities for, and barriers to, the development of affordable housing in Merton. (paragraph 10.7)</p>	
<p><b>Recommendation 11</b> - That the Council effectively communicates its sites and plans policy to Registered Providers. (paragraph 10.7)</p>	
<p><b>Recommendation 12</b> - That the Sustainable Communities Scrutiny Panel invites all Registered Providers in operation in the borough to a future meeting to gather information on their overcrowding strategies and to make any recommendations, as appropriate. The Panel should also engage other Local Authorities to look at good practice, including Richmond Council who the task group met with as part of this review. (paragraph 12.20)</p>	
<p><b>Recommendation 13</b> - That the Council consider the proposal for a Housing Development Company in Merton and ensure that it meets Council policy on affordable housing, encouraging where possible, given that it is a Council owned vehicle that it provides above and beyond the baseline of 40% affordable housing. (paragraph 13.16)</p>	
<p><b>Recommendation 14</b> - That Cabinet explore effective policy enacted by other London Councils to unlock land banking and stalled development sites to ensure that affordable housing can be developed sooner. (paragraph 13.16)</p>	
<p><b>Recommendation 15</b> - That Cabinet identify sites to commission the development of intermediate products, such as Pocket homes, in order to meet the needs of those trying to secure ownership of a property but unable to afford full market values. (paragraph 14.6)</p>	

## Appendix 1

<b>Recommendation 16</b> - That Cabinet identify sites to commission the development of homes, such as those offered by YCube, in order to support residents to move out of temporary accommodation or social housing. (paragraph 14.10)	
<b>Recommendation 17</b> - That the Council lobby the Sec. of State for Health to simplify structures regarding land ownership and responsibilities for selling off NHS land. (paragraph 14.20)	



### Final Report of the Task Group

#### 1. Introduction

- 1.1 The Council's Sustainable Communities Overview and Scrutiny Panel, at its meeting on 3 July 2014, agreed to establish a Task Group review to look at how the council was responding to demand for housing, in particular, social and affordable housing, and what could be done to increase housing supply given the councils status as a non stock owning authority.

#### Rationale

- 1.2 London is in the grip of a severe housing shortage. London's council stock has declined over the last 20 years as a result of right to buy, transfer to housing associations and stalled building programmes. Right to buy was a positive development, allowing people to access home ownership. However, it did not achieve one for one replacement as proposed which has also contributed to the shortage of available affordable housing. There are 380,000 people on London's local authority waiting lists<sup>1</sup> and an affordability crisis is preventing many from purchasing their own home. Residents are now increasingly reliant upon the private rented sector or social housing, with 26% of households in London renting privately and owner occupation falling to only 27%.<sup>2</sup>
- 1.3 The spiralling costs of housing benefit and the number of new applicants for housing benefit and council housing who are in employment is also of concern. New applications for housing benefit from those in work to Merton Council currently stands at 3,700 claims where claimant and or partner are in work, and 1,100 claims, where claimant and or partner are self employed.
- 1.4 Furthermore, overcrowding is an issue. Data from the Office for National Statistics shows that homes with six residents are the fastest growing category of household and 3 million people in the UK now live in a home with at least five other individuals<sup>3</sup>. London's lower income families are particularly affected, needing larger

---

<sup>1</sup> London Assembly –Housing Committee, *Right to build: what's stopping councils from building more housing?* (2013)

<sup>2</sup> GLA - *Housing in London 2014: The Evidence base for the Mayor's Housing Strategy*

<sup>3</sup> <http://www.theguardian.com/society-professionals/2014/aug/08/housing-problems-affect-health>

## Appendix 1

accommodation, but unable to afford spiraling rents for family homes that are in short supply<sup>4</sup>.

- 1.5 There is also significant pressure on those under the age of 40 who are finding it difficult to access home ownership, placing greater demand on the private rented sector and on the councils housing register. With house prices rising 5% year on year and a shortage of affordable homes, by 2025 it is anticipated that more than half of those under 40 will be living in private rented accommodation (7.2 million households).<sup>5</sup> Private renting is now the norm for those who cannot afford to buy, but do not qualify for social housing. Furthermore, across London the average rent stands at £1,854 a month.<sup>6</sup>
- 1.6 The need for family homes is also great, but larger homes command a very high premium in London, with a typical four-bedroom home costing 63% more than a three bedroom property. Furthermore, the typical first time buyer in London is now borrowing nearly four times their annual income.<sup>7</sup>
- 1.7 Members acknowledged in selecting this as the focus of a task group review, that there is a particular need to build more social homes, to provide secure and decent homes for people in housing need, and for more intermediate and affordable homes that will bring the benefits of home ownership to people who have been shut out by the market, also providing a more affordable alternative to private renting.<sup>8</sup>
- 1.8 The Mayors London Housing Strategy (2014) has set a target for local councils, to meet housing need across London, of 42,000 new homes (at an increase of about 33% in stock) across all tenures, per year. Councils therefore need to respond by making the very best use of their housing resources to tackle the rate at which population growth (estimated to reach 10 million by 2030) is outpacing growth in the number of households across London,<sup>9</sup> and rising house prices outpace earnings growth<sup>10</sup>.
- 1.9 Equally, high land values in London act as a significant brake on the supply of council homes. Many boroughs own land (Local authorities own around 20% of land identified

---

<sup>4</sup> London Assembly –Housing Committee, *Right to build: what's stopping councils from building more housing?* (2013)

<sup>5</sup> <http://www.theguardian.com/money/2015/jul/22/pwc-report-generation-rent-to-grow-over-next-decade>

<sup>6</sup> <http://www.standard.co.uk/news/london/average-london-home-will-cost-650000-by-2020-report-warns-8993294.html>

<sup>7</sup> <https://www.london.gov.uk/priorities/housing-land/consultations/draft-london-housing-strategy>

<sup>8</sup> Shelter, *In the mix: the need for a diverse supply of new homes* (2014)

<sup>9</sup> GLA - *Housing in London 2014: The Evidence base for the Mayor's Housing Strategy*

<sup>10</sup> <http://www.theguardian.com/money/2015/jul/22/pwc-report-generation-rent-to-grow-over-next-decade>

## Appendix 1

as suitable for development) and can assemble small parcels for development. However, they can only develop it in partnership with private or social sector developers. Affordable housing providers also experience high land costs as a major barrier to development in the areas of greatest housing need and often find it difficult to compete with private developers. Borrowing finance to invest in building for local authorities is also difficult as they are particularly constrained.<sup>11</sup>

- 1.10 The role of councils then is to act as both an enabler and provider of housing. They need to provide strong leadership to deliver housing and growth and ensure the involvement of communities in the design of homes, ensuring mixed tenure is provided in line with projected demographic change. In Merton the population is anticipated to increase to 223,700 by 2019 and Merton Council will have to be innovative and creative to meet housing need with very few sites available that are suitable for housing development. The Task Group sought to explore how Merton might provide or better enable the provision of affordable housing.

### Housing and Health

- 1.11 The Task Group also acknowledged the need to address the impact of housing on the health and wellbeing of residents. The scientific evidence on the many links between housing and health has grown substantially in recent decades. This evidence can be used to guide "primary preventive" measures related to housing construction, renovation, use and maintenance, which can promote better overall health.<sup>12</sup>
- 1.12 According to the World Health Organisation "there is a clear need and opportunity for governments and others to promote health in the course of making investments in housing. A safe, settled, home is the cornerstone on which individuals and families build a better quality of life, access the services they need, and gain greater independence. In contrast, homelessness and poor housing multiply inequalities and have a long-term impact on physical and mental health. The health effects of poor housing also disproportionately affect vulnerable people: older people living isolated lives, the young, those without a support network and adults with disabilities<sup>13</sup>. Housing quality is also an important determinant of health and a marker for poverty. The condition of housing stock is a major influence on the borough's capacity to reduce inequality.
- 1.13 The Task Group invited the Director of Public Health to comment on the health impact that poor housing has on the health and wellbeing of individuals. A warm, dry and secure home is associated with better health. In addition to basic housing

---

<sup>11</sup> Shelter, *Increasing investment in affordable homes* (2014)

<sup>12</sup> <http://www.theguardian.com/society-professionals/2014/aug/08/housing-problems-affect-health>

<sup>13</sup> <http://www.theguardian.com/society-professionals/2014/aug/08/housing-problems-affect-health>

## Appendix 1

requirements, other factors that help to improve wellbeing and the ability to live independently include the neighbourhood, security of tenure and modifications for those with disabilities. Poor quality housing can also increase the risk of illness and long term health conditions. Overcrowding and homelessness also impact on both physical and mental health.

- 1.14 The impact on other public service budgets must also be considered. The Building Research Establishment (BRE) estimates that poor housing costs the NHS in England at least £1.4bn per year,<sup>14</sup> indicating that the health impact of poor quality housing is on a par with smoking. The BRE's research provides a strong case for achieving significant public health gains through focusing on the most cost-effective improvements to the homes of the most vulnerable people, including addressing cold homes and hazards.
- 1.15 Whilst the Director of Public Health welcomed economic growth in the borough, she urged the task group to consider wellbeing when making recommendations about the quality of existing housing and also in the development of new build housing.

### **Purpose**

- 1.16 Meeting housing need is imperative, in particular for the impact it has on health, wellbeing and life chances for residents. It is therefore important that the Council meets housing need in a variety of ways; some of these are explored throughout this report. Registered Providers are central to this process, as well as access to funding, land and sites, and development capacity.
- 1.17 Given that Merton is a non stock owning authority, the Task Group sought to explore the Council's current role as an enabler of housing development, and any good practice that could be utilised, as well as the potential for the council to be a provider of housing, that is not limited by the council not holding a Housing Revenue Account. Options are therefore considered that look at the role of the council as both a provider and an enabler of housing development in this report.
- 1.18 The overarching aim for the review therefore was to generate recommendations that would have a positive impact on the supply of affordable housing in Merton.
- 1.19 The following Terms of Reference for the Task Group review were agreed:
- To understand housing market characteristics and the level of housing need in Merton.

This would include:

---

<sup>14</sup> BRE (2015) *The Cost of Poor Housing to the NHS* <http://www.bre.co.uk/filelibrary/pdf/87741-Cost-of-Poor-Housing-Briefing-Paper-v3.pdf>



## Appendix 1

- National and local policy context surrounding the provision of affordable housing;
  - Data on housing need in Merton;
  - The role of the local authority and partners (i.e. Registered Providers, private landlords and private developers) in ensuring good quality housing;
  - An overview of what affordable housing is being built in Merton
- To review the councils existing housing strategy with a view to strengthening/developing this policy in light of the reviews findings;
  - To determine how the council might support and encourage the production of new affordable homes in Merton and what land is available for development;
  - To determine what good practice exists elsewhere that might be utilised in responding to the demand for affordable housing

## 2. What is affordable housing?

2.1 The National Planning Policy Framework defines Affordable Housing as:

“Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.”

2.2 In terms of the Council’s strategic housing responsibilities, affordable housing is housing provided at below market costs for local people who are unable to afford market priced accommodation, to either rent or buy. The term may include:

**General social rented** (whereby tenants rent at below market costs from a registered provider (Housing Association));

**Affordable rent tenancies** (where tenants rent from registered providers at up to 80% of a market level rent); and

**Shared ownership** (where tenants have a combination of renting and borrowing to take a share of the equity of a property. This category is often called “intermediate” as a short hand term)

2.3 To better illustrate the current state of affordability in the property market across all demographics, Members utilised research by *Shelter*, which analysed the asking price for properties listed for sale on a property search

## Appendix 1

website on a single day in March 2015.

- 2.4 Shelter highlighted that London has the lowest affordability, with only 43 listings (0.1% of the market) identified in London<sup>15</sup> as being affordable for a family. Further analysis of these listings found that even this number is likely to be optimistic, since only nine of the 43 properties would be a genuine option for a family to buy. It is not just families that are unable to obtain affordable housing, Shelter found that, across London, there were only 436 homes (1.1%) with at least two bedrooms that a couple could afford, whilst only 64 of these homes had at least three bedrooms, and for single people there were only 56 homes that were affordable, with only eight of these homes with two or more bedrooms<sup>16</sup>.

### Housing Landscape across London

- 2.5 London's housing market is distinct from the rest of the country. The demand for property, the mix of tenures and households, the difference in affordability of renting or buying, and the levels of acute housing need, all distinguish the London housing market from England as a whole, and have major implications for the delivery of housing that is affordable.<sup>17</sup>
- 2.6 New supply of housing in London has historically lagged behind household projections. Official projections for London suggest that household numbers will grow at an average of 36,000 per year to 2033. In addition, on average, house prices in London are 57 per cent higher than England as a whole, and continue to grow at a faster rate, in both inner and outer London boroughs.<sup>18</sup>
- 2.7 The Greater London Authority (GLA) Housing Land Review of 2009 estimated that in total, London has capacity for the construction of 360,062 new homes between 2011 and 2021. The same GLA study also stressed the potential of London's 99,918 small sites (less than 0.25 hectares), which in principle could provide a total of 33,000 new homes over the coming decade, providing greater scope for London boroughs to deploy and invest land assets more proactively to generate more housing.<sup>19</sup>
- 2.8 40,000 affordable homes were delivered across London under the last Mayor's Housing Strategy. However, the number of publicly funded affordable homes completed fell in 2012/13. Despite London's planning 'pipeline' having 216,500

---

<sup>15</sup> As at March 2015.

<sup>16</sup> Shelter (April 2015): *How much of the housing market is affordable?*

<sup>17</sup> Joseph Rowntree Foundation (2013): *Changes to affordable housing in London and the Implications for Delivery*

<sup>18</sup> Joseph Rowntree Foundation (2013): *Changes to affordable housing in London and the Implications for Delivery*

<sup>19</sup> Joseph Rowntree Foundation (2013): *Changes to affordable housing in London and the Implications for Delivery*

## Appendix 1

homes, these are either under construction, or approved but not yet started. It is also Inner London that has the highest level of support for new house building in the country, while Outer London has the lowest.<sup>20</sup>

- 2.9 The affordability of owner occupation is also problematic in London with an average house price of £481,820 (as at June 2015). In Merton, the average house price is £469,217.<sup>21</sup> It is anticipated that the average UK home will be worth around £360,000 by 2020<sup>22</sup> and in London it will cost £647,500, according to a report by the National Housing Federation.<sup>23</sup> The average price of a home for a first time buyer in London is £384,000<sup>24</sup> and across the UK house prices increased by 5.7% (May 2015).<sup>25</sup>
- 2.10 Coupled with this is the difficulty of accessing funding to generate the deposits required. Only 4% of first time buyers expect to purchase their home within the next year, linked also to the burden of housing costs being highest for renting households. In London, average private rents rose quicker than in the rest of the country, both before and after the housing market downturn and London have by far the highest average private sector rents in the country.<sup>26</sup> Equally, changes to the benefit system mean that families and individuals across London are facing new housing pressures, leading to a rising need for additional temporary and permanent solutions, and an increased use of temporary accommodation, both in and out of borough.<sup>27</sup>
- 2.11 However, the Task Group acknowledged that viewing the solution to delivering more affordable housing as simply boosting housing supply numbers and maximising targets is incomplete. It is not just a case of needing to build many more 'affordable homes', although this is imperative, but also to reach a clear view of who these properties are for, be it private rented, social tenants or to ensure those who aspire to own a home may do so.
- 2.12 This broadening of the definition of housing need responds to the perception that there are a growing number of individuals who do not qualify for housing benefits, but who nevertheless cannot afford to live in London.<sup>28</sup>

---

<sup>20</sup> <https://www.london.gov.uk/priorities/housing-land/consultations/draft-london-housing-strategy>

<sup>21</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/447551/June\\_2015\\_HPI.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/447551/June_2015_HPI.pdf)

<sup>22</sup> <http://www.theguardian.com/money/2015/jul/22/pwc-report-generation-rent-to-grow-over-next-decade>

<sup>23</sup> <http://www.standard.co.uk/news/london/average-london-home-will-cost-650000-by-2020-report-warns-8993294.html>

<sup>24</sup> Office for National Statistics – House Price Index 2015

<sup>25</sup> [http://www.ons.gov.uk/ons/dcp171778\\_410532.pdf](http://www.ons.gov.uk/ons/dcp171778_410532.pdf)

<sup>26</sup> <https://www.london.gov.uk/priorities/housing-land/consultations/draft-london-housing-strategy>

<sup>27</sup> Joseph Rowntree Foundation (2013): *Changes to affordable housing in London and the Implications for Delivery*

<sup>28</sup> Joseph Rowntree Foundation (2013): *Changes to affordable housing in London and the Implications for Delivery*

## Appendix 1

### 3. Housing Strategy for London

- 3.1 The Mayor of London is responsible for planning across London at a strategic level. The 33 London boroughs are the local planning authorities for their areas. The key strategic policies to which councils must work to deliver affordable housing are as follows:

**The London Plan** - overall strategic plan for London setting out a fully integrated economic, environmental, transport and social framework for the development of the capital to 2036. London boroughs' local plans need to be in general conformity with the London Plan, and its policies guide decisions on planning applications by councils and the Mayor.

- 3.2 Within the London Plan, it is stated that development should be designed so that the layout, tenure and mix of uses interface with surrounding land and improve people's access to social and community infrastructure, employment and training opportunities, commercial services and public transport. Development should enable people to live healthy, active lives, maximize the opportunity for community diversity, inclusion and cohesion; and should contribute to people's sense of place, safety and security.
- 3.3 Councils are requested to plan across services to ensure the nature and mix of existing and planned infrastructure is complementary and meets the needs of existing and new communities.

**The London Housing Strategy** - provides policies to meet the housing needs of London's growing population with well-designed homes of all tenures, and in particular to support London's working households.

- 3.4 The Mayor's Strategy aims to put in place the resources to deliver more than 42,000 new homes a year. This requires the full commitment of London boroughs, of government, and of private and public sector developers. This drive includes freeing up local councils to build, bringing forward surplus public land, and developing Housing Zones across the capital to drive delivery. The Strategy also aims to increase opportunities for home ownership, by improving the private rented sector and by ensuring working Londoners have priority for affordable homes to rent.

### 4. Housing Strategy in Merton

#### Affordable Housing Targets

- 4.1 The councils planning system helps to deliver affordable homes through the application of an affordable housing target. All developments must submit a viability assessment that demonstrates the percentage of affordable housing that can be delivered. At present the council aims for 40% affordable housing as part of all

## Appendix 1

housing developments within the borough. To date, the council has delivered 37% affordable housing year on year.

- 4.2 The Council, as a non stock owing housing authority, works with registered providers (Housing Associations) and the GLA to identify and fund affordable housing. The delivery of new homes depends on landowners, registered providers and property developers completing the schemes for which they have planning permission.
- 4.3 The council's Core Plan (2011) and Affordable Housing Policy requirements are as follows (This may be subject to further challenge):

<b>Threshold</b>	<b>Affordable Housing Target</b>	<b>Affordable Housing Tenure split</b>	<b>Provision requirement</b>
10 units or more	40%	60% affordable rented + 40% intermediate	On site unless exceptional circumstances
1-9 units	20%	60% affordable rented and 40% intermediate	Provision of an affordable housing equivalent to that provided on site as a financial contribution.

- 4.4 When developing affordable housing provision, the council has regard to site characteristics such as site size, site suitability and economics of provision such as financial viability issues and planning contributions. Under the current planning system, councils must allow developers to negotiate the level of affordable housing on their development, according to what the developer can pay. More than 90% of the planning applications received in Merton for new homes are for less than 10 homes.
- 4.5 However, developers are allowed to negotiate the level of affordable housing on each site according to what is viable. This has been coupled with a reduction in unit grant levels for affordable housing from the Greater London Authority. Funding has been halved and affordable rent levels have been capped.
- 4.6 In the past the Council has contributed council owned land to provide additional homes. However, land holdings are very limited and future opportunities to assist provision in this way will be scarce. Therefore, since 2011, the council has been working hard to encourage landowners and developers to build their development sites in order to provide more homes and the infrastructure necessary to support them.

## Appendix 1

- 4.7 The GLA intends to implement a Pan London top slice of affordable rented homes, which is due to come into force as a condition of 2015 – 2018 affordable housing funding allocations. This replaces the South West London sub-regional pooling arrangements for nominations to new build affordable housing.
- 4.8 5% of homes will be let on a Pan London basis and 100% on strategic sites (currently defined as those sites with 150 homes or more across all tenures). In addition the Registered Provider will retain 10% for nomination.
- 4.9 Registered Providers will also have the opportunity to substitute certain types of units, including those with 4 or more bedrooms and adapted or specialist units that have been developed to meet a specific local need.

### 5. Housing Need in Merton

- 5.1 Merton currently acts as an enabler of housing development as an authority that no longer owns housing stock. Merton transferred its housing stock in 2010 to a registered provider, Circle Housing Merton Priory (CHMP), and therefore no longer retains a Housing Revenue Account from which to draw funds for housing provision. This was to partly enable social housing to be brought up to Decent Homes Standard.
- 5.2 Members considered both current and future housing need in this review, anticipating demographic change and its likely impact on volume and tenure of housing required. The Council carried out a borough wide affordable housing needs survey in 2005 to ascertain the number of people in need of affordable homes in all parts of the borough. In 2010 the council published a Merton Strategic Housing Market Assessment, which indicated that the demand for affordable housing outstrips supply.
- 5.3 Members learned that the number of people living in Merton is expected to increase over the next 16 years from approximately 192,000 by around 3%, to about 198,700 in 2026, creating need for more homes and other supporting services to cope with a larger population. Merton's population is fairly youthful with around half in the 15-45 year old age group. It is also a diverse borough, which gives rise to specific needs such as accommodating larger households.
- 5.4 At present, 8229 residents are registered on the Council's Housing Register and require the following bedsize:

Bedsize	Total	
1	3739	45.44%
2	2536	30.82%
3	1575	19.14%
4	321	3.90%

## Appendix 1

5	48	0.58%
6	9	0.11%
8	1	0.01%
<b>Total</b>	<b>8229</b>	

5.5 Residents are categorised on a banding system on the Housing Register that is reflective of the criteria that residents must meet to be a priority for social housing, these are:

<b>Band</b>	<b>Criteria</b>	<b>Volume</b>
A	Medical, overcrowding etc.	51
B	Priority – threat of homelessness	202
C	Transfers	1375
D	Special Quota	17
E	Accepted Homeless	98
F	Older persons	730
G	General Housing Register	5473
H	Low priority / Out of Borough	283
<b>Total</b>		<b>8229</b>

## 6. Roles and Responsibilities of Local Authorities in meeting housing need

6.1 Merton Councils Housing Strategy delivers, at a local level, the priorities within the Mayor's London's Housing Strategy (2014). Merton Council are responsible for managing the demand for affordable housing by:

- Playing a strategic role, enabling registered provider liaison and housing need assessments to be undertaken;
- Responding to homelessness obligations and undertaking homelessness assessments;
- Managing the social housing nominations and lettings policy;
- Providing housing advice and managing tenancy relations with private sector landlords; and

## Appendix 1

- Producing housing strategies and addressing housing issues in the area (as outlined within the Local Government Act 2003)
- 6.2 The Local Authority is required to play a strategic housing role by assessing and planning for the current and future housing needs of the local population across all tenures, seeking to make the best use of existing housing stock in the social and private rented sectors, and planning for new housing supply and housing support services, granting resources to help improve vulnerable residents independence and health.
- 6.3 Merton maintains a Housing Needs and Enabling Team in order to meet demand for housing from residents through the provision of temporary accommodation, supporting resident to access affordable housing and to administer the choice based lettings system, which enables residents to access social housing provided by CHMP and other RP's in the borough. The councils planning and Future Merton teams also play a role in regeneration of the borough, ensuring growth, attracting developers and approving planning applications to deliver mixed tenure housing across the borough.
- 6.4 The Council currently meets housing need in the following ways:

### **Social Housing: Nominations and Choice Based Lettings**

- 6.5 Across London, social housing is the most concentrated of the tenures, comprising a high proportion of housing in many Inner London neighbourhoods and 24% overall.<sup>29</sup> Merton is no longer a stock owning authority, having transferred its stock to Circle Housing Merton Priory (CHMP) in 2010, under a large scale voluntary transfer agreement. The Council has nomination rights to many of the properties in the borough provided by Housing Associations.
- 6.6 The Councils Housing Register and Nominations Policy sets out its position in respect of nominating people for offers of permanent accommodation to Housing Associations and other registered providers. Following the stock transfer, applicants on the Council's housing register are provided with social housing through nomination agreements the Council has with Housing Associations in the borough (in line with The 1996 Housing Act and 2002 Homelessness Act). Local Authorities are required to give reasonable preference in their allocation policies to applicants with high levels of assessed housing need.
- 6.7 Available housing association homes are advertised on the Choice Based Lettings (Home Connections) website. Applicants can express an interest in advertised properties and residents are nominated to the housing association in accordance with the Councils Housing Register and Nominations Policy.

---

<sup>29</sup> [https://www.london.gov.uk/sites/default/files/Housing%20in%20London%202014%20-%20Final\\_1\\_0.pdf](https://www.london.gov.uk/sites/default/files/Housing%20in%20London%202014%20-%20Final_1_0.pdf)



## Appendix 1

### Private Rented Sector

- 6.8 The Mayor of London has recorded that 26% of households in London rent privately. The shortfall in new housing supply in both the social and private sectors has also increased the number of overcrowded or 'sharing' households. The private rented sector is now larger than the social sector counterpart and the second largest tenure.<sup>30</sup> Very little of this increase is attributable to new stock, the majority being previously owner occupied homes.
- 6.9 There is a buoyant private rented sector with rising rents resulting from fewer people being able to get on the property ladder. People cannot afford to buy due to high house prices and therefore have no choice but to rent privately. The average weekly private sector rents across Merton (according to the GLA London Rents Map) are as follows<sup>31</sup>:

Tenure	Weekly rental values
1 bed	£253
2 bed	£311
3 bed	£368
4+ bed	£547

- 6.10 Local Housing Allowance (LHA) applies to new and change of address claims for Housing Benefit (HB) for tenants renting accommodation from a private landlord. LHA rates are based on the number of bedrooms in the property and the area or Broad Rental Market Area (BRMA) it is in. The number of bedrooms a person can claim HB for depends on their household. The LHA rates for 2015-16 are as follows (weekly rates):

	Shared rooms	One bedroom	Two bedrooms	Three bedrooms	Four Bedrooms	Five bedrooms
<b>Inner South West London</b>	£94.38	£253.82	£302.33	£354.46	£417.02	Not applicable

<sup>30</sup> [https://www.london.gov.uk/sites/default/files/Housing%20in%20London%202014%20-%20Final\\_1\\_0.pdf](https://www.london.gov.uk/sites/default/files/Housing%20in%20London%202014%20-%20Final_1_0.pdf)

<sup>31</sup> <http://www.london.gov.uk/priorities/housing-land/renting-home/rents-map?source=vanityurl>

## Appendix 1

<b>Outer South West London</b>	£84.91	£209.77	£280.60	£336.96	£417.02	Not applicable
<b>Outer South London</b>	£82.46	£167.22	£210.57	£279.14	£344.38	Not applicable

6.11 In Merton lettings facilitated for residents on the Housing Register, by tenure, are as follows (June 2015):

<b>Bed size</b>	
Bedsit / studio	9
1 bed	248
2 bed	162
3 bed	70
4 bed	9
5 or more beds	0
<b>Total</b>	<b>498</b>

6.12 By property type, lettings to private rented sector landlords are as follows:

<b>Property type</b>	
Bungalow	5
Flat	375
Flat/DPU	4
House	93
Maisonette	12
Studio / Bedsit	9
<b>Grand Total</b>	<b>498</b>

## Appendix 1

- 6.13 The reduction in available private rented sector accommodation means that landlords are reluctant to let properties to tenants in receipt of housing benefit and prefer private tenants. This has implications for the council in that lower income households have difficulties accessing the market and therefore require social housing, which is in short supply. The use of the private rented sector as a means of increasing supply and reducing demand for affordable housing has been a central plank in the Council's homelessness prevention strategy, with over 1000 "priority need" households moving into the private rented sector since 2004. Merton Council has been at the forefront of councils using the private rented sector in this way and continues to have the lowest number of people in London in temporary accommodation, through active and assertive work with people in housing need.
- 6.14 Households accommodated in the private sector are supported by a Rent Deposit Scheme, which has been developed to provide a rent deposit to the landlord, with the aim of offering this service to households accepted as homeless and applicants via the Allocations Scheme who are under a direct threat of homelessness.
- 6.15 It is recognised that the prompt administration of Housing Benefit is crucial, to enable people to remain in their tenancies, particularly in the private rented sector, and to encourage private sector landlords to accommodate new tenants.
- 6.16 Residents that apply for social housing also do so due to being evicted by landlords. Security of tenure within the private rented sector is a factor in the increase in housing need. The council has legal powers to prosecute landlords for illegal evictions and work alongside partners from the Citizens Advice Bureau (CAB) and the Department for Work and Pensions (DWP) to address issues residents experience regarding affordability.

**Recommendation 1 - That Cabinet work with the private rented sector to encourage landlords to let properties to residents on the Housing Register and in receipt of Housing Benefit.**

### **Homelessness and Temporary Accommodation**

- 6.17 The Council has statutory duties in relation to preventing homelessness and providing temporary accommodation to residents in need that meet eligibility criteria. Homelessness is when an individual has no accommodation available for occupation, in the United Kingdom or elsewhere in the world. The council aims to intervene early in cases of potential homelessness to enable families / households to retain their accommodation, or take another housing option, that prevents them from having to present to the local authority as homeless.
- 6.18 Homelessness can often be seen as having its roots in the inadequate supply of affordable housing. However, it also reflects broader issues, where people face

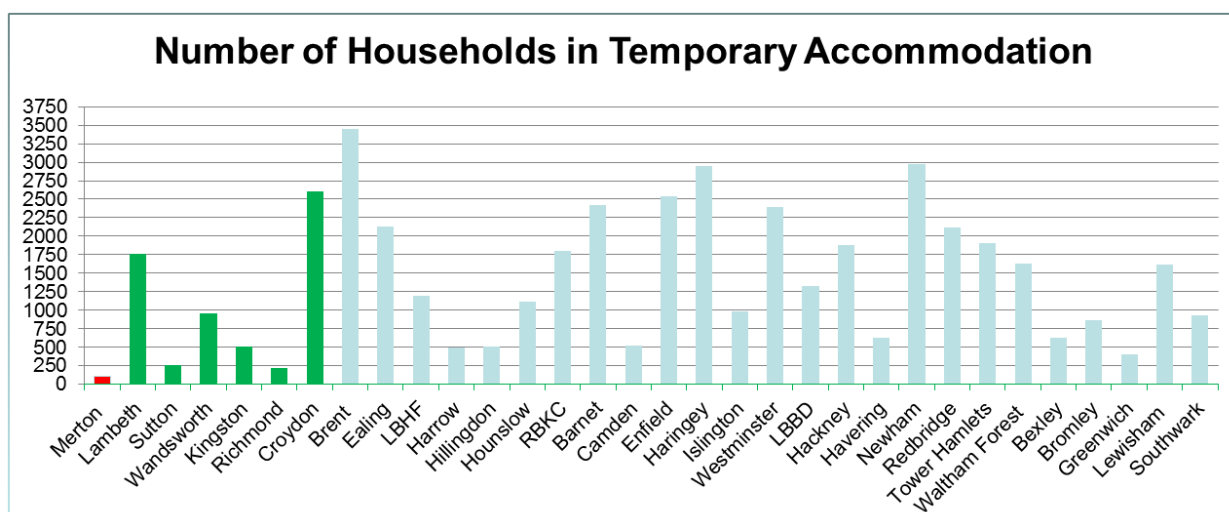
## Appendix 1

complex social and financial problems that make it difficult for them to sustain tenancies or property ownership.

- 6.19 Merton's approach to homelessness places an emphasis on prevention and the council has adopted a wide range of preventative strategies to avoid households becoming homeless. The Council aims to prevent or delay homelessness through housing advice and assessment through the Housing Register.
- 6.20 Prevention work undertaken by the council includes:
- Advice, including money matters;
  - Offering other accommodation options - especially private sector;
  - Prevention fund used on a "spend to save" basis;
  - Resolving tenancy issues;
  - Mediation between landlord and tenant; and
  - Mediation in family disputes
- 6.21 Residents at risk of homelessness that meet the criteria above are placed in temporary accommodation. For information, additional eligibility criteria are listed in Appendix 3. Merton has a range of temporary accommodation that is offered by independent providers that receive payment directly from Merton Council for housing residents on their housing register. These providers include Hall Place, YMCA, Women's refuges, the private rented sector and single homeless projects. Members heard that these independent providers also supply other councils and accept residents from other boroughs. This has an impact on the places available to Merton residents in need and also on the council's resources.
- 6.22 Members were concerned about providing accommodation for families due to a lack of available affordable or social housing of sufficient size. This can result in families being placed out of borough. Members acknowledged that there are resource implications for the council in seeking to place residents in temporary accommodation, however, for the individuals and families that receive this service it minimises the negative impact on their health and wellbeing and prevents homelessness. At present, 82 residents are placed outside the borough in temporary accommodation and 63 residents are placed within Merton.
- 6.23 There has been concern at a national level that homeless households in temporary accommodation, particularly those with children, are not able to establish themselves to attain a reasonable quality of life. Members also expressed concerns about uprooting families from their communities when placing them out of borough in temporary accommodation, which has an impact on their wellbeing, access to work, continuity in attending school and difficulty in accessing GP appointments in the borough in which they are placed, amongst other effects which cause considerable disruption and upset to residents.

## Appendix 1

- 6.24 To achieve this, households need to receive support to ensure that their health, education and social services needs are met. This is particularly the case where the authority place a household out of borough and the support network is more difficult to maintain. Effective working relationships need to be in place with health, education and social services.
- 6.25 The Task Group were pleased to hear that Merton has systems in place to notify partner agencies of placements in temporary accommodation within the borough. This also applies to households placed by other boroughs within Merton, and also all Merton residents who are placed in temporary accommodation within the borough.
- 6.26 Merton has the lowest number of households in Temporary Accommodation in the South West region, as detailed below:



- 6.27 The gross cost of providing Temporary Accommodation in 2014/15 was £2,011,293. The Council received £1,680,412 in housing benefit payments and £151,631 in client contributions.
- 6.28 The Task Group expressed concern regarding the additional cost to the council of providing temporary accommodation through commissioning independent providers. Members were keen to explore the options for providing this service in house, at a reduced cost, to ensure priority for Merton residents. Officers also informed the task group that changes to the provision of services may impact the priority currently afforded to the council and Merton residents, by independent providers, when allocating places. The Task Group felt that there was merit in reviewing the cost of delivery of an in-house temporary accommodation service to meet housing need and to minimise displacing families by having to place them in accommodation outside of the borough, away from their support networks, jobs and schools.

**Recommendation 2 - That Cabinet explore the opportunities for providing temporary accommodation in house. This should include a review of both housing need and disruption to residents placed out of borough, as well as the potential financial benefits to the Local Authority. This should also enable the council to meet requirements regarding tenure, in particular for larger units for families.**

### 7. Welfare Reform and the Impact on Housing Need

- 7.1 Merton has approximately 13,085 housing benefit claimants within the social (7,450), private (5,555) and Temporary Accommodation (80) sectors. This is at a cost to the council of £1.75 million per week. It is estimated that in the year 2014/15 the council will pay £95 million in housing benefit and accommodation costs.

#### Housing Benefit Cap

- 7.2 Housing benefit helps pay for rent for people who rent their homes or who part-rent through shared ownership. Tenants must be on a low income or claiming benefits to receive Housing Benefit. If you live in social housing and receive income support or jobseeker's allowance, your housing benefit usually covers the rent, unless the spare room subsidy or the benefit cap applies.<sup>32</sup>
- 7.3 The coalition Government sought to reform the welfare system and housing benefit by increasing incentives to encourage people on benefits to start paid work or increase their hours, aiming to make the benefit system fairer and more affordable, reducing poverty, worklessness and welfare dependency.<sup>33</sup>
- 7.4 The Benefit Cap, introduced in 2013, set a limit on the total amount in benefits that most working-age people are able to claim. The total amount you can currently claim in benefits is £500 per week for single parents and couples with children, and £350 per week for single people. The Benefit Cap applies to the benefits received as a household. This means that all benefits received by the household are included. The Welfare Reform and Work Bill (2015) will amend the amount that can be claimed to £23,000 a year for families in London.<sup>34</sup> On July 8 2015 the government announced that the total amount a household will be able to claim in benefits is £442 a week in London and £385 a week outside London. This will include Housing Benefit to pay rent. These changes will take effect from April 2016.

---

<sup>32</sup>[http://england.shelter.org.uk/get\\_advice/housing\\_benefit\\_and\\_local\\_housing\\_allowance/what\\_is\\_housing\\_benefit/understanding\\_housing\\_benefit](http://england.shelter.org.uk/get_advice/housing_benefit_and_local_housing_allowance/what_is_housing_benefit/understanding_housing_benefit)

<sup>33</sup> <https://www.gov.uk/government/publications/2010-to-2015-government-policy-welfare-reform/2010-to-2015-government-policy-welfare-reform>

<sup>34</sup> Shelter (August 2015): *The Impact of Reducing the Benefit Cap*

## Appendix 1

- 7.5 Members expressed concern about the impact of the Benefit Cap on low income families and their ability to afford their home.<sup>35</sup> The DWP have estimated that as many as 90,000 additional households across the UK are subject to the new benefits cap<sup>36</sup> and that households will, on average, be £1,144 per year worse off in London.<sup>37</sup> More startling is that the Greater London Authority has estimated that up to 9,000 households may have to move out of London when the caps are introduced.<sup>38</sup>
- 7.6 A briefing by Shelter highlighted the necessity of preparing for the shortfall between rents and incomes for the 1.4 million people receiving LHA across the UK, and impact on the ability of residents to find affordable housing. An increasing risk of homelessness, which is a potential result of the Benefit Cap, will also make it very hard for Local Authorities to find affordable housing to rehouse families.

### Universal Credit

- 7.7 Universal Credit is a new single payment for people who are looking for work or on a low income. It replaces a number of other benefits, including Housing Benefit. Universal Credit aims to help meet the costs of household rent or mortgage interest. This covers working age tenants renting in the social sector and brings them in line with those renting in the private rented sector. Housing costs within Universal Credit are paid directly to individuals in the social rented sector, rather than the current system of payments direct to landlords. The Government aims to encourage people to manage their own budget in the same way as other households with this reform.<sup>39</sup>

### Spare Room Subsidy

- 7.8 From April 2013 all working age tenants renting from a local authority, housing association, or other registered social landlord, no longer receive help towards the costs of a spare room. They receive help towards their housing costs based on the need of their household, making the rules consistent with those that apply to tenants renting in the private rented sector.

### Discretionary Housing Payments

---

<sup>35</sup> Shelter (August 2015): *The Impact of Reducing the Benefit Cap*

<sup>36</sup> Shelter (July 2015): *Parliamentary Briefing – Welfare Reform and Work Bill*

<sup>37</sup> Shelter (July 2015): *Parliamentary Briefing – Welfare Reform and Work Bill*

<sup>38</sup> <http://www.housing.org.uk/policy/welfare-reform/benefit-cap/>

<sup>39</sup> <https://www.gov.uk/government/publications/2010-to-2015-government-policy-welfare-reform/2010-to-2015-government-policy-welfare-reform#appendix-3-making-sure-housing-support-is-fair-and-affordable>

## Appendix 1

7.9 The Government allocated £65m in 2013-14 and £35m in 2014-15 to the Discretionary Housing Payments (DHPs) budget to help families affected by the benefit cap.<sup>40</sup> Councils get an annual pot of money to help people who claim housing benefit who are struggling with housing costs.<sup>41</sup> In addition, in the Welfare Reform and Work Bill, the Government has pledged to provide additional DHP to those struggling and Targeted Affordability Funding to raise LHA rates where rent increases are unusually high.<sup>42</sup>

### Welfare Reform and Work Bill (2015)

7.10 In the summer Budget 2015, the government announced that, to achieve the surplus in 2019-2020, £37 billion of further consolidation measures would need to be undertaken, including £12 billion from welfare reform. The Welfare Reform and Work Bill (2015) seeks to alter the support available to people facing homelessness or in poor housing.<sup>43</sup> Delivering on the government's commitment to save £12 billion from the working-age welfare budget by 2019-20, it will freeze working-age benefits and Local Housing Allowances for 4 years, reduce rents in social housing by 1% a year for 4 years, reduce the benefit cap, and reform tax credits and Universal Credit with support focused on those with lower incomes<sup>44</sup>. Some of the measures that will need to be carefully managed and planned for to ensure housing need can be met are as follows:

### Reducing Social Rents

7.11 The Welfare Reform & Work Bill seeks to reduce social rents by 1% for four years, resulting in a 12 per cent reduction in average rents by 2020-21.<sup>45</sup> The measure is forecast to save £1.4bn by 2020-21, mostly in housing benefit expenditure. Some tenants will be required to pay market (or near market) rents if they earn £30,000 or more outside of London or £40,000 or more within London.<sup>46</sup> This is good news for those on low incomes in social housing, whose rent will be reduced. The policy will also mean large savings on the welfare budget for the Department of Work and Pensions. Shelter has warned against tackling housing costs in this way which may

---

<sup>41</sup>[http://england.shelter.org.uk/get\\_advice/housing\\_benefit\\_and\\_local\\_housing\\_allowance/changes\\_to\\_housing\\_benefit/disc\\_retionary\\_housing\\_payments](http://england.shelter.org.uk/get_advice/housing_benefit_and_local_housing_allowance/changes_to_housing_benefit/disc_retionary_housing_payments)

<sup>42</sup> Shelter (July 2015): *Parliamentary Briefing – Welfare Reform and Work Bill*

<sup>43</sup> Shelter (July 2015): *Parliamentary Briefing – Welfare Reform and Work Bill*

<sup>44</sup> <https://www.gov.uk/government/publications/summer-budget-2015/summer-budget-2015>

<sup>45</sup> LGIU Policy Briefing (2015): *The Welfare Reform and Work Bill: Welfare Reform Update*

<sup>46</sup> LGIU Policy Briefing (2015): *The Welfare Reform and Work Bill: Welfare Reform Update*



## Appendix 1

undermine the viability of house building itself. Many housing associations and local authorities use social rent revenues to fund the building of more homes. The Office for Budget Responsibility estimates the reduction in social rents could result in 14,000 fewer homes being built, whilst the National Housing Federation estimates the loss to be as much as 27,000.<sup>47</sup>

### Pay to Stay

- 7.12 Following on from a commitment made in ‘Laying the foundations, a housing strategy for England’, to tackle the problem of households earning high incomes who continue to occupy subsidized housing, this Government proposes to introduce a ‘Pay to Stay’ scheme to enable landlords to charge a fair rent to tenants on high incomes who want to stay in their social homes.<sup>48</sup> Within this, families earning over £40,000 per year will be expected to pay an additional fee to stay in their current homes.

**Recommendation 3 - That a report is presented to the Sustainable Communities Scrutiny Panel in anticipation of the proposed Pay to Stay policy on how residents might be incentivised to move on to alternative forms of affordable housing, freeing up much needed social housing.**

### Implications for Merton

- 7.13 The Task Group heard from officers that welfare reform has impacted the need for housing and support to enable families and single people to remain in their homes, particularly within the social housing sector. The Benefit Cap introduced in 2013 affected 105 residents in Merton at a total value of £6,675 per week, equal to £347,100 per year. In addition, under occupation in social sector housing resulted in 647 cases restricted at a total value of £13,740 per week, equal to £714,480 per year. Discretionary Housing Payments (DHP) grant from central Government is also being reduced from £645,000 to £431,000 in 2016. The Government will provide £800 million of funding to local authorities for DHP over the next 5 years.
- 7.14 Further welfare reform has also resulted in a localised council tax benefit scheme with a 10% funding reduction for council tax benefit. To date, Merton has absorbed funding reduction and implemented a default scheme for 2013/14 and 2014/15, and will do so again in 2015/16, in order to maintain low council tax charges for those on lower incomes and other vulnerable residents.
- 7.15 Universal Credit equally involves a single payment to residents that will cover state benefits and housing costs. The benefits received for housing costs are paid directly to claimants that are then responsible for ensuring landlords receive payment. If

---

<sup>47</sup> Shelter (July 2015): *Parliamentary Briefing – Welfare Reform and Work Bill*

<sup>48</sup> <https://www.gov.uk/government/consultations/high-income-social-tenants-pay-to-stay>

## Appendix 1

payment is not received this has an impact on council services to manage demand resulting from evicted tenants.

- 7.16 Merton maintains an overview of these and other policy and legislative developments and anticipates impact and future need through the Welfare Reform Resilience Group, chaired by the Director of Community and Housing.

### **8. Planning Policy and Housing Development**

- 8.1 Housing Development in Merton is currently guided by the following regional and local planning policies:

## Appendix 1

The **National Planning Policy Framework 2012 (NPPF)** sets out government's policy on planning matters in England and Wales.

The **Mayor's London Plan 2011** containing planning policies that guide all London boroughs on issues for the benefit of the whole of London, such as the number of new homes to be built in London. All other planning documents have to be in general conformity with the Mayor's London Plan.

**Merton's Core Planning Strategy (July 2011)** sets the overall framework for regeneration and development in Merton.

The **Sites and Policies Plan** and **Policies Map** contains detailed planning policies which guide planning applications for development in Merton, implementing the more strategic principles set out in Merton's Core Planning Strategy 2011 and The London Plan 2011. It details sites for allocation for new uses.

- 8.2 When considering development proposals, the Council will take a positive approach that reflects the presumption in favour of sustainable development contained in the National Planning Policy Framework. It will always work proactively with applicants to find solutions which mean that proposals can be approved wherever possible, and to secure development that improves the economic, social and environmental conditions in the area.
- 8.3 Merton Council aims to enable development that creates socially mixed communities, providing a choice of housing with respect to dwelling size and type in the borough, in particular, for families with children, single person households and older people.
- 8.4 As this report demonstrates, there is an overwhelming need in London and in Merton for all types and sizes of new homes, which must be balanced against the need for supporting infrastructure. Assessment of historical provision in the borough indicates a disproportionately greater delivery of smaller homes compared to larger homes. 84% of dwellings completed in the borough between April 2000 and March 2011 consisted of 1 or 2 bedroom units.
- 8.5 Despite the council's efforts to enable housing development, it is recognised that the council will not be able to meet all housing needs in the borough. In assessing development proposals the council will take account of Merton's Housing Strategy (2011-2015) and borough level indicative proportions (which are set out as follows:

Number of bedrooms	Percentage of units
One	33%
Two	32%
Three +	35%

- 8.6 The borough level indicative proportions concerning housing mix have regard to relevant factors including individual site circumstances, site location, identified local needs, and economics of provision, such as financial viability and other planning contributions.

### **Financial Viability and Affordable Housing Development**

- 8.7 Where a developer considers a site unsuitable to apply the borough level indicative housing mix set out above, the developer will be responsible for demonstrating why this is the case through a viability assessment. The Growth and Infrastructure Act 2013 amended the Section 106 regime to allow developers to challenge affordable housing obligations on viability grounds.<sup>49</sup> The new Section 106BA gives developers a right to ask councils to review housing obligations and Section 106BC gives developers a right to appeal against review outcomes.<sup>50</sup>
- 8.8 A viable affordable housing provision should deliver the maximum level of affordable housing consistent with viability and the optimum mix of provision.<sup>51</sup> The test for viability is evidence that the current cost of building out the entire site (at today's prices) is at a level that would enable the developer to sell all the market units on the site (in today's market) and make a competitive return. The developer therefore needs to demonstrate to the planning authority, and to the Planning Inspectorate on appeal, that the affordable housing obligation as currently agreed makes the scheme unviable in current market conditions.<sup>52</sup> Where a scheme is judged not to be economically viable, the planning authority must modify affordable housing obligations so that it becomes so.<sup>53</sup>
- 8.9 Members considered a recent article in the Guardian which outlined the use of right to review powers by Southwark and Greenwich councils on the level of affordable housing in large scale developments within their boroughs. The article claimed that a crucial failure of the current system is that developers' viability assessments are regularly hidden from Elected Members and

---

<sup>49</sup> <http://www.planninglawblog.com/category/viability>

<sup>50</sup> <http://www.planninglawblog.com/category/viability>

<sup>51</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/192641/Section\\_106\\_affordable\\_housing\\_requirements\\_-\\_Review\\_and\\_appeal.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/192641/Section_106_affordable_housing_requirements_-_Review_and_appeal.pdf)

<sup>52</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/192641/Section\\_106\\_affordable\\_housing\\_requirements\\_-\\_Review\\_and\\_appeal.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/192641/Section_106_affordable_housing_requirements_-_Review_and_appeal.pdf)

<sup>53</sup> <http://www.planninglawblog.com/category/viability>

protected from public scrutiny on the grounds of “commercial confidentiality”.<sup>54</sup> Furthermore, viability assessments have gained increasing weight since the National Planning Policy Framework (NPPF) introduced a clause in 2012 stating that plans “should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened”.<sup>55</sup>

- 8.10 The Article goes on to argue that viability assessments often fail to consider the best use of land (mix of uses, massing, density, social mix) but focus instead on finance, with developers in a position to fund housing development and invest elsewhere should councils present a significant challenge to the levels of affordable housing they claim are able to be delivered.<sup>56</sup>
- 8.11 Greenwich Council however, has responded to such issues by introducing a policy to ensure disclosure of viability assessments to residents to ensure transparency, requiring disclosure of pricing, profit, assumptions, sales and forecasts.<sup>57</sup> The Task Group acknowledged this as a step towards challenging developers and to securing a greater percentage of affordable housing from any development. They felt that Councillors on the Planning Applications Committee should be able to review viability assessments when affordable housing targets are not being met.
- 8.12 Members also recognised the complex data captured within the assessments and were pleased to hear that resources are allocated to commission external viability expertise by the council to ensure appropriate challenge to developers. Officers use the Three Dragons Toolkit when reviewing viability assessments, as recommended by the GLA.

**Recommendation 4 - The Cabinet undertake a review into the effectiveness of viability assessments and make recommendations on challenging developers to enable the provision of more affordable housing.**

**Recommendation 5 - That Cabinet agree to consider whether viability assessments can be made available for review to Councillors on the Planning Application Committee.**

---

<sup>54</sup> [http://www.theguardian.com/cities/2015/jun/25/london-developers-viability-planning-affordable-social-housing-regeneration-oliver-wainwright?CMP=fb\\_gu](http://www.theguardian.com/cities/2015/jun/25/london-developers-viability-planning-affordable-social-housing-regeneration-oliver-wainwright?CMP=fb_gu)

<sup>55</sup> [http://www.theguardian.com/cities/2015/jun/25/london-developers-viability-planning-affordable-social-housing-regeneration-oliver-wainwright?CMP=fb\\_gu](http://www.theguardian.com/cities/2015/jun/25/london-developers-viability-planning-affordable-social-housing-regeneration-oliver-wainwright?CMP=fb_gu)

<sup>56</sup> [http://www.theguardian.com/cities/2015/jun/25/london-developers-viability-planning-affordable-social-housing-regeneration-oliver-wainwright?CMP=fb\\_gu](http://www.theguardian.com/cities/2015/jun/25/london-developers-viability-planning-affordable-social-housing-regeneration-oliver-wainwright?CMP=fb_gu)

<sup>57</sup> <http://www.planninglawblog.com/category/viability>

**Recommendation 6 - That the planning department proactively considers using their right to review powers on developments that don't meet the 40% affordable housing target.**

**Recommendation 7 - That the Council encourages developers to engage with Registered Providers, at an earlier stage in the planning process, on the development of affordable housing.**

#### **Council Assets and use of council land**

- 8.13 Members were keen to explore existing sites in the borough that might be used for the provision of affordable housing, highlighting sites within their own wards that are both privately and publicly owned. Whilst the Task Group acknowledged that Merton has a number of sites (some council owned) that could be developed, they are small sites and may not yield the number of units required to meet housing need in its entirety, even if they were all built upon.

**Recommendation 8 - That Cabinet consult with councillors and community groups on potential sites and land that present opportunities for the development of affordable housing.**

- 8.14 Members however, sought legal advice from the council to determine its freedoms the council had to agree the disposal, lease or gifting of land to housing associations for the purpose of building more affordable housing on these smaller sites. Members recognised housing associations as a potential partner to build upon these sites, particularly as funding is more accessible to them, and will enable development more quickly and potential sites to be managed once built.

#### **Releasing council land - Best Consideration Reasonably Obtainable (BCRO)**

- 8.15 The Task Group learned that the council must act in accordance with legislation relating to the appropriate disposal of land and sites. For disposal of land, unless there is a specific authority/power under another statute, the requirement is to obtain 'best consideration reasonably obtainable' (BCRO) which can be satisfied even if the land sale price is £nil.
- 8.16 If it can be demonstrated that the Council is obtaining compensation that is equivalent to or better than the land value then the sale may be considered. For example, should we gift or lease land to a Housing Association, we would expect nomination rights to be granted, however, these would need to be for a minimum period and the council would need to ensure that it was achieving something better than it would achieve ordinarily through the planning process.

- 8.17 The council would also need to try and protect any forced sale of individual properties through Right to buy, particularly as the Government is looking to extend this right to Housing Association property, as this would reduce the council's power to nominate.
- 8.18 Furthermore, if the council cannot demonstrate BCRO, the Council has power to sell land at less than BCRO where it considers the disposal would help secure the promotion or improvement of the social, economic or environmental well-being of its area. Where applicable we should have regard to our community strategy. However, even if the sale satisfies well-being requirements, the under value cannot exceed £2m, without approval from the Secretary of State. If we cannot demonstrate the well-being and undervalue tests we would need to obtain the secretary of state's consent to disposal at less than BCRO. The Council must also avoid breaching any State Aid rules.
- 8.19 The Task Group discussed the feasibility of leasing or gifting council owned land to housing associations, maximising use of its assets and facilitating the development of much needed affordable housing for residents. The Task Group recognised that more work would need to be undertaken to explore the opportunities to use council land in this way. Therefore, the Task Group were keen to recommend that Future Merton produce a report to the Sustainable Communities Scrutiny Panel outlining the ability of the Council to provide Registered Providers with small to medium underused sites in the Council's portfolio for nil return, with a particular focus on reviewing and identifying potential sites and the procurement process that would be involved in such a proposal. It is hoped that if this model is workable and that, should it be considered feasible, Registered Providers would be expected to develop purely affordable housing (which would comprise a mix of Social, Affordable Rent and Shared Ownership) on these sites, giving Merton Council full nomination rights.

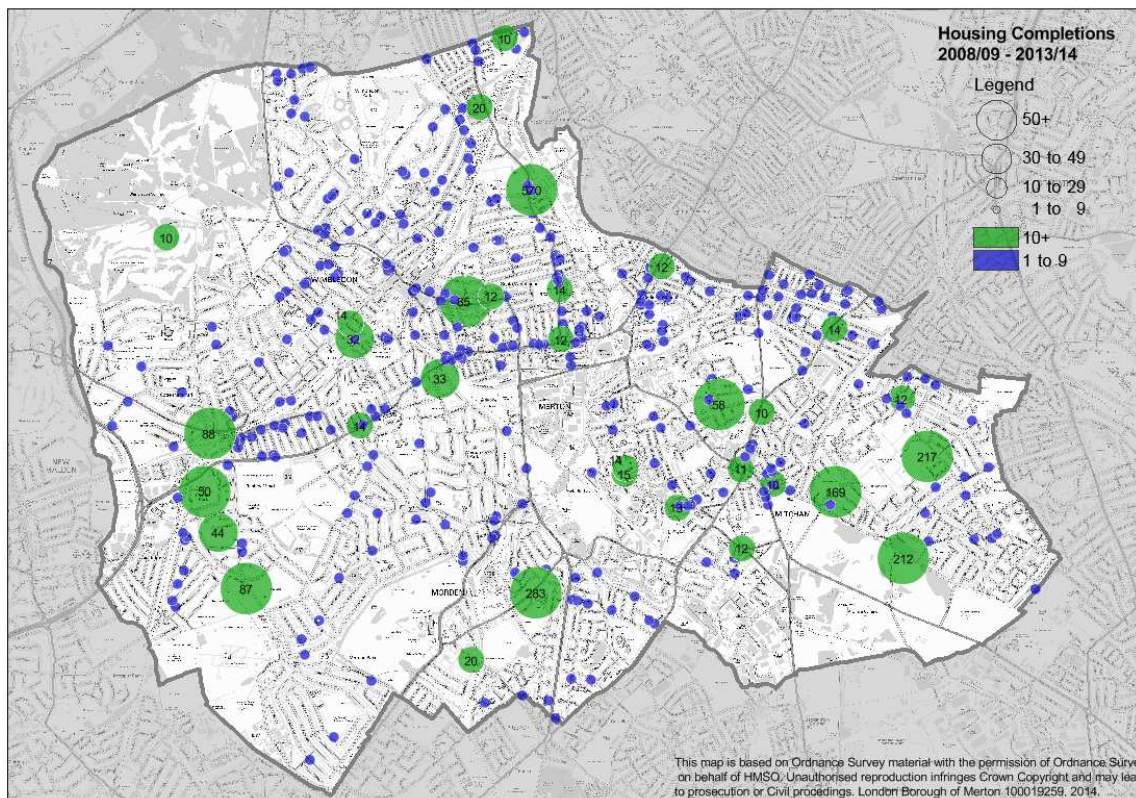
**Recommendation 9 - That the Cabinet consider opportunities for gifting small to medium pockets of land in council ownership to Housing Associations in order to stimulate the creation of more affordable housing to meet demand. In doing so, Cabinet should submit a report to the Sustainable Communities Scrutiny Panel for review on the business case and council's ability to gift land and on what might be proposed to housing associations within this. As part of any agreement with Housing Associations on the use of council land/sites, the Council should receive full nomination rights to all properties developed.**

## **9. Housing Development in Merton**

- 9.1 The types of Affordable Housing delivered in Merton are social and affordable rent; intermediate housing; and shared ownership. These housing models are delivered through partnership working. The council currently work with 9

preferred Registered Providers (RPs) with a strong development, housing management and financial viability track record. Merton also works with specialist RPs and the Dept. of Health to provide homes for people with learning disabilities, mental ill health and older people.

- 9.2 Merton liaise with land agents on potential sites for affordable housing and advise on policy, work closely with independent organisations that verify applicants' financial appraisal of scheme submissions to determine the size and tenure of affordable units to be delivered on site, and alongside Merton Housing Association Group (MerHAG), which considers housing strategic and operational matters and shares best practice. MerHAG meets twice a year and one on one meetings are held between the Housing Supply and Development Manager and Future Merton team with individual Housing Associations.
- 9.3 Affordable housing is negotiated on a site by site basis taking into consideration housing strategy and planning policy, considering tenure mix, size of development, site constraints, infrastructure and financial viability.
- 9.4 There are approximately 86,000 homes in Merton. 5,332 new homes have been built in the last 10 years. Merton's housing target between 2011 and 2026 (Core Strategy 2011-2026) is 5,801 new homes. The Map below shows new homes by size of site built from 2007-2014. Green dots cover units of 10 or more and blue dots cover developments of less than 10 units.





- 9.5 In the last five years Merton have delivered 888 additional affordable homes with a total of 15,000 affordable homes in Merton: just under half of which are managed by Circle Housing Merton Priory who took over the council’s housing stock in 2010. The other proportion (55%) is managed by other RPs such as Notting Hill, Ability, L&Q, Moat, Wandle Housing, and Genesis etc. The GLA have a key role in providing and managing affordable homes: they provide funding and dictate how many households on the council’s waiting lists have access to these homes.
- 9.6 The total homes built between 2008 and 2014 are 2,840. 888 of these homes were affordable and 1952 were market homes. The affordable homes completions between 2008 and 2014 are as outlined below:

Affordable Homes: Completions 2008-2014			
Financial Year	Total Completions	Affordable Home Completions	Percentage of total completions
2008/09	774	265	34%
2009/10	338	45	13%
2010/11	357	112	31%
2011/12	453	162	36%
2012/13	478	141	29%
2013/14	440	163	37%
Total	2840	888	31%

- 9.7 Merton Council has allocated 42 sites within its land portfolio for housing development, as outlined in Merton’s Sites and Policies Plan (2014). Allocating a site in the *Sites and Policies Plan* gives greater certainty that the council will support a particular land use on that site when the owner / investor seeks planning permission. It does not guarantee that the council will grant planning permission. While the council’s plan has to prove that the site can be built for its intended use (usually by seeking certainty from the landowner that this is what they want to do), it will be the landowner’s decision as to exactly when that happens and they can promote or advertise the site as they choose.
- 9.8 Almost all of the sites agreed/identified are allocated wholly or partly for residential use, with two thirds of these sites being privately owned. For the

next 8 years there is an approved programme for 411 new homes per year based on sites that are known or in the planning system. A robust five-year supply has been identified, providing more than 2,800 new homes up to 2020.

- 9.9 The council is also working closely with CHMP to ensure more affordable housing is developed as part of its regeneration programme across its three estates: Eastfields, High Path and Ravensbury, which will ensure the construction of 2,400 new homes over a 12 year period.
- 9.10 The Task Group heard that there are challenges in identifying land and large sites for housing development to increase the percentage of affordable housing generated from each development. Merton has a lot of green space and primarily suburban neighbourhoods with Victorian, Edwardian and 1930s properties. This means that Merton is not a large borough and most planning applications are for less than 10 homes per site. Any developments are nearly always small in number. This often makes the option of developing in Merton less viable for some HA's and private developers
- 9.11 The Task Group also considered the lack of development of affordable housing due to land banking and developers stalling sites. When they met with representatives from the GLA, they explained to the task group that whilst some sites are stalled, there is merit in understand the barriers to housing development in London from the perspective of the development industry itself. They argued that superficially, planning permission exists for 210,000 new homes in London – roughly seven years' housing supply using GLA housing delivery targets. However, schemes are rarely built at a rate of more than 250 homes every three years.
- 9.12 The Task Group was informed that the debate on the availability of land for housing development in London has been done a great disservice by dwelling on numbers such as 210,000. In fact the 'realistic' planning pipeline is likely to be somewhere between 50,000 and 70,000 homes during the next three years. Furthermore, 45% of permitted homes are in the control of firms that are not builders – firms such as owner-occupiers, investment funds, historic landowners, government and 'developers' who do not build. Builders control the other 55% of the pipeline, which presents arguments regarding land banking in a different light.
- 9.13 Members also heard that debt to help fund development is hard to obtain and is costly and often easier to obtain in Central London than in Outer London. Developers also express frustration with the speed of the planning process. The

GLA noted that typically, planning approvals are given for roughly double the actual number of homes built.<sup>58</sup>

9.13 Members also considered other challenges for the future for the development of affordable housing in Merton, alongside challenging viability. For Merton these are:

- Identifying appropriate sites and on the scale that they require affordable house building to take place;
- Encouraging site owners and developers to bring forward more sites /void properties;
- New funding sources also need to be found;
- More innovative construction methods (for example, Y Cube and Pocket) need to be explored to determine how they might better meet housing need;
- Developing expertise internally to start house building;
- Addressing skills and knowledge gap in councils to deliver housing; and
- Housing association appetite to deliver more affordable housing

## 10. Relationship with Housing Associations

10.1 Merton Council has an established relationship with CHMP, as one of the primary stock holding housing association providing social housing in the borough, further to the large scale voluntary sector transfer of Merton's stock to CHMP in 2010. The Council has nomination rights to these and other Registered Providers vacant homes, with 75% to true voids for the majority of partners and 100% to Circle Housing Merton Priory.

10.2 According to the National Housing Federation, Housing associations (HA) manage two and a half million homes for more than five million people in England and 1 in 10 people in London live in a housing association property. Between 2011 and 2015, over 170,000 new affordable homes were built by HA's, generating almost £18.4 billion in the economy and supporting the development of over 390,000 jobs<sup>59</sup>.

10.3 Nationally, there is a predicted shortfall of 2.5 million homes by 2030. Housing associations are working hard to tackle the housing crisis, with an ambition to add another 2.5 million homes to the supply by 2033. But this is significantly constrained by the availability and affordability of suitable land<sup>60</sup>.

---

<sup>58</sup> GLA, *Barriers to Housing Delivery Update: Private sector housing development on larger sites in London* (2014)

<sup>59</sup> Presentation – Patrick Vernon (National Housing Federation): Mixed use sites and NHS Surplus Land

<sup>60</sup> Presentation – Patrick Vernon (National Housing Federation): Mixed use sites and NHS Surplus Land

10.4 In Merton the following Housing Associations are in operation (including volume of social rented units):

<b>Registered Provider</b>	<b>Number of Rented units</b>
Circle Housing Merton Priory	6126
Wandle	1058
Moat	885
L&Q	812
Amicus Horizon	299
Family Mosaic	262
Notting Hill	249
Thames Valley Housing Association	171
Riverside Group	104

#### *Stakeholder Forum*

10.5 Members held a stakeholder forum with Housing Associations and Registered Providers across London to establish appetite and capacity for the development of affordable housing in Merton (attendees are listed in Appendix 1 of this report). Members were pleased to hear that a number of the Housing Associations in attendance had developed within Merton and had delivered, or were in the process of building, mixed tenure housing ranging from 40 units to 9000 units.

10.6 The Task Group sought the views of Housing Associations (HA) to determine how the council might better enable housing development within the borough. It was suggested that:

- The local authority incentivise HA's to develop housing when land is available and identified;
- The council ensures a clear commitment to the delivery of affordable housing and how it will meet its 40% target within its Housing Strategy and Planning Policy;
- The council should be more proactive in giving planning permission to housing developments;

- The council is more flexible in its planning policy and ensures that it is developed in the direction of the provision of more affordable housing;
- The council be more approachable as a planning authority and allow an informal dialogue with HA's and developers before formal pre application processes and charges take effect;
- That there is greater collaboration and dialogue between HA's and the council;
- That the council support HA's by using any powers they have to encourage landowners in the borough to talk to them

10.7 The Task Group noted that registered providers are consulted on and have contributed to Merton's Sites and Policies Plan and that there is dedicated officer resource to engage with HA'S within the Housing Needs and Enabling Service. The council also established MerHAG, a forum which enables on-going dialogue with registered providers from across London. The body needs to elect a new Chair. It also meets twice a year which Members expressed concerns about, arguing that this Forum did not meet regularly enough to enable a proactive and positive dialogue with RP's. Furthermore, the Forum's Terms of Reference may also need to be updated and revised to meet the needs of the Council and the RP' that it currently works with.

**Recommendation 10 – That the Cabinet agree to consult with Registered Providers in revising the terms of reference of the MerHAG Group, to enable a more regular forum for proactive engagement with Housing Associations and Registered Providers on the opportunities for, and barriers to, the development of affordable housing in Merton.**

**Recommendation 11 – That the Council effectively communicates its sites and plans policy to Registered Providers.**

## **11. Funding Housing Development**

### **Greater London Authority**

- 11.1 The Task Group met with the GLA to discuss the funding mechanisms for the delivery of affordable housing. The GLA has a budget of £1.8 billion, in 2015/16 for housing development, with £1 billion allocated for affordable housing. A number of programmes have been established to award this grant to councils to deliver on affordable housing targets as part of the Affordable Housing Programme and the Mayors Housing Covenant.
- 11.2 One of the schemes within this is the Housing Zones Prospectus, for which Morden has been selected. Housing Zones are being funded by the GLA who have a £400 million budget, to accelerate housing delivery in areas with high development potential. The Housing Zones Prospectus invited bids from London boroughs to a £400 million programme, jointly funded by the Mayor

and national government, to create 20 housing zones across London, delivering 50,000 new homes and over 100,000 associated jobs over the next ten years. Delivery in these areas will be supported by a menu of planning and financial measures. All Housing Zones will be underpinned by a shared delivery framework to hold partners accountable for the numbers of homes delivered.

- 11.3 Half of the £400 million budget has been awarded to housing associations to areas that can deliver at least 1000 homes. The GLA has announced its first 9 zones and will reach 20 zones shortly. Affordable housing targets in these housing zones have yet to be set but upfront costs paid by GLA will be provided as a recoverable grant, which is not subject to interest or fees. Merton is engaging with the GLA and TfL to develop Morden as Housing Zone and estimate that 1000 homes in Morden could be built.
- 11.4 In addition, the GLA's London Housing Bank scheme provides cheap loan funding for homes at intermediate rent. This scheme is aimed at working people to enable them to save for a deposit for up to 15 years. These homes could then be sold or converted into affordable housing. The fund can fund up to 30% of development costs at 1% interest and £50 million has been allocated to date, with £200 million available in total for the programme. The Estate Regeneration Loan Fund is also available and provides slightly better rates than commercial lenders for developments that will be jointly delivered with a private sector partner. This fund helps to support the significant cost of regeneration and again provides upfront costs. This fund can also be used to accelerate or unblock development, increasing the viability of sites to developers.
- 11.5 As noted by the GLA, the challenge is not in the lack of available funding but in finding schemes and sites big enough to accelerate the build of housing. This is where council's role as an enabler of housing development is central.

### **Government funding and public sector loans**

- 11.6 Councils are also able to utilise General Fund and Housing Revenue Account funding to establish the capital required for development. External sources also include institutional funds such as the Public Works Loan Board, or pension funds and other corporate loans and investment sources. Affordable housing contributions through section 106 agreements also provide a funding source for development.

### **Registered Providers**

- 11.7 The main funder of development in the borough has been the GLA (with over £20m awarded since 2003) and other sources such as the council's s106 commuted sums fund for affordable housing (which has delivered 107 homes on 6 sites since 2007 in Merton). Merton is also reliant on RPs to deliver and

fund affordable housing developments. RPs are in a better position to fund development as they can borrow against their stock to fund developments, using recycled grant from shared ownership sales to cross subsidise schemes, and by reinvesting property disposals proceeds.

### **Section 106 affordable housing contributions**

- 11.8 As part of the planning process, owners or developers provide or fund the provision of infrastructure, services or other impact mitigation measures on or off the development site through Section 106 affordable housing contributions, which are determined by development. Section 106 contributions can only be allocated to new build housing.
- 11.9 An application may be made to the local planning authority for a revised affordable housing obligation. This application should contain a revised affordable housing proposal, based on prevailing viability, and should be supported by relevant viability evidence. The local planning authority may prepare its own viability evidence or provide commentary on the evidence submitted in support of the application<sup>61</sup>.

## **12. Local Authorities as Enablers of Housing Development**

### **Elphicke-House Report**

- 12.1 The Elphicke -House Report (2015), as an independent review into the role that councils can play in supporting housing supply, contained recommendations to move councils from statutory provider to housing delivery enabler. It recommends that local authorities play a central role in supporting the provision of new homes, across all housing tenures, being more active in creating housing opportunities, using their own assets, and working closely with partners<sup>62</sup>.
- 12.2 One of the review's key recommendations is that a new independent organisation is established to bring together local government and the finance sectors to unlock opportunities, boost skills, and support increased capacity for new development. This Housing Finance Institute will be funded privately and address the skills and knowledge gap in delivering local authority housing. This will enable the provision of dedicated support in areas such as setting up and managing public private sector joint ventures or developing capacity and skills in areas such as land assembly or developing investment vehicles.

---

<sup>61</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/192641/Section\\_106\\_affordable\\_housing\\_requirements\\_-\\_Review\\_and\\_appeal.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/192641/Section_106_affordable_housing_requirements_-_Review_and_appeal.pdf)

<sup>62</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/398829/150126\\_LA\\_Housing\\_Review\\_Report\\_FINAL.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/398829/150126_LA_Housing_Review_Report_FINAL.pdf)

12.3 The Task Group utilised this report in developing their recommendations and also reflected upon research commissioned by the GLA that looked at the skills and capacity required by councils in this role. They noted that councils need to further develop their skills and expertise in planning, commissioning and assessing the viability of developments.<sup>63</sup> Councils also have the potential to facilitate partnerships and to create conditions for new developments through joint ventures with private partners, the establishment of wholly owned companies, and by developing special purpose vehicles (such as the Housing development company model which is discussed in section 12 of this report).<sup>64</sup> This is particularly important given that the council is a non stock owning authority and therefore requires alternative models of delivery to meet housing need, working with RP's and partners.

### **Good Practice**

12.4 Members met with other Local Authorities identified as being exemplars of good practice in enabling and increasing the supply of affordable housing. Members were particularly interested in innovative models to deliver and finance affordable housing development.

### **Barking and Dagenham Council – Estate Renewal**

- 12.5 Barking and Dagenham are ranked as 10<sup>th</sup> in London of most affordable homes delivered. However, as a borough they are in a better position than most in terms of land availability.
- 12.6 Barking and Dagenham Council led an Estates Renewal Programme across the borough driven by the councils housing strategy objectives, Housing Asset Management Strategy, and wider regeneration objectives.
- 12.7 The councils housing register has 10,000 residents in need. The council's programme of housing delivery aims to deliver over 1200 new homes by 2016 with an affordable rent level of 65% - 80% of market value. Reduced, affordable rents are also offered to residents in work to support them to save for a deposit.
- 12.8 Funding estate renewal has been achieved through lending at lower interest rates to develop existing council assets; by accessing funding streams such as, fixed income bonds; pension fund; institutional funding; European Investment Bank (gap funding); Private equity funding, and public sources such as the Public Works Loan Board; GLA grant funding; the Councils General Fund; and HRA funding.

---

<sup>63</sup> GLA - ARK Housing Consultancy Report: *London's smaller housing associations and Local Authorities – Increasing Housing Supply*

<sup>64</sup> LGIU Briefing – *Councils and Housing Supply: A new LGIU Report* (July 2015)



12.9 As a result of the various initiatives led by the council, as a promoter and funder of housing development and estate renewal, Barking and Dagenham have delivered:

- 477 affordable housing units on two sites
- 311 terraced family houses with gardens
- 166 apartments spread over low density blocks and a 10 storey tower
- Driven by the councils specific requirements
- Schemes cater for families and young workers
- Efficient construction and delivery maximised affordability
- Built to Code Level 4 and designed to last over 125 years
- Systems emit fewer emissions, less waste and reduce water consumption
- Meet Mayoral size standard
- Have fostered a sense of community, environment and place.

12.10 Barking and Dagenham Council suggested that financial modelling be undertaken over the longer term, looking at alternative delivery models across different sites to ensure value for money.

12.11 The Task Group were particularly interested in the affordable rent programme and asked officers to consider approaching residents on the housing register or in social housing that are working to encourage them into more intermediate housing products to free up social housing for tenants that are out of work. Merton Council does not hold this data but officers explained that some vacant housing association properties are advertised on the choice based lettings system as 'working plus' properties. In order to qualify for these properties, applicant must be in paid work for 16 hours or more per week and/or in voluntary work within the borough for 16 or more hours per week, for the last 12 months.

### **Richmond Council –delivering affordable housing without a Housing Revenue Account**

12.12 The Task Group met with Richmond Council to establish how an authority without housing stock was able to meet housing need, in particular the need for affordable housing. The Task Group learned that owner occupation is the dominant tenure in Richmond with the fourth smallest social housing sector in Greater London.

12.13 Richmond is experiencing similar problems to Merton with an increase in homeless households accepted by the council, due in part, to landlord behaviour and eviction from the private rented sector. Richmond has the highest house prices in outer London, making affordability key issue-affecting residents.

- 12.14 Richmond Council is experiencing similar barriers to the provision of more affordable housing, which are:
- Land availability for and high existing use values making it difficult for registered providers to compete with the private sector for sites;
  - Overall land supply; and
  - Many sites being small scale (providing under 10 units)
- 12.15 Richmond Council do not work to a specific target for affordable housing but use the annual indicative GLA target of 315 homes per annum as a benchmark. As part of its drive to deliver more affordable housing, working with Registered Providers, Richmond Council has ensured that 433 new affordable homes have been built (337 rented and 96 shared ownership). Extensions have also been made to 19 existing social housing homes and a further 20 will be extended by March 2016 to meet the need for larger, family housing. In addition, £9.9 million of Housing Capital Programme funding has been allocated to support affordable housing schemes, which will be completed during 2015.
- 12.16 The Housing Capital Programme is funded through S106 contributions, New Homes Bonus funding and prudential borrowing. Overall £8.2 million has been committed to development by the council from 2014 to 2019. These schemes, without council funding, would otherwise have been unviable. This work has been delivered by working with registered providers and incentivising, matching or contributing funding to ensure that stalled or potential sites can be developed.
- 12.17 Arrangements are also in place with the housing association that assets transferred that are sold by the HA are then developed on and retained for residents. Richmond advocated making funding available to HA's that wished to work closely with the Local Authority and encourage partnership working.
- 12.18 Members shared frustration about the length of time planning approval and other processes take that slow down housing development. Richmond council explained that they now delegate decisions to the Cabinet Member for Housing on any developments or programmes of work up to the value of £250,000. This helps to speed up the process and mitigates stalled developments.
- 12.19 Richmond have also sought to target those vacating social housing by identifying opportunities to enable those who are able to move on to do so through share ownership and other affordable rent models. Richmond recommended that the council work with developers and RP's to ensure that an advanced marketing strategy is in place to encourage these residents to vacate social housing earlier, when developments are approved, if they are able to do so. This also requires the council to capture demographic and income data from tenants to anticipate need and options for residents.

12.20 In addition, despite the challenges that small sites present, Richmond has been innovative in freeing up housing needed for families through sponsored moves, funded by the council, to encourage under occupiers to move to smaller accommodation, or new tailored developments, to meet the needs of families and downsizers by providing cash incentives. And also through its extensions programme to existing properties to meet need.

**Recommendation 12 - That the Sustainable Communities Scrutiny Panel invites all Registered Providers in operation in the borough to a future meeting to gather information on their overcrowding strategies and to make any recommendations, as appropriate. The Panel should also engage other Local Authorities to look at good practice, including Richmond Council who the task group met with as part of this review.**

12.21 Members acknowledged the necessity of an evidence base when developing strategies and making the case for funding or partner involvement in meeting housing need. Richmond has utilised good practice in developing their housing strategy by commissioning external consultants, working with the GLA, RP's and the local housing partnership. They also jointly commissioned the University of Cambridge to carry out research on the private rented sector and housing need, engaging experts in generating policy solutions and viability studies of proposals.

### **13. Local Authorities as Housing Providers**

13.1 Members chose to investigate models for councils to build, develop and provide much needed housing, within existing financial constraints. Housing is a key driver of economic growth, which is important to local authorities as their government grant reduces and they become more financially reliant on the proceeds of growth. So councils need to see themselves as housing delivery enablers and providers and as organisations that proactively create the conditions for house building.

13.2 This is a huge challenge that will require innovation, new partnerships and investment. Consideration should also be given to the scale of development needed and how this might be achieved through direct provision.<sup>65</sup> Should the council choose to develop housing, the GLA advised that councils that own more than 200 units would be required to register as a developer.

#### **Alternative models: Housing Development Company (Sutton Council)**

13.3 Members met with the Head of Housing Needs at Sutton Council to explore the business case and added value of establishing a housing development company to fund and build affordable housing as a provider.

---

<sup>65</sup> LGIU – *Under construction: Are councils ready to get the nation building?* (July 2015)

- 13.4 A Housing Development Company is a council owned arms length company that is commercially focused, with the aim of developing, owning and providing housing for rent.
- 13.5 Sutton aim to maximize social housing for rent in this new build council housing programme. However, this is on the understanding that to enable this outcome, there may need to be flexibility in the range and number of homes of other tenures developed that can create an income stream for the authority and enable more social housing to be subsidised. Sutton have undertaken financial modelling in order to establish the optimal dwelling and tenure mix for each site or package of sites within the programme.
- 13.6 The order of preference for new build in Sutton through this model is to be in the form of:
- Social housing for rent
  - Affordable rent
  - Low cost home ownership
  - Market sale or rent
- 13.7 Sutton Council has employed a twin track approach to new build by developing both directly through the Housing Revenue Account and separately through the General Fund. HRA funding can only be used to fund assets to be held within the HRA. Therefore, building affordable homes outside the HRA would enable the council to utilize other sources of funding such as prudential borrowing. In addition to maximizing the amount of housing that could be provided overall, the latter option also has the additional advantage of the new homes not being subject to Right to Buy. Equally, in order to develop through the General Fund, a council wholly owned company or Development Company could be established as a vehicle to deliver new homes.
- 13.8 In establishing the company, Sutton Council have commissioned a development partner to manage all aspects of the HRA development programme and specialist consultancy support was commissioned to look at funding sources that could be utilized alongside the HRA and General Fund. Sutton has £16.4 million borrowing capacity within the HRA that can be accessed for capital investment. Officers have conducted an option appraisal of potential development sites, identified within the HRA, to assess the scope and capacity for new build council housing and how it might be delivered. Having appraised underused garage and other sites, an initial schedule of viable sites has identified development potential for 150 new homes. This model also presented the opportunity for the council to develop a more strategic approach to asset management, linking uneconomic dwellings to proposals for new build council housing.

- 13.9 The company exists as a wholly owned subsidiary of the council and through the HRA, General Fund, prudential borrowing and Public Works Loan Board funds, will develop housing on a number of council owned sites, despite similar challenges as Merton in terms of site availability and the scale of developments the borough is able to permit.
- 13.10 The anticipated return on investment in development is the increase in asset value in the long term. Sutton has undertaken economic modelling to determine the feasibility of this model and how it might be funded. It has also sought political support through the decision making process. However, the company has yet to be formally established and consideration needs to be given to the speed at which it can start delivering housing. Issues concerning governance, subsidiary status and operational structures also need to be worked through before development can commence.
- 13.11 The model, however, was appealing to members of the task group. This model has been employed by other councils and offers a way for Local Authorities to be more proactive about building affordable housing, with established funding sources that will enable the council to invest in housing stock that will generate an income stream and a return on investment in the long term. It also provides a mechanism by which councils can optimise the use of their assets and presents opportunities beyond simply disposing of land for a one off capital receipt.

### **Providing Affordable Housing: A Housing Development Company for Merton**

- 13.12 The Task Group explored how Merton Council proposed to meet both current and future housing need as a producer of housing development, acknowledging the current financial climate and reduction in government funding, the council are exploring alternative models that ensure assets are appropriately utilised.
- 13.13 Officers presented proposals to the task group for Merton to establish a Housing Development Company, which would provide mixed tenure housing covering private sale, private rented and affordable rent. This would enable reinvestment into future housing programmes and support the development of necessary infrastructure and services.
- 13.14 The Council is looking beyond quick gains in selling off its assets (land and sites for housing) for a capital receipt. Instead, the company would create a sustainable programme of housing development, an income stream for the Council over the longer term and return on investment based on future asset sales. This company would also speed up building programmes and address any stalled sites or land banking taking place by being in a position to build, either as a council, through a private partner/developer, or in partnership with

Housing associations. However, these funds wouldn't necessarily be ring fenced for housing.

- 13.15 Financial modelling has been undertaken to develop an outline financial business case and a list of potential council owned sites for development have been identified. The timescales for the development of these sites have been identified and it is anticipated that 100-150 houses could be developed in the first round of the programme.
- 13.16 The business case for this model will need to be taken through the appropriate decision making channels to seek agreement to the method of procurement for the formation of a company, the design and construction mechanism for the houses, and the managing agents for the stock. Cabinet will consider this late 2015. Should agreement be sought for this model, design and construction procurement would begin in winter 2015 and planning approval would be sought in spring 2016. Phase 1 construction would commence in autumn 2016 and the first round of housing development could be completed by autumn 2017.

**Recommendation 13 - That the Council consider the proposal for a Housing Development Company in Merton and ensure that it meets Council policy on affordable housing, encouraging where possible, given that it is a Council owned vehicle that it provides above and beyond the baseline of 40% affordable housing.**

**Recommendation 14 - That Cabinet explore effective policy enacted by other London Councils to unlock land banking and stalled development sites to ensure that affordable housing can be developed sooner.**

#### **14. Alternative models to meet housing demand**

- 14.1 The Task Group were keen to explore alternative models of housing that could meet the demand for affordable housing in the borough and be facilitated by the council in their enabler role. Members met with representatives and explored affordable housing models delivered by Pocket Living, YCube and on surplus NHS land.

##### **Pocket Living**

- 14.2 Pocket delivers grant-free intermediate housing enabling Londoners on modest incomes to buy their own home outright. Pocket acknowledge that living and working hard in London is a challenge and that many young people earn too much for social housing but that private ownership is increasingly impossible with monthly rents now taking up 55% of Londoners' average gross earnings.

- 14.3 Pocket build and price homes for the young working market that earn less than the Greater London Authority threshold (£66,000), but still earn too much to qualify for social housing. Homes are purchased outright with at least a 20% discount to the open market and have a restrictive covenant that controls their future affordability by making provisions to ensure they remain at an affordable price. Pocket also enforces strict eligibility criteria to avoid buy to let investors purchasing flats and ensuring that they are prioritized to those in need of affordable housing who already live or work in the Borough.
- 14.4 Pocket Living seeks to provide the maximum number of affordable housing units in every development. Pocket homes form part of the 1.7% supply of affordable housing products across London, with 66.4% of supply offering private sale housing and 30.9% supply meeting social housing need.
- 14.5 Members expressed interest in this model and the possibility of providing affordable housing as a mechanism by which to support first time buyers to live independently and make preparations toward purchasing in the private market in the future. Pocket has held meetings with Cabinet Members and Officers at Merton to explore options for this model in the borough. Pocket would meet anticipated housing need linked to demographic change, with the increase in population in Merton to 223,700 anticipated by 2019, and an additional 7,800 single person households anticipated by 2016. Single parent households are also anticipated to increase by 9% by 2016. Merton also has a generally low level of affordable housing, compared with London average (14% v 22%), and the average price in Merton increased by 18% in 2014 to £461,000. There is also a low supply of new one-bed flats in the borough. Pocket therefore presents a viable solution to meeting housing need.
- 14.6 Furthermore, Pocket has also received a £21.7m loan from the GLA and all profits must be reinvested into building more affordable homes for the duration of the loan. Pocket are working to speed up the process of public land disposal and permissions to reinvest the GLA investment faster which could deliver up to 1,000 more homes by 2023.

**Recommendation 15- That Cabinet identify sites to commission the development of intermediate products, such as Pocket homes, in order to meet the needs of those trying to secure ownership of a property but unable to afford full market values.**

#### **Y-Cube**

- 14.7 YCube aim to support young people to move out of temporary accommodation provision and into homes that will enable them to live independently. YCube provide 1 and 2 bedroom properties that can be easily assembled and placed on available sites without the need for significant foundations. The houses are

constructed in a factory and simply placed on the site. This means there is a 25% saving on construction and site costs. There is a robust construction system in place and the majority of sites are leased, which addresses the issue of land value. Units can be stacked 5 high before additional framing is required and the design aims to keep costs low.

- 14.8 This product can be used in small and large volumes on any site, even contaminated land; however, the housing model must go through the planning process as all other housing solutions do. The benefit is that YCube is as permanent as it is required to be. It can be an interim or permanent housing solution and the model has a long life span. The 1<sup>st</sup> scheme was an initiative led by the YMCA, which has been licenced across the UK and has been piloted in other boroughs and in Mitcham.
- 14.9 This is a viable income stream as land can be leased for up to 25 years and units can be added at any time. However, YCube housing is not offered as a long term homelessness solution, but as a fixed term housing solution, to help people get on the property ladder, with a 5 year tenancy offering a period to enable transition into home ownership. The rent model is £120 per week and is half the cost of private rented sector properties and costs to the council in terms of temporary accommodation.
- 14.10 YCube offers affordable housing which will meet demand quickly and relatively easily, through light touch foundations and the ability to set up on a range of sites. For those in social/supported housing, it provides tenants with independence beyond temporary accommodation. Members felt that this model offered an opportunity to meet housing demand and were keen to explore the benefits for Merton residents further.

**Recommendation 16- That Cabinet identify sites to commission the development of homes, such as those offered by YCube, in order to support residents to move out of temporary accommodation or social housing.**

### **NHS Surplus Land and Mixed use sites**

- 14.11 Members heard that releasing surplus or underused public land could play a major role in meeting housing need. Public land belonging to central government, the Greater London Authority (GLA), the NHS and local authorities could help deliver as many as two million new homes, according to analysis by Savills. Cabinet Office figures show the public estate held by central and local government in England is worth £370 billion. The NHS is one of the largest public landowners in the UK, with total assets valued at more than £31 billion<sup>66</sup>.

---

<sup>66</sup> National Housing Federation – *Surplus NHS Land; a best value alternative* (2014)



- 14.12 The NHS also has established ways of disposing of surplus land, most of which require selling at open market price. Selling underutilised land and buildings could bring in up to £7.5 billion as a one-off capital gain, and given the increasing financial pressures on the NHS, selling land is appealing and actively encouraged by the Treasury, Monitor and the Trust Development Authority (TDA).<sup>67</sup>
- 14.13 However, alternatives to the disposal of NHS land for a one off capital receipt are being explored and developed working with housing associations, offering on-going revenue stream from than a one-off capital gain, achieving even greater financial returns over the medium to long term. This approach has been adopted successfully by a number of public landowners, including some innovative local authorities, and has demonstrated how it is possible to maximise the value of these assets. Being creative with land use could also help the NHS galvanise the required transformation in health and social care over the coming years.<sup>68</sup>
- 14.14 With this in mind, the Task Group met with representatives from the National Housing Federation and NHS Property Services to consider opportunities for developing mixed use sites and/or affordable housing on NHS land in Merton.
- 14.15 Members met with (Area Strategic Estates Planner) who outlined the process for accessing and bidding for NHS land. Once commissioners have declared NHS land surplus, it is advertised on the governments EPIM (Electronic Property Information Mapping Service) Register for Surplus Public Sector Land for 40 days to enable other public sector organisations to express an interest. After this, surplus land goes on the open market for the highest bid, to enable the NHS to meet the requirements of best value from Monitor and the TDA. Any NHS land sold to the council would not be at a discounted rate, but at full market value.
- 14.16 But although Monitor states that the disposal of NHS estate could yield a one off gain of £7.5 billion for the acute and mental health sectors, it acknowledges that this would not keep the funding gap closed in the long-term.<sup>69</sup> A recent report by EC Harris puts this into the context of the NHS estate, identifying 77,000 homes that could be built in London alone by refurbishing current NHS buildings and adding residential units above.<sup>70</sup> NHS land has the capacity for

---

<sup>67</sup> National Housing Federation – *Surplus NHS Land; a best value alternative* (2014)

<sup>68</sup> National Housing Federation – *Surplus NHS Land; a best value alternative* (2014)

<sup>69</sup> National Housing Federation – *Surplus NHS Land; a best value alternative* (2014)

<sup>70</sup> National Housing Federation – *Surplus NHS Land; a best value alternative* (2014)

up to 150,000 homes to be developed between 2015 and 2020 across the UK.<sup>71</sup>

- 14.17 Furthermore, research shows investment in affordable housing supports multiple health benefits, including improvements to individual health and wellbeing outcomes.<sup>72</sup>
- 14.18 In developing mixed use sites and housing, NHS Property Services work with the Healthy Urban Development Unit who plays a lead role in London to ensure there is appropriate health infrastructure to serve local communities. They support health commissioners and specifically respond to planning policy documents and local development plans to identify current and future population requirements. The NHS has projected an increase in need for health services/infrastructure for 70,000 people over the next 10-15 years. There is however, a shortfall in potential sites to meet such demand.
- 14.19 Relationship building with the NHS is key in accessing available land. It was proposed that Housing Associations are sometimes better placed to negotiate with the NHS on available sites due to easier access to finance and ability to act as a development partner.
- 14.20 NHS England owns a number of sites in Merton (attached as appendix 4). The National Housing Federation proposed that the council map public land to support the case for mixed-use sites and joint ventures with the NHS. Housing Associations and councils should work with trusts and CCGs to understand their infrastructure needs and create a business case that answers this. Economic modelling of alternative housing can play a role in creating this business case and demonstrating shared commercial and social objectives.

**Recommendation 17- That the Council lobby the Sec. of State for Health to simplify structures regarding land ownership and responsibilities for selling off NHS land.**

## 15. Concluding Remarks

- 15.1 The task group were mindful that approaching a review on housing supply would be challenging and that generating recommendations that would benefit residents in housing need would have to be managed against a number of factors such as land availability, site size, political appetite, finance and the willingness of Housing Associations and private developers to build in Merton.
- 15.2 Furthermore, encouraging the development of affordable housing is a national problem and therefore the review would have to look at this issue in terms of the

---

<sup>71</sup> National Housing Federation – *Surplus NHS Land; a best value alternative* (2014)

<sup>72</sup> National Housing Federation – *Surplus NHS Land; a best value alternative* (2014)

national, regional and local context, Government agenda and available finance outside of the HRA.

- 15.3 The role of the Council then as both enabler and provider of housing has been explored during this review and the Task Group have generated recommendations that will enable the Council to achieve its 40% affordable housing target, and to exceed it, where possible.
- 15.4 Working in partnership with Housing Associations, private developers and the private rented sector is also central to meeting housing need and to the recommendations of the Task Group being delivered.
- 15.5 The recommendations of the task group seek to:
- Build stronger relationships with Housing Associations and the Private Rented Sector, acknowledging the key role they play in meeting housing need;
  - Strengthen the Council's position as an enabler of housing development, in its engagement with private developers and seeking to deliver the maximum amount of affordable housing possible;
  - Encourage the role of the Council as a provider of housing; and
  - Support those in priority need and on the Council's Housing Register to access affordable housing



## **16. What Happens Next?**

- 16.1 This report will be presented to the Sustainable Communities Overview and Scrutiny Panel meeting, on 2 September 2015, for the Panel's approval.
- 16.2 The Panel will then send the report to the Council's Cabinet meeting on 14 September 2015 for discussion and to seek agreement to the recommendations presented.
- 16.3 The Cabinet will be asked to provide a formal Executive Response and Action Plan to the Panel within two months of the submission of the report to its meeting in November 2015. The Cabinet will be asked to respond to each of the task group's recommendations, setting out whether the recommendation is accepted and how and when it will be implemented. If the Cabinet is unable to support and implement some of the recommendations, then it is expected that clearly stated reasons would be provided for each.
- 16.4 The lead Cabinet Member (or officer to whom this work is delegated) should ensure that other organisations, to which recommendations have been directed, are contacted and that their response to those recommendations is included in the Executive Response and Action Plan.
- 16.5 The Panel will seek a further report six months after the Cabinet response has been received, giving an update on progress with implementation of the recommendations.



**Appendix 1**

**Whom we spoke to:**

**External**

**Organisations:**

Nick Williams, Operations Director (Pocket Living)

Lucian Smithers, Sales & Marketing Director (Pocket Living)

John Hughes - Group Development Director (Notting Hill Housing Group)

Robert Jakusconek - Head of Land & Planning (Catalyst Housing)

Laura Hallett - Resident Services Manager (L&Q Housing Association)

Shumshair Patel - Senior Customer Relationship Officer (Wandle Housing Association)

Khayrul Mirza - (Wandle Housing Association)

Bob Beaumont – Group Head of Regeneration (Affinity Sutton)

Jane Bolton, Interim MD (Circle Housing Merton Priory)

Paul Quinn - Director of Regeneration (Circle Housing Merton Priory)

Luke Chandler - Assistant Director of Development (Circle Housing Merton Priory)

Bunmi Atta - Regional Development and Commercial Property Director (Amicus Housing)

Andy Redfearn, (YMCA – YCube)

Jamie Ratcliffe – Assistant Director (Programme, Policy and Services) GLA

Lucy Owen – Head of Area (South West London) GLA

Patrick Vernon OBE, Health Partnership Coordinator, National Housing Federation

Cllr Lisa Blakemore, Cabinet Member for Housing and Public Health, Richmond Council

Nicky Simpson, Planning and Policy Manager (Housing), Richmond Council

Officers at Barking and Dagenham Council

Shaheen Saiyed, Area Strategic Estates Planner (South London), NHS Property Services

**Officers:**

Steve Langley

James McGinlay  
Tara Butler  
David Keppler

**Cabinet Members:**

Councillor Nick Draper  
Councillor Andrew Judge



**Appendix 2**  
**Equality Impact Assessment (EqIA) template**  
**Initial Screening**



This form should be completed in line with the Equality Impact Assessment guidance available on the [intranet](#)  
 The blue text below is included to help those completing the template and should be overwritten.

EqIA completed by: (Give name and job title)	Rebecca Redman, Scrutiny Officer
EqIA to be signed off by: (Give name and job title)	<i>Julia Regan, Head of Democracy Services</i>
Department/ Division	Corporate Services, Democracy Services
Team	The Scrutiny Team
EqIA completed on:	19 <sup>th</sup> August 2015
Date of Challenge Review (if you have one):	N/A
Date review of this EqIA is due (No later than 3 years from date of completion):	TBC

## What are you assessing?

- Policy:** A policy is an adopted approach by the Council to a specific issue or position, usually in the long term. It provides a set of ideas or principles that together form a framework for decision making and implementation.<sup>1</sup> A policy may be written or
- Strategy:** A strategy sets out the activities and actions that have been identified as most likely and cost-effective to achieve the aims and objectives of a council policy e.g. the Consultation Strategy.
- Procedure:** A procedure sets out the way in which practices and actions are to be undertaken at an individual level in order to achieve the policy in local situations, for example using a flow chart approach. Procedures also outline who will take responsibility on a day to day basis for decisions in the implementation of the policy.<sup>2</sup> For example, this procedure for carrying out an EqIA.
- Function:** A function is an action or activity that the Council is required to carry out for example emergency planning arrangements.
- Service:** A service is a facility or provision made by the Council for its residents or staff for example the Library service or Translation service.

### 1. Title of policy, strategy, procedure, function or service

Policies and services to meet Housing Need, in particular the need for affordable housing.

### 2. For functions or services only: Does a third party or contractor provide the function or service? If so, who?

Yes. Housing need is met locally through the provision of housing (mixed tenure) by Housing Associations and supply from private developers.

### 3. Who is the policy, strategy, procedure, function or service intended to benefit?

All residents in Merton, particularly those requiring more affordable housing to enable them to stay in their communities, those in priority need, at risk of homelessness or for those that contribute to the boroughs workforce/economy.

### 4. Who else might be affected?

Housing Associations, private developers, the Council, temporary accommodation providers and private sector landlords.

5. What is known about the demographic make up of the people you have included in your answers to questions 4 and 5?

The Housing Needs and Enabling Service undertook a Strategic Housing Need and Market Assessment in 2005 and in 2010 which was utilised in the review, alongside the current Housing Register and information on tenants that receive benefits, which provided a picture of those in housing need.

6. Have you already consulted on this policy, strategy, procedure, function or service? If so, how?

The Task Group engaged a range of stakeholders throughout this review to produce evidence based recommendations. Any policy or service developments resulting from agreement to, and implementation of, these recommendations should be subject to appropriate consultation by responsible officers within those departments and/or by relevant partners.

7. How will you measure the success of your policy, strategy, procedure, function or service?

The Sustainable Communities Scrutiny Panel will monitor implementation of the action plan resulting from Cabinet consideration and agreement of the Task Groups recommendations.

8. How often will the policy, strategy, procedure, function or service be reviewed?

The Sustainable Communities Scrutiny Panel will review the Action Plan and its delivery every 6 months at its formal meetings and will appoint a Member Champion to act on behalf of the Panel and engage with officers more regularly, on an informal basis, to ensure that progress is being made against the action plan.

9. When will the policy, strategy, procedure, function or service next be reviewed?

The Sustainable Communities Scrutiny Panel will receive the Executive Response and Action Plan at their November 2015 meeting.

10. Please complete the following table and give reasons for where:

- (a) The policy function or service could have a positive impact on any of the equality
- (b) groups. The policy function or service could have a potential negative impact on any of
- (c) the equality groups.

Think about where there is evidence that different groups have different needs, experiences, concerns or priorities in relation to this policy, strategy, procedure, function or service.

**The recommendations made seek to improve supply and meet demand for social housing in line with priority need, for those at risk of homelessness, for those seeking more independent means of living and those wishing to secure home ownership. Should the proposals made for the models that may be employed to meet this need (as outlined in the task groups recommendations) be accepted, then there will be a positive impact on socio economic status and a neutral impact on all groups below, however, no negative impact is anticipated. There needs to be caution however in expecting the recommendations to meet all housing need as the measures proposed will only go so far in meeting current need.**

Equality group	Positive impact		Potential negative impact		Reason
	Yes	No	Yes	No	
Gender (inc. Transgender)	<input type="checkbox"/>			<input type="checkbox"/>	

<b>Race/ Ethnicity/ Nationality</b>	<input type="checkbox"/>			<input type="checkbox"/>
<b>Disability</b>	<input type="checkbox"/>			<input type="checkbox"/>
<b>Age</b>	<input type="checkbox"/>			<input type="checkbox"/>
<b>Sexual orientation</b>				<input type="checkbox"/>
<b>Religion/ belief</b>				<input type="checkbox"/>
<b>Socio-economic status</b>	<input type="checkbox"/>			<input type="checkbox"/>

11. Did you have sufficient data to help you answer the above questions?

Yes

12. Is a full Impact Assessment required?

**No**

<b>EqIA signed off by:</b>	
<b>Signature:</b>	
<b>Date:</b>	

### Appendix 3 – Eligibility Criteria for Temporary Accommodation

Residents with priority need that are eligible for homelessness assistance must fall into the following categories. These categories confer priority need on other people with whom they can reasonably be expected to reside with:

- Pregnant;
- Have dependant children;
- Vulnerable;
- 16 and 17 year old;
- 18 to 20 year old care leaver; and
- Homeless through fire, flood; or other disaster

A vulnerability test is also applied when an individual presents as homeless. This test is applied to the following categories:

- Old age;
- Mental illness or disability
- Physical disability
- Having been looked after, accommodated or fostered and is aged 21 or more
- Having been a member of her Majesty's regular naval, military or air forces
- Having been in prison or custody
- Ceasing to occupy accommodation because of violence from another person or threats of violence that are likely to be carried out
- Other special reason

## Appendix 4 NHS Land in Merton (data provided by NHS Property Services)

CCG	Prop ID	Cost Centre	Site	Address	Postcode	Tenure	Asset Form	Lease Exp	Type	Specialist	Age	GIA	NIA
Merton CCG	multiple	multiple	120 The Broadway	120 The Broadway Wimbledon	SW19 1RH	leasehold	45452		Office		2004-2009	4707.9	4557.7
Merton CCG	4800	AM7811	Amity Grove Clinic	9 Amity Grove	SW20 0LQ	freehold			Health Centre/Clinic/ GP Surgery			453.77	410.18
Merton CCG	4802	AM7812	Birches Close	former Cumberland Hospital, Whitford Gardens, Mitcham (known as Birches Close)	CR4 4LQ	freehold			mixed use site			1106	1034
Merton CCG	4805	AM7817	Birches Freshfields Day Centre	Birches Close, Mitcham	CR4 4LQ	freehold			Health Centre/Clinic/ GP Surgery			595	595
Merton CCG	4802	AM7813	Birches Polyclinic	Birches Close, Mitcham	CR4 4LQ	freehold			Health Centre/Clinic/ GP Surgery			619.7	574.82
Merton CCG	4809	AM7821	Morden	Morden	SW19 3DA	freehold			Health			483.9	429.



n CCG			Road Clinic	Road					Centre/Clinic/ GP Surgery			6	01
Merto n CCG	4814	AM7824	Patrick Doody Clinic	Pelham Road, Wimble don	SW19 1NX	freehold			Health Centre/Clinic/ GP Surgery			663.7 6	675. 41
Merto n CCG	4816	AM7836	The Paddock Wilson GP Led Health Centre	Cranmer Road	CR4 4TP	freehold			Health Centre/Clinic/ GP Surgery			503	237
Merto n CCG	4808	AM7833	The Wilson Hospital	Cranmer Road	CR4 4TP	freehold			mixed use site		pre 1948	5983. 43	374 4
Merto n CCG	4817	AM7835	Wide Way Clinic	Wide Way, Mitcham	CR4 1BP	leasehold			Health Centre/Clinic/ GP Surgery			1022. 7	965. 18

<b>Properties disposed since 2009</b>													
			Belmont House	Homelan d Drive, Brighton Road,	Sutton - 8 x 1 bed flats - 2008								

				Belmont SM2 5LY									
			Carshalton War Memorial Hospital	The Park, Carshalton	Sutton - conversion to 13 dwellings 2011								
			Cheam Day Centre	Spring Close Lane, Cheam SM4 8PU	Sutton demolition 8 x 1 bed flats								
Page 328			Meopham Road Clinic	Meopham Road Mitcham CR4 1BJ	no info found								
			Nelson Hospital	Kingston Road, Merton SW20 8DB	Merton retirement Home + care centre GP x 2 in 2012								
			Orchard Hill Hospital	Fountain Drive, Carshalton	Sutton 246 dwellings 2011								



## Sustainable Communities Work Programme 2015/16

This table sets out the Sustainable Communities Panel Work Programme for 2015/16; the items listed were agreed by the Panel at its meeting on 11<sup>th</sup> June 2015. This Work Programme will be considered at every meeting of the Panel to enable it to respond to issues of concern and incorporate reviews or to comment upon pre-decision items ahead of their consideration by Cabinet/Council.

The work programme table shows items on a meeting-by-meeting basis, identifying the issue under review, the nature of the scrutiny (pre decision, policy development, issue specific, performance monitoring, partnership related) and the intended outcomes.

### Scrutiny Support

For further information on the work programme of the Sustainable Communities Scrutiny Panel please contact: -  
Rebecca Redman, Scrutiny Officer)  
Tel: 020 8545 4035; Email: [rebecca.redman@merton.gov.uk](mailto:rebecca.redman@merton.gov.uk)

For more information about overview and scrutiny at LB Merton, please visit [www.merton.gov.uk/scrutiny](http://www.merton.gov.uk/scrutiny)

Meeting date – 11 June 2015

Scrutiny Category	Item/issue	How	Lead member/lead officer	Intended outcomes
Setting the work programme	Priorities for 2015/16 – Cabinet Member/Director presentation	Report	Chris Lee/Simon Williams and Cabinet Members	To provide an overview of the departments priorities to establish where the Panel might focus the work programme to add value to the work of the council.
Setting the work programme	Agreeing the 2015/16 work programme	Report	Rebecca Redman	To enable the Panel to agree the draft 2015/16 work programme.
Scrutiny Review	Morden Leisure Centre	Verbal Update	Christine Parsloe	To provide the Panel with an update on work undertaken and planned in relation to the Morden Leisure Centre development.
Performance Monitoring	Circle Housing Merton Priory (Performance Monitoring)	Presentation	Representatives from CHMP	To enable the Panel to performance monitor progress with delivery of the stock transfer commitments, repairs and maintenance and to receive an update on the regeneration

				programme.
Performance Monitoring	Performance Reporting(including focus on waste management and street scene)	Verbal Report	Chris Lee	To highlight to the Panel any items for concern where under performance is evident and to make any recommendations or request information as necessary

**Meeting date – 2<sup>nd</sup> September 2015**

<b>Scrutiny Category</b>	<b>Item/issue</b>	<b>How</b>	<b>Lead member/lead officer</b>	<b>Intended outcomes</b>
Pre decision scrutiny	Creating a Tourist Industry in Merton	Report	Chris Lee/James McGinlay	To provide the Panel with an overview of the councils work in this area to determine if Members feel a task group review of the tourist industry in Merton would add value.

Scrutiny Review	Draft Final Report – Housing Supply Task Group	Report	Rebecca Redman/Cllr Ross Garrod	To present the Final Report and recommendations of the Housing Supply Task Group to the Panel for endorsement and submission to Cabinet.
Scrutiny Review	Commercial Services and opportunities to maximise resources	Report	Chris Lee	To provide the Panel with an overview of the councils work in this area to determine if Members feel a task group review of commercial services would add value.
Performance Monitoring	Climate Change and Green Deal Task Group	Progress Report	James McGinlay	To provide the Panel with an update on the delivery of the action plan to implement all agreed recommendations resulting from this task group review.
Performance Monitoring	Performance Reporting(including focus on waste management and street scene)	Verbal Report	Chris Lee	To highlight to the Panel any items for concern where under performance is evident and to make any recommendations or request information

				as necessary
Setting the work programme	Work Programme 2015/16	Report	Rebecca Redman	To amend/agree the Panels work programme and accommodate any pre decision or other items that the Panel may wish to consider.

**Meeting date – 11th November 2015**

<b>Scrutiny Category</b>	<b>Item/issue</b>	<b>How</b>	<b>Lead member/lead officer</b>	<b>Intended outcomes</b>
Pre decision scrutiny	Budget/Business Plan Scrutiny (round 1)	Report	Chris Lee/Simon Williams/Caroline Holland	To comment on the councils budget proposals at phase 1.
Pre decision scrutiny	Merton Adult Education	Report	Simon Williams	To enable the Panel to comment on proposals for the Merton Adult Education Service and to make any recommendations for Cabinet consideration.

Scrutiny review	Shared Services	Report	Chris Lee	Briefing on shared services to update the Panel on work being undertaken by the Panel in this area, including proposals for establishing shared services across functions/services within the E&R department.
Pre decision scrutiny	Results of the wheeled bin pilot	Report	Chris Lee	To comment on the findings of the research undertaken by the E&R department on 20mph zones and make any recommendations on associated proposals for 20mph zones/limits in the borough.
Scrutiny Review	Morden Leisure Centre	Verbal Update	Chris Parsloe	To provide an update to the Panel on the development of Morden Leisure Centre.



Scrutiny Review	Executive Response and Action Plan – Housing Supply Task Group	Report	James McGinlay/Steve Langley	To provide the Panel with a response to the Report and recommendations of the Housing Supply Task Group, further to Cabinet consideration.
Performance Monitoring	Adult Skills and Employability Task Group – Progress on implementation of action plan	Report	James McGinlay/Yvonne Tomlin Cllr Holmes (Member Champion)	To performance monitor delivery of the action plan resulting from the task groups review of adult skills and employability.
Performance Monitoring	Performance Reporting(including focus on waste management and street scene)	Verbal Report	Chris Lee	To highlight to the Panel any items for concern where under performance is evident and to make any recommendations or request information as necessary
Setting the work programme	Work Programme 2015/16	Report	Rebecca Redman	To amend/agree the Panels work programme and accommodate any pre decision or other items that the Panel may wish to consider.

**Meeting date – January 2016**

<b>Scrutiny Category</b>	<b>Item/issue</b>	<b>How</b>	<b>Lead member/lead officer</b>	<b>Intended outcomes</b>
Pre decision scrutiny	Budget and business plan scrutiny (round 2)	Report	Chris Lee/Simon Williams/ Caroline Holland	To comment on the budget and business plan proposals at phase 2 and make any recommendations to the Commission to consider and coordinate a response to Cabinet.
Performance Monitoring	Circle Housing Merton Priory	Presentation	CHMP	Content of presentation to be discussed. Primarily covering repairs and maintenance issues and how they have been addressed and further issues mitigated.
Performance Monitoring	Performance Reporting (including focus on waste management and street scene)	Verbal Update	Chris Lee	To highlight to the Panel any items for concern where under performance is evident and to make any recommendations or request information as necessary

Setting the work programme	Work Programme 2015/16	Report	Rebecca Redman	To amend/agree the Panels work programme and accommodate any pre decision or other items that the Panel may wish to consider.
----------------------------	------------------------	--------	----------------	---

**Meeting date – February 2016**

<b>Scrutiny Category</b>	<b>Item/issue</b>	<b>How</b>	<b>Lead member/lead officer</b>	<b>Intended outcomes</b>
Scrutiny review	Cycle Routes	Report	James McGinlay	To provide Members with an update on developments to cycling provision in Merton.
Pre decision scrutiny	Phase C Procurement programme (including parks, grounds, maintenance and waste)	Report	Cormac Stokes	To enable Members to undertake pre decision scrutiny of Phase C procurement.
Performance Reporting	Town Centre Regeneration Update (including updates on developments re: developing cycling provision)	Presentation	James McGinlay	To provide a progress update on delivery of the councils town centre regeneration programme.

Performance Monitoring	Libraries Annual Report	Presentation	Anthony Hopkins	To provide the annual report on libraries service and to inform members of proposed future development of the libraries service.
Performance Monitoring	Performance Reporting(including focus on waste management and street scene)	Verbal Report	Chris Lee	To highlight to the Panel any items for concern where under performance is evident and to make any recommendations or request information as necessary
Setting the work programme	Work Programme 2015/16	Report	Rebecca Redman	To amend/agree the Panels work programme and accommodate any pre decision or other items that the Panel may wish to consider.

**Meeting date – March 2016**

<b>Scrutiny Category</b>	<b>Item/issue</b>	<b>How</b>	<b>Lead member/ lead officer</b>	<b>Intended outcomes</b>
--------------------------	-------------------	------------	----------------------------------	--------------------------

Pre decision	Highways maintenance – contract renewal	Report	Chris Lee	To provide members with an opportunity to comment on the highways maintenance contract renewal and to make any recommendations to Cabinet for consideration.
Performance Monitoring	Performance Reporting(including focus on waste management and street scene)	Verbal Report	Chris Lee	To highlight to the Panel any items for concern where under performance is evident and to make any recommendations or request information as necessary
Scrutiny Review	Topic Suggestions 2016/17	Report	Rebecca Redman	To seek topic suggestions from the Panel to inform discussions about the Panels 2016/17 work programme.

This page is intentionally left blank