



Levelling Up, Housing and Communities Committee

Oral evidence: Regulation of Social Housing, HC 18

Monday 16 May 2022

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Members present: Mr Clive Betts (Chair); Ian Byrne; Ben Everitt; Darren Henry; Kate Hollern; Andrew Lewer; Mary Robinson.

Questions 353 - 446

Witnesses

I: Eddie Hughes MP, Minister for Rough Sleeping and Housing, Department for Levelling Up, Housing and Communities; Nick Burkitt, Head of Affordable Housing Regulation and Investment, Department for Levelling Up, Housing and Communities.

Examination of witnesses

Witnesses: Eddie Hughes MP and Nick Burkitt.

Q353 **Chair:** Welcome, everyone, to this afternoon's session of the Levelling Up, Housing and Communities Select Committee. This afternoon, we have our final session in our inquiry on the regulation of social housing, and it is a pleasure to welcome Minister Eddie Hughes to answer the Committee's questions. Before I come to the Minister, who will introduce his official who is with him, I will ask members of the Committee to put on the record any interests that they may have that are directly relevant to this inquiry. I am a vice-president of the Local Government Association.

Ian Byrne: I employ a councillor in my office.

Kate Hollern: I also employ a councillor in my office.

Ben Everitt: I now employ a councillor in my office. Congratulations, Liam.

Mary Robinson: I employ a councillor in my staff team.

Darren Henry: I employ a councillor in my office as well.

Chair: Those are our particular interests. Minister, you are most welcome



this afternoon to discuss these important issues of the regulation of social housing. The Committee began its inquiry particularly concerned about some of the media stories we heard, and particularly ITV's coverage of some quite appalling situations in social housing, which we have had inquiry sessions into with the tenants of those areas, the housing providers and others to get a clear view about what is happening, what is going wrong, and what probably needs to be put right. In the end, of course, we look to the Government to decide on what action they want to take, so it is particularly important that we have you with us this afternoon.

Before we begin, do you want to say any words of introduction? Can you introduce your official who is with you as well?

Eddie Hughes: Yes. Just initially, by way of introduction, I would like to say that, of the many things that I suspect we are going to discuss during the course of the afternoon, it all comes back to one point for me, which is the idea that social housing tenants deserve to be treated with respect. Anybody who has been listening to the Grenfell Tower inquiry will see that that was simply not the case, and so we need to ensure that that is not repeated and that all social housing tenants get the respect they rightly deserve, so I am looking forward to the discussion this afternoon.

I will leave Nick to introduce himself.

Nick Burkitt: I am Nick Burkitt, head of affordable housing regulation and investment.

Q354 **Chair:** Thank you for coming to be with us this afternoon. As I said, Minister, what the Committee saw—and what, I presume, you have also seen—were examples of poor and unacceptable social housing. While recognising that, in general terms, the quality of social housing is probably better than private rented housing, we found some really bad examples. Just by way of introduction, could you give your response to what you have seen in that regard, and your view of the situation and what should be done to put it right?

Eddie Hughes: It comes back to that point that I made about respect. Regardless of the number of cases that we are seeing, one case of the type that we have seen—houses that are uninhabitable—is simply not acceptable. We need to ensure that, collectively, Government, the sector, the regulator and social housing providers are all committed to the single task of making sure that people have somewhere safe to live that they can call home.

The essence of this point is that we all think of home as somewhere where we feel safe and secure, and somewhere that we like to return to at the end of the day. In some of the appalling cases that ITV has highlighted, that clearly is not the case. I have made this point previously. I chaired the board of a housing association. I was the deputy chief exec of a very small social housing provider before I came to Parliament, so I have some experience myself, and I would like to think



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that nobody I have ever worked for or with would have provided accommodation like this, but we just cannot be sure.

Let me give you a personal example. As a constituency MP, I met Ruth Cooke, the chief exec of GreenSquareAccord, on Friday. She was talking about the fact that they have ordered an internal stock condition survey of all their properties to make sure that they get inside them and can check that they do not have any cases like this that they are either unaware of or that have not bubbled to the top in terms of management understanding. The sector is taking this very seriously and is responding appropriately in advance of the legislation, but, as I say, a single case is one too many. We are going to work very hard to make sure there are no more.

Q355 Chair: We will come on in due course to the regulatory environment and whether it should be improved, but, in the end, is it down to the providers themselves who are responsible and should be held accountable? Should they all be doing what you have just described as stock condition surveys? Should every housing association and council be doing precisely that?

Eddie Hughes: Every housing association should be doing everything it can to make sure that the people it has a duty to house are housed in a safe and secure way. They should employ whatever means they need to do that and endeavour to employ that process.

Is it necessary in all cases? We know, for example, that the size and scope of the people who are covered under this umbrella vary dramatically. I mentioned, for example, that I was deputy chief exec of an organisation that had 300 units of accommodation—300 homes. At the other extent we have Clarion, which I suspect you might mention later, with 120,000-plus homes.

The approaches that those associations or companies will take to make sure that they are delivering a quality product will be different. They are independent organisations. We need to respect and appreciate that, but we need to make sure that there is a regulatory system in place that acts, you might say, either as a sheriff to govern the area and make sure they act appropriately, or as a safety net to catch them and help social housing tenants if they are not receiving the type of accommodation provision they rightly deserve.

Q356 Chair: We will probably come on to the issue of the size of organisations in due course, but why should it make any difference whether they are inclined to do a stock check or a check on all of their stock? If you are a tenant, it does not matter whether your landlord has 300 homes or 120,000, does it? You still have to live in that individual home.

Eddie Hughes: It is just a method of keeping an eye on them. For example, at YMCA, we had housing support officers, who would have had a very personal relationship with the people we housed because of the



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level of support that they needed, whereas, in general needs accommodation, people do not need that same level of support and will not have the same level of interaction with their housing provider. They just want to get on with their lives.

We see this frequently, for example, with housing providers that are obligated to have an annual boiler safety check if they have a gas boiler. We know that, sometimes, housing associations have to go to court in order to get access to the property on an annual basis just to carry out that boiler inspection. Some people would prefer to be left alone and just want to get on with their lives, and other people need support and intervention. It is horses for courses. Housing associations should be well placed to know the needs of their tenants and to respond to them appropriately.

Chair: Let us move on to the social housing regulation Bill that the Government are going to introduce, then. They have already produced some draft clauses for us to have a look at. I am going to hand over to Ben Everitt to explore that issue.

Q357 **Ben Everitt:** We have been talking about the quality of social housing since there has been social housing, but, in the current terms, the debate really has intensified since the Grenfell tragedy. That was five years ago, and the Government still have not published the full legislation to implement those reforms. As Clive says, we have had some draft clauses. What is taking so long and when can we expect the Bill to be introduced to Parliament?

Eddie Hughes: Having been a Minister in the Department now for about 15 or 16 months, I fully appreciate just how complex it is to get legislation to a point where you can publish and then move it through the House of Commons. Good legislation takes time and considerable input from a number of interested parties. You want to make sure that people are fully involved in the formation of that policy. One of the great privileges of my job now is working with Grenfell United and making sure that it is as fully engaged as it can be in the process.

On the first point, I would say that good legislation takes time, and we are in a position where a number of people who have been involved in the formation of the policy and the legislation feel that we have robust legislation that is going to make a difference.

Secondly, this is not the only legislation that has responded to the problems experienced by tenants. In terms of prioritisation, you might say that the Government felt it was appropriate and necessary to move through the fire safety and building safety work in order to make sure that tenants were safe and secure, and that we were paying the proper amount of attention to that situation.

Again, the formulation of that policy took some time, and colleagues around the table will appreciate how complex it has been to get that



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legislation through Parliament. There is a bandwidth with regard to the amount that a Department can handle at one time, and the business managers of Parliament will also have other competing demands from other Government Departments.

Mindful of all those things, it has taken us some time to get here. I completely accept and understand the frustration of any tenant who feels that they have had to wait too long for this. We, as a Government, have been impatient to get this legislation in. I am delighted now to be the Minister with a very personal interest in this. I keep coming back to this point about respect for tenants. I feel personally wedded to and involved in the legislation. I am excited and delighted to be the Minister who is going to be taking it through Parliament. As I say, I am sorry it took so long. I am glad we are here now.

Q358 Ben Everitt: That was going to be my next point. We have met cladding campaigners and, in my constituency role, I have met campaigners in Milton Keynes. They feel let down by the pace. The message that good legislation takes time is probably not going to be comforting, but at least it will give them some understanding.

Can I press you a bit further on when we can expect the legislation?

Eddie Hughes: There are various phrases that Ministers are supposed to deploy at this time, "in due course" being perhaps the least appealing of them, but I would almost go so far as to say "imminently". It is certainly the Government's intention to bring forward the legislation as quickly as possible.

Q359 Ben Everitt: In terms of the contents, we have had these draft clauses, which have given us an insight into what is going to be in there. What else could we be expecting?

Eddie Hughes: The reason for publishing the clauses that we have is this. I make no apology; I am going to come back to this point repeatedly during this session, I suspect. My view with regard to this legislation, as always, is that we are thinking about the tenants, how this Bill works for them and how it is going to improve their lives. The clauses that we published are most pertinent and relevant to the lives of tenants.

The other clauses that we are publishing will be helpful to them, but perhaps in less obvious ways. For example, other clauses will be looking at tightening the financial regulations that apply to housing associations. That is not something that is immediately going to appeal to tenants in terms of changing their lives and their experience of social housing, but those regulations are vitally important for ensuring that the sector continues to be stable, well regulated and financially secure.

Generally, we have seen that with regard to the very small number of housing associations that fall over. The regulator is very well plugged into their financial stability, but there is always room for some tightening up, and that is probably the most significant thing we are going to be seeing.



Ben Everitt: So technical stuff.

Eddie Hughes: Technical stuff, I suppose, is the best way to put it. Anything that was going to be of specific direct interest and relevance to tenants, I wanted to get out as soon as possible, not least because of the point that was made with regard to the delay in legislation. We needed, I felt, to reassure people in advance of the Queen's Speech that we had a significant part of the legislation already formed and ready to publish. We are expecting roughly 40 clauses, and 19 clauses plus a schedule have been published so far.

Q360 **Ben Everitt:** My last question relates to the removal of the "serious detriment" test. We have had plenty of representations as a Committee, and we have not met anyone who does not think that the test has undermined the regulator's ability to regulate consumer standards. Can you just give us some insight into when the Government started hearing from the regulator that it was not working and needed to be taken out?

Eddie Hughes: In essence, I can speak only for the time that I have been a Minister, which is since January 2021. It was certainly being discussed with me as soon as I arrived in the Department, but my recollection is that it was mentioned in the Green Paper, so people will have been discussing its fitness for purpose for some time before my arrival. Particularly with regard to some of the cases that we have seen recently, people will not have understood the barrier that has to be overcome in terms of the regulator being able to intervene at a particular point.

Basically, it has been some time in the formation. With regard to the Green Paper, in the formation of your question you said you had not heard anybody who disagreed, but my recollection is that, with the Green Paper, when we were in consultation, about a third of those people who responded felt it was doing the job and did not need to be changed. I strongly suspect that those views have changed in the light of recent events and people considering them against that, but it has not always been universally accepted as requiring change.

Q361 **Kate Hollern:** Apart from the serious detriment test, the regulator's approach to regulating consumer standards is governed by its interpretation. For instance, it finds a provider in breach of consumer standards only if it believes an issue indicates a systemic failure on the part of the provider. The systemic failure test is based on the regulator's interpretation, so an individual interpretation. I understand the point that you made about the need to minimise interference and to act proportionately, but, arguably, it sets the bar for intervention too high. Do you agree with the regulator's interpretation of the statutory duty?

Eddie Hughes: It is not really my role to second-guess the role of the regulator. That is why it is there. It is an arm's length body of the Government and it rightly values its independence, as do we. By the same token, it is adaptive. People will see that, sometimes, in particular



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circumstances, or if you see circumstances moving in a particular direction, there would be the opportunity for a change in that interpretation.

As I say, I chaired the board of a housing association previously, so I will have met Fiona and other members of the regulator professionally, seen them lecturing at conferences and things like that. They seem to be respected within the sector, and people have trusted their judgment. I see no reason to challenge it, but, by the same token, we adapt and change, depending on the circumstances we experience.

The Bill is giving everybody—the Government, the sector, the regulator and the ombudsman—the opportunity to revisit the way they work, individually and together, and I would not be surprised if we see change as a result of the new legislation.

Q362 **Kate Hollern:** Bearing in mind your earlier statement about the importance of respect for tenants, do you see a circumstance where the Government, should they see something that they are uncomfortable with, would give advice to the regulator if they thought there were some failings?

Eddie Hughes: As I say, I am not sure I am in the position to give advice, but the proximity of having the regulator based in our building means that it is really easy for us to have the opportunity to get together and talk on a regular basis about challenges within the sector. On whether I might give advice, I would certainly discuss and give my opinion. Whether that opinion is taken on board or not, I do not know. I would like to think so, but we will see.

As I say, what I am absolutely sure about is that there is that delineation of responsibility. The Government understand their role and the regulator understands its role. It needs to be an arm's length body. It should not be operating at the directive of Ministers. Goodness knows what sort of a state we would end up in if that was the case. We need to trust their professional competence. As I said, of course I will give my opinion and then they will decide how to regulate.

Q363 **Kate Hollern:** Is there not a danger that, so long as the systemic failure test remains even after the serious detriment test has been repealed, the regime for regulating consumer standards will continue to let tenants down?

Eddie Hughes: I do not think so, and I will give you an example of why I think the world is changing. The work that the housing ombudsman did with regard to damp and mould in properties is one of those seismic changes in terms of governance, as far as I am concerned.

For those who might not be familiar with this, it was an accepted point within the industry, and within society generally, that if people had damp and mould in their property, the first point of determining the cause would be an assumption about the way the property was being



occupied—for example, that a tenant or whoever else was using a tumble dryer in their property without it being appropriately vented, not opening the windows frequently enough and other problems like that. When the tenant reported damp or mould, the assumption on the part of the housing association would be that that was likely to be down to the way the tenant was occupying the property.

The housing ombudsman has done an excellent report resetting that balance and, effectively, insisting to housing associations that they should not make that presumption, but should investigate each case and determine the problems on their merits.

We are already seeing a shift in the way the sector and the housing ombudsman approach problems, and it is making the sector rethink. I mentioned the case of GreenSquareAccord internally inspecting all its properties. We are seeing a difference ahead of the legislation. Regardless of what the legislative changes are, we are seeing the sector get ahead of that legislation by taking a more thorough and tenant-centred approach to the way it manages its business and its properties. That is why I am feeling confident that we will be in a good place.

Q364 Kate Hollern: I hope you are right, because we have certainly seen some disgusting conditions that people are living in, and it is important that regulation protects tenants.

Eddie Hughes: I will again make that point about being treated with respect. In the cases that you are referring to, it is depressing to see that we have got to that position. As an explanation, rather than an excuse, we need to remember the context that there are 4.4 million social homes in this country. You do not need very high a percentage of those to be bad for us to be seeing a significant number of cases. That said, I will come back to the point that I made at the start: one is one too many, as far as I am concerned. We are living through a real wake-up call for the sector and it is taking this seriously.

Q365 Chair: Minister, you just mentioned the excellent report produced by the housing ombudsman, but this is an example of an organisation that has decided that it sees a widespread problem and has gone in and addressed it. It has not looked for legislation from Parliament and said, "This is what you must do." By contrast, the social housing regulator almost seems to be sat there as a spectator in all this, saying, "Well, we do not really have the powers to do this or the requirement to do that, so we will not." Is that a fair comparison?

Eddie Hughes: I am trying to think of a fair comparison. It feels to me that their areas of responsibility are perhaps akin to a car body repair shop and a mechanic. Those are completely different disciplines that both ensure that a car works and functions properly, but are very distinct. With regard to the purpose of the regulator, as I said earlier, prior to this new legislation and the introduction of the championing of the consumer element, its governance and viability work with regard to housing



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associations has been exemplary. It has made sure that housing associations function and are financially sound and well governed.

That is the technical element of making sure that the engine of the car is functioning perfectly well. The housing ombudsman has been responsible for more of the shell, the seats and the air-conditioning. Between them, they currently operate, for example, on a memorandum of understanding, so they have a clear understanding of the delineation of their responsibilities. We are going to make that memorandum of understanding a statutory requirement, and then everybody will be clear.

I do not want to feel like I am defending the regulator, but I am saying: let us be clear about what its purpose and function is. It has done it well. The housing ombudsman is incredibly energetic and enthusiastic, and has taken on his task with alacrity. They complement each other perfectly, and this new legislation is only going to enhance and develop that relationship.

Q366 Chair: You were saying before that there is this arm's length relationship between Ministers and the regulator, but, in the end, the regulator is there to do what the legislation requires, and Ministers are responsible for the legislation. There must be some point at which Ministers say to the regulator either, "You are not following up what you should do properly" or "We need to change what you are required to do".

Eddie Hughes: If everything was going perfectly, we would not be introducing new legislation, responding to challenges we have seen and—it keeps coming back to this point about respect for the tenant—making absolutely sure that everybody has not just the responsibility that they require but the power to enforce it. Even if you feel that things have been less than perfect, the new legislation is going to dramatically enhance that situation.

Chair: Make them perfect.

Eddie Hughes: I would not be so bold as to say make them perfect.

Q367 Chair: You mentioned, Minister, quite rightly, that the regulator's prime role has been, as laid down in legislation, to look at the governance and financial stability of housing associations. Can the regulator assure itself of the financial stability of associations if it is not looking at how the associations spend their money and the extent to which they are keeping their stock in a proper condition? If you have an organisation whose financial stability is supposed to be ticked and approved by the regulator but it does not know anything about the state of the stock, which is the essence of the assets of the association, how can it be doing its financial job properly?

Eddie Hughes: This comes back to the fact that the existence of a regulator and a housing ombudsman does not abdicate responsibility for individual housing associations. I suggested to somebody previously that, in an ideal world, the regulator and the ombudsman would not exist.



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They suggested that they would exist as a fallback position, but in a very small form.

First and foremost, it is the responsibility of housing associations to make sure that their stock is at an appropriate standard, that tenants are getting the service they require, and that they are financially well governed. They are also supposed to have a board that checks up on those things, that challenges, and that tries to ensure that the information is available for it to feel reasonably confident that a good service is being offered and that the organisation is run in a financially competent manner.

Those things should be happening. The chief exec should be responsible, as should the chair, before we then move outside of the organisation to the regulator, the ombudsman and, ultimately, Government. There are a number of steps in this chain. Going back to my ideal-world situation, what I would not want to see is a ginormous regulator organisation and a huge ombudsman, because that is indicative of the fact that things are not running well.

There is no doubt that they are both going to increase their muscularity and the number of staff that they have, because we need to make absolutely sure that we are on top of the situation, so that we can reassure ourselves that everything is being well run and flush out these dreadful cases that we have seen. By the same token, I would like the need for regulation to be as light touch as possible, while still ensuring that, in legislation, the big stick is available, should it be necessary.

Q368 **Chair:** A couple of issues have been raised with us. We come back to the resources and capabilities of the regulator. Some associations now are enormous. You have mentioned Clarion.

Eddie Hughes: Sanctuary.

Chair: We have looked at Clarion in terms of some cases where it has clearly failed its tenants. The regulator assured us that it has the skills to look at organisations that are incredibly complex, as are their financial balance sheets—it is not just the odd loan that they are taking out here and there. Are you assured that the regulator now has the skills and the capacity to deal with these large, complex organisations?

Eddie Hughes: One of the things that I take assurance from is the fact that the regulator fully appreciates how complex these financial instruments and company structures are that are being deployed, particularly by some of the bigger housing associations. It fully appreciates how complex they are.

In terms of a risk register item, the associated risk is something that they are aware of. My understanding—I completely believe them—is that they have been staffing up and recruiting based on that understanding. I feel reassured that they understood that there was a challenge for them and that they have recruited appropriately to address it.



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One of the great things about their being in our building is that this is not just a formal meeting that happens once a quarter or something like that. It is nice for me to have the opportunity to catch up with Fiona and Jonathan on an ad hoc basis, just to talk to them about the challenges that they are concerned about and the action that they are taking to address them.

Q369 **Chair:** One of the concerns that we may have is that they did not appear very concerned about some of these issues when they came to see us. Just moving on to another issue we raised with—

Eddie Hughes: Sorry, Chair, I did not mean to say that they are not concerned. I was making the specific point—

Chair: No, I am just saying that they did not seem very concerned when they gave evidence about some of these.

Eddie Hughes: Oh, they did not seem very concerned.

Chair: They thought that they had them all in hand.

Eddie Hughes: You and I can both be reassured by what they are saying.

Q370 **Chair:** What we were not reassured about is that, when we talked to them about the issue of shaping the market, which many regulators see as their role, they just said, “No, we have no role in shaping the market.” One of the things that happens is that many associations have a few properties here and there spread all over the place; often, you go to an area and you find a multitude of housing associations all managing a few properties or getting at cross purposes over who manages the open space between the properties. Should the regulator not be encouraging some rationalisation of that to see better use of public money?

Eddie Hughes: I do not think so. I say that as the chair of a housing association previously. If the Committee will indulge me for one minute, the housing association that I was the chair of is called WHG, which was previously Walsall Housing Group. It had 22,000 properties, about 19,000 or 20,000 of which would have been in Walsall. Because of its drive to develop and to build more homes, it might not necessarily find land to develop and build on within the boundary of Walsall borough, so it would go further and further afield. We as the board, and I as the chair, set an area within which we would be prepared to accept development.

As it starts to develop its first site in somewhere remote from Walsall, it might, therefore, have only 100 homes there, but if its intention is to build more subsequently it will get an economy of scale. By the same token, other organisations that have merged or taken over smaller ones will have an economy of scale that will mean they will be able to efficiently manage those properties, even though they might not have much stock in that area, because they have good planning and scheduling of repairs and maintenance.



I do not think that it is for the regulator to second-guess the day-to-day management of housing stock on the part of housing associations just because of this dispersal basis. However, if it proved to be the case that one housing association had a significant number of complaints from an area, coming from the fact that it was dispersed stock and it had only a small amount, we have already seen, historically, swapping going on between associations, with them selling stock or transferring management to each other. It is not beyond their wit to understand how to best handle their stock, which is why—this is a very cheeky comment on my part—anybody who looks at *Inside Housing* every year will see that, sometimes, these chief execs are very well paid. You would expect them, therefore, to be able to manage their own stock.

Chair: They are better paid than Ministers.

Eddie Hughes: They are better paid than both of us.

Q371 **Chair:** Just going on to that, you mentioned the regulator not seeing this as a responsibility in terms of housing associations. The association may be very happy with its economies of scale, but if you are the tenant and, when you ring up for something to be done, you find someone has to come from 30 miles away to see you and they can come in a week's time on a Thursday, it is often not a great service that gets delivered, is it?

Eddie Hughes: I am going to go off on another tangent just for 10 seconds. One of my jobs previously was to manage, on behalf of a very big company, household insurance repairs for the south of the UK—millions and millions of pounds'-worth of repairs every week. The customer does not care where people are coming from. They just want the repairman to turn up on time. Our No. 1 drive should be that the tenant gets a good service, and we should not get involved in the day-to-day management of how they achieve that. We should just be ruthless in driving to make sure that all tenants get a good service, which is why we are pushing our Make Things Right campaign, making sure tenants know how to complain to their own association and how to escalate that complaint to the housing ombudsman, should it be necessary.

Q372 **Chair:** We will come back to the ombudsman's role in due course. If the regulator picks up that there are complaints because of delays, due to the way an association has its geographical spread of stock, is that where the regulator should step in and say, "There are particular complaints because of the way you are operating; we think you ought to change that way"?

Eddie Hughes: It is the regulator's job to highlight and discuss the issue with the association, and for the association to provide a plan to rectify it, the robustness of which the regulator must be convinced of. We are also going to see in particular cases that, if the association is not carrying out those repairs, the regulator will have the power to have them carried out.

Q373 **Chair:** Traditionally, the regulator has had a very passive role of waiting for things to go wrong and then maybe having a look at them. The



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Government have now said that the regulator should perform inspections of associations. When we talked to the regulator, its view was that that did not mean physically inspecting buildings, which seemed to be almost self-defeating. If that is what the Government want, the regulator has not got the message.

Eddie Hughes: Sorry, Chair, I did not want to get into the semantics, but I was not sure if the Government were saying that they should carry out inspections or they can carry out inspections. Either way, that tool and that opportunity should be available to them. Given the emotion that has been aroused by some of the cases that we have seen, I would be surprised if the regulator did not carry out inspections at some point.

However, having said that, I go back to my point about GreenSquareAccord and the work that it is doing. We already know that lots of housing associations are getting ahead of this and inspecting their own property. Nobody wants to be the next association to appear on ITV News with Mr Hewitt. Absolutely, that power is there, and I go back to my regular conversations. It will not just be me. If they spin the dial and I get shuffled away, whoever it is will be having those regular conversations with the regulator.

I come back again to the fact that our No. 1 objective is good service and respect for tenants, and good quality of housing. If it seems to be the case that the regulator is not using a power that it has in order to ensure that tenants are getting the service and quality of home that they desire, I am sure that Ministers will be making that point very strongly to them.

Q374 **Chair:** To make it clear, our understanding was that, once the serious detriment test is repealed, the Government wanted the regulator to introduce regular inspections for larger housing providers.

Eddie Hughes: Those with over 1,000 homes.

Q375 **Chair:** Yes, and you would assume that those inspections would include an inspection of the physical stock.

Eddie Hughes: Sometimes but not automatically, because, as I say, there are 4.4 million homes.

Q376 **Chair:** What are they going to be inspecting if they do not inspect the physical stock?

Eddie Hughes: For example, you could go to see an organisation, meet the direct labour organisation, speak to the people who manage and run that, and get some understanding of how efficient and effective their repairs and service team is. I am imagining an ombudsman, a regulator and a sector that will be considerably better plugged into the demands of tenants. We, as a Government, are ensuring that all tenants know how to complain. We are, effectively, encouraging them to complain, so it will be up to the regulator to target its intervention in the appropriate way at those people determined to be most at risk.



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Q377 **Chair:** So they should be going in and doing physical inspections of those associations where there have been most complaints.

Eddie Hughes: On a risk-assessed basis, I would say that that is probably the case, but context is everything. Let us say, for the sake of argument, that Clarion has 120,000 homes. How many homes do we think the regulator should physically inspect in order to assure itself that Clarion is doing a good job? You could visit 95,000 homes and find not a single problem, and yet, in 25,000 homes, there could be significant problems. Surely, nobody is suggesting that the regulator visits 120,000 of Clarion's homes.

Q378 **Chair:** What I would suggest is that, if a quarter of its homes are not fit to live in, a survey of 500 of them will probably find that out fairly quickly.

Eddie Hughes: A random 500.

Q379 **Chair:** Yes. Why not? Or looking at where the complaints come from within that organisation. There are ways to determine it, but, in the end, surely, if you are getting complaints of a significant scale from an organisation, the regulator ought to be proactively going in and doing checks, should it not?

Eddie Hughes: If that is appropriate, yes.

Q380 **Chair:** Do you think, as Minister, it would be appropriate?

Eddie Hughes: There might be other ways of identifying this. Yes, I would suspect that they will have to visit some properties, but there might be other ways of reassuring themselves or going in and advising associations on how to address a particular problem, without the need to visit many properties.

Q381 **Chair:** What other ways? The cavalry is coming from the left of you, Minister.

Nick Burkitt: The regulator has been clear that it absolutely recognises that it needs to listen to tenants, and that their voice must be heard in whatever the process is. Also, this process has not been designed and there will be lots of consultation on it over the next year or so, so that these things can be decided. We are not defending a system that is not doing something. They absolutely realise that they do not want to take the word of senior managers at face value. They need to find ways of checking what is really going on and listening to tenants, as the Minister says.

Q382 **Chair:** So a consultation on how this will work in practice is coming, which we can have a look at.

Nick Burkitt: Yes.

Q383 **Ben Everitt:** I want to build on the point that Nick just made. In the spirit of the Committee supporting the future design of an inspections



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programme, the analogy that I am reminded of is when planes were coming back during the second world war with holes in, and the allies were looking for places on the planes to reinforce them. The original idea was, "Well, if they've got holes there, let's put extra armour on the plane there." Suddenly, they realised that the planes that did not come back were the ones that were shot elsewhere.

Thinking along similar lines, if you are getting plenty of complaints coming in, you know that that is a good place to inspect. Similarly, if you are getting precisely zero complaints, we need to make sure that there is a mechanism for that also triggering an inspection. The reason I suggest this is that we have heard, as a Committee, from several tenants groups that there have been cultures of covering up and bullying in particular areas. Therefore, we would want assurances that there is a mechanism for looking where we cannot see and where we are getting no information. Recognising that Nick says it is not a programme that has been fully designed, I wonder if we could chuck that into the mix.

Eddie Hughes: I think Nick's cavalry approach of riding to my rescue is an appropriate one, and we will certainly be looking at it.

Q384 **Ian Byrne:** Minister, you have a real rose-tinted view on life. I have noticed that before. You have come in and done it on many occasions. You talked about the regulator going in and speaking to the top officers within a group. We have heard—Ben alluded to it—that in Clarion and other groups, there was systemic cover-up right through the operation, on a huge scale. We could not understand why they did not go in at that time.

I was delighted by what you said earlier about respect for the tenant, but the tenants were crying out and not getting listened to. There has to be a way—resident sampling, perhaps—of getting right into the heart of that. I certainly would not say that getting into the heart of it is speaking to the top officers of that administration, who paint a rose-tinted picture—they did that here in the Committee as well—and it is obviously not happening on the ground. I do not think that we would accept that in schools or hospitals, so why should we accept it in social housing?

Eddie Hughes: You make an excellent point. To clarify, once the regulator has arrived, that will have been on the basis of a number of complaints, investigation, photos and so on. It will already have some evidence, but I completely accept your point.

With regard to your "rose-tinted" comment, you are probably right. I take an overly optimistic view of the world sometimes, but this is partially informed by the fact that I have seen a very positive response from the sector in advance of the legislation. That does not mean that I will be fooled by that. I will be taking on board your comments.

Q385 **Chair:** Finally from me, the Government are going to lift the cap on fines so that, for really bad examples, unlimited fines can be implemented by the regulator. The regulator has indicated to us in evidence that it does



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not like fining not-for-profit organisations, but it is indicating that it probably will go hard at for-profit organisations in the sector. Do you accept that that would be a fair way for the regulator to act? Indeed, would it be legal to take different approaches to fining organisations depending on their legal status?

Eddie Hughes: On the one hand, I guess I at least understand the motivation behind that suggestion, which is that, if you are talking money off a not-for-profit provider, all you are doing is taking away money that it might otherwise use to support tenants, build new houses and so on. Similarly, if you are only going to fine the for-profit providers, my recollection is that they have numbers of units—homes—in the tens of thousands, maybe even fewer than 20,000, very small numbers, whereas you have millions of not-for-profit housing associations running the rest of it. That would seem disproportionate and irrelevant for a few reasons.

By the same token, back to my point about the need for the regulator and the ombudsman, I would like to see a world where they do not need to levy a fine. We need to have pushed them and determined that they have improved their performance as much as possible before we get to that position.

Back to the point that Ian made, things like the tenant satisfaction measures that the regulator has been consulting on are going to help us to hear from tenants themselves about how their association is performing and make a comparison with others. Through the national tenants group that I will be setting up, which I will be hearing from, there will be the opportunity for us to hear the views of tenants as well.

On the one hand, we are allowing them those fines for a reason, and I do not doubt it will be necessary for them to deploy them at some point in the future. However, if we get to that position, it demonstrates that there has been a failing or a less than perfect implementation of what we are hoping to achieve from the legislation.

Q386 **Chair:** The Government are lifting the cap for a purpose, presumably.

Eddie Hughes: We are, of course.

Q387 **Chair:** Do they expect the regulator to fine all the types of housing association, not-for-profit and for-profit?

Eddie Hughes: I would not expect it to differentiate between the two.

Q388 **Chair:** That is different from what the regulator said to us.

Eddie Hughes: As I say, given the proportionality and the fact that 95% of the sector is not for profit, that would seem like an odd approach.

Q389 **Kate Hollern:** Currently, registration with the regulator is voluntary for private providers. Why is it not compulsory?

Eddie Hughes: I guess we feel that they are motivated by the benefits of registering and therefore—I will go back to my 4.4 million homes—



clearly most of them register. When you think about the benefits of registering, there is a very good reason for them wanting to be on board.

If, for the sake of argument, you want to borrow money for development, and you are registered and therefore regulated, organisations like Standard and Poor's, which takes a very positive view of the sector because of the level of regulation that it has from the regulator in terms of governance and viability, feel that lending money to people who are regulated by the Regulator of Social Housing is a safe bet. People who want to develop at scale are likely to see that they are going to be able to borrow at a preferential rate if they are part of a regulated sector and therefore that is what draws them into it.

Other things that draw them into it are with regard to being able to develop section 106 properties. There are benefits of being regulated that make it very appealing. That is why people tend to be regulated. It feels to me that it is a very small number that are not.

Q390 **Kate Hollern:** I am not quite sure of the number, but if we are going to be tenant-focused, any provider of a home should be regulated, surely.

Eddie Hughes: There will be other ways that people will be able to keep an eye on the quality of product that they provide. There will be other ways for them to complain, for example. Proportion is everything in the discussion we are having. By far the greater majority of providers are registered and there is very good reason for that.

Q391 **Kate Hollern:** That does not help if you are a tenant with a non-registered provider, does it?

Eddie Hughes: There will be other ways for them to complain and make their case.

Q392 **Kate Hollern:** Can you give me an example, please?

Eddie Hughes: If we are thinking about, for example, private providers, through the housing ombudsman.

Q393 **Kate Hollern:** That probably needs exploring a bit further, does it not? When we spoke to the regulator, he told us that it might be because mandating registration could result in the sector being classified as part of the public sector, which would push its debt on to the Government's balance sheet. Do you think that that is part of the reason?

Eddie Hughes: That is an interesting point and one that the Government would be keen to avoid. Whether that is solely the reason, I do not know. I would see the merit of that argument. Let us put it that way.

Q394 **Kate Hollern:** Does that mean that there is a risk of inadequate providers being unregulated?

Eddie Hughes: I guess that the honest answer is that, to a degree, yes, that is possible.



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Q395 **Kate Hollern:** That takes us back to even more tenants being left out.

Eddie Hughes: It takes us back to proportionality, I suppose. Should the Government take on, if I am remembering correctly, tens of billions of pounds' worth of debt for a relatively small number of homes? That would seem like a disproportionate approach for the Government to take.

Q396 **Kate Hollern:** Why would the Government be taking on the debt?

Eddie Hughes: If they become overly regulated, they are effectively governed by the Government.

Kate Hollern: That does not make sense.

Q397 **Chair:** There are lots of bodies that are regulated in this country. Financial services organisations and energy companies are regulated. They are not part of the public sector. Just because an organisation is regulated, it does not bring it into the public sector for public sector borrowing requirements, does it?

Eddie Hughes: I can only tell you my understanding of the situation.

Nick Burkitt: A few years ago, the social housing sector was classified and then declassified, partly because there were assurances that it was not fully regulated and therefore was at arm's length from the Government.

Q398 **Chair:** Many organisations in the social housing sector are regulated. Being regulated does not bring them into the public sector borrowing requirement, does it?

Eddie Hughes: That is because we do not insist on regulation.

Q399 **Chair:** It might be interesting to get some further advice on that.

Eddie Hughes: The point that has been made is a factual one. It was previously on the books and then it moved off them. That is one of the factors that determined it.

Q400 **Ian Byrne:** Can we have a response in writing to that? I am a bit confused.

Chair: It might be helpful if that could be set out. It is quite an important point, but a very technical point, we understand.

Ian Byrne: It is very important.

Eddie Hughes: We will do, indeed.

Q401 **Kate Hollern:** Where a registered provider also provides care services, the regulator regulates only the housing provision. It would seem to me that care services are almost ignored and probably not properly regulated at all. Do you see that as a problem?



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Eddie Hughes: I do not, but that is probably based on my personal understanding of how it works. For example, my understanding is that the regulator has made interventions in a number of providers of the type you describe. It has previously, for example, insisted on placements on boards to make sure that a board had the professional competence to handle the care element of that service.

I feel that the regulator has regulated appropriately and those interventions with regard to placement on boards have helped improve the professionalism of the running of the organisation. I personally do not see a problem, unless there is a specific case that you would like to highlight to me, and I would be happy to look into it and write back to you.

Q402 **Kate Hollern:** You do not see a problem that the care provision is almost unregulated.

Eddie Hughes: I do not think that it is unregulated. It is regulated by the Regulator of Social Housing.

Q403 **Kate Hollern:** What about the care element?

Eddie Hughes: In terms of looking at the overall management of the organisation and making sure that the board has people who are appropriately qualified and experienced to check on the governance of that organisation, it does that appropriately. There have been examples of the regulator making placements on boards. I cannot think of a case that has been in the news where there have been problems, but, if there are, perhaps you can tell me what they are.

Nick Burkitt: The Care Quality Commission regulates some care that is commissioned with housing, so that is a separate regulation by the CQC. Does that answer your question?

Q404 **Kate Hollern:** No, I am afraid that it does not. You have a sector where there is housing and additional care provided within that building, but only the housing part is regulated.

Eddie Hughes: As Nick has just pointed out, the CQC is responsible for some element of the care. The regulator is responsible for the overall running of the organisation, including the housing element.

Q405 **Kate Hollern:** Again, that is an example that we need to come back to, because I know that there are examples.

Eddie Hughes: Do you have a particular case where you think that something untoward has happened?

Kate Hollern: There are a number of cases.

Eddie Hughes: Would you be able to share those with me and we will investigate and respond to them? That would be very helpful.



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Kate Hollern: I will get you some examples.

Eddie Hughes: Lovely, thank you.

Q406 **Chair:** Minister, Kate Hollern asked you about complaints and where tenants go if the organisation they are a tenant of does not register and is not regulated, and you said the housing ombudsman.

Eddie Hughes: Have I made a mistake there, Chair?

Chair: I do not think that a private provider has to be part of the housing ombudsman service.

Eddie Hughes: No, but they can, and it is my understanding that some of them are.

Q407 **Chair:** Yes, but there are those that choose not to be regulated and are not part of the housing ombudsman service. Where does the tenant go to then?

Eddie Hughes: I do not know the answer. We are talking of a fraction of a fraction of a fraction of the sector, given the fact that the greater majority of it is registered and therefore regulated, or can be members of the housing ombudsman and report to it. We are talking about a very small number of homes.

Q408 **Chair:** If you are one of that small number and have nowhere to go, it is a big problem for you, is it not?

Eddie Hughes: It is a problem.

Kate Hollern: My point was that it may be a small percentage, but that could be a significant number of homes that are completely out of the loop.

Q409 **Ian Byrne:** It could be thousands of homes. Have you done the work on that, with regard to how many are not under any regulation? Do we know how many people we are talking about? We are talking about people's lives here. A poor home can knock 30 years off your life.

Eddie Hughes: I am sorry to say that we do not know the answer, but we will come back to you.

Q410 **Ian Byrne:** Do you have that, though? Has the Department actually done that work?

Eddie Hughes: I do not know; that is the honest answer.

Q411 **Chair:** Do you know someone who knows?

Eddie Hughes: Fortunately, I have a bunch of civil servants who will be able to do that work for me.

Ian Byrne: I should hope so. This is deadly serious.



Eddie Hughes: Ian, I am not being in any way flippant about this case.

Q412 **Ian Byrne:** No, I know, but it is so serious. We know that 30 years can be knocked of your life. This is a huge issue, so we need to know how many people are not under regulation. Potentially, those outfits can get away with people living in slums.

Eddie Hughes: That is why I say that you can be reassured that there is the Regulator of Social Housing and the ombudsman. The thing that draws people in, if they want to develop at any sort of scale, is to be regulated. Even if they are just ruthless commercial entities that want to exploit people, they are going to be able to borrow at a preferential rate if they are registered. Given the fact that the focus will be on providers over 1,000, maybe they would feel that it would be appropriate. Anyway, we will investigate that and come back to you.

Q413 **Darren Henry:** Minister, I welcomed your opening remarks where you said that tenants should be treated with respect. One of the biggest criticisms we have of the social housing sector is that housing providers do not listen to tenants or involve them in decision making. This was brought up in the Government's Green Paper, where it partly assumed that a stigma was attached and that could be part of the reason, and said it would do something to address it—but when the White Paper came along, it was barely mentioned. Is there a stigma attached to being a social housing tenant? Does this go some way to explaining some of the instances we have had of poor quality? If so, what are you doing about it?

Eddie Hughes: I am very sorry to say that certainly sometimes people are not treated with the respect they deserve because of the tenure of the housing that they occupy.

I had a particular incident when I was at YMCA. We had a 70-bed hostel and we had some workmen in to do some work. I was showing them around and telling them what we expected them to do. The workman I was showing around made some comment about the fact that I said that the shower facilities needed to be replaced. He said, "Surely it's better than being on the street though." I said, "Are you suggesting that, because people have slept on the street, they don't deserve to have appropriate facilities now that they're housed by the YMCA? How on earth does that work?" He's like, "No, no, no, mate, I didn't mean that. I didn't mean that," very quickly trying to row back from a very clear prejudice that he had already demonstrated, as far as I was concerned.

It goes back to that point. Everybody, regardless of tenure, deserves a safe and healthy place to live. We need to make sure we deliver that.

Q414 **Darren Henry:** How will you be doing that?

Eddie Hughes: I personally think that the measures we are introducing in the Bill, in terms of strengthening the regulator and so on, are fundamental to that. There are two things, at opposite ends of the same



spectrum for me. We are turning up the residents' voice, by making sure that they all understand how to complain and how to escalate that complaint if they do not get an appropriate response.

Last summer, I visited a number of housing providers. One of the amazing things to have come from the pandemic is the fact that we are all using hybrid connectivity in a way that we never did before. Teams and Zoom existed long before coronavirus rode into town, yet now we have all become accustomed to using them. When I was visiting housing associations during the summer, I was attending Teams or Zoom meetings with their tenants to be able to speak to them.

Sometimes it is hard to get people, particularly if they have care responsibilities and so on, to travel some distance to an office and assemble, get their tea, then spend an hour and travel back home. Instead, people can dial in via Teams, in the comfort of their homes, and contribute their feedback for improving the running of that association. When the meeting is over, they can switch off the machine and go back to watching "EastEnders".

It is not just the work that we are going to be doing as a Department, in terms of listening to the tenants' voice. It seems to me that those associations that I have visited during the summer are taking full advantage of this hybrid connectivity and maximising their opportunity to hear feedback from their tenants.

There are two things. We are turning up the tenants' voice by making sure that their concerns and complaints are heard, but we are also enhancing our opportunity to listen to them through the various means that we are developing. It is fundamental to me that, once we have introduced these measures, we should be seeing a much greater parity in the treatment that people receive, regardless of tenure.

I will say that, certainly given my experience of providers locally in Walsall and the west midlands, we need to be developing sites that are tenure blind. You do not want to see people developing houses on a site and having one specification for the social rented and another that is for the purchaser. We should be making sure that everybody gets a very good standard of property.

Q415 Darren Henry: The Government have recently announced the establishment of a social housing quality resident panel. They talk about that panel meeting at least three times a year and say that it will have to meet at least six times, but they do not make it clear whether that is the limit of it—whether this is something that will be enduring, or whether it will be wound up at some point in the future. Is that a permanent feature?

Eddie Hughes: In terms of being prescriptive from the outset about the fact that it is going to continue in perpetuity, we want to see a few things. Let us demonstrate that it works effectively. Let us make sure



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that tenants are feeling that there is value in it for them, in terms of “they say, we do”. We need that interaction between us as a panel.

If everybody sees the merit and benefit of it, that is what will ensure its continued use, rather than a Government Minister saying today, “No, we are going to carry it on for five years.” Nobody is going to want to carry it on if the tenants stop turning up or stop contributing because they do not feel that it is delivering on their expectations. That is what we intend to do.

This is one of those things where, as a Minister, I am genuinely excited about being the Minister responsible for this legislation. Because of the background that I had before I came to Parliament, I have the opportunity to deliver on and change some of the things that I saw were wrong previously. I am very excited about that panel and very keen to make sure that those tenants who contribute to it feel that there is real merit and real value in it for them.

Q416 Darren Henry: The Committee went on a visit last week to have a look at some social housing in Croydon and Lambeth councils. It struck me that some of the rooms that we went to have a look at had reasons for environmental health to come in, make an assessment and do something about it—in repair, smells, sounds, flood damage and so on. But they would not be able legally to issue a notice on themselves, because it is run by the councils. I do not know whether you can comment on that. That seems to me to be something that just does not work. It is dysfunctional.

Eddie Hughes: One way or another, we will need to find a way to address that and ensure that repairs are carried out and the level of accommodation provided is at an appropriate standard. One way or another, we will be ensuring that happens through this legislation.

Q417 Chair: To clarify, there is no reason why council environmental health officers cannot go into a housing association and issue notices, is there?

Eddie Hughes: No.

Q418 Chair: Although, formally, you cannot issue a legal notice against yourself, they could go into council-owned stock and issue a non-legal warning to say that they have concerns about the state of the property.

Eddie Hughes: Indeed, yes.

Chair: That is perfectly proper as well. Okay, thank you for that clarification. That is helpful

Q419 Andrew Lewer: The regulator’s home standard, which is one of the consumer standards, requires all social housing to comply with the decent homes standard. The decent homes standard is widely thought now to be out of date, for various reasons, so the Department is consulting on what changes to make to it. That review is due to conclude in the summer. Can



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you give us some ideas of what changes you expect to be making and when, as a result of receiving that information, the new standard is going to be implemented?

Eddie Hughes: First and foremost, we need to let the existing work continue and then focus on the findings, and then whatever conclusion we came to about what changes might be necessary would need to be consulted on. Fundamentally, the thing we are going to be concerned about is the thermal comfort element and making sure that that is aligned with net zero objectives in the long run.

Q420 **Andrew Lewer:** Part of that thermal comfort priority—or heightened priority—is to have all social homes upgraded to EPC band C by 2028 or 2030. That was the thinking. Is that the goal? Is that going to happen—2028?

Eddie Hughes: There is a shared responsibility for this element between us and BEIS, another Government Department. I do not want to pre-empt whatever the consultation might say in terms of the changes. We will be working very closely with BEIS to come up with appropriate solutions in a timely manner.

Q421 **Andrew Lewer:** Without pre-empting all the changes to the decent homes standard, there must have been some particular areas of the DHS that the Department was concerned about for it to want to consult and change it in the first place. What sorts of areas were they?

Eddie Hughes: I guess that, when you have had something that has been in place for a considerable period of time, you want to review it to see that it is fit for purpose.

Nick Burkitt: It is partly about making sure the existing standards are up to date. As you say, the energy efficiency one is the main one that people have raised that needs changing. We can find more information if that is helpful.

Q422 **Andrew Lewer:** Do you see what I am getting at? Everything gets looked at from time to time, but, in preparing what you are consulting about, there must have been some areas and feedback before the official consultation that you had already been alerted to as needing looking at and sharpening up. Thermal is one. Were there any others particularly?

Eddie Hughes: Sorry, no.

Chair: We are moving on to the housing ombudsman. The Minister already referred to some of the excellent work the ombudsman has been doing.

Q423 **Mary Robinson:** The Government have recently expanded the powers of the housing ombudsman, which almost everyone in the sector welcomes, including by empowering it to publish a complaint handling code. In the social housing White Paper, the Government said that they would consider putting the code on a statutory footing to make compliance a



legal duty. Could you confirm that that is still your intention? If so, will you do that in the upcoming Bill?

Eddie Hughes: The best thing that I can do is confirm that it is still under consideration and deliberation. I could also say that I would see merit in that. I cannot pre-empt. We are still in a formative stage with some of the clauses and some of the elements of the Bill. Much as I would love to make announcements in this setting, that would be pre-emptive to say the least. I understand the point you are making and, yes, I personally see the merit in it, but there is more consideration to be made.

Q424 **Mary Robinson:** How much of a bridge is there between seeing the merit in this and actually making it happen?

Eddie Hughes: That is a very clever question. We need to have the case made and fully test what the implications of it would be. As I say, personally speaking, I see the merit in it.

Q425 **Mary Robinson:** The biggest obstacle to the work of the ombudsman is the lack of awareness among tenants of their rights to take a complaint to it. Other than putting the code on a statutory footing, what more can the Government do to help raise awareness?

Eddie Hughes: This is such a big part of it and we are spending considerably in terms of making sure tenants are aware. This is one of the things that Grenfell United is very keen on. There is an obligation on housing associations to make sure their tenants understand how to complain, but that has clearly not been as effective as it should be. The Government have invested heavily, particularly through social media campaigns, to try to heighten that awareness. That programme is ongoing.

The feedback that we have had from the first round of investment in those social media adverts has been good. I am looking around at some very experienced MP colleagues. We all use things like Facebook because we know that we can target very specifically particular age groups among our constituents, and so on. It is a very clever medium that can be used to target particular audiences, so we have been investing heavily to try to up awareness of how to complain and understanding of when complaints could be escalated to the housing ombudsman. You are absolutely right: it is one thing having a fully functioning ombudsman, but you need to have people aware of how to access it.

Q426 **Mary Robinson:** One of the issues will be that those good providers are going to be letting their tenants know all about it.

Eddie Hughes: You are right. How do we put it? It was an interesting conversation that we had within the Department. I was making this point—that housing associations are supposed to convey this information to their tenants—but I was rightly informed of exactly the case that you just made: “You are right, Minister. That will be the case. Good housing



providers will of course be sharing that information with their tenants and making sure they are aware, but less good ones less so." That is why we needed to invest in the campaign. I was convinced of the merits for exactly the reason you describe.

Q427 **Mary Robinson:** Are you able to pinpoint those poor providers, where maybe more action could be taken by the Government?

Eddie Hughes: That is a good point. The honest answer is that I do not know, because we are taking a blanket approach to the advertising. That is a very good point. I will go back and think about that. Thank you.

Q428 **Chair:** Coming to the complaints code, we welcome the fact that further consideration is going to be given to putting it on a statutory footing. One of the problems at present, surely, is that housing providers have to self-assure that they are complying with the code. Again, it is back to the ones that are not really bothered, which tick the box and do not actually do it. I think that we can all find examples where the code has not been complied with. A tenant goes along and makes a complaint, or someone makes a complaint on behalf of them. They do not get the proper acknowledgement, an independent officer appointed to do it or the 28-day period complied with, but the provider ticks the box and says it is following the code. Should the ombudsman have the powers—and does the ombudsman have the powers now—to go in and do an investigation where there is a suspicion or some evidence that an organisation is not complying with the code?

Eddie Hughes: The honest answer is that I do not know, but I am suspecting, from what I have seen of the way the ombudsman operates, that it likely would go in and do that investigation, or it could. I honestly do not know, although I would say that you make an excellent case for why perhaps it should be on a statutory footing, adding to that evidence. I do not know the answer, but I will write to you on that.

Q429 **Ian Byrne:** Minister, since 2010, successive Governments have focused funding for housebuilding on affordable rent and home ownership. As a result, the number of homes being built for social rent has fallen dramatically. The Secretary of State recently said that this was a mistake, which was good, and that many of the affordable homes being built are not really affordable at all. Is this the beginning of a major shift in policy?

Eddie Hughes: Far be it from me to disagree with the Secretary of State. I am not crazy. It is actually a very valid point. Since Michael came to the Department, it has been fascinating to see how a Secretary of State can make the weather—how they can determine what their priorities are and make sure the Department responds appropriately. On the one hand, I would say that, of course, the Secretary of State is completely right.

As the Minister responsible for homelessness and rough sleeping, the idea of there being more homes available for social rent is certainly one that



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appeals to me. I am glad to see it happening. The Secretary of State has a reputation for delivery and making significant changes in Departments. Let us wait and see, but it sounds like a very positive direction of travel to me and one that I will welcome in my ministerial role.

Q430 Ian Byrne: That is really good. You agree that we need more social housing—more numbers—which is good to hear. I think the Secretary of State wrote an article in *The Mail on Sunday* yesterday about council houses. It was refreshing to hear it actually being talked about once again.

Unfortunately, the Prime Minister recently said that he was considering extending the right to buy scheme to tenants of housing associations, despite the evidence. James Prestwich from the Chartered Institute of Housing, which carried out research on the subject, called right to buy “an ill-designed policy which undermines the availability of social housing stock for those who need it most”. Last week, Clare Foges, who was a speechwriter for David Cameron, wrote: “Why can’t the Tories set out a national mission to build vast amounts of new and decent council housing? Only 5 per cent of homes sold under Right to Buy were ever replaced. This should be a defining mission.” That is from an ex-speechwriter for a Conservative Prime Minister. Where do we stand on right to buy?

Eddie Hughes: Where we stand for the moment is that the Prime Minister has indicated his thinking on the topic. We are not there in terms of any change.

Q431 Ian Byrne: It is your job to inform the Prime Minister.

Eddie Hughes: It is. I fully appreciate, before I make this case, that you will rightly throw back at me the percentage of properties that are bought through right to buy that do not necessarily end up continuing to be owned by the people who bought them.

Ian Byrne: There are many, many examples of that.

Eddie Hughes: I read a *Guardian* article recently on this topic. By the same token, I also know that, in the west midlands, where we trialled the voluntary right to buy, it was massively oversubscribed. An awful lot of people wanted to take advantage of that opportunity. If we address it a stage at a time, is it completely appropriate that people who have been living in a council or social housing home for a very long time and feel it is their home ultimately have the right to own it? I would completely understand why they would want to own that home. Of course they would, if they have lived in it for a very long time and feel, for example, “It would be lovely to have the opportunity to hand that on to our children.”

Q432 Ian Byrne: That is an argument for another day. We believe the right to buy is the right way to go, but 95% of social housing has never been replaced. This is why we are in such a mess. It is a huge contributing



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factor. If the Prime Minister goes ahead with this scheme to decimate even further social housing with the right to buy, what guarantees are we going to have that that is going to be replaced by new social housing stock? Otherwise, we will just be making the same mistakes that were made previously, and that housing stock has never been replaced.

Eddie Hughes: Yes, indeed. I can completely understand that it would be very helpful to replace properties on a one-for-one basis.

Q433 **Ian Byrne:** I do not want to put you behind the eight ball with the Prime Minister, but it is a question that needs to be answered.

Eddie Hughes: As I say, this policy will be in development and the point that you made will be definitely considered. I am just making the point that it is the aspiration of a significant percentage of this country to own their own property.

Q434 **Ian Byrne:** It is also the aspiration of a significant percentage of this country to live in a decent social home.

Eddie Hughes: That is understood.

Ian Byrne: That also needs to be considered.

Eddie Hughes: I agree.

Q435 **Ian Byrne:** It is levelling up. I will move on. The funding provided through the affordable homes programme cannot be used for regeneration. As a result, some have raised concerns about money being diverted from investment into existing stock. Some of the social housing stock is old and extremely difficult to maintain. Will you provide new funding specifically for regeneration of this stock?

Eddie Hughes: It is probably one of the things we need to consider, given the point that you have made. By the same token, I fully appreciate that there are other draws on their funds, but we know, for example, that Clarion had a surplus—because it is not for profit, we do not call it profit—of approximately £120 million in the last financial year that I saw results for. Sometimes they have money that they would be able to invest themselves in regenerating their stock or regenerating areas. By the same token, I understand the point you are making.

Q436 **Ian Byrne:** You acknowledge the concern.

Eddie Hughes: Consideration is being given to it.

Ian Byrne: You are nodding away, Nick. You agree with that.

Eddie Hughes: If you want to ride in again as the cavalry, please do.

Nick Burkitt: The affordable homes programme has been very clearly targeted on new net stock, but we have heard those concerns that it cannot be used for regeneration, as you say. That is something we have understood and had representations on.



Q437 **Ian Byrne:** We will move on to rent. Providers rely heavily on rents and service charges to fund investment in existing stock, which carries on what we have just spoken about. The rent standard permits them to increase rents this year by 4.1% and most have indicated that they will raise them by this amount. It is obvious that, where we are now, with the cost of living crisis, given all the pressures householders and tenants are under, it will be a large increase for some of the lowest-income households, during the worst cost of living crisis. It is the worst time for this to happen. Are tenants paying the price for an underfunded social housing sector?

Eddie Hughes: I do not think so. In terms of the Government striking the right balance, I say again, when I was the chair of the board of a housing association, the idea that we had rent certainty for an extended period of time—five years in this case—was one of those things that helped us with development programmes, regeneration programmes and enhancing the quality of our stock. These things have to be planned years in advance, so you need some certainty with regard to income in order to make those commitments.

It seemed to me that CPI plus 1% was a reasonable formula to apply at the time. When you think about the time that this formula was applied, CPI would have been at a very or reasonably low level, so CPI plus 1% would not seem extortionate at that time. Now, in this period of inflation coming back for the first time in many people's lifetimes, perhaps that formula seems less appropriate. As a Government, you cannot mess with the formula every year, because then you leave housing associations with no certainty and no faith in their funding provision in the future to be able to make those long-term assessments.

The short answer to your question is that I do not think so. That formula has been in place for a number of years. During the George Osborne years there was a change in that formula. In order to make sure that associations have funding certainty for an extended period, it seems an appropriate level.

Q438 **Ian Byrne:** Have you done any impact assessments on how many people that will impact? Can you move fleet-footedly enough to assist people?

Eddie Hughes: I would say this, wouldn't I? We have seen that the Chancellor, over the previous two years, has been pretty agile in responding to the needs of the country. I fully appreciate that we might disagree within this Committee—in fact, we almost certainly will disagree within this Committee with regard to the level of intervention.

There are things like providing a £150 rebate through the council tax system to help people with regard to increases in utility bills. The furlough scheme was an absolutely incredible success during the pandemic. I am trying to say that he has demonstrated that he understands how things work and he responds in a timely and proportionate way. Let us wait and see what happens. For the moment, is



it appropriate for the formula to be set at that level? If we want any investment and any stability in the funding of housing associations, you have to have a formula.

Q439 **Ian Byrne:** Or you will have to have investment from central Government, which I called for before.

Eddie Hughes: Or you have to have investment from central Government. Housing associations are independent entities. They are not an extension of the Government that we fund, yet we fund them significantly. For example, my other area of responsibility within the Department is that I am the net zero Minister. I am fully focused on all things that we are doing with regards to net zero, although I also accept, just in case anybody has any tricky questions, that this is largely a BEIS area of responsibility. I have been working very closely with Lord Callanan.

For example, through the social housing decarbonisation fund demonstrator, we have visited sites in Manchester together—that is funded through the Government to housing associations to bid for—so we could see what interventions work, for several reasons. This can be an expensive business for housing associations to test. That funding of the demonstrator allowed housing associations to introduce interventions on properties, in order to see what works best and most efficiently, and interventions that work most effectively together.

The other thing about this is fundamental again to my point. We are doing stuff to people's homes, so we also need to make sure that the interventions we are making are as convenient as possible. We cannot just say to social housing tenants, "Your house needs to be modernised, so you are going to have to move out" or, "We are going to have to create chaos around you for weeks while we install insulation and so on." It gives us the opportunity to test what interventions work most effectively and are least inconvenient. That is significant funding that is coming from Government.

Chair: I think you have now led your way, Minister, into the tricky questions.

Eddie Hughes: I thought I had just explained that they were for somebody else.

Q440 **Ben Everitt:** Funnily enough, decarbonisation Minister, I have some questions for you. As a Committee, we spoke to Kate Henderson from the National Housing Federation a few months ago. We were talking about the financial pressures on providers and we got her to list, in order, the priorities for investment. This relates to your answers to Ian's questions. Building safety, cladding remediation, decarbonisation and the quality of homes came before investment in new stock. We have all these tremendous pressures on the providers, most of which are coming from Government, for very moral and rational reasons. I will pick up on



building safety and decarbonisation in this segment—building safety first.

Currently, the providers can apply for funding for remediation only when the costs would otherwise be passed on to the leaseholders. Effectively, this means that social housing tenants are paying for the remediation of their own homes, either directly, through rents or higher service charges, or indirectly, as a result of providers redirecting that money away from the investment in the existing stock, so back to that hierarchy of investment decisions. Is this fair?

Eddie Hughes: Is this fair? I guess part of the problem is that there will have been cases where the housing association has been the developer, so it has been involved in every aspect of that development. For example, let us say it is the case that you have had a building that has been specified and, for whatever reason, the actual building that has been built is not the same building that was specified and designed at the start. For whatever reason, the contractors cut corners or tried to get away with something—some inappropriate construction process. It strikes me that, as the developer, and with a significant capital spend, you should be making sure that you are getting what you paid for. If you have been in any way remiss in terms of your diligence with that, it is not for the Government to pay to put that right for you. That is what I would say.

To go back to the point about the difference that a new Secretary of State makes, this was a largely intractable problem when he arrived. Since his arrival in September, he has managed somehow to squeeze, literally, billions of pounds out of the sector to help address the cladding problem generally. He has moved considerable distances in terms of making sure that leaseholders do not have to pay. Much ground has been made and I guess some negotiation with regard to big housing associations and things like that still has to happen, but nobody could deny the distance that he has moved the argument since his arrival.

Q441 **Ben Everitt:** He has definitely got it on the front pages, as opposed to the inside pages. By squeezing the developers, are you talking about the building safety levy?

Eddie Hughes: Yes, indeed.

Q442 **Ben Everitt:** Will social housing providers be exempt from that?

Eddie Hughes: That is something that is being discussed at the moment, for the reasons that I described with regard to their culpability. The point is that we need to make sure that whatever action we take is proportionate. We would need to protect against a disproportionate effect on tenants.

Ben Everitt: I guess that is where I was going, because you were talking about size.

Q443 **Chair:** I think the response from the Government to our Select



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Committee reports indicated that they will be exempt. Is that the case?

Nick Burkitt: The Secretary of State wrote to you, Chair, about building safety funding. He mentioned that they were still considering exemptions to the levy and that was still being consulted on. I think he wrote on 7 May, so those things are being considered.

Eddie Hughes: Chair, do not tell me you have not read that letter.

Chair: I have.

Eddie Hughes: You were trying to trick me.

Q444 **Ben Everitt:** You were talking about proportionality and so on. Is that one of the considerations for social providers as well?

Eddie Hughes: I would suggest so.

Q445 **Ben Everitt:** It has been reported that some tenants have complained about huge increases in service charges as a result of providers passing on those costs for the building safety work. Their only protection comes from the legislation and the legislation states that increases in service charges must be reasonably incurred. Does this provide sufficient protection, or should service charges be regulated, like rents are?

Eddie Hughes: My immediate answer would be that, so far, we have thought that that has provided sufficient protection. We need to guard against service charges being levied for work that has not been carried out, on the one hand, and work that has not been appropriately or efficiently tendered. If you are not the one paying the bill, you might be less concerned about the cost. With regard to the appropriateness of any service charges, you would like to think that, as I said, they had been efficiently tendered, value for money was being extracted and the work that you were being charged for was actually carried out.

By the same token, I think that Lord Best, who seems to do work on just about everything with regard to all things housing-related, has done some work on this, reviewing service charges. We are considering the findings of his report.

Q446 **Ben Everitt:** Certainly some of the tenants and occupiers generally that I have spoken to feel that they are trapped, because there has been a big impact on the value of the property that they live in. At the same time, they are subject to a huge increase in service charges. It does not seem fair. I am sure that, along with the Government, the campaigners on this will be looking closely at the recommendations there.

With your decarbonisation Minister's hat on, there is huge pressure on finances, as we have covered, but decarbonisation almost tops the bill. The Government's funding stream covers only a fraction of the full cost. We have been told in evidence that providers simply cannot afford to do what needs to be done without more funding. Do you accept that the Government will have to provide more support? If that is the case, when



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will it become available?

Eddie Hughes: It feels to me that we have moved into an era where millions is never enough and we have to talk in billions all the time. There is £3.8 billion of funding over 10 years from the Government, £800 million of that allocated in the recent spending review. It partly goes back to the point I was making with regard to the demonstrator fund. The Government are signalling strong intent to the sector with regard to, for example, the manufacture of heat pumps, PV panels and wind turbines. We are signalling our intent to improve energy efficiency, our focus on renewables and so on.

You might think, or the nat fed might say, "It's not enough money." I would say: let's spend the money that we have been given. Let us see how effectively and efficiently that can be spent. Let us see how the sector responds, in terms of innovations in technology and so on, and let us sit down and have this conversation again once we have worked our way through the £3.8 billion the Government have already committed. More importantly, perhaps, let us have this discussion once it has worked its way through at least the £800 million that has recently been committed and take fully the feedback we get from the work of the demonstrator fund, which has been excellent.

Ben Everitt: That sounds like an invitation to a rematch.

Chair: Minister, thank you very much indeed for coming and answering a range of questions and for agreeing to follow up with some further information. We are going to go away now and consider all the evidence we have had and eventually produce a report, which we will be sending to you for a response in due course.

Eddie Hughes: I have been engrossed in the evidence sessions that you have had so far. I have to say, quite genuinely, that it is invaluable to me as a Minister to hear the people that you have heard evidence from—the tenants you have spoken to. It brings home the changes that we are trying to arrive at because of the experiences that you have drawn out. I am genuinely looking forward to the report

Chair: Thank you very much, Minister. We look forward to seeing you again before too long, perhaps on the issue of exempt accommodation; you will be coming back to us on that inquiry as well.

Eddie Hughes: I will be back soon.

Chair: You will, yes. Thank you very much indeed—and Nick as well—for coming today.