



Levelling Up, Housing and Communities Committee

Oral evidence: The regulation of social housing, HC 874

Monday 17 January 2022

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Members present: Mr Clive Betts (Chair); Bob Blackman; Ian Byrne; Florence Eshalomi; Ben Everitt; Rachel Hopkins; Andrew Lewer; Mary Robinson; Matt Vickers; Mohammad Yasin.

Questions 1 - 78

Witnesses

I: Darren Hartley, Chief Executive, TAROE Trust; Suzanne Muna, Representative, Social Housing Action Campaign; Pat Turnbull, Regional Representative, London Tenants Federation.

II: Clare Miller, Chief Executive, Clarion Housing Group; Ben Denton, Chief Executive, Legal and General Affordable Homes; Professor Ian Cole, Chair of Board Management, South Yorkshire Housing Association.

Written evidence from witnesses:

– [Add names of witnesses and hyperlink to submissions]



Examination of witnesses

Witnesses: Darren Hartley, Suzanne Muna and Pat Turnbull.

Chair: Welcome to this afternoon's session of the Levelling up, Housing and Communities Select Committee inquiry. It is the first of our sessions on the regulation of social housing. We have two panels this afternoon. Before I introduce the first panel, I will ask members of the Committee to put on record any interests they have that may be particularly relevant to this inquiry. I am a vice-president of the Local Government Association.

Ian Byrne: I am a sitting councillor in Liverpool.

Mohammad Yasin: I am a member of Bedford Town Deal Board.

Rachel Hopkins: I am a vice-president of the Local Government Association and I employ a councillor in my team.

Bob Blackman: I am a vice-president of the Local Government Association, and I employ a councillor in my office.

Matt Vickers: I have family members who are councillors, and I employ a councillor in my team.

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

Q1 **Chair:** That has put on record the interests that we have that may be relevant to this inquiry. Now I will come to our first panel of witnesses. Welcome, all of you. I will just ask each of you to introduce yourselves. Just say who you are and the organisation that you are representing today.

Darren Hartley: Good afternoon, everyone. My name is Darren Hartley. I am the chief executive of the tenant charity, TAROE Trust.

Suzanne Muna: Hi, everyone. My name is Suzanne Muna, and I am the secretary of the Social Housing Action Campaign.

Pat Turnbull: Hello. I am Pat Turnbull. I am a regional representative of London Tenants Federation.

Q2 **Chair:** Thank you all very much for coming this afternoon to talk to us about the important issue of social housing regulation and some of the challenges that tenants, whom you all represent in different ways, are facing at present.

Could I begin with some questions about the condition of social housing, your experience of it and, in particular, the failing of some social housing providers to respond to tenants' requests for repairs in a proper and timely manner? There have been some examples highlighted of pretty bad performance by some social housing owners, local authorities and housing associations. Despite those bad examples, how widespread is poor-quality housing and poor practice by social housing landlords in



HOUSE OF COMMONS

dealing with repairs in a proper manner?

Darren Hartley: I should just thank the Committee for giving me the opportunity to present at this afternoon's session. I should probably start with a caveat about the focus of TAROE Trust. When we are approached by tenants to assist them, it is at the point when tenants are almost in a "dire straits" position. They are not sure who to go to and how to get the issues that they have maybe previously raised with their landlord addressed.

Some of the issues that we deal with are not necessarily representative of the sector overall, but, where things do go wrong, they clearly do illustrate perhaps the tip of the iceberg in terms of some of the poor conditions in which tenants within the sector are living. Our experience in recent years suggests that some of those conditions have deteriorated over time.

I would probably divide that into two areas: there is the physical quality and then there is the service standard. Some of the contributing factors on the physical condition of properties are related to some of the standards. We have the decent homes standard, which was developed in the late 1990s and is quite out of date now. It was reviewed circa 2005. Then there is the regulator's home standard, which again is based more on broad principles. It is one of the consumer standards—I am sure we will return to this as the discussions go on—but it is inhibited in terms of the regulation on consumer-side issues.

On the service standards side of things, there are some challenges that we are seeing more recently. Again, this is perhaps based on anecdotal evidence, but I can give you an example of one recent case that we dealt with about damp and mould conditions. It went on for a long period of time. During that period, the landlord was blaming this on the lifestyle issues of the tenant who was living in the property, only subsequently to identify that there was a problem with the physical condition of the property. That highlights some of the cultural issues. It is easy to jump to saying that it is a lifestyle issue as opposed to the condition of some of the properties.

There are three areas where there are potential contributing factors. There is the continuing restrictions on the regulator and the scope of the work they can do. There is the economic focus, which has pushed the housing associations in particular, as the regulated providers side of things, to sweat their assets into building new properties, perhaps in some cases at the expense of investing in existing properties. There is a whole other parcel of issues that could be undressed around the commercial and the digitalisation of services.

Q3 Chair: We are going to come back to some of those issues in more detail with further questions. At this stage, we are trying to focus on how bad the problem is. Is it that there are some examples of really bad landlords but it is not so widespread, or is this problem of poor repair services and



HOUSE OF COMMONS

poor responses to requests for repairs widespread? Suzanne, what is your experience?

Suzanne Muna: To be really clear, we represent members on the housing association side. Some of our members are private renters or councils, but the vast majority are on the housing association side. All of my contributions will relate to that.

Like the TAROE Trust, we have seen really horrendous examples of damp and mould. Generally, they are structural problems. The housing associations tend to be reluctant to deal with these, because in some cases it is quite expensive to address them. They will leave their tenants and residents in truly horrendous conditions.

The other issues are around security. This is about having security gates and door entry systems that work properly and having locks on doors and getting those repaired when they go wrong. It is also about addressing anti-social behaviour. Again, there are some very bad examples where for long periods housing associations were warned that there was an anti-social behaviour issue and failed to do anything about it. As you mentioned, they are not taking steps to address it.

What we are seeing in some cases—I would put Clarion's Clare House in this example—is the managed decline of an estate, with what we believe to be an eye to regeneration, so to push the social housing tenants out. This fits into the points about stigmatisation and the actual social cleansing going on.

In discussing this, we cannot look at this issue without looking at how the complaints are handled. What is relevant to the regulator is how they monitor complaints and ensure they are handled very quickly. Going to the regulator and making a complaint to the regulator or the ombudsman takes too much time. In a lot of these cases, there is serious urgency. If you have water coming down through your light fittings, you need to have something done about it quickly. If you do not have a boiler and you have a new-born baby, you need to have something done about it quickly.

The complaints systems are often not acting. They are tortuously long and protracted. It is very difficult for our members. One of the biggest complaints is that they did not get something addressed in a timely way. That response rate has to be factored in.

Q4 Chair: We will come back to some questions on the ombudsman and the regulator in due course. You highlighted the Clarion issue there. That is the one that ITV News did quite a few programmes on, and they are still following that up. That certainly highlighted some pretty shocking examples of repairs not being done on that particular estate. It was Eastfields, was it not?

Pat, what do you have to tell us about your experience of repairs not being done and other complaints procedures not being carried through



properly?

Pat Turnbull: The first thing I want to do is to introduce London Tenants Federation so that you have a sense of the organisation. We are a delegate organisation and we represent tenants and leaseholders in council properties in London boroughs, tenants of housing associations, members of co-ops and members of tenant management organisations. We feel that democratically constituted tenants and residents' associations and delegate bodies at regional and national level are the only way to guarantee a strong voice for tenants. That strong voice is essential to ensure that we are all well housed. We are very sorry that tenant organisation is so much reduced compared to what it once was. We used to have many London borough federations and we now have very few. There used to be quite a lot of regional federations like ours around the country, and now we do not know of any, to be honest.

To come to the question of how bad social housing is when it is bad, just like private housing, when it is bad it is very bad. This is where there have been a lot of examples in the press. We refer to them in our submissions: for example, ceilings collapsing, water running down walls, walls covered with black mould, people unable to turn their electric lights on in parts of their homes because it is dangerous. Of course, a lot of this is affecting families with children, who are living for months and even years in these conditions.

London Tenants Federation wants to pose the question, "What is the reason for it?" It seems to us that you have to look for the reasons before you can find solutions. The strange thing is that all the people we are talking about are paying for a service. Social rents are not cheap, however they are categorised. In April last year, people in social rented housing were paying an average of 34% of their incomes on their housing, and these are often very low incomes. Many social housing tenants, including those in work, need benefits to be able to pay the rent. I just want to mention that that is why we are very much opposed to the 30 years' inflation plus 1% rent rises that the London councils and the G15 are asking for.

To come down to why, the Eastfields Estate has already been mentioned. This is in Merton in south London. This estate was stock-transferred from the council to a predecessor of Clarion. The trouble is, as Suzanne has mentioned, that it looks as if Clarion just sees Eastfields not as people's homes for which they have responsibility but as an area of prime real estate that is ripe for redevelopment or regeneration, as it is called, which means knocking down these social rented homes and replacing them with homes for sale on the private market. They are not alone in doing this. These regeneration schemes are going on all over London and more are planned.

We fear—Suzanne or Darren mentioned this in passing—that the quality of housing on estates regarded as ripe for regeneration is often deliberately run down to make it easier to persuade the residents that



HOUSE OF COMMONS

demolition is the only answer. We know of cases where that has actually happened. In terms of asking for a ballot, if you give a ballot to people who do not have any options, what do they say?

I want to go back to Clarion again, as an example. On 17 January, *Inside Housing* reported that Clarion had seen its net surplus rise by 29% to £100 million, despite spending a further £18.6 million on fire safety costs. Clarion is not the only housing association operating a large surplus. Surely this should be spent on social rented homes and their upkeep. We find it disappointing that Clarion has received the largest amount of grant funding from the Mayor of London's office in spite of the number of cases of poor maintenance. London Tenants Federation members feel strongly that funding for new homes must only be allocated where there is evidence that the landlord is properly maintaining the existing housing stock.

Another basic problem that led to this situation is the fact that Governments, for many decades, have emphasised housing for sale rather than public housing for rent. They have fostered the illusion that everyone can become a homeowner, while at the same time housing has become more and more expensive and the goal of becoming a homeowner has become harder and harder to attain. Instead what we have seen is the growth of an expensive, insecure and poorly regulated private rented sector. At the same time, the stock of social rented housing has become sadly depleted.

London Tenants Federation believes that this is the chief reason for the housing crisis. Our analysis of Government data reveals that London's social rented housing stock was 75,300 fewer in 2019-20 than in 2000-01. One hundred thousand social rented homes were built, but 175,300 were sold, demolished or converted to less affordable rents. This is the background to these problems, which are receiving such wide publicity in the press.

Q5 Chair: I understand that. What I would just say to all of you is that we have a number of questions to get through. We need to try to make the answers a little shorter, though of course we want you to get your points across.

I just have two questions. Can we have fairly brief answers, because we are going to explore them in more detail? First of all, the Government published their social housing White Paper in 2020 and they are now going to legislate. Is that going to deal with the most important issues? Without going into great detail about them all, what is your general view about that?

Suzanne Muna: No, absolutely not. That will not deal with the issues. There are a number of weaknesses, such as the emphasis on monitoring and publishing information. That might be useful for the regulator, if it goes to the regulator, but it is not going to do anything for tenants. It is not going to speed up the process of getting issues addressed.



HOUSE OF COMMONS

For example, one of the requirements could have been for neighbourhood managers to be reintroduced. Nearly every association has done away with neighbourhood managers. They were an absolutely key link. This is one of the biggest reasons that there has been this deterioration and that certain estates have been allowed to sink. We have seen a really massive decline here. We would say we have a really massively disproportionate number of complaints about London and Quadrant's disrepairs, for example. That has really escalated as they have done away with their neighbourhood managers.

The best thing about that paper is the extension of the Freedom of Information Act or a similar sort of Act. That is one good thing to come out of it.

Darren Hartley: For certain, I share some of the complaints that my panel colleagues have about the White Paper, not least the length of time that it is taking for it to be given the parliamentary time to have an airing. Without doubt, though, the White Paper contains some things that, if the question had been asked two, three or four years ago as to whether these were positive improvements, would represent the start of some progress.

The kind of thing that I am referring to there is, for instance, the removal of the serious detriment test from the regulator and its ability to proactively regulate consumer-side matters. The regulator has had one arm tied behind its back for a long period of time. There is increased access to information and increased transparency. Those are all good things. On their own merit, it is difficult to criticise those. They should lead to some progress.

It is only the initial starting point. Undoubtedly, there is significant cultural change that needs to happen across the sector. There is no provision within it for a national platform for tenants in policy decision making.

In relation to stigma, if you compare the White Paper with the earlier Green Paper and the discussions around stigma, there is very little around—

Q6 **Chair:** We are going to come on to stigma in the next round of questions. Finally from me, there has been a bit of an explosion in some places of these claims management companies. Some people might think that money that should be going on repairs is going into lawyers' pockets. What is your view about them? Do you have any experience of them? Pat, do you want to make a brief comment on those?

Pat Turnbull: I do not have any experience of them, but I can just imagine what they are up to. I would like to say again that the best defence for tenants is properly organised tenants' organisations.

Darren Hartley: Yes, we have some anecdotal evidence. They tend to prey on areas where tenants are most vulnerable and receiving a poor service. In some respects, the best way of defending against it is to make



HOUSE OF COMMONS

sure you have high-quality services in the first place and good-quality accommodation.

Suzanne Muna: The narrative around these companies is something that we are really concerned about. You are talking about the no win, no fee lawyers and those kinds of firms managing disrepair claims.

Chair: Exactly, yes.

Suzanne Muna: There was a paper that was leaked to SHAC from a senior within the Riverside organisation, which showed that Riverside and a number of other housing associations, because they were losing so many claims or settling them out court, were going to try to get the law changed to make it so that there would be a cap on the amount that people could get for disrepair claims.

The executive of Riverside even admits that the legislation is there to protect against unscrupulous landlords, though it does not see itself as being an unscrupulous landlord. None the less, it has put together a group of organisations, which includes Torus and several other big housing associations, to lobby and to get this narrative going that it is really just down to these disrepair lawyers. In actual fact, the problem is that people are desperate to get their housing repairs done.

Riverside is very concerned about the amount it is having to pay out in compensation. The executive does not seem to have considered a solution that was about making sure that people's homes are in a good state of repair. It is not the disrepair claims lawyers. They are quite parasitic in some ways, but they are not the source of the problem. This is a narrative being developed by Riverside and by other housing associations so that they can get the law changed and so that all tenants will end up with fewer rights as a result.

Chair: I am sure Riverside may have something to say about that in due course, if they wish. During the lockdown, there was certainly a growth in some of these organisations going to tenants throughout the country. We mentioned the whole issue of stigmatisation. Rachel Hopkins is going to come on to that issue.

Q7 **Rachel Hopkins:** Particularly since the Grenfell Tower fire, there has been quite a lot of discussion around the marginalisation of tenants' voices, the possible stigmatisation of those in social housing and whether this might have contributed to a culture where requests for repairs and maintenance are ignored. Is there a stigma attached to social housing? If so, has it played a part in the recent cases of poor service quality from housing providers?

Suzanne Muna: You see this in the staff working in the bodies themselves, the housing associations or other bodies. There is a bit of a tendency to feel that people who are in social housing should somehow just be grateful to have a place to live, that they should not complain about the state of their homes and that somehow they are not as



HOUSE OF COMMONS

deserving of a decent place to live. We would argue very strongly against the idea that that attitude is appropriate.

It is all part of the narrative. It is all part of this justification. It is not the driver. It is commercial and economic interests that are driving down standards in social housing, but that is part of the narrative that is put out that helps excuse it, really. It is one way of rebutting it: "They are just social housing tenants. They are getting something for free"; obviously, that is not the case. They often are paying high amounts of their salary and their income towards this housing. Even if they are not, even if it is being paid through the benefits system, they still deserve 100% service without any reductions or being seen as second-class citizens.

Pat Turnbull: London Tenants Federation had a meeting last year on the question of stigma. We had presentations by academics, who had studied it historically and in the present day. What we fundamentally decided was that the negative portrayal of council tenants and council estates, which have been spread through the mass media, has been part of a deliberate policy to reduce the amount of social rented housing and replace it with housing for sale.

Along with that is the effect of the slogan "mixed and balanced communities", which suggested that council housing estates and council tenants—they were described as "single tenure"—were a bad thing. In fact, when a third of us used to live in council housing, estates were socially mixed in any case. That slogan, "mixed and balanced communities", became an excuse for regeneration. There are many examples of how it has happened. The Heygate Estate is probably the most crass example, where there were 1,200 council homes. Now it has been redeveloped to be much denser housing, but only 79% of it is social rented.

That image in terms of the negativity of social rented housing or council housing was used to promote so-called affordable housing instead of what was council housing. We now have to use the term "social rented housing" to distinguish it from these other types of what is described as affordable housing. Unfortunately, developers, housing associations and councils can claim to be meeting their obligations to build housing for people's needs by building affordable rent or shared ownership properties, which are actually unaffordable to people on median and low incomes.

We need to remember that there was a time when council housing was something to aspire to and people wanted it. There are millions of people today who would probably give their eye teeth for a council home, despite all the negative images. I have lived on council or mixed council/housing association estates for large parts of my life. My neighbours are just normal citizens like everybody else, who pay for their



HOUSE OF COMMONS

homes and deserve a decent and nice home, just like everybody else. That is what we should be putting across.

Last year, it was the 100th anniversary of the first council homes. Our borough, Hackney, had a celebration of it. Lots of people did celebrate and told stories about how important their council homes had been to them. This is the image that we have to put across to counter these negative stories.

Darren Hartley: I definitely support what my two colleagues have just stated. In terms of the lack of content in the White Paper relative to the Green Paper, I hope the Government have not placed stigma in the box of “too difficult to do”. Undoubtedly there are wider societal issues about references to “sink estates” and “feral children”. There are very unhelpful narratives there. Hopefully, the sector can respond with positive counter-narratives. There is a responsibility on the sector, which includes politicians and sector leaders, to promote some of the positives.

Recent rhetoric has been unhelpful, even down to the White Paper. The White Paper seeing the social rented sector as a stepping stone into home ownership and its obsession with home ownership are really unhelpful, particularly when you look at the juxtaposition of the investment in home ownership relative to social rented housing in terms of policy. If you had a stronger and more empowered tenant collectivist movement, if you had a national platform where they were present at decision-making tables, that could address some of those issues, so that the sector itself can showcase.

Finally, for TAROE, even the name “social housing” has some negative connotations. We prefer “regulated housing sector”, but I know that is a matter for debate.

Q8 Rachel Hopkins: You mentioned the White Paper there. The social housing White Paper proposes a whole bunch of measures to make providers more accountable to tenants, particularly a set of tenant satisfaction measures, on which the Regulator of Social Housing is currently consulting, and a new power equivalent to that under the Freedom of Information Act in respect of public bodies to get information. What do you think of these proposals?

Darren Hartley: First, as an initial disclosure, we were part of a working group that assisted and contributed to the regulator’s working group that was developing the draft tenant satisfaction measures.

Generally speaking, again it is hard to be able to criticise making information and metrics in this way available to the public to hold landlords to account. It is a positive thing. I guess there are some questions about the methodology and the gaming of the system. To a degree the methodology can address some of those concerns, but not entirely.



HOUSE OF COMMONS

There is a bigger question here. What I would not want to do is get obsessed with that. In some respects it is a peripheral matter to the broader issue of accountability. Yes, it is part of the picture, but in order for it to work you need strong tenant bodies to hold landlords to account in the first place. They need to be able to review those metrics and do something with them. If they are just issued and nothing comes of it, it is really rather unhelpful, is it not? It could be part of a broader system, which should be designed to increase accountability.

I am hoping we will come back to it. I will not dominate now, hoping that we will have an opportunity to come back to accountability mechanisms as well.

Pat Turnbull: We have these tenant satisfaction measures at the moment. Probably every housing association and council operates them. They are largely tick-box exercises. What we would like is for all the landlords to help support and foster tenant self-organisation instead of making tenants who want to self-organise jump through hoops in order to be recognised by the landlord and making it difficult for them, which is often what happens at the moment. That is the key point—tenant self-organisation. We would like all landlords, housing associations and so on to support that.

Suzanne Muna: Very similar to that, without fail, any of our members who we have talked to about this has just shrugged their shoulders and said, "How will this help me?" I cannot see that it empowers tenants in any way. You mentioned that this is there to make landlords more accountable. Our question would be, "How does it make them more accountable?" Tenant satisfaction could be high or it could be low, but there is still nothing that the tenant can do to drive it up. Tenants are not concerned with the average across their landlords; tenants are concerned with what is happening with them and with their particular situation. If you have a boiler that has not worked for six months, the fact that most boilers are fixed within five weeks is not really relevant to you; it does not make any difference.

These are all going to be statistics that are going to be reported by the landlords themselves. There is no attempt to get information from tenants and residents about how their landlords are performing. This is just self-reporting, and then these landlords are going to be taken at their word. In our view, it is woefully inadequate in terms of empowering tenants. In terms of holding landlords to account, it does not help them do that. I do not see how it could be argued that it will.

Q9 **Rachel Hopkins:** There have been accusations recently of racism in the social housing sector, including from residents who feel they have been discriminated against because of their ethnicity. Can some of the recent examples of this poor service be attributed to racism?

Suzanne Muna: Again, at L&Q we had the Lara Tate case. Racism is an issue. It certainly seems to be a factor. The responses of certain



HOUSE OF COMMONS

landlords can take account of race, whether people are migrants or all of those other perceptions that they might have about the tenant or resident, how accurate or inaccurate. The other big discrimination that we find is against tenants and residents who are disabled, particularly those with mental health problems. We would say that there are two areas where the Equality Act is regularly breached: on racism and in relation to disability. Again, it is very difficult for the tenants and residents concerned to do anything about it.

Pat Turnbull: I would just say that we would like the landlords and their employees to treat every tenant with respect. That is what we would really like.

Darren Hartley: If racism is driving it, it is abominable, is it not? People should be held to account if that is the case. We have no room for that in society. I should also highlight that some of the structural and societal systems are set up to disadvantage certain groups. At times, positive action is going to be necessary to address some of these things.

Q10 **Mary Robinson:** In all of your written submissions, you all said that the commercialisation of the social housing sector, partly in response to reductions in central Government funding as well as its role in new affordable homes, has contributed to the problem of poor quality. Could you each say a little more about that? Probably a good place to start would be what your definition of commercialisation is.

Pat Turnbull: That is a good question. What is our definition? I want to start with a policy matter. The Government and the Greater London Authority have set huge housebuilding targets and aimed for a large number of units to be built regardless of whether they meet most people's housing needs or not. Huge swathes of London are being taken up by high-rise blocks of investor properties instead of the social rented homes that we actually require.

Another problem that we had was when over a million council homes were handed over to the housing associations mainly in the decade from 2000. At that time promises were made to the tenants in the stock transferred, and these promises are not being kept. What it looks like now—this is where the question of commercialisation comes in—is that some large housing associations are just seeing their social rented homes as an asset base on which to borrow large amounts so that they can build housing for sale in the private market. We could go into the history of how the housing associations got all these properties and what promises were and were not made at the time.

In a way, I can see all this happening. We were told at the time that the funding they were getting to incentivise their takeover of these properties was not going to last forever. We can see that this is happening, and we can see that the result is what I have just described.



HOUSE OF COMMONS

If you look at the Mayor of London's allocations for the affordable homes programme 2021-26, you can see the priority of some housing associations and councils is not necessarily the building of social rented housing. It is building other types of what is called affordable housing, and of course you cannot even see in those figures how much market housing for sale to investors is being built as well. I know that councils are becoming developers of housing largely sold to investors, because of the reductions in Government grant. They see themselves as keeping themselves afloat by becoming developers. There is a whole context that is very unhelpful to the maintenance and building of the social rented homes that we need.

Darren Hartley: First, to address the question that you asked about definition, if we were to take a dictionary definition of commercialisation, what we are talking about here is a primary focus on financial gain. It almost seems anathema that we should be talking about a focus on financial gain in respect of organisations that are meant to be primarily focused on social purpose.

We have seen a number of features of commercialisation in recent years that have resulted or potentially resulted within some organisations in a deterioration in service. On the one side, you can see that there is the increased leverage of balance sheets in order to secure what might be surpluses or, increasingly, debt borrowed against the balance sheet of these organisations in order to be able to invest and to build. Often the new properties that are being built, as my panel colleagues have highlighted, might be for affordable rent or for a various range of mixed tenure.

Without doubt, the reduction in capital subsidies and grants that has happened alongside this is a contributing factor to this. You have also seen a regulator that has been primarily forced by legislation to focus on economic matters. Then you have seen an approach from landlord organisations around, for instance, looking at models that, on the one hand, might lead to service improvements. If you work a particular shift, it could be great to be able to use a transactional service to report a repair at 3 am. A lot of the time, though, those service redesigns are couched almost in terms of an Amazon-type model. They say, "If we can push people down this particular channel, we can reduce the overall costs of delivering the service, and we can use those surpluses to leverage more and do more of these other things".

Combined with the large-scale mergers that you have seen, a lot of tenants feel they no longer have a local presence from their landlord. There are these large, monolithic commercial entities that do not care, are not committed and do not understand the local communities in which they live.

It is a complex matter, but what you then see is an increased focus at board and governing level on the professionalisation of board members.



HOUSE OF COMMONS

All of the time, you are seeing this removal of accountability directly to tenants. There are fewer shareholding members and less accountability to shareholders as well. It is a whole combination of factors that leads to less accountable bodies that are increasingly a focus for lenders due to the large debts they are holding. There seems to be an increasing imbalance away from the interests of tenants.

Suzanne Muna: I would agree with a lot of Darren's definitions there. We would say that housing associations are now accountable to investors in the City. We do not believe they, especially the bigger ones, are accountable. The commercialisation means they are not really accountable to Government or to any other public sector body. The executive is accountable to the board; the board is answerable to the market and not to anybody who is looking after the interests of tenants and residents on the whole. You can see that in the composition of board members. It is now all about people who have experience in finance, hedge fund management and the development sector.

In the programme that associations themselves put forward, we see this in the introduction of for-profit providers. Very clearly, that is what they are there for. They have a housing association as a subsidy within their group. We see it in the push towards having development done by housing associations and not by councils. That investment is not there in councils.

We see it in the development of products like shared ownership. One of the housing associations where we have quite a strong group of tenants and residents, Hexagon, applied to the GLA for funding to develop a certain number of social rented units and were told to reduce those in favour of shared ownership. People do not want shared ownership. That is not what is going to help solve the housing crisis, but that is where they were being pushed, because that is where the funding structure is set up.

Again, the justification for this commercialisation was that it was going to help solve the housing crisis. It may not have been the whole solution but it was certainly going to help towards that. We have seen every aspect of the housing crisis get worse over the last few years: overcrowding, people not being able to move out of parental homes and the state of disrepair as well. We have seen every problem getting worse.

All of this commercialisation that was going to deliver some kind of improvement has not delivered improvement at all. A lot of what was built with taxpayers' money as council housing is now being delivered to the private sector. That is the way that we would see it.

- Q11 **Mary Robinson:** Can I stay with you there, Suzanne, just to follow up? Sometimes commercialisation is understood as perhaps adding social care, leisure or other non-core activities into the association's business model. Do you see that as positive? Does that part of commercialisation have any aspects that are helpful?



Suzanne Muna: That was always part of it. Those kinds of services were always part of it. In fact, they were more important in the traditional, very old, George Peabody style of thinking about how to develop housing. Those services were always part of it. It was never just about the homes themselves. It was about how to develop communities and make nice places to live where you reduce the kinds of social problems that a lot of that period was concerned about. When you look at their missions, they were always about doing that.

This is not something that has come to us with commercialisation. It has not even particularly increased. When new estates are built, what the tenants who end up living there tell us most of the time is that they do not include enough in terms of facilities. A lot of the halls where tenants and residents used to meet have been taken back into use by the landlord rather than being left for the use of communities. Over and over again we hear that people have lost the one meeting space on their estate or in their tower block. This has not been delivered through commercialisation at all. No, that is really not what we have seen.

Q12 **Mary Robinson:** Darren, building on that, some of the arguments are that we should return to the previous model and that that would be the best way forward. There is an alternative course of action, which would be a more commercial mindset with a strong focus on customer service as being the best way to ensure high-quality provision. Is there any merit in that?

Darren Hartley: I would have some reservations. What you are alluding to is the issue of customers and consumers relative to tenants. There has been a big movement in recent years to refer to tenants as customers or consumers of products. Even looking back to the Cave review of regulation in 2007, the reason and rationale for us to have a regulator is that there is not a level of choice; people cannot vote with their feet; it is not like going to a supermarket. In itself, that would be to ignore both the legal identity and the rights and responsibilities for both the tenant and the landlord that come with renting housing.

I would have some concerns about that kind of shift. That is not to say that there are not things that can be learned from providing good-quality customer service, but what I would say is that perhaps the best way of ensuring that you deliver good-quality customer service is to have tenants invested and co-creating the services that are being delivered, so that you fully understand the tenants' needs and requirements.

Q13 **Mary Robinson:** Pat, do you have anything to add to that?

Pat Turnbull: No, not really. I do not see that commercialisation has offered any real improvements in tenants' conditions at all. That is really my point of view on that one.

Q14 **Matt Vickers:** When tenants have exhausted their landlord's complaints procedure, they can refer their complaint to the Housing Ombudsman.



HOUSE OF COMMONS

How would you assess the performance of the Housing Ombudsman, Suzanne?

Suzanne Muna: For us, when the Housing Ombudsman gets involved, things have gone quite far down the line. It is very difficult to make something like the ombudsman truly accessible. It depends on people having a lot of time. To really make it a level playing field, which is what you would want to see, you would have to address the huge asymmetries that you have. In terms of time, the landlord has the time to rebut or deal with anything that tenants or residents are saying. It can allocate staff to prepare papers and answers. The tenants and residents are trying to take a complaint forward alongside any full-time job that they have and alongside any family commitments that they have. There is a massive asymmetry there.

There is the asymmetry of money. Again, landlords have far more by way of resource. If they need to do research, hire big barristers or whatever it is that they need to do, they can do that. Again, tenants and residents do not have access to that kind of resource. There is also an asymmetry of information. It almost totally relies on information that is given by the landlord themselves. If you want to complain about the fact that your service charges are skyrocketing and absolutely extortionate, you first have to get information from the landlord about what those service charges are. Even that basic information is sometimes not forthcoming.

You would really have to put a lot of support mechanisms in around the Housing Ombudsman. I am not saying the Housing Ombudsman is not doing what it should be doing in relation to its remit; it is about where that remit is set and what support mechanisms are given to tenants and residents so that service is accessible to them. We have heard that it is taking about eight months—I do not know whether this is true—for cases to be assigned. There is a question around resourcing for the ombudsman so that cases are taken up much more quickly.

The final thing that is really important is around the sanctions. I had a look at the cases that were being taken to the ombudsman and the findings and decisions that were made. If you look at the top 10, LiveWest was fined £400 on a turnover of £186 million; One Manchester paid out £350 compensation on a turnover of £60 million. It went down the list like that. These sanctions are nothing to a housing association when they count their turnover in the hundreds of millions. Even if you added up all the cases in one year, it would still be financially better for a housing association to ignore these findings and get fined for them than it would be to address the problem in the first place.

There is a question about how meaningful those sanctions can be. They are not named and shamed; they do not care about their public reputation anymore, it seems. What is really driving improvement? In what way can the ombudsman drive improvement? You would really have to step up access and make it much more accessible to people, and then you would also have to step up the sanctions available to the



HOUSE OF COMMONS

ombudsman. We would say this about the regulator as well, and what the regulator can apply against housing associations that do not comply with what they are supposed to.

Pat Turnbull: The priority is dealing with the root problems that eventually lead desperate people to resort to the Housing Ombudsman, is it not? Investing Government money in the upkeep and construction of social rented homes would improve the quality as well as the quantity of social rented housing available.

We have a suggestion. We suggest that the Government should commission a full analysis to identify the shortfall between what is needed to manage and maintain social rented homes properly and what exactly social landlords are setting aside for this. There was an analysis like that that was commissioned by the Building Research Establishment in respect of council housing in 2003. That should be done now. If there are genuine shortfalls, as opposed to the landlord simply not choosing to invest, those should be covered by central Government in the same way as the decent homes programme was organised.

We also think there is a need for housing associations to have a ring-fenced account to hold rents and service charges along the lines of council housing revenue accounts. That would ensure that all the funding collected is spent on the management and maintenance of existing homes and not, for example, on developing new homes.

I said that councils have these ring-fenced housing revenue accounts, but it is to be hoped that all councils are also using their housing revenue accounts in the proper manner. I say this because—this was reported in *Inside Housing*—there was the recent disturbing case of Nottingham City Council, where money accumulated since 2014-15 from the housing revenue account had been incorrectly credited to the general fund for all council services. From the report, it looked as if this only came to light when there were rigorous checks on the council because they got into financial difficulties. That is quite a worrying circumstance.

Just to go back to the question of complaints, tenants are often frustrated by the extended complaints systems instituted by landlords. They seem designed to wear tenants down until they choose to live with a problem that requires repair rather than persisting in trying to get it solved. I just want to give one small example from quite a long list, which is a recent case on the estate where I live. It took three months of repeated phone calls and emails, both from the tenant and from me as the chair of the tenants and residents' association, to get a repair done that took only 20 minutes. That is not unusual. This was a repair that was seriously inconveniencing the whole household.

Finally, though, we definitely agree that extending freedom of information rights to tenants of housing associations would at least give them the same rights as council tenants. To be realistic, the experience of London Tenants Federation members around freedom of information requests is



HOUSE OF COMMONS

that it can take a long time to get an answer. Even then, the information wanted can be denied for one reason or another, often commercial confidentiality. I fear that housing associations in particular would use that excuse to deny that information to their tenants.

Chair: Before you continue, Matt, could we now keep the answers specific to the questions and reasonably short? We are running out of time, and I want to get through the final subject as well.

Q15 **Matt Vickers:** Darren, do you have anything to add on the performance of the ombudsman?

Darren Hartley: I will be succinct. Overall, it is a force for good. There have been some improvements in the service, for sure, particularly with the naming and shaming case study, the thematic reports, the performance reporting and the reduction in processing times. Ultimately, the processing times are around six, seven or eight months on average, which is even after having had to exhaust the internal complaints resolution mechanisms. It is just a really long time. It puts tenants off. Who wants to put themselves through that? Even if they do, a lot of tenants are unaware of the service. When they get to the outcome, they find out that for 18 months of turmoil they get awarded £250, which bears no resemblance to the misery they have experienced.

That sums it up. It is great, but ultimately there needs to be more fundamental cultural change within the organisations to address service quality.

Q16 **Matt Vickers:** We have touched on resources. We have touched on the scale of sanctions. The new Housing Ombudsman scheme gives the ombudsman new powers to issue complaint handling failure orders. Does this go far enough? Are there any other specific powers that you would like to see as well as more resources and greater sanctions?

Darren Hartley: There is the meshing with the increased and wider powers of the regulator as well in order to be able to identify the problems at an earlier stage and address them.

Suzanne Muna: We would like to see a growing scale of sanctions against housing associations. We had a housing lawyer speak to us, and he said that a huge proportion of his cases are going back into court or back into the ombudsman. For example, these are cases where he is representing members who have had compensation awarded to them or even massive refunds. It might be a refund for an entire estate of £60,000. Four years later, the money still has not come back.

The regulator cannot, but the first-tier tribunal and the ombudsman can make orders. There should be much stiffer sanctions for housing associations that do not comply with those orders. At the moment, they just get another order made against them and maybe a bit more compensation added for a bit more inconvenience. It is really not enough to push these associations, particularly where economically it is cheaper



HOUSE OF COMMONS

for them to keep breaching the order than it is to address the problem that was the source of the complaint in the first place.

Q17 Florence Eshalomi: Really quickly on that point, you have cited some of the investigations. There is Daniel Hewitt on ITV, and there is another activist, Kwajo Tweneboa. It is getting to a stage where, even with the ombudsman complaints and the fines, unless some of these associations are named and shamed on social media, there seems to be no change.

Regardless of the multiple fines, why do some of these housing associations just fail to carry out basic repairs? Tenants continue to pay their rent and their service charges, but yet they refuse to carry out repairs. Why is that?

Chair: Answer very briefly please, because we need to move on. It is a big question, but can we have short answers?

Darren Hartley: It is probably a culture of disdain within some organisations. If they do not act, they know that there are limited repercussions and limited accountability.

Suzanne Muna: I would say it is all about the economics. It is the economic metrics that they care about. If they do not perform for their shareholders by increasing their surpluses year on year, and increasing their very wide operating margins and things like that, there is a real penalty for them, because debt could be repriced or they will not get investment in the future. That is the real sanction for them. That is why they will make sure their investors are happy.

There is no sanction for them that pushes them into making sure people are living in habitable and decent housing or that they are treated fairly. It is a question of the economic system driving a particular outcome.

Pat Turnbull: From the reports I have read, it looks to me as if this whole system of regulation is directed more towards the financial viability of the landlord organisations than to the service they are providing for their tenants. Of course, that is an incentive for exactly what Suzanne has just been describing.

Q18 Bob Blackman: In relation to the regulatory regime, it is overseen by the Regulator of Social Housing. Is it fit for purpose at the moment?

Darren Hartley: Overall, we should recognise the need for a regulator. It is a force for good. It has fulfilled a good role in the last 10 years in terms of economic regulation, which legislation has been put in place to say is its primary focus.

The travesty and the reason why it is fundamentally not fit for purpose is that you have this metaphorical rope around one of its arms that says, "You can only get involved in consumer-side matters if there is a risk that the matters presented breach the serious detriment test". Unless



somebody's life and limb are under threat, you cannot really intervene and get involved. There is a whole range of standards—

Q19 **Bob Blackman:** Just to cut across you, is that the barrier to making this regime a success?

Darren Hartley: It is one of the fundamental obstacles to the regulator being able to conduct effective regulation in the whole, without doubt.

Q20 **Bob Blackman:** What other barriers are there from your perspective?

Darren Hartley: I have mentioned the need for cultural change on a number of occasions. We need a strong regulator that is not just fulfilling effective regulation but is visibly carrying out effective regulation. It is that visibility to tenants as well, because a lot of this happens behind the scenes. Without that visibility and the confidence of tenants—

Q21 **Bob Blackman:** How would the regulator show that visibility?

Darren Hartley: They need to be able to exercise their powers, to be able to publish the exercise of those powers in the public domain, and to require the landlords to clearly articulate that to tenants themselves and say, "We have done things wrong. This is what we are going to do". It is about accountability. There are additional accountability mechanisms that you can put in place there as well, including wider shareholding membership and mutual models for housing associations.

Q22 **Bob Blackman:** In terms of our investigation, the Government have said that they will remove that serious detriment test. Is that all they need to do? Is there anything else that you would want the Government to do to get us there?

Darren Hartley: It is a good start, and it will give a range of powers as well.

Q23 **Bob Blackman:** The problem is that it takes a long time to do these things, and we only get one bite at the cherry to make it right. I am happy if you want to come back to us and suggest any other changes that we could make. Suzanne, do you want to make any comments?

Suzanne Muna: I worked for the Regulator of Social Housing for nearly 20 years. I do not work there now, but I worked there in the days when it was the Housing Corporation. In those days we regulated five areas: governance, finance, management, development and tenant engagement. It used to be more before I joined. We regulated across all of those areas and graded housing associations on all of those areas.

As Pat said, it has now reduced to finance and governance, and governance only in so far as it affects the finance of the organisation. That is all that the focus has been reduced to. It would not ever be able to do what Government have set out as being its remit within the powers and the tools that Government have given them to do it. In regulating, it relies almost entirely on the word of the housing association. In some



HOUSE OF COMMONS

cases they go and view board meetings, but those are big set piece meetings, which are quite tightly controlled. What people will get to see is very tightly controlled.

The inspection regime was cancelled in 2011, so there is no inspection regime now in the way there is for schools, colleges or other parts of public services. There is nothing now, despite the fact that these organisations get massive amounts of money from the taxpayer. There is no way of inspecting or scrutinising how that is being spent.

Q24 **Bob Blackman:** What changes would you like the Government to make? We are going to make recommendations, so we are keen to hear what suggestions you would make that we could make to Government.

Suzanne Muna: One of the most damaging things has been this switch to negative assurance rather than positive assurance. Instead of being able to ask for evidence that a housing association is doing something, they take it as read unless there is some kind of red flag. It has to be far more proactive.

They need to expand the number of areas and reduce those cuts that were made over the years. They need to expand the number of areas that the regulator can look at and be able to impose sanctions. It has to be about the sanctions. What can the regulator do if a housing association is breaching its standards? Except in very narrow circumstances, it relies on the downgrade system. We downgrade their governance or we downgrade their financial viability. That is only a signal. It does not really do anything except send a signal to the City that maybe their investment is not as solid as they might have thought it was. It is the City, the investors, who then put pressure on the landlord hopefully to change. It is a very indirect system of enforcement. We need to have something that is a much more direct and robust system of enforcement to give the regulator the tools to do their job properly.

Q25 **Bob Blackman:** Pat, what would you like to see in the way of regulation?

Pat Turnbull: I would like you to look at all the things that we have mentioned.

Bob Blackman: Let us be specific in terms of the role of the regulator and regulation, please.

Pat Turnbull: If you do not sort those things out, it does not matter what system of regulation you have; it is not going to work. As far as the actual system goes, Suzanne has years of experience of differences in regulation. Maybe you should take on some of the things that she has been talking about.

From the point of view of London Tenants Federation, we feel that the problem is there is a complete imbalance of power between the power the tenants have and the power the landlords have. As long as that imbalance exists, the system of regulation is not going to sort it. We



would like to refer you to our manifesto for a positive future for social housing in London, which is on our website. We say that tenants should have rights to organise collectively and to take a full and equal part in the decisions made about their homes from the local to the national level. These rights should be enshrined in law and enacted in practice. Maybe a change in the law might be something that you might like to propose.

Chair: Thank you all very much for coming this afternoon and sharing with us your views and your experiences of the situations that you have found, the difficulties, the problems and the inadequacies of the current system. That is what we will be reflecting on when we listen to other witnesses and then eventually do a report with recommendations. Thank you all very much for coming and giving your views to us this afternoon.

Examination of witnesses

Witnesses: Clare Miller, Ben Denton and Professor Ian Cole.

Q26 **Chair:** We move on now to our second panel, who are with us in the room today. Thank you to all of you for coming this afternoon to give further evidence to us on the issue of the regulation of social housing. I will begin, as I did with the first panel, by asking you to introduce yourselves and to say who you are representing today.

Ben Denton: My name is Ben Denton. I am the chief exec of L&G Affordable Homes. My background is that I have 35 years of experience in the affordable homes sector, having worked for local authorities, housing associations and now L&G Affordable Homes.

Clare Miller: Hello, I am Clare Miller. I am the chief executive of Clarion Housing Group. Clarion is a charitable housing association. We provide homes for rent and for ownership for those unable to satisfy their housing needs in the open market. We do not distribute profits, as you have just heard from the resident panel. All of our income that comes from rent and Government grant, as well as what we borrow on the private markets, is used to reinvest in the maintenance of our homes and in the delivery of much needed new social homes.

As well as providing housing, we also provide a national work programme, which is one of the largest non-governmental work programmes in the country, providing jobs, skills and training to all our residents.

Professor Cole: My name is Ian Cole. I am chair of South Yorkshire Housing Association. It might have been Tony Stacey, our chief executive, presenting to you, but he is currently visiting his son in Washington DC. He decided that me in person was probably preferable to a transatlantic Zoom link from Tony for this session.



South Yorkshire is a medium-sized housing association. Half its business is in fact involved in things other than housing: employment, care and support, volunteering, commercial estate agency, et cetera. I have to say that we were the proud recipients of the Landlord of the Year award two months ago at the UK Housing Awards.

Q27 Ben Everitt: We are here because there has been plenty of criticism recently about the quality of some social housing and the failure of providers to respond adequately to requests for repairs and so on. I am really interested initially in the panel's thoughts on whether that criticism is fair. I suppose we had better start with the landlord of the year.

Professor Cole: The exposés by ITV and others have been scandalous in at least three respects. First, the actual conditions themselves were appalling. Secondly, there was an apparent complete absence of any communication between the tenants and the landlord, which carried on for some time. Thirdly, one of the previous speakers referred to the cultural reference to lifestyles and so forth creating mould and damp, which is just a measure of the distance between many landlords and the tenants they serve.

It is not widespread. It is unfortunate that you do not see many positive stories on ITV News about social housing. Inadvertently, these things tend to reinforce the stigmatisation of social housing, which we may yet come on to.

Q28 Ben Everitt: Clare, ITV came up just there so let us go straight to you. Is the criticism fair? Do you agree with Professor Cole that the exposés were scandalous?

Clare Miller: Yes, I do. We were caught up in this. The ITV coverage of Clarion focused largely on south-west London, where we have a lot of homes, in the London Borough of Merton. I was ashamed, and we have apologised to the residents who were involved.

For me, the most important thing is that we learn from what has happened here. We undertook to do an internal investigation, and we published the results of that. We have spoken to our residents about what we found. We are absolutely determined to put that right. If I can just explain a little bit about the circumstances in which we found ourselves—

Ben Everitt: Is it specific to Eastfields?

Clare Miller: Yes.

Q29 Ben Everitt: We will come on to that in a second. I just wanted to talk about the general criticism and whether it is fair. We will get Ben in, and then we will come back to you.

Ben Denton: Our reflection is that customer service in the affordable housing sector is not at the levels it needs to be for the benefit of residents. Average customer service in the service sector in the UK at the



HOUSE OF COMMONS

moment has a Net Promoter Score of about 24. Our business delivers at just over 55. The average in the affordable housing sector is minus 12. The affordable housing sector does have a long way to go. As Ian said, there are some great examples of organisations doing really good work. No one in the sector wants to deliver poor customer service, but nevertheless there is a journey to go to deliver much better customer service, which is why we are in this sector.

Q30 Ben Everitt: Is Net Promoter Score the only system that you have in place for monitoring the feedback? Are there other ways of monitoring the condition of the stock as well?

Ben Denton: The sector tends to favour customer satisfaction. In our view, measuring average satisfaction is not a great way of measuring customer satisfaction. Net Promoter Score, as an example, is used right across the world. It enables organisations to understand where there are failures and to address them on an individual basis and also to understand where there are great examples of people scoring their customer service organisation nine or 10 out of 10. It is good to be able to use that score, because you can then compare yourself against other organisations like First Direct or John Lewis, which are at the top of customer service in the UK.

Q31 Ben Everitt: Does that let you respond adequately to requests for repairs and maintenance? It feels like that is an across-the-board type of measure?

Ben Denton: No, it absolutely does. This involves carrying out surveys of residents when they have had a repair done to understand what they found great about that repair or what they were unhappy about, so you can take that individual feedback and respond to it straightaway.

Q32 Ben Everitt: Let us go back to you, Clare, because you were well on the way to getting stuck in to the Eastfields Estate. What went wrong? We have been told by the Eastfields Residents Association that there is still more work to do. You were alluding to that in the communication and the work you are doing there. Would you explain how it went wrong and what you are doing to put it right?

Clare Miller: The homes we own in the London Borough of Merton were transferred to us as a result of a stock transfer. They came across to us with the agreement that we would undertake a significant amount of regeneration, because homes were identified as being at the end of their life and in need of substantial investment. The Eastfields Estate is one of those that we identified as in need of regeneration. By "regeneration" I mean the demolition of the entire estate, the replacement of all the social housing on that estate and then increasing the number of homes that exist.

Regeneration is a difficult process, but none the less it has taken us longer to get that project started than I would have hoped. In the meantime, what we discovered when we undertook our lessons learned



HOUSE OF COMMONS

exercise was that we had made a decision not to continue with our planned replacement of components in our residents' homes, and instead we were responding to their requests for work in their homes. As a result of that, we missed some of the deterioration in those homes to the extent that ITV covered on their programme.

We were absolutely determined to put that right. We have had a significant amount of work going on on that estate. We knocked on the doors of everybody who lives there. This is an estate that is 40% owner-occupied, so only 60% of it is rented. When you come to regenerate an estate like that, you are starting from the point of having to buy back at least 40% of the homes there. That is not something that is a quick process. None the less, it has taken us too long to get there.

Q33 Ben Everitt: Some of the witnesses who we had in the previous session of today's hearing suggested that the estate could have been deliberately being run down as part of the wholesale regeneration that you referred to there. How would you respond to that?

Clare Miller: That is absolutely not what our intention was at all. We have committed £1.3 billion to the regeneration of this. In running a big project like this, you have to make judgments about the extent to which you continue to invest in properties that are coming to the end of their life.

There are two things that would have really helped us in these circumstances. The first is about access to our homes. We are only able to access homes where residents are willing for us to do work inside their homes. Local authorities have powers to be able to get into homes, where they have not been in on a regular basis, to uncover whether work needs doing in them. Housing associations do not enjoy those same powers. That is the first thing that I would say.

The second thing is that regeneration is funded entirely by housing associations. There is no Government support for it, so these enormously expensive projects are very difficult to piece together all the elements. Unfortunately, in the case of Eastfields, residents were living in their homes longer than we had intended in these conditions.

What we have done since then is to put back in place our programme of planned works. We have done a huge amount of work on the Eastfields Estate and we are now branching out across Merton. We have learned the lessons and are applying them elsewhere.

Q34 Ben Everitt: While I have you, the Eastfields Residents Association says that there is more work to be done. What work is it referring to?

Clare Miller: All the immediate repair work has been done. There is work still to be done in the communal areas. The nature of that estate is that, structurally, it has a communal roof across all the homes. The reason why it needs to be demolished is that leaks are terribly hard to trace when you have that type of construction. That is something that is very



HOUSE OF COMMONS

difficult to be managed on a day-to-day basis. We are continuing to work away at that, but I would not say that that is yet resolved.

Q35 **Ben Everitt:** Are you happy with the condition of the estate at the moment?

Clare Miller: I am happy that we are doing all we can to intervene on an estate at the end of its life.

Q36 **Ben Everitt:** Professor Ian Cole, the Government published the social housing White Paper last year. There were plenty of plans in that to introduce legislation to reform the sector. My colleagues are going to touch on some specific reforms later in the questions, but overall, top down, do you welcome the White Paper?

Professor Cole: Yes, indeed. In the frustration that you will hear constantly, the refrain is that it is a shame that it has taken this long. There is now a timetable for it, which is great. It has also taken 15 years since the Cave review to get consumer regulation on the map, but it is now here. That is a very positive move. It is absolutely astonishing that, in some of these other cases, the regulator was not able to talk to the tenants affected. That is a very positive step forward.

Generally, the views on strengthening the powers of the ombudsman, broadening the powers of the regulator and the building safety measures are in the right direction. Regulation can take you only so far and, therefore, we should not over-expect how much this could lead to a transformation of the sector, but it is a good start.

Q37 **Ben Everitt:** Ben, what is the view from Legal & General? Do you welcome the White Paper?

Ben Denton: Yes, we absolutely welcome the White Paper. We think, though, that it could have gone further in relation to putting customer service at the centre of everything that exists in the affordable housing sector. This is a great opportunity to support the sector to move to be performing at just as good levels as other sectors do, and we are just not convinced quite yet that the White Paper goes far enough in putting customer service at the centre of Government policy in this area.

Q38 **Ben Everitt:** Finally, Clare, what are your thoughts?

Clare Miller: I would absolutely endorse the direction of travel. There is legislation still to come, so we do not really yet know the full construct, but the direction of travel, absolutely.

Q39 **Florence Eshalomi:** Happy new year to our guests. Ms Miller, I do not think that it is a happy new year for Clarion residents and tenants. You have outlined to my colleague that you have apologised to residents and that there are lessons learned, but in terms of lessons learned, it is just the same old, same old. Just last week, a tenant was rushed to hospital because the plastering from her ceiling collapsed on her roof. She outlined that to Clarion when she moved in on 29 December, yet those



calls went unheard.

You are seeing a pattern repeating itself where problems and issues are raised with the housing association, but no action is taken. You have outlined £1.3 billion in your regeneration programme. How much of that is going into the backlog of day-to-day repairs? How much of that is going into listening to your tenants who pay their rent and their service charges? How much of that is going to address the long, chronic failure that seems to be happening at your housing association?

Clare Miller: I cannot answer your question about the specific resident.

Florence Eshalomi: But you are aware of the resident.

Clare Miller: I am more than aware, and we are in dialogue with that resident. I would be very happy to write to you separately about that, but I can talk to you about our repair service. We run an on-demand repair service and carry out 1,000 jobs a day. You asked how much money we are spending on it. There was £100 million in terms of capital investment in our homes last year, and £200 million on day-to-day repairs. We absolutely run a repair service that responds to the demands of our residents.

The specific issues that were highlighted on ITV at Eastfields were to do with the fact that this is a property at the end of its life, where we have plans to demolish it and to replace it with social housing. Indeed, on the two other estates in Merton where we are also undertaking regeneration, we are already on site and residents have moved in to their new homes. I am in no doubt that the right thing to do in Eastfields is to continue with our regeneration project and to get it on site as quickly as possible.

Q40 **Chair:** Just very briefly, Clare, it is the case, is it not, that when you take over on a stock transferred from a local authority, you get the real estate on pretty favourable terms and on the basis that you know what you are going to be entering into, and you make a commitment at that time as to the work that you know is needed and will be done in a certain period. It should not have come as a surprise to you that these problems were around, should it?

Clare Miller: No. It is taken as seen. In most LSVTs, there has been an impetus to transfer to housing associations because the local authority has been unable to manage the upkeep of those homes. In large part, that is down to the constraints that there have been on local authority financing for many years. Yes, I was fully aware that there were liabilities attached to these homes and that we would have to make that good. It is negotiating with the local authority the nature of the programme of work that we are going to do that is technical and difficult and requires resident involvement and consultation. We have been at that for some time.

Q41 **Andrew Lewer:** Registered providers are central to the Government's plans for building new homes, but they will also have to bear much of the



HOUSE OF COMMONS

cost of meeting the new regulatory requirements on building safety and energy efficiency in particular. What impact is that having or do you anticipate it will have on your ability to maintain housing stock more generally?

Ben Denton: In our business, we are seeking to invest in homes as quickly as possible that are up to EPC A and then get to net zero carbon. That investment strategy does not have any adverse impact on the long-term management and maintenance costs of the homes. I guess we are unusual in this space, because the vast majority of our homes are new. We buy some homes from existing housing associations to allow them to recycle capital. It is probably a question that you should be addressing to some of the others here, given our portfolio that exists at the moment.

Q42 **Andrew Lewer:** Yes, I have “exception that proves the rule” coming to mind there, so let me ask you the same question, Clare.

Clare Miller: Our homes are not new. In the portfolio that I manage, the oldest homes date back to the early 1800s, so there is a significant bill attached in terms of the fire remediation work that we are doing, in terms of the investment to make homes cheaper to heat and more insulated, and ultimately to meet our net zero carbon targets.

Our current fire bill is £27 million for this year. We estimate that we will spend about £150 million over the next five years, which will mean that we do not build around 1,800 new homes. It does not affect the service that we provide to our residents in terms of the day-to-day repair service, but it definitely puts a strain on our new build programme. There are a million people on the waiting list for social housing. There is an absolute shortage of social homes in this country, so anything that restricts our ability to build the maximum number of new homes is difficult.

Professor Cole: The Secretary of State described this vividly as a “Sophie’s choice” for housing associations being pulled in the direction of attending to building safety, decarbonisation and new build. We have not been as affected by the building safety regulations, because of the nature of our stock; we do not have medium and high-rise. However, our fire safety costs, while not in the order that Clare has said, are about £400,000 to £600,000 a year.

On decarbonisation, we have done a thorough study of the likely costs. To get to EPC C, it is £1.9 million. We can put that into our business plan without too much difficulty. Net zero carbon is £155 million, which we cannot do without breaking the business plan. As you will have seen from the submission by the PlaceShapers group, all but one of that group said similarly that, in order to achieve the amount of investment, they could not do that and could not sustain that in their business plan. Clearly, that is an absolutely major challenge. The average cost of a retrofit for a property in South Yorkshire is £31,000, if you include planned work as well.



Those are two directions. We do have a development programme—perhaps nothing on the scale of some other housing associations—for 830 homes in the next 10 years, and we are strongly committed, as a board, to trying to achieve that, recognising the importance, but the net zero carbon problem is massive.

Q43 Andrew Lewer: Within the regulatory framework, is there any flexibility in terms of prioritisation? While cladding has been a massive pressure, compartmentalisation is coming to the fore. Some people in the sector suggest that all compartmentalisation works do not deliver the significant benefits that other works would, and yet cost a lot of money that you cannot then use for other things. Is there flexibility for you to make those judgment calls within the regulations?

Professor Cole: There are some real asset management challenges. For us, if you have a low-performing property in energy terms, in a low-value area, do you dispose of that stock? We are not a fan of disposing stock. We want to be in places for the long term, but that will come at an additional cost, given those pressures on the stock. That is a difficulty, but we can work our way through that at the moment under the current framework and try to juggle between the contending pressures.

Clare Miller: In my experience, there is flexibility. The regulator has taken a reasonable approach to the challenges that we have in keeping our stock up to date and taking sensible investment decisions in order to keep our residents safe. I have a particular example at the moment of a very tall building that we have had to take people out of, because it was not safe. We were not able to do the work with people in situ. The building is so complicated and difficult that there is still a lot of work to be done to assess how much investment is required in order to deal with that building. There are challenges. Each building requires a particular solution to it. In my experience, the regulator has been sympathetic to allowing us to be able to do that.

Ben Denton: Our reflection is that there is an enormous bill that we need to figure out how to fund. That is partly why L&G entered this sector—to see how we could inject long-term, patient capital to green the existing buildings that are in the sector. We are right at the beginning of the journey. Nevertheless, it is a journey that needs to be implemented. Back to Clare's point, we need to balance the delivery of the greening agenda alongside continuing to deliver affordable housing, because there are 1.2 million on the housing waiting list who need supporting.

Q44 Andrew Lewer: Are there any other financial pressures that are particularly in mind—for example, access to finance through Homes England or others, or unspecified financial pressures?

Ben Denton: The challenge that the sector has is uncertainty about long-term rent settlement. There is a rent settlement for the next five years. If that moved to 10 years, that would be really helpful, because it creates certainty for people to be able to invest in the longer term. The



HOUSE OF COMMONS

investment programmes that we are talking about here are ones over 10, 20 or 30 years. Trying to have rent certainty over that timeframe certainly helps to make that investment programme more possible.

Clare Miller: The rental programme is absolutely essential. We had a period of four years when we had a rent freeze on housing association homes, which was imposed by Government. For Clarion, that meant we lost £181 million in terms of our revenue, which would have gone back into investing in our existing homes. The consequence of that rent freeze means that, every year going forward, we have lost £86 million in terms of support that could have been put back into the business. The rent settlement is essential.

The only other thing that I would just reiterate is that there is no funding for regeneration, which is a huge bill for the sector, because of the age and, in some cases, the condition of the homes that we manage.

Professor Cole: I would definitely echo that final point in terms of funding for regeneration. One short-term pressure facing us is, in fact, maintenance costs, which have shot up considerably in terms of the cost of labour and materials. That could be a Covid effect and could be sustained beyond, looking into the future. Of course, our ability to increase income is restricted while costs are increasing. That is currently something that is exercising us in terms of looking ahead to our next budget.

Q45 **Andrew Lewer:** On finance, but a different thing altogether, there have been some reports of claims management companies encouraging tenants to make claims on a no win, no fee basis. What is your view on that?

Clare Miller: That is very difficult. It is something that is very prevalent in London. We own 50,000 homes in London and we get this on a regular basis. We monitor the disrepair claims that we have, and I can tell you that the costs awarded to solicitors are running at about twice the amount that the resident gets by way of compensation. There is something fundamentally wrong with that as a means for redress. Not only does it take an inordinate amount of time but the resident is living with the problem for much longer and they are not necessarily getting any sizable advantage from going down that route.

Q46 **Chair:** Just very briefly on that last point, ought we to be moving forward towards the housing court proposal that I know this Committee supported in the past, which might act as an easier way for tenants to get redress, at a much cheaper cost?

Clare Miller: There has to be something better than the current disrepair system.

Q47 **Rachel Hopkins:** Particularly since the Grenfell Tower fire, there has been discussion on the marginalisation of the tenant's voice. Some have said that there has been a stigmatisation of social housing in recent



HOUSE OF COMMONS

decades, which has contributed to a culture in which requests for repairs and maintenance are just being ignored. Is there a stigma attached to social housing? If so, has it played a part in recent examples of poor service?

Clare Miller: We provide a universal service to all our residents. There is a core, basic service that you get if you are a Clarion resident, and we top that up with locally tailored services that we negotiate with our residents. It is based on their feedback and involvement, telling us what it is about the place that they live in that we can contribute to.

Many of my staff live and work in the communities that we service. We have a very active and loud voice in the organisation representing residents' views. I had a lot of sympathy with what Pat was saying when I was sat listening to your earlier session. She talked about social housing as being aspirational in the past and about positive role models in social housing. I see this on a daily basis from our interaction with our resident body. For me, running a big organisation like Clarion, we could not do it if we did not have that resident voice influencing the way in which we make decisions.

Q48 **Rachel Hopkins:** I am interested in that. Is there a wider issue around stigmatisation of social tenants?

Clare Miller: It is often portrayed as such, but the reality of living and working in communities where we own our homes is that, as Pat said, we are delivering services to residents who are just like us. They have the same wishes and desires in terms of their services. They deal with Amazon and with an online bank. That is what colours their perception of their landlord and we need to make sure that we are delivering services in the way in which they get services from others that they admire.

Ben Denton: We have 14 management providers that manage all of our homes across the country. Why is it 14? It is because we picked organisations that were local to their area. They operate within their area, so they had really good connections with local residents and were delivering to a great standard. I do not see, in any of our management providers, a view of an expectation of delivering poor quality service because they are social housing tenants. Everyone is trying to deliver really great-quality services and to evolve from where are at the moment to where we need to get to.

My view is that, over the last few years, there had been a media stigmatisation, which, luckily, seems to have gone away, but we need to make sure that that media stigmatisation continues to not exist.

Professor Cole: There is long-standing stigmatisation. Social housing has been in the shadow of home ownership. You can go back to the 1965 Labour Government's White Paper saying that the desire for home ownership is normal. What does that mean and where does that leave rented?



HOUSE OF COMMONS

Rather than going on about that, it is worth knowing that that has ebbed and flowed and been reinforced by Government policy. I thought what I would do is to ask a customer who serves on our board, Pam Hankinson, and I asked her whether she felt that there was a stigma around social housing. She said, "Yes, the media often add 'living on a council estate' when they do not need to. It is shorthand for 'less worthy'". She then mentioned friends whose children had been stigmatised at school because of where they came from. A member of staff of one landlord did not want to admit to her colleagues that she was also a tenant of that landlord for fear of how colleagues might react.

I asked Pam how that could be countered, and she said, "Treat people with respect and act quickly on their complaints. It is not their house. It is our home". That is why consumer regulation is so important and why co-production with tenants—not delivering things to them but working with them—is absolutely essential. We are a long way back from that but we should not underestimate the drip-drip effect of 40 or 50 years of this tenure being deemed to be second-class to the paragon of home ownership.

Q49 Rachel Hopkins: I am going to push a bit further on this, because there have recently been reports of accusations of racism in the social housing sector, including from residents who feel they have been discriminated against because of their ethnicity. How do you respond to those accusations?

Professor Cole: At South Yorkshire, we have turned the organisation pretty much upside down in the last 12 months in response to Black Lives Matter and what stemmed from that. Rather than make a statement initially about it that then was not followed up, we produced a race action plan. I can provide you with it, if you would be interested.

Rachel Hopkins: That would be interesting.

Professor Cole: It is a good document, not just a statement of intent. It is about doing things, and things that the board can measure in order to see what progress is being made. The key thing about that is that it was produced with all the workforce. It was quite a long process, because we felt that, if a race action plan was delivered to people who are working as, "This is now what is happening", there would not be the sense of ownership, which is essential. It is a step, but just as we were talking about stigmatisation going back to 40 years, I am afraid that, with racism, you are probably going back 300 or 400 years, so you have to do what you can in the time that you have to do it.

Q50 Rachel Hopkins: I am really interested in the way you spoke about involving all your workforce. Do you do any other things like anti-discrimination training or anything like that?

Professor Cole: We have anti-discrimination training. We have an independent person on all selection panels for all appointments, including finance director. There has been an intensive process of training, which



engages people across the organisation. It is not just exec directors and managers. That is absolutely key. It involved the maintenance team. It is not just an elite activity. That is absolutely crucial because, if you do that, you are in danger of reinforcing some of the negativity from people who do not feel involved.

Clare Miller: We do very similar things. It is very important to me that our frontline staff reflect the communities in which they work. In that way, I believe that we will deliver much better services and understand those communities better. We will have a better communication flow back through into the organisation. We are a very big organisation, but the truth is that we deliver our services very locally. Most of my staff are locally based. Where a resident needs to speak to us, we go to their home, so it is a local service.

Q51 **Rachel Hopkins:** Have you, as an organisation, had to deal with any accusations of racism?

Clare Miller: No, not recently. However, it is something that we take very seriously. We monitor the delivery of our services, and we monitor and look for trends to see whether or not there is any correlation between the issues that we are experiencing and those who are experiencing them. We keep a very close eye on that.

Ben Denton: We are a small organisation as well. There are fewer than 150 people in the organisation. Similar to Ian's strategy, when we carry out interviews, the names are taken out of the process. We have an independent person. We measure all of our diversity and inclusion right across the organisation. We are constantly looking at how there is progression within the organisation to make sure that progression is a diverse and inclusive activity. On a monthly basis, we will have diversity and inclusion conversations right across the business, to make sure that it is really high in everyone's consciousness. From a racism perspective, we have not had any reports of racism or racist actions in relation to the letting of tenancies or tenants who are our residents.

Rachel Hopkins: That was the interaction that I was keen to get at. It sounds like good organisational stuff, but it is that interaction with tenants who have been saying that one of the bases for why repairs do not happen is because there is an element of discrimination occurring there.

Q52 **Florence Eshalomi:** Just on that, I can see why you have been voted best housing association, Professor Ian Cole. Are you able to share that race action plan with me as well? I would like to show it to my housing associations in London.

Professor Cole: Yes, and we would really appreciate feedback.

Q53 **Florence Eshalomi:** Clare, how many of your senior members are BME? Do you have a structure chart that you could share with the Committee?



Clare Miller: I can send you statistics, yes.

Q54 **Rachel Hopkins:** I just have a final point around the social housing White Paper, which is proposing a new access to information scheme for tenants, so that information relating to landlords is easily accessible for them. It is similar to the Freedom of Information Act. Do you welcome this proposal? I am happy for succinct answers.

Professor Cole: Yes.

Clare Miller: Is this about freedom of information?

Rachel Hopkins: Yes, the specific new proposals in the social housing White Paper.

Clare Miller: Yes.

Ben Denton: Yes.

Chair: We will now move on to something where there might not be quite so much agreement. Ian Byrne is going to ask some questions about commercialisation.

Q55 **Ian Byrne:** Professor Cole, in recent years the social housing sector has diversified considerably, with the introduction of for-profit providers and so-called mega-mergers, resulting in very large and geographically spread housing associations and a greater reliance on private equity for investment. What has driven these trends?

Professor Cole: What has happened is twofold: the reduction in ground for housing associations on the one hand, and the increased interest of investors in this sector as an asset class that they wish to invest in, at least for the moment. It has had a mixed impact. We rely on quite a lot of loan finance for what we do. I do not think that, without that, we would be able to attend to some of the things we were discussing earlier in terms of stock improvements and so forth. That is from a mix of banks, building societies and an aggregator.

On the negative side, it comes at a cost, which is the growth logic that it is associated with—one of the previous speakers referred to this—in which case there is a process of expansion, merger and acquisition. That is not germane to providing a good service. Housing is unlike lots of other commodities. It is geographically fixed. Some analysis that social housing did found that there are 14 housing associations operating in more than 60 local authorities. Given that partnerships with local authorities are key to effective housing strategies, and given that attuning services to local conditions is important, there are questions to be asked about how sensitive they may be required to be. There are a further 20 operating in more than 30 local authorities. South Yorkshire operates in 12.

In the way that housing associations have rebranded themselves, you have seen them releasing themselves from what they see as the constraints of place. North British Housing Association becomes Places for



HOUSE OF COMMONS

People. Merseyside becomes Riverside. We are South Yorkshire Housing Association. We are going to keep that. We are not going to rebrand ourselves as Transcend or something like that. We will remain with the connection to place, because we think that that is very important in order to provide an effective local housing service.

Q56 Ian Byrne: You will have to be succinct with this, but do you feel that there is more accountability to the markets than to the tenants and the council?

Professor Cole: Yes.

Clare Miller: Naturally enough, I have a different experience and I would disagree. We are a very big organisation but, as I said, we provide a very local service. My staff are based in the neighbourhoods and communities where we have our own homes. There are some huge advantages that come with size. It has been driven largely by the reduction in grant from Government over many years, which has thrown us back on our own resources.

If we look, for example, at some of the things that Clarion is able to do and some of the medium and small associations would not be able to do, we have a £10 million foundation programme that delivers jobs, training, support, hardship funding, money advice and debt guidance for our residents. That is a universal offer to all our residents. We have a development programme that operates at scale. We built 2,100 homes last year and will build slightly more than that this year. New homes are so essential and so needed, given the housing crisis.

We can also do things around sustainability and innovation. We have demonstration projects running at the moment in Fenland and Tonbridge, which are retrofitting technology into existing 1930s semi homes, and that learning will enable us to expand that out to the rest of our estate. With size comes the ability to do some of those things. I talked about our project in Merton, which is a £1.3 billion regeneration. No commercial housebuilder and very few housing associations would be able to take on a project of that size.

Q57 Ian Byrne: I am sorry to cut across you, but just to come in on that point, you are saying that the growth and size of your organisation has not contributed to some of the many issues that we have heard about Clarion today.

Clare Miller: I do not believe so. I talked about the lessons learned that we did, and what we had found. I have held my hands up to the fact that we made some decisions that had consequences, which I had not intended but which happened. We are absolutely determined to reset that.

I do not think that size is a contributor and a necessary corollary to poorer service. Indeed, there is no academic evidence that suggests that that is the case. If you look at regulatory interventions, they are as likely



HOUSE OF COMMONS

to happen with small and medium-sized associations, so I do not believe that that is the case.

Ben Denton: I guess our reflection is that we do not think that, in themselves, large organisations are bad. They can and do deliver great customer service. We talked about organisations like First Direct and John Lewis. One of the challenges, though, is that, as organisations grow and merge, you end up with multiple data in lots of different systems, which is then quite complicated to be able to deliver a straightforward response to a customer. Having looked after a merger between two organisations, the reflection is that the regulator needs to be really clear that, in a merger coming together, the cost and effort to get customer service right should not be undercooked or overlooked. That is a really important issue.

As to the commercialisation of the sector, we are a new player. The requirement from my board is to deliver great customer service for all of our residents. L&G has over 10 million customers across the business, and the requirement that is put to me from the group board is that I should never do anything that undermines the trust and confidence of the brand of L&G. Customer service sits right at the top of everything that we do as an organisation.

Q58 **Ian Byrne:** I am going to stick with you for this point because I was reading an article today in *The Guardian* about the heartbreaking fire in the Bronx last week. I just want to read something, because it is really relevant to what you are saying on commercialisation: “When you make the decision to stop directly funding housing for the poor, and you decide to involve private entities to do it for you, then you introduce market forces into the process of providing affordable housing...And those market forces have created an incentive on many of the landlords to neglect their properties for many decades...Follow the money, and you will find a line from the broken doors and heaters...to the big banks that finance affordable housing deals”.

With the advent of for-profit providers like yourself, which, according to written evidence from Clarion, have “fundamentally commercial intent...different from the masses of social providers”, should we be worried that, in the UK, we will soon have what has been described in New York as profit being the primary concern over social good?

Ben Denton: There is a really strong regulatory framework that exists and that we subscribe to. At the end of the day, L&G is putting society’s pension fund capital into these buildings, and so we have to make sure that we are representing the tenants and the long-term investors in the strongest possible way. In the way that our business operates, the surpluses that come out of affordable housing go to pension fundholders.

Q59 **Ian Byrne:** Who is the priority within your business model—the fundholders and shareholders, or the tenants?



Ben Denton: It is the tenants, because we need to deliver a great customer service. That is the driving intent from our organisation. For example, at L&G we lend money to the affordable housing sector, so we are a long-term lender in this space. We have a long history, going back to 1836, of investing right across society, delivering largescale regeneration projects from Cardiff to Birmingham and Bristol. All of our work is around delivery great-quality, long-term relationships.

Q60 **Ian Byrne:** You have made a couple of contributions so far and I have heard a lot about customer service. I have not heard you mention social housing.

Ben Denton: About a quarter of the rented homes that we deliver are social housing at the moment. When we bid with Homes England through the strategic partnership programme, we bid to deliver a programme of 16% of social housing, when you consider that, in the last strategic partnership programme, the average was about 10% social housing. We absolutely want to deliver more social rented housing. The question is how much subsidy is available to be able to do that, because you need more subsidy in a social rented home than you do in an affordable rented home. If you looked at our balance of tenures right across our business, it would look no different or fairly similar to most developing housing associations.

Professor Cole: Could I just make two points? One is about regulation. Just to remind ourselves, at the moment in the regulation of mergers of large organisations, the regulator asks the boards to consider mergers and acquisitions. It does not ask boards to consider demergers, regionalisation or honing your stock to geography. The academic who has written most on this is probably Professor David Mullins, who says economies of scale are not what are required. Economies of geography are what are required to make an effective housing association sector. I would certainly think that there is a good case to be made there.

In terms of the rise of for-profits, there was a very good report done by Savills in the summer of last year. They are certainly going to be increasing rapidly. Savills estimates that the total capital committed by for-profits will rise from £2 billion in 2021 to £23 billion by 2026. Meanwhile, housing associations like South Yorkshire will be fending off the various pressures of maintaining its stock and developing.

It is a very mixed field. I am sure that L&G have patient, long-term plans. Can you discern those from others that will have short-term gain as a priority? How do you do that? How can a regulator do that? I am not really sure.

Q61 **Ian Byrne:** We have such commercialisation within social housing. Can the ethos behind social housing fit within this framework that we are talking about now?



Professor Cole: At the end of the day, it comes down to whether the profit that is not recycled—that is, the dividend—could be better spent on housing.

Clare Miller: In my head, commercialisation is building market product, essentially. The only reason that we do that at Clarion is that there is insufficient grant in order to be able to fund the programmes of work that we would want to do.

Ian Byrne: There lies the crux of the problem.

Clare Miller: 80% of our output is affordable. We only do commercial to the extent that we need to in order to deliver our affordable programme. As Ben said, grant rates being what they are—and they are more generous now than they have been for quite some time—they are still insufficient in order to be able to build social rent at scale.

Q62 **Ian Byrne:** In its written submission, South Yorkshire Housing Association said poor service quality was a particular problem for “over-large” or “over-spread” providers and that it was “difficult to see how over-spread organisations can provide effective services locally”. I am sure you will challenge that, Clare. What evidence do you have for this? You touched before on how many local authorities you cover.

Professor Cole: We see how effective housing associations that operate in the South Yorkshire area are in terms of engaging with local authorities, and it is often quite disappointing because their attention is spread across the country. Therefore, there are certain things whereby you cannot forge an effective, long-term partnership with 60 different local authorities at the same time and have a coherent business plan.

Q63 **Ian Byrne:** It feels similar to what we were talking about with academies last week, with a lack of accountability and distance from the providers. It seems like a similar type of model. Clare, would you like to comment on that? How many local authority areas do you cover?

Clare Miller: We cover 170. I would say that the model that we employ is very local. We are building in lots of different places. There is absolutely no argument about the fact that we need to build more social housing in this country, with a million people on the social housing waiting list. Housing associations like mine are making a significant contribution to that. We are doing so on the back of the scale of our organisation, and I make no bones about that.

Ben Denton: We have 14 management partners right across the country. That is how we create the bridge between a national organisation and local delivery with local relationships. The vast majority of those organisations are smaller housing associations operating in very defined geographies.

Q64 **Chair:** Do you have management offices based in all the local authorities in which you operate?



HOUSE OF COMMONS

Clare Miller: We have physical bases in every local authority where we operate, but they could be from what was described by the residents as local estate offices through to offices where we have back or front office staff, or depots. We have lots of different physical locations in our estate.

Q65 **Chair:** If a tenant wants to speak to someone about an issue, will that someone have to travel a long distance to get to the tenant?

Clare Miller: No, not necessarily. If a tenant needs to speak to us face to face, we will come to them.

Q66 **Chair:** Is it acceptable—and this happened in my experience—that, when a tenant phones up and is told, “Yes, we need to come and have a look at this”, you find that the person coming to look at it is based in an office 25 miles away? Is that adequate?

Clare Miller: The world of work has changed enormously from having locally based staff in locally based offices. All my staff are peripatetic, so they are working where the resident needs to see them.

Q67 **Chair:** Does that mean that they do not have to travel 25 miles to go and see the tenant when the tenant wants to see them?

Clare Miller: It will depend on what the tenant wants to see them about. If it is a specialist service that we are providing, it is possible that staff will be travelling.

Q68 **Chair:** What if they want to see them about a faulty WC in order to see whether it needs replacing?

Clare Miller: Our local repair staff are very local. Ninety per cent of our repairs are delivered in-house. I have a workforce of more than 600 operatives.

Q69 **Chair:** But the reality is that some housing associations do not have that service now, is it not, and that they are very distant?

Clare Miller: Yes, but that is not the model that we employ.

Q70 **Chair:** Just moving on to the Housing Ombudsman, could you give us your impression, fairly briefly, of the job that it is doing and whether it has the powers to be able to do the job properly?

Clare Miller: The ombudsman investigates individual resident complaints effectively, within the remit that it has been given by Parliament. I recognise what the residents fed back about timescales being too lengthy, but once a resident has lodged a complaint with the ombudsman, the service is effective at coming to a reasonable judgment.

Professor Cole: We at South Yorkshire have never had a case taken up by the ombudsman, so we do not have direct experience in the last 50 years of that. The recent efforts to raise the profile are good. Reducing the delay would be good. Rolling out the complaint handling code would



HOUSE OF COMMONS

also be good. We have revised our complaints process very considerably and simplified it hugely, partly in anticipation of some of these changes.

Ben Denton: Just to add very briefly, the broadening of the ombudsman's scope in 2020 is really positive. The point about them being able to investigate systemic failure in organisations, in addition to investigating the complaint and trying to understand, underneath the surface, why multiple complaints arose and whether there is a systemic failure in an organisation or across the sector, is really positive. As we heard earlier, there are only a certain number of people in the ombudsman, so to what extent will they have the resources to really proactively exercise that power? That is the question that we would leave out there.

Q71 **Chair:** It is also about whether they have the power to proactively go in and check whether the codes are being brought up to the standard that they have laid down and are being followed.

Ben Denton: Correct, yes. I completely agree.

Q72 **Chair:** Is there a feeling across housing associations that the ombudsman's requirement to have a standard code has made any change or difference, or are you finding that those organisations that are bad at this are just ignoring it?

Professor Cole: I do not know whether they are. It has certainly focused our attention on complaints. In terms of what is in the White Paper about simplifying, we had quite a convoluted complaints process. It has now been co-designed with customers and is scrutinised jointly with customers.

Clare Miller: Complaints are a huge opportunity for organisations to learn. We encourage residents to feed back constantly. We have an app that our residents can use to feed back about their repair service. We analyse that on a daily basis and feed back to our operatives. All feedback in an organisation is an opportunity to get better.

Q73 **Chair:** In terms of the rights of your tenants when they lodge a complaint with you, are they all told that, if they are not satisfied with the way it is handled or concluded, they have the right to go to the ombudsman?

Clare Miller: Yes.

Q74 **Florence Eshalomi:** The Regulator of Social Housing is the regulatory regime that operates and looks at the interests of tenants and providers. If I was judging it on my inbox as an MP representing a south London constituency, I would say that they fail. I would say that circa 70% of my casework is housing-related. Clare, you outlined that you encourage residents to go through the complaints process, that you encourage feedback, and that there is an app, but what about tenants who are not digitally connected or those whose first language is not English? Is there



a strength and weakness in the current regulatory system?

Clare Miller: We go to great lengths to try to ensure that those who find our normal processes difficult to access are, none the less, still able to feed back to us. I am very conscious that, particularly in London, we have residents whose first language is not English, who have particular vulnerabilities or who may find it difficult to use the processes that other residents are able to use. Part of our outreach service with our residents and our tenancy sustainment service is to make sure that we are constantly checking that those residents are getting a service that they need.

I have to say that the primary relationship must always be between the resident and the landlord, which is where resolution should be effected. Something has gone wrong if it has to go beyond that, and that is where we get to the ombudsman or, occasionally, we get into disrepair and lawyers are employed.

Q75 **Florence Eshalomi:** Nobody wants to see lawyers—especially some of these involved in no win, no fee—making money that could be reinvested into social housing, but would you agree that, if there was a proper complaints system, residents would not have to go to the ombudsman or to the Regulator of Social Housing? In some areas, in essence, it has fallen down. What is the process that you use at L&G?

Ben Denton: In relation to the regulator, its journey has gone from having a broad number of areas down to governance and viability. There is an opportunity to bring customer back in as a much stronger regulatory standard. Having looked at the role of the regulator and the suggestions in the White Paper, our reflection is, “To what extent can the regulatory framework look within the organisations and understand whether a culture of great customer service exists?” It is only through a culture of great customer service that you get to a point where day-to-day repairs should be delivered first time and done correctly at the time that they are delivered, so that the customer can then feed back and say that that was a great service.

It is easy to talk about creating a culture of great customer service within an organisation. It is really difficult to get there, but our reflection of the sector is how we support everyone in it to land a culture of great customer service within those organisations.

Q76 **Florence Eshalomi:** On that culture of great customer service, the Government are saying that they would legislate for changes to the consumer standard and to the decent homes standard. Would you support that, and what change would you like to see in that?

Ben Denton: We do, but the regulator should be trying to think about what the measure is of a great customer ethos within the organisation, in addition to measuring the time to resolve complaints and understanding systemic issues. It is difficult to do, but other regulated sectors that have been in a difficult position have managed to evolve over time to be much



HOUSE OF COMMONS

better at delivering good customer service. The regulator should look elsewhere at other regulated sectors.

Q77 Florence Eshalomi: Professor Cole, should the Government legislate for those changes in terms of looking at additional consumer standards and decent homes standards?

Professor Cole: Yes. In terms of regulation, the regulator does a good job but it is not fit for purpose, because of the scope within which it is having to operate. In a sense, it has been set up to fail, because it does not yet incorporate consumer-led regulation. We have been very impressed with the mutual respect in the regulator.

One important thing that is often missed is that they were very helpful in messaging to the sector when the Covid pandemic hit. There was massive anxiety among everybody but particularly among housing associations. They judged that incredibly well in terms of giving a degree of assurance, without giving too much.

In terms of scope, there are two things. One, get on with it in terms of consumer regulation. We would also support the submission that it should also incorporate what housing associations do in terms of homelessness. It is not a statutory duty as it is with local authorities, although they do have a responsibility under the 1996 Act to assist councils. Frankly, a lot of housing associations were formed in the wake of "Cathy Come Home". South Yorkshire was; that is why it was there. It is different from other categories of issue. It is the most acute form of housing need. If you are a social housing association and are not interested in that, what are you doing? If you start to play a bit fast and loose with your origins, you are in danger of forgetting your purpose.

Q78 Chair: Just finally and to tempt you a little, should the regulator be going back to what the Tenant Services Authority was doing between 2008 and 2011?

Clare Miller: I do not think that that was the regulator's finest hour. I have some experience of it because I was there at the time. There is something in the co-regulatory settlement, which this regulator has pioneered, that is very powerful, which enjoins boards in having a mutual interest in making sure that they comply with the regulations. I would encourage the regulator to use that as the direction of travel for getting into consumerism.

Professor Cole: I always think that going back is not a good thing. You could take some of the thinking behind that. The Tenant Services Authority was not much mourned. Unfortunately, some of the issues were about trying to recreate a National Tenant Voice, which had a rather chequered history as well. You need to try to keep to the principles but not to turn the clock all the way back to 2011.

Ben Denton: My reflection is that the regulator's current approach across the areas that it is really strong in—in governance and financial



HOUSE OF COMMONS

viability—works really well. The challenge is how we add in delivering great customer service and looking outside the sector, rather than just inside, to get best practice.

Chair: On that point, I am sure we can all be united about the aim of delivering great customer service and a great service for tenants. Thank you, all three of you, very much indeed for coming to give evidence to the Committee this afternoon. It has been greatly appreciated.