



# Levelling Up, Housing and Communities Committee

## Oral evidence: The Regulation of Social Housing, HC 874

Monday, 7 February 2022

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### [Watch the meeting](#)

Members present: Mr Clive Betts (Chair); Bob Blackman; Ian Byrne; Brendan Clarke-Smith; Ben Everitt; Andrew Lewer; Mary Robinson; Matt Vickers.

Questions 79 - 160

### Witnesses

**I:** Councillor David Renard, Chair of the Economy, Environment, Housing and Transport Board, Local Government Association; Chloe Fletcher, Policy Director, National Federation of ALMOs; and Nick Murphy, Chief Executive Officer, Nottingham City Homes.

**II:** Kate Henderson, Chief Executive, National Housing Federation; Matthew Walker, Chair, PlaceShapers; and Karen Brown, Senior Policy Advisor, Northern Housing Consortium.

### Examination of witnesses

Witnesses: Councillor David Renard, Chloe Fletcher and Nick Murphy.

*[Some of this evidence was taken by video conference]*

**Q79 Chair:** Welcome, everyone, to this afternoon's session of the Levelling Up, Housing and Communities Select Committee. This session is on the regulation of social housing, looking at concerns about the standards of social housing and the way that social housing tenants are treated.

We have two panels this afternoon of three witnesses each, but before we come over to the first panel I ask members of the Committee to put on record any interests they may have that may be relevant to this inquiry. I am a vice-president of the Local Government Association.

**Ian Byrne:** I employ a councillor.

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



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**Matt Vickers:** I have family members and people who work in my office who are councillors.

**Brendan Clarke-Smith:** I employ councillors in my office. I am also a former Nottingham City councillor and operational board member of Nottingham City Homes, in a previous life.

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

**Chair:** I understand that Florence Eshalomi may be joining us; she has interests she has previously declared.

Coming over to our first panel of witnesses, with us in person is Chloe Fletcher.

**Chloe Fletcher:** I am policy director of the National Federation of ALMOs. ALMOs are arm's length management organisations owned wholly by their local authority with a board typically one-third councillors, one-third tenants and one-third independents.

**Councillor Renard:** I am the leader of Swindon Council, which is still a stockholding local authority. I also chair the Economy, Environment, Housing and Transport Board at the LGA and I am the spokesman on housing matters.

**Nick Murphy:** I am the chief executive of Nottingham City Homes. So we are the council's ALMO. We manage all the council housing in Nottingham. We own our own stock as well and our ethos is all about working with tenants to provide decent, affordable homes in communities where people want to live.

Q80 **Chair:** You are all very welcome. We initiated this inquiry because of the concerns that have been expressed publicly about the quality of some social housing. There have been some quite widespread stories in the news. Particularly, "ITV News" has highlighted a number of bad cases of property in London that were virtually not fit to live in. I think that is the only way you can describe them. What is your initial response to the questions that have been raised by these programmes and these revelations?

**Chloe Fletcher:** We were appalled, like most people were, at those living conditions. They were not fit for human habitation and should never have occurred, but I think that is a minority within the sector. Certainly once they were shown on "ITV News" and social media we have been talking to members, members have been reviewing their own homes, looking at complaints and listening to tenants, and, as far as we are aware, they are a minority, they need to be dealt with absolutely. Mistakes have been made; that needs to be acknowledged and lessons learned. But things like the English House Condition Survey shows a much lower percentage of non-decent homes across the country in social rented housing, so 13% compared to 21% of non-decency in the private rented sector and 16% in the owner-occupied sector.



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Category 1 hazards, which are the worst type of hazards in the housing, health and safety rating system, we only have 5% in the social rented sector compared to 12% in the private rented sector and 10% in owner-occupation. We do have a bit of a damp and mould issue, I think, in the social rented sector compared to other sectors but still only 4% of homes as shown in the English House Condition Survey come through with damp and mould issues. We do have a relatively more energy-efficient stock compared to most other tenures.

Q81 **Chair:** Everyone will be saying, "Well, it is not our properties, it is somebody else's that are a mess" so everyone went back and had a look at their own properties, is that what you were saying?

**Chloe Fletcher:** Pretty much, yes.

Q82 **Chair:** It did create a reaction?

**Chloe Fletcher:** Yes, it absolutely did. I could absolutely say that every member I spoke to was appalled at the situation and they did go back and do some proper research and start looking at their properties.

Q83 **Chair:** Councillor Renard, what was the reaction among the councils and the LGA?

**Councillor Renard:** Every tenant should have the right to live in a decent home and the vast majority of social landlords are very responsible and do provide decent homes to tenants. Our research shows that 94.3% of homes in England do meet the Decent Homes Standard, but clearly with any reports of substandard accommodation, we would expect the landlords to take the appropriate action to bring them up at least to that minimum Decent Homes Standard.

The Local Government Association is committed to working with any regulatory body and to use any powers that we have as councils to ensure that people are living in decent homes.

Q84 **Chair:** That is a great general statement of what should be done correctly but why are some houses, the ones identified and others that were not in those programmes but we know exist, in such a bad condition?

**Councillor Renard:** I speak on behalf of all councils. The LGA, as you know, Chair, is a membership organisation, and all members of the LGA seek to provide the best-quality accommodation that they can for our tenants within the envelope of the Housing Revenue Account. I am sure later on in the debate we will get into the pressures that are on HRAs, but repairs and maintenance have to be the No. 1 priority for councils when looking after tenants' properties. The vast majority of councils are doing that. If there are some examples where councils are falling short then we would very much want to hear from the Committee or others and we will make best efforts to work with those authorities to bring the standards up.



Q85 **Chair:** I am almost hearing an open invitation to anyone who is listening who is not happy with their home, or a home that they know about, that is managed by the council, to let us know pretty quickly and they might well do so.

Nick, what is your view of that situation? Presumably you are going to tell us that you do not have any houses like that that you are managing.

**Nick Murphy:** First of all, I would like to say that the cases that were highlighted in the media are an embarrassment to all of us in the social housing sector who are committed to providing decent homes for people. My take on this is it is actually the scale of the sector and the danger of looking at statistics rather than looking at the impact on the individual. I think that is a trap that the regulator is going to need to avoid as well.

If you look at it from Nottingham City Homes, we manage 27,500 properties and we invest a lot on behalf of the council to keep those homes in good condition. I can look at the statistics, as chief executive, and say, "That is great: 99% of our homes meet the Decent Homes Standard, 86% of tenants are satisfied with the quality of their home. We are heading in the right direction." What that misses, though, is the devastating impact of just one poor quality home on the people that have to live in that home. There are reasons why individual properties can slip through the system.

I am happy to give some examples of the Committee if you might find that useful.

Q86 **Chair:** Yes, very briefly, just to highlight one or two ways because, as I say, all we hear is good intentions and that things have been done correctly, but obviously we know of examples where it does not happen.

**Nick Murphy:** Tales from the ground—this is the reality, this is what happens in real life. There can be system or human error. We have had cases where someone has left doing work in someone's home and rather than click the button on their PDA to say further work is needed, they have accidentally clicked the button saying job completed—human error leading to that job being closed.

To avoid that, what we have introduced now is a call back on tenants after a job has been done to make sure that they are happy with how it has been completed. We also have an issue with claims farmers in Nottingham and some of our tenants are telling us that the claims farmers are telling them not to let us into their homes to carry out work because it will stop them from being able to claim compensation. On rare occasions we have people who just don't want us in their homes, people who are extremely nervous, extremely reluctant to let people in. To try and work with them in those cases we have been working with support workers to try to gain people's confidence to let us in to do the work.

The biggest safeguard is about having a tenant-focused culture and that is what is really important. Working for a local authority we also have the



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safeguard of ward councillors, who pick up local issues and have a hotline through to us. They know who to get to to get things done if there is a problem in their ward.

**Chair:** You have talked about tenants there and the issue of tenant engagement is very important. Bob Blackman is going to pick that up.

Q87 **Bob Blackman:** Aside from the general condition of properties, which is always a complaint from certain residents, and we understand about that, the other major complaint from residents is always the responsiveness of their landlord to carry out repairs. I think you might accept that is a problem. Indeed the White Paper, obviously published by the Department, says that residents feel patronised, ignored or treated with disrespect by their landlord. Where that is the case—obviously you see these cases highlighted—why is it and how do you explain it?

**Chloe Fletcher:** I would start by saying I don't think that is the case for all tenants but obviously it has happened with those tenants that their cases have been highlighted on television and there will be others.

Q88 **Bob Blackman:** Would you accept there are far too many?

**Chloe Fletcher:** Absolutely, there should not be any. All tenants should be treated with respect and good communication is key to that. Training of our staff and making sure that there is a culture set from the top that permeates the whole organisation that is about respect for tenants and giving a good service.

I would say personally from the ALMO sector that that is set up from the beginning within ALMOs because we have tenants on the board. We also have a range of different tenant engagement mechanisms that have been there from the beginning of the ALMO set-up, as it were, and customers are very much at the heart. That doesn't mean that mistakes won't be made and that some tenants feel either not able to approach their landlord or get a bad service when they do. Certainly since these have been highlighted my members have gone back and looked at their complaints procedures, their customer service, and a lot of them are now doing a bit of a data search on who is not contacting us and who we haven't heard from for a long time. Is that just because there are no problems or is that because of a different reason and a problem with perception or reality in terms of what they might expect from their landlord, and then thinking about how they might engage those tenants and directly get in touch with people. We do work with certain communities if that is starting to become evident.

We obviously have further to go on that but I would say that all of our members are now thinking about how to reach out further in that way.

Q89 **Bob Blackman:** David, the same question—what are local authorities doing about this? Chloe has mentioned tenant participation, which is obviously key to getting decisions made and to a certain extent equalising the power between the landlord and the tenant. What is the



position of local authorities on this?

**Councillor Renard:** Tenant engagement should be at the very centre of this and it is very concerning to hear that tenants are not getting a response in some cases to their enquiries or their requests for repairs and maintenance. The LGA's position is that councils have determined that tenants should have the security and the opportunity to be engaged. There should be tenant engagement groups and support for all tenants, particularly those that are hard to reach.

It is absolutely central to the work that we do. So to improve tenant engagement the LGA is working with councils to identify ways in which we can help, support and promote best practice to ensure that the customer service is at the right level.

Q90 **Bob Blackman:** One of the challenges, I am sure, if any councillors are listening to these proceedings, would be that tenants complain to them but then housing associations are arm's length, they cannot get directly involved. What is the LGA doing about enabling councillors and representatives of tenants to ensure they can get the work done that should be done?

**Councillor Renard:** As you say, Bob, they are arm's length organisations and councillors do lobby very hard on behalf of their tenants and their residents to get things done. It is important if the association is not responding in the right way that they have connections through to the senior people in the organisation.

The LGA can provide support, advice and best practice but ultimately as a membership organisation we don't have the power or authority to intervene on such cases or insist that housing associations do things in a particular way, but we would welcome any strengthening that the Committee and the Government can bring to legislation, particularly around working with the ombudsman and other regulatory bodies to ensure that tenants in housing associations receive the same standard of treatment that most councils provide.

Q91 **Bob Blackman:** One of the suggestions that have been made is a national body to represent tenants. Would the LGA welcome that as a way of getting tenants' voices into the social housing agenda?

**Councillor Renard:** Of course there is the tenants' participation association, which we work with. I am not sure we necessarily want to create new national bodies but if there is a way of strengthening the role of tenants through a national body such as Tpas then we would very much support that.

**Chloe Fletcher:** I wanted to add that since the work on the Social Housing Green Paper, and subsequently the White Paper, Government Departments and Ministers have done a much better job of engaging directly with tenants. The tenants that we have spoken to have really appreciated the time and the engagement that has gone in and are now



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seeing things changing—a bit too slowly for our liking, but they are moving in the right direction.

I would urge that Government continue to do that both at the officer level, so the Housing Ombudsman, the regulator, the Department, and also at the ministerial level because I think that is the best way of getting that breadth of voice across the country and the different people to be engaged at different times.

**Q92** **Bob Blackman:** Nick, how does your Housing Association enable tenants to participate and make sure that their repairs are done when they are required?

**Nick Murphy:** As an ALMO, one of the strengths of the ALMO sector is very much that culture of valuing tenants, and tenants' views being at the heart of the organisation, at the heart of decision-making. That is multi-layered. One of the things we have is an ALMO board, which is tenant-led and has a tenant majority. They help us provide the best services to tenants based on real-world experience, based on their experience plus regular performance monitoring, the ability to carry out deep dives into any areas of the service that they are not happy with, to call on external expertise where they think we might have lessons to learn from elsewhere and to improve our policies and our practice.

Specifically on repairs, our ALMO board set up a repairs task and finish group to look at specific improvements that we could make to the repairs service. We are seeing improvements as a result of that.

One of the real benefits that we have, that all local authority housing has, is we work in one community; we work in one area. That means we have strong links. It is not them and us. We are part of the same community. We employ tenants. We have a vested interest in making it all work well. We want to be very proactive, working with our tenants and residents' associations as well, so we have good neighbourhoods, good estates, good communities to live in. It is very much a partnership arrangement to how we make our homes as good as possible, our housing services as good as possible and the neighbourhoods that our homes are based in.

**Q93** **Bob Blackman:** Finally from me, and I will come to each of you in turn, since Grenfell—we are four and half years on—there has been a suggestion that there is a stigma attached to being in social housing and that has led to the position of saying, "Those people don't count. Let them suffer. The repairs don't matter; they will just tolerate whatever they are given." How much do you think that has contributed to the legitimate complaints that tenants have that they are not being treated properly?

**Chloe Fletcher:** I would like to hope that in my membership, that has not contributed. We know stigma is an issue for social housing tenants. It unfortunately has been promoted in the mainstream media, on social media. You can look back at government policies and rhetoric from 2010



onwards where strivers were pitted against skivers and often that was perceived to be a social housing tenant on benefits, sleeping in, being lazy, not doing any work, which is very far from the truth of our communities that we serve. But unfortunately that popular image has lodged itself in lots of people's minds and has made—it is a difficult job working in social housing, living in social housing. We have done a huge amount to try to challenge that stigma.

Our organisation has contributed to work that was done with See the Person, to provide training and a document to journalists to try to stop them using the go-to grotty estate image from the 1980s sometimes and bad language that put everybody together in the same bad place.

We have been working with tenants who very much have felt this. I was shocked and surprised to hear that some tenants were then experiencing that from social housing staff themselves. That is not acceptable. Certainly our members will be doing all they can to make sure that the culture of respect and engagement flows through the organisation all the way through to the repair staff, who are not necessarily part of the same organisation all of the time so that is a little bit more tricky. There is obviously still more work to do there.

**Q94** **Bob Blackman:** A lot of tenants share this view that they are being stigmatised. What is the LGA's view on this?

**Councillor Renard:** Yes, the LGA does recognise the Shelter and IFF Research findings on this, and that there is indeed stigma in some quarters to being a social housing tenant. We recognise that that can undermine the social cohesion in the communities in which those people live. The LGA's view is that by ensuring a sufficient supply of social housing to meet the demand, by having that high-quality, pepperpotted mixture of tenure across developments, that is a way of ensuring that that stigma can be tackled. We certainly want to do whatever we can to reduce and eliminate that.

**Nick Murphy:** When we consulted with our tenants on the Green Paper before the White Paper there was a lot of discussion about stigma and our tenants certainly felt very strongly about it. Interestingly, they did not feel so much that it was us as the landlord that was driving that stigma. There was a view that we worked hard to give our tenants a voice in terms of local and national decision-making. They felt the stigmatisation was very much being driven by the media and to a certain extent by housing policies—housing policy that seemed to value home ownership as a tenure over and above social housing, making them feel that they were being treated as second class citizens.

Undoubtedly, though, there is a number of social housing landlords, some very large organisations, and it is all about getting the culture right at a landlord level. It is all about making sure that your staff have empathy—that you are employing the right people with the right motivation and



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who really want to provide good quality housing services because they value the people that they are providing services for.

**Chair:** All these issues in the end come down in many respects to the issue of finance. Brendan Clarke-Smith is going to explore that a bit further.

Q95 **Brendan Clarke-Smith:** With finances, local authorities can only invest in their housing stock using their Housing Revenue Accounts as we know, and this was devolved to local authorities in 2021. How is this new financing system working? Councillor Renard, I will ask you first for the LGA perspective on that.

**Councillor Renard:** Clearly it is something that the LGA had been lobbying for for quite some time, so we are absolutely delighted that the new freedoms were introduced. It does take some time in terms of developing programmes to deliver new homes, so it is quite early days. Our view is that those freedoms are working and that they are delivering the additional homes that as a country we need.

Q96 **Brendan Clarke-Smith:** Just to follow up on that, how are your members and the authorities choosing to prioritise their spending now they are able to do that? There are competing demands, whether it is energy efficiency or building safety or house building itself. Is there a noticeable change there or is it different across the country?

**Councillor Renard:** This is a real concern for the LGA and also for myself as a council leader with housing stock. It is a debate we have been having with the Budget coming up. There is a real tension already in terms of prioritising spend. It hasn't been helped by the 1% reduction over the last few years in terms of rents. That has meant that HRAs have less money to invest. The priority is always going to be repairs and maintenance. We are expected, and we want to, to do so much more in terms of delivering new homes. Part of the solution to that problem could be for 100% of the right to buy receipts to remain with the local authority, rather than a lot of it going back to central Government.

But, equally, we also have concerns about new burdens that are coming down the line through the Fire Safety Act and the Building Control Bill. If new burdens are placed on HRAs through that legislation without the funding to support it, that will only increase the financial challenge we have.

You mentioned climate change. That is something that we all want to tackle. The LGA's view is that we will need specific targeted grants in order to help bring tenants' homes up to a more energy-efficient standard and thereby also reduce their energy bills and make life affordable, with the current inflationary pressures that we are seeing.

**Chloe Fletcher:** We have had 10 years of the self-financing settlement, which we also, along with the LGA, lobbied for and worked with Government to help get off the ground. We very much welcome that and



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I think that has seen a real shift in investment being made in the stock on a long-term basis and 30-year business plans and asset management strategies being drawn up. That is very welcome.

As Councillor Renard said, we have also then had changes to the rent settlement. We were promised RPI plus 0.5%, it was then downgraded to CPI plus 0.5% and local authorities always have had lower rents than the housing association sector, so there was something called restructuring in place that allowed them to add a little bit on to get to a point where in any one area social housing, regardless of whether it was a housing association or a council tenancy, should be charged at roughly the same amount of rent. That was also stopped before some people had got there. So generally the much lower rents, then the rent reduction for four years on top of that took money that we had planned to be in the HRA out of that system and has had an effect on my members and their councils' plans.

A lot of my members were doing things called Decent Homes Plus that had been agreed with their tenants—the little extra things over and above the very minimal standard that tenants in general had agreed, capital works being programmed to make sure that things did not happen to the building which would therefore fall into damp and mould issues or leaks or things like this—and those things did have to be reprogrammed, stretched out over longer periods of time. Some of the Decent Homes Plus aspirations were cut back. Very difficult discussions were had with local tenants. On top of that were the building safety works that those members with high-rise blocks have been dealing with since 2017-18, after Grenfell. Significant amounts of money—£50 million plus for some London boroughs—are going in to making sure that those blocks are safe, and that is absolutely non-negotiable. That has been done or is being done right now and that has just inevitably taken money out of the sector.

I would say that overall self-financing is a really good system. We need decent, long-term security on the rent settlement so that we can plan longer term. That is one of the things that my members are pressing for constantly on that, so that they know what they are working with and can plan appropriately. We also need to make sure that there is additional money coming from Government to address those unforeseen issues like climate change, like the ongoing building safety requirements. For those who are dealing with some of that really hard-to-treat stock, we have a lot of 1960s, 1970s blocks in some of the London and the metropolitan areas. Some of those blocks, frankly, probably are at the end of their useful life and will need regenerating, possibly demolishing and rebuilding. Either way, they are going to need a significant amount of investment that was not factored into the original settlement.

**Nick Murphy:** I really welcome the HRA self-funding approach and the subsequent lifting of the HRA debt cap—two very positive steps for the management of council housing. When HRA self-financing was introduced



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councils took on a certain amount of debt, agreed with central Government, on the understanding that there would be a rent programme that would pay for that debt plus pay for the housing management and maintenance services. The unexpected 1% rent reduction thereafter actually had a really big impact on our ability to have confidence in our HRA business plans.

In Nottingham, that means we have £14 million a year less in the HRA than we would have had otherwise. That is more money needed to run our housing services than the Government said we needed when HRA self-financing was introduced. It is always a challenge, a balance, to keep homes decent in the longer term, the capital investment that is needed in those homes, versus funding a repairs and housing management service that meets our tenants' expectations.

As people have said, we have faced additional costs in building safety. After the Grenfell tragedy, we started a series of improvements to our tower blocks. It has cost £8.5 million completely in addition to the HRA business plan. £1 million more for new carbon monoxide detectors as a result of new regulations that the Government are laying. We have to find this money from somewhere. And the zero-carbon agenda. We have delivered some very innovative energy efficiency projects, some of them with European funding to massively subsidise these expensive projects. It leads to a huge saving for tenants, but in terms of rolling it out more widely across the stock, we cannot charge a penny more in rent for those improved properties. So it costs the same to rent an expensive hard-to-heat property, an unmodernised property, as a fully energy-efficient one, so there are some issues around rent policy.

The councillor mentioned the impact of right to buy; absolutely. I would also mention the challenge of older stock. There is not Government policy, there is not Government support, for regeneration activity, only for additional new homes to be built, which does leave us with a problem. Some of our stock is over 100 years old and we could do with a more coherent approach to regenerate and replace older stock with modern energy-efficient homes.

**Q97** **Brendan Clarke-Smith:** There have been reports of social landlords increasing those service charges that are not regulated, to cover some of those rising costs that you mentioned, especially with the building safety. Do you think there is room to maybe regulate this? Do you think that would protect residents or do you think there is a wider problem at source there?

**Nick Murphy:** Service charges always seems to be an area of some complexity because some service charges are eligible for benefits and others are not. Sometimes what the service charges are paying for is not transparent and we deal with a number of queries from residents about service charges.



We would like to see much greater transparency over service charges. With the building safety legislation going through Parliament at the moment, there is the potential to levy building-safety-specific service charges as well. At the end of this there is still the question of affordability. If you have rents and service charges you still want to provide homes that are affordable overall, so the rents and service charges combined have to be affordable for people.

**Q98** **Brendan Clarke-Smith:** Councillor Renard, what do you think of that particular issue?

**Councillor Renard:** I agree with what Nick has just said. The service charges should be transparent. Everybody should be very clear about they are or are not paying for. The legislation is already in place and it should be applied, so there should be no cases of people being overcharged for service charges to subsidise other services. The LGA is very clear on that and would certainly oppose anyone not following those rules.

**Q99** **Brendan Clarke-Smith:** The borrowing rules have been relaxed for local authorities. What has been the impact of that so far?

**Councillor Renard:** It is very welcome. The LGA lobbied for this for quite some time. It is fairly early days, in the sense that it will take some time to develop building programmes and come round to delivering them, bringing them to fruition. There are some very hopeful, optimistic signs at the moment and I think in the next few years you will see the benefits of that.

**Chloe Fletcher:** I echo what Councillor Renard was saying. The relaxation of the borrowing rules was very welcome indeed and it certainly did mean that a lot of our members with their councils increased their house building intentions. That was pre some of the climate change stuff that is now coming out in terms of asset management strategies and stock condition surveys. I think in future that will have to be balanced.

It is fantastic to have that ability to borrow prudentially, sensibly—but you do have to pay that back and that is dependent on the only income to the HRA, which is the rent. Again, I would go back to the rent. Having some long-term security on where those rents might be going would be very helpful.

**Nick Murphy:** Lifting the HRA debt cap was entirely the right thing to do. It has liberated councils to build council housing again. It is not the panacea. We still face challenges—the labour market, skill shortages, construction material costs—and particularly in building homes to higher green standards, higher environmental standards raise the bar but changes to the skillset, modern methods of construction, are needed as well.



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It is a very important step for local authorities but there is a lot more to do to skill up the local authority sector and skill up the construction sector to be able to deliver the homes at the scale and the economy needed to meet the pressing housing demands, the needs of homeless families and the needs of people on the waiting list.

**Chair:** Now, the Housing Ombudsman has a role of last resort in complaints when tenants cannot get them resolved. Matt Vickers is going to explore that.

Q100 **Matt Vickers:** How would you assess the role and performance of the ombudsman? David?

**Councillor Renard:** We very much welcome it. We fully support the serious detriment test, which will focus landlords' attention on those with the most challenges. We work very closely with the ombudsman service, fully support its powers, and are very happy to work with the service as and when we need to.

**Nick Murphy:** The Housing Ombudsman is in a different place to where it was just a couple of years ago. It is worth saying, though, that most tenants just want us to sort out any problem they have without recourse to a third party—without having to jump through any bureaucratic hoops or fill out forms or anything like that. Plan A is to avoid the need for the Housing Ombudsman.

What was very helpful was the code of complaint handling that the Housing Ombudsman put out and required councils and housing associations to deliver. It was very useful in terms of having a much more consistent approach to dealing with complaints at local organisation level. We have adopted the code; it has had a beneficial impact. Yes, we have a clear process but more than the process, it has switched more people on across the company to try to resolve complaints at the earliest possible stage, embedding a culture and then getting managers and senior managers more involved to make sure that complaints do not escalate—that they are resolved at the earliest possible opportunity.

The other very useful thing from the Housing Ombudsman has been the deep dive report into damp and mould. It was useful to be able to collate that information and evidence from around the country and come up with practical measures that landlords can implement. I am very much looking forward to their next piece of work, which is looking to see if there is a racial element to diverse numbers of complaints coming through about the repair service in housing organisations.

**Chloe Fletcher:** I echo everything Nick has just said. That has been the experience I have seen across the membership. Certainly the Housing Ombudsman has a much higher profile than before and has increased staff and resources, talking to us and talking to our members a lot more and advertising itself to tenants but, as Nick said, we hope that most tenants do not need to go there. I think maybe a little bit more in that



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space needs to be done because it is obvious from “ITV News” that some tenants still do not know about the Housing Ombudsman.

We would prefer tenants who have a problem to go down that route than to the disrepair claims farmers. We would prefer their issues to be resolved at a local level quickly and easily, but in the case of more complicated complaints or problems that cannot be resolved, for them to see the ombudsman as an easy way in to get things resolved. I think the Housing Ombudsman still has quite a lot of work to do. There is a huge number of cases coming its way and timescales are still a little long, but they are definitely going in the right direction. Complaints officers are getting together virtually now, talking directly to the Housing Ombudsman, learning lessons from each other, trying to make sure that their complaints processes are as simplified as possible and result in a quick win for the tenant and a resolution to their problem.

**Q101 Matt Vickers:** What do you and your members do to raise awareness among tenants that there is the option to go to the ombudsman?

**Chloe Fletcher:** All our members, as Nick was saying, should have—and I am pretty sure have done—reviewed their own complaint procedures against this code, and every single letter that goes out in response to a complaint should have the paragraph says, “If you are not happy, go to the ombudsman”. It should be on all of our members’ websites.

We recently did a bit of a check on that and highlighted that maybe some were not as clear as others. Everyone is working in that space. I think maybe the Housing Ombudsman could do a little bit more online to reach those tenants who are not looking at our members’ websites.

**Q102 Matt Vickers:** Is your view on the complaint handling code similar to Nick’s?

**Chloe Fletcher:** Yes, very much so.

**Q103 Matt Vickers:** David, do you have any view on the complaint handling code and also how many local authorities have signed up? Do you have any awareness of how many have self-assessed?

**Councillor Renard:** I will get one of my officers to respond to the Committee with actual numbers, but yes, we do welcome them. The only other thing I would add on this topic is that we would like to see more of a risk-based approach to regulation. That will make a better use of limited resources for both council landlords and the regulator.

**Q104 Mary Robinson:** The regulator is the port of call for providers. We have previously heard about the ombudsman, who is there for the tenants. The ITV programme focused on what happens when things go badly wrong. The provider Clarion referred itself to the regulator and was found not guilty of any systemic or organisational failures that indicated a breach of consumer standards. In your written evidence, Chloe, you said that the National Federation of ALMOs said that the regulator had had very little to



do with local authorities and ALMOs, since you are only subject to the consumer standards and the regulation of those is light-touch, and that the regulator would need to learn a lot more about how you operate. What particular challenges does regulating your sector present that the regulator will not have encountered before?

**Chloe Fletcher:** Particularly in the councils with ALMOs—the sector that I specifically work in—it is understanding that although we have a board that directs the strategic operation of our ALMOs, we are owned by our parent council. We have quite a unique relationship. We are part of the local government family but we have an independent board as well, which has its role. We have been talking to the regulator and educating them about our structures, the lines of accountability, where they would see the actions happen. Although the landlord, quite rightly, is the one who is ultimately regulated, for an ALMO-managed organisation and the tenancies involved there the regulator needs to recognise the ALMO's role. We are the managers of that stock, dealing with the repairs, the housing management and the ASB complaints. So if we are not in the room or part of that conversation the regulator will be too far removed from what is happening on the ground.

Q105 **Mary Robinson:** Would you say that the regulation is too light-touch or not?

**Chloe Fletcher:** I think it is at the moment. The serious detriment test is a very high bar. It clearly has to be a very serious health and safety breach for the regulator to get involved. We would prefer to see a more proactive regulator that looks at whether or not the organisation is providing a decent service to its tenants. Even if it is not causing serious detriment, that does not mean it is a good service that we would all hope for ourselves or our relatives in a similar situation. We very much welcome the direction of travel. We urge the Government to get the legislation on the books as soon as possible because we have been waiting a long time for more proactive regulation to come into being.

Q106 **Mary Robinson:** The Government have said that they will scrap the serious detriment test and instigate a system of inspections for larger providers. Do you welcome these proposals?

**Chloe Fletcher:** Absolutely. We very much welcome them. The ALMOs were born of a system that started off with ALMOs being created and having to improve the service to at least a two-star or plus standard of service to tenants as then adjudged by the Audit Commission. They went in and did an inspection, looked at the organisation, talked to tenants directly, got a feel from all the data and things going on on the ground, and made their report and recommendations. If you got your two stars you then got the money to invest in decent homes. The evidence from that time shows that the carrot and stick approach worked in bringing about a complete culture change in council housing, in my experience.



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The chief executives that I work with have worked hard to keep that embedded over the time but with the demise of the Audit Commission and the eyes being taken off the social housing world, unfortunately a bit of complacency comes in and tenants don't have a strong voice to go outside when they are having problems. They can't move around because they have a secure tenancy and the scarcity of social housing means that they can't pick and choose their landlord as you might pick and choose where to shop for your groceries. Having a powerful regulator is important for ensuring that tenants have a decent standard.

Q107 **Mary Robinson:** Councillor Renard, I think I heard you say that you supported the serious detriment test. I may be wrong, but I will ask you. The Government plan to scrap it and instigate a system of inspections for larger providers. How do you feel about that?

**Councillor Renard:** We do, but we also welcome the reframing of the regulator's role. Chloe talked about the regulator being proactive and we support that. We also want to see the regulator being proportionate, outcome-focused and risk-based. The social housing landlords must be allowed to be supported to manage their own journey of continuous improvement. To that end we ask Government to consider supporting a sector-led improvement programme for social housing management organisations to help educate and inform on best practice. Overall we support a risk-based regulation approach and that would make the best use of limited resources for council landlords and the regulator.

Q108 **Mary Robinson:** Are you opposed to an inspections regime in totality? Is it simply a risk-based approach?

**Councillor Renard:** Given that resources for all organisations are under pressure, the LGA's position is that a risk-based approach is the best way of ensuring that those with the biggest challenges and the biggest issues are dealt with.

Q109 **Mary Robinson:** Thank you. In line with one of the proposals in the White Paper, the Government have asked the regulator to review its consumer standards, which it is doing now. The Government are also consulting on reviewing the Decent Homes Standard. Do you support reform of both, and if so, what changes should be made?

**Councillor Renard:** We support the review of the Decent Homes Standard. We welcome that, but of course any additions to the existing standard will require additional investment. We talked earlier about climate change and energy efficiency. We welcome the Decent Homes Standard including measures to tackle that issue, but it would need to be funded. We are very supportive of any plans to decarbonise housing stock as we know housing and transport are the two biggest contributory factors to global warming and CO<sub>2</sub>.

The LGA feels that this is an important issue that should be addressed by the Government. We would like a standard new baseline to be set, which looks at energy efficiency standards and that would also help support



councils in their work towards delivering on net zero for their own housing stock but also in enforcing that across other tenures.

Q110 **Mary Robinson:** Nick Murphy, you have referred to this in your previous answers so you may just be in agreement?

**Nick Murphy:** On the Decent Homes Standard, we fully support the review and the wider remit of looking at the neighbourhood in which homes are located and the environmental agenda that Councillor Renard has just mentioned.

On the wider regulatory review, the review under way at the moment of tenant satisfaction measures is part of the answer, but not the whole answer. When we consulted with our tenants about tenant satisfaction measures they were spectacularly uninterested in league tables. They did not care that we were in the top quartile for repairs. They were much more interested in their personal experience of the repair service.

I think that the danger in looking at the consumer standards and the new tenant satisfaction measures is that the regulator might fall into the statistics trap as well and think, "Okay, they have got 95% satisfaction; they are doing well". What about the 5%? I think what Councillor Renard said is very important. We need more honesty about self-assessment from housing organisations. Do we really know, and do our tenants agree, that this is what we do well, this is where we need to improve and these are the credible proposals we have for improving the areas where we need to improve? If the regulator could help support that culture of self-awareness and improvement with a backstop of intervention where it is needed, I think it can help raise up the whole sector, rather than just have people chasing scores.

Q111 **Mary Robinson:** Some people may say that that sounds quite light-touch. What is your answer?

**Nick Murphy:** That depends on what the level of intervention is. We have heard that the serious detriment test is going but we are not quite sure what threshold replaces that. There is a danger of confusion here, particularly among our tenants. If they have a problem, do they go to the regulator, do they go to the Housing Ombudsman, and there will be a new building safety regulator as well. There needs to be real clarity for people, so that if there is an issue that requires intervention it gets to the right table quickly for action.

Q112 **Mary Robinson:** Chloe, do you have anything to add?

**Chloe Fletcher:** Not a huge amount. We also welcome the Decent Homes Standard review, particularly on climate change. There is a series of funds at the moment under BEIS, the Social Housing Decarbonisation Fund, which quite a few of our members have been bidding for. To make that work properly in the future it would be good to have a longer-term programme a bit like the Affordable Homes Programme, where people can do a proper asset management strategy and assessment and then



bid in when they are ready. At the moment the timescales are so tight and we all know the supply chain issues we are experiencing in the construction sector. This area is even more specialist. Some members may end up having to give money back if they can't find somebody to do the work, and that is no good for anyone. We would like to work with Government to make that a flexible programme that works for everyone.

**Chair:** Thanks to all three of you for coming to give evidence on a wide range of very important issues this afternoon. It has been really helpful to the Committee to have the overall views and also the experiences from your individual organisations and how things are going well or sometimes not so well, but obviously that is what the Committee is here for—to look at those and make proposals for the future. Thank you all very much for coming and giving evidence to the Committee this afternoon.

We now move on to our second panel.

## Examination of witnesses

Witnesses: Kate Henderson, Matthew Walker and Karen Brown.

*[Some of this evidence was taken by video conference]*

**Chair:** We move on now to our second panel. Thank you to the three of you for coming this afternoon. I will ask each of you in turn to introduce yourself.

**Kate Henderson:** Good afternoon. I am the Chief Executive of the National Housing Federation.

**Chair:** You almost have a season ticket with us, haven't you?

**Kate Henderson:** Two Committees in five days. It is nice to see you again.

**Matthew Walker:** Hello. I am the Chair of PlaceShapers. We are a national network of community-focused organisations. Thank you for the opportunity to give evidence today. I am also the Chief Executive of Leeds Federated Housing Association, which is a medium-sized housing association operating in Leeds and across the Leeds City region. I am passionate about the work of both organisations, all of which is about supporting the customers that we were set up to serve. By way of introduction, in advance of our submission to this inquiry we had a meeting with 10 residents from across the country. Their feedback was included in our written submission and I will try to incorporate their feedback in my answers today.

**Karen Brown:** I am the Senior Policy Adviser at the Northern Housing Consortium. We are a membership body for housing providers in the north of England.

Q113 **Chair:** Thank you all for coming. There has been quite a lot of criticism in



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the media about the quality of some social housing. We have seen the stories that ITV has run about particular properties in London, which I think have been truly shocking for those who have looked at them. Beginning with Kate Henderson, what was your response to those?

**Kate Henderson:** The examples we have seen in the media have been completely unacceptable and I know how seriously the members involved in those particular situations are taking it. I want to personally apologise; I have done already, and I know that the housing associations have done too. As a sector, we strive to get it right for all of our residents but we own and manage more than 2.5 million homes and we know from these reports that we do not always get it right. The criticism that you have seen in the media is absolutely understandable. It is incumbent upon us and the organisations involved to make sure we put that right, but also that we learn from this. We value the opportunity through this inquiry to talk about the work that we are doing, the work that we need to do and some of the underlying factors around quality in the social housing sector.

Q114 **Chair:** How can it go so spectacularly wrong, at least in a few cases? If we had had the organisations responsible before us three or four years ago they would have told us that everything was fine in their organisations, their policies were perfect, their tenants were satisfied and happy, yet at the same time this was going on.

**Kate Henderson:** We know that what we have seen in these stories is completely unacceptable, but this is not the norm in the social housing sector. Social housing is of higher quality than other tenures. The 2020 Government figures on the Decent Homes Standard show that 88% of housing association homes pass that Decent Homes Standard, compared with 79% in the private rented sector and 84% in the owner-occupied sector. However, where our homes do not meet that standard we have work to do and we have work to make sure that we improve the quality of all of our homes. Some of our homes are no longer fit for purpose. That is often due to the nature of construction and we have to talk a bit more about that. That makes them more difficult to maintain, but even if homes are difficult to maintain, every resident deserves a good level of service.

Q115 **Chair:** I will move on to Matthew Walker. What was your reaction and do you have an explanation for what goes so badly wrong in these cases?

**Matthew Walker:** I think the examples highlighted on TV are simply unacceptable, full stop. I don't think that is representative of the wider housing sector. When we spoke to residents about this, they said that there is dissatisfaction from time to time but they were keen to differentiate between what they saw as dissatisfaction, which on the whole in the vast majority of cases was to do with day-to-day repair not being done on time or not being done in the way that they would like, and the much more serious cases that we have seen on television. They said what they were particularly concerned about with those cases on



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television was the powerlessness that they perceived the residents have in that situation.

PlaceShapers say that one of the connecting factors to those issues is communication. Organisations need to be clear with their residents about how to get in touch about the issues that they wish to raise and then deal with whatever the issues are. I think that it is fair to say there is a lot of work going on across the sector at the moment in these areas of communicating and connecting with customers in response to the housing White Paper.

I would like to comment on damp and mould in particular and the increase in energy prices. One of the contributing factors to damp and mould is an inadequately heated house. We know that with the increase in energy prices there will be an increasing number of people who will find it difficult to adequately heat their homes and it is hard for that not to have an impact on an increased incidence of damp and mould across the country. That is why the work that housing associations are doing in improving the thermal efficiency of properties to help customers manage their fuel bills is important for our collective journey towards net zero carbon.

Q116 **Chair:** Karen Brown, what was your reaction to the media coverage? Why do you think it happens? Why can examples as bad as that be allowed to develop?

**Karen Brown:** The examples we saw in the media coverage were appalling and it sent shockwaves through the sector. I agree with the other two witnesses that it is not indicative of widespread failings and it is rare that problems are that severe. There is a number of reasons why that could happen and it could be related to the fabric of the building, the structure of the housing and the conditions within the housing. We know that overcrowding is increasing in social housing; one in 20 homes in the north are overcrowded. Fuel poverty is one reason, as Matthew said, and cold homes in older housing are contributing to some problems, but we know that what can't be a contributing factor is the internal processes. If a tenant has raised something or feels that there is no point in raising something, clearly that is a failing that needs to be addressed.

Q117 **Chair:** When you saw these examples, did you get feedback from your members that they had gone out and looked at their own stock and made sure that they were not in that position as well?

**Karen Brown:** I would say every housing provider will be seeking an assurance that they don't have something similar. Some organisations are very large stockholders and there are no easy solutions here at all, but everyone will want an assurance that those situations don't exist and that anything that has been reported has been listened to.

**Kate Henderson:** The sector is taking this incredibly seriously and I think when a problem is reported the vast majority of residents are



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satisfied that it is dealt with. However, and as revealed by some of these news programmes, there have been problems with customer service systems. That has resulted in people feeling that they have not been listened to. One issue is the condition of the home itself. The other issue is the service, such as the way residents feel they have been treated. This has been recognised in the Government's social housing White Paper and we welcome the conversation that is happening right now about tenant satisfaction measures.

On assurances, every housing association is looking into this in different ways: what has gone wrong? Specifically on damp and mould, some of our members are looking at every historic damp and mould case and the way that it has been processed. I know that other housing associations have introduced a new step in their complaints process specifically about damp and mould. Another I have been speaking to has been investing more but also has a more granular reporting system. If somebody phones up and says, "My home has some kind of damp and I have a child with asthma," that gets escalated incredibly quickly.

It would be good to touch on some of the causes for people living in homes that are not good enough quality in the social housing sector. I think there are three reasons for this. We know about 3% of housing association homes have some kind of damp and mould because of condensation. This happens very often because the resident cannot afford to heat or ventilate their home. We are worried that this is likely to get worse with the energy bill crisis. We predominantly house people on the lowest incomes in this country. We house people who are already in fuel poverty. There are things that housing associations can do. When damp and mould are reported they go in and they need to support with ventilation and dehumidifiers, but also work with some of the other charities around that can help alleviate fuel poverty, but this is not easy. It does not mean we should not be making sure we are doing everything we can, but condensation is one of the causes.

Another cause is the structure of the building. Government figures show that 2% of housing association homes have some kind of damp and mould because of the structure of the building. This is more complicated to fix. Again, everybody should have a good service and we should be keeping our homes in good repair. However, the solution for those properties is regeneration and we need to be talking about housing regeneration, which will fit with the Government's agenda on levelling up on supply and quality.

The third reason why we have people whose housing conditions are not acceptable with damp and mould is because there is simply not enough social housing available. We have families living in social homes that are too small for them, people living in overcrowding, and this is another contributing factor. These contributing factors are complicated. There is no excuse for poor service. The service provision should always be good and responsive, but for the causes of some of these problems, the damp



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and mould, we need to be looking at poverty and doing everything we can with the fuel crisis, we need to look at the structure and regeneration, and we need to build more social housing to alleviate overcrowding.

Q118 **Chair:** Matthew Walker, has your organisation been going out and looking at what they are doing and making sure that they are not managing properties in the same sort of condition we saw?

**Matthew Walker:** I think that one of the contributors to the previous panel said that all chief executives went and asked their organisations, "What are the chances that this is the reality in my organisation?" I did the same in my organisation. I got the answer you might expect, but we did a stock condition survey last year, partly because of net zero carbon but influenced by this agenda as well, to take a much higher sample of the properties that we inspected, 85%. We fixed any issues from that straightaway. There were some instances of damp and mould in our properties that we addressed when we became aware of them. We had not been aware of them before the stock condition survey was done.

As a consequence, we have used those examples to communicate those sorts of instances in our tenants newsletter to encourage other people who might in the future have the same issue to tell us about it, so that we can go in and do something about it. We have also done refresher training for our front-line staff on identifying damp and mould so that anybody who goes into one of our customer's homes has had up-to-date training to spot it and take responsibility for reporting it back and doing something about it.

**Chair:** Thank you for those answers. We move on now to the issue of tenant engagement, which is obviously a very important one.

Q119 **Bob Blackman:** Apart from the obvious issues with the condition of properties, one of the most frequent complaints from tenants is on the responsiveness to repairs and the repairs being carried out to a reasonable standard. According to the social housing White Paper, the response from a lot of residents is that they feel patronised and that they are treated with disrespect by the landlord overall. Kate, why do you think this is the case, and what are you doing about it?

**Kate Henderson:** Housing association staff are not stigmatising residents. People who work in social housing do so because they are driven by wanting to provide good quality, safe, secure, affordable homes for people on the lowest incomes in this country. We are committed to making sure that residents' views and concerns are not only heard but acted upon. The sector must have good, clear complaints procedures and repair services that are responsive and high quality.

Following the social housing Green Paper in 2018, the National Housing Federation launched an initiative called Together with Tenants. We did a widespread consultation, to which we had 3,000 responses, and had an



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independent tenant panel. We did a number of things as part of that. We updated our own code of governance, which is what boards use around the table for guiding their conversations and decision-making. We included much stronger content on the importance of tenant engagement and accountability in that code of governance. With our independent tenant panel, we produced a Together with Tenants charter of what tenants should be able to expect of their landlords. We have supported a huge amount of work on tenants being able to scrutinise their landlords against that charter through a variety of different means and we have also called for stronger consumer regulation, which we are getting through the social housing White Paper.

About 200 housing associations have signed up to this. It is a voluntary initiative that we are running and we would love more housing associations to sign up, but that represents about 79% of all homes owned and managed by housing associations—about 2 million homes. We would like it to go further. This does not mean we don't need consumer regulation; we do.

**Q120 Bob Blackman:** Can I just cut across? Of those organisations, how many are small organisations and how many are the bigger housing associations? You say 79% of homes, which is not a bad number, but it still leaves 21% that are not covered.

**Kate Henderson:** It is a voluntary initiative, whereas the regulation will cover all. We can provide the Committee with a list of who signed up, if you would find that useful.

**Bob Blackman:** That would be helpful. I don't suggest we go through it now.

**Kate Henderson:** No, but just to reassure you, it is housing associations of all sizes, including some of the very largest in the country and some of the very smallest.

**Q121 Bob Blackman:** One of the suggestions has been that there should be a national body representing tenants to try to make this a more equal partnership between landlords and tenants. What is your view on whether such an organisation should be set up?

**Kate Henderson:** I think a national voice for tenants would be an excellent idea.

**Q122 Bob Blackman:** Matthew, I will come on to you. No doubt your tenants all feel that all the repairs are done in your area, completely 100% and there are no problems. But you have already given evidence to us to say that you discovered damp and mould and other problems. Is there the same view on repairs in your organisation?

**Matthew Walker:** The same view that we provide a good service or that there are issues that are not going well?



**Bob Blackman:** Complaints about the service from your tenants. The fact that people have not reported damp and mould, for example, suggests to me that people don't think they will be taken seriously and anything will be done about it. What would be your response to that?

**Matthew Walker:** I haven't spoken to the individual people where that was the case to be able to give a comprehensive answer, so "I don't know" is the short answer to that question. But if a customer has a repair with Leeds Fed we do that repair and you would expect us to do it. If they were not satisfied with that I would expect them to make a complaint and, like lots of associations, we have reviewed our complaints procedure and we would respond to it in a timely fashion. We welcome the White Paper's developments to give immediate access to the Housing Ombudsman and if that option was not satisfactory to them we would expect them to contact the Housing Ombudsman and welcome the engagement of the Housing Ombudsman. Where we have occasionally been referred to the Housing Ombudsman, we have never had a case found against us, so I don't believe that there would be a case where a customer would not get a satisfactory response from Leeds Federated.

Q123 **Bob Blackman:** Kate has already mentioned the stigmatisation of social tenants. Do you think that is true among your tenants—do they feel stigmatised?

**Matthew Walker:** I think there is a number of perspectives when it comes to stigmatisation, from those who have a view who are connected to the housing sector and those from outside of it who may have misinformed assumptions about the role and makeup of social residents. I heard a quote from a resident of Coastline Housing Association, based in Cornwall, where one of their tenants, a woman, said, "I am a single parent and work bloody hard to provide for my daughter. Being in social housing, I often get the surprised look of, 'Oh, you have a job?' Yes, I work." I think that there is a notion in this country of deserving and undeserving and we must stop that if we are going to tackle this stigma.

I think that there is also an issue of residualisation of social housing. There is significant demand for the properties that we have, in part because of the high levels of private rents in the areas that we work in. The allocation policies that we use to decide who gets what property rightly prioritise those in greatest need, but there is a risk that that can create an impression that social housing is merely a safety net and not something that people should aspire to or be content with. We think the solution for that is clearly to build more social housing, so that the provision is greater for people to be able to take advantage of.

**Karen Brown:** I agree with Matthew's point, in a sense. The whole sector of social housing is marginalised when home ownership is the ultimate goal, when in fact residents of social housing can have a lifelong relationship with their landlord and professional landlords are not stigmatising their tenants. That is not to say that the White Paper is not throwing up some issues around that power imbalance between landlords



and tenants. They can't vote with their feet. They can't go anywhere else other than into the private rented sector, which we know has much poorer quality. That leads to low expectations and low engagement. There are some issues addressed in the White Paper that will tackle this.

When we talked to our members—going back to the Green Paper—they consistently said to us and gave us case studies of the high level of engagement they have had. But now they are required to go back and test it again and again to the standards so that it is not business as usual and ask what else can be done. I know the White Paper is talking about an empowerment programme but that has to be more than just passing on more information and raising awareness.

There is so much more work that can be done around this because there are some big societal issues around this that are not just for the sector to look at but we can look at ourselves as well. Why are there lower levels of democratic engagement for social housing tenants and segmenting, diversity and who lives in social housing and how they are engaged and talked to? The White Paper opens up some opportunities to look at who is living in social housing and how they can contribute to the communities they live in. Social housing providers are not just putting a roof over someone's head; they do so much more in their communities, but all of our members support the Together with Tenants programme.

Q124 **Bob Blackman:** One of the suggestions in the White Paper on social housing was giving an equivalent of freedom of information legislation so that tenants could make enquiries and organisations would have to answer them. Karen, what is your view on such a measure?

**Karen Brown:** In theory no one can object to more access to information. It depends how it is designed. We have not seen the design of such a programme and how it would equate to the public sector version of it. We don't know if it will just be—

Q125 **Bob Blackman:** Covering the issue of repairs and suchlike, one of the constant complaints from people is that the repair is not carried out properly or, alternatively, unfortunately jobs are closed off when they should not have been and there is no follow-up and people may end up living with something that is unacceptable. This would at least give a view on getting access to information for tenants. Do you accept that?

**Karen Brown:** I think that is a reasonable point and I know the ombudsman has regularly reported that the thing that adds to the length of time to resolve complaints is where information has not been kept reasonably well within the housing association and data quality around repairs has certainly added to the timescale for repairs. If it raises the bar in all of the information from when the original complaint or request comes in and right through, it speeds up the resolution of the complaint.

The White Paper makes 27 references to transparency, so clearly there is a message to the sector to be transparent and have good quality data



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and the regulator regularly advises providers about good quality data. Access to information in the way that it works in the public sector is the level of detail that is not otherwise provided because there is so much transparency and so much publication of data. Then it comes down to notes of meetings and emails. Actually, that is a positive that it adds quality data and throws light on that level. The ombudsman would need that to resolve complaints quickly. Yes, generally it is welcome.

Q126 **Bob Blackman:** Thank you. Matthew, what is your view on an FOI equivalent for tenants?

**Matthew Walker:** I am comfortable with it.

Q127 **Bob Blackman:** Good. Kate?

**Kate Henderson:** Similarly, we want to be open and accountable.

**Chair:** Moving on now to the important issue of finance.

Q128 **Ben Everitt:** Hello again, Kate. It is nice to see you. Let's stick with transparency and I will come to you first because National Housing Federation represents housing associations in England and provides homes for nearly 6 million people across 2.7 million homes. How much do your members spend on maintaining and improving that existing stock? Does all of that money come out of rents and service charges?

**Kate Henderson:** Housing associations are invested in the longevity and the conditions of their homes. They spend around £5.6 billion in repairs and maintenance each year and looking forward, emergency repairs are absolutely to be prioritised. The sector is forecast to spend £81.7 billion on development and £35.1 billion on maintenance and major repairs in the next five years. We are dealing with some competing priorities at the moment: building safety, the climate crisis and the quality of our existing stock. We really want to work with the Committee, with Government, and with residents and partners on how we come up with a workable solution that balances these priorities and enables us to develop a workable strategy for housing people on the lowest incomes in this country.

The majority of investment into the housing sector is funded through sales. I am looking for the figure here and I will find it in just a second, but I think about 41% of the investment in new development over the next five years is from cross-subsidy from sales. About 10% is from Government grant. The rest is from borrowing against the income that we receive from rents. I will double-check those figures because I can't see them in front of me; I will send a follow-up note on that. I think it is quite an important point that we as a sector borrow huge amounts of money against income streams but we also have a cross-subsidy model in terms of sales for us to deliver investment in existing homes and to build much-needed new homes.

Q129 **Ben Everitt:** I have two things to follow up on. Is the model of cross-subsidy by sale sustainable in the longer term if the Government achieve



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their objectives in meeting their 200,000 houses a year and thereby we hope—touching wood and everything else we can find lucky—easing the pressure and reducing the overall value of houses in the UK and making them more affordable? Can your model or the model of your members withstand that?

**Kate Henderson:** Cross-subsidy plays an important part in the model at the moment. I have found my figures, which is that we are forecast to spend £81.7 billion on the development of new homes over the next five years and it is 41% funded by sales, as opposed to only 10% by grant. There is a limit to that. At the moment housing associations deliver about one in four new homes in this country, either through direct delivery or through section 106. It is split about 50:50. Through the current model of delivery, we are delivering as many homes as we possibly can while meeting the other priorities of sustainability, existing quality, service provision and safety.

We would like to build a lot more homes and homes of all tenure, including social rent. We have an Affordable Homes Programme. The new Affordable Homes Programme is hugely welcome. It is a 50:50 split between affordable home-ownership and rent, including social rent. That is great. The higher the grant rate we have and the more grant available, the more social rented homes we can deliver.

Q130 **Ben Everitt:** You mentioned the conflicting priorities in where to invest. I think that everybody here will be very keen to take you up on the offer of working together to iron those out. How do your members prioritise at the moment?

**Kate Henderson:** We had the Committee session last week. At the moment, safety is absolutely non-negotiable. There is no Government funding for buildings that require remediation following assessment for properties where social residents live. The impact of that is that we estimate, based on a survey we did last year of 106 housing associations, that just over one in 10, 11%, of new planned development will not be delivered because of building safety costs. Building safety is an absolute priority. Investments will absolutely go into repairs and maintenance, especially emergency repairs. That will not be compromised on.

We will work out the balance, how quickly can we move on sustainability and we want to play a central role in decarbonising our homes, not just for the climate crisis but because it will help our residents with the energy bill crisis we are facing at the moment. It also has huge opportunities for creating jobs and growth and potentially could benefit other tenures as well if the social housing sector goes at pace.

The real thing that can go up and down in speed is supply and we absolutely have a housing crisis. This Committee has looked at this many times. We need 300,000 homes a year and we need 145,000 of them to be affordable, 90,000 to be social housing this year and every year for the next 10 years. That is the priority that will be turned down at the cost



of the others and we should not be playing off any one of these things. We should not be playing off safety against the housing crisis and people in housing need. We need to work out a better solution, which is a national strategy for housing people on the lowest incomes in this country that is around supply, quality, safety, existing homes and new homes too.

Q131 **Ben Everitt:** So as things stand the priorities go: building safety, urgent repairs, sustainability and then new stock?

**Kate Henderson:** The priorities will vary depending on the housing association and it will depend on the quality, the age, the profile and the typology of the existing homes that it manages. A good level of service provision, everybody; safety, non-negotiable; and likewise emergency repairs. I would like to think our planned repairs are things that we absolutely want to do with the longer-term investment and maintenance into our homes, but we have to do the safety and the continued service and emergency repairs first. Then I think it is sustainability or responding to a Government agenda and also driving work ourselves. Sustainability and supply will depend on the nature of the stock and the capacity of the organisations, the ability of different members to build.

Q132 **Ben Everitt:** Matthew, do you recognise that set of priorities as described there?

**Matthew Walker:** I do. We have finite resources as organisations and seek to make the most of those resources at any one time. Of course, if you add in additional commitments to that equation, something has to give somewhere. Just to give you a couple of examples of what this means in practice for associations: one association apprenticeship member told us that they have had to provide £70 million over the next five years for the costs of building safety. That is an organisation with an annual rental income of between £50 million and £60 million, which effectively means that one-fifth of its rental income is going to go on building safety over the next five years.

When I took over the chair of PlaceShapers, I took it upon myself to talk to all of our members. Over the course of a year, I had 216 conversations with chief executives about their plans and their intentions. There was only one chief executive who told me that they had the full knowledge of what it was going to cost against net zero, had included that within their business plans and it had not bust their business plans. In other words, as things stand for everybody else, the full cost of net zero would bust their business plans. PlaceShapers does work beyond just housing management. We do other things—supported housing and employment initiatives, to mention but two—and something eventually has to give. You cannot keep doing all those things and spin all those plates.

In terms of the priorities—to come back to the essence of your question—I can talk for Leeds Fed. We have a fairly straightforward approach and that is, you get what you have got right before you do other things, and



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that is the approach that we will take and, to be honest, I do not think many associations would take a different approach. That means if something has to give, it most likely will be development because people would not compromise on either building safety or net zero carbon costs.

**Q133 Ben Everitt:** That creates a bleak picture for getting to our 300,000 standard if that is the choice you have to make on the ground. Karen, do you share that view?

**Karen Brown:** It is a bleak picture and that makes things like the strategic partnerships with Homes England or on home building even more important because the sector has such an important role to play in meeting the 300,000 home building target.

So many of those other priorities are not optional and, in addition to the ones that have been mentioned, there is the Future Homes Standard, which is going to increase the cost of building new homes as well with higher standards. Our understanding is that it is slowing development and that that is where the squeeze is. It is certainly not on repairs and maintenance. That is not where it is. It is not a finite choice between development and repair; that is not how it is working at all.

**Q134 Ben Everitt:** Matthew, I will come back to you because you mentioned the issue of rents. Since 2020 rents have been regulated by the Regulator of Social Housing setting the rent standard. Before that, they were cut for four years in a row. What effect did that have and would you like more control over rent levels?

**Matthew Walker:** The impact of the rent reduction over the four years that we were required to introduce it took 15% out of our income for the life of our business plan. I suspect that would be fairly consistent across the sector so, yes, it did have a fairly fundamental impact on the extra things that we were able to do.

Like, I am sure, all associations, we were able to continue to deliver the services that we were obliged to deliver so it did not affect our maintenance service or our component replacements, all that sort of thing, but the extra things that we did came largely to an end for the period that that happened.

Going on to longer-term rent, the more certainty we have as to what the rent settlement is going to be and the longer that that rent settlement is agreed, gives us more clarity and, therefore, more ability to commit to long-term commitments, development being a good case in point. If we have clarity as to over the longer term what that is going to look like, we will be in a much better place to be able to commit to more development in the long term because of it.

**Q135 Ben Everitt:** Of course, service charges are not included in this regulation. We have had reports that some social landlords have been ramping up their service charges to cover things like building safety and rising costs of maintenance and so on. Do you think that service charges



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should be regulated to protect residents from those increases, or is that a fair mechanism for filling that 15% gap that you just told us about?

**Matthew Walker:** There is clarity in the rules as to what you can and cannot charge for service charges at the moment, so I do not see the need for additional regulation in that area. I think the issue, though, is that the rents should be affordable, and it would be wrong of any landlord to pass on those—often significant—additional costs of whatever that might be to do with building safety, to building residents because it will more than likely make their rents unaffordable, which is what we are not in the business of.

Q136 **Ben Everitt:** Indeed. Karen, do you have any views on that?

**Karen Brown:** Yes. Service charges are part of the governance structure already. They are part of the economic standard and a landlord not complying with the legislation as it stands would be in breach of the economic standard. Those charges are for actual services provided and they have to be reasonable, and anything else would be a breach of that existing standard. I am not aware of landlords using service charges for anything other than to cover the actual charge of the service.

I am aware that there are concerns around the setting of charges, increasing of charges and sometimes it even causes resistance and engagement when people have a fear of charges increasing and there really needs to be transparency and engagement around this to explain exactly what those charges are for. We have talked about transparency as well and I think that is the solution, not further regulation.

Q137 **Ben Everitt:** I suspect you are right in that transparency is going to be key to this. Kate, do you recognise the 15% figure that Matthew brought to our attention? I wonder whether you could give us your views on further regulation encompassing service charges. I suspect I might know the answer as to whether your members would like more control over rents.

**Kate Henderson:** I shall take the second part first, which is around service charges. Service charges should only cover costs associated with the service of the building. They should be transparently reported on and residents in that building should be able to question their landlord about those charges. It should be transparent. Case law is available to support having that conversation, that challenge, with your landlord.

You cannot profit from service charges, whoever is the building owner; that is a really important point. Anybody who is watching this session who is a member of the public who is worried about their service charge, do speak to your landlord. It should be transparent and accountable and we fully support that.

I mentioned the planned investment in development and that £81.7 billion figure. Our rental income underpins that investment, which is why having a four-year rent cut from 2016 to 2020 was so significant and why



certainty over rental income is crucially important for us to deliver all the Government's and our own combined objectives.

The current rent settlement ends in 2025. The Affordable Homes Programme largely ends in 2026 and the Social Housing Decarbonisation Fund is currently projected to run until 2025, so the middle of this decade provides a unique opportunity to realign revenue and capital funding in the social housing sector. The strategic approach behind it, with those core outcomes of what social housing can do for both existing and future residents, offers a big opportunity. Where the Committee goes is obviously for the Committee to decide but there is this moment, mid-2025, where we could think differently about both capital investment and revenue investment, and we would really welcome being part of that conversation.

**Q138 Ben Everitt:** What would need to change from central Government to make that conversation actually achieve something? We get people around this table frequently saying, "We want to make it better. We recognise that we have a difficult situation," and, as Matthew said, at the moment it is structured so that we cannot really deliver those competing priorities, so something has to drop. What would need to change from central Government?

**Kate Henderson:** The ability to think forward about 10 years or even longer. We have a target for net zero, which is 2050. I don't suppose we can think about a 30-year housing strategy, although that would be fantastic, but if we could think about 10 years. There is so much we could do if we could think about the funding streams for investment in the supply of affordable housing, including social rent, over the next 10 years, alongside an investment strategy and decarbonisation, with clearly mapped out increments, alongside bringing in new consumer regulation, alongside having the trajectory of the Decent Homes Standard and getting that up to all of our homes meeting the Decent Homes Standard within that timeframe.

At the moment we have different pots of money and different Government levers. If we had a national strategy for housing people on the lowest incomes, which included existing homes as well as providing for all of those who would benefit, whose life chances would be so much better by being in safe, secure social housing, I think we could do this. It is not beyond us. At the moment, the nature of the short-term funding makes that quite complicated but with levelling up, with support for social housing and with an emphasis on quality, we absolutely can do it, but I think it depends on the long-term nature of thinking about revenue and capital together.

**Chair:** We move on now to the concerns that have been expressed to us, including in the previous panel, about the commercialisation of the housing association sector.

**Q139 Ian Byrne:** In recent years, the social housing sector has diversified



considerably, with the introduction of for-profit providers, 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 and do you welcome them? Starting with Matthew.

**Matthew Walker:** I can only speak on behalf of the not-for-profit sector that PlaceShapers represents. I have to say I don't recognise the description of a trend of increased commercialisation across the sector. When I talk to our members about what they do, I hear Warrington Housing Association talking about the youth club that it has created for the elderly, including over lockdown Zumba classes for the over-60s virtually. I hear the Havebury Housing Partnership talking about delivering schemes that the private sector are not interested in developing because it would not earn them any money, but it thinks it is important for that particular locality so it spends time doing it. I hear Jonathan Higgs from Raven talking about the employment initiatives that Raven has and I hear Andy Wallhead from Wakefield District Housing Association—a big housing association of 32,000 homes—describing how, when he became chief exec a few years ago, he spent time talking to residents because he wanted to find out what they were about and to make sure the service reflected that.

Q140 **Ian Byrne:** These were not-for-profit providers?

**Matthew Walker:** These were not-for-profit PlaceShapers providers. When I listened to those stories about how PlaceShapers run their businesses, I do not recognise the description of a commercialised sector. Clearly, though, I am only speaking on behalf of the not-for-profit sector.

There are of course times when associations do have to take commercial decisions, but that is largely to do with the lack of funding for a particular scheme that requires some subsidy from the sale of property in order to create a profit in order to subsidise the social housing. I think that is a common-sense, good approach because otherwise that social housing would not be delivered. I would stop short of saying that that is reflective of a wider commercialised approach.

**Kate Henderson:** As you know, the National Housing Federation represents housing associations of different specialisms and different kinds and different sizes across the country. I think that they are absolutely all united by a core purpose. That purpose is around providing good quality, safe homes to people on the lowest incomes.

Housing associations are not-for-profit charities. We are well regulated, so it should be very clear where taxpayers' money is going. If a housing association is taking that money it will be recorded. In terms of service provision, there is no evidence of the service being better in a larger or smaller association across the sector. Some of the challenges we have seen, with the start of the questions here around the quality of service, quite often come down to the stock that some of our housing associations



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own and manage and we are keen to address that, although it is very difficult to do so without large-scale regeneration.

Regardless of size or challenge, all social landlords, all not-for-profit housing associations, should provide a good service, but our model, in terms of whether it is commercial or not, does require that we have a very well regulated, economically regulated model of business that enables us to borrow money to build and to invest. I think that is very important. It has been driven by Government policy over a number of years. I mentioned that we are forecast to spend £81.7 billion on the development of new homes over the next five years: 41% of that is funded by sales. Only 10% that is funded by grant, so there is commercial activity associated with the work of housing associations but it is done within a well-regulated, well-governed framework and, very importantly, we are not-for-profit so any surplus that is generated is reinvested in existing homes and services and in building new affordable homes.

To your question about for profit, housing associations do need to invest particularly in safety and sustainability of their existing homes, alongside building desperately needed new affordable homes. Given that there is this desperate need for more social housing, and without substantially more funding from Government—we do really welcome the Affordable Homes Programme but we need more—it is right to explore every option around bringing investment in.

So, some of our members are working with carefully chosen investors, totally regulated to protect tenants and safeguard new social housing and to keep spending on new and existing homes. However, the for-profit model itself—we do not represent the for-profit; we only represent the not-for-profit—is new and still largely untested. I think the vast majority of new social homes over the next few years will come from the not-for-profit sector. I think that, as for-profits emerge, it is absolutely vital that they are strictly regulated, just as not-for-profit housing associations are.

Q141 **Ian Byrne:** Before I bring Karen in on that question, are you afraid, as I am, that bottom-line profits will be more important than top-quality services in the for-profit model?

**Kate Henderson:** What is unique about housing associations is that they are not-for-profit. Profit is surplus and that surplus goes back into existing homes.

Q142 **Ian Byrne:** Yes, but this model is different, isn't it?

**Kate Henderson:** I don't think we have the answer to that. If it is for-profit, the profit part, unless it is well regulated and particularly if we are putting taxpayer money into the model, putting grants into the model and we have for-profit building social housing in this country, needs to be regulated. We need to know where that public taxpayer money is going as part of it. There are different models of for-profit—



Q143 **Ian Byrne:** On regulation, over the course of the last few months we have heard about the culture within the building industry, the lack of regulation and where we have got to because of that. With regards to what we are talking about, for-profit providers and the regulation, could that sort of ethos be encouraged within that sector or are you confident that the regulation will be sufficient to ensure that that does not happen—that corners are cut and profit becomes the overriding concern, like it was with the building industry?

**Kate Henderson:** Anybody providing social housing in this country, whether a not-for-profit social landlord or a new entrant as a for-profit, needs to be well regulated and well governed. It is really important, so that we know residents are getting the service that they are paying for and that they deserve.

**Ian Byrne:** A good answer. Karen, may I bring you in on this?

**Karen Brown:** On the for-profit model, the involvement of that new way of working certainly provides challenges for economic regulation. It is a new and emerging model and it is going to develop further. It is bringing finance in and money is being reinvested into the sector. It is bringing all that new money in but, certainly, as diversification takes place, it is challenging the regulation of it. That is reflected in the White Paper, which is looking at what needs to be kept an eye on, the direction of travel. In the not-for-profit sector, any surplus is reinvested in existing housing and there is a clear-cut accountability there. I don't recognise that commercialisation. It is just a viable financial model to invest in development.

**Ian Byrne:** Thanks, Chair. That has all been covered.

**Chair:** Moving on to the issue of the Housing Ombudsman.

Q144 **Andrew Lewer:** A change of topic here. As you know, when tenants have exhausted their landlord's internal complaints procedures, they can seek redress from the Housing Ombudsman. Broadly to begin with, how would you assess the role and performance of the ombudsman, Matthew?

**Matthew Walker:** I think the ombudsman has the power it needs to deal with the complaints that it has. It probably needs more resources because I hear from people that the amount of time it is taking for those issues to be dealt with is longer than anybody would want. As the White Paper becomes legislation and access to the ombudsman increases, I suspect that will become a bigger issue. I think the ombudsman is dealing with the complaints that it needs to but it is taking longer than it probably wants to.

**Kate Henderson:** The Housing Ombudsman has an important role to play. I welcome the Committee's looking at the role of the ombudsman and being clear that the role of the ombudsman and the role of the regulator remain distinct and complementary.



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The work of the ombudsman should inform the work of the regulator, so where the ombudsman might identify something systemic or significant it would pass it to the regulator to investigate.

Importantly, our members are continuing to seek ways to improve and simplify their own complaints processes, to ensure that as many are resolved as possible within the housing association. However, if issues are escalated, we want to make sure that they have a clear route to address with the ombudsman. We want to work with the ombudsman to ensure that that is simple and accessible to all tenants.

It is really important that the Housing Ombudsman is resourced properly, so that it can investigate complaints quickly and effectively and avoid any delays in dealing with complaints. Because we want to be able to reassure tenants that if things get to that point, that things have gone on and then they go through this route, they will also get a timely response.

Q145 **Andrew Lewer:** Just before I bring Karen in, just a quick follow-up with Kate because you have touched upon it already: NHF in its written submission said it was concerned about the distinction between the ombudsman and the regulator. You have just touched upon it again there. Other people have expressed that sort of concern as well but, given that you have done so specifically, what proposals in the White Paper are you worried about that may create that blurring, or which elements of it cause you particular concern?

**Kate Henderson:** We welcome the White Paper. We welcome the strengthening of consumer regulation within the White Paper. I think what we need is clarity of role as the new consumer regulation is brought forward. The Regulator of Social Housing will have a much-expanded remit to take on consumer regulation. It needs to be really clear who the primary audience is of that, which is the social housing landlords, and then the role of the ombudsman needs to be really clear. That is a route to redress and complaints at resolution for the tenant, for the resident.

I think we have to have absolute clarity of those two roles. It is important that if you are a tenant, first off if you have a problem you should go to your landlord. It should be really clear with your landlord how that is going to be dealt with. If that is exhausted you then know to go to the ombudsman. The regulator deals with the social landlord.

Q146 **Andrew Lewer:** Matthew, do you want to come in on that?

**Matthew Walker:** Yes. Just to add to what Kate has been saying about the clarity of the roles. When we spoke to tenants, as part of this consultation exercise, some said they understood what the different roles of the regulator and the ombudsman were; others have said they were not particularly clear. Those that were clear on the roles were not entirely sure about how the two work together, so I think there is a piece of work to communicate to customers about the opportunities that will be



presented to them under the White Paper to access the regulator and the ombudsman and when and which to talk to.

Q147 **Andrew Lewer:** That sounds useful. Karen, just winding back to that original question about your assessment of the role and performance of the ombudsman at the moment.

**Karen Brown:** Previously, there has certainly been, when we have talked to tenants that is—well, first of all, knowing who the Housing Ombudsman is and then the length of time taken to access those services and how long it takes to resolve a complaint. We are very pleased that the democratic filters are about to go, so that there is that direct access. Of course, they will only be looking at the process and sometimes that is frustrating. They are looking at the admin rather than the repairs, so there is a long way to go before the repair is carried out, if that is what the issue is.

We welcome the new proposals around introducing some maximum timescales, the data quality that I talked about earlier, getting rid of that democratic filter and a stronger role around local mediation in local areas so that it doesn't have to go that far in the first place.

It is something that could be built on. I am not sure that I have too many concerns about that relationship. I think there are clear routes to referral backwards and forwards, which is already happening, but tenant awareness of where the best route is to get the resolution to the complaint is an ongoing challenge.

Q148 **Andrew Lewer:** Can I follow that up by asking what your members are doing to ensure that tenants are aware of their rights to take complaints to the ombudsman? How do you ensure that that happens?

**Karen Brown:** There has been a stepping up of that considerably over the last few years from what was already a reasonably high engagement in working with tenants to how they know the best place to go to get the right redress because, again, as I am sure you have evidence of already, the court process isn't necessarily going to get them the best solution, and taking the right route of redress is better for the landlord and the tenant. There is a vested interest in helping tenants understand what their rights are, and I think the proposals in the White Paper will support landlords with capacity to do this. It is interesting that during the lockdown period this level of work accelerated. Landlords had to accelerate and up their game in terms of how they were contacting tenants, engaging with tenants, seeing who needed help and what they needed to know. It moved things forward, particularly from a digital point of view. The digital engagement went from 12% to 29% in the first few months of lockdown. We need to keep the ways of working that worked in that awful period of time, ways to engage much more easily. It has to be as simple as it possibly can be because otherwise the no win, no fee lawyers are knocking on their doors and we are not competing with that to make it as easy as possible. We have to find the simplest route



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possible through that and I think that is evolving. There is a long way to go still but some very good work has been done on that just in the last year or so.

Q149 **Andrew Lewer:** Kate, a similar question: how are you working with your members to ensure that tenants are aware of the ombudsman's service and how they can use it?

**Kate Henderson:** We are committed to working with our members and our members working with their residents around being much more open, accountable and transparent and making sure that there is good clear signposting to process.

One of the ways that we do that is that we share sector learning. For example, the Housing Ombudsman recently did a report into damp and mould. Off the back of that, we had a webinar for our members with the Housing Ombudsman to share the key lessons of that, so that we could take it on board. We had a couple of hundred housing associations sign up to that webinar.

At our major conferences and events, we also make sure that we have high-profile slots and opportunities for discussions with the ombudsman and the regulator. We often have tenants on those panels too. We communicate with our members regularly through other channels, such as regular email bulletins and the like, where we are always signposting them to good practice and guidance, including making sure that they are aware of things that are being published by the Housing Ombudsman but also the work they are doing around raising their profile and awareness themselves.

Q150 **Andrew Lewer:** Thank you. Access to tenants with the ombudsman?

**Matthew Walker:** I have not a lot to add to what has already been said, except for a couple of examples of how this is being addressed. As part of the build-up to implementing the White Paper in advance of its becoming legislation, we held a series of roundtables with the regulator with customers. We had 100 customers in total at three separate locations around the country when the new Director of Consumer Regulation was appointed. She hosted those and the aim was to discuss the changes coming about from the White Paper, so there is a means of communication there.

We have also held, as part of our annual conference, sessions with both the regulator, Fiona McGregor, and the Housing Ombudsman, Richard Blakeway, with residents on the panels to discuss the issues pertinent to their respective areas of responsibility. So, we are doing our part as well to help communicate those issues.

Q151 **Andrew Lewer:** Very briefly, finally, the ombudsman has produced a complaint handling code and asked all registered providers to self-assess against it. Do you know how many local authority providers self-assessed and do you have any information about how useful they found the code?



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**Matthew Walker:** The code is useful. To my knowledge, everyone I know has signed up to it but I am afraid I don't have national figures to give you.

**Kate Henderson:** Our position is similar. We welcome the code. The code is useful but I don't have the data. I can see if we have it and report back to the Committee but I don't have it to hand.

Q152 **Andrew Lewer:** Thanks very much. Karen, you are similar?

**Karen Brown:** Yes. I don't have anything to add to that.

Q153 **Chair:** Finally, moving on to the regulator, the Government have said that they want to take steps to abolish the serious detriment test, which I think has been criticised particularly over some of the highlighted cases that RTB exposed—which apparently weren't a serious detriment, which I think shocked one or two people—also, to give the regulator powers to do proactive inspections into particularly large providers. Kate, what is your response to those two proposals?

**Kate Henderson:** As the trade association that represents the regulated parties, we need a regulator that is fit for purpose. We consider that the regulatory regime for social housing is delivering against its current fundamental objectives, and that is around ensuring housing associations' financial stability, which underpins their ability to invest in quality homes and services for tenants. I think that this focus has to continue because it protects tenants and it maintains lender confidence, but we welcome the proposals to strengthen consumer regulation and to implement the more proactive approach to regulating these.

Many of our members are already working independently to prepare for these new regulations and we will be working with all our members to ensure a smooth transition. We will need the regulator to have adequate resources to ensure that it can transform into this new role, so that it can effectively conduct its duties and ensure that the economic standard focus is not lost.

With the increasing involvement of the for-profits, which Ian Byrne raised just a moment ago, it is important that the regulatory regime is able to robustly safeguard both social housing itself and the experience for residents. We think that the default position should be one of regulation across both the not-for-profit and the for-profit providers of social housing.

In terms of having a more proactive regime of going out and investigations, we would also welcome that.

Q154 **Chair:** That is a slightly different answer to the one we got from the LGA earlier—which you may not have heard—from Councillor Renard, who was saying there were concerns I think about almost the extra costs and extra amount of work that was going to be imposed on the sector by giving the regulator more responsibility, more powers to go in and simply



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do inspections even when no one was raising complaints about a particular organisation. Are you concerned about that? I think Councillor Renard talked about having a risk-based approach to regulation.

**Kate Henderson:** The actual investigation and having the strong consumer regulation, we very much see as the backstop to being a good social landlord. We also want landlords—and all social landlords I think want this too—to be accountable, transparent, to have a good relationship with their residents, to make sure that we are already reporting the customer experience, the resident experience, around the board table and having the investigative powers to go out and do that I think is very welcome, to provide that extra layer of reassurance, transparency and accountability where it is needed.

On resources, we have talked about priorities and pressures facing the sector in terms of safety, sustainability and quality of supply, but I think we just absolutely welcome having consumer regulation. How this works out in terms of a resource requirement will depend on the size and scale of an organisation. There will be greater pressure on smaller organisations to get up to speed but as the trade association for all housing associations, we will work with our members on a smooth transition.

Q155 **Chair:** Matthew Walker, do you worry that every year you are going to have a whole team of people with clipboards coming round checking everything you do, people who do not properly understand your organisation but come from outside and give you points according to what they think you are up to?

**Matthew Walker:** I don't think it is every year. I think the proposal is for every four years and we already have an in-depth assessment every four years. I think most people in the sector, uncomfortable as that process sometimes is, do welcome it because it is a good way of checking that we are doing everything that we should be doing, and I think people would welcome that.

We are not clear quite what particular inspections linked to consumer regulation are going to look like yet but we would welcome them as part of welcoming the White Paper, which PlaceShapers does. To the point about the risk approach, I would say that I would expect the inspection process to be risk-based and proportionate and that it would be a more in-depth process for larger organisations than for smaller ones, as it pretty much is for the in-depth assessments that we have at the moment dealing with economic—

Q156 **Chair:** They are different, aren't they, the current ones? They come to look at your books and see if you are going to go bust in the next few years. That is slightly different to looking at how your day-to-day services are operating for your tenants.

**Matthew Walker:** Yes. That is what the consumer regulation requires us to focus on. I think what is happening is that, since the White Paper has



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been produced, there is frustration—a tenant said this and I think it is widespread across the sector—at the amount of time this legislation is taking to get through Parliament. We would like it to be legislated sooner, if that were possible, than later, but we are not waiting until the legislation is in place before some of the changes that need to be made within the White Paper are being implemented. So, we would see the White Paper as welcome. I think members are engaged with the activities that the White Paper has within it and we see inspection, when it eventually becomes legislation, as part of that process.

Q157 **Chair:** Karen Brown, have you any further comments on that and do you think that at the same time we should be looking to enhance and improve the Decent Homes Standard?

**Karen Brown:** On the proactive regulations, as far as I am aware, everyone welcomes that level of assurance that balances it with the economic standard. The proportionality that is built into it means that larger housing associations will have a higher level of inspection, every four years, and smaller organisations will not have that level to deal with, so it is proportionate according to the capacity they have.

Yes, the Decent Homes Standard is out of date right the way through, particularly on thermal efficiency. It does not reflect what providers are doing in initially getting all housing up to C and beyond that, getting all housing up to net zero. We would like to see the Decent Homes Standard reflect what providers are actually delivering to get decent standards.

Other aspects of it are also out of date. The fabric of the building, ventilation, condensation—everything we have talked about today—are not reflected very well in what makes a decent home. I think everyone agreed it was the minimum level that you could expect, and not getting us to that aspirational level contributes to stigma and seeing social housing as not somewhere you aspire to be. We would very much like to see a revised standard.

Q158 **Chair:** We get legislation on the regulatory regime; you probably get one go in a generation. Is there anything else you would like to see the Government include in the proposed legislation?

**Karen Brown:** We welcome the fact that, as set out, it is not prescriptive in that it retains that core regulation and it provides discretion where needed and proportionality. It very much includes a high level of a Decent Homes Standard with funding attached to deliver that, as was there originally, and certainly building in capacity around the independence and the routes to redress, so we very much welcome what is already there.

Q159 **Chair:** Finally, coming back to Matthew and then to Kate on the Decent Homes Standard. Should it be improved and should anything else be included when the legislation comes in?



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**Matthew Walker:** Yes, I am happy for the Decent Homes Standard to be updated. We think it should include the things that Karen has suggested, certainly, energy-efficiency works and net zero carbon stuff. We welcome the proactive nature and the removal of the serious detriment in the legislation. One of our customers said to us that even small problems have a detrimental effect on tenants' wellbeing, so where that bar is set is really important. The removal of it is one thing; where it is set as a replacement is another thing, and that—as I think one of the previous contributors said—has not yet been clarified, so that is something that we would welcome.

We would also welcome the regulator having a mechanism for measuring the overall quality of the service that we provide to our customers as part of this legislation.

Q160 **Chair:** It looks quite a challenge, I would have thought, to try to get something that everyone would agree to there, but that is a challenge you have thrown out. Kate.

**Kate Henderson:** Like Matthew and Karen, we absolutely welcome updating the Decent Homes Standard. It needs to reflect our current and future ambitions on net zero and align with how we are going to improve the energy efficiency of our homes.

In terms of the legislation coming forward, we welcome what is set out in the social housing White Paper. What we would also like to see alongside legislation is a return to dedicated funding for regenerating existing homes. That would solve some of the issues we are seeing in terms of quality. Alongside that, we would love to see a long-term national plan for housing people on lower incomes, developed collaboratively with residents and making clear how we deliver urgently needed new social homes, replace old ones, and improve others to the quality and energy efficiency that residents rightly expect.

**Chair:** Just a small ask at the end, then.

**Matthew Walker:** Absolutely.

**Chair:** Thank you, all three of you, for coming to the Committee today to answer our questions. That has been very helpful evidence that will inform our final report when we produce it, so thank you very much indeed. That brings us to the end of our public proceedings for today.