HOUSE OF COMMONS

Levelling Up, Housing and Communities Committee

Oral evidence: Pre-appointment hearing: Chair of the Regulator of Social Housing, HC 1208

Monday 21 March 2022

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Watch the meeting

Members present: Mr Clive Betts (Chair); Bob Blackman; Ian Byrne; Florence Eshalomi; Andrew Lewer.

Questions 1 - 47

Witness

[I]: Bernadette Conroy, Government's preferred candidate for Chair of the Board of the Regulator of Social Housing.

Examination of Witness

Witness: Bernadette Conroy.

Q1 **Chair:** Welcome, everyone, to this afternoon's session of the Levelling Up, Housing and Communities Select Committee. This afternoon's session is a particular session, which is called a pre-appointment hearing for the Government's preferred candidate for the Chair of the Board of the Regulator of Social Housing. That is quite a long title for the session, but essentially, the body that regulates social housing in this country—and some of those issues have been in the news recently and we are having an inquiry into these matters—has a Chair who oversees its work and the Chair is recommended for appointment by Ministers. Then the Ministers' recommendation comes to this Committee for us to carry out an inquiry, an interview process, which we are doing this afternoon with the preferred candidate of Ministers who is Bernadette Conroy.

Bernadette, you are very welcome to the meeting this afternoon. We are obviously going to have some questions of you about your past experience and how you see the role that you are being recommended for, so thank you very much for coming and being with us. We look forward to what you have to say.

I suppose the first question is a pretty obvious one: what made you apply for the job?

Bernadette Conroy: I became involved in housing about 15 years ago. At the time, I was working as an executive in financial services and I took on my first non-executive director role with a small organisation in east London, in Tower Hamlets, called Poplar HARCA and, I suppose, in some ways I discovered the enormous reward that comes from working in the sector.

I have seen the tremendous benefit that providing a home for someone can give, and the stability it can give them in terms of employment, access to consistent healthcare, education for families and just being part of a neighbourhood. The opportunity to continue to work in housing, and to do that on a national scale, at a time when the regulator has many changes coming its way—particularly in introducing the proactive consumer standards, which I very much welcome—is why I chose to apply.

Q2 **Chair:** Right. I am sure we are going to come on and explore some of those particular issues. You have already chaired Network Homes. Has that influenced your thinking about the sector for good or bad?

Bernadette Conroy: I think for good and for bad. I have seen the real good it can do. I have also seen some situations where, realistically, we would like to improve the quality and standard of some of the homes. It has been an interesting journey, both with Poplar HARCA and Network Homes. I have seen the sector evolve and I have seen housing evolve over the time. It can be very complicated, because you need to have a balance between the existing stock that you have and making sure that you are continuing to drive new supply to address some of the affordability challenges that we have within our population. That makes it incredibly interesting for me as an individual, but there are so many things we need to improve and change.

Q3 **Chair:** We will come on to some of those, but you said that you are going to step down as Chair of Network Homes. Are there any other of your current roles that you are going to withdraw from as well?

Bernadette Conroy: Yes. I am currently a non-executive director at Milton Keynes Development Partnership. That is a subsidiary of a local authority and it also has recently established a local housing company, so I would stand down from that role with immediate effect if I were to be appointed.

Q4 **Chair:** However, you are still going to have a few other roles that you are going to continue with. I suppose the obvious question is: will you have time to do the job of Chair of the regulator?

Bernadette Conroy: Yes, I believe so. I have thought very carefully about it. I will continue to have three substantive roles, one of which is with the FCA. I am a non-executive director at the Financial Conduct Authority. I am also an independent Chair at the University of Cambridge, looking after its estate and development pipeline. The RSH would make a third substantive role, and then I have a governorship of a school that I would like to continue to do as well.

Q5 **Chair:** Is there any conflict with any of the bodies that you might be overseeing and the role at the FCA?

Bernadette Conroy: No. I have spoken to the FCA and HMT to ensure that they are comfortable with the appointment, and they have indicated that they are. To be honest, having experience of other sectors is very helpful. There is a lot of overlap, but there is also a lot of good practice that can be brought to bear from other sectors, so I am looking forward to being able to share some of the best practice across the three roles.

Chair: We will move on to the key responsibilities that you will have.

Ian Byrne: Welcome, Bernadette. Lovely to welcome you here.

Bernadette Conroy: Thank you.

Q6 **Ian Byrne:** Before I touch on the questions, last week I was in a Westminster Hall debate, which was on private housing. We took evidence from a doctor in Liverpool. He stated that living in a poor home could knock 20 years off your life expectancy; so that is how important this is. This role is hugely important. You have a Government who are committed to levelling up. Levelling up does not mean anything unless you have the ability to have a home. Therefore, when you talk about your different roles crossing, I hope you do realise that a good home is potentially a matter of life and death for millions of people in this country and, say, 20 years' life expectancy. That was in Liverpool alone. That was from somebody who was in a good house in Liverpool compared to poor housing and the impact it does have on the generations, so it is a hugely important role that you are taking. I am sure you are aware of that.

Bernadette Conroy: I totally agree. I spent 10 years also as a non-executive in the health sector and I am acutely aware of the challenges from a health point of view that poor housing can bring.

Q7 **Ian Byrne:** Absolutely. That is good to hear. What do you see as the most important responsibilities of the regulator now that I have just outlined that it can knock 20 years off your life?

Bernadette Conroy: The most important responsibilities going forward will be in terms of implementing the new proactive consumer regulation. That is absolutely critical. I fully support it. It is something that the Social Housing White Paper has brought to the fore, and we need to be able to get our hands around it. In the same way that the regulator has been successful in driving proactive economic regulation, I am looking forward to it being able to drive proactive consumer regulation. The result, I would hope, would be to reduce the level of non-decency that is out there in the social housing sector at the moment. I think that is one of the most important challenges.

It is also important to continue to have very strong economic regulation. It is always the case when you bring something new in that the pendulum can swing too far. The economy at the moment is challenging. There will be lots of challenges from a financial point of view on providers at the moment, so it will be important to make sure that as a regulator we can ensure that the economic viability remains. I see that as one of the second challenges that we need to ensure we put in place.

Q8 **Ian Byrne:** Just to follow up on that, that is really good to hear, but when we talked to some of the people in social housing—we had a very powerful session a couple of weeks ago—very few were aware of the regulator, or the actual power that the regulator has and its ability to tap into that to query some of their experiences. Is that going to be a key part of your job as well?

Bernadette Conroy: Absolutely. I listened to some of that evidence and I was saddened—I think that is the word—to hear of the impact on some of their lives but, perhaps more importantly, to hear so many of the individuals giving evidence say that they were not aware how to make complaints. They were not aware of the landscape in terms of being able to access support.

It is important—and I would see my role in trying to shape this—to understand that landscape and how landlords come into it, how the Housing Ombudsman comes into it and how the regulator comes into it. The regulator is very clearly responsible at an organisational level. The Ombudsman very much at an individual level is helping to sort out individual problems and redress, but we are all trying to do the same thing and we need to work together to make sure that tenants can access the right level of support.

I see it as very important that we continue to engage with tenants. I know that some 8,000-odd tenants were engaged with, in putting together the White Paper. I know that the regulator is already talking to tenants to make sure that it gets the measures and the metrics for the consumer regulation right, but it should not stop there. It will be an evolving regulation. I do not know that we will necessarily get it right on the first go, but if we keep talking to tenants we will understand whether the measures are more than just measures. We will know if they are actually changing and making sure that we are getting the outcomes we want to get.

Q9 **Ian Byrne:** You would acknowledge that, at the moment, there is a power imbalance between tenants—

Bernadette Conroy: From a regulator's point of view, I do not think that there has been the ability to do the proactive consumer regulation. The power imbalance is as a result of the way it works at the moment. We absolutely have the opportunity to change that. I would want to oversee that and make sure that we get the right outcomes.

Q10 **Ian Byrne:** That is good to hear. Bearing in mind that the regulator also regulates social housing, can you tell us what role you think social housing plays within the housing sector and society more widely?

Bernadette Conroy: I think it plays a critical role. There are plenty of individuals who, for whatever reason, are perhaps not able to access homes and housing at market rent or market ownership. Social housing plays an important role in making sure that those people find a safe and secure place to live from which they can move on. Some people choose to stay in social housing; some people use it as a stop gap and they move on at certain stages of their life.

It also has an absolutely critical role to help with temporary housing, sheltered accommodation, homelessness, supporting refugees, veterans and people with mental health crisis. Before I came here, as I left Westminster Station, I spoke to two homeless individuals who were sitting there. I asked them why they were hopeless, homeless—that was a real slip there—and I was saddened to hear that it was more to do with health reasons than it was to being able to access a home. Therefore, I think we have a lot to do and social housing has an enormous role to play in the broader society.

Ian Byrne: Thanks, Chair.

Chair: We will look at the issues of regulation now.

Q11 **Andrew Lewer:** You have already talked about your role as a non-exec at the Financial Conduct Authority. Could you tell us a little bit more about what that has taught you about regulation and how you would apply that knowledge in your role as Chair of the regulator? I suppose that is a question as much about good regulation as regulation, per se, and possibly over-regulation as well.

Bernadette Conroy: If I take two things that I have learned, the first is about balance. Regulation needs to have two strands to it. The first is to protect the consumer and prevent harm. The other is to allow the marketplace to thrive and have integrity, and have innovation come into it. If you over-regulate on one side, you will not get innovation on the other side. The comparison there for the housing market would be the protection of the consumer, while also allowing lenders to have confidence and bring new money into the sector to allow the new supply. That is the first thing. It is very much about balance.

The second area is on data. As we move forward, the importance of collecting information and being able to use that information to help oversight or supervision. I think the terminology between the FCA and the RSH is quite different. The FCA uses terminology such as "authorised", "supervise" and "enforce". I think the RSH is much more about oversight because it operates a more co-regulatory environment than the FCA does.

You mentioned towards the end good regulation versus bad regulation and over-regulation. As you are aware, I have been the provider on the housing side for many years now so I have been part of a regulated entity. The RSH has a co-regulatory approach, and that works very well. It has a co-regulatory approach to economic regulation whereby, as a landlord, you are expected to demonstrate that you comply with the standards. I do not think that anyone in the provider market has anything other than respect for the standing of the regulator. Although the regulator does not bare its teeth very often when it does, it can take very decisive action, so I think the co-regulation works well.

Q12 **Andrew Lewer:** Thank you. That co-regulation point is quite a key aspect of this particular role, as you have expanded upon already. Do you think there are any drawbacks to co-regulation, as well as the strengths you have touched upon? A lot of housing associations allot, so what if one isn't really referring oneself properly or not playing ball in general so that you do not get the read access to the information that you may have from HAs, which may have problems, but are at least referring them on as they are supposed to do?

Bernadette Conroy: I do not think any regulator or in fact a board of a landlord should ever take a single source of assurance. I think it is absolutely key in governance to be able to draw on multiple sources of assurance. I would be looking to ensure, particularly in the new proactive consumer regulation world, that what we are hearing from tenants also triangulates with what we hear from landlords. The same would be the case for the Housing Ombudsman and the new Building Safety Regulator when it comes into play. Therefore, that landscape triangulates so that you can understand whether what you hear from the single source of data that you get on a return, or through an IDA process, actually is assured by other sources.

Q13 **Andrew Lewer:** How would you go about doing that? You are going to be getting a lot of returns and, you know what these things are like, they all generally say the same thing, which is, "Everything is fine and we are doing really well". How will you pick up information or intelligence—with this triangulation that you describe—to know where to focus on or where there are areas of concern? Obviously, there will be a few headline ones, like the ITV one we heard about, but more normally that will be rather less apparent, so where would you get hold of that?

Bernadette Conroy: I would expect to have regular meetings with the Housing Ombudsman and when the Building Safety Regulator is up and running with that regulator as well, perhaps on a board-to-board basis.

I would be looking at themes. I think the Housing Ombudsman can bring in two areas. It can triangulate at a specific landlord level, so it can highlight problems with specific landlords, but it can also give specific themes. If we are starting to see themes in a particular area, we know that is something we can look for, either on the statistical data returns that are provided by the smaller housing landlords, or through the IDA process that is conducted for the larger landlords with over 1,000 units.

Q14 **Andrew Lewer:** Earlier you talked about tenants and a co-regulatory approach involving them more. The Chair has responsibility to represent the regulatory interactions with social housing tenants and is expected to increase engagement with tenants. Do you think that is just a cultural thing that you can inculcate within the organisation more, or were there insufficient levers previously for previous Chairs and boards to do that with tenants satisfactorily?

Bernadette Conroy: I think it is a combination of both. I do not think the levers were there previously. The new regulation will enable that to happen. I do believe that it is cultural. You do need to want to go out to talk to tenants. You do need to understand that if you listen carefully you can hear very important messages. Poplar HARCA was a resident-led organisation, so the board and the committees were all resident majority. The power of the information that they can provide can ensure that you make the right decisions.

As Chair and as an ambassador for the organisation as well, I would want to be out talking to tenant representative groups up and down the country—I would not restrict it to being in the south-east where we happen to be right now—and make sure that we are listening and hearing the voices.

It is going to take a while to understand whether the measures that get put in place ensure that we are driving the right outcomes. Therefore, it is important to continue to talk to tenants to make sure that together we are managing expectation but, also, if things are not turning out right, find out how we change them. How would we change the measures to make sure that we are still driving for the right outcomes?

Q15 **Andrew Lewer:** Thank you. In terms of tenants—we have touched on it already—most have never heard of the regulator. Would you have expected people to have heard of the regulator in terms of their day-to-day lives and, if you are keen on raising awareness, how are you going to do that without a paperwork overflow of people having yet another leaflet in their pack with their bills every month and so on? Equally importantly, how would you avoid a regulator ending up being the first port of call rather than the last port of call? If everyone is immediately aware that this body exists, every problem anyone ever has, they will think, "I tell you what, I am really annoyed that I haven't heard from my housing manager today. I am going to complain to the regulator".

Bernadette Conroy: The clarity of communication is very important because, as I said earlier, when I come back to listening to the evidence that was given to this Committee, tenants just did not know where to go. Their first port of call should be their landlord. It then goes to the Housing Ombudsman to help with individual redress. The role I see with the regulator is much more at a strategic, broader level to understand themes, to hear and to listen to what might be happening in the whole of the sector, so that we as a regulator can shape it at an organisational level rather than an individual level.

To your point exactly, I do not think that we should be going out there and saying, "Please come and talk to the regulator about your individual problems". That is not what we are going to be there for. What we want to do is do it on a more strategic level with tenant representative groups, making sure that they bring tenants together to talk about specific, broad issues in the sector where we may be able to help at a more organisational level than an individual redress level.

Q16 **Andrew Lewer:** Specific issues and broad issues are different, so, if you are speaking to tenants as much as you say you wish to do, how are you going to disaggregate problems in a particular block versus strategic problems, and how are you going to avoid talking to tenant groups that are the usual kind of people, therefore, rather than grassroots tenants who can express something that is not just their problem but is a broader brush and strategic issue?

Bernadette Conroy: The wider representation issue I think is very important. I am not sure that necessarily tenant representatives always reach the widest groups of people. I am concerned that for some of the more vulnerable people, certainly in the supported and sheltered housing, their voice is actually heard a lot less.

Therefore, it will be about reaching a wider group but, again, it will be about holding more focus groups and forums. It is not about trying to redress individual, specific issues with one tenant or one particular block or one particular landlord other than—as I spoke earlier about—triangulation. It is about trying to gather the thematic-type information that will help us shape the measures of satisfaction—so what matters to you.

When we ask people about safety, what they often say is that they do not necessarily just want to be safe in their homes. They want to feel safe in their homes. That is a very different perception, feeling rather than being safe. Therefore, how do we make sure that we have a tenant satisfaction measure that reflects that? The most important things that people have is about things like, "How fast do I get my repairs done?" That is not necessarily an issue that is specific to one block or one tenant. It is something that on aggregate we hear all of the time and, therefore, we want to make sure that satisfaction measures do reflect those broad thematic requirements that tenants think are important to them.

Andrew Lewer: Thank you very much.

Ian Byrne: Can I come in there?

Chair: Yes, of course you can.

Q17 **Ian Byrne:** On the piece that you were saying there, Bernadette, through emails I always get feedback from many disabled tenants who feel as though their voices are not heard. They are not comfortable—you talk about focus groups and official groups, sometimes they do not feel as though they get treated with the respect they deserve. How are you going to ensure that disabled people get their voices heard through the regulator and you are actually listening to those groups?

Bernadette Conroy: I do not want to be specific, because I need to get inside the organisation to understand exactly what is in there at the moment and how we are reaching out. I feel very strongly that the third sector can play a very important role in making sure that we reach more vulnerable tenants, so reaching out to the appropriate representative groups that might not normally have a role of doing tenant representation but can speak very ably about the people who come to them with specific issues.

I think that is definitely the case with the elderly group, where perhaps they are not comfortable using digital means and there is an expectation that everybody can write an email now and make their complaint online. That is just not the case in some particularly more vulnerable elderly groups. Therefore, I think accessibility in the broadest sense needs to be looked at, to make sure that when we are talking about how we get a wide representation that we think about how people might want to talk to us.

Ian Byrne: Excellent answer. Thanks, Chair.

Chair: We will move on now to the independence of the regulator.

Q18 **Bob Blackman:** Apologies, I have been in another meeting so I missed the other comments that you have made.

Looking through your CV and the experience that you have had, obviously you have had a lot of experience in dealing with housing. I am not clear what experience you have had in dealing with Governments and Government Departments, because clearly one of the key roles of this regulator is dealing with Government Departments on a cross-government basis, and also being seen to act as an independent voice. Can you talk us through what experience you have had in that particular area, please?

Bernadette Conroy: My experience is definitely more limited. I have had a lot of experience at local authority level and occasionally with the mayoral situation between local authorities and independent Mayors, because I have worked in Tower Hamlets and across other London boroughs, so that is an area that I probably need to spend some time making sure that I am up to speed on.

In terms of independence and the independent role of the regulator, I am very clear that we are accountable to Parliament and Parliament as a whole. It is also very important that, as an arm's length body, we can exercise independence of judgment because that will ensure that we can be consistent and fair across all of the judgments that we take. Of course, we have to be accountable for that, but it is important that we can show fairness and consistency when we exercise that judgment.

It is also important that that can be clear to the external world. We need to have a viable sector. We are reliant on funders to make sure that the new supply pipeline can be there. They will look to the sector and look to the independence of it to make sure that they feel secure in lending to it.

Q19 **Bob Blackman:** Obviously, one of the challenges is reform of the current regulatory regime, which you are probably taking on essentially. We are going to come to that and there will be a few other questions in detail about that in particular.

Some of those changes, for example, the inspections regime and compliance with consumer standards, are going to be key. That is going to place an additional burden on the regulator, I think you would accept that. How will you approach the Government to gain the resources that you are going to need to take on these additional responsibilities?

Bernadette Conroy: At this stage, because the legislation is not fully in place, not everything has been sorted out. I fully accept that the capacity and capability will need to be addressed in order to put this in place. I also think a lot of it will be about culture and mindset. We do want to make sure that we do not swing the pendulum too fast, so from a capacity point of view we have to make sure that we have capacity on both sides of the new regulation and the economic regulation and the capabilities that will be different. We will need to think about how we recruit into those roles.

The regulator has already taken some of that into consideration and has recruited to some of those roles already, but I think it is fair to say that, until I get inside the organisation, it is very difficult to work out exactly what we will need and how we would approach Government with that. What I do know is that I would be looking to see a very clear business plan that sets out exactly what we would need, why we would need it and how we are going to know if we have been successful, and I would not expect to come before Government and ask for resources without having a business plan.

Q20 **Bob Blackman:** You have experience in doing that in other guises because, as you say, it is a key role. The Government are not going to be keen on spending money, because Governments never are, and presumably you are going to be asking for extra resources.

Bernadette Conroy: Yes.

Q21 **Bob Blackman:** Can you give us an example of where you have done that in the past?

Bernadette Conroy: I have done it in the health sector, where we have been looking at the resources that we might need to take on new activities. I was in the commissioning side of the health sector and, therefore, we were commissioning services looking at how much they would cost, what resources we would need, where we would want to situate them, how we would judge the performance of those services and how we would manage and understand the risks.

For me, it is a core part of governance and for almost every new activity that comes before me as a Chair or as a board member, those are the sorts of questions that I would ask. It is very clear that you need to ask, "How am I going to be accountable for this? How am I going to justify it?" At the end of the day, in the housing sector, it is about the public purse and, therefore, it is accountable to the taxpayer as much as it is to Parliament and all the stakeholders and tenants that we have.

Bob Blackman: Thank you.

Q22 **Chair:** In terms of the role of the regulator so far, would you accept that primarily the regulator has been an economic regulator—that has been its main function?

Bernadette Conroy: Yes, I do accept that.

Q23 **Chair:** Are you aware of the report the Committee did back in 2013 about economic regulation by the predecessor to the current body?

Bernadette Conroy: I am not sure I am aware of the specific report that you are referring to.

Q24 **Chair:** Right. We were very critical of the regulator at the time—I think Bob Blackman is a member of the Committee who will remember this—for effectively disguising concerns about the financial stability of housing associations under comments about governance, and the term "governance" was basically a surrogate for financial issues. The answer was, "Well, we don't want to destabilise the market". Eventually, the regulator accepted that this was not an appropriate approach and agreed to change its mind. How would you deal with that issue? If you have concerns about the finances of an organisation, how transparent would you want to be about any concerns?

Bernadette Conroy: Transparent to?

Chair: The public.

Bernadette Conroy: Possibly, as a result of your report, I think the regulator has potentially more teeth than it used to have. I think there are some very specific examples quite recently where the regulator has stepped in on enforcement issues, where financial issues have been discovered in landlords.

Having been a provider in regulation during the period since 2013, I have found the regulator to be quite tough on both financial and governance matters in the IDA process. It has been very clear to me that I am being judged both in governance terms and in financial terms. I think when the regulator does step in, it publishes its notices and judgments on its website and puts them in the public domain.

Q25 **Chair:** That should be right—even if the judgment is on the financial measures that the regulator is not particularly happy with what it has found, that judgment should still be made public, should it?

Bernadette Conroy: Yes, I believe so. If the regulator has made a judgment and served a regulatory notice, it should be in the public domain.

Q26 **Chair:** Right. Even if it has not gone so far as a notice, do you think there is sometimes a case for a quiet word with organisations before you get to that point?

Bernadette Conroy: I believe that lots of conversations take place before we get to the point of a regulatory notice. The regulator will generally want to have a conversation with the boards of landlords to make sure that they have a delivery plan. If it feels that it is satisfied with how the landlord is going to address those issues, there may not be the requirement to serve a notice against them.

A regulatory notice and judgment is normally made after the regulator has satisfied itself that the landlord is not able to address the issues that it has found.

Q27 **Chair:** The regulator marks the form, doesn't it, in a certain number of letters it has to—

Bernadette Conroy: There is a governance rating and a viability rating.

Q28 **Chair:** Yes, and that should be transparent as well, should it?

Bernadette Conroy: Yes, it is.

Q29 **Chair:** That is not what we found when we looked at it in 2013, so it is good to hear that you have looked at it again and it is now being done in a slightly different way.

The sector is changing, isn't it, particularly with "for profit" providers coming in? There are some quite large organisations who sometimes have complicated financial arrangements. Do you think that the regulator is currently fit for purpose to deal with those sorts of bodies?

Bernadette Conroy: I think the regulator needs to change to understand the business models in those organisations. They are different, but there is an expectation that they will comply with the standards and, therefore, the capabilities need to be in place in the regulator to be able to understand the business models that are in those organisations.

Many of those organisations will be subsidiaries of much larger companies and, therefore, have minimal staff. They might be serviced from the parent company so understanding how that business model works is going to be very important. I cannot say at this stage whether I know that all the capabilities are there and exist today, but it is something that is very important and something that I will be looking at.

It is fair to say that there are benefits to having "for profit" providers coming into the sector. They bring money in and they bring new ways of working. However, I would want to ensure, as a regulator, that we understand the short-term and long-term priorities of these organisations because there would be a concern that it is very much in the short-term and they might choose to exit the sector in the longer term, and I do not think that is healthy for the sector.

Q30 **Chair:** Do you think you might need some more staff with specialist skills then to make sure that you completely understand what some of these organisations are up to?

Bernadette Conroy: It is a possibility. Again, I do not know the skills in the regulator yet, but I think it is something that we need to look into to make sure that we have the right capability. I would also add that it is not just the "for profit" providers. There are lots of new organisations wanting to come in and help with the financing from a forward funding point of view, on some of the energy-related sustainability agendas that housing associations have. I would want to make sure that those sorts of structured products are well understood, not just by the regulator but by the landlords' boards themselves so that they understand the risks that they are taking on.

Q31 **Chair:** The other measure is obviously consumer standards. Are there areas where you might see a conflict between good economic standards and good consumer standards? I am thinking of two areas. The "for profit" providers might think sometimes that making money is more important than looking after tenants, particularly vulnerable tenants. Do you see potential concerns there that you will have to oversee as a regulator?

Bernadette Conroy: I can see lots of concerns, not just in the "for profit" side of things as well. In the "not for profit" sector there is also a balance and trade-off between safety, quality of homes, new supply, and sustainability. All of those have to be balanced and managed. Safety is clearly first on that list, but, yes, there have to be trade-offs. There have to be prioritisations. You can call that conflicts.

As a regulator, we would want to make sure that the standards are being adhered to and we regulate against them regardless. The challenge will be there. We expect the providers to comply with the standards across all of those elements, and they need to explain themselves if they cannot.

Q32 **Chair:** One of the areas that we have explored in our inquiry into regulation of social housing is the issue of organisations that are perhaps getting, some might say, over large. They certainly have a major geographic spread. They are probably involved in 50 local authorities at some counts. Do you think the drive towards simply getting bigger and bigger for economic reasons can have a detrimental effect on consumer standards and the way they look after tenants?

Bernadette Conroy: I do not think there is any evidence to suggest that large landlords are necessarily any worse than small landlords. I think there is good practice and bad practice in both groups. What we need to do moving forward, when we set the consumer standards, is to make sure that all landlords comply with them. There might be a challenge that suggests that landlords who are larger and across multiple communities might have more difficulty reaching their tenants.

I know that some concerns have been expressed before this Committee about the loss of neighbourhood offices and models that used to provide neighbourhood offices. From the regulator's point of view, we would want to make sure that the standards are being adhered to and that the business model can do that. I think we have seen a number of large providers looking at those models and considering whether a neighbourhood-based model might be something that they wish to return to.

Q33 **Chair:** To put it another way, it has been suggested that something that the sector might do better is to look at the fragmentation of housing stock. I can think of some areas in Sheffield, my constituency, where they have five or six social housing providers in the same area and you want to get an area of grass cut and four of them have to talk to each other to agree it. That is surely a waste of resources. Do you think it is part of the regulator's job to achieve some rationalisation of ownership within areas, rather than simply getting to major amalgamations across many areas?

Bernadette Conroy: I do not think it is the regulator's job to reshape the sector. I think that we should encourage providers to work collaboratively if they are operating in the same areas. We will always be pushing for value for money. In those instances that you have just talked about, that would be a value-for-money issue, but it—

Q34 **Chair:** You have just said that it should not do it and then you said it should do it. It seems to be quite—

Bernadette Conroy: I do not think we should be proactive. I think we should be looking to question, under the value-for-money standard, whether the practices are delivering good value and whether there are other ways that they might be able to secure good value. I do not think that we should be taking a view that says, "You must" or "You should" but we should be testing against the standards that we set.

Q35 **Chair:** What about helping in the process if organisations want to achieve something but may be struggling?

Bernadette Conroy: I think the regulator always has a requirement that if organisations are looking to set up partnerships or mergers or work together with other housing associations, they come and talk to the regulator to make sure that the regulator is comfortable with that approach.

Q36 **Chair:** Could you be more than simply comfortable? Could you be out there helping?

Bernadette Conroy: I do not think that the regulator should be taking a stance to proactively reshape the marketplace.

Q37 **Chair:** Should you be a facility there to help if that is what the organisations want?

Bernadette Conroy: If that is what the organisations want, we should not be a blocker to that.

Q38 **Chair:** That is not quite what I asked, was it? No. Should you have the capacity to help? That is what I am really asking.

Bernadette Conroy: I think we should be able to help where it is in the interests of the sector, absolutely, yes. I think we are aligned in our aims as landlords and as a regulator to try to make sure that—

Q39 **Chair:** Yes. Particularly, small organisations, just to get things done, may come for some expertise and help and advice about how to do it.

Bernadette Conroy: Yes.

Q40 **Chair:** The Serious Detriment test has come up quite a few times in terms of consumer regulation. You would be happy to see it abolished?

Bernadette Conroy: I would, yes. I think it ties one hand behind someone's back and I am very pleased to see it go. It is too late by the time you get to serious detriment. We want to be able to regulate earlier in the process.

Q41 **Chair:** That is the next question, really. That is going to go because the Government have decided. The regulator has not complained about it before, as I understand. Should the regulator be there a little bit more proactively saying to Government, "This is what we think needs to be done to improve our ability to regulate?"

Bernadette Conroy: I am not aware of whether the regulator has been having those conversations over the last however many years. I think the regulator's job, if I were there, is to help inform and engage with Government on issues where they see policy perhaps not being to the full benefit of the sector.

Q42 **Chair:** Right. Would that be a public advice or privately to Ministers?

Bernadette Conroy: In the first instance I would want that to be private conversations. It is for the Government to set policy. It is for the regulator to help inform on that policy.

Q43 **Chair:** If in two years' time you get this job and you come back to see us and I say, "What needs to improve so you can do your job as a regulator better?" Would you say, "Well, I can't talk about that because I can only talk to Ministers privately"?

Bernadette Conroy: Of course not. I will always be open and transparent and honest in front of this Committee.

Q44 **Chair:** That is helpful. Quite a good answer, really, isn't it? Okay. I think you have partly answered this question. We have obviously had some tenants before us with horror stories. I think we are all shocked on the Committee. Could you give us any reassurance that tenants will not be coming back with those stories in three or four years' time if you are in this job?

Bernadette Conroy: I hope so. There will always be circumstances. I do not think we will ever eliminate things down to zero. There are always going to be reasons why certain tenants have not been able to have their issues looked at or remediated, but I would hope and I would want as part of my performance objectives to be able to demonstrate a reduction in the level of complaints, a reduction in the level of non-decency. I do not know that it is going to happen immediately. I worry that the situation might look worse before it gets better, because the more we can uncover the better in some respects because then we can remediate it. Therefore, I think it will be for us to take away as to how long we think that might take, and what performance measures you should choose to hold me accountable for that.

Chair: Thank you. Bob Blackman, final question.

Q45 **Bob Blackman:** Yes. Just looking at the crossover between the powers of the Housing Ombudsman and the role of regulator here, I think it is fair to say that there has been some blurring of the lines. It might be that one role is encroaching on the other. With the new powers to investigate the systemic failures of the regulator, how do you see that will impact on the role of the Housing Ombudsman?

Bernadette Conroy: We both have very specific roles. We are going to touch each other at times, but that should be a good thing. We should be sitting down and talking together. We should be recognising that we are trying to work towards the same aims. I am very clear that the Ombudsman's role is very much about individual redress and individual concerns, and I am very clear that the regulator is about the systemic failure of organisations. We cannot operate effectively without each other, so we need to have a regular dialogue with the Ombudsman. We need to work together, and I would see it as a symbiotic relationship—for want of a better word. I would want to have regular engagement with the Housing Ombudsman.

Q46 **Bob Blackman:** Have you had experience of dealing with the Housing Ombudsman in your previous roles?

Bernadette Conroy: We regularly review at a board level the number of complaints that we have had referred to the Ombudsman. As a board, we review those responses. We look at what the Ombudsman has said and we try to use that as a learning example at an organisational level.

Q47 **Chair:** Are there any other issues you would like to raise with us? Anything you would like to say to the Committee?

Bernadette Conroy: I am just very excited about this role and I want to get my feet under the table and get going. I look forward to being back in front of you in—however many years, you want before you call me back.

Chair: That is an open invitation. Thank you very much. The Committee will now consider in private the answers that you have given to us and we will hopefully let you know by tomorrow what the outcome of our deliberations are. Thank you very much for coming and answering our questions so thoroughly. That is appreciated. Thank you.