

Written evidence submitted by the Northern Housing Consortium [RSH 049]

About us

The Northern Housing Consortium (NHC) is a membership organisation based in the North of England. We are the 'Voice of the North' working with councils, housing associations and ALMOs to develop insight, influence and solutions to create better homes and places. Our members own or manage more than 9 out of 10 socially rented homes in the North.

Through our work with our members and their tenants, we support their commitment to ensure the safety and decency of social housing. Our response is informed by consultation with our members.

Summary of key points

Social housing landlords in the North are committed to playing their part in restoring pride in social housing and in rebalancing the relationship between residents and their landlords. This is something we have been engaging with our members on in detail. The NHC's core policy focus is on improving the North's existing homes; and a top priority for our members is the transition to net zero and how this can catalyse broader renewal of homes and places across the North.

1. Social landlords aim to provide decent quality homes in all cases and sub-standard housing conditions are always unacceptable. Recent years have seen the sector redoubling its efforts to develop comprehensive understanding of the condition of their housing stock.
2. The sector's capacity is finite, and difficult decisions lay ahead for social landlords to fund priorities for decarbonisation, building safety and to expand the supply of much-needed new affordable housing.
3. The Regulatory regime is fit for purpose and the roles of the Regulator and Housing Ombudsman are clearly defined. The initial thinking on consumer regulation, and tenant satisfaction measures is welcome, and we feel this will promote high standards.
4. Despite social renting offering better condition homes than other tenures, repairs continue to be the main reason tenants seek redress and efforts are continuing to work with tenants to address this. The Social Housing White Paper (SHWP) represents a natural progression of the work the sector has been doing to provide accountability and redress.
5. Powers to act where necessary are within the Regulatory regime and the SHWP reforms will strengthen this with a similar approach for the regulation of the consumer standards as that applied to the economic standards.
6. The Decent Homes Standard is dated and does not align with current practice or policy, especially relating to energy efficiency. The Standard should be updated to reflect modern expectations and the country's Net Zero ambitions.

Q1 How widespread and serious are the concerns about the quality of social housing?

Social landlords aim to provide decent quality homes in all cases. Where conditions fall below the standard it is a cause for alarm for all professionals working in the sector.

The ITV investigations into the quality of social housing over the past few months have been shocking and the standard of properties shown is clearly not acceptable. While these issues may not be widespread, our members have been redoubling their efforts to assure themselves of the condition of their stock and to resolve issues quickly where they are found.

Whilst poor conditions are always unacceptable, the quality and decency of housing in the social sector is high in comparison to other tenures.

Analysis of housing conditions in the north for the NHC showed 9% of households in social housing in the North living in non-decent homes, compared to 27% in the North's private rented sector¹. The latest England-wide statistics presented in the English Housing Survey² suggest that 13% of all social rented homes fail to meet the Decent Homes Standard. Whilst social landlords would want to see all homes meeting the Decent Homes Standard, the rate of compliance compares well with the private rented sector (21%) and owner-occupied homes (16%).

The ITV News reports highlighted issues around damp and mould. The Housing Ombudsman has recommended a 'zero-tolerance approach to damp and mould.'³ This does not mean that the problem can be avoided altogether. The challenges presented for landlords in tackling property conditions include housing type, the age of the property, non-traditional build, overcrowding and fuel poverty are all contributing factors.

Social housing offers less space and higher occupancy rates, and therefore is more at risk of damp than other tenures.

Council landlords face particular challenges, as their homes tend to be older. Nearly three quarters (73%) of the local authority housing stock was built between 1945 and 1980, compared with 47% of housing association homes. Just 11% of local authority stock was built after 1980, compared with 38% of housing association homes.⁴

Q2 What is the impact on social housing providers' resources, and therefore their ability to maintain and improve their housing stock, of the need to remediate building safety risks and retrofit their homes to make them more energy efficient?

Social landlords have faced a challenging operating environment, including a reduction in investment to build homes for social rent, and the 1% per annum rent cut from 2016 to 2020. Capacity is finite, and difficult decisions lay ahead to fund

¹ The Smith Institute (2019) *The Hidden Costs of Poor Quality Housing in the North*

² English Housing Survey Headline Report, 2020-21

³ Housing Ombudsman Spotlight on Damp and Mould October 2021

⁴ English Housing Survey Headline Report, 2020-21

decarbonisation, meet building safety costs and to expand the supply of much-needed new affordable housing. In the year to March 2021 investment in new supply was £10.9bn, a 20% decrease on the previous year and the number of social homes completed in the year fell by 9,000 to 40,000. Supply challenges continue and overcrowding is now more prevalent in the social rented sector than in the private rented sector.

During the pandemic, total spend on maintenance and repairs decreased by 5% on the previous year, suggesting a need for some post-pandemic maintenance catch-up.⁵

The Social Housing Decarbonisation Fund will contribute to the funding of net zero works, but this will be limited – the Fund currently has only £800m allocated for the whole country. The Government's use of competitive processes to access the Fund does not ensure the targeting of funding to areas of greatest need, and creates additional uncertainty for providers.

Q3 Is the current regime for regulating social housing fit for purpose?

The Regulator's economic regime is fit for purpose and gives funders the confidence they need to continue to invest in the sector and helps ensure that social housing providers identify and manage risk appropriately.

The current regime has not been able to identify systemic issues with the consumer standards, but we believe the Regulators initial thinking on consumer regulation will help promote good standards in future. We support this initial thinking to ensure the future focus is fit for purpose and the sector will welcome the same co-regulatory, risk-based principles being applied to the consumer standards as those applied to economic standards.

It would be useful for this Inquiry to explore the initial thinking put forward by the Regulator on consumer standards and to move forward discussion on the legislation required.

Q4 How clearly defined are the roles of the Regulator of Social Housing and the Housing Ombudsman?

We believe that the roles of the Regulator and Housing Ombudsman are clearly defined and the relationship between the two has been strengthened, but it may not be clear to tenants that this is the case.

The review of the regulation of the consumer standards may address this but needs to include a referral process or key indicators of compliance to be monitored by the Regulator so that it is clear when engagement is necessary.

Q5 Does the current regime allow tenants to effectively resolve issues?

⁵ Global accounts of private registered providers 2021 December 2021

Social landlords have demonstrated commitment to being more accountable and transparent, and we believe that the SHWP represents a natural progression of the work the sector has been doing.

We are aware from our own engagement with tenants that a common theme is the need for complaints procedures to be both fast and effective but, as is often pointed out to us, some complaints take time to resolve. Speed is not always possible or desirable if the complaint is complex, but landlords and the Ombudsman will require effective resourcing to ensure satisfactory resolutions.

While surveys show social renting offering better condition homes than other tenures, and two-thirds (66%) of social renters said they were satisfied with the repairs and maintenance carried out on their home, repairs are the main reason tenants contact the Housing Ombudsman seeking redress.

In 2019-20, the three largest categories of complaints in the three northern regions are shown below.⁶

	1	2	3
North West	Repairs – 42%	Tenant behaviour – 13%	Complaint handling – 8%
North East	Repairs – 36%	Tenant behaviour – 12%	Complaint handling – 8%
Yorkshire and Humber	Repairs – 41%	Tenant behaviour – 20%	Complaint handling – 7%

Our member organisations believe that current resident engagement structures in the social housing sector compare well to other tenures, or even industries. That is not to say there should be complacency. The challenge is to be continuously raising awareness and communicating.

Q6 Do the regulator and ombudsman have sufficient powers to take action against providers?

We welcome the SHWP’s commitment to legislate to ensure clear co-operation between the Housing Ombudsman and the Regulator so that they can hold landlords to account more effectively when things go wrong.

We welcome the initial thinking from the Regulator about reshaping consumer regulation. The serious detriment test has limited the Regulators ability to make use of its powers and the reactive regulation of the consumer standards means that issues are often only identified after the fact.

Q7 Will the reforms proposed in the Social Housing White Paper improve the regime and what progress has been made on implementing those reforms?

⁶ Housing Ombudsman Insight Report Issue 5

The reforms will improve the regulatory regime for the social housing sector. A similar approach to the regulation of the consumer standards as that applied to the economic standards is welcome.

Housing providers have been advised by the Regulator to get on with implementing changes to meet the requirements of the SHWP as far as they are able to and not wait for legislation. Nevertheless, we are aware of some frustration caused by the time lag between the release of the SHWP and legislation process. It is imperative that this is prioritised by Government for progress, and that unnecessary delays are avoided.

Q8 What changes, if any, should the Government make to the Decent Homes Standard?

The NHC is a core-participant in the Government-led review of the Decent Homes Standard. Our view is that the current standard – last updated in 2006 - no longer reflects modern-day expectations and does not align with Government policy, especially relating to energy efficiency.

The programme for reducing the number of non-decent homes in the social housing sector began in the early 2000s when 42% of the social housing stock was estimated to be ‘non-decent.’⁷ Before the programme began a £19 billion backlog of repairs and modernisation work for council housing alone was identified⁸. Rapid improvement meant by April 2009, non-decent social homes had reduced to 14.5% and by 2019, the percentage of non-decent homes in the North had reached single figures⁹.

It is worth noting that poor property condition plays into many broader issues and is often inter-related with the scale of fuel poverty. The standard of housing is a crucial factor in the regeneration of places and should be a key factor in the Government’s levelling up programme.

Through our involvement in the Review, we have submitted detailed feedback to the Department on how the Standard should be updated. Examples of changes we believe are needed include:

Criterion (A): statutory minimum standards for housing –

- An updated Standard should align to the Homes (Fitness for Human Habitation) Act 2018 which includes prescribed hazards, defined as a Category 1 or 2 hazard under the Housing Health and Safety Rating System (HHSRS). The Standard does not include a Category 2 hazard as a failure. There was strong support from our members to bring greater alignment of these requirements.
- The Standard does not reflect the Government’s commitment to achieving net zero carbon emissions by 2050. Whilst this is most pertinent in relation to thermal comfort, it also relates to criterion A in relation to excess cold.

⁷ The Decent Homes Implementation Plan, ODPM, July 2002 (the figures relate to 1 April 2001)

⁸ The Housing Green Paper April 2000, Quality and Choice: a decent home for all

⁹ The Smith Institute (2019) *The Hidden Costs of Poor Quality Housing in the North*.

Criterion (B): reasonable state of repair

- Some of our members felt that the term 'reasonable' itself is problematic as it is subjective.
- A 'fabric first' approach to net zero would require re-drafting the building components criterion.
- With damp and mould a key issue for residents, requirements to improve insulation may also necessitate action to ensure adequate ventilation.

Criterion (C): modern facilities and services

The age of facilities is useful for asset management planning purposes but the standard needs to be flexible enough to avoid replacement occurring solely based on age.

Criterion (D): thermal comfort

The current Standard in relation to thermal comfort is now outdated and should reflect other standards and targets set by Government (see question 9).

Q9 Should the Decent Homes Standard be amended to include energy efficiency and other means of mitigating climate change, and if so how?

Energy efficiency should be part of an updated Decent Homes Standard, replacing the thermal comfort criterion. With $\frac{1}{4}$ of carbon emissions in the North coming from existing homes, the transition to net zero is a top priority for NHC members. The NHC instigated the first-of-its-kind [Social Housing Tenants' Climate Jury](#), which has provided important evidence and recommendations.

The current Standard estimates cold hazards using SAP 35 as a simple proxy for a category 1 hazard. However, this has been significantly overtaken since. The current ambition – set by the Clean Growth Plan – is for as many social homes as possible to be upgraded to EPC Band C by 2030 (69-80 SAP points). A new Standard should reflect the target which social landlords are working towards and have included estimated costs for in their business plans.

A new Standard would include attainment of a minimum energy efficiency standard so that no social housing property would be lower than EPC Band C. This would provide a warmer home with less likelihood of damp and mould, lower fuel consumption, lower energy bills and fewer tenants in fuel poverty.

EPC C would also align with the Social Housing Decarbonisation Fund. It is important that learning from the first waves of this funding is taken into account when finalising any new Standard, as well as holistic thinking reflecting the strategy of other departments including BEIS and DEFRA.

A minimum standard should not prescribe specific measures needed to meet overall minimum levels of energy efficiency and perhaps reflect a list of reasonable energy efficiency measures for a landlord to install to a representative stock type. Measures should be eligible for external funding.

The Government's Heat and Buildings Strategy is an important influence for any development of the Decent Homes Standard, particularly in relation to the phasing-out of fossil fuel heating in homes and fairness and affordability. It is important that a new Standard reflects the shift to low-carbon heating sources reflecting the Government's "confirmed ambition"¹⁰ to end the sale of fossil fuel boilers by 2035.

Resilience will be an important factor for sustainable housing. With extreme weather events predicted to increase over the coming decades, a new Standard could consider setting expectations for estates and properties at high risk of flooding events.

Funding improved energy performance

It will be important to understand the cost implications of new criterion for tenants and landlords to ensure that upgrades are deliverable and affordable for all landlords and tenants. Our research shows that an investment of £0.6bn would be required to bring all social housing in the north up to the *current* decent homes standard.¹¹ More ambitious energy efficiency standards will significantly increase the levels of investment required.

A new Standard must set out ambitious but realistic aims, which are coordinated with BEIS' approach to social housing decarbonisation funding.

Q10 Should all providers of social housing, not just councils, be required to register with the regulator?

We believe all providers of social housing should be required to meet the regulatory standards. The actions of some social housing providers have the potential to damage the reputation of the whole sector. The Regulator can support a strong rented sector which funders feel confident to invest in and ensure high standards for all residents.

The forthcoming Renters Reform Bill presents an opportunity to move towards more effective regulation in the private sector to drive the standard of housing up across the whole rented sector. This is particularly important where tenants are in receipt of Housing Benefit.

We welcome this Inquiry prompting discussion on how to ensure that decent homes standards continue to provide a benchmark of quality which can be applied across tenures.

Q11 What challenges does the diversification of social housing providers pose for the regulatory system?

Diversification of the sector is likely to require regulation to evolve to take account of significant mergers and diverse business models.

¹⁰ BEIS Heat and Building Strategy

¹¹ Northern Housing Monitor 2021

Growth and diversity are necessary for the sector to evolve - what is needed is clarity as to each other's role and purpose which we feel the new regime will provide.

Smaller providers (less than 1,000 homes) continue to have a lighter-touch compliance regime which is proportionate, and the sector welcomes a continued approach of co-regulation and self-referral.

For-profit and exempt supported accommodation providers pose challenges for the Regulator as they are not operating under the same financial regime and may not be as concerned with the possible sanctions that the Regulator could apply.

The proposals in the SHWP will help the Regulator to monitor all providers including for example a 'look-through' power that would enable the Regulator to 'follow the money'.

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