

Written evidence submitted by Grand Union Housing Group [RSH 076]

Introduction

Grand Union Housing Group welcomes the opportunity to respond to the Select Committee's inquiry into the regulation of social housing. As a registered provider working within the current regulations and having engagement in a range of ways with the Regulator of Social Housing (RSH), we feel we have a perspective to share with the committee and we hope our submission is helpful. Our Group Chief Executive, Aileen Evans, who is also the immediate past President of the Chartered Institute of Housing (the professional body for those working in housing) is happy to appear before the Select Committee to give evidence should this be required.

Grand Union Housing Group owns and manages 12,000 homes in Bedfordshire, Buckinghamshire, Northamptonshire and Hertfordshire; our significant specialist supported housing service covers our core area and extends more broadly from Kent, through London, and into Oxfordshire.

Our engagement with the RSH in recent years includes routine quarterly and annual submissions, an In-Depth Assessment (IDA) and two occasions where we have notified them of issues where we failed to comply with the Regulatory Code. In the latter regard, we feel the principle of co-regulation is an important one and would note that, in our view, the traditional social housing sector takes regulation seriously; things will go wrong, mistakes happen and in the vast majority of cases, regulated entities put things right. Regulatory notices and downgrades matter and the sector wants to do a good job.

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

It is clear that recent media coverage has highlighted issues over the quality, service, and the maintenance of some homes. It's equally clear that as individual landlords we must address these where we know these to be. Without excusing the quality of homes we have seen in the media recently, issues surrounding this can be complex. For most landlords issues will occur, be reported as repairs or identified as part of a planned maintenance programme and be dealt with in an efficient manner; it is our experience that this happens in the vast majority of cases. There will, however, be circumstances where landlords will struggle to find out what they do not know. At Grand Union, we have recently carried out a psychographic segmentation exercise and know that 7% of our tenants are in most need of help but are least likely to ask us (or any other agency for that matter) and so do not report repairs. In addition, in recent years we have seen a real rise in litigation from no-win no-fee solicitors and often the first time we hear of a repair is in a letter from a lawyer who will have instructed our tenant not to let us in their home.

We know that, as a result of the pandemic and the impact lockdown had on our planned programme, a small number, 4.55%, of our homes did not meet the Decent Homes Standard in our most recent regulatory return. These were mainly new kitchens and bathrooms and are all included within the current year's planned programme. This compares well to the English Housing Survey which estimates that in 2019-20, 12% of social rented homes did not meet the standard and when compared to the private sector (23%), the quality of social housing holds up well.

However, this is not a race to the bottom and our ambition is that not only do we return to a position where all homes meet the required standard, but they go beyond this and meet customer's

needs. At Grand Union, we invested £6.2m in responsive repairs and £13.2m in improvement works last year. Indeed, our investment in both these areas over the last three years is £60.5m – this is equivalent to around £5k per property. Despite this, we know that just 75% of people living in a Grand Union home consider the overall condition to be good, so we must do more to understand customers' needs and to hear from those that we do not hear from.

A housing crisis caused as a result of decades of failure to invest in the new homes we need will also have contributed to property conditions in some circumstances; overcrowded homes are more likely to suffer from occurrences of damp and mould for example.

What is the impact on social housing providers' resources, and 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?

Registered providers, like everyone else can only spend or invest each pound once. In many respects, we are fortunate at Grand Union that our building safety issues are not anywhere near the magnitude of others in our sector. However, our spend on compliance works including gas safety, electrical testing, legionella testing, asbestos, lift maintenance and fire safety has increased significantly in recent years so it is not just structural building safety works that will demand additional spend. Compliance with existing legislation and good practice in respect of the above works will also hit spending and while these works are a clear priority for us, they are not our only priorities.

Our estimate is that it will cost us around £180m to retrofit our homes and achieve our stated ambition of net zero carbon by 2050.

Current maintenance cost inflation is running at 15% and although it is hoped this is short term, labour and skills shortages are likely to take longer to resolve and will almost certainly have an impact on the ability of landlords to maintain their homes, especially when considered alongside the other pressures we are navigating

Successive governments have been clear that we are expected to invest in new homes and, indeed it was noted that this expectation did not diminish in any way during the four-year rent cut that ended in 2020. Boards must balance the competing priorities of stock investment, carbon reduction, building new homes and providing services, and they must do this from a finite pot of rental income that is generated from the rents paid by our customers, some of whom live in real poverty.

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

Within the confines of the existing legislative framework then we would argue that the RSH is effective and will give some examples from Grand Union's experience to illustrate this. However, the RSH urgently needs the powers set out in the Social Housing White Paper (SHWP) in order to fully enforce and regulate a set of consumer standards that will clarify landlords' responsibilities and ensure that our customers are clear about the service standards they should expect. There are numerous examples where the RSH has acted to protect customers' interests within the existing legislative framework but dealing with service failures as governance issues, their only existing route, does not necessarily bring clarity and can take some time.

To give some examples of the effective nature of co-regulation and the role it plays in raising the standards of the sector, Grand Union has notified the RSH on two occasions of issues where we feel there was a possible breach of the regulatory code.

In early 2018, we notified the RSH about a failure to service nine gas heating systems on mainly newbuild properties as a result of a data input omission. Discovery of this issue led us to audit every gas installation, together with an audit of properties in non-gas areas to check our database was correct. Our gas safety regime prior to this had included a robust audit of the gas servicing programme and a limited data check but, after discovery of this, our process now includes a quarterly reconciliation to ensure that this never happens again, together with a validation check by our internal auditors. As part of our notification to the RSH we included:

- a full internal audit of the issue
- an action plan detailing how we had put the issue right
- the steps we had taken to ensure it would never happen again
- reports to and minutes from our Audit & Risk Committee and our Board
- a full legal opinion about the issue.

Upon receipt of the notification, our Lead Regulator phoned our Chief Executive to discuss the issue in detail. We were later notified that the RSH proposed to take no further action because we had dealt with the issue robustly, had solved the issue quickly, had demonstrated good governance in respect of our Board's oversight of the issue and had notified the RSH in a timely manner. This instance is a demonstration that Grand Union takes regulation seriously and has embraced the principles of co-regulation fully. We know from regular conversations with other providers that we are not alone in this approach and have seen evidence where others have not followed this approach and have received a regulatory downgrade.

It is worth noting here that we think that the stance of the RSH on compliance issues generally, and in gas safety specifically, has had the impact of making the sector better at managing these issues. The RSH is clear about what it expects, articulates it regularly and the sector takes notice. This has certainly ensured that compliance is high on our agenda.

In 2019 we discovered an issue where we had not reduced the rent after the removal of some alarm services in some retirement housing. We adopted a similar approach to that described above and did a reconciliation of our entire rent database (not just supported housing). Again, having taken similar action in respect of internal audit, Audit & Risk Committee and Board reporting as well as legal advice and an action plan, we notified the RSH and again, our Lead Regulator phoned us on receipt of our submission to discuss the next steps. As before, our approach demonstrated openness and rigour and again we are not alone in working in this way.

The RSH will liaise with us periodically following regulatory submissions to clarify issues so that they can ensure their understanding of our business is robust and accurate. In January 2019, they highlighted an error we had made in a submission to them; they questioned us quite closely about this during our IDA that commenced during the following month. They also wanted to know what assurance the Board had that the submissions we made to the RSH were correct.

We found the IDA process itself rigorous. It involved us sending a list of documents (over 400 pages) in advance followed by a site visit that involved interviews with our Board Chair, the Chair of our Audit & Risk committee, our Executive team and other senior officers. The inspectors looked for multiple sources of reassurance in order to know that what we were telling them could be

evidenced. We are always mindful of the next IDA and feel strongly that our ongoing preparation, alongside the rigour of the process itself, has made us better.

The IDA was focussed as much on our performance in delivering services through robust questioning of our KPIs as it was on the effectiveness of our governance and the strength of our finances. It is our view that the RSH is an effective regulator within the confines of the existing legislative framework but that the current framework is inadequate to address the concerns highlighted by recent reports.

We welcome the introduction of the consumer standards; we feel these will give the RSH the breadth of powers it needs to properly regulate the breadth of landlord's activity and should drive improvement in customer service. We would like to see these extended to all social housing tenants so that both housing association and local authority tenants have access to the same standards of regulation and redress for complaints – the current application of different frameworks for these groups of tenants is confusing and nonsensical.

How clearly defined are the roles of the regulator and housing ombudsman? Does the regime allow tenants to effectively resolve issues? Do the regulator and ombudsman have sufficient powers to take action against providers?

The roles of regulator and ombudsman are clearly defined and work well. The ombudsman provides a clear path for tenants to resolve complaints and the regulator is focussed on organisational issues and does not investigate individual complaints. We feel this is a well understood split of duties and we support it.

There are issues where tenants may struggle to resolve legal issues that are not within the scope of the ombudsman's current powers and this should be addressed. We welcome the SHWP provisions to extend the powers of both organisations so that they can hold all providers to account.

It's clear that new powers need to be accompanied by appropriate sanctions. We have no particular view as to what these should be, except to note that where compensation is involved, a balance needs to be struck in any sums awarded between the impact of the issue on the complainant and a recognition that any compensation awarded is paid for from the rents of other tenants.

Will the reforms proposed in the SHWP improve the regime and what progress has been made on implementing those reforms?

The reforms will undoubtedly help; they will provide clarity over what tenants can expect and provide the legal muscle for the RSH to regulate clearly. They will also provide landlords with clear and extensive additions to the Regulatory Code – this will provide Boards with the opportunity to assess compliance with these broader standards and the ability to benchmark performance against others. The existing standards are out of date and we welcome the consultation on a more relevant and refreshed set of standards.

The RSH is consulting currently on the Tenant Satisfaction Measures (TSM) contained in the SHWP, and we will submit a detailed response to the proposals.

We recognise that the TSM are only part of the framework and we are adapting our current systems and processes to go beyond these and provide a good, meaningful, and targeted customer service. The data gathered from our psychographic segmentation is fundamental in informing and driving our approach and we are certainly not waiting for the full adoption of the SHWP, with our Board seeing regular updates against our delivery plan.

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

The Decent Homes Standard (DHS) is limited and has been in operation for over 20 years, however its impact in successfully delivering much needed improvements to existing homes should not be underestimated. We have always sought to go further than the DHS and welcome the Government's review.

Any future standard should encourage a more strategic approach to investment, one that is outcome based and focussed on delivering homes and places that keep people safe and secure, contribute to good health by being comfortable and affordable to live in and that are connected both socially and virtually.

The original DHS focusses principally on age and condition; this is very rigid and is missing a key element to ensure that homes meet the needs of current and future customers. We will talk more about environmental sustainability in the next question, however there are wider environmental and societal issues that a great home contributes to, for example, supporting health, safety and social/economic wellbeing (such as digital technology and readiness to support home working and education). This latter point has been highlighted more than ever during the pandemic with increased numbers of people working from home.

We know that customers' needs and requirements change over time and any new DHS should enable local authorities and landlords to deliver outcomes flexibly across their locality, using insight and evidence, to make adjustments that reflect the different geographies, housing types and priorities of communities. The DHS should drive regeneration of places and not just properties.

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

We, like most social landlords, are highly supportive of the Government's ambitions around climate change and Grand Union has been explicit both within our corporate plan and our business plan that we are aiming to be net carbon zero by 2050. The new standard should reflect a fabric first approach and set ambitious targets for energy efficiency, whilst also setting expectations that 'greener' systems will provide adequate and affordable heating throughout the property.

Our research shows that the difference between the most energy efficient three bed home and our least efficient can be as much as £2,000 per year, and both these homes exceed the current DHS. Affordability for customers should therefore be part of how the outcomes from a new DHS should be measured and decarbonisation targets should also ensure that customers are not worse off as a result but that comfort is improved, and rates of fuel poverty are reduced.

Much of the climate change focus has been on reducing carbon, however we believe at Grand Union that any future DHS also has the opportunity to raise standards around water, waste and biodiversity.

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

We believe that a regulatory system should provide clarity and consistency for those who live in social housing. We are pleased that the issue of non-registered providers of supported housing is being examined.

Conclusion

We hope we have given you a perspective from the regulated entities in this submission. Current regulation is tough in the areas it covers and the RSH is good at enforcing it and rooting out poor, non-compliant landlords within the scope of the existing legislation. The existing regulatory framework does not go far enough, and it is this that requires improvement in order to strengthen both the investigative and punitive powers the regulator has.

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