

## Written evidence submitted by Nottingham City Council and Nottingham City Homes Group [RSH 080]

### Introduction

This response is submitted by Nottingham City Council (NCC) and the Nottingham City Homes Group (NCH). Nottingham City Council is the strategic housing authority for the city, as well as a social landlord of around 25,000 council owned homes. NCH Group also comprises a small Registered Provider of social housing (NCH RP) responsible for around 400 homes and NCH Enterprises Ltd (NCHEL) which provides around 300 market rented homes, as well as managing a number of homes on behalf of other social landlords. The City Council takes a strategic overview of around 10,000 other social rented homes in the city, provided by a range of social landlords, some locally based whilst others are regional or national social landlords. Social housing represents around 25% of all housing in the city of Nottingham.

This response uses the questions posed in the Select Committee's call for evidence as the basis for the responses set out below. Should further information be required this can be requested.

#### *1. How widespread and serious are the concerns about the quality of social housing?*

It is always important to recognise that poor quality homes have a negative impact on the people who live in them, in terms of both physical and mental health as well as other aspects of what can be termed life chances. The social housing sector has been shamed by some high profile cases in the national media, but we believe these to be exceptional rather than the norm.

Social housing tenants and residents have clear aspirations about the quality of their housing. These are no different than people desire in other tenures: a good quality safe home in an attractive neighbourhood, at a cost that is affordable and the knowledge that you can continue to live there for as long as you wish. Our most recent figures from NCH show 86% of tenants reporting that they are 'satisfied with the overall quality of their home'.

In Nottingham the Council met the Decent Homes Standard (DHS) in 2015 and have prioritised maintaining decency and have achieved that with the Council's stock. However, the level of resources available makes this difficult and there are concerns about the levels of future investment that will be required to maintain this, especially if standards are enhanced in the future. NCH has demonstrated efficiency at managing homes which has helped release resources for such investment (according to a recent Housemark<sup>1</sup> assessment NCH is £7.2m a year more cost effective than the average housing organisation would be at managing an equivalent number of homes).

We have invested in energy efficiency measures over the last 20 years, and taken innovative steps to address hard to treat properties, but this work can be very expensive. This will not take us to the Government's 2050 target and we still have stock at EPC level D and below which is important to address. In this regard there are particular problems for older (pre 1919 built), and certain non-traditionally constructed homes which will need significant resources to resolve.

All of this is important in terms of residents' health, tackling fuel poverty and reducing carbon emissions.

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<sup>1</sup> <https://www.housemark.co.uk/about/>

In addition to the need for suitable capital investment to maintain and modernise homes over the long term, there also needs to be adequate resources for regular ongoing repairs and maintenance.

We also have concerns about the condition of former social housing that has been sold under the Right to Buy and ended up in the private rented sector, where private landlords have failed to invest in the homes, with commensurate negative impact on the neighbourhood.

*2. 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?*

The impact is significant.

We can meet the current Decent Homes Standard with the financial plans we have in place. However, those plans do not include the resources to meet the Building Safety Bill and the Fire Safety Act requirements. New regulations on smoke alarms and carbon monoxide (CO) detectors are examples of this and expect this to require around £1m worth of investment not previously accounted for. This will divert resources away from Decent Homes related investment. It will also have an impact on other maintenance and repair budgets. It results in extended predicted life spans of things like bathrooms and kitchens or roofs, for example, which will be frustrating for residents who would expect renewals sooner, and has an impact on responsive repairs costs as those things require more repair towards the end of their lifespans.

Moreover, some older stock is more difficult and expensive to maintain. There is currently no Government support for regeneration plans that could replace such stock which means that we will have to maintain all homes in perpetuity.

Following the Grenfell Tower fire we took action to install sprinkler systems in all our high rise flats. We and our tenants regarded this as essential and it met fire service recommendations. This work cost £8.3m. We asked for Government financial support on a number of occasions but these requests were turned down.

Greater energy efficiency targets will also require investment, especially where harder to treat properties are concerned. Funds are likely to come from the Major Repairs Allowance unless an additional rental stream is permitted or other funding put in place. If net zero carbon emissions are to be reached by 2050 there is a requirement for a clearer definition of what this means in practice. This is not affordable over the whole stock within current funding streams.

Some of our energy efficiency work has been funded with European Union funds. This is a funding stream that will no longer be available.

Furthermore, there is the disincentive of investing significant sums of money in properties with no ability to reflect this in the rental yield charged for providing modernised, energy efficient homes that will cost less for occupiers to live in. This disincentive is magnified by the Right to Buy policy which can mean that investment can be made in homes that are then sold at a substantial discount.

The four year 1% social housing rent reduction policy that operated from April 2016 resulted in a £14m reduction in income for Nottingham City's HRA which would otherwise have been predominantly spent on maintenance and investment work.

In addition to requirements around additional safety measures and energy efficiency work, social landlords needs to be mindful of other priorities that tenants and residents make a clear case for, such as investment in decent and attractive estate environments as well as things like electric vehicle charging infrastructure, which is of increasing importance.

### *3. Is the current regime for regulating social housing fit for purpose?*

The regulatory regime was not fit for purpose following the changes made after 2010. This left little in the way of meaningful consumer redress apart from individual Housing Ombudsman investigations.

However, we believe the regime is moving in a much better direction in this regard, although the legislative changes required have been slow to be brought forward. The changes in fire safety and building safety regulations have also helped but may risk a confused regulatory landscape, especially for residents.

The system in place meant that local authorities (LAs) were not subject to detailed inspection and assessment and that seemed inappropriate. There was greater focus on housing associations (but that was still fairly limited in terms of assessment of consumer standards). 'Serious Detriment' was the only way the regulator would be likely to get involved and the bar for that was very high. This was not helpful to residents. LAs and Arms Length Management Organisations are now subject to a better regime and this is much more appropriate. We are in the early stages of this so it is difficult to know if it is fit for purpose yet. We welcome the very recent publication of draft comparative tenant satisfaction measures for the sector and we will engage in the consultation on these with a view to seeking to ensure they are meaningful and helpful for both residents and landlords. However, we note that when we consulted our tenants on this aspect of the White Paper's proposals they were not especially interested in comparative performance statistics – they were interested in the level of service they received personally.

One area of concern is that the tenants' voice does not seem to be a key part of the proposed regulatory regime, unlike the system in place prior to 2010. At that time the Audit Commission Housing Inspectorate would talk to groups of both involved and uninvolved social housing residents to get a sense of things from the consumer's perspective. The absence of this now is a weakness, and could result in an over reliance on the views from the landlord perspective.

Greater clarity on where and how organisations should self report non-compliance (self-referrals) may also be beneficial.

Looking to the future, the relationship between the Regulator, the Housing Ombudsman and the Building Safety Regulator will be important. They will need to work together to deliver effectively for residents.

### *4. How clearly defined are the roles of the Regulator of Social Housing and the Housing Ombudsman?*

We think the roles are reasonably well defined as perceived by professionals who work in social housing. However, the same is probably not true of the tenants which the two organisations are there to support.

It is likely that a significant proportion of tenants do not know of the RSH's existence, never mind its role. This is not necessarily a problem if the Regulator perceives its role to be to raise and maintain standards in social housing effectively whilst maintaining a low public profile. It is interesting that in a former guise the Regulator was known as the 'Tenants' Services Agency', suggesting (and actually displaying) a more direct interface with tenants, which does not seem to be the case with the RSH. However, the most important thing is that the roles of RSH and HO complement each other within an overall framework for improving social housing and the experiences of people who live in it.

We will of course see new roles emerging shortly, most notably that of Building Safety Regulator, which will sit within an entirely separate government agency. There is a danger here that the system becomes more fragmented and, again, is not easily understood by tenants.

*5. Does the current regime allow tenants to effectively resolve issues?*

The White Paper's focus on complaints and processes has value in this regard, but there is a reliance on organisations having accessible and robust complaints processes to help signpost tenants through raising a complaint. Early intervention and being proactive in listening to the issues being raised is key in being effective in resolving tenants' issues and to provide them with information and guidance should they feel the issues remain unresolved at each stage we are in contact.

The Ombudsman's work does help tenants to resolve issues. Encouragement to achieve local resolution where possible has value, allowing the Ombudsman service to reserve action for more serious problems.

The self-assessment processes and Ombudsman's complaint handling guide has helped provide a clear framework for landlords and tenants to work within. NCH has adopted a new, updated Ombudsman-compliant complaints procedure and this has had a positive impact. It clearly levels up the process and provides a transparent and consistent approach to manage expectations of how the complaint will be handled, ensuring each party understands the process they are engaging in.

Whilst transparency and openness are important in ensuring complaints are being managed consistently across organisations the effect of having published league tables may have a detrimental impact if it results in incentives within organisations around such things as 'reclassification' of complaints to report a lower number, and thus reduce or remove any possible sanctions or intervention from the regulator.

*6. Do the regulator and ombudsman have sufficient powers to take action against providers?*

The Housing Ombudsman – definitely.

The Regulator of Social Housing also has extensive powers to intervene where landlords fail to meet the Standards, and has a duty to exercise its functions in a way that minimises interference and is proportionate, consistent, transparent and accountable. The Regulator, therefore, has discretion on how it uses its powers. In relation to Consumer Standards the Regulator's intervention is reactive and in effect the landlord has to have breached the Standard and caused serious detriment, however, the threshold is very high and we have seen very few cases of intervention by the regulator in the mainstream social housing sector. It seems inappropriate for a Regulator to only intervene 'after the event'. The Economic Standard regulatory role appears more robust, and the downgrading powers of the Regulator have been a powerful tool. This is particularly the case with the spate of recent interventions against 'lease-based' supported housing providers.

*7. Will the reforms proposed in the social housing White Paper improve the regime and what progress has been made on implementing those reforms?*

We support the thrust of the reforms in broad terms, and believe they will result in service improvements for residents.

However, Government progress has been slow. The Social Housing Green Paper was published in August 2018 but the White Paper was not produced until November 2020. This two year hiatus did not convey the sense of urgency many residents felt was necessary. Certain reforms require legislation and this has not yet been progressed. These reforms are inextricably linked to the tragedy at Grenfell Tower in June 2017 and many people expect there to have been faster progress.

Only recently have proposals for comparable performance measures been published and there will inevitably be much work to do to ensure these are truly comparable and generate meaningful information rather than creating incentives to target 'league table' positions instead of helping drive up quality overall. As mentioned, when consulting our tenants in the wake of the Green Paper's publication they were not focused on comparative performance statistics, they were interested in the level of service they received personally.

In advance of legislation and regulation many landlords have been implementing White Paper actions, for example our NCH Tenants Charter<sup>2</sup>.

It is hard to know what progress will be made on inspections of landlords given the resources that will be available for this task.

Finally, the Green Paper took a robust position on the issue of stigma relating to social housing. This was due to the overwhelming strength of residents' views in the consultation led by Ministers ahead of the Green Paper's publication. The White Paper brought forward little in the way of concrete proposals for tackling this issue and that is disappointing for residents, as well as for social housing providers, too.

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

We do believe that there is a value in reviewing the Decent Homes Standard (DHS), and we know that residents have aspirations for more to be included within the Standard. To achieve this, it must be supported by a financial regime that can help landlords deliver this.

We would suggest things like:

- Higher energy efficiency standards (every property at EPC level C where feasible and appropriate).
- Double glazed windows.
- Making showers part of the DHS would help with EPC ratings and water conservation (but would be costly to implement).
- Potentially reducing the 30 year age for bathrooms to meet the DHS.
- Sprinkler systems in tall buildings and other high risk buildings.

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<sup>2</sup> [www.nottinghamcityhomes.org.uk/about-us/vision-mission-goals-and-values/](http://www.nottinghamcityhomes.org.uk/about-us/vision-mission-goals-and-values/)

- Consider facilities for electric vehicle charging.
- Standards that help reduce crime and fear of crime – eg ‘target hardening’ (this would be particularly valued by many residents).

Standards that take into account failure rates, not simply age and condition, would be beneficial.

We think that removing the requirement for two or more elements to not meet the DHS before failure is recorded would be useful. The present criteria allows for the manipulation of rates (for example a property with a new kitchen but a very old bathroom can meet the DHS, but this may not meet a resident’s perception of decency).

Decent Neighbourhoods: We think it is very important to maintain and enhance the look and feel of the estates we are responsible for. It helps maintain desirability and neglected estate environments can stigmatise social housing. As a result we have a ‘Decent Neighbourhoods’ programme and this is very important. More resources for this across the country would be of value to helping tackle stigma, ensuring desirability, and projecting the sense of pride many people have in their homes and neighbourhoods. So we support including this within the standard.

However, there are complexities around this issue given the differing responsibilities that lie within social housing providers work and the work of the local authority in respect of the public realm (including the highways authority which in many areas will be a different tier of local government who would be maintaining lighting, roadways etc). Related issues relating to car parking can be difficult on estates designed and laid out at a time when current levels of vehicle ownership were never imagined. This is magnified in areas where there have been significant Right to Buy sales, yet communal public realm maintenance may still fall to a local authority Housing Revenue Account. These issues may mean that it is not straightforward to come up with a clearly defined standard and government will need to lead carefully considered work in this area.

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

Yes. This would be highly beneficial in terms of helping to tackle fuel poverty as well as achieving the significant reductions in carbon emissions from residential buildings that are needed.

However, proposals need a financial regime which supports this, which if in place could unlock action at a much faster rate than is currently possible. For example if work to a property reduces fuel bills by £100 a month, then a proportion of this should be used to fund the works.

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

Yes, all providers of accommodation which is attracting the exempt rate of Housing Benefit (HB) should be registered. Although exempt accommodation has a very important role and is delivering many benefits, The exempt rate HB ‘market’ is largely unregulated, yet enormous amounts of public money are being expended on these providers via Housing Benefit. There is no incentive for a provider to become registered unless it wishes to draw on capital funding. If it doesn’t need grant, it’s unlikely to register. This leaves them falling under no regulatory regime or scrutiny whilst in some cases delivering very little support for the additional level of HB. Local authority HB services have few or no teeth in terms of regulation in this area.

We are aware that a separate Select Committee inquiry is to look at this issue and would suggest that there is some overlap between this one and that, and that it will be important to join up the findings of each inquiry.

*11. What challenges does the diversification of social housing providers pose for the regulatory system?*

This has largely been answered in the previous question.

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