

The Social Housing Green Paper

Ensuring that social housing is an essential part of a fully functioning housing market

The National Federation of ALMOs' ideas for the social housing green paper

Introduction

The NFA welcomes the fact that the government has promised to bring forward a Green Paper on Social Housing in England to explore a wide range of issues facing the sector and provide an opportunity to think about the future and the role of social housing. We very much support the aim to create a sector that “we could all be proud of whether we lived in it or not” which chimes with our members’ core values to:

- aspire to provide excellent value for money and customer-led services for residents in partnership with local councils
- and
- develop innovation and continuous improvement in providing, managing and maintaining affordable homes in sustainable neighbourhoods

The NFA represents 33 ALMOs which manage over 450,000 properties across 36 local authorities stretching from Cornwall to Newcastle. Given our experience in managing and building social housing since ALMOs were first established in 2002 the NFA would like to offer our help and support in this wide-ranging review.

The Social Housing Green Paper

We have already engaged with officials at MHCLG as part of the consultation process of the Green Paper as well as tenants who have attended some of the Ministerial events across the country and have been made aware that the issues raised by tenants so far are:

- The unfair stigma associated with living in social housing and the attitude of some housing staff and others towards them
- Concern about the lack of new social homes and the quality of those new homes that are built
- A mixed picture on how happy they are with the landlord service – both good and bad
- Happiness with their security of tenure but concern about being locked into their landlord with no options to move if unhappy
- Concern about wider community networks and potential isolation of some tenants
- Concern about the impact of Welfare Reform on their communities

Policy areas that emerge from those discussions:

- Regulation – does the regulation of the social housing sector need to change to respond to some of these concerns?
- Complaints – how can we ensure all landlords follow good practice? How can we improve tenants' knowledge of complaints procedures and the Housing Ombudsman service?
- Tenant engagement – How can we identify what works in which situation? And then how to ensure good practice is followed by all and what works for different groups of tenants is well promoted?
- Stigma attached to social housing – how can we all work together to better promote or change the image of social housing and its tenants?
- Welfare Reform – some changes have been made recently by government to improve outcomes for low income households, is this enough or are there still things that can be improved?
- Building sustainable communities – How can we build on what we already do to ensure we are tackling social isolation and creating successful communities?

NFA Proposals

The NFA has worked with members to contribute to the wider debate within the sector about the role and purpose of social housing whilst developing its asks for the Green Paper. Our key concern is that the Green Paper is truly wide ranging, and the opportunity is not lost to properly debate the importance of social housing in a fully functioning housing market. We believe the time is ripe for the Government to commit to investing time and resources to provide a larger, more sustainable, well-managed, accountable, good quality social housing sector, delivered through Councils, ALMOs and Housing Associations.

Commitment and Investment

The NFA has been pleased to hear Government Ministers talk in a positive way about social housing recently and have been encouraged by the fact that under Theresa May's premiership there has been a change of attitude towards social housing in government which has been borne out by announcements of a shift of investment back into the tenure in some areas at least.

The NFA believes that the Government can do a lot to lead a change of opinion about social housing and the people who live in it by championing it as an essential and beneficial part of a fully functioning housing market. This Government has started to change the way it talks about the sector recently but as the feedback from the tenant events showed there is still a long way to go to address the wider issues of the stigma attached to social housing.

Common misrepresentations of social housing tenants in the local and national media often include inaccurate perceptions such as tenants being associated with exploiting the benefit system and living in run down estates. These misrepresentations are damaging and drive the public to have a typically negative stereotypical view of social housing tenants. The NFA has pledged its support to the Benefit to Society campaign to challenge the way the public think and tackle the stigma associated with social housing tenants. We

were very pleased to see the Housing Minister, Dominic Raab MP, at a recent Benefit to Society event in parliament.

The NFA believes that one way the government could help is by supporting that public commitment to social housing as a “benefit to society” and investing much more in the new supply of both new council housing and socially rented housing association properties. It is only by investing in social housing and valuing it as a country that we will address the top two issues raised by tenants in their discussions with Ministers.

The analysis by Capital Economics of the impact of building 100,000 new affordable rented homes a year commissioned by the NFA, SHOUT, ARCH and others showed that an expansion of the development programmes of councils and housing associations on that scale would:

- offer a pathway out of expensive and insecure private renting, and on towards ownership – in part via the Right to Buy – for those hardworking households who are “just managing”
- over time, reduce the cost to government of meeting the housing needs of low-income households
- make a major contribution to the Government’s ambition of 1 million new homes by 2020 and address the chronic undersupply of housing in the UK
- help address pressure on public services, notably health and social care, driven by poor housing conditions

By increasing the level of social housebuilding again and ensuring good design and build quality the sector would be available to more people in need of it as part of wider mixed tenure neighbourhoods and it would become just another part of the overall housing market rather than a stigmatised sector only able to house the most vulnerable in society. It would also help to rebalance the spending on housing by Government to investment in long term assets and communities rather than demand led rent subsidies.

Research by the NFA and ARCH in 2012 showed that had the financial capacity from HRA resources alone to build 60,000 if HRA debt caps were lifted. In 2014, LGA research reported council plans to build 28,000 homes by 2020, with the potential to increase this number to 76,000 if borrowing restrictions were removed. These plans were already adversely affected under the Coalition Government by the 2013 decision to change the inflation assumption underlying permissible rent increases. This has been compounded by the rent reductions imposed by the Welfare Reform and Work Act. Continuing uncertainty about the timing of any levy on higher value assets and the lack of flexibility on the use of Right to Buy receipts adds to the problem by undermining long-term investment planning.

The NFA welcomes the statement just before Easter, by the Housing Minister, Dominic Raab MP, committing the Government to consulting on greater flexibilities about how councils use right-to-buy receipts which would undoubtedly help but we would also like to see:

- Councils being able to retain 100% of the revenue raised from sales to be reinvested locally in social rented housing.
- Councils being able to use RTB receipts to meet more than 30% of the cost of building replacement homes, to combine RTB receipts with grant funding, other capital receipts held in the housing revenue account (HRA) or public land and to pass RTB receipts to an arm's length management organisation (ALMO) or another council owned company -provided the money is still reinvested in new homes.
- The cost floor ceiling, which prevents new council homes from being sold at a loss, being extended from 15 to 25 years.
- The three-year time limit within which RTB receipts must be committed extended to five years.
- Councils given freedoms to reduce RTB discounts locally, where they are able to demonstrate that they will otherwise have insufficient receipts to enable them to replace homes sold and a reduction in the discount would be unlikely to significantly impact on the volume of sales.
- Tougher action taken against RtB fraud

We believe that as part of the Social Housing Green Paper, the Government should commit to significantly increase investment in social housing. Councils, ALMOs and Housing Associations would then be able to commit to delivering good quality, affordable homes in successful neighbourhoods that we could all be proud of.

Building successful communities

Good housing management, investing in the existing stock to keep it in good condition, as well as building new homes where they are needed is core business for our members. However, ALMOs also contribute to place making, community safety and are often the “partnership glue” on the ground between different services. Our members currently provide a wide range of additional services depending on what their communities need and where the gaps in service are in their areas. These services range from employment and training schemes, activities for young and old people to partnerships with health providers to tackle preventable diseases as well as deal with the health needs of specific groups.

We urge the government to acknowledge the extra benefits that come from social housing providers to their local communities and work with us to support this wider role without taking away any of the flexibility to provide local solutions to local problems.

Regulation

We believe that to ensure that the increased resources we are asking for are invested well and have the right outcomes for tenants there does need to be some increased level of regulation for the social housing sector.

The NFA would like to see more proactive consumer-focused regulation brought into force for both Councils, ALMOs and Housing Associations. Our members agree that social housing organisations should be focused on getting the core housing management job right, knowing their tenants and making sure customers receive redress if something goes

wrong but they also acknowledge that without independent checks that does not always happen all of the time within every social housing organisation. Social housing tenants do not have normal consumer choice about changing their landlord if they are not happy with its services and a home is a very different product to a bag of apples so there should be some additional regulation to compensate for these facts within the social housing sector.

However, any additional regulation for social housing providers should be fit for purpose, proportionate and help to achieve good outcomes for tenants. It should not be overly bureaucratic or time consuming.

The NFA believes it is right for social landlords to be open and transparent about their performance and be accountable to their tenants. ALMOs are happy to be scrutinised and meet minimum standards nationally as long as they are outcome focused, possibly using the existing consumer standards, but have the flexibility to agree local standards over and above that if possible.

Our members also recognise that for regulation to work it would need to have some teeth – what happens if organisations are not meeting the standards? The NFA would like to work in more detail with civil servants considering these issues but initial suggestions from members are: applying a grading system to councils and ALMOs and being downgraded as in the RP system, having to admit when they are failing, the Regulator requesting an Annual Report each year all social housing organisations in which performance against key indicators such as gas safety checks, complaints to housing ombudsman, STAR survey results and performance data on rent collection, voids and repairs is included. This should also be made public and sent to all tenants.

Once the Social Housing Regulator has this information they could look into outliers or cases where performance has significantly dropped during a certain time period, or the consumer standards could be given more focus during the current “deep dives” from the Regulator. The Social Housing Regulator could also have more involvement in directly monitoring council and ALMO performance. Peer reviews with tenants as part of the review team could be considered as part of any new regime so tenants talked to other tenants and could help make recommendations. If the Regulator is to start to use Key Performance Indicators (KPIs) and STAR surveys the government would have to stipulate a more regular timetable, so the information is up to date and agree with the sector the definitions and selection of KPIs. The NFA would be happy to work with the Regulator on developing a Council and ALMO sector scorecard which included key indicators on what is important for customers and then the Regulator could do quick spot checks or deep dives on outliers or anything which was a cause for concern.

The NFA is also looking at doing some work to identify good practice in monitoring ALMOs with CWAG (the Councils with ALMOs Group) and wants to identify where there are good partnerships with councils and promote the best arrangements to others to learn from. Some form of independent scrutiny of those relationships may also help ensure all tenants receive the best service, whoever is managing the homes.

Tenant engagement

Tenant engagement is at the heart of what our members were set up to deliver and our members still agree on how important it is to listen to tenants and have service users involved in scrutinising the service. The NFA believes that having tenant board members is a very useful part of that process which helps keep the sector grounded and improves communication and information to tenants more broadly. However, we also know that having tenant board members is not sufficient in terms of tenant engagement for social housing organisations and we would urge the government to focus on ensuring that all social housing organisations make sure the tenant voice is heard in a variety of ways and that these voices are listened to and acted upon at board level whatever the make-up of the board.

The NFA would like to see the government take the opportunity to review good practice on tenant engagement, identify what works, what options should be available to tenants and promote some minimum standards. The current Tenant Involvement and Empowerment standard is a good starting point but is not something which has been focused on by the Regulator or Government recently, this could easily be rectified and the Regulator asked specifically to look at that during any in depth assessments (IDAs). This could also be extended to Councils and ALMOs.

The NFA is currently producing a briefing on good practice within the ALMO sector which it will share with government as soon as it is ready which highlights the variety of ways in which our members listen to tenants and provide opportunities to get involved. We are also open to learning from others and hope to work with other partners across the social housing sector to continuously improve in this area.

The NFA is also a supporter and a member of a re-instatement of the National Tenant Voice and one of our tenant board members, Sarita-Marie Rehman-Wall sits on the steering group of that project. We believe that this body should be supported and recognised by Government as one way for Ministers to continue their conversations with social housing tenants in the long term and ensure tenants are involved in and consulted on national policy making in relation to social housing issues. We also believe that, like landlords, the government should supplement that voice with other information from the Regulator, the Ombudsman and ad hoc consultations etc. to ensure that a variety of views is heard, and specific issues picked up on centrally as well.

Dealing with complaints

There are suggestions that Grenfell residents were not being listened to before the tragedy and therefore there needs to be clarity in complaints handling at both landlord level and a national level.

Members have suggested that all complaints in the sector should go to one place so that the Regulator could have a proper overview of any emerging patterns or worrying health and safety concerns. Members have also expressed the need to better resource the Housing Ombudsman (especially if it becomes the Single Housing Ombudsman) as there is a current delay of 18 months for some complaints in some regions which is unacceptable. Again, we have highlighted some good practice work in this area in our briefing but would like to work with government and others to share good practice more widely and learn from others where possible.

Specific issues with tower blocks

The tragedy at Grenfell Tower has highlighted other more specific issues relating to the management of tower blocks. All our members agree that tower blocks are more intensive to manage, and some landlords are already saying that they will work to demolish their tower blocks over time because they are high maintenance, costly and less popular with tenants. Insurance issues are emerging, prices seem to be rising, there are likely to be more conditions attached and there is concern that some blocks may not be affordable for public liability insurance.

There is the pressing issue of cladding for some landlords with the same systems that were used on Grenfell Tower and the lack of clarity at the moment about what will and will not be compliant with Building Regulations after the Hackitt Review as well as the more general questions about what is appropriate now in terms of fire safety work in tower blocks, for example retrofitting sprinklers or not, and how that will be paid for.

In the immediate aftermath of the fire there were questions asked about who was living in the blocks and the many leaseholders in Grenfell Tower may have made that task more difficult. We need to acknowledge that there are regional differences in issues due to the state of the housing market in each area but as more ex RTB flats become sublet the sector may need a different approach to leasehold management.

Leasehold issues should therefore also be considered in the Green Paper and this opportunity used to set out rights for freeholders to enforce health and safety issues such as fire doors, gas safety checks and electrical testing as well as improving the rules on subletting.