

By virtue of paragraph(s) 4 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

**Report to:** Housing Task and Finish Working Group

**Date:** 22<sup>nd</sup> May 20023

**Purpose:** Information Report on the Regulation of Social Housing

### **Regulation of Social Housing**

#### **What is social housing?**

Social housing is housing to rent at below market rents or to buy through low-cost home ownership schemes such as shared ownership. Social Rent levels are typically set at around 50-60% of market rents. Affordable Rent is set at a maximum of 80% of the local market rent and was introduced by the 2010 Coalition Government.

Social housing is provided by local authorities and private registered providers, which are primarily housing associations but can include for-profit organisations.

#### **Why is it important?**

Social Housing is made available to help those whose find it difficult to access housing through the market.

Four million households live in rented social housing in England, just under a fifth (17%) of all households. In 2021/22, 10% (2.5 million) of all households rented from housing associations, and 6% (1.6 million) from local authorities.

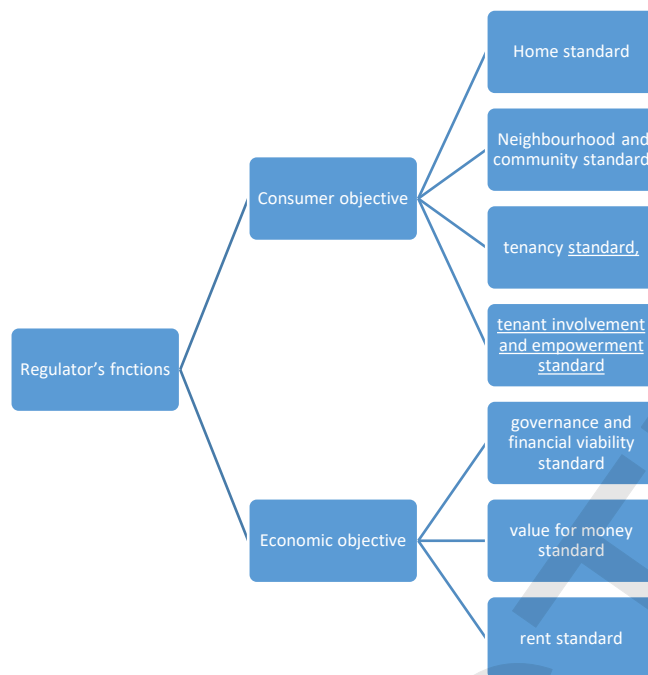
According to estimates from the English Housing Survey, there are approximately 202,000 households living in shared ownership homes in England.

Shared ownership enables people to buy a share of a property and pay a subsidised rent on the remaining share. Most shared ownership homes are delivered and managed by housing associations.

#### **How is Social Housing regulated?**

In 2018, the Government established the Regulator of Social Housing, created from the Homes and Communities Agencies). The regulator's functions are set out in the Housing and Regeneration Act 2008.

It sets consumer standards, with the ability to take enforcement action where standards are breached and there is a significant risk of serious detriment to tenants or potential tenants. It also undertakes the economic regulation of providers of social housing, focusing on governance, financial viability and value for money.



The consumer objective is to: support the provision of social housing that is well-managed and of appropriate quality; ensure that actual or potential tenants of social housing have an appropriate degree of choice and protection; ensure tenants of social housing have the opportunity to be involved in its management and to hold their landlords to account; and encourage registered providers of social housing to contribute to the environmental, social and economic well-being of the areas in which the housing is situated.

To enable it to achieve its consumer objective, the regulator is permitted to set standards for registered providers “as to the nature, extent and quality of accommodation, facilities or service provided”

There are currently four such consumer standards: the home standard, the tenancy standard, the neighbourhood and community standard and the tenant involvement and empowerment standard.

1. The Home Standard sets expectations to provide tenants with quality accommodation and a cost-effective repairs and maintenance service.
2. The Tenancy Standard sets to let their homes to tenants in a fair, transparent and efficient way.
3. The Neighbourhood and Community Standard sets expectations to keep the neighbourhood and communal areas associated with the homes they own clean and safe, co-operate with relevant partners to promote the wellbeing of the local area and help prevent and tackle anti-social behaviour.
4. The Tenant Involvement and Empowerment Standard sets expectations to provide choices, information and communication that is appropriate to the diverse needs of their tenants, a clear approach to complaints and a wide range opportunities for them to have influence and be involved

The economic objective; the second of the two fundamental objectives under the 2008 Act is to: ensure that registered providers “are financially viable and properly managed, and perform their functions efficiently and economically”; support the provision of social housing sufficient

to meet reasonable demands (including by encouraging and promoting private investment in social housing); ensure that value for money is obtained from public investment in social housing; ensure that an unreasonable burden is not imposed (directly or indirectly) on public funds; and guard against the misuse of public funds.

To meet this objective, the regulator has set three economic standards: the governance and financial viability standard, the value for money standard and the rent standard.

1. The Governance and Financial Viability Standard looks at how well an organisation is run and if it is financially viable.
2. The Value for Money Standard looks at whether a provider is making the best use of the resources that it has to meet its objectives.
3. The Rent Standard sets the requirements around how registered providers set and increase rents for all their social housing stock in line with government policy as set out in their Policy Statement on Rents for Social Housing.

### **How well is the social housing sector regulated?**

The regulator's approach to regulating the consumer standards has been found to be unsatisfactory. In the Select Committee report, it was noted; that the regulator, with respect to the consumer objective; "interprets its duty to minimise intervention and act proportionately to mean that it should only find a provider non-compliant with the consumer standards if it also finds evidence of systemic failure. The application of this 'systemic failure' test has resulted in perhaps the most passive consumer regulatory regime permissible under the Housing and Regeneration Act 2008."

It is for this reason the Government is now legislating to via the Social Housing (Regulation) Bill [HL] to introduce a more proactive regime for regulating the consumer standards by repealing the 'serious detriment' test and establishing a system of regular inspections for larger providers.

With respect to the economic standards, the regulator takes both a proactive and a reactive approach; its proactive regulation only applies to providers with more than 1,000 homes and includes, among other things, periodic in-depth assessments (IDAs). The frequency of IDAs depends on providers' risk profiles but in most cases they are done every three or four years. Throughout its engagement, the regulator says it will "require evidence of compliance, rather than assuming it". Where necessary, it publishes regulatory judgments on providers' compliance with the governance and financial viability standard. There are four governance grades (G1, G2, G3 and G4) and four viability grades (V1, V2, V3 and V4). Grades G1 and G2 and V1 and V2 are considered compliant, although the expectation is that all providers should be G1 and V1.

The regulation of the economic standards is generally considered to have been a success. While generally thought to be effective, it faces a number of challenges, in particular from:

- the diversification of providers into non-traditional business streams;
- the increasing reliance on borrowing to fund housebuilding and investment in existing stock;
- large-scale mergers resulting in very big providers that some argue have forgotten their original social mission; and
- the emergence of for-profit providers. As touched on earlier, these developments have been partly driven by changes to how social housing is funded.

## The Housing Ombudsman

The role of the ombudsman is to investigate and resolve disputes between tenants and providers who are members of the Housing Ombudsman Scheme (all housing associations and local housing authorities (councils) must be a member of the Scheme and some private landlords can become voluntary members) For a complaint to be investigated the complaint must have been made by a tenant, former tenant or prospective tenant, or by a representative of such a person and the tenant must have referred their case through a “designated person” (the ‘democratic filter’) or waited eight weeks after exhausting their provider’s own complaint handling process. Following an investigation, the ombudsman may make a finding of maladministration, and it can order or recommend that the provider, among other things, apologise to the complainant, pay compensation or perform contractual or other obligations between the member and the complainant. If a member fails to comply with an order, the ombudsman may refer them to the regulator.

Historically, there has been evidence that slow complaint handling from Registered Providers has delayed the moment when tenants can take their case to the ombudsman. In response to this; in 2021, changes to the Housing Ombudsman Scheme were introduced which included a new Complaint Handling Code; (the Government is currently legislating through the Social Housing (Regulation) Bill to place the code on a statutory footing) setting out clear expectations for landlords on handling housing complaints, together with a new power to issue a determination of complaint handling failure – a complaint handling failure order – where a landlord is failing to comply with its membership obligations.

The Ombudsman is committed to openness and transparency and an important part of which is to provide statistical information about individual landlord performance reports with five or more cases determined between 1 April 2021 and March 2022.

For the 19 RSL operating within Newcastle under Lyme, the following shows the number of cases determined between 1 April 2021 and March 2022.

Alpha (R.S.L.) Limited	<5
Anchor Hanover Group	26
Aspire Housing Limited	<5 (2 determinations)
Bespoke Supportive Tenancies Ltd	<5
Brighter Futures Housing Association Limited	<5
Choices Housing Association Limited	<5
Clarion Housing Association Limited	145 (109,545 properties)
Empowering People Inspiring Communities Limited	<5
Golden Lane Housing Limited	<5
GreenSquareAccord Limited	18 (20878 properties)
Honeycomb Group Limited	<5 – (0 determinations)
Housing 21	5 (18881 properties)
Midland Heart Limited	30 (29814 properties)
Plus Dane Housing Limited	6 (13228 properties)
Sage Housing Limited	<5
Sanctuary Housing Association	50 (80790 properties)
The Guinness Partnership Limited	41 (61,414 properties)
The Riverside Group Limited	27 (52716 properties)
The Wrekin Housing Group Limited	<5

It should be noted that the majority of providers have a small number of units within the Borough and operate across a multiple number of local authority boundaries. Those with a significant number of properties within the Borough are Aspire Housing, Honeycomb Group Ltd and Sanctuary Housing Association.

### **How is Social Housing allocated?**

In principle, social housing should be available to help those whose find it difficult to access housing through the market. To identify people in need, local authorities have an allocation scheme and a housing register.

A Registered Provider (as it is not part of the Local authority) can have arrangements to allocate its properties directly and outside the scope of the Local Authorities Housing Allocations Policy. However, under section 170 of the 1996 Housing Act, it is a requirement of registered providers to co-operate with the Local Authority as much as is reasonable in offering accommodation to people with priority from under the Local Authority's allocation scheme. The Regulator of Social Housing's Consumer Standards 2015 sets out the requirement to cooperate with the Local Authorities strategic housing function.

In practice, the majority of all RP lettings to 'general-needs' (as opposed to 'special-needs' accommodation) are made to those nominated by local authority housing departments. These lettings go to people registered on the authority's waiting list

To allocate the remainder of their vacant properties, most PRPSHs accept referrals or nominations from other statutory or voluntary organisations. These may include social services departments, the probation service, district health authorities, and advice centres.

To facilitate the nominations of social housing to applicants on the housing register; local authorities may maintain joint housing registers with PRPSHs called common registers.

The Council is not a stock holding authority and social housing is provided by Registered Social Landlords that are not-for-profit organisations that own, let, and manage rented housing. The distinction between social rented properties and those rented privately is that social homes are more affordable and provide a more secure, long-term tenancy.

There are 19 providers of social housing within the Borough. The total number of social homes are 9,909. There 8,687 general needs homes, 948 special homes (supported or older people accommodation) and 274 Low cost Homes. The majority of providers have a small number of units within the Borough and operate across a multiple number of local authority boundaries. Those with a significant number of properties are Aspire Housing, Honeycomb Group Ltd and Sanctuary Housing Association.

<b><u>Names of RSL</u></b>	<b><u>Total Social Stock</u></b>	<b><u>% Total Social Stock in area</u></b>
Alpha (R.S.L.) Limited	71	0.7%
Anchor Hanover Group	41	0.4%
Aspire Housing Limited	8,103	81.8%
Bespoke Supportive Tenancies Ltd	4	0.0%
Brighter Futures Housing Association Limited	6	0.1%
Choices Housing Association Limited	8	0.1%
Clarion Housing Association Limited	79	0.8%
Empowering People Inspiring Communities Limited	35	0.4%
Golden Lane Housing Limited	6	0.1%

GreenSquareAccord Limited	2	0.0%
Honeycomb Group Limited	521	5.3%
Housing 21	63	0.6%
Midland Heart Limited	23	0.2%
Plus Dane Housing Limited	4	0.0%
Sage Housing Limited	41	0.4%
Sanctuary Housing Association	772	7.8%
The Guinness Partnership Limited	5	0.1%
The Riverside Group Limited	9	0.1%
The Wrekin Housing Group Limited	116	1.2%
	9,909	100%

The Council has developed a Housing Allocations Policy. This has been done jointly and in partnership with Aspire Housing, who are the largest housing provider within the Borough. The policy is currently being reviewed, after being applied for a period of 24 months.

The Council operates a choice based letting scheme and applicants accepted onto the housing register may express an interest in (bid for) a social home when a suitable one becomes available.

Year	Total households on the housing waiting list	1 bedroom	2 bedrooms	3 bedrooms	More than 3 bedrooms	Unspecified number of bedrooms or those on the register more than once
2021/2022	1,238	652	324	210	52	0
2020/2021	1,269	691	348	181	49	0
2019/2020	1,384	733	416	187	48	0

The Council has a Nominations Agreements with its Social Housing Providers (Registered Providers), which sets out the mechanism by which the Council will make nominations to Registered Providers, it also provides the procedures that are to be used to make existing and arising void properties available for nominations by the Council.

The nominations agreement with Aspire Housing is underpinned by the Transfer Agreement 2000, which stipulate that the Council has the right to make nominations to 75% of available properties. The agreement with the other Registered Providers, is that nominations will be at 50% of available properties.

Nominations taken up - Private Registered Provider dwellings let to households in response to a Nomination the LA		
2021/2022	2020/2021	2019/2020
480	372	417

<b>Nominations Summary Statistics 21/22 for NBC</b>					
	<b>Aspire</b>	<b>Sanctuary Housing</b>	<b>Staffs Housing</b>	<b>Wrekin</b>	<b>Total Lettings</b>
TOTAL LETTINGS					
Q1 Noms	112	11	0	0	123
Q2 Noms	108	0	5	0	113
Q3 Noms	131	5	3	2	141
Q4 Noms	91	3	7	2	103
TOTAL NOMS	<b>442</b>	<b>19</b>	<b>15</b>	<b>4</b>	<b>480</b>

### **Key / Pertinent issues within the Social Homes**

The debate about the quality of social housing in England is very prominent; driven by the Grenfell Tower fire in 2017, (where allegations against the housing provider of marginalising residents and repeatedly ignoring concerns about the building's safety) and more recently; about the levels of disrepair in some social housing, including serious damp and mould.

In November 2021, an inquiry into the quality and regulation of social housing in England with a call for evidence was launched by the House of Commons levelling Up, Housing and Communities Committee.

### **Overcrowding**

Information was requested about households who had registered on the Housing Register and who were experiencing overcrowding.

There were 344 applicants on the Housing register, who were overcrowded in their current home. 217 (63%) applicants were in a social rented property and 127 (37%) were in the private sector.

Of the 344 applicants, their bedroom requirements were as follows:

	<b>Social rented tenants</b>	<b>Private occupier / tenants</b>	<b>Total</b>
1 bed room	16	46	62
2 bed room	34	45	79
3 bedroom	128	25	153
4 bedroom or more	39	11	50

The following table compares the number of applicants in need, occupying overcrowded accommodation with the numbers who were housed in social homes. The ratio gives an indication of the level of unmet need, the greater the number indicating a shortage of properties.

	<b>Total lettings</b>	<b>Total Need</b>	<b>Lettings: Need Ratio</b>
1 bed room	11	62	1:5.63
2 bed room	41	79	1:192
3 bedroom	17	153	1:9
4 bedroom or more	4	50	1:12.5

RESTRICTED