

Review of Social Housing Regulation: Questions

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- Personal view
- Organisational response

If you are responding on behalf of an organisation, please select the option which best describes your organisation

- Local Authority
- Housing Association
- Other registered provider of social housing
- Resident association or tenant panel
- Financial sector
- Trade association or interest group
- Tenant Management Organisation (TMO)
- Arms Length Management Organisation (ALMO)
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Please provide the name of your organisation

Nottingham City Homes Group

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Principles of Regulation

Q1. We would welcome information on whether the current statutory objectives, and monitoring and enforcement powers are right, whether they need amending, and if so, how.

The balance of regulation is disproportionately focused on financial regulation and governance. This is not to say this is unimportant, but consumer standards are also important. The requirement to only intervene on issues of consumer standards when there are cases of 'serious detriment' is a mistake. It has the side effect of sending the signal to residents that there is no agency to help them by intervening over such matters. The Regulator needs greater powers to intervene regarding consumer standards, and a framework that includes health, safety and wellbeing of tenants would have value.

There may also be scope to include local authority Housing Revenue Accounts within the financial regulation remit of the Regulator.

Q2. We would welcome information on whether the “regulated self-assurance” approach to regulation of social housing is the right approach. If not, how should it be changed?

The existing approach, with its focus on self-regulation, is helpful in that it ensures organisations are required to maintain and review compliance. However, there should be a greater element of opportunity for the regulator to intervene where there is evidence that self-regulation is weak. Self-regulation only works up to a point in some cases. The Regulator needs to provide strong guidance and periodic checks on landlords.

The published standards expected are important, and this is certainly the case with regard to consumer regulation, but there does need to be an expectation from tenants that their landlord will be held to account against these standards, and that there should be a route for tenants, or other interested parties, to raise their concerns and expect them to be taken seriously, if these standards are not being met or if there is evidence of persistent problems. This may also require some light touch pro-active investigation by the regulator, as well as the correct mechanism to be in place for circumstances where reasonably evidenced concerns are being raised about landlords. For example, where areas of concern have been identified by the Housing Ombudsman, this could be taken as a signal that a more interventionist approach should be taken by the regulator.

Economic Regulation

Q3. We would welcome information on the effectiveness of the current approach to economic regulation.

The NCH Group includes a Registered Provider subsidiary that will come under the scope of this, at the moment this is a small provider. There appears to be sufficient regulation around value for money, rents and financial viability. We note that in consultation questions within the Green Paper there is discussion around the introduction of league tables which would also assist in providing greater clarity on Value for Money in some circumstances.

We would also remark that stable funding streams and regulatory control systems make the processes easier to manage.

Q4. We would welcome information on any areas of the economic regulatory framework which might not work effectively or provide sufficient oversight when meeting the challenges of the evolving sector.

We would welcome steps that encourage greater transparency over the costs of distinct services provided to tenants to enable greater tenant scrutiny.

The Regulatory System as a Whole

Q5. We would welcome information on any specific issues that we should be aware of as the review progresses, to ensure that we retain a coherent regulatory framework.

Consumer Regulation seems to be a 'poor relation' of the economic regulation in the current arrangements, and tenants as well as social landlords should welcome an objective to strengthen consumer regulation. We do not see any detriment to existing arrangements for economic regulation by strengthening consumer regulation.

Distinctions between regulations that apply to Registered Providers and Local Authority providers should be minimised as far as possible to encourage a level regulatory field across the sector – many tenants will not have the choice of their type of landlord but should be entitled to equal protection from the Regulator.

Q6. We would welcome information on any risks arising from improving the approach to consumer regulation enforcement.

We do not see that significant additional risks would arise from improving the approach to consumer regulation enforcement. Copies of a landlord's Annual Reports may give confidence to the Regulator that organisations are meeting standards. Where they are found to be failing, then sufficient further investigation could be carried out. Additional metrics to support such Annual Reports may provide valuable data to the regulator without it being an onerous requirement to provide.

A concern would be if significant additional operating costs are introduced to comply with the requirements of any regulation changes – this can only be funded by income received from tenants.

Relationship with the Hackitt Review

Q7. What are your views on risks and opportunities presented by the regulatory regime suggested by Dame Judith Hackitt and how that should work with social housing regulation?

Although we understand why the bulk of Dame Judith's recommendations would apply only to residential buildings over 10 storeys in the first instance, the wider view both in the social housing sector and from the Chief Fire Officers Association is that this adds confusion as the 10 storey 'rule' does not match existing Building Regulations requirements for buildings over 18 metres (generally 6 storeys), and ignores the complexity and use of other buildings which may be lower in height but higher in risk. We would therefore welcome a regulatory regime that is based on risk, rather than building height in the long term.

As the Hackitt review is primarily concerned with fire and structural safety, it is silent on other common safety risks in social housing including gas, legionnaire's disease and asbestos. These are dealt with by other regulations enacted under the Health and Safety at Work Act. In common with the Regulatory Reform (Fire Safety) Order, the bulk of this legislation (save for gas) is directed at employers and workplaces, and does not apply to domestic premises, which means that local authorities and Homes England become the primary regulators in housing,

using separate legislation and standards, rather than the Health and Safety Executive and Fire & Rescue Services.

In our opinion, the primary opportunity is therefore to apply safety legislation consistently across all housing provision, giving landlords equivalent responsibilities and rights of access to those found in the gas regulations, and using existing expert authorities to act as regulators. This would provide greater clarity about roles and responsibilities, and reduce the burden of having to conform to a wide range of standards issues by separate regulators.

Any Other Suggestions for Improvement

Q8. We would welcome any further information that might inform the review of the regulatory framework.

The regulatory framework could also reference other 'corporate' framework such as the UK Corporate Governance Code and other equivalents.

In general, retaining self-regulation but strengthening the powers of the regulator to undertake planned inspections where there are identified risks that the landlord is failing in its obligations is welcomed.

Government should be careful about prescribing what constitutes 'good service'. Some guidance is valuable but service requirements may need to reflect local needs and priorities, and these may vary between areas.

Creating league tables is not necessarily the answer from a consumer perspective, as there is little opportunity to move house on the basis of residing in a poor performing area, local agreed performance figures, agreed with tenants and residents, would be more meaningful. If Government persists in this direction there will be a lot of difficulty in creating a meaningful 'league table'. It may be that comparisons can be usefully made within an appropriate geographical area, but even then there will be many variations across the sector, for example between organisations that serve different types of client group or neighbourhood geography.