

**HOMES POLICY DEVELOPMENT GROUP  
18 JUNE 2019**

**HOUSING UPDATE REPORT**

**Cabinet Member(s):** Councillor Simon Clist  
**Responsible Officer:** Mrs Claire Fry, Group Manager for Housing

**Reason for Report:** To provide a written briefing on latest developments relating to social housing

**RECOMMENDATION: Members to note the report**

**Financial Implications:** None arising from this report

**Legal Implications:** None arising from this report

**Risk Assessment:** None arising from this report

**Equality Impact Assessment:** None arising from this report

**Relationship to Corporate Plan:** Homes are a priority for the Council and this includes increasing supply in the District and also ensuring that those homes in our ownership are managed efficiently and effectively

**1. Introduction/Background**

1.1 Members previously agreed that it would be helpful to receive a regular briefing on matters relating to housing.

1.2 It should be noted that issues arising from the fire at Grenfell Tower continue to be reported in the housing press. In particular, issues relating to cladding have a high profile. The Council does not have any high rise blocks in our stock and therefore this is not an issue in Mid Devon. Furthermore, there was no cladding of the type which was used at Grenfell Tower in use on any scheme in the District. For this reason, this report will not contain any further information relating to cladding. It will, however, contain references to the Social Housing Green Paper, "A New Deal for Social Housing" which was published following the fire; and information on the new system of regulation which is likely to be introduced to address issues relating to fire safety.

**2. The Hackett Review**

2.1 After the fire at Grenfell Tower in 2017, the Home Secretary asked Dame Judith Hackett to carry out an independent review of building regulations and fire safety. In May 2018, Mr James Brokenshire, MP, who is the Secretary of State for Housing, spoke about this in the House of Commons on behalf of the Government.

2.2 He said that Dame Judith had been clear that the current system, which had evolved over many years, was not fit for purpose. He added that she was calling for major reforms and a culture of change and said that the

Government agreed with her assessment. He also said that the Government would be doing more to set and enforce high standards.

- 2.3 Barratt (3 May 2019) reported that the Government was set to publish draft legislation to implement a new post-Grenfell system of building regulation by the end of May 2019, with the intention being that it would become law during 2021.
- 2.4 It has been reported that one of the key recommendations made in the review by Dame Judith will be included in the consultation. This was that there should be a clear and identifiable duty-holder who is responsible throughout the life cycle of a building for those high risk residential buildings that are taller than nine stories.
- 2.5 Whilst most of the recommendations made in the report related to high rise buildings, we can expect that the regulatory regime relating to fire safety generally will be strengthened with a single streamlined regulatory route to oversee building standards and more rigorous enforcement powers.

### **3. A New Deal for Social Housing**

- 3.1 It is understood that proposals to provide league tables for registered providers of social housing (RPs) are to be shelved by the Government. This had been one of the government's proposals in the recent Green Paper relating to Social Housing. This is in response to feedback from tenants who felt that they could find it difficult to move if their landlords ranked poorly leaving them on estates with poor reputations which could become further stigmatised. (Barker, 29 March 2019a)
- 3.2 However, the Deputy Director for Strategy and Performance at the Regulator for Social Housing said that there seems to be widespread interest in the development of key performance indicators (KPIs) and how these could help tenants to hold their landlords to account. A spokesman from The Ministry of Housing, Communities and Local Government (MHCLG) is reported as having said that the provision of high quality and well managed social housing is a core priority for the Government. They said that they received a large number of responses to the consultation on the Green Paper, which are currently being analysed. They will be publishing a response in due course.
- 3.3 Housemark (2019) published an article which indicated that RPs could expect enhanced consumer regulation in due course. According to their assessment, RPs may have to report on consumer metrics which could be published by the regulator. Currently, the regulator is the Regulator for Social Housing (RSH) but this could change, it said. The rationale behind the collection and publication of information relating is to demonstrate transparency and to enable comparison across providers, it said.
- 3.4 In an opinion piece, Eamon McGoldrick, Managing Director of the National Federation of ALMOs (Arms Length Management Organisations) (NFA) (McGoldrick, 2019) wrote that the Government is likely to want landlords to show through metrics how competent they are in areas such as listening to, engaging with and responding to the residents they serve. He said that the

results will be in the public domain and residents will have clearer routes to raise concerns about their landlord with their regulator or with the Housing Ombudsman Service (HOS). He suggested that landlords should prepare for intervention by the regulator where it appeared that there had been failings associated with the consumer standard; and he also listed some possible triggers for intervention. These included downward trends in KPIs, referrals from the HOS and self-referral. Mr McGoldrick queried how intervention would work if the regulator wanted to investigate matters relating to Council housing given the different models of governance in operation in different local authorities.

## **4 Regulation**

4.1 Inside Housing has reported on a number of recent regulatory judgements. These cases demonstrate how important it is for RPs to be compliant with both legislative and regulatory requirements

4.1.1 A housing association with 11,000 homes in management was severely criticised by the RSH, for a number of serious failings. GreenSquare Group, which is based in Wiltshire, had breached the Decent Home Standard. The issues were uncovered by a health and safety review commissioned by the landlord after it “identified a number of properties with overdue gas certificates”. Several lifts in their blocks were also found to have out of date lift service checks. (Barker, 8 March 2019).

4.1.2 The RSH found that GreenSquare had failed to implement a large number of high priority actions arising from fire risk assessments. It found that some of these urgent actions had been outstanding for a number of months and that the issue affected a significant number of tenants. The RSH found that the failings constituted potential for “serious detriment” to tenants. It said that it would not use enforcement powers against the housing provider as it had received assurances that the breach of the standard was being remedied. The new interim Chief Executive said that the outstanding gas and lift safety checks and overdue priority actions from fire risk assessments have all been completed, with work continuing on those remaining.

4.1.3 The RSH issued another regulatory notice in April. This notice said that Gateshead Council which uses an ALMO, The Gateshead Housing Company (TGHC) to manage its homes, had left thousands of tenants “potentially exposed to an unknown risk of danger over a long period of time”. Until the middle of last year, the Council had no procedures in place to carry out fire risk assessments and was only carrying these out in high rise buildings until very recently. In addition, there were no asbestos surveys of communal areas and also issues relating to electrical safety certificates in several hundreds of properties. The Regulator found that the Council did not have an effective system in place to allow it, through TGHC, to meet its statutory health and safety responsibilities. The Council apologised to tenants and said that it has taken the regulator’s findings very seriously. (Barker & Barratt, 26 April 2019)

4.1.4 A housing association with 8,500 homes in management had its regulatory rating downgraded as a result of a failure to follow procedure on “procurement, gifts and hospitality” at a senior level. (Apps, 2019)

- 4.1.5 Sanctuary Group referred itself to the RSH after a Channel 4 programme, Dispatches, featured some of their homes in a documentary entitled: “New Landlords from Hell”. Sanctuary tenants had told the programme about service issues including damp, woodworm and flooding. In one section, there was also reference to the death of an older resident from pneumonia which was linked to the removal of his boiler. The RP refutes the allegations but has reviewed the cases which were reported and shared all of the information with the RSH so that they can undertake their own investigation. (Barker, 29 March 2019b)

## **5 Rents**

- 5.1 The RSH launched a consultation in May 2019 relating to a new five-year Rent Standard. This followed a Direction to the Regulator which was published by the Government on 26 February 2019 and which stated that the RSH should set a new Rent Standard to apply from 1 April 2020. The new standard will apply to all RPs, local authorities with retained stock and housing associations. The required outcome will be that RPs must comply with the provisions of the revised Standard and also with the Policy Statement on rents which was issued by the Government alongside the Direction to the Regulator.
- 5.2 Specific expectations included in the version of the Rent Standard out for consultation will relate to the 2020 limit for rents, the rules on social rents and the rules on affordable rents, and a movement between the different types of rent.
- 5.3 Members may recall that the new settlement announced by the Government in February will end four years of annual 1% reductions in the levels of rent. Under the new settlement, social housing rents will rise by the Consumer Price Index (CPI), which measures inflation, with an additional 1% on top for 5 years from 2020.

## **6 Housing Associations**

- 6.1 Yarlington, an RP which has homes in Mid Devon, and Radian, have announced that they are exploring options to form a partnership. The two organisations, which have 38, 000 homes between them and which work in the South and South West, stated that the options could deliver a number of good outcomes. Radian (2019) listed these as the delivery of long term benefits for customers and local communities; the transformation of the customer experience by further development of digital services together with a continued focus on local services; and the support of residents into employment, better jobs and careers through innovative social business.
- 6.2 In April, the Guardian reported that children in social housing were being prevented from playing in the communal playground at a scheme in Lambeth where there was some social housing and also some homes which had been developed for sale. (Inside Housing, April 2019)

- 6.3 In response to this Steve McCabe, MP, submitted a written question asking the Government what they were doing to prevent segregation on shared playgrounds. In his answer, the Housing Minister, Mr Kit Malthouse, said that the Government had made it clear that unfair stigmatisation of social residents would not be tolerated, whether it occurred in relation to a restriction in the use of playgrounds or in any other way. He said that the Government was looking closely at how they could encourage and support mixed homes and communities and he said that he had asked for the guidance on planning to be strengthened to emphasise the importance of integrated communities and to help stop other incidents like this happening again at any point in the future.

## **7 Tenure Reform**

- 7.1 In April, the Prime Minister, Mrs Theresa May, announced plans to end evictions arising from the use of section 21 Notices (often known as “no fault evictions”) (BBC, 2019). These notices allow landlords to evict tenants after their fixed term period ends. Landlords currently only need to give as little as 8 weeks’ notice after a fixed term tenancy ends. Mrs May said that the major change would protect tenants from “unethical behaviour” and give them “the long-term certainty and the peace of mind which they deserve”.
- 7.2 Mr Brokenshire said that there was evidence to show that evictions taking place as a result of the use of the section 21 procedure were one of the biggest causes of family homelessness. He also said that the changes would offer more “stability” to the growing number of families renting. He said that people would no longer be afraid to make a complaint because they may be concerned that they would be evicted in retaliation by their landlord using the “no fault eviction” to move them out. He said that the plans would offer “speedy redress” to landlords seeking to regain possession of their property for legitimate reasons, such as to sell it or to move into it themselves.
- 7.3 A spokesperson for the Central Association of Agricultural Valuers (the CAAV) stated that the plans could lead to fewer rural homes being available to rent because it could lease to landlords swapping tenures to holiday let, selling homes or leaving them empty. (Inside Housing, 2019a)
- 7.4 Housing associations are reviewing their use of fixed term tenancies as some landlords have committed not to use them anymore (Inside Housing, 2019b).
- 7.5 Members may recall that David Cameron, the then Prime Minister, announced plans to restrict the use of lifetime tenancies in 2010. The rationale was to make better use of the limited housing stock available, by requiring tenants to move to alternative accommodation if their household circumstances changed. The Coalition Government allowed fixed term tenancies to be used by RPs from 2012. In 2015, the Government proposed legislation to end the use of lifetime tenancies. There was a proposal to limit all new tenancies to 5 years but after strong opposition to this proposal in the House of Lords, a limit of 10 years was agreed. Legislation was expected but the proposal has now been dropped, as stated in the Social Housing Green Paper, published last year.

7.6 Housing associations have given several reasons as to why they are no longer using fixed term tenancies, or are limiting their use, and these can be summarised as:

7.6.1 Making properties more attractive to prospective tenants

7.6.2 Simplifying the lettings process

7.6.3 Supporting the development of sustainable communities

7.6.4 Offering tenants more security of tenure

7.5.5 Reducing uncertainty for tenants

7.6.6 Multiple tenures making additional work for frontline teams

7.7 Sanctuary, which works in Mid Devon, has informed the Council that they will be amending their tenancy policy so that fixed term tenancies are no longer used; and another registered provider with homes in the District, LiveWest, has said that it be keeping lifetime tenancies for one and two bedroom homes although they will continue to issue fixed term tenancies lasting 7 years for its larger properties.

## **8 Leasehold Reform**

8.1 A report published by the Housing, Communities and Local Government Committee has sought reforms to the leasehold system (Curry, 2019). These would apply to local authorities and to housing associations. A code of practice has been suggested, which would contain guidance on best practice for carrying out and charging for major works in leasehold homes. The Committee found that those who own their own homes in blocks of flats could be vulnerable to “onerous ground rents, high and opaque service charges and one-off bills, unfair permission charges, imbalanced dispute mechanisms, inadequate advisory services, and unreasonable costs to enfranchise or extend leases”. Fire safety was highlighted as an issue on the basis that some leaseholders have been sent huge bills to pay for the removal and replacement of potentially dangerous combustible cladding.

8.2 The report recommended that:

8.2.1 Councils should provide evidence to leaseholders that they are receiving the same value from procurement as in the private sector.

8.2.2 Councils should administer sinking funds for building/ estates.

8.2.3 The Government should set ground rents to 0.1% of the value of the property and to a maximum of £250 a year.

## **9 Welfare Reform**

9.1 Harrogate has been chosen to pilot the managed migration of Universal Credit. This is where those currently in receipt of legacy benefits will be switched to Universal Credit. In total 3 million people need to switch over onto Universal Credit by the end of 2023. The pilot will start in July and will involve 10,000 claimants. The Department of Work and Pensions (DWP) has stated that all those transferring to the new benefit will be personally supported by Jobcentre staff, with vulnerable claimants receiving home visits. Harrogate Borough Council has a stock of approximately 3,800 homes, and there are also a number of housing associations operating in the town, including some of the national providers. (Barker, 15 March 2019)

## **10 Right to Buy**

10.1 In the past, some local authorities transferred the management of their housing stock to ALMO. These companies are wholly owned Council companies and therefore the tenants who live in their homes have the Right to Buy.

10.2 Many of these organisations belong to a national federation (NFA) and this grouping undertakes an annual survey. In the latest of these, it emerged that members had built or purchased 1,949 homes during 2018. However, they sold 2,813 homes over the same period meaning that those new homes built or bought only made up 69% of those lost through sales. The Managing Director of the NFA, Mr McGoldrick, said that unless the Government implements change to the Right to Buy scheme, it is “like a leaking bucket”. (Barker, 12 April 2019). He said that the sector would continue to lose more Council homes than it can replace.

## **11 Recommendation**

11.1 Members to note the report.

**Contact for more Information:** Mrs Claire Fry, Group Manager for Housing, 01884 234920, cfry@middevon.gov.uk

**Circulation of the Report:** Cabinet Member seen and approved [yes/no – name of Cabinet Member], Leadership Team seen and approved [yes/no]

### **List of Background Papers:**

Apps (2019), Association kept at second tier governance by regulator, Inside Housing, Peter Apps 27 March 2019

Barker (8 March 2019) GreenSquare in breach of RSH fire safety standard, Inside Housing, Nathaniel Barker, 8 March 2019

Barker (15 March 2019), UC managed migration pilot area revealed, Inside Housing, Nathaniel Barker, 15 March 2019

Barker (29 March 2019a) Green paper’s sector league tables “unlikely”, Inside Housing, Nathaniel Barker, 29 March 2019

Barker (29 March 2019b) RSH inspects issues raised in Dispatches, Inside Housing, Nathaniel Barker, 29 March 2019

Barker (12 April 2019) ALMOs warn of Right to Buy “leaking bucket”, Inside Housing, Nathaniel Barker, 12 April 2019

Barker & Barratt (26 March 2019) Council “put tenants at risk”, Inside Housing, Nathaniel Barker & Luke Barratt

Barratt (3 May 2019) Hackitt Review legislation imminent, Inside Housing, Luke Barratt, 3 May 2019

BBC (2019), BBC website, 15 April 2019 <https://www.bbc.co.uk/news/uk-47927706>

Curry (2019), MPs: HAs need code to protect leaseholders, Inside Housing, Rhiannon Curry, 22 March 2019

Rt Honourable James Brokenshire, MP & Ministry of Homes, Communities and Local Government (17 May 2018)

<https://www.gov.uk/government/speeches/statement-on-the-hackitt-review>

Housemark (2019), The Social Housing Green Paper: What do we know?, Natalie Kerska, 25 April 2019

<https://www.housemark.co.uk/hm-news/all-articles/general-news/the-social-housing-green-paper-what-do-we-know>

Inside Housing (April 2019), Malthouse wants new laws to prevent housing segregation, Inside Housing, 12 April 2019

Inside Housing (May 2019a), New laws to hit affordable rural housing, Inside Housing, 3 May 2019

Inside Housing (May 2019b), Turning of the Tide, Inside Housing, 3 May 2019

McGoldrick (2019) In with the new (The shake-up of regulation post-Grenfell will mean changes for Councils. Are they ready?), Inside Housing, 18 April 2019

Radian (2019), Radian website, 26 April 2019

<https://www.radian.co.uk/radian-and-yarlington-announce-partnership-talks-2/>

Regulator of Social Housing (2019), Consultation on New Rent Standard from 2020

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/799989/Consultation\\_on\\_a\\_new\\_Rent\\_Standard\\_from\\_2020\\_-\\_May\\_2019.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/799989/Consultation_on_a_new_Rent_Standard_from_2020_-_May_2019.pdf)