

CEO Forum Roundtable

Implications of the Housing Green Paper

Hosted by Engie
Location Leicester
Event Date 12 September 2018

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The Government's Social Housing Green Paper was published on 14 August. It consults on a range of measures and policies aimed at reducing the stigma associated with Social Housing, giving residents more influence and delivering more and better homes. It also signals closure for some of the previous administration's policies such as the sale of High Value local authority homes. This roundtable discussion examined what the document along with the draft NPPF might signal for landlord services, for delivery of new homes by local authorities and for estate renewal and regeneration.

The Housing Forum is keen to represent the views of the sector back to government and the discussion was directed to help provide an in-depth response on behalf of members to the MHCLG.

The discussion followed Chatham House rules and the following is a summary of the discussion.

General

Speakers gave the East Midlands perspective of local authorities, ALMOs, Housing Associations, contractors and consultants. This document sets out what implications and feedback are under the headings of The Social Housing Green Paper – A new deal for social housing.

Speakers broadly welcomed the government instigating the green paper as it marked a change in attitude towards social housing even if this might be more turning back the dial eight years rather than anything new.



Social housing green paper: a 'new deal' for social housing: Published 14/08/2018

The opinion was also expressed that many of the potential policies signalled in the consultation seemed as a response to the situation in London and were less relevant for tenants and landlords outside the capital.

It was noted that many of the proposals either reversed controversial policies – such as the selling off of High Value Council Properties – or harked back to pre-coalition approaches to maintaining standards of assets and services (The Housing Inspectorate and the Audit Commission star systems), regulating for the consumer (TSA) and a National Tenant Voice. All these institutions were abolished in the early years of coalition government.

“very difficult for a local authority to deliver all the aims”

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“the report throws up more questions than answers”

“from perspective of a LA stockholder nothing significant that would change the world.”

“we are losing properties hand over fist and only getting 30% receipts doesn’t enable us to spend them within the timeframe”.

“seemed to be a bit of a sales pitch for current policies”.

The focus on safer homes was welcomed. It was noted that already landlords were experiencing additional costs following increased focus on fire safety post Grenfell. Some were taking a risk based approach rather than relying on minimum building regulations when making decisions around components for new build (for example sprinklers, additional lifts). There is no additional revenue source for these works so for existing stock it limits what can be invested elsewhere and for new build it impacts on feasibility. The discussion also flagged up concerns about build quality of new homes in the past ten years with respect to fire-stopping, cladding and fire-resistant doors.

The DHS is a component based approach. The contractor view was that with much of original DHS work carried out before 2003 and currently 13% of homes defined as non-decent even with the current standard there is probably a significant need. Enhancing DHS to take account of affordable warmth, air quality, neighbourhood design would be welcome, but has financial implications for local authorities’ business plans and would squeeze headroom on the HRA reducing the capacity to develop new homes. Similarly, for Housing Associations investment in stock reduces the amount of funding available for new build.

“DHS created a long term challenge. Just dealing with components and not communities”

“if eco standard increases will have to find money to clad homes or will need to sell. If we sell they go to the private sector and they will be provided back to tenants in receipt of benefit at higher cost with lower standards”

“there will be a tension (between reinvestment and new homes) and it will mean lower supply”

“more pressure on HRA business plan and no new money”

So driving up the safety and standards of homes is welcomed, but not without a corresponding approach to freeing up finance to deliver this.

The panel also commented that the real challenge is for the expanding private rented sector where standards for the most part are significantly lower.

Improving and speeding up how complaints are resolved

The view was expressed that this was a particular challenge for large HAs as the focus was on development and surplus rather than accountability. The government added a delay of up to 8 weeks into the complaints process, when it introduced the “responsible person” pathway to the Housing Ombudsman. Good customer focused landlords already get this right. The single Housing Ombudsman is welcomed as is the move to shorten and simplify complaints processes.

Empowering residents and ensuring their voices are heard and taken into account

It was recognised by all that where there is successful engagement with residents with landlord and contractors that results are better and work is more satisfying.

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“some of our best and most enjoyable schemes have been where there is strong tenant and resident involvement”

However, from a local authority landlord perspective it was felt important to remember there is a democratic route to holding the service to account and *“members would be unhappy to feel cut out of this”*.

Conversely it was felt that the larger landlords did not see business benefits of involving residents in decision making, particularly when dealing with the financial conflict between investment in existing homes and services and developing new homes. More encouragement for including residents in decision making is welcome, but *“it might require legislation to force the large HA’s to do it”*.

The common experience is that residents are sometimes reluctant to invest their time and energy in engaging with a landlord or local authority. This can mean that the views of those who do get involved are unrepresentative. It’s therefore important to find ways to include the views of as many people as possible. It’s also true that the views of the 9000 (out of 8 million?) consulted, may be a skewed sample.

“it often comes down to the few and the few’s views can be magnified”

It was felt that the focus on listening to people was a response to issues in London and the challenges of regeneration there and not as relevant to the Midlands.

KPIs

There were differing views on league tables based on headline KPIs. Commissioning local authorities saw this as a helpful tool in allocating development to Housing Associations.

It is also a method of encouraging those HA’s focused on growth to balance their businesses and consider the existing residents.

However, the sense from others was that they can be too much of a blunt instrument, would not tell the full story and might drive “gaming” by providers, particularly if they were linked to grant allocation.

“we might want to encourage HAs with good outcomes to develop in our area”

Because of FOI KPIs for LAs and ALMOS are public knowledge so less of an issue for them.

Allowing regulator to intervene where there is systemic failure

This was generally welcomed, but *“remember most ALMOs are not RPs. With ALMOs scrutiny is already there from the authority”*.

“we need some detail as to what is systemic failure”

Offering choice of landlord or contractor to residents

This was generally seen as unworkable. Successive governments have attempted to find ways to introduce more choice for tenants. Some individual landlords may find ways to introduce this, but, it requires a total rethink of the current model.

“simply unrealistic”

“the supply is not sufficient to offer choice”

Tackling stigma and celebrating communities

The group welcomed steps that reduced stigma. It was noted that up until Brexit and Grenfell politicians and civil servants had fallen into the trap of a negative stereotyping of social housing tenants.

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It did not pass unnoticed that encouraging and enabling home ownership is still seen as part of the DNA of a Conservative administration and this tends to support the perception of renting as a last resort option - social renting more so. Those who are allocated social housing are more likely to be vulnerable and less well off. They are stigmatised for this as much as for their tenure.

“Growing up on a council estate there was no stigma, so no reason why this shouldn’t be reversed”

Improvements to public realm, to the design of homes and to the way tenants are treated by landlords will help. Examples given of Northampton Partnership Homes changing public realm to include allotments, garden areas, private parking areas to foster sense of neighbourhood.

Stock transfer to Community Based Housing Associations

Participants commented that this seemed a strange addition as it was felt stock transfers were off the table. It was seen as *“a victory for the HA lobby”*.

“What does a community based HA mean”

“council housing is community housing, because they are the elected body”

Building the social homes we need and ensuring those homes can be a springboard to home ownership

The group welcomed the proposed relaxation on use of RTB receipts, the end of the threat of enforced sales of high value properties and the £1 billion expanded headroom for the HRA.

However, it is not enough to generate the homes that could be delivered if

- HRA headroom were expanded for all and not just high value areas
- RTB receipts could be used in conjunction with commuted sums
- The use of RTB receipts on new build was not limited to 30%.

It was welcomed that Local Housing Companies were still seen as part of the solution and that while a home ownership offer had to be identified, RTB was not mandatory.

Concern was expressed about the RTB pilot in the Midlands and both the impact RTB generally has on the ability to regenerate estates due to pepper-potted freeholds and leaseholds and the subsequent use of the properties for PRS often for those on the housing waiting list and in receipt of benefit, but at a higher cost for the local authority.

“ring-fencing was introduced to make LAs self-financing, but because of HRA cap, 30% restriction on spending RTB receipts they are not really in control of their finance”

“we are approaching our headroom, because of valid decisions to develop, we could develop another 600 units – planning permission for 125 we could deliver, but we don’t have headroom” “we have demand, but unless we have relaxations in restrictions in grant, because of rental figures we are not able to develop more”

“Councils find different mechanisms to build – but they shouldn’t have to...it’s all because of a cap on the HRA”

“1% increment shared ownership could work if linked to rent”

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“the three year rule concentrates the mind”

“no potential political fallout from changing the restrictions – so why not do it”

“government on journey big turnaround from policies last 3-4 years” “but still in a mess about RTB and home ownership” “actually conservative district council members unenthusiastic about RTB – perhaps this would be rather more powerful”.

“RTB does not reduce benefit bill – if anything it increases it because the TA budget increases”

The Chair then offered a couple of questions.

Has the likely cost of addressing safety issues had impact on budgets?

“Yes had to set aside £1million – it is costing us a fortune”

“Regeneration schemes delayed as no-one can supply the components”

“The client group is the risk not just the height of the building” “we are including sheltered schemes”

“FRA have got tougher – more likely to get enforcement from Fire Authorities from authorities”

What is happening with quality?

There was a discussion about design and quality – which can help tackle stigma - and whether this was being considered in new development. The sense was that the drive from Homes England hitting new homes targets by set dates, costs were increasing due to skills shortages and materials costs increasing and that design quality was suffering.

Consultants in the room suggested that there was a greater emphasis on quality inspections to ensure homes were built to specification.

“the government is really only interested in delivery”

“one of the biggest concerns is that last year was a scramble to get completions by March – a lot of pressure now to deliver”

“In a year or two’s time no idea how construction in the West Midlands will be delivered”

“Northampton workforce can earn more in London – we’re bringing people down M1 to Northampton to work”.

Attending

HOSTS

Neil Baxter	New Business Director Engie
Jyoti Madlani	Regional Business Development Manager Engie
Andy von Bradsky	Chairman The Housing Forum
Michael Cleaver	Director The Housing Forum

GUESTS

Neil Adie	Group Head of Development Waterloo Housing Group
Chris Burgin	Director of Housing Leicester City Council
Neil Hebberts	Partner calfordseaden
Glyn Jones	Director of Housing North West Leicestershire DC
Mike Kay	Chief Executive Northampton Partnership Homes

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Marcus Lewis	Partner Baily Garner
Paul Maddern	Head of Quantity Surveying - West Midlands Pick Everard
Andrew McNeil	Assistant Director for Housing Investment & Strategy City of Lincoln Council
Harry Rai	Assistant Director, Housing South Kesteven District Council
Dina Zannetaki	Senior Architect BM3
Helen Cooke	Account Manager Travis Perkins

Membership

The Housing Forum is the only cross-sector membership network that represents the entire housing supply chain on behalf of the housing industry.

With a membership of 150 like-minded organisations and businesses from across the public and private sector, The Housing Forum champions collaboration and innovation in construction to improve productivity, design and build quality.

How to join

We'd love to talk to you about the benefits of membership to your organisation.

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