



Government response to the Levelling Up, Housing and Communities Select Committee inquiry into the Regulation of Social Housing

Presented to Parliament
by the Secretary of State for
Levelling Up, Housing and Communities
by Command of His Majesty

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Introduction

The Government welcomes the Levelling Up, Housing and Communities Committee report on the regulation of social housing, and the scrutiny of our ongoing reforms to improve the quality of social housing.

We want to recognise every tenant who contributed to this inquiry and shared personal experiences of living in poor-quality housing and the impact of this on their health and families. We know this can be distressing and want to assure these tenants that their voice has been heard and that Government is taking significant steps to bring about much-needed change as quickly as possible. We will continue listening to tenants as we deliver the next stages of our work, including through our Social Housing Quality Resident Panel.

The quality of housing can mean both (i) the physical quality of the home, including whether it is safe, warm, decent and secure; and (ii) tenant experience, including the quality of service, support offered by landlords, the fairness and respect that landlords show tenants, security of tenure, and tenants' right to redress.

Our work so far to improve the quality of social housing

Nobody should have to live in substandard homes with landlords who fail to act. That is why we are driving through a series of reforms, and why the Government also set an ambitious target to halve the number of non-decent rented homes by 2030 in the Levelling Up White Paper. We have already made strong progress with the overall number of non-decent homes falling from 5.6 million in 2010 to 3.5 million in 2020.

The Grenfell Tower fire in June 2017 tragically highlighted the need for major reforms in social housing and more widely. Such a tragedy must never be allowed to happen again. The Government remains absolutely committed to helping the Grenfell Tower Inquiry get to the truth. Nothing is more important than keeping people safe. The Department will ensure that any urgent public safety issues it uncovers are immediately dealt with. The Building Safety Act is now in force to improve the safety of homes across the country.

It became clear in the aftermath of the fire that broader questions about social housing policy, including how tenants were treated by their landlord, needed to be addressed. The Government subsequently launched a nationwide listening exercise, bringing together thousands of residents to hear directly about the changes they wanted to see. There were questions raised about complaints and the regulation of social housing, in addition to issues such as training for landlords, tackling anti-social behaviour, and how landlords communicate with tenants. As a result, Government's programme of work to improve tenants' experience of living in social housing is ambitious and broad in scope.

The Social Housing Green Paper was published in August 2018 summarising these views from residents and setting out possible options for change. We received over 1,000 responses to this consultation, from residents, landlords and sector bodies. A 'Review of the Regulation of Social Housing' was also published, focusing on the work of the Regulator of Social Housing and how it could reform its economic and consumer regulation functions.

In November 2020, we published the Charter for Social Housing Residents: Social Housing White Paper. The Government set out specific measures to improve the safety and quality of homes, but also how tenants are treated by their landlords, ensuring open and meaningful engagement and a swift resolution to complaints. This includes significantly strengthening the powers of the Regulator of Social Housing through a proactive consumer regulation regime.

The Government has continued to build on the work of the Social Housing White Paper by setting the ambition in the Levelling Up White Paper in February 2022 to halve the number of non-decent rented homes by 2030. This was shortly followed by the announcement of additional measures, including naming and shaming landlords who have serious findings made against them, and establishing a Social Housing Quality Resident Panel. The Social Housing (Regulation) Bill was introduced to Parliament in June 2022 and is expected to achieve Royal Assent in this parliamentary session.

The tragic death of Awaab Ishak has highlighted that there are still severe problems with the way some social landlords treat their tenants. We have written to all social landlords to urge them to eliminate dangerous damp and mould, and the Regulator of Social Housing wrote to all registered providers of social housing to request information on how they are assessing and addressing problems of damp and mould in their homes. On the basis of the returns from the Department's letters last year, we remain worried about the failure of some landlords and local authorities to take sufficient action.

We tabled our amendment to bring Awaab's Law into the Social Housing (Regulation) Bill in February 2023. Awaab's Law requires the Secretary of State to set out new requirements for landlords to address hazards such as damp and mould in social homes within a fixed time period. The details of the requirements themselves, including time limits for action, will be settled through consultation. We will consult within six months of Royal Assent of the Bill. We aim to bring these into force in summer 2024.

How this will deliver change for residents

Landlords need to take responsibility for every home they provide; no tenant should live in damp, mouldy or unsafe homes. This requires a significant culture change for some landlords by putting tenants at the heart of all they do and assuring themselves of how they are performing in preparation for the new regulatory regime.

We are taking a wide range of approaches to deliver better quality homes, strengthening the incentives for landlords to address poor quality through stronger enforcement action and greater requirements on transparency, and by empowering tenants. We made commitments that:

- **The standards landlords need to meet will be made clear and appropriate.** The Regulator of Social Housing has begun a review of the consumer standards which it will consult on following Royal Assent to the Bill.
- We are separately reviewing the Decent Homes Standard, which has been in place since 2001, to ensure it is fit for purpose for the social housing sector today. We are legislating for new regulatory standards on the competence and conduct of staff, including qualifications requirements to professionalise the sector;
- **Landlords will face consequences if they fail to meet these required standards,**

with swift and effective action taken by the Regulator of Social Housing. Many of these changes are being introduced through the Social Housing (Regulation) Bill, including new powers for the regulator to issue unlimited fines. Landlords who have the most serious findings made against them are also being ‘named and shamed’ by Government ministers;

- **The complaints process is becoming fairer and easier to access**, with a strengthened Housing Ombudsman Service ensuring an improved, positive complaint handling culture within landlords, and barriers removed so all tenants can access the Housing Ombudsman Service swiftly;
- **Tenants will have the information they want from their landlord**, including performance data through Tenant Satisfaction Measures and more rights for tenants of housing associations so they can access information about their landlord through the forthcoming Access to Information Scheme. The Regulator has completed its consultation on the Tenant Satisfaction Measures and subsequently issued a decision statement.
- **Tenants will have more understanding about the tools they can use to engage with their landlord and hold them to account.** Government is delivering a resident opportunities and empowerment programme to upskill residents; has delivered a nationwide campaign to raise awareness of how to make a complaint and access the Housing Ombudsman Service; and has published an information package informing residents about the powers their landlord can use to tackle anti-social behaviour.

Nature of this report

Government and landlords have an important role to play, but we also work with the independent Housing Ombudsman Service and Regulator of Social Housing, who have been closely engaged in all our work. As some of the recommendations are specific to them, both organisations have submitted separate responses.

We have responded to each of the recommendations in turn.

Housing disrepair

Recommendation 1

Whatever the extent and causes of housing disrepair, we call on everyone in and connected to the social housing sector to work together and prioritise above all else the quality of housing being provided to existing tenants.

Government Response

No social housing tenant should be stigmatised or discriminated against, and we expect landlords to take this issue seriously. Improving the quality of rented accommodation, including social housing, is a key part of our levelling up agenda as we recognise the impact poor-quality housing has on people across the country. In the Levelling Up White Paper, we set the ambition to halve the number of non-decent rented homes by 2030, with the biggest improvements in the worst performing areas.

We are clear that everyone in, and connected to, the social housing sector has a role to play, including the Housing Ombudsman Service and Regulator of Social Housing, with whom we are working very closely to deliver change.

The Secretary of State wrote to all social housing providers on 19 November 2022 demanding that the bar is raised dramatically on the quality of social housing. The Government recently made £30m available to the West Midlands and Greater Manchester Combined Authorities to support housing quality in those areas. The Government will continue to name and shame those landlords who are in breach of the regulator's standards or have been issued a severe maladministration finding from the Ombudsman.

Landlords must take full responsibility for their homes, prioritising repairs, ensuring tenant engagement is effective and meaningful and not settling for poor-quality conditions. Landlords should also have robust data systems so they can monitor conditions and must ensure that tenants' concerns are at the heart of everything they do. Boards should provide adequate scrutiny and be fully satisfied that the service being offered to tenants, and the quality of housing, meets the consumer standards set by the Regulator of Social Housing. This includes the Home Standard, which requires that registered providers ensure that tenants' homes meet the Decent Homes Standard and meet the standards of design and quality that applied when the home was built. The Home Standard also requires that landlords provide a cost-effective repairs and maintenance service and meet all applicable statutory health and safety requirements. In the proactive consumer regulation regime, the Regulator of Social Housing will seek assurance that the services being offered to tenants, and the quality of housing, meet its revised consumer standards. Landlords should not be waiting for the new regulatory regime to come into force, however, and should be taking immediate steps now.

Recommendation 2

To reduce the social housing sector's reliance on outdated stock, we recommend that the Government introduce funding specifically for regeneration that does not require the delivery of net additional housing and deliver on its commitment to increase the supply of homes for social rent. We also recommend that it amend the Affordable Homes Programme to remove the requirement to deliver net additional housing.

Government response

Government provides landlords with funding for new supply of affordable housing, including for regeneration schemes where that investment delivers net additional housing. To support the renewal of their existing stock (where social landlords are required to meet regulatory and legal requirements relating to the quality and safety of their properties), their primary source of funding is rental income. This exceeded £21bn in 2021-22. In addition, Government is also providing capital funding to help social landlords meet the costs of carrying out building safety remediation and making their homes more energy efficient. Landlords should be making appropriate plans for major regeneration projects and delivering planned maintenance at an early stage, although we will keep under review the need for additional funding, and closely monitor the impact of the new cap for 2023-24 on social rents. The 2019 Conservative Manifesto committed to a £3.8bn Social Housing Decarbonisation Fund (SHDF) over a 10-year period to improve the energy performance of social rented homes. £1.03bn has been made available since 2020/21. The fund supports quality in the social rented sector through the upgrading of social housing stock to deliver warm, energy efficient homes, tackle fuel poverty and improve the comfort, health and well-being of social housing tenants.

The Government is committed to increasing the supply of affordable housing, as building more homes for social and affordable rent helps to tackle problems of overall housing supply, the cost of living and homelessness, whilst more homes for low-cost home ownership helps to get new people onto the housing ladder. The Affordable Homes Programme already funds the delivery of additional affordable homes on regeneration sites. The Government has recently also introduced changes to allow the funding of replacement homes on regeneration sites, where doing so increases overall housing supply. This strikes the balance between ensuring that the Affordable Homes Programme remains focussed on new supply, whilst also making more regeneration schemes across the country viable.

Recommendation 3

To prevent the further erosion of the social housing stock, we urge the Government to set out how it plans to fully fund the one-for-one and like-for-like replacement of every home sold under the proposed extension of the statutory right to buy to tenants of private social housing providers. One-for-one replacement must be completed within three years of the sale. We also call on the Government to publish its assessment of whether extending a genuine right to buy to tenants of private providers might result in the ONS reclassifying the sector as part of the public sector.

Government response

In June 2022, the then Prime Minister announced the intention to extend the Right to Buy to housing association tenants. The Government is considering the next steps. More generally, we have given councils additional flexibilities and tools to provide more replacement homes. This includes the recent announcement that councils can retain 100% of their receipts from Right to Buy sales in 2022-23 and 2023-24 and the new preferential borrowing rate for council housebuilding from the Public Works Loan Board.

Recommendation 4

We recommend that the Government provide an update on social housing providers' access to funds for building safety remediation and commit to ensuring they have exactly the same access to funds as private landlords. It should also provide an assessment of the total cost of remediating the social housing stock, and the gap between this and the funds that are available, from whatever source, to carry out the remediation work. The Government should then work with the sector to identify how the funding gap can be bridged. We also call on the Government to provide an update on the impact of the Social Housing Decarbonisation Fund and on the ability of social housing providers to decarbonise their housing stock.

Government response

Registered Providers are legally required to make sure that buildings with unsafe cladding in their stock are remediated quickly and proportionately, and we expect them to do so in accordance with their duties.

While it is not currently possible reliably to estimate the total cost of remediating the entire social housing stock, the Department for Levelling Up, Housing and Communities (DLUHC) is working

with Registered Providers to make RPs' remediation performance more transparent, so that residents can have greater confidence that they are safe in their homes.

To address funding gaps, the Department operates two schemes offering financial support for registered providers of social housing to remediate unsafe cladding on buildings over 18 metres in height.

Under DLUHC's Social Sector ACM fund, the Government has made available £400m to support Registered Providers of social housing to remove and replace unsafe ACM cladding on buildings over 18 metres. As of 31 May 2023, the Social Sector ACM Cladding Remediation Fund has approved £292m of funding for the removal and replacement of unsafe ACM.

Under DLUHC's Building Safety Fund (BSF), the Government has made available £4.5bn to support work to remove and replace unsafe non-ACM cladding on buildings over 18 metres. As of 31 May 2023, the Government has committed £195 million to support registered providers of social housing to remove and replace unsafe non-ACM cladding on buildings over 18 metres.

Registered Providers are able to apply for support from the Building Safety Fund in order to:

- Meet the cost of remediation in cases where the Registered Provider would become financially unviable due to the cost of remediation.
- Provide funding equivalent to the amount which the Registered Provider would otherwise be entitled to pass on to leaseholders, including shared owners.

Government will shortly launch a Mid-Rise Scheme for remediating buildings between 11-18 metres in height. Once launched, Registered Providers will be able to apply for support under the Mid-Rise Scheme on a similar basis to the access they have to the Building Safety Fund.

Social Housing Decarbonisation Fund Update

The Social Rented Sector is the best performing tenure in terms of energy efficiency, with 66% of properties achieving EPC Band A-C (English Housing Survey, 2020-21). Many providers of social housing are already including net zero considerations in their long-term planning and recognise the importance of improving the energy efficiency of their properties.

The 2019 Conservative Manifesto committed to a £3.8bn Social Housing Decarbonisation Fund (SHDF) over a 10-year period to improve the energy performance of social rented homes, on the pathway to Net Zero 2050. The SHDF will upgrade a significant amount of the social housing stock currently below EPC C up to that standard, delivering warm, energy-efficient homes, reducing carbon emissions and fuel bills, tackling fuel poverty, and supporting green jobs.

The Department for Energy Security and Net Zero (DESNZ) is working closely with the social housing sector to ensure that the needs and circumstances of social landlords are being considered in the design and delivery of the SHDF. The Social Housing Retrofit Accelerator (SHRA) has been established alongside the SHDF to support social housing providers in England to prepare for applications to the SHDF. The SHRA is a free service that offers technical support to applicants to the SHDF at different stages of their project development, including the bidding process itself, through the use and development of best practice and toolkits.

The SHDF Demonstrator project, launched in 2020, awarded around £62m of grant funding in 2021 to social landlords across England and Scotland to test innovative approaches to retrofitting at scale, seeing up to 2,000 social homes improved to at least EPC band C and supporting over 1,000 local jobs.

The Government launched Wave 1 of the SHDF in August 2021. It has awarded around £179m of grant funding for delivery from 2022 to 2023. SHDF Wave 1 will see energy performance improvements to up to 20,000 social housing properties, reducing bills and carbon emissions. The Wave 2.1 competition which closed on 18th November 2022 has now allocated a further £778m of grant funding. Match funding from Wave 2.1 applicants provides an additional £1.1bn of funding. This will install energy efficiency upgrades in housing stock in England that is currently below an Energy Performance Certificate (EPC) C rating. We expect around 90,000 homes to be upgraded across England, benefitting from lower energy bills.

This brings the total committed funding for the SHDF and associated demonstrator to just over £1bn, representing a very significant investment that will drive the decarbonisation agenda across this important sector on the pathway to net zero.

To accelerate a reduction in energy demand, DESNZ has announced a new long-term commitment to drive improvement in energy efficiency to bring down bills for households, businesses, and the public sector, with an ambition to reduce the UK's final energy consumption from buildings and industry by 15% by 2030 against 2021 levels. Existing plans are expected to deliver around half the new ambition. To go further, we will need to work together as a country to reduce waste and improve the way we use energy. To lead this national effort, a new Energy Efficiency Taskforce has been established to support this step change in the reduction of energy demand through accelerated delivery of energy efficiency across the economy. DLUHC and DESNZ will continue to work closely together to ensure more social homes are higher quality and more energy efficient in future.

In addition, £6bn of new Government funding will be made available from 2025 to 2028, in addition to the £6.6bn allocated in this Parliament. This provides long-term funding certainty, supporting the growth of supply chains, and ensuring we can scale up our delivery over time.

Recommendation 5

We urge all providers of social housing to support tenants who, through no fault of their own, cannot heat or ventilate their homes properly. This support should include the provision of dehumidifiers and mechanical ventilation systems to deal with condensation before it leads to damp and mould.

Government response

All tenants deserve homes that are safe, decent, warm and secure. Landlords must take responsibility for making improvements to the homes they let, and it is unacceptable that some have apportioned the blame for issues with condensation, damp and mould on tenants' lifestyles. That is why we wrote to all providers of social housing in November 2022 to make it clear that all complaints about damp and mould must be taken seriously and that swift action must be taken to

rectify issues of damp and mould. The full letter is available at: <https://www.gov.uk/government/publications/secretary-of-state-calls-for-action-on-housing-conditions>.

We also committed in the social housing white paper to review the Decent Homes Standard. In particular, we are considering a minimum damp and mould standard, in addition to the current requirement that properties must be free from the most dangerously hazardous conditions. While mechanical ventilation may well form a key part of that, the guidance for housing professionals we are developing will also be vital and will help make sure housing providers carry out all necessary remedial work, so that tenants can heat and ventilate their properties effectively.

Recommendation 6

We recommend that housing providers put in place systems for regularly monitoring the condition of their stock, rather than relying on tenants to report problems. We also recommend that, as part of its review of the consumer standards, the Regulator of Social Housing consider amending its home standard to place a specific requirement on providers to regularly monitor their stock.

Government response

Providers should take any necessary steps to assure themselves that they are compliant with the regulatory standards, including through conducting stock checks, as per the Secretary of State's letter of 19 November.

The standards, including the Home Standard, will be consulted on by the regulator following the passage of the Social Housing (Regulation) Bill. As part of the new consumer regime, the Regulator of Social Housing will take proactive steps to ensure providers meet the required standards. Proactive consumer regulation will include regular consumer inspections of the largest landlords.

The Regulator of Social Housing has set out the importance of effective stock monitoring in their separate response to the committee's report.

The treatment of tenants

Recommendation 7

We call on social housing providers to take stigma and discrimination seriously, not to assume its staff are immune from such prejudices, and to ensure their boards better reflect their communities. We also encourage them to make every effort to encourage diversity among their senior management teams. As part of its review of the consumer standards, we also recommend that the Regulator of Social Housing introduce a requirement on providers to demonstrate that their boards and senior management teams reflect the diversity of the communities they serve.

Government response

No social housing tenant should be stigmatised or discriminated against, and we expect landlords to take this issue seriously.

Professionalisation is an important part of our work to improve the treatment of social housing tenants. Our review of professional training and development in the social housing sector considered the appropriate qualifications and standards for social housing staff in different roles, including senior staff. The review's overarching objective was to identify how we can achieve a more professional social housing sector in which all staff act professionally, listen to their residents, and treat them with courtesy and respect.

Taking into account the findings of our review, we amended the Social Housing (Regulation) Bill to give the Secretary of State a power to direct the Regulator of Social Housing to set standards on the competence and conduct of **all staff** involved in the provision of housing management services. In order to meet the standards, landlords will have to make sure staff have the knowledge, skills and experience they need to carry out their roles effectively and deliver high quality, professional services to tenants. The standards will also set out the conduct expected of such individuals in their dealings with tenants. The standards will set **mandatory qualifications requirements** for senior housing managers and **senior housing executives**. These qualification requirements will apply to relevant managers working not only for Housing Associations and Local Authority landlords, but also to contracted services providers, including Arms-Length Management Organisations and Tenant Management Organisations.

The Government will direct the Regulator of Social Housing about the content and objectives of the competence and conduct standards, including the qualifications requirements. The Government is also consulting on a strengthened direction to the Regulator covering Tenant Involvement and Empowerment. These Directions are subject to statutory consultation. More broadly, we hope that the introduction of a new strong and proactive regulation regime will indirectly contribute to tackling stigma by driving up standards in social housing, and helping tenants, the Regulator and the Housing Ombudsman hold landlords to account.

It is for the Regulator of Social Housing to consider the recommendations for regulation around diversity of boards and senior management teams; for which it has issued a separate response. In addition, our Four Million Homes programme, which aims to provide training opportunities to upskill and empower residents to take a more active role in the management and delivery of landlord services, will also help to level the playing field between landlords and residents, and will help empower residents so that they can take action to address instances of discrimination where it occurs.

Recommendation 8

We recommend that, as part of its review of the consumer standards, the Regulator of Social Housing amend the tenant involvement and empowerment standard to require providers to support the establishment of genuinely independent tenants' and residents' associations, including by providing the necessary funding.

Government response

Government and the Regulator of Social Housing expect landlords to provide opportunities for residents to engage with them and be able to influence decisions relating to their homes and communities. This forms part of the regulator's standards, which will be updated as part of their preparations for the proactive consumer regulation regime. The regulator will consult on the

standards following the passage of legislation and the issuance of Government Directions. The regulator's existing Tenant Involvement and Empowerment Standard sets outcome-based expectations but gives individual housing providers the flexibility to decide how best to achieve them so that approaches are localised and takes tenant's needs into account. Outcomes-based expectations are advantageous in this context because they allow tenants to shape the provider's approach. Setting prescriptive requirements risks creating a tick-box approach and may not deliver the best outcomes for tenants.

The Regulator of Social Housing has set out more information about their approach to reviewing the consumer standards in their separate response to the committee's report.

Recommendation 9

We urge the Government and the Regulator of Social Housing to work together to ensure the TSMs and the access-to-information scheme are implemented in such a way that tenants can have confidence in their reliability and effectiveness as a means of holding their provider to account. We also recommend that the regulator set out how it intends to monitor and review the performance of the TSMs, with a view to making improvements if they are not delivering for tenants.

Government response

We are in regular contact with the Regulator of Social Housing about the implementation of our Social Housing White Paper commitments, including on Tenant Satisfaction Measures and the Access to Information Scheme.

We are working closely with the Regulator of Social Housing, Housing Ombudsman Service and other stakeholders to design the Access to Information Scheme and ensure the sector is ready for the scheme to be introduced.

The Regulator of Social Housing has consulted on the Tenant Satisfaction Measures and issued its decision statement following the conclusion of this consultation. Its Tenant Satisfaction Measures Standard requiring providers to collect data for the TSMs came into force in April this year.

Recommendation 10

We recommend that the Government establish the Social Housing Quality Resident Panel on a permanent basis as the national tenant voice body that tenants' representatives have been calling for. The Government should send the strongest possible signal to tenants that it is determined to involve them in the national conversation about how to drive up standards in social housing. To ensure the panel can truly speak for tenants, the Government must also ensure that the selection process is transparent and that the panel includes as broad a mix of tenants as possible.

Government response

We are committed to listening to social housing residents, making sure they can have their voices heard and that we are acting on what we hear. That is why we have set up the Social Housing Quality Resident Panel. The new panel will be a way for tenants across the country to get involved in our work to drive up social housing quality. The first meeting took place on 26 November 2022.

We received over 1,000 applications from resident volunteers that wanted to be considered for the Panel and we have now appointed 250 social housing residents from across the country. Applicants were asked to complete a diversity and inclusion survey as part of the process. We used this information to ensure the Panel included as broad a mix of tenants as possible, with representation from across a range of demographics and protected characteristics. Information about the membership of the panel has been published online: <https://www.gov.uk/guidance/social-housing-quality-resident-panel-data-on-membership>

We will provide an update next year about the long-term future of the Panel but agree that there is a long-term need for Government to hear directly from tenants. There are a number of potential ways of ensuring that residents have a greater national voice and impact on government and, as the work of the Panel continues, we will continue to explore how best to achieve this.

Recommendation 11

We urge all social housing providers, especially the larger ones, to prioritise putting the tenant at the centre of how they deliver housing services, including by relying far less on impersonal and remote methods of communication and increasing the number of local offices with staff who know the area. We also recommend that, as part of its review of the consumer standards, the Regulator of Social Housing significantly strengthen the wording of the tenant involvement and empowerment standard to require providers to deliver housing services that are genuinely local and tenant centred.

Government response

This is a matter for the Regulator of Social Housing, as it will be reviewing and consulting on the consumer standards following the passage of the Social Housing (Regulation) Bill, including the Tenant Involvement and Empowerment Standard.

It is important that tenants receive a good quality service from their landlords and that they have routes to raise their concerns and feel heard. The Tenant Involvement and Empowerment Standard is focused on ensuring services are “tenant-centred” and the regulator’s review will provide an opportunity to strengthen these requirements.

Recommendation 12

We call on the Government to provide an update on the progress of its review of qualifications and professional training in the social housing sector, including a timeline for implementation of any new qualifications.

Government response

Professionalisation is an important part of our work to improve the treatment of social housing tenants. Our review of professional training and development in the social housing sector considered the appropriate qualifications and standards for social housing staff in different roles, including senior staff. The review’s overarching objective was to identify how we can achieve a more professional social housing sector in which all staff act professionally, listen to their residents, and treat them with courtesy and respect.

Taking into account the findings of our review, we amended the Social Housing (Regulation) Bill to give the Secretary of State a power to direct the Regulator of Social Housing to set standards on the competence and conduct of **all staff** involved in the provision of housing management services. In order to meet the standards, landlords will have to make sure staff have the knowledge, skills and experience they need to carry out their roles effectively and deliver high quality, professional services to tenants. The standards will also set out the conduct expected of such individuals in their dealings with tenants.

The standards will include **mandatory qualifications requirements for senior housing managers and senior housing executives**. These qualification requirements will apply to relevant managers working not only for Housing Associations and Local Authority landlords, but also to contracted services providers, including Arms-Length Management Organisations and Tenant Management Organisations. Relevant managers will be required to hold, or be working towards, independently regulated housing management qualifications at levels 4 and 5 respectively. Relevant managers who are not already qualified will have to enrol on and complete an appropriate qualification within specified timescales, which will be set following consultation.

The Government will direct the Regulator of Social Housing about the content and objectives of the competence and conduct standards, including the qualifications requirements. The Direction will be subject to statutory consultation.

The Housing Ombudsman

Recommendation 13

If they have not already done so, all providers must immediately review and where necessary improve their complaint handling processes. As part of this, all providers that have not already self-assessed against the ombudsman's complaint handling code should immediately do so. We also recommend that the ombudsman more proactively monitor providers' compliance with the code.

Government response

All landlords should have robust and fair complaint handling processes in place. The Complaint Handling Code from the Housing Ombudsman Service was introduced in June 2020 and updated in April 2022, with clear guidance for landlords on best practice.

Some landlords have already self-assessed themselves against the code and published this information online. This is the transparency we expect from all landlords and will continue to encourage all landlords to do the same.

The Social Housing (Regulation) Bill will put the Housing Ombudsman Service's power to issue its Complaint Handling Code on a statutory footing. Additionally, the legislation includes a Duty on the Housing Ombudsman Service to monitor landlord's compliance with that Code. The Housing Ombudsman Service have provided further comment on this recommendation in their separate response to the committee's report.

Recommendation 14

We recommend that the Government legislate through the Social Housing (Regulation) Bill to place a legal requirement on social housing providers to self-assess against the Housing Ombudsman's complaint handling code and to report to the ombudsman when they have done so. To ensure that providers are self-assessing against the code, we recommend that either:

- the Government give the ombudsman the power and duty to monitor whether providers are self-assessing against the complaint handling code and whether their complaint handling processes are broadly in line with it; or*
- the regulator, as part of its review of the consumer standards, introduce a new requirement on social housing providers to self-assess against the complaint handling code and to implement complaint handling processes that are broadly in line with it.*

Government response

Having recognised the importance of the Complaint Handling Code, and the need for all social housing landlords to self-assess against the code, we have legislated for this through the Social Housing (Regulation) Act.

There will be a duty on the Housing Ombudsman Service to monitor compliance with its Complaint Handling Code.

Recommendation 15

We encourage the Housing Ombudsman to continue investigating systemic failings across the social housing sector. In response to this report, the ombudsman should identify which further areas it may investigate. We further encourage both the ombudsman and the Regulator of Social Housing to continue co-operating and sharing information, building on each of their roles so their work complements each other, with a view to driving up standards across the sector.

Government response

The Housing Ombudsman Service will continue to look beyond individual disputes to investigate the wider and deeper issues responsible for generating complaints across the social housing sector. It announced this year that it is making use of the powers given to it in 2020 to undertake further investigation into two landlords (in addition to one in 2021) and has published multiple sector wide spotlight reports on topics such as damp and mould and leasehold properties since 2020. The Housing Ombudsman will set out the further areas it will investigate in their separate report. These are decided by the Housing Ombudsman Service as an independent body.

We also recognise the importance of close collaboration between the Housing Ombudsman Service and Regulator of Social Housing, with their Memorandum of Understanding updated in 2020. This is available at: <https://www.gov.uk/government/publications/memorandum-of-understanding-between-the-regulator-of-social-housing-and-the-housing-ombudsman> Clause 4 of the Social Housing (Regulation) Bill sets out how we are strengthening this relationship further by requiring both bodies to prepare, publish and regularly review their Memorandum of Understanding and to consult each other when making changes to their respective schemes or standards.

Recommendation 16

The Government must commit to ensuring social housing tenants get the same levels of compensation it has said tenants in the PRS will be entitled to under its proposals for a new ombudsman. We recommend it does this by amending the Social Housing (Regulation) Bill to include provisions setting out that the ombudsman may award compensation of up to £25,000. If not, it should publish its justification for treating social housing tenants and PRS tenants differently. Whether it commits to doing this or not, we call on the ombudsman to immediately increase the levels of compensation it awards. We also recommend that it include among those things for which it may award compensation an explicit reference to loss of earnings incurred when tenants take time off work to wait for repairs teams that do not turn up.

Government response

All tenants should have the right to access appropriate levels of compensation. The Housing Ombudsman Service can currently order landlords to pay compensation to residents and there is no limit to the size of these payments. As such, no changes are required through the Social Housing (Regulation) Bill.

The Housing Ombudsman Service has responded to the concerns raised about the use of compensation, and the recommendation about loss of earnings from tenants, within its separate response to the committee's report.

Recommendation 17

We encourage all social housing providers and the Housing Ombudsman to adopt a co-ordinated strategy to increase awareness among tenants of the ombudsman. As part of that, providers should routinely send letters and leaflets specifically about how they can complain to the ombudsman, as well as including this information in all other correspondence. Every single piece of correspondence about a complaint that providers send to tenants should inform the latter of their right to complain to the ombudsman and how to go about it. This should also explain that if tenants take legal action, they cannot also refer their case to the ombudsman. We also recommend that the Regulator of Social Housing, as part of its review of the consumer standards, introduce a requirement on housing providers to ensure tenants are aware of their right to take a complaint to the ombudsman.

Government response

The Complaint Handling Code sets out expectations for landlords on how they should raise awareness about the Ombudsman. These include:

- Landlords being required to publicise the Housing Ombudsman Scheme in leaflets, posters, newsletters, online and as part of regular correspondence with tenants; and
- Early advice should be provided to residents about how to access the Housing Ombudsman Service, not only when the landlord's complaints process is exhausted.

More information about the Complaint Handling Code is available at: <https://www.housing-ombudsman.org.uk/landlords-info/complaint-handling-code/>

As detailed above, the Complaint Handling Code sets out requirements on member landlords to provide advice to residents on how to access the Ombudsman. The Code does not currently mandate exactly how landlords should meet the requirements of the Code. We are exploring options with the Ombudsman on where it may be appropriate to be more prescriptive on landlord obligations to keep their tenants informed of routes to redress. In its work to revise and consult on revisions to the consumer standards we would expect the regulator to consider the recommendation around ensuring tenants are aware of their rights to make a complaint to the Ombudsman.

We are legislating through the Social Housing (Regulation) Bill to put the Complaint Handling Code on a statutory footing and to put a duty on the Housing Ombudsman Service to monitor the compliance of their member landlords with the code.

The Housing Ombudsman scheme sets out that the Ombudsman will not investigate complaints which in the Ombudsman's opinion concern matters that are, or have been, the subject of legal proceedings. This has been raised as something on which there should be clarity for residents, so we will consider how this can make this clear through the above commitments.

Alongside this work from the Housing Ombudsman Service, Government has delivered national campaigns in 2021 2022, and 2023 to build awareness of the Housing Ombudsman Service. Referrals have increased by 9% since the 2022 campaign.

We have recently launched a further £2m public information campaign.

Recommendation 18

We strongly recommend that the Government immediately make it clear to local councils that they have a duty to inspect all unsafe homes, irrespective of who owns it, including, if necessary, by producing new enforcement guidance. This must include setting out that there is nothing preventing a councils environmental health team from inspecting properties owned by that council and issuing it with a non-legal warning.

Government response

Under the Housing Act 2004 local councils have a duty to review housing conditions in their districts and inspect residential premises if they consider it appropriate to do so. This has been the case since 2006 and councils must take legal enforcement action against landlords if they find conditions at the most dangerous 'category 1' level, assessed using the Housing Health and Safety Rating System (HHSRS). We expect them to comply with this duty and have given them strong powers to deal with non-compliant landlords, including the right to issue fines of up to £30,000. We are providing £14 million to ten pathfinder projects across six regions and involving 32 councils to build enforcement capacity and capability and test and disseminate innovative approaches.

On 19 November 2022 the Secretary of State for Levelling Up, Housing and Communities issued a direction to local councils to carry out this duty, in respect of the private rented sector, with urgency to ensure damp and mould issues are addressed, and to share data with the Department. The full letter is available at: <https://www.gov.uk/government/publications/secretary-of-state-calls->

[for-action-on-housing-conditions](#). It was clear from initial analysis of the returns to our Department that enforcement was patchy and varied across England, as was understanding of the scale of the issue. The government is legislating via the Renters (Reform) Bill to expand local authority enforcement powers and duties. The Department has made it clear that it may periodically publish the returns, or a summary of these, to improve transparency on this important issue.

Our Rogue Landlord Enforcement Guidance (<https://www.gov.uk/government/publications/rogue-landlord-enforcement-guidance-for-local-authorities>) was produced in collaboration with local councils and sets out clearly how councils can use their powers.

The Regulator of Social Housing regulates standards in council-owned social housing in relation to their own stock. The Local Government and Social Care Ombudsman acts as the Commission for Local Administration in England and can investigate complaints about councils not meeting their legal duties.

The Regulator of Social Housing

Recommendation 19

To ensure that the consumer regulatory regime does not continue to let down tenants whose providers are responsible for serious mismanagement that does not meet the ‘systemic failure’ test, we strongly urge the Regulator of Social Housing to reconsider its interpretation of its duty to minimise interference and act proportionately. In particular, we recommend that it scrap the ‘systemic failure’ test and report back to us on how it plans to change its approach. We also recommend that the Government amend Clause 4 of the Social Housing (Regulation) Bill to require the regulator and the Housing Ombudsman to set out in their memorandum of understanding how they intend to prevent gaps between their respective remits.

Government response

It is for the independent regulator to determine how to interpret their duty to minimise interference and act proportionately. It has submitted a separate response to this inquiry.

Where the regulator identifies a problem, it engages with the provider concerned before deciding whether standards have been breached and, in the case of the regulator’s current consumer regulation role, whether the serious detriment test has been met. Removing the ‘serious detriment’ test will lower the bar for intervention and allow the regulator to investigate or take enforcement action in relation to consumer matters without having to meet the current high bar of ‘serious detriment’.

As part of the regulator’s engagement with the provider, it works with the provider to identify the scope of any failings identified and any remedial action needed. This includes understanding any risks to tenants and seeking assurance that appropriate mitigations and tenant engagement is in place. In the event that the regulator does not find a breach of standard, or that the serious detriment test has been met, where appropriate it will continue to engage with that provider until any material issues have been rectified.

The regulator continues to develop its plans for the proactive consumer regulatory regime, and is engaging stakeholders from across the sector, including tenants and landlords, on its proposals. Regarding the relationship between the regulator and the Ombudsman, the Bill places a duty on the two organisations to cooperate and requires them to develop a memorandum of understanding saying how they will share information and work together to deliver their respective duties. We will continue to review how the two organisations work together through our sponsorship functions.

Recommendation 20

We recommend that the Government use the Social Housing (Regulation) Bill to amend the Housing and Regeneration Act 2008 to place a much clearer requirement on the Regulator of Social Housing to engage with tenants whenever it investigates possible breaches of the consumer standards. Whether or not the Government does this, we call on the regulator to place tenants at the centre of its approach to regulation, to talk to tenants whenever it investigates a potential breach of the consumer standards, and to incorporate engagement between itself and tenants into its definition of co-regulation.

Government response

The Government agrees that tenants must be at the heart of what the Regulator of Social Housing does.

The regulator is currently developing plans for the new consumer regulatory regime, including how best to hear from tenants. It is important that views from a wide range of tenants are heard, and that no groups are excluded.

While it is for the regulator to design their approach to regulating the standards in the proactive consumer regime, we strongly encourage an approach that takes into account the need to engage closely with tenants.

A key aspect of this will be through the regular consumer inspections, and the regulator is clear that inspections will include seeking input from tenants.

Regarding investigations of possible breaches, the regulator will engage with tenants where this is appropriate.

The Regulator of Social Housing has set out further details on the proactive consumer regulation regime in its separate response.

Recommendation 21

We urge the Government and the Regulator of Social Housing to make sure the latter has the resourcing, skills and capacity to continue to regulate the economic standards properly. As part of this, the Government must first assess the regulator's capacity now to understand the complex financial and corporate structures proliferating in the sector. We also recommend that it keep an open mind about increasing the regulator's powers to regulate the economic standards, even if this would mean the sector being reclassified. In particular, we recommend that the Government give the regulator more of a role in monitoring mergers to ensure tenants, not shareholders, are at the centre of any decision to restructure.

Government response

The Government remains committed to ensuring the regulator has the resources it needs to ensure ongoing effective regulation of its economic objectives.

As an operationally independent body it is for the regulator to decide exactly how it carries out its duties and to manage the risks posed by complex provider structures.

The regulator consistently focuses its resources on understanding and adapting to new emerging corporate structures and has already undertaken appropriate regulatory action when necessary. The regulator's role in consenting to mergers was reduced as a result of the reclassification of the sector into the private sector in 2017, as part of package a of changes to reclassify the sector back into the public sector. The regulator continues to receive notifications of mergers and will seek assurance that the merged organisation is compliant with its standards. It has taken regulatory action when a breach of the regulatory standards has been found during the merger due diligence process.

In response to a review of regulation, specific measures have been included in the Social Housing (Regulation) Bill which give the regulator clearer sight of complex financial and corporate structures within the sector. These will help further strengthen the regulator's powers to regulate against the economic standards.

We are confident that the regulator has the powers it needs to ensure financial viability and regulate its economic standards, without having to amend its powers in a way that might trigger reclassification.

Recommendation 22

We urge the regulator to publish details as soon as possible of how it plans to use its enhanced regulatory powers under the Social Housing (Regulation) Bill, particularly those on inspections and surveys, and to place them at the centre of its new proactive regime for regulating the consumer standards. Even if it only commits to using its power to survey reactively, we urge it to use the power to provide immediate relief to tenants forced to live with serious disrepair.

Government response

Government is clear that landlords must be held to account if they do not deliver the required quality of service or housing. That is why we are giving the regulator more powers through the Social Housing (Regulation) Bill.

It will be for the Regulator to produce and publish its plan for regular inspections. However, it will be required to include key details on the types of providers that should be subject to regular inspections, the planned frequency of regular inspections, and the circumstances in which providers should be subject to ad-hoc inspections.

The system of inspections will be based on a risk profile to ensure that those landlords at greatest risk of failing, or where failure might have the greatest impact on tenants, are subject to greater oversight. As part of this, the Regulator will aim to inspect landlords with over 1,000 homes every

4 years. In terms of reactive inspections, the Regulator will be able to survey properties if they have specific concerns that a provider is failing to maintain premises in accordance with required standards.

The Regulator continues to develop its approach, and the details of how they will manage consumer inspections, which is anticipated to come into force in 2024.

Recommendation 23

We recommend that the Government make it clearer to the regulator that its statutory duty to minimise interference does not preclude it from using its enforcement powers. We call on the regulator to make more use of its enforcement powers, especially in the most serious cases.

Government response

The regulator will continue to expect landlords to identify problems and take effective action to resolve them. In the circumstances where this approach is not appropriate, or the provider is unable or unwilling to respond positively, the regulator may use its regulatory enforcement powers; including appointing statutory appointees to boards.

While the regulator will need to continue to act proportionately and minimise interference, we are clear that the regulator can and should use the enforcement powers available to it where necessary.

As well as removing the serious detriment test, and facilitating the introduction of proactive consumer regulation, the Social Housing (Regulation) Bill will ensure that the regulator has the tools it needs to take swift and effective enforcement action.

The regulator's enforcement powers will be strengthened, allowing the regulator to require Performance Improvement Plans from landlords, make emergency repairs where needed, and issue unlimited fines to failing landlords. In considering what action to take, the regulator will adopt the approach which it considers most likely to ensure the provider returns to compliance with its standards.

The regulator publishes statutory guidance on its approach to using its powers and will review and consult on this following the introduction of the new consumer regulatory regime.

The Regulator of Social Housing has provided further details on their use of enforcement powers in their separate response.

Recommendation 24

We recommend that the Government invite the Office for National Statistics to make a public announcement on whether requiring all social housing providers to register with the Regulator of Social Housing would prompt a reclassification. If the conclusion is that it would not, we recommend that the Government amend the Social Housing (Regulation) Bill to mandate registration through whatever mechanism it deems most appropriate, and if necessary to amend as appropriate the definition of social housing in the 2008 Act.

Government response

Classification is a matter for the Office for National Statistics (ONS). When considering classification, the ONS conducts a review of the level of control across the sector as a whole, rather than individual measures in isolation. As such, we would not expect the ONS to issue a specific view on mandatory registration.

While registration by private providers is voluntary, the vast majority of providers of social housing choose to register, including nearly all larger providers. The Government would like to see all providers register but this remains a decision for them. There are a range of incentives for providers to register with the regulator, including access to favourable rates of borrowing, access to the regulator's insolvency regime that allows the regulator to support providers facing financial difficulties and access to local authority allocations and support from the regulator to resolve breaches of its standards, which in turn improves the governance and viability of the provider.

If Private Registered Providers were reclassified, this could lead to restrictions on social housing landlords' access to funding and ability to build new homes. This happened in 2015, when PRPs were reclassified by ONS as public sector bodies. Regulation was subsequently amended to reduce control of the sector, reinstating PRPs' private classification and associated access to funding.

