

LGA Response to 'A new deal for social housing' Green Paper October 2018



The Local Government Association (LGA) is the politically led cross-party national voice of local government. We work with councils to support, promote and improve local government.

Key messages

Councils are proud of their housing and the families that call it home, they are committed to improving standards, to empowering and supporting tenants, and to expanding the stock of social housing for those in need of a secure, quality, affordable home.

The Social Housing Green Paper offers a welcome opportunity to set a new direction for the critical role that social housing will play in a future economy and society that is fair, happy and productive.

As an introduction, our submission makes the following headline points:

- Expanding supply and supporting home ownership (chapter 5)

Councils are ambitious to build new homes. As a country, we should have an ambition to build 100,000 social homes a year. The removal of the Housing Revenue Account cap is extremely welcome. The Government has estimated this will lead up to 9,000 new homes a year¹, this is a significant contribution although still a conservative estimate. Further reforms will enable councils to achieve greater value for money from new borrowing freedoms. In particular councils should be able to reinvest 100 per cent of Right to Buy (RtB) receipts into new homes, and they should have local discretion on setting RtB discounts. A long-term framework providing certainty and local flexibility on council social rents is also especially important for providing confidence to invest. Furthermore we recommend a number of measures for how to increase the supply of good quality social housing through the planning system, an area not adequately covered by the Green Paper.

- Tackling stigma and celebrating thriving communities (chapter 4)

Councils are positive about social housing and tenants. It is upsetting but not surprising that stigma was the most consistent theme raised by residents at the engagement events. The Green Paper's recognition of how tenants feel is a valuable step in itself but beyond that the measures proposed do not go far enough, for instance they do not adequately address welfare reforms which have been a huge concern for tenants. Furthermore, it is important that the effort to identify what is great about social housing is not contradicted by other policy and funding decisions.

¹ HMT, Budget 2018 Policy Costings, 2018

- Ensuring homes are safe and decent (chapter 1)

It is critical that councils can take swift and meaningful action to help social tenants feel safe in their homes. Tenants of all tenures should expect their landlords to consistently work towards improving conditions. Significant progress has been made in bringing council owned housing up to the Decent Homes standard. A stable long-term financial framework will be crucial to enabling councils to plan investments into making homes safe and decent and any reviews to standards will need to be funded.

- Effective resolution of complaints (chapter 2)

Councils are good landlords and seek to rapidly deal with complaints from tenants. However local government is always looking at opportunities to develop and improve, and there are advantages to looking at the redress process with a view to making it clearer, equitable and accessible. It is important, however, not to undermine existing good practice but to build on it through peer learning and development.

- Empowering residents and strengthening the regulator (chapter 3)

Councils understand their tenants and local housing circumstances best, recognise there will always be room for improvement, and want to improve performance through positive productive relationships locally. It is crucial that any reform to the role of regulator is focused on offering genuine added-value to tenants locally, and in our view there is a risk that a new role for the regulator with council housing will not deliver value for money. National performance regimes inevitably generate perverse incentives leading to unforeseen consequences, and so we would caution against over prescription through national Key Performance Indicators.

CHAPTER 1: ENSURING HOMES ARE SAFE AND DECENT

The LGA is working closely with Government on the implementation of the recommendations of the Hackitt Review. We agree on the importance of taking swift and meaningful action to help social tenants feel safe in their homes. Building new relationships between landlords and tenants will take time. In the shorter term there are immediate steps the Government could take to protect all occupants of high rise buildings.

It is extremely welcome that the Government has listened to the LGA's call for combustible materials to be banned from external cladding systems. We are also calling for any new burdens on local authorities to be fully funded, including the need to facilitate whistleblowing, the costs for which would otherwise fall on tenants.

Significant progress has been made in bringing council owned housing up to the Decent Homes standard, at least 87 per cent of social housing units are decent². Government can help support further improvement by providing the freedoms and flexibilities that will allow councils to invest in their housing stock over the longer term, while ensuring Housing Revenue Account's remain financially sustainable.

QUESTIONS

1. How can residents' best be supported in this important role of working with landlords to ensure homes are safe?

Implementation of the recommendations from Dame Judith Hackitt's review of fire safety and building regulations would provide a positive next step.

The LGA is working with Government and other stakeholders to set up a new Joint Competent Authority that will provide a new framework for regulating building safety. If tenants are to feel confident in raising concerns locally, it's important that the model implemented retains the democratic accountability of individual councils and Fire and Rescue Authorities, rather than transferring power to a remote national body.

It is important that implementation of the Hackitt Review recommendations is properly resourced, including additional support for whistleblowing.

We support proposals in the Green Paper to build on existing good practice and the LGA is happy to play a role in this. We also welcome proposals for a pilot with a small group of landlords to trial innovative approaches to communicating and engaging with residents on safety issues. This pilot should include councils in their function as social landlords.

2. Should new measures in the private rented sector also apply to social housing?

Residents of all tenures should have assurances that their homes are safe and decent.

It is important to acknowledge, however, that management of social housing stock operates in a different way to privately rented housing. So while it is important to have aspirations for all residents, it may not be appropriate to pursue the same measures across sectors in realising them.

² English Housing Survey, January 2018

For instance social landlords are operating on a large scale with a long term programme of investment in their stock, whereas private landlords are often individuals managing a single property and will not have the same economies of scale for large-scale investment programmes.

Similarly, private landlords will respond to different prompts to social landlords. For instance recent measures have focused on clear standards that are easily understood by private tenants and landlords, such as mandatory requirements for smoke alarms.

3. Are there any changes to what constitutes a Decent Home that we should consider?

Councils are working hard to bring all homes up to the standard. Significant investment has been made in this area over several years and we welcome the opportunity to look again at the Decent Homes standard. There is an opportunity to focus on health, as well as safety, for instance in ways that include energy efficiency measures.

It is important to have a clear purpose and plan in reviewing the standard, which is adequately clear and funded. We recognise that the Decent Homes standard has been in place for some time and may no longer meet tenants' expectations. However, any additions to the existing standard will require funding and unless additional money is provided by Government this will ultimately be paid for by tenants through their rent.

Ultimately the emphasis should be on supporting landlords to work positively with tenants to improve standards. For instance while the English Housing Survey finds that 13 per cent of social homes are non-decent, it does not acknowledge the number of properties for which tenants refused works proposed by council to bring homes up to the decent standard - 28,000 in 2017 alone.

Any changes to the standard must recognise the long lead in times for investment programmes and give landlords sufficient notice.

4. Do we need additional measures to make sure social homes are safe and decent?

Providing a stable financial platform will support councils and help them make long term investment into making homes safe and decent.

Some additional financial flexibility would help on this. For example, where councils are not able to spend all their right to buy receipts on replacement homes they could use to fund health and safety work in existing buildings, rather than returning the money to the Treasury.

CHAPTER 2: EFFECTIVE RESOLUTION OF COMPLAINTS

Councils are good landlords and seek to rapidly deal with complaints from tenants. However local government is always looking at opportunities to develop and improve, and there are advantages to looking at the redress process with a view to making it clearer, equitable and accessible.

It is important, however, not to undermine existing good practice but to build on it through peer learning and development. In the majority of cases tenants will understand and have confidence in the existing redress process, and will not necessarily benefit from imposed reform.

In particular, local politicians are well placed to support tenants through the complaints process and they should retain a formal role in resolving disputes, and integrate into wider local processes of governance and redress.

QUESTIONS

5. Are there ways of strengthening the mediation opportunities available for landlords and residents to resolve disputes locally?

We agree that alternative resolution and mediation services can be helpful in allowing issues to be resolved locally. Sharing good practice examples may help landlords strengthen their offer to tenants.

6. Should we reduce the eight week waiting period to four weeks [before a tenant can approach the Housing Ombudsman directly], or should we remove the requirement for the “democratic filter” stage altogether?

The democratic filter was introduced in the Localism Act of 2011. The mechanism allows a tenant to approach a local MP, councillor or designated tenant panel if their complaint is not resolved by the landlord’s own complaints process.

We support the principle of localism behind the introduction of the democratic filter. It is right that disputes are resolved locally wherever possible. It may be helpful to understand how the process is working from the perspective of tenants and use this feedback to support those acting as “designated persons”, and to ensure that overall the process is simple and not overly complex or bureaucratic. Government may wish to consider research or further consultation with tenants.

7. What can we do to ensure that the “designated persons” are better able to promote local resolutions?

Support for councillors has been minimal and relies on them being proactive and seeking out supporting materials, for example information provided by the Housing Ombudsman.

The democratic filter must be retained and it should be given proper support. Some of this can be done by landlords but Government and other stakeholders will need to work together to provide good quality, easily accessible advice and information.

The LGA is well placed and keen to play a role in supporting the exchange of learning and improvements.

8. How can we ensure that residents understand how best to escalate a complaint and seek redress?

9. How can we ensure that residents can access the right advice and support when making a complaint?

10. How can we best ensure that landlords' processes for dealing with complaints are fast and effective?

The primary responsibility should be on the landlord to provide information about the complaints process, and this should always be the first point of contact.

The Government can support and enable good practice, but must not dictate this particularly as the majority of tenants understand – and are content with – the existing process, as indicated in local tenant satisfaction surveys.

Generally, councils have one complaints policy that applies to all council activity including housing. This is cost effective and clear to residents.

Imposing top down changes on the way complaints about housing are handled will have resource implications for all council services, not just housing. Councils must continue to have the flexibility to manage their own complaint processes, especially because additional costs to handling housing complaints would have to be paid for from the HRA (ie. tenants' rents).

Setting out a clarity of expectations and sharing innovation and good practice will help landlords identify where improvements can be made, this is an area where central and local government can work together. It may also be helpful to provide information tailored to specific audiences, such as councillors or other people tenants may turn to for support and advice.

The Green Paper notes that there is no statutory framework for landlords setting out timeframes for responding to complaints. While the timeframe for responding to complaints is a clear, measurable activity it is not a measure of quality and attention may be better focused on activity that will result in better outcomes for residents and landlords.

11. How can we best ensure safety concerns are handled swiftly and effectively within the existing redress framework?

We agree that speed of response is particularly important when dealing with safety concerns. With the Hackitt Review proposing considerable changes to the building regulations and fire safety regulatory environment we need ensure that any changes to the redress framework take account of wider changes in how safety concerns are raised and addressed. We would welcome further engagement in how safety concerns are handled swiftly and effectively going forward.

CHAPTER 3: EMPOWERING RESIDENTS AND STRENGTHENING THE REGULATOR

We recognise that there will always be opportunity for improvement. It is crucial that any reform to the role of Regulator is focused on offering genuine added-value to tenants locally. In our view this means allowing and supporting all landlords to manage their own journey on continuous improvement, and only providing more robust support where there are real challenges.

Councils will understand their tenants and local housing circumstances best, and how to improve performance through positive productive relationships locally. National performance regimes generally generate perverse incentives leading to unforeseen consequences, and so we would caution against over prescription through national Key Performance Indicators and the use of league tables.

Instead, the Government might work with councils to develop an understanding of the kind of measures that councils could use, supporting councils to adopt measures where locally appropriate as part a wider locally led strategy. Such an approach would build on existing models rather than start again, and in our view there is much that can be done with existing data that is collected and reported.

The regulatory framework for social housing covers both councils and housing association landlords. Council landlords are accountable to local politicians and are therefore only covered by specific parts of the regulatory framework. This is the right approach and it strikes a balance between national standards and local democracy. Treating all social landlords as the same would be bureaucratic and require significant additional investment - the costs would ultimately be paid by tenants through their rents.

Ultimately the role of the Regulator should be limited to providing robust support in those circumstances where a landlord is experiencing real challenges, rather than seeking to performance manage the whole sector from the centre. We would be keen to work with partners to explore how the Regulator can balance these two ambitions.

QUESTIONS

12. Do the proposed key performance indicators cover the right areas? Are there any other areas that should be covered?

The proposed key performance indicators are

- Keeping properties in good repair
- Maintaining the safety of buildings
- Effective handling of complaints
- Respectful and helpful engagement with residents
- Responsible neighbourhood management including tackling anti-social behaviour

Having good mechanisms for understanding performance is critical for informing landlords' own strategies for improving services for tenants. These measures must be the right ones, they must be locally determined to address local factors, and they must be used sensitively with a focus on improving services locally.

The overall relationship between central and local government has moved away from central reporting against indicators, and we urge caution against a return to bureaucratic audit and reporting arrangements around indicators that drive perverse incentives and fail to understand local circumstances. It also sends a

message that Government has little trust in social housing as a sector, reinforcing the underlying stigma and prejudices about social housing.

We will be working with councils to understand how much data is already available on the areas suggested above, and to develop an offer to Government and the Regulator on better regulation of council owned housing. Local Authority Housing Statistics are already collated and reported, and any measures must be aligned to this to avoid undue burdens.

In our view this means supporting council landlords to have their own methods for understanding performance and building relationships with tenants, and while this might be informed by national advice on key issues to take into account, the decisions and methods should be developed and owned locally – particularly by local tenants.

We hope to continue working on this area of work beyond the timeframe of this consultation to think through how the Government can support councils to monitor measures locally.

13. Should landlords report performance against these key performance indicators every year?

See Question 12

14. Should landlords report performance against these key performance indicators to the Regulator?

In our view, councils' first accountability is always to residents, not to the Government or the Regulator. We also support the principle of risk-based regulation, which is widely recognised as a good practice model.

The Regulator's activity should therefore prioritise intervention with the landlords that are experiencing the most severe challenges, rather than seeking to performance manage the sector as a whole.

This would make best use of limited resources for both the Regulator and council landlords.

15. What more can be done to encourage landlords to be transparent with their residents?

Our preferred approach would be to develop a national approach that sets out a clarity of expectations and develops on good practice.

This would be best achieved through a sector led improvement offer focused on landlords being transparent with their tenants locally, rather than to Government.

There may also be lessons to learn from other sectors, for instance in the use of technology in communication with tenants.

16. Do you think that there should be a better way of reporting the outcomes of landlords' complaint handling? How can this be made as clear and accessible as possible for residents?

We question whether the proposal for league tables would generate the outcomes Government and tenants are looking for, and are more likely to have a negative impact driving perverse incentives and reinforcing negative stereotypes and

stigma.

In our view, it is the culture of an organisation and a collaborative approach between landlords and tenants that results in effective complaints handling. League tables do not get at these deeper issues, they risk being an administrative burden for landlords that adds little value for tenants, and most worryingly, reinforce negative stigma about social housing for the vast majority of providers.

The focus should be on improving all services, not comparing them. There are many other options for presenting information across sector that should be considered before attempting to construct league tables.

17. Is the regulator best placed to prepare key performance indicators in consultation with residents and landlords?

Rather than key performance indicators, we would like to work with the Regulator to explore how councils and the Regulator can use existing information to reach out and support social landlords that may be struggling with an issue. It is crucial, however, that this is supporting landlords to improve against their own performance.

18. What would be the best approach to publishing key performance indicators that would allow residents to make the most effective comparison of performance?

As noted above, the first level of accountability for councils is to residents and tenants. All housing performance information should be communicated directly from the landlord to their tenants.

Should any additional reporting be required this must be compatible with local systems and in line with existing approaches, for instance within the Tenant Involvement and Engagement Standard. Any additional requirements should be treated as a new burden and properly resourced.

Not all social landlords are alike, and can vary significantly. The focus should be on how performance can be improved as opposed to placements in a league table.

19. Should we introduce a new criterion to the Affordable Homes Programme that reflects residents' experience of their landlord? What other ways could we incentivise best practice and deter the worst, including for those providers that do not use Government funding to build?

We urge caution over this proposal. Performance systems can always be "gamed" and this could favour the largest, best resourced landlords over those with less capacity. It also seems to create a double injustice for tenants. Those with lowest ranking landlords would also be denied investment in new homes.

However we do recognise a need for the Government to ensure value for money from grant funding, ensuring that it is being used by housing associations in ways to fulfil their purpose. There is therefore significant value in ensuring housing associations receiving grant are providing housing options to low-income families in local communities, and are cooperating positively with councils on local allocations policy.

20. Are current resident engagement and scrutiny measures effective? What more can be done to make residents aware of existing ways to engage with

landlords and influence how services are delivered?

The LGA good practice project with TPAS should indicate some good examples of resident engagement and scrutiny and we will be sharing these with councils in due course. Local communication will always be the most effective route for communication between landlords and tenants. Furthermore it must be acknowledged that many tenants do not want to engage so long as their needs are met.

21. Is there a need for a stronger representation for residents at a national level? If so, how should this best be achieved?

The LGA supports the principle of having greater representation for residents at a national level. However our priority is supporting the improvement and empowerment of tenants on matters important to them locally, a national panel can never understand the circumstances of every tenant/landlord relationship. It might therefore be limited to focusing on direct national policy as a national panel, and risks leading to decisions that many tenants will not recognise.

22. Would there be interest in a programme to promote the transfer of local authority housing, particularly to community-based housing associations? What would it need to make it work?

The most sustainable models of governance are those where tenants and housing work together and share responsibility. It has to be recognised that the limitations restricting councils from investing in new and existing housing have been created and reinforced by successive national governments.

Ultimately it must be up to councils as to how they manage their housing stock into the future, and markets are different around the country, however the transfer of council housing to date has delivered mixed results. Councils have a range of housing duties and many that have transferred their stock are pursuing other means for developing or sourcing housing as their local housing association is not seen to be sufficiently playing its role in meeting local housing needs.

Similarly, while there are many inspiring examples of community based housing, there are unfortunately also incidences of tenant led housing management failing or being brought back in house by the council. But if such a programme were to be developed it should also be open to housing association tenants.

There may also be a case for councils that have transferred their stock to a housing association to explore taking back that housing stock into council management on the same terms that it was transferred. This might be an attractive option for councils that might have concerns over: wider housing management, levels of co-operation on meeting local housing need from existing stock, or ambition in increasing the supply of stock in the local area.

23. Could a programme of trailblazers help to develop and promote options for greater resident-leadership within the sector?

A programme of trailblazers could be helpful in establishing greater resident-leadership.

It would be helpful to understand how work would be sustained after the initial trial period.

24. Are Tenant Management Organisations delivering positive outcomes for residents and landlords? Are current processes for setting up and disbanding Tenant Management Organisations suitable? Do they achieve the right balance between residents' control and local accountability?

This question may be prompted by concerns raised about the Tenant Management Organisation in operation in the Royal Borough of Kensington and Chelsea at the time of the Grenfell Tower fire. However, this had a unique structure that is not typical of other Tenant Management Organisations (TMO).

The LGA has not conducted any detailed studies into TMOs we do know of incidents where TMO functions have failed and needed bringing back into the council, but individual councils will be able to address this question. We would caution against any generalisations as there is no "one size fits all" approach.

- 25. Are there any other innovative ways of giving social housing residents greater choice and control over the services they receive from landlords?**
26. Do you think there are benefits to models that support residents to take on some of their own services? If so, what is needed to make this work?
27. How can landlords ensure residents have more choice over contractor services, while retaining oversight of quality and value for money?

28. What more could we do to help leaseholders of a social housing landlord?

Engagement with leaseholders should be incorporated into social landlord's consultation and engagement frameworks, rather than being seen as a standalone issue.

29. Does the Regulator have the right objective on consumer regulation? Should any of the consumer standards change to ensure that landlords provide a better service for residents in line with the new key performance indicators proposed, and if so how?

The Regulator has carried out regular consultation on the consumer standards. The Tenants Involvement and Empowerment standard was last updated in May 2017.

If any updates are considered necessary these should focus on safety, if the existing standard is found to be deficient in any way.

Changing the standards could be a time consuming exercise. Resources could be more effectively targeted towards poor performance, and it will be important to be specific about the type of information to be included within annual reports

30. Should the Regulator be given powers to produce other documents, such as a Code of Practice, to provide further clarity about what is expected from the consumer standards?

A sector led approach that collaborates with the Regulator would be more consistent with the approach that Government has taken in other areas, although guidance setting out a clarity of expectations would be helpful.

31. Is "serious detriment" the appropriate threshold for intervention by the Regulator for a breach of consumer standards? If not, what would be an appropriate threshold for intervention?

The threshold for intervention could be reviewed as part of a revised sector led approach to regulation, and the LGA would be keen to discuss this further with councils and the Regulator. Where the safety of tenants is in question there may be a case for the regulator to intervene at an earlier stage.

32. Should the Regulator adopt a more proactive approach to regulation of consumer standards? Should the Regulator use key performance indicators and phased interventions as a means to identify and tackle poor performance against these consumer standards? How should this be targeted?

We support the risk-based approach to intervention proposed in the Green Paper. There is an important balance to strike for the Regulator in, on the one hand, having sufficient information on which to offer robust support to a landlord while, on the other, being careful not to establish an unnecessary national performance management bureaucracy. The LGA would be happy to consider this question further as part of our offer to Government and the Regulator on better regulation of council owned housing.

33. Should the regulator have greater ability to scrutinise the performance and arrangements of local authority landlords? If so, what measures would be appropriate?

The regulatory framework for social housing covers both councils and housing association landlords. Council landlords are accountable to local politicians and are therefore only covered by specific parts of the regulatory framework. This is the right approach and it strikes a balance between national standards and local democracy. Treating all social landlords as the same would be bureaucratic and require significant additional investment - the costs would ultimately be paid by tenants through their rents.

34. Are the existing measures set out in Box 3 adequate? If not, what additional enforcement powers should be considered?

The existing powers are strong enough to trigger swift action by local authority landlords. As an alternative to new powers, the LGA would be happy to work with the Regulator to ensure that enforcement action leads to swift and effective local action.

35. Is the current framework for local authorities to hold management organisations, such as Tenant Management Organisations and Arms Length Management Organisations to account sufficiently robust? If not, what more is needed to provide effective oversight of these organisations?

As for Question 24, we would caution against a generalised approach to TMOs and ALMOs. There is much that could be done to strengthen oversight through sharing good practice and the LGA would be happy to play a part in this.

36. What further steps, if any, should Government take to make the Regulator accountable to Parliament?

The LGA does not have a view on this question.

CHAPTER 4: TACKLING STIGMA AND CELEBRATING THRIVING COMMUNITIES

Councils are positive about social housing and tenants. It is upsetting but not surprising that stigma was the most consistent theme raised by residents at the engagement events.

It is important that all partners accept that turning this around is not straightforward, there are no quick fixes. It requires a sustained long-term reframing and investment in the social housing properties, in the services and places around them, and in every single person that calls it home.

The Social Housing Green Paper's recognition of how tenants feel is a valuable step in itself but beyond that the measures proposed do not go nearly far enough, and do not adequately address welfare reforms which have been a huge concern for tenants. The Government could take other action to reassure tenants, in particular pledge to repeal legislation that might allow it to require councils to introduce fixed term tenancies.

In our view the central requirements for resolving how tenants feel about social housing is rooted in expanding the availability of attractive good quality social housing to more people, as part of a wider local investment in the services – welfare, employment, health, police etc – that support people to live positive, fulfilled and productive lives.

QUESTIONS

37. How could we support or deliver a best neighbourhood competition?

It is important to empower and support communities wanting to take the lead in creating positive neighbourhoods. A national competition might fund some valuable projects, but it is unlikely to have a significant impact in resolving the stigma many people feel across the country and risks being perceived as tokenistic if not handled carefully.

It will be important to manage the impact on those communities that might make bids that are unsuccessful.

38. In addition to sharing positive stories of social housing residents and their neighbourhoods, what more could be done to tackle stigma?

Treat social housing and its tenants as a national asset to be proud of by allowing councils to borrow to invest in new and existing stock, and properly reinforce it as an asset that returns huge value on its investment.

Develop social housing, private rented housing and home ownership as equally desirable options for different people at different periods in their lives. Reform Right to Buy by localising decisions on how the scheme operates – such as discounts - to landlords and their tenants, and allowing councils to keep all receipts to reinvest locally.

Require other services – such as police, welfare, employment and health – to engage positively with social landlords to deliver services in ways that are responsive to the aspirations of council housing tenants.

Further explore how to address the problem identified within the Green Paper of the representation of social housing and tenants in the media.

39. What is needed to further encourage the professionalisation of housing management to ensure all staff deliver a good quality of service?

Throughout housing there are brilliant and professional people working hard to improve conditions for tenants. It is important to build on what works through schemes that define and promote success.

Council housing management staff are under significant pressure. Efforts to promote continuous improvement will only succeed if councils can invest in their staff and their service, and that employees feel valued in the services they offer.

The LGA are working with TPAS to look at how housing providers are improving and innovating in the delivery of services to tenants.

If a programme of professional qualifications is to be encouraged, it would need to be funded.

40. What key performance indicator should be used to measure whether landlords are providing good neighbourhood management?

As set out earlier in our response, performance indicators can be useful in enabling focus but can have perverse incentives. This may be especially the case where landlords do not have sufficient levers to meet them, and on an issue such as neighbourhood management which cannot be captured simply.

For instance the landlord duty to cooperate with partners to promote social, environmental and economic wellbeing to prevent and tackle anti-social behaviour is heavily dependent on the capacity and will of partners such as the police.

41. What evidence is there of the impact of the important role that many landlords are playing beyond their key responsibilities? Should landlords report on the social value they deliver?

Councils and housing associations regularly go well beyond their key responsibilities in supporting tenants, and some activity is particularly innovative for instance rent flex and rent bank models. Such activity is important for landlords too, in helping secure income through rents.

National policy does not make good use of the unique position social landlords have. We have previously recommended that DWP engage with social landlords to improve understanding of successful approaches to provide and scale up employment support, and find ways to engage them in the process of commissioning employment and skills support.

It may be useful to further capture the wider activity of social landlords, but in ways that do not over burden them. It would be important to make a distinction between those additional services provided by landlords that are separately funded and those that are not, because in some cases housing associations will be providing a commissioned service rather than additionality.

It has to be acknowledged that the social rent cut has forced difficult decisions on social landlords about the different types of activity they can continue to fund.

42. How are landlords working with local partners to tackle anti-social behaviour? What key performance indicator could be used to measure this

work?

As eluded to in an earlier response, key performance indicators can be useful in enabling focus but can have perverse incentives. This may be especially the case where landlords do not have sufficient levers to meet them.

For instance the landlord duty to cooperate with partners to promote social, environmental and economic wellbeing to prevent and tackle anti-social behaviour is heavily dependent on the capacity and will of partners such as the police.

It is important to make a distinction between councils and housing associations on this point, as councils have wider partnership duties in respect of their Community Safety Partnership responsibilities.

43. What other ways can planning guidance support good design in the social sector?

We welcome measures to further strengthen the capacity of local planning authorities to guarantee good quality homes through the planning system. Further tools to set minimum space standards, such as requiring social homes to be lifetime homes, would be welcome.

Ultimately questions about space standards, their location, quality of build material, the number of them and so on come down to viability. The recent viability proposals are useful in ensuring councils have the powers to set affordable housing levels but developers might seek opportunities to challenge viability should councils add requirements on design. This risks becoming particularly true for social housing, as the new National Planning Policy Framework which requires 10 per cent low cost home ownership products before social homes can be delivered regardless of local need.

44. How can we encourage social housing residents to be involved in the planning and design of new developments?

It may be most appropriate to support local planning authorities and social housing providers to share experiences about how tenants can be involved in the planning process.

CHAPTER 5: EXPANDING SUPPLY AND SUPPORTING HOME OWNERSHIP

The Social Housing Green Paper begins to set out a positive vision for social housing, and has since been followed with the extremely welcome removal of the Housing Revenue Account borrowing cap.

Despite huge barriers councils have been working hard in seeking to build new homes. Our recent project looking at innovation in house-building via HRAs demonstrates how council are building some of the best quality housing, on some of the most difficult sites, and meeting needs of people not being catered for by other developers³.

Furthermore councils are building homes in ways that support local SME builders and businesses, creating jobs and training opportunities for local residents, attracting talented designers and architects through ambition and focus on quality, and building housing as part of a wider strategy for prosperous places⁴.

The case for enabling councils to build those quality affordable homes at scale is now overwhelming, for instance:

- The last time the country built enough homes, councils built 40 per cent of them – the market and housing associations simply will not build enough homes, particularly in more difficult economic periods.
- Public investment in housebuilding generates returns into the economy. Every £1 of public investment in new housing is currently generating £2.84 of economic output. Building 100,000 social homes a year would generate net savings equalling up to 0.5 per cent of GDP over 50 years - council homes are revenue-generating assets, they create welfare savings, increasing tax returns and improve productivity⁵.
- Meeting the needs of different local communities generating huge wider public service value and productivity – councils build homes that plug gaps in the market, reduce rough sleeping and homelessness, provide for key workers, for older people, for young single people.

The Government has made a number of welcome reforms to its housing policy recently, summarised in the Green Paper and added to by removing HRA borrowing restrictions. The LGA is keen to work with the Government to develop plans on how we can support councils to being building homes again at some scale, and for further reforms that will further enable this.

In particular, it must allow *all* councils the opportunity to build housing. It is disappointing that restrictions on social rent grant and proposed Right to Buy flexibilities are applied to areas defined by such a narrow definition of affordability. The decision restricts countless councils ready to build now, and it sends a message to the half a million families on council waiting lists in those areas that they are less deserving.

All councils need freedom and certainty to find creative solutions to their individual housing challenges, and they – like the private sector and housing association

³ <https://www.local.gov.uk/topics/housing-and-planning/why-do-we-need-build/innovation-council-housebuilding>

⁴ <https://www.local.gov.uk/topics/housing-and-planning/why-do-we-need-build/innovation-council-housebuilding>

⁵ Building new social rent homes, an updated economic appraisal, Capital Economics/LGA, 2018

sector – need a stable policy and financial environment in which they can be confident in making long term investment in new and existing housing.

To achieve this, the Government must:

- **Following the removal of the HRA cap, consider removing the HRA from contributing towards overall public sector debt.** The removal of the HRA borrowing cap on 29th October was extremely welcome. Councils hold 1.6 million council homes with an estimate market sale value of around £231 billion⁶, but have only been able to borrow up to around £30 billion against these assets - this is an enormous underutilisation of potential⁷. The removal of the cap will allow councils to begin building homes again, and to begin building quickly. The Government has estimated this will lead to 10,000 new homes a year⁸. We think this is a conservative estimate, the sector's ambition is greater than that and further reforms will enable councils to go much further.
- **Create long-term rental certainty by pledging to CPI+1 rent increases in social housing for at least 30 years, and giving councils greater control on rent setting.** While rental certainty up to 2025 is welcome longer term guarantees on rents and their relationship with the welfare system will provide immediate help to develop house building programmes. Furthermore our research demonstrates that the Government should consider local flexibility to further raise rents where a case can be made in terms of building additional units and achieving reductions in private sector housing benefit caseload⁹.
- **Reform Right to Buy (RtB) by putting it on a more sustainable footing, allowing councils to retain 100 per cent receipts and set discounts locally.** In the last six years, more than 60,000 homes have been sold off under the scheme at half the market price on average, leaving councils with enough funding to build or buy just 14,000 new homes to replace them. Our modelling suggests this capacity is likely to worsen without reforms to the scheme. Councils are ambitious to build significantly more homes and should be able to: retain 100 per cent of sales receipts into building replacements; set discounts locally so that there is sufficient receipts to build new homes without affecting levels of take up of the scheme¹⁰, and; have up to 5 years to build replacements.¹¹ Projections for the LGA by Savills project such measures will significantly increase the potential for councils to replace homes sold via the scheme.

The Government must also seek to rapidly increase the levels of affordable housing tenures delivered through the planning system, which is an area the Green Paper did not sufficiently acknowledge. In particular it should:

⁶ Estimated by multiplying the number of council homes by the average market price of homes sold via Right to Buy

⁷ http://www.arch-housing.org.uk/media/106815/raising_the_roof_17nov2017_final.pdf

⁸ HMT, Budget 2018 Policy Costings, 2018

⁹

<http://d3n8a8pro7vhmx.cloudfront.net/themes/5417d73201925b2f58000001/attachments/original/1519256246/CapExRents.pdf?1519256246>

¹⁰

<https://www.local.gov.uk/sites/default/files/documents/lga%20right%20to%20buy%20sustainability%20analysis%20-%20apr18%20-%20FINAL.pdf>

¹¹

<https://www.local.gov.uk/sites/default/files/documents/lga%20right%20to%20buy%20sustainability%20analysis%20-%20apr18%20-%20FINAL.pdf>

- **Reform developer contributions to ensure necessary levels of affordable homes are delivered through the planning system, and amend the Land Compensation Act to enable increased capture of land value uplift.** Developers continue to use uncertainty in the planning system to reduce affordable housing contributions via section 106 agreements. The Government must ensure planning guidance sufficiently equips councils with the tools to ensure developers deliver levels of new social homes set out in local planning policy. Beyond that it should explore how establishing a single, robust national viability system can deliver the number of new social housing needed in local markets, and continue to look at measures for capturing the uplift in land values for housing investment by amending the 1961 Land Compensation Act.
- **Remove all national prescriptions that limit the capacity to deliver needed social housing in local markets.** Councils are required to plan for local need but are then often prevented from meeting it by national policy requirements, this is especially true for the supply of social housing. In particular, the Government must remove the requirement for 10 per cent of new sites to be homes for low cost home ownership, and it must remove the exemption for developments of 10 units (or fewer or that were smaller than 1,000 square metres) from section 106 affordable housing contributions.
- **End permitted development rights for residential conversions.** The Government's decision to allow conversions from offices to residential units without having to go through planning is creating a vast range of issues for local places and communities. In particular, conversions are exempt from section 106 affordable housing contributions. Over the last two years one in ten new homes was an old office (31,000) and avoiding over 7,600 new affordable homes, most often in areas with high affordability pressures. We are concerned that the Government is consulting on extending permitted development further. In our view the Government must end permitted development and ensure conversions go through the local planning system so councils can ensure the provision of good quality new social homes.
- **Increase planning fees by a further 20 per cent and work towards allowing councils to set planning fees locally.** Planning departments have experienced 50 per cent budget reductions since 2009/10, and are not able to cover the costs of running a planning department by the national fees set by the Government. This significantly reduces their capacity to ensure the delivery of new social housing through the planning process and their capacity to proactively enable new supply of housing including social housing. The Government should move to further increase planning fees by 20 per cent and work towards local fee setting to allow full cost recovery.

Taken together the above measures would enable councils to significantly increase their role in delivering new homes that have significant wider benefits for economies, communities, and public finances.

With the right conditions, the country should aim towards building 100,000 social homes a year within 5 years.

QUESTIONS

45. Recognising the need for fiscal responsibility, this Green Paper seeks views on whether the Government's current arrangements strike the right balance between providing grant funding for housing associations and Housing Revenue Account borrowing for local authorities.

The Social Housing Green Paper often reflects on the need to level the playing field between council housing and housing associations, and this question unhelpfully seems to pit them against each other. Both Housing Revenue Accounts and housing associations have a crucial role to play, as do local housing companies whose role is helpfully clarified by the Green Paper.

Councils and housing associations are, however, different with regards investment in supply. In particular:

- Right to Buy (RtB) only applies to councils and in a way that makes it extremely difficult for them to deliver replacements. In contrast, the voluntary deal with housing associations is founded on offering them 100 per cent of sales receipts, and also be compensated in full for the discount given to tenants. Councils must be allowed to retain 100 per cent of RtB sales receipts, and be able to set discounts locally, which our research demonstrates could actually increase receipts in many areas¹².
- While the removal of the HRA borrowing restrictions helps resolve an imbalance of opportunity that had previously only been available to housing associations, the Government should consider following this by removing the HRA from contributing towards overall public sector debt.

Increasing the availability of these tools to councils will be increasingly important because councils are well placed to deliver value for money alongside – and often working in partnership with - housing associations, because:

- Councils can borrow at much more favourable rates than housing associations via the Public Works Loans Board.
- Councils often hold their own land, and are increasingly using land to build homes that generate long term revenue generating assets. Welcome proposals in the consultation on the use of Right to Buy receipts will further increase the possibility.
- Councils are well placed to mix social rented development with other housing and infrastructure schemes in ways that join up investment to maximise overall returns.
- Councils are more likely to build at social rent than affordable rent, creating a marked saving in Housing Benefit
- Councils often develop land that would not be viable for either the private sector or housing associations
- Rents are on average around £10 a week lower in the council sector.

Increasing the availability of these tools to councils is critical because councils:

- Are democratically accountable.
- Hold a wide range of housing, homelessness, planning, infrastructure duties. While they do lots of good work housing associations do not have duties to meet wider housing need and can make investment decisions that do not

¹²

<https://www.local.gov.uk/sites/default/files/documents/lga%20right%20to%20buy%20sustainability%20analysis%20-%20apr18%20-%20FINAL.pdf>

meet the needs of everyone in the community, councils need the tools to ensure new homes meet the diverse needs of local communities.

- Exist in all areas of the country. Housing associations are free to choose to build where they like and can make decisions to disinvest in some markets, councils need the tools to ensure new homes are meeting the overall local needs in all areas of the country.

46. How we can boost community-led housing and overcome the barriers communities experience to developing new community owned homes?

We support greater expansion of community-led housing schemes, however development is not straightforward and communities need to have the expertise and experience to establish and manage housing. Communities need a lot of council support, and it is not unusual for councils to undertake an essential support or rescue role for community-led housing schemes. It's therefore important to view community-led housing as being 'with' councils rather than 'instead of' them.

47. What level of additional affordable housing, over existing investment plans, could be delivered by social housing providers if they were given longer term certainty over funding?

There is huge untapped capacity and aspiration within local government to build at scale again. An ambitious Spending Review that delivers on certainty and flexibility, giving councils the stable long-term framework within which to invest, should aim to deliver 100,000 social homes a year within 3 to 5 years.

We have set out the headline measures for how this can be achieved in the opening section of our response to this chapter. In summary it means revisiting the principles of self-financing and providing a range of certainties on incomes and rents, including: long term certainty (30 years +) with an element of flexibility over social rents including welfare assistance; 100 per cent receipt retention of all council housing sales, and; local discretion over RtB discounts to manage sales levels and generate higher levels of receipt.

Similarly, there is significant scope for the planning system to give developers absolute certainty on the expectation of them to provide an element of social housing within developments. Areas of uncertainty are too often used by developers as a means to reduce section 106 social housing contributions.

48. How can we best support providers to develop new shared ownership products that enable people to build up more equity in their homes?

Shared ownership products work better in some markets more than others, they also work better for some tenants than others. It should be up to councils, as part of a wider localisation of finance and decisions on social housing, to determine the mix of products supporting people towards home ownership locally.

Social housing allocations. Although there is not a specific question, the Green Paper has initiated an evidence collection exercise on the use of allocations policies.

We look forward to contributing further on this. It is crucial that councils retain the flexibility to set and implement their allocation policies locally, in order to best respond to the needs of different groups.

There is also an opportunity to look at allocations/nominations policies that feature as part of the stock transfer agreements with housing associations. There might be an opportunity to ensure that both councils and housing associations understand and utilise existing agreements to ensure the total stock of social housing in a place best meets local need.