

Scrutiny Committee Report

Housing Associations

17th March 2020

Social housing over the years has moved from being directed and managed by local authorities to being led by a mix of social housing providers. Changes have taken place in the financing and management of social housing leading many local authorities to transfer their housing stock and housing management functions to arms-length management organisations (ALMOs), not for profit social landlords or housing associations (now generally termed Registered Providers of Social Housing (RPSH)). A number of local authorities carried out large scale voluntary transfers (LSVTs) with the approval of their tenants as a result of financial restrictions that were placed on the Housing Revenue Account and limitations in local authority capital finance for housing.

In 1994, South Ribble Borough Council transferred its housing stock and management function to New Progress Housing Association (now Progress Housing Group). Similarly, in 2007 Chorley Borough Council transferred their stock to Chorley Community Housing (now part of the Jigsaw Group) and in 2005 Preston City Council transferred their stock to Community Gateway Association.

Social housing providers have experienced significant pressures including a drastic reduction in grant funding for affordable housing; the requirement to deliver the Decent Homes Programme; the actions of the Social Housing Regulator through its regular assessments of organisational governance and viability, Welfare Reform measures and more recently the 1% rent cut.

Responses to these pressures have resulted in increasing organisational scale, merging organisations which brings benefits such as financial capacity, scaling up of development and diversification into intermediate and market housing to raise finance and cross-subsidise the development of affordable housing.

Registered Providers of Social Housing in South Ribble

Registered providers of social housing are a varied group of organisations, some large national housing associations and some small local housing providers. There are a number of housing associations operating in South Ribble providing homes across a range of tenures such as Social Rent, Affordable Rent and Shared Ownership. Housing associations own around 11% of the total dwellings in South Ribble which is below the national average of around 18%.

Homes available for Social Rent and Affordable Rent are let through the Councils Choice Based Lettings Scheme known as Select Move which is shared with Chorley and Preston Councils. The Select Move Partnership includes the following housing associations:

- Accent Housing
- Chorley Community Housing (part of Jigsaw Homes)
- Community Gateway Association
- Great Places
- Onward Homes
- Places for People
- Progress Housing Group

- Together Housing Group
- Sage Housing
- Your Housing Group

The table below outlines the registered providers operating in South Ribble and the number of homes that they have in South Ribble across the range of tenures:

Registered Provider	Social Rent	Affordable Rent	Shared Ownership	Total	RSH Designation and Corporate Form	Organisation Size
Accent Housing	642	6	3	651	Non-profit / Registered society	20,623 homes across the North, East and South of England
Chorley Community Housing	0	35	23 (5)	58 (5)	Non-profit / Registered society	2,200 homes across Lancashire and Sefton. Wider group manage more than 34,000 homes across the North West and East Midlands
Community Gateway Association	0	8	0	9	Non-profit / Registered society	6,632 homes across Lancashire
Great Places	0	46	49	95	Non-profit / Registered society	19,000 homes across North West and Yorkshire. Described as a profit-for-purpose organisation
Heylo Housing	0	0	38	38	Profit / Company	National organisation. Provide Shared Ownership homes only
Onward Homes	211	39	11	261	Non-profit / Registered Society	35,000 homes across North West. Formerly Contour
Places for People	63	18	65	146	Non-profit / Registered society	Circa.200,000 homes across the UK
Progress Housing Group	3,494	210	74	3,778	Non-profit / Registered society	11,000 homes in England and Scotland
Together Housing Group	0	9 (33)	(18)	9 (51)	Non-profit / Registered society	Over 36,000 homes across Yorkshire and Lancashire
Your Housing Group	187	21	5	213	Profit / Company	28,000 homes across North West, Yorkshire and Midlands
Total						

Note: numbers in () are in the process of being built

Governance of Social Housing Providers

Not-for-profit housing associations are governed by appointed boards made up of non-executive and executive directors (and sometimes tenant representation) who provide direction and hold the organisation to account. Boards have the responsibility of ensuring that the governance framework for their organisation is effective, their roles include:

- Create and monitor the strategic direction
- Create and agree policies and a framework for control
- Set targets for the company and monitor performance

Social housing organisations are now operating in a more complex and challenging financial environment with greater demands on the leadership of housing organisations creating new ways of working and group structures evolving. Governance of social housing is evolving and is now largely focused on how the voice of tenants and residents is heard and how well tenants and residents are listened to. The tragic events at Grenfell Tower in June 2017 and have added a greater focus to this aspect of governance.

The housing associations in South Ribble are governed by appointed boards and supported by a committee structure. Those with group structures often operate with an overlapping governance structure in order to simplify arrangements and share board skill-set.

Community Gateway Association operate slightly differently to the other housing associations in that their structure enables tenants to have a level of control/ownership over the organisation. Community Gateway Association were the first housing association to be based on the Community Gateway Model¹ which puts tenants and residents at the heart of the organisations. The objectives of the model are:

- To generate community pride and vision through providing opportunities for local tenant and community involvement in decisions about homes and neighbourhoods at a pace right for them and on issues that matter to them
- To establish a tenant democracy by enabling tenants to become members and owners of the organisation and, through that membership, get involved in decision-making
- To generate a cultural change that brings colleagues and tenants together, where tenants lead and own the organisation working in partnership with CGA colleagues to deliver the quality homes and neighbourhoods they want.

Regulation of Social Housing Providers

From January 2018, the regulation of social housing providers in England is the responsibility of the Regulator of Social Housing (RSH). Prior to this, the regulation function sat with the Homes and Communities Agency (HCA) who also held the responsibility of administering grant funding to social housing providers. These two functions have now been separated with Homes England now delivering the grant funding function and the RSH in control of the regulation function. As of 1st October 2018, the RSH became a stand-alone non-departmental public body of government.

All social housing providers in England are required to be registered with the regulator. This includes local authorities, housing associations, housing co-operatives and profit-making organisations.

¹ <https://twoworlds.me/wp-content/uploads/2013/02/EmpoweringCommunities.pdf>

The RSH has adopted a co-regulatory approach to the regulation of the housing sector and requires that housing associations must align to an appropriate code of governance, it is for the board to determine what is right for their organisation. Many housing associations adopt the National Housing Federation Code of Governance 2015². The regulator minimises interference through its co-regulatory approach meaning that the board is responsible to its tenants for ensuring business and services are managed effectively and that the provider complies with all regulatory standards. Onus is on the provider to demonstrate their compliance and assess themselves against the regulatory standards.

The RSH Regulatory Framework³ for social housing in England describes the standards that registered providers of social housing are required to meet and provides the vital components in achieving good governance. The regulatory framework requirements are made up of:

- Regulatory requirements
- Codes of practice in relation to certain standards
- Regulatory guidance in relation to the regulatory requirements and how they will be regulated

The regulatory requirements comprise of three economic standards which include the Governance and Financial Viability Standard, Value for Money Standard and the Rent Standard and four consumer standards which include the Tenant Involvement and Empowerment Standard, Home Standard, Tenancy Standard and Neighbourhood and Community Standard.

Each social housing provider is given a rating based on viability (V1-3) and governance (G1-3). It is these standards that are of most concern to the regulator and of which the regulator is pro-active in its regulation. A reactive approach is taken to the consumer standards and is more centred on co-regulation through tenant scrutiny and tenant involvement. Intervention from the regulator occurs where consumer standards have not been met and there has been or there is potential for serious detriment to tenants.

A brief outline of both the Economic and Consumer Standards is detailed below:

Economic Standards	Consumer Standards
<i>Governance and Financial Viability Standard:</i> Ensure effective governance and resource management that delivers long-term financial viability	<i>Tenant Involvement and Empowerment Standard:</i> Understand and respond to the diverse needs of tenants, and provide choice and opportunities for involvement, resolve complaints fairly and promptly
<i>Value for Money Standard:</i> Obtain best value from assets and resources	<i>Home Standard:</i> Keep homes safe, decent and in a good state of repair
<i>Rent Standard:</i> Charge rent in line with Government rules	<i>Tenancy Standard:</i> Let homes and manage tenancies in a fair, transparent and efficient way
	<i>Neighbourhood and Community Standard:</i> Keep the wider area clean and safe, help to tackle anti-social behaviour and promote community wellbeing

² <https://www.housing.org.uk/resources/code-of-governance-2015/>

³ <https://www.gov.uk/government/collections/regulatory-framework-requirements>

Glossary of Terms

Affordable housing

Affordable housing includes social rented, affordable rented and intermediate housing, provided to households whose needs are not met by the market. A full definition is provided at Annex 2 of the National Planning Policy Framework⁴.

Affordable Rent

Affordable rented housing is let by local authorities or private registered providers of social housing (housing associations) to those who are eligible. Rents charged (including service charges where applicable) must not exceed 80 per cent of local open market rent.

Choice-based lettings (CBL)

Choice-based lettings schemes are designed to allow an element of choice for people applying for council and housing association homes and existing tenants who want a transfer. As properties become available for letting, full details are advertised on the Select Move website.

Decent Homes Standard

Introduced by government to ensure all social housing meets a minimum standard. The standard requires the property to be free of health and safety hazards, in a reasonable state of repair, having a reasonably modern kitchen, bathroom, boiler and adequate insulation.

Housing association

A not-for-profit organisation set up to provide low cost housing. Housing associations range from small community-led groups to larger organisations. Many help tenants through specialist housing, for example sheltered housing or housing with support services. Many housing associations also operate home ownership schemes such as shared ownership. Housing associations are usually private registered providers of social housing (formerly known as registered social landlords) and regulated by the Regulator of Social Housing.

Intermediate housing

Intermediate housing is aimed at people who do not qualify for social housing but cannot afford full market rents. Intermediate housing includes shared ownership, shared equity schemes and discounted open market value schemes. There are also intermediate rent products available. Eligibility criteria varies depending on the type of intermediate housing.

Registered social landlord or registered provider

An organisation registered with the Regulator of Social Housing, under the Housing Act 1996. Registered providers of social housing include not-for-profit organisations such as housing associations and cooperatives, local authorities and for-profit providers.

Regulator of Social Housing

The Regulator of Social Housing regulates registered providers of social housing to promote a viable, efficient and well-governed social housing sector able to deliver homes that meet a range of needs. The objectives of the regulator are set out in the Housing and Regeneration Act 2008 (as amended). The regulator undertakes economic regulation, focusing on governance, financial viability and value for money that maintains lender confidence and protects the taxpayer. Additionally, the regulator sets consumer standards and may take

⁴ <https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary>

action if these standards are breached and there is a significant risk of serious detriment to tenants or potential tenants.

Shared ownership

A part buy, part rent scheme for households unable to afford open market value homes. Shared owners can often increase or decrease their share in the home, through a process known as staircasing. Shared ownership schemes are offered through Registered Providers typically between 25 per cent and 75 per cent share of the home's value depending on the buyers financial ability. A capped rent is paid to the registered provider on the unsold share. Shared ownership properties are always leasehold but freehold can be transferred upon staircasing to 100%.

Social Rent

Rented housing owned and managed by local authorities, housing associations or Registered Providers. Also see target rent.

Staircasing

The process of buying some, or all, of the remaining shares in a shared ownership home.

Target rent

Charged for socially rented properties. Rent levels are worked out using a nationally set formula which is based on the value of the property, the number of bedrooms it has and average earnings for a manual job in the area.