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Government Committee

Beyond Decent Homes

Fourth Report of Session 2009–10

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Report, together with formal minutes

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Communities and Local Government Committee

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Summary

The Government has pursued an ambitious goal over the ten years of the decent homes policy: “a decent home for all”. To achieve this goal, it drew up a detailed standard of decency, articulated a clear vision, laid down challenging targets and set up a range of options for the implementation of the policy. An estimated £40 billion has been made available for the work in the social sector alone, which has paid for, among other things, the installation of 700,000 new kitchens, 525,000 new bathrooms, over 1 million new central heating systems and the re-wiring of 740,000 homes. This is not to say that the policy has been an unqualified success; and in particular Ministers do not seem to have given a great deal of thought to what should happen after the policy reaches its target date in 2010.

Our inquiry comes at a time of change in the world of housing policy. The economic climate has had a dramatic effect on the resources available for public spending. The growing consensus on climate change lends renewed urgency to efforts to reduce carbon dioxide emissions from housing; and the tension between building new homes and maintaining existing ones continues to exercise decision-makers. A new regulator of social housing, the Tenant Services Authority, has been established and a new regulatory framework for social housing is expected imminently. The reform of the Housing Revenue Account promises to bring significant and welcome change to the way in which local authorities are able to manage the housing stock they own and the historic debt it carries.

In this context, we have noted the successes and challenges of the decent homes programme over the ten years of its existence and drawn conclusions that we hope will be useful in creating the policy of the next ten. We find that, while the social sector programme has received a huge injection of political will and financial resource, the private sector programme has been quietly downgraded and inadequately funded. We find that, although great progress has been made in the social sector, a significant backlog of works remains and the incentive structure of the programme may have led landlords to conceal the extent of the works required after 2010. We find that, while the use of arm’s-length management organisations to manage council housing has led to improved standards and better planning, many councils that were unable to follow the ALMO model or to transfer stock have languished, inadequately funded.

We believe that the Government is to be applauded for its achievements in this area, but that detailed thought should now urgently be given to what succeeds the decent homes standard and the legacy of the programme of work it entailed. Our conclusions and recommendations are intended to aid that process of reflection and be a spur to action.

1 Introduction

1. In 2010 the Government's flagship policy programme to refurbish homes in England up to a minimum standard arrives at its target completion date. The Government committed itself in 2000 to bringing all social sector housing up to a prescribed standard by 2010. Another target was set in 2002 to improve private sector homes in which vulnerable people lived. The Government stated in evidence to our inquiry that:

When the decent homes target was set in 2001, the aim was to eliminate a backlog of disrepair and ensure that no one was living in a home that was below a basic minimum level of decency. It was a huge task that was being faced.¹

2. The Minister called the programme “a national refurb programme without parallel or precedent [...], a programme that I am very proud of [...], a programme to which we are totally committed”.² A recent press notice from the Department for Communities and Local Government (CLG) stated that £33 billion had been spent over the course of the programme and that by the end of 2010 this would have risen to £40 billion. It cited some of the tangible outcomes:

Between 2001 and 2008, we have put 700,000 new kitchens, 525,000 new bathrooms and over 1 million new central heating systems into council homes. We have re-wired 740,000 council homes to ensure that they meet fire and safety requirements.³

3. The decent homes target was set in the context of broader government policy on housing. For a decade, housing policy has been focused on four key priorities, initially framed in the Green Paper *Quality and Choice, A Decent Home for All*, published in April 2000. These four priorities have been: bringing existing stock up to the decent homes standard; regeneration of those areas experiencing low demand and particularly challenging housing conditions; construction of increased numbers of new affordable housing; and the improvement of housing services. In February 2003 the *Sustainable Communities Plan* set out the policy and financial framework for the management of the decent homes programme. In 2006, *From Decent Homes to Sustainable Communities* signalled a shift of focus to new supply and recognised that only 95% of social stock might meet the decent homes standard by 2010. The 2007 Green Paper *Homes for the future: more sustainable, more affordable* increased the focus on the supply of new homes and set out the intention to reform the council housing finance system to enable delivery of the decent homes standard in the longer term.

The Report of the ODPM Committee in 2004

4. In 2004 our predecessor Committee, the Office of the Deputy Prime Minister: Housing, Planning, Local Government and the Regions (ODPM) Committee, conducted an inquiry into the decent homes programme in light of the interim target that had been set: to reduce

1 CLG, Ev 165.

2 Q 354

3 “Minister launches full assessment of the decent homes programme”, CLG Press Notice, 8 December 2009.

by one-third the number of non-decent homes in the social sector by April 2004. The Report considered the adequacy of the decent homes standard and its definition of decency; the progress made towards the 2010 target and the measurement of that progress; the mechanisms for managing the programme through various landlord arrangements in the social sector; and the differences between the application of the standard to the social and private sector.

5. While welcoming and supporting the target, the Committee concluded that it was in danger of not being met.⁴ It also highlighted three particular concerns. First, that the standard was too basic, and by 2010 would be “seriously out of step with reasonable tenant expectations”; the Committee recommended that the Government “set a more aspirational ‘Decent Homes Plus’ standard to be achieved at a later date”. Second, that the policy was being used “in a dogmatic quest to minimise the proportion of housing stock managed by Local Authorities”; the Committee recommended that the Government “provide a level playing field in terms of funding” so that tenants and local authorities “have real choices”. Finally, the achievement of the target for the private sector should be given “much higher priority” by the Government.⁵ The Government responded to say that it would “be unfair and unreasonable to try and tackle even more dwellings” under a Decent Homes Plus standard while many homes still had not been brought up to the basic standard.⁶ On ownership and management of homes, it said that separation of strategic and day to day management of housing by councils “provides a strong incentive to better performance” and that the Government had “shown [its] commitment to council housing through the 13 per cent real terms increase in average investment per dwelling between 1997 and 2006” and “a 6 per cent real terms increase in local authority management and maintenance allowances in 2004–05 and 2005–06”.⁷ Finally, the Government stated that it attached “high priority to Decent Homes in the private sector”.⁸

6. The current Committee decided in 2009 that, given the impending 2010 deadline for the decent homes target to be achieved, it was an appropriate time to consider what lessons had been learnt and what the future direction of the policy should be after 2010. Our inquiry has had a different focus from that of our predecessor Committee, partly by virtue of coming five years later in the programme but also because we have concentrated on the future of the decent homes programme. Where we consider the performance of the programme to date, we do so in the context of seeking to learn lessons for the future. The evidence we have received has, of necessity, echoed some of the evidence on which the ODPM Committee’s Report was based. Nonetheless, we have sought to focus our inquiry on the questions of whether and how the programme should change or be extended after 2010.

7. We announced our inquiry on 22 July in the following terms:

4 ODPM: Housing, Planning, Local Government and the Regions Committee, Fifth Report of Session 2003–04, *Decent Homes*, HC 46, Summary.

5 *Ibid.*

6 Office of the Deputy Prime Minister, Government Response to the ODPM: Housing, Planning, Local Government and the Regions Committee’s Report on Decent Homes, Cm 6266, July 2004, p. 5.

7 *Ibid.*, p.10.

8 *Ibid.*, p. 20.

In 2000 the Government committed itself to bringing all social housing up to a decent standard by 2010. In 2002, the Government broadened this target to include private sector homes occupied by vulnerable households. On 21 July 2009, the Government published a consultation paper on its plans to reform council housing finance, including proposals to complete the Decent Homes programme and maintain the standard. Against this background, the Committee's inquiry will consider what steps the Government needs to take to ensure that decent housing standards are met and sustained after 2010. Questions the Committee will consider include:

What lessons can be learned from the Decent Homes programme and equivalents in Scotland, Wales and Northern Ireland?

Where targeted housing fails to reach the Decent Homes criteria by 2010, how should this backlog be addressed?

Should minimum acceptable social housing standards be amended to take account of environmental standards, fuel poverty and the estate?

Do the management organisations—councils, including via ALMOs, and housing associations—need to change? Will they have sufficient funds?

What are the implications for decent housing standards of the Government's proposal, currently out for consultation, to move to a devolved system of council housing finance?

How should the Decent Homes target for private sector homes occupied by vulnerable people be taken forward?

Are adequate arrangements in place for the future regulation of minimum acceptable housing standards?

Are there local examples of innovative best practice with wider post-2010 applicability?⁹

8. We received 60 written submissions and have held five oral evidence sessions, taking evidence from 25 organisations as well as from Rt Hon John Healey MP, Minister for Housing and Planning, Communities and Local Government, the Tenant Services Authority and the Homes and Communities Agency. We visited Stockport, where we were hosted by Stockport Homes and Stockport Metropolitan Borough Council and had the opportunity both to see the decent homes work carried out in the area and to meet those involved locally.¹⁰ We are grateful to all those who submitted evidence to our inquiry, to our hosts and the participants in our visit, and to our Specialist Adviser, Steve Partridge from the Chartered Institute of Housing.¹¹

9 "New Inquiry and Call for Evidence", Communities and Local Government Committee Press Notice, Session 2008–09, 22 July 2009.

10 The note of our visit is annexed to this Report.

11 Mr Partridge declared the following interests at the meeting of the Committee on 20 July 2009: that he had been Non-Executive Director, Solihull Community Housing Ltd (Arms Length Management Organisation) since 2003; from 1 August he would be Director of Financial Policy and Development at the Chartered Institute of Housing.

2 The Decent Homes programme

The target

9. In 2000 the Department for Environment, Transport and the Regions (DETR) published its Housing Green Paper, *Quality and Choice: A Decent Home for All*. It stated: “We aim for a step change in the quality of the stock and the performance of social landlords and are committed to ensuring that all social housing is of a decent standard within 10 years”.¹² In 2000, DETR set the following objective:

Objective II: offer everyone the opportunity of a decent home and so promote social cohesion, well-being and self-dependence.

Ensure that all social housing meets set standards of decency by 2010, by reducing the number of households living in social housing that does not meet these standards by a third between 2001 and 2004, with most of the improvements taking place in the most deprived local authority areas as part of a comprehensive regeneration strategy.¹³

Following the Spending Review in 2002, the objective, now led by the Office of the Deputy Prime Minister (ODPM), evolved to include the private sector:

Objective III: deliver effective programmes to help raise the quality of life for all in urban areas and other communities.

By 2010, bring all social housing into decent condition with most of this improvement taking place in deprived areas, and increase the proportion of private housing in decent condition occupied by vulnerable groups.¹⁴

In 2004 this was reiterated:

Objective V: Ensuring people have decent places to live by improving the quality and sustainability of local environments and neighbourhoods, reviving brownfield land, and improving the quality of housing.

By 2010, bring all social housing into a decent condition with most of this improvement taking place in deprived areas, and for vulnerable households in the private sector, including families with children, increase the proportion who live in homes that are in decent condition.¹⁵

12 Department of the Environment, Transport and the Regions, Department of Social Security, *Quality and Choice: A Decent Home for All*, April 2000, p. 11.

13 HM Treasury, *2000 Spending Review: Public Service Agreements White Paper*, Chapter 4, available at www.hm-treasury.gov.uk.

14 HM Treasury, *2002 Spending Review: Public Service Agreements*, Chapter 5, available at www.hm-treasury.gov.uk.

15 HM Treasury, *2004 Spending Review Stability, Security and Opportunity for All: Investing for Britain's long-term future*, Chapter 5, available at www.hm-treasury.gov.uk.

The Comprehensive Spending Review in 2007 set Departmental Strategic Objectives (DSOs) for what was now the Department for Communities and Local Government, for the period 2008–11. These included:

DSO 2: To improve the supply, environmental performance and quality of housing that is more responsive to the needs of individuals, communities and the economy.

2.7 Percentage of non-decent homes in the social sector

Measure of success: To reduce the percentage of non decent homes reported by Registered Social Landlords (RSLs) and local authorities, from the baseline of 21.8 per cent as at 1 April 2007.

2.8 Percentage of vulnerable households in decent houses in the private sector.

Measure of success: To increase the percentage of vulnerable households in private sector decent homes, from the baseline of 59 per cent in 2006.

While the target has remained in substance the same since 2000, its status has changed. Until 2007 the target was a Public Service Agreement. It then became a Departmental Strategic Objective. We discuss later in this Report the evidence we have received on the significance of this transition, particularly in relation to the part of the target that deals with private sector housing.

10. In order to implement the policy goal, a definition of decency was drawn up: the decent homes standard. The criteria defining decency require of a home that:

- a) It meets the current statutory minimum standard for housing;
- b) It is in a reasonable state of repair;
- c) It has reasonably modern facilities and services; and
- d) It provides a reasonable degree of thermal comfort.¹⁶

We discuss the detail of each criterion later in this Report.

11. The standard has evolved slightly over the ten years of its existence. The criteria against which ‘decency’ is measured were set early in the programme and were changed in 2006 by the introduction of the Housing Health and Safety Rating System (HHSRS) under the Housing Act 2004. Absence of Category 1 hazards under the HHSRS became the test of criterion (a), replacing the previous statutory ‘fitness’ standard. CLG believes that “the tough new statutory assessment of housing standards raised the bar to drive further housing improvements [and] also led to an increased number of homes that could be considered to contain hazards”.¹⁷

12. In addition, the method of measurement of progress towards the target in the social sector changed half-way through the policy timeline. Originally, data from the English

¹⁶ CLG, *A Decent Home: Definition and guidance for implementation, June 2006 – Update*, June 2006, pp. 11–12.

¹⁷ Ev 165

House Condition Survey were used to assess progress; CLG also collected self-reported data direct from local authorities. However, CLG told us in evidence “we reported in the 2007 Autumn Performance Report that the two data sources were showing significant differences—both in the number of non-decent homes and in the rate this was reducing”.¹⁸ A project to discover the reasons for this disparity demonstrated that landlords, following guidance provided by CLG, were following a different definition of ‘decency’ from that used by the EHCS. In particular, decent homes guidance, unlike the EHCS, allows for the reporting of a dwelling as ‘decent’ if the tenant has been offered and refused work to improve the home; and allows non-decent homes scheduled for demolition to be recorded as ‘decent’.¹⁹ The result of this work was that CLG decided to abandon the EHCS as a method of measuring progress against the target. CLG told us:

Both measures have their own strengths and weaknesses, but the EHCS, for valid reasons, will not be able to demonstrate delivery of Decent Homes as defined by our guidance to social landlords. There is also a two-year time lag in the reporting of the EHCS data which would not be helpful in demonstrating progress over the current Comprehensive Spending Review period.²⁰

13. The implementation of the decent homes programme involved significant change to the landscape of the social housing sector, as we shall go on to discuss. Local authorities were invited to complete the improvement works by either transferring ownership of the stock to the housing association sector; retaining ownership but setting up an arms-length management organisation (ALMO) to carry out the works; or using a private finance initiative to contract out the work. Local authorities could also retain both ownership and management of the stock themselves. The targets were incorporated into the performance management framework and inspection regime for local authorities and into the regulatory code for housing associations. In the private sector, new regional housing boards were established with responsibility for regional housing strategy and new powers given to local authorities to disburse funds for improvements of private sector stock.

Praise for the programme

14. We have received evidence from councils, housing associations, arms length management organisations, tenants’ and residents’ groups, professional organisations and charities. Almost all parties have had something positive to say about the social sector programme, whether or not this is mixed with criticism of other aspects. The praise has highlighted three areas: the internal logic of the policy programme led by CLG; the impact of the programme on the physical condition of housing stock; and the spin-off effects of the policy on communities.

15. On the coherence and effectiveness of the policy, the Chartered Institute of Housing, the body for housing professionals with over 22,000 members, told us that “the setting of the standard, the ten-year target, the allocation of the resources and the near achievement

18 Ev 165

19 CLG, *Decent Homes in the Social Sector: Statistics Reconciliation Project 2008*, January 2009.

20 Ev 165

of the target can be regarded as a major success story”.²¹ Hyde Group, a housing association that owns or manages over 40,000 properties, stated that “the Programme had clear, achievable targets on a realistic timescale”²² and Sheffield City Council said the programme was “properly launched and quickly built momentum”. It said:

It was helpful to have a clear financial model and be able to plan for a long programme which is affordable and won’t change. Most ‘rules’ were understood by all parties.²³

16. As for the effects on housing stock, the National Housing Federation, which represents 1,200 not-for-profit housing associations, said that the programme has “undoubtedly helped to raise the quality of homes benefiting millions of tenants”.²⁴ Bolton at Home arms-length management organisation said in evidence that the “decent homes programme provided an absolutely essential influx of resources to reverse the under-investment on public sector stock that had occurred over the previous decades”.²⁵ The Energy Saving Trust stated that the programme “has worked—as a result of the programme, social housing is now the most energy efficient part of our housing stock”.²⁶

17. Witnesses flagged up a wide range of other areas on which, they told us, the programme has had a beneficial effect. One area is the improvement of asset management skills by landlords. Circle Anglia, which manages 51,000 general needs, sheltered and supported homes, stated that:

many social landlords now have excellent information on their stock condition. This now allows very accurate long term refurbishment planning.²⁷

Property consultants Ridge and Partners echoed this, saying “the Decent Homes Standard has successfully brought a new focus onto effective asset management, including the value of robust asset data (intelligence), sustainability assessment (viability), effective procurement and resident involvement”.²⁸ Another area is the effect of work programmes on local economies: Fusion 21, a “social economy business” working with social landlords to generate cost savings, said that “skills training and job creation has been one of the major successes through certainty of construction activity”.²⁹ The Hyde Group stated:

A whole supply chain developed capacity to deliver the Programme, providing employment for thousands of people. A number of maintenance contractors

21 Ev 145

22 Ev 129

23 Ev 275

24 Ev 155

25 Ev 271

26 Ev 151

27 Ev 86

28 Ev 118

29 Ev 111

transformed their businesses on the back of the Programme, forming a mini-economy with suppliers of new kitchens, bathrooms and windows.³⁰

Stockport Homes told us that GM Procure, a consortia for social housing providers in the North West of England, had generated annual savings for Stockport of between £1.2m and £2.8m per year, which had been recycled back into the decent homes programme.

18. Evidence also testified to a range of positive effects on lifestyles in areas where stock had been improved. Bolton at Home told us that, as well as improving housing stock, the programme “provided the potential for community engagement, community cohesion and socio-economic development”.³¹ Sheffield City Council judged that the work “gave confidence to Council tenants that they were valued and could have pride in their homes and communities”.³² The National Federation of ALMOs attributed to the programme a list of positive effects including improvements to health, reduced crime rates, reduced poverty and greater civic pride.³³

19. The decent homes programme has had a dramatic, positive effect on the living conditions of almost all social housing tenants by putting very significant resources into tangible improvements to social housing. We applaud the Government, local authorities and their partner organisations for the tenacity with which they have pursued the ten year goal and the results they have achieved. The decent homes standard is, nonetheless, a low standard, which makes it all the more shocking that nearly 40% of social homes were below that level in 2001; and all the more encouraging that so many landlords have gone beyond the standard in the improvements they have carried out.

20. As we shall go on to demonstrate, however, there have also been wide-ranging criticisms of the programme. Those criticisms apply to aspects of the social sector programme but also to the programme in the private sector, which is widely recognised to have been less successful. In combination with recognition of what has been achieved, these criticisms point the way to ongoing improvements in the future.

After 2010: going beyond the Decent Homes programme

21. Our inquiry has focused on the question of what should happen to the decent homes programme after 2010 and many of our witnesses have made recommendations for how a “decent homes 2” programme should look. However, when we questioned the Minister he was ambivalent about framing policy after 2010 in these terms, saying “to describe anything as a ‘successor programme’ is probably misleading”.³⁴ He described the decent homes programme as driven by the need to overcome the backlog of disrepair which existed in 1997, and maintained that since policy after 2010 would be about maintaining standards, rather than dealing with a backlog, it would be a different kind of programme.

30 Ev 129

31 Ev 271

32 Ev 275

33 Ev 281

34 Q 355

As described below, the decent homes standard seems likely to be subsumed into a wider regulatory framework set by the recently-created Tenant Services Authority rather than continuing as a discrete policy instrument. Work to maintain minimum housing standards may not necessarily take place under the ‘decent homes’ banner in the future, even if the standard—or a successor to it—is ultimately used to make regulatory judgements about landlord performance.

The Tenant Services Authority

22. The Tenant Services Authority (TSA) was launched on 1 December 2008 under the Housing and Regeneration Act 2008, inheriting regulatory powers from the Housing Corporation. The TSA is empowered to regulate registered providers (the housing association sector) and should Parliamentary approval be granted to the necessary secondary legislation will extend its remit to local authority landlords from April 2010, making it the single regulator for the social housing sector. Section 86 of the 2008 Act defined the TSA’s objectives.³⁵ In November 2009, the TSA published its statutory consultation on a new regulatory framework for social housing in England. The consultation closed on 5 February 2010. The Authority proposed in its consultation a framework comprising both national and locally-negotiated standards. The proposed national standards cover six areas: Tenant Involvement and Empowerment; Home; Tenancy; Neighbourhood and Community; Value for Money; and Governance and Financial Viability. The proposed Home standard includes a Quality of Accommodation requirement, as follows:

Registered providers must ensure tenants’ homes either: meet the Decent Homes Standard [...] or meet the standards of design and quality that applied when the home was first built, and were required as a condition of publicly funded financial assistance, if these standards are higher than the Decent Homes Standard.³⁶

Reform of the Housing Revenue Account

23. The future of the Decent Homes programme is irrevocably linked to the future of the funding mechanism for local authority housing, the Housing Revenue Account (HRA) system. Each council with housing stock uses its HRA to record all income and expenditure relating to that stock, under the 1989 Local Government and Housing Act as amended by the 2003 Local Government Act. Income to the Account includes rents and service charges and the Major Repairs Allowance (MRA); expenditure includes the costs of servicing housing debts and loans, and the cost of management, repairs and maintenance

35 Housing and Regeneration Act 2008, section 86: “To encourage and support a supply of well-managed social housing, of appropriate quality, sufficient to meet reasonable demands; ensure that actual or potential tenants of social housing have an appropriate degree of choice and protection; ensure that tenants of social housing have the opportunity to be involved in its management; ensure that registered providers of social housing perform their functions efficiently, effectively and economically; ensure that registered providers of social housing are financially viable and properly managed; encourage registered providers of social housing to contribute to the environmental, social and economic well-being of the areas in which the housing is situated; encourage investment in social housing (including by promoting the availability of financial services to registered providers); avoid the imposition of an unreasonable burden (directly or indirectly) on public funds; guard against the misuse of public funds; and regulate in a manner which (a) minimises interference, and (b) is proportionate, consistent, transparent and accountable”.

36 Tenant Services Authority, *A new regulatory framework for social housing in England: A statutory consultation*, November 2009, p. 48.

of stock. A subsidy mechanism redistributes resources between those councils in housing revenue account surplus and those in deficit. Each year, the Government makes a notional assessment of councils' income and outgoings, and awards to each council either a positive subsidy to meet a shortfall, or a 'negative subsidy' to be redistributed to other authorities.

24. On 30 June, the Minister for Housing and Planning made a Written Statement in which he announced the conclusion of a review of council housing finance conducted by CLG and HM Treasury. The Government's intention is to dismantle the Housing Revenue Account subsidy system and replace it with "a devolved system of responsibility and funding"³⁷ to "provide more flexibility in finances and more transparency in the operation of the system [...] to devolve control from central to local government [...] to increase local responsibility and accountability for long term planning, asset management and for meeting the housing needs of local people". CLG published a consultation on the proposed reforms on 21 July, which closed on 27 October. An announcement about the next stage of reform is, at the time of agreement of this Report, expected very shortly.

25. The review of the Housing Revenue Account—on which we took oral evidence from the Housing Minister on 13 July 2009—and, in particular, the subsidy system which it provides for is directly relevant to our discussion below of the funding of minimum standards of social housing beyond 2010.³⁸ We consider it in more detail in that section of our report below.

The Housing Pledge

26. On 29 June the Prime Minister made a Statement to the House announcing £1.5 billion to build 20,000 new affordable homes over 2009–10 and 2010–11.³⁹ The funding for the pledge was drawn from various sources, including the deferral of some decent homes funding to outside the 2007 Comprehensive Spending Review period. Rt Hon John Healey MP wrote to our Chair on 17 July explaining the policy. He said:

I have reprofiled funding over a longer period for those ALMOs that have not yet met the Audit Commission's two-star standard [...] reducing planned funding in 2010–11 by £150 million to £609 million [...] My decision means the ALMOs affected will more likely receive the investment they need for their decent homes refurbishments in 2011–12.⁴⁰

In addition, £75 million allocated for improvements in private sector housing was also re-programmed to build new homes. This deferral of funding has had an inevitable effect on the timescale of achievement of decent homes improvements, as we discuss in more detail below.

37 HC Deb, 30 June 2009, cols. 7–10 WS, [Commons written ministerial statement].

38 Uncorrected transcript of Oral Evidence taken before the Communities and Local Government Committee on 13 July 2009, HC (2008–09) 915-i.

39 HC Deb, 29 June 2009, cols 21–24, [Commons Chamber].

40 Communities and Local Government Committee, Third Report of Session 2009–10, *Communities and Local Government's Departmental Annual Report 2009, and the performance of the Department in 2008–09*, HC 391, Ev 35.

Strategy for household energy management

27. The Department for Energy and Climate Change and CLG published a strategy for improving the energy efficiency of homes on 2 March.⁴¹ The timing of our inquiry has not permitted us to take evidence on the strategy but its content is very relevant to our conclusions and recommendations. The strategy envisages, by 2020, the installation of loft and cavity wall insulation in all homes and an “eco-upgrade” such as the installation of solid-wall insulation for 7 million homes. By 2030 all households will have received assistance to improve energy efficiency. Local authorities will have a strategic role to play in coordinating and leading the implementation of the programme. Finally, the strategy proposes a new Warm Homes standard to complement the decent homes standard in the social sector and the improved regulation of standards in the private rented sector.⁴²

Rugg review of private rented housing

28. In January 2008, CLG commissioned Dr Julie Rugg of York University to conduct a review of the private rented housing sector. The terms of reference of the review were broad, and included an analysis of the characteristics and structure of the sector including tenant and landlord experiences, likely future demand and supply pressures, policy actions required to stimulate the market to respond to the quality and quantity demands, and the role of regulation in improving the management of the sector. The review was published in October 2008, coming to a range of conclusions, some of which are relevant to the pursuit of decent homes improvements in the private sector, as we discuss in the relevant section below. In February, the Government published its response to the review.⁴³ We discuss its policy implications in the section of our Report on decent homes in the private sector.

41 HC Deb, 2 March 2010, cols 101–2 WS, [Commons written ministerial statement].

42 Communities and Local Government and Department for Energy and Climate Change, *Warm Homes, Greener Homes: A Strategy for Household Energy Management*, 2 March 2010.

43 CLG, *The private rented sector: professionalism and quality—consultation Summary of responses and next steps*, February 2010.

3 Our findings: social sector

The size of the problem

29. The decent homes target was measured, in its first six years of existence, against the English House Condition Survey. In 2001, according to the English House Condition Survey (EHCS), there were 4,236,000 homes in the social sector, of which local authorities managed 2,811,000 and registered social landlords (RSLs) 1,424,000. The percentage of the total judged non-decent was 38.9% (1,647,000 homes). By 2007, the most recent year for which EHCS figures are available, the total stock had fallen to 3,891,000 homes, of which local authorities managed 1,987,000 and RSLs 1,904,000. The percentage of homes considered non-decent was 29.2% (1,138,000 homes).⁴⁴ Since 2007, however, CLG has measured its progress against the target by reference to data provided by landlord returns, through the Business Plan Statistical Index by which local authorities report to CLG their use of the Housing Revenue Account each year. These figures recorded 47.5% non-decency in 2001. The most recent figures showed this to have declined to 14.5% in 2009.⁴⁵

30. In its written evidence to our inquiry, CLG indicated that the target of 100% decency was unlikely to be met, stating:

We have previously said that we expected around 95% of social homes to be decent by 2010 [...] It is estimated that the local authority sector will have a backlog of over 255,000 non-decent dwellings at the end of 2010.⁴⁶

In oral evidence several months later, the Minister told us that “We estimate that by [the end of 2010] around 92 per cent will be decent”.⁴⁷ However, he also announced during the evidence session that he was launching a “full-scale assessment” of the programme as, notwithstanding the progress made, some authorities appeared to be regressing. He told us:

I am concerned, for instance, that 27 local authorities have seen their levels of Decent Homes drop backwards in the last year. I am concerned that ten authorities had more than a third of their stock at the end of 2008/2009, in other words April this year, non-decent. I am particularly concerned that 14 authorities had an increase in their non-decent stock over the last couple of years of 10 per cent or more of the total homes for which they are responsible.⁴⁸

Measurement of the target

31. As described above, the decent homes target for social sector homes is now measured through the returns which local authorities and registered providers make to the Government and the Tenant Services Authority on an annual basis. Some witnesses cast

44 CLG, Live tables on stock, Table 119, Stock of non-decent homes¹ in the Social Rented Sector, England, available at www.clg.gov.uk.

45 *Ibid.*

46 Ev 165

47 Q355; “Minister launches full assessment of the decent homes programme”, CLG Press Notice, 8 December 2009.

48 Q 395

doubt on the reliability of landlords' data. The Chartered Institute of Environmental Health (CIEH) told us in evidence that "it is likely that many social landlords and some consultants employed to carry out stock condition surveys do not understand the system adequately so that their assessment of 'non-decency' must be questionable".⁴⁹ Ridge and Partners told us that, in their work in 2004 reviewing stock condition survey results, databases and survey designs, they had discovered that "the methods of data collection, interpretation and reporting vary considerably". Ridge told us that in some instances "organisations were (not unreasonably) putting faith in the findings of third parties and software that (in our opinion) was simply incorrect in their assessments of [decent homes standard] results". It said that the "absence of clear condition survey guidance and a national calculation model means that this 'risk' still remains".⁵⁰ In oral evidence, Richard Hand of Ridge repeated these concerns, concluding that "the only way of appraising [the quality of data] is for that to be scrutinised more closely during Audit Commission inspection, for example, or that type of opportunity", and calling for "clear guidance about the modelling process for the data that exists, getting rid of a lot of the inconsistency".⁵¹

32. We conclude that consistency of the data on decency can and should be improved. We recommend that the Government establish national guidance on the collation of stock condition data, to reduce inconsistencies in the assessment of decency by landlords. Adherence to the national guidance should form part of the Audit Commission's assessment of local authorities.

33. We mentioned above that properties where the tenant has been offered, and has turned down, decent homes improvements may be counted as decent for the purpose of collating statistics by landlords. Hyde Group told us:

With this in mind it is very likely there are numerous discrepancies in landlord reporting with many adopting a pragmatic interpretation of the guidance, particularly with regard to tenant refusals, void dwellings and those marked for demolition.⁵²

34. We consider that where a tenant has refused decent homes work to a property and the property remains non-decent, that property should be recorded as a refusal and not as a decent home. We recommend that the decent homes guidance is amended accordingly. Further, we consider that when the tenant has moved on, the decent homes work should be offered to the new tenant, as soon as feasible.

Implementation in the social sector

35. In order to meet the target, the Government provided significant funding. In addition, it laid down principles about how the improvement of homes was to be managed. The 2000 White Paper stated that the ownership and day-to-day management of social housing stock was an important lever by which to affect quality, and indicated that the

49 Ev 97

50 Ev 118

51 Q 332

52 Ev 129

Government's preference was to move day-to-day management out of the hands of local authorities. It said that "those who are elected to serve their local communities should be concerned with the full range of strategic issues surrounding the housing needs of their communities, rather than focusing more narrowly on the day-to-day management of social housing".⁵³ The White Paper pledged to engineer "a progressive shift in ownership so that the stock is more widely owned by a range of different organisations, including housing associations, local housing companies and tenant-led organisations, with tenants benefiting from a greater choice of housing providers and local authorities focusing more on their strategic housing".⁵⁴ The Government offered local authorities several models of management in order to reach the decent homes target, each with different conditions attached. All local authorities were required to conduct a Stock Survey and prepare an Options Appraisal comparing the different choices available in the context of local circumstances, and consulting tenants in order to agree the route to be taken.

36. In the first instance, local authorities could transfer their stock to the housing association sector. Ownership of the stock was thereby moved to a non-profit-making body, which had the advantage over a local authority of being able to borrow against the future rental stream, thus attracting private finance in to fund improvements. The White Paper recognised that some councils carried more debt than would be redeemed by the sale of the stock; and committed funding to pay off this overhanging debt to allow sales to take place. Transfers could only take place after a ballot of tenants indicated their consent. By December 2008, 170 authorities had transferred all their stock to an RSL, six more were planning to do so, and an additional 15 had made partial transfers.⁵⁵

37. The second option for councils for managing homes while retaining ownership of the stock was to create an Arms Length Management Organisation (ALMO). Councils had to demonstrate that tenants supported this choice of operation; and ALMOs were required to attain a two-star rating by the Audit Commission in order to be granted funding by the Government. By 2008, 66 authorities had established an ALMO.⁵⁶

38. Councils could, alternatively, use a Private Finance Initiative to fund and manage their housing improvements. Councils could draw up long term contracts with private sector providers, which would take responsibility for raising the necessary capital finance, and be freed from public sector expenditure controls, in return for an annual, performance-related service fee. By December 2008, 14 authorities were using, or planning to use, this approach.⁵⁷

39. Finally, some councils retained the ownership and management of their stock. The achievement of the standard was supported in the retained sector by the introduction of the major repairs allowance (MRA) and the requirement to develop 30 year business plans for the first time (a requirement which also applied to those local authorities which

53 Department of the Environment, Transport and the Regions, Department of Social Security, *Quality and Choice: A Decent Home for All*, April 2000, p. 60.

54 *Quality and Choice: A Decent Home for All*, p. 17.

55 NAO, *The Decent Homes Programme*, Session 2009–10, 21 January 2010, HC 212, p. 14.

56 *Ibid.*

57 *Ibid.*

established ALMOs to manage their stock). The Prudential Code was introduced through the Local Government Act 2003, which gave greater flexibility for authorities to reinvest housing receipts and borrow to secure improvements. By December 2008, the number of retention authorities was 112.⁵⁸

The standard

Criterion (a): the statutory minimum standard for housing

Dwellings which fail to meet this criterion are those containing one or more hazards assessed as serious ('Category 1') under the HHSRS.⁵⁹

40. When the decent homes criteria were drawn up, the statutory minimum standard for housing was known as the 'fitness test' under the Housing Act 1985. The Housing Act 2004 created the Housing Health and Safety Rating System (HHSRS), which replaced the fitness test in decent homes guidance as a new tool for assessing minimum housing standards. The HHSRS requires an appraisal of the potential risks to an occupant of the home in 29 areas, including physiological and psychological risks and protection against infection and accidents. The seriousness of a hazard is judged according to four categories ('Category 1: Extreme' to 'Category 4: Moderate') and decent homes must be free of Category 1 hazards. The Housing Health and Safety Rating System Operating Guidance published by the Office of the Deputy Prime Minister in 2006 explained:

The underlying principle of the HHSRS is that – Any residential premises should provide a safe and healthy environment for any potential occupier or visitor.

To satisfy this principle, a dwelling should be designed, constructed and maintained with non-hazardous materials and should be free from both unnecessary and avoidable hazards.⁶⁰

As noted above, the introduction of the HHSRS had the effect of increasing the number of non-decent homes by widening the range of requirements for a decent home.

41. The evidence we received made various observations and comments on the introduction of the HHSRS as part of the decent homes standard. The Chartered Institute for Environmental Health described the system as "less subjective"⁶¹ than the fitness standard and Sandwell Metropolitan Borough Council said that:

Using this system it is quite clear to see the impact poor housing has on occupier's health. This is clearly demonstrated by the most common category 1 hazards; cold homes and trips and falls.⁶²

58 *Ibid.*

59 CLG, *A Decent Home: Definition and guidance for implementation, June 2006 – Update, June 2006*, p. 11.

60 Office of the Deputy Prime Minister, *Housing Health and Safety Rating System Operating Guidance, Housing Act 2004 Guidance about inspections and assessment of hazards given under Section 9*, February 2006, p. 8.

61 Ev 97

62 Ev 100

42. More than one witness, however, expressed concern that the system was not being used properly. The College of Occupational Therapists told us that local authorities “report confusion over whether the person they are to have in mind in administering the tool is simply an imaginary subject or the actual occupant”.⁶³ The Residential Landlords’ Association told us that the system is “too complex”, and “not understood always by all Environmental Health Officers”.⁶⁴ The Chartered Institute for Environmental Health told us that RSLs, in particular, were not taking up training in how to use the HHSRS. It said:

Anecdotal evidence abounds of RSLs having inadequate plans and procedures for the use of the system in monitoring performance and standards. However, only a few employees of RSLs have benefited from such training and there is no coherent programme of training, which has been a matter for individual social landlords and local housing authorities.⁶⁵

In oral evidence the CIEH told us that the training “is available to all, but it is just not being taken up by RSLs”.⁶⁶

43. On a separate point, the CIEH raised the question of whether the inclusion of the HHSRS in the decent homes criteria obviated the need for the other criteria. It said the incorporation of the Housing Health and Safety Rating System “raises the question as to whether it alone should form the basis” of the standard.⁶⁷ We discuss below the fact that even should the thermal comfort criterion be met, a house may still have a Category 1 hazard for cold, which raises the question of whether the thermal comfort criterion serves a useful purpose which could not be covered by HHSRS. The Institute also suggested that a future decent homes standard could increase the stringency of decency levels by requiring that a decent home is free not only of Category 1 hazards but of some Category 2 hazards as well.⁶⁸

44. Although, on the whole, the Housing Health and Safety Rating System has been embedded successfully in the Decent Homes Standard, there is evidence of lack of understanding of the system by some landlords. We recommend that the Government, in partnership with the TSA, take steps to improve the availability and take-up of training in use of the HHSRS.

Criterion (b): a reasonable state of repair

*Dwellings which fail to meet this criterion are those where either: one or more of the key building components are old and, because of their condition, need replacing or major repair; or two or more of the other building components are old and, because of their condition, need replacing or major repair.*⁶⁹

63 Ev 71

64 Ev 114

65 Ev 97

66 Q 6

67 Ev 97

68 *Ibid.*

69 CLG, *A Decent Home: Definition and guidance for implementation, June 2006 – Update, June 2006*, p. 11.

45. We received little evidence concerning this criterion and therefore conclude that it is broadly operating as intended.

Criterion (c): reasonably modern facilities and services

Dwellings which fail to meet this criterion are those which lack three or more of the following: a reasonably modern kitchen (20 years old or less); a kitchen with adequate space and layout; a reasonably modern bathroom (30 years old or less); an appropriately located bathroom and WC; adequate insulation against external noise (where external noise is a problem); and adequate size and layout of common areas for blocks of flats. A home lacking two or fewer of the above is still classed as decent, therefore it is not necessary to modernise kitchens and bathrooms if a home meets the remaining criteria.⁷⁰

46. Criterion (c) covers perhaps the most visible element of the decent homes standard and requires potentially significant works to update the amenities of a property. However, the guidance makes clear that “a dwelling would not fail... where it is impossible to make the required improvements to components for physical or planning purposes”. Moreover, local authorities are urged to integrate decent homes work with other regeneration strategies and take into account other ways of dealing with stock: the guidance states “it may not be necessary to make homes decent when demolition and new build may be more appropriate”.⁷¹

47. There was disagreement amongst witnesses about the wisdom of the age-related requirements of criterion (c). Stoke-on-Trent Council praised it for being understandable to tenants. It said that age “is the most accessible criterion for tenants to understand as the key to trigger” replacements and that an assessment “based on condition alone will reflect usage and may work to the detriment of those tenants who properly maintain their property [...] an assessment based on condition alone may act as a perverse incentive for tenants to take appropriate care of components including kitchens and bathrooms”.⁷² The Council therefore advocated maintaining the link to age and condition of key amenities. On the other hand, West Kent Housing Association told us that modernity is “a matter of opinion and fashion as such is best determined by customer choice rather than regulation standards”, and that “timed replacements of kitchens, bathrooms etc specified in criterion (c) (provision of modern facilities) should not form part of minimum Decent Homes Standards”.⁷³ CIEH queried the inflexibility of the age component, saying “age in itself is not necessarily a reflection of condition”. It said that it “is not necessary to replace satisfactory facilities which are older than the prescribed limit (and with which occupiers are happy) nor is it acceptable for inadequate facilities which are newer to remain in place”.⁷⁴ Finally, Mr Michael Gelling OBE, Chair of the Tenants’ and Residents’ Organisations of England, told us that tenants did not consider the criterion to be ‘decent’. He said:

70 CLG, *A Decent Home: Definition and guidance for implementation, June 2006 – Update, June 2006*, pp. 11–12.

71 *Ibid.* p. 17.

72 Ev 80

73 Ev 94

74 Ev 97

if you ask anybody, what would you class as a decent home, they would not say, well, if I had a modern kitchen at least 20 years old, that would be a decent home... They would not say a reasonable modern bathroom, 30 years old or less, would be a decent home. Ordinary tenants are quite surprised when they see what a decent home standard is, because it is a very low bar.⁷⁵

48. The logic of criterion (c) is unclear and may allow some landlords to classify homes as decent by virtue of some of the criterion's specifications being irrelevant to the property type. A dwelling meets criterion (c) if it lacks two or fewer of the listed characteristics. According to this logic, if there are no common areas and external noise is not a problem, it appears that the home is classed as decent, even if the other characteristics are not present. As we discuss later, however, the TSA plans to iron out variability of application of the standard by requiring landlords to publish how they apply the standard to their properties. **We conclude that criterion (c) is expressed in a way that allows homes with quite different standards of amenities to be classified as decent. A landlord may avoid installing new kitchens and bathrooms if he judges the other elements to be "adequate" and "appropriate". We recommend that the TSA collate and disseminate best practice on compliance with this criterion to assist landlords and tenants in discussions of how the standard is applied at a local level.**

Criterion (d): a reasonable degree of thermal comfort

This criterion requires dwellings to have both effective insulation and efficient heating. It should be noted that, whilst dwellings meeting criteria b, c and d are likely also to meet criterion a, some Category 1 hazards may remain to be addressed. For example, a dwelling meeting criterion d may still contain a Category 1 damp or cold hazard.⁷⁶

49. The thermal comfort criterion has generated the most criticism in the evidence we have received. Those criticisms have focused on whether the specifications provided in the guidance do, in fact, provide a comfortable degree of warmth in a home; and how best to measure compliance with the standard. The thermal comfort criterion is also seen by some as a lever by which to bring into the decent homes standard measures to reduce the carbon dioxide emissions from housing, as we discuss below.

50. The thermal comfort criterion is primarily related to health. Care and Repair England spelled out in its evidence the direct effect of cold housing upon the mortality of the elderly:

One of the most widely recognised health inequalit[ies] linked to housing conditions is that of excess winter deaths amongst older people. Between December 2007 and March 2008, there were an estimated 25,300 deaths in England and Wales, an increase of 1,000 from the previous winter.⁷⁷

The evidence went on to explain that cold homes and fuel poverty have a direct effect on these numbers:

75 Q 41

76 CLG, *A Decent Home: Definition and guidance for implementation, June 2006 – Update*, June 2006, p. 12.

77 Ev 73

There is a close correlation between winter temperature and death rate, combined with fuel poverty and incidence of cold homes. The level of excess winter deaths in the UK is higher than in colder countries, such as the Scandinavian countries, which have better housing, so it is often argued that the thermal standard of properties in the UK is a significant causal factor.⁷⁸

51. The degree of thermal comfort of a home depends upon several factors: the level of warmth required by its inhabitants to remain well; the physical infrastructure of the house which determines its energy efficiency; and the affordability of energy for its inhabitants, which is also affected by the income of the inhabitants and the price of energy. The guidance on the thermal comfort criterion covers the first two of these factors. It specifies energy efficiency inputs (what heating systems should be installed in a home, what thickness of cavity wall and loft insulation must be used) and also falls within the purview of criterion (a) in specifying risk-based outputs for the inhabitant. That is to say, under criterion (a) the home must be compliant with the HHSRS, which means that there must be no Category 1 hazards, including from excess cold. As the guidance comments, simply meeting the required insulation and heating systems inputs will not necessarily be sufficient to prevent a Category 1 hazard. The guidance seeks to link an energy efficiency measurement to warmth by specifying that a Standard Assessment Procedure (SAP) rating (the Government's measure of energy efficiency) of less than 35 "has been established as a proxy for the likely presence of a Category 1 hazard from excess cold".⁷⁹ Guidance on the application of the HHSRS, rather than the decent homes standard per se, states that:

A healthy indoor temperature is around 21°C. There is small risk of health effects below 19°C. Below 16°C, there are serious health risks for the elderly, including greatly increased risks of respiratory and cardiovascular conditions. Below 10°C a great risk of hypothermia, especially for the elderly.⁸⁰

52. The criterion has been criticised from several angles: that the criterion's requirements are too low and poorly expressed; that guidance is needed on how to evaluate the risk of excess cold under the HHSRS; and that the Government's fuel poverty policies, which cover bring into the mix the affordability of energy, are inadequately linked in to the criterion.

53. The evidence was almost universally negative about the level at which the thermal comfort criterion is set. The Chartered Institute of Environmental Health told us the level was too low;⁸¹ the Association for the Conservation of Energy called it "woefully inadequate to provide affordable warmth";⁸² Sandwell Metropolitan Borough Council stated that the criterion at its current level would "do little to help the Government meet its own targets around eradicating fuel poverty".⁸³ National Energy Action described the criterion as "not fit for purpose" and stated that the "adoption of SAP 35 as a proxy for a

78 Ev 73

79 CLG, *A Decent Home: Definition and guidance for implementation, June 2006 – Update*, June 2006, p. 18.

80 CLG, *Housing Health and Safety System Guidance for Landlords and Property Related Professionals*, May 2006, p. 23.

81 Ev 97

82 Ev 277

83 Ev 100

Category 1 hazard under the Housing Health and Safety Rating System, with the implication that any higher SAP does not pose a major risk to health and well-being, is unacceptable”.⁸⁴ Several witnesses told us that most landlords had already brought their properties up to a higher level of energy efficiency.

54. Other evidence we received criticised the terms in which the criterion is quantified. West Kent Housing Association criticised the guidance for being “too prescriptive and concentrate[d] on inputs rather than specifying outcomes”;⁸⁵ the Construction Industry Council noted that the guidance focussed on improvements to the interiors of individual homes, hence excluding exterior insulation and neighbourhood-wide measures.⁸⁶ The Energy Saving Trust stated that “there is a lack of guidance about what is a Category 1 hazard for cold”, describing “confusion among local authorities”; the Association for the Conservation of Energy concurred, citing research by the Chartered Institute of Environmental Health showing that “the energy assessment required by the HHSRS is quite subjective, leaving council officers unsure whether the premises in question are in fact suffering from ‘excess cold’”.⁸⁷

55. The decent homes standard requires the absence of Category 1 hazards under the HHSRS in criterion (a) and it is not, therefore, necessary to repeat this requirement specifically in relation to thermal comfort in criterion (d). However, there is evidence of confusion around how to use the HHSRS in this area. We recommend that the Government formulate and disseminate practical guidance on what constitutes a risk of excess cold under the HHSRS, building on the extant guidance for landlords and property related professionals on the HHSRS.

56. While the decent homes guidance refers to SAP 35 as a “proxy” for the absence of Category 1 thermal comfort hazards, we consider that the thermal comfort criterion should be redrafted explicitly as a minimum energy efficiency rating. We discuss below (in relation to reducing carbon dioxide emissions) what that rating should be. The standard should not mandate the specific inputs (such as type of heating system, thickness of insulation) needed to reach that energy rating, as there will be various ways to reach the desired outcome. Rather, accompanying guidance should indicate the inputs likely to be necessary for warmth and energy efficiency, while recognising that different solutions may be necessary for different properties.

57. The final key criticism centres on linking the thermal comfort criterion to policies on fuel poverty, which takes into consideration the link between energy efficiency, energy costs and income. The fuel poverty strategy defines fuel poverty as follows:

A household is said to be in fuel poverty if it needs to spend more than 10% of its income on fuel to maintain a satisfactory heating regime (usually 21 degrees for the

84 National Energy Action, Submission to Department of Communities and Local Government Consultation: Reform of council housing finance.

85 Ev 94

86 Ev 294

87 Ev 277

main living area, and 18 degrees for other occupied rooms). The “Fuel poverty ratio” is therefore defined as: Fuel poverty ratio = fuel costs (usage x price) ÷ income.⁸⁸

Stoke-on-Trent Council told us that there “is a clear need to improve the links between Decent Homes Standards and fuel poverty targets” and that in its current form the Decent Homes Standard “makes little contribution to these targets”. It concluded that there “is potential however to achieve significant efficiencies by appropriately linking these two programmes”.⁸⁹ Circle Anglia suggested solving this problem by requiring social landlords to get involved in the setting of energy prices, saying that the “new standard could include a duty to take action to supply affordable energy in partnership with energy suppliers”.⁹⁰ Mr Ron Campbell, Head of Policy and Information at National Energy Action, told us that “the current debate centres on the approximate SAP reading that would be needed to fuel poverty-proof a property, and the technocrats tell me that that is approximately SAP 81 now”.

58. However, the evidence also referred to the difficulty of addressing fuel poverty through this mechanism. Mr Campbell said:

Not so many years ago the Government estimated that SAP 65 would achieve that objective of fuel poverty-proofing a property. As with so many other fuel poverty-related targets, movements in energy prices have completely undermined that.⁹¹

Others argued that for these reasons the thermal comfort criterion alone would not be an adequate instrument to tackle fuel poverty. The TSA stated:

eliminating [fuel poverty] requires not only the work necessary to make homes energy efficient, and adapting them for the wider effects of climate change. It also requires effective interventions to deal with fuel costs and the level of household income.

The Housing Group of the Building Research Establishment (BRE Housing) argued that for these reasons fuel poverty should be left out of the standard, stating in evidence: “fuel poverty is often suggested as an additional item [to include in a future decent homes standard] but social landlords have no control over two of the most important determinants – household income and fuel prices”.⁹² Hyde Group agreed, saying:

The concept of ‘fuel poverty’ would present a number of practical difficulties if it were to be turned into a target. The amount of information required not just on buildings but also on residents’ incomes could make this extremely complex.⁹³

88 Department of Energy and Climate Change, *Annual Report on Fuel Poverty Statistics 2009*, p. 2, available at www.decc.gov.uk.

89 Ev 78

90 Ev 86

91 Q 236

92 Ev 263

93 Ev 129

Westminster City Council stated “the fuel poverty standard may be difficult to implement as it is out of the control of the Council and is dependent on fuel prices and residents’ incomes”.⁹⁴

59. In evidence to us, CLG conflated the issues of thermal comfort, energy efficiency, carbon dioxide emissions and fuel poverty, citing positive results as follows:

The decent homes programme has already made great improvements to the energy efficiency of Social Sector homes...By 2010 the Decent Homes programme will have reduced emissions by 8% from 2006 levels, helping to tackle climate change. The decent homes programme also helps to reduce fuel poverty.⁹⁵

60. Thermal comfort and fuel poverty are inextricably linked: a comfortably warm home will not be achieved through energy efficiency alone, should the inhabitant be unable to afford energy costs.. Whilst, as the Department points out, the decent homes programme helps to reduce fuel poverty, we consider that it would be asking too much of the standard specifically to use it to meet fuel poverty targets because it does not depend just on the property but also the income of the occupant.

61. We conclude that, while the decent homes standard should not be linked directly to fuel poverty programmes, its recasting as we recommend to tackle energy efficiency more explicitly, would have knock-on effects on fuel poverty. As we discuss below, this would also make a direct contribution to reducing carbon dioxide emissions from housing. We discuss the detail of this energy efficiency outcome measure in the section on additional criteria: reducing carbon dioxide emissions.

62. The Government’s Strategy for Household Energy Management proposes a new “Warm Homes” standard for social housing, “to supplement the Decent Homes standard”. The Strategy states that this “would cover both insulation and connection where feasible to low carbon district heating or renewable heating”. The document states that the Government intends “to develop the detailed standard working with others during this year, and to work with the Tenant Services Authority (TSA) to ensure that landlords plan how they would achieve it by 2020 contingent on the necessary support and funding”.

63. We applaud the Government’s focus in its Household Energy Management Strategy on warmth and energy efficiency of homes. It is not clear from the Strategy how a new “Warm Homes” standard would complement the decent homes strategy and its thermal comfort criterion. We urge the Government to avoid a proliferation of standards.

Variability

64. We have received a number of representations about how the standard is interpreted and implemented by landlords at a local level, many of which described inconsistencies in the way in which the standard has been applied. The g15 group of housing associations stated in evidence that “there have been differences in interpretation which has led to

94 Ev 137

95 Ev 331

inconsistencies in what constitutes a decent home”;⁹⁶ another housing association, Gentoo, told us that “two landlords can both achieve Decent Homes (which is a minimum standard) but have markedly different quality standards in their delivery” and have spent different amounts on improvement per unit.⁹⁷ Consultancy Ridge and Partners told us that the terms in which the decent homes criteria are expressed leave room for ambiguity: for example, criterion (c) refers to “adequate” space and layout of a kitchen.⁹⁸ However, another consultancy, Savills, told us that standards “are always subject to interpretation, however prescriptive they are”.⁹⁹

65. Some suggested that interpretability, combined with the imperative of meeting the target, had led some providers to aim for the minimum possible level of improvement, especially where funding was limited. Southwark Council suggested that a “target-driven culture could create a perverse incentive for authorities to meet the bare minimum and be rewarded for doing so”.¹⁰⁰ Savills stated that “people can use standards to suit their own purposes unless there is very tight control”. In particular, in the case of local authorities with retained stock, “a minimalist approach has been taken to the achievement of the standard”, whereas ALMOs, which “have a vested interest in increasing the quantum of work required to meet Decent Homes, have taken a different approach”.¹⁰¹ Mr Sparrow of Savills advised us that the way round this issue was by re-writing the standard in clearer terms:

one key way of avoiding that or helping to avoid that is to cut out as far as possible the interpretation issues within the standard itself and streamline it and make it simple, so instead of the examples where a property has to fail on two components to fail overall or three components to fail overall—anything like that that can be taken out, where it is a straight failure, yes or no, would help the whole interpretation and consistency.¹⁰²

66. CLG told us that the decent homes standard “is a minimum standard that triggers action below which no social housing should fall; it does not represent the standard to which all work should be carried out” and recognised that the “majority of landlords are completing work in excess of the standard”.¹⁰³ Peter Marsh, Chief Executive of the Tenant Services Authority, told us that the baseline standard “absolutely is clear” but that “a number of providers have gone beyond the baseline and said that they will do more than is required by the standard itself”. He told us that the new regulatory framework would require each provider “to set out clearly how it intends to meet each standard”. He stated that the TSA would “be asking the councils and the housing associations to say what their interpretation of decency is and what meeting the Decent Homes standard by 2010 or beyond that means for them and their tenants”, which would improve transparency.

96 Ev 89

97 Ev 91

98 Ev 118

99 Ev 285

100 Ev 134

101 Ev 285

102 Q 333

103 Ev 331

Additional criteria

67. Our terms of reference for this inquiry included the question: “Should minimum acceptable social housing standards be amended to take account of environmental standards, fuel poverty and the estate?”. In the evidence we received, witnesses raised a long list of other possible additions to a future standard. These suggested additions fell into three categories: the fabric of the home; energy; and the physical and social conditions of the neighbourhood or estate.

68. The fabric of the home has been the focus of the decent homes standard since its inception. Witnesses suggested that to the existing criteria could be added minimum space standards, sound insulation, accessibility, security features and fire safety. Suggestions to add criteria relating to energy consumption ranged from energy efficiency, fuel poverty, carbon dioxide emissions and overheating to water consumption. On the estate or neighbourhood, witnesses advocated, among other things, standards for access to green space, anti-social behaviour, maintenance of pavements and footpaths, provision of drying areas, parking, lifts and other common parts.

69. In our deliberations we have chosen to focus on energy efficiency and the estate or neighbourhood. However, the range of suggestions we have received for additional criteria for a new decent homes standard demonstrates the necessity of having a clear view about what the decent home standard is for. The current definition is fairly narrowly focused, but a significant number of landlords have attached higher standards and a wide range of additional improvements. As mentioned above, the TSA’s proposed approach is to mandate national minimum standards accompanied by locally-negotiated supplementary standards.

70. We asked witnesses about how far the decent homes standard could or should be used as a vehicle to drive improvements outside the home and seek to ameliorate social conditions as well as physical ones. Sarah Webb, Chief Executive of the Chartered Institute of Housing, told us that “the relatively narrow focus that it has had on bringing all properties up to a minimum standard has actually been very important” and that “retaining a focus on properties and the space in which properties are in, we think, valuable”. She stated that CIH “would not [...] think that the Decent Homes programme carried forward is the panacea for everything that is wrong with housing and communities”.¹⁰⁴ On the other hand, others felt that the decent homes standard should be used to influence areas outside the home. Professor Power, former Commissioner at the Sustainable Development Commission, told us that “if you [do] not upgrade the environment at least to some minimal standard alongside your upgrading of homes, then you would lose a lot of the benefit of the upgrading of the homes”.¹⁰⁵ She went on to tell us that by improving estates, it was possible to encourage people to occupy homes continually, reduce demand to leave an area, improve youth behaviour, create jobs, improve children’s play and the use of social spaces, increase levels of informal policing and reduce vandalism.¹⁰⁶ Property management company and housing association Places

104 Q 3

105 Q 252

106 Qq. 252–255

for People advocated a “sustainable communities framework” which included indicators for housing and community, the environment, infrastructure and access to opportunities, employment and opportunity, health, crime and education.¹⁰⁷

71. The Government acknowledges the effects of the decent homes work on wider issues outside the home, and accepts the need to consider setting national standards on additional issues. The written memorandum we received from CLG and the HCA stated that “the social sector Decent Homes programme has delivered much more than the obvious improvements to the housing stock”.¹⁰⁸ The additional benefits listed included improving asset management by landlords, making efficiency savings through procurement consortia, empowering tenants and increasing social inclusiveness, improving the environment and security of estates and contributing to tackling worklessness by creating employment and training opportunities. As mentioned above, the draft standards proposed by the Tenant Services Authority span six areas, of which quality of accommodation and the decent homes standard is one part.

72. We conclude that setting national standards is only one way of improving housing and is not appropriate for all types of improvement, and that the decent homes standard should remain narrowly focussed. We further conclude that, while some issues are best dealt with through national standards, others are more appropriately set in local standards or agreements. This is the approach which the Tenant Services Authority’s statutory regulatory framework proposes for the setting of standards in the social housing sector. As we note elsewhere, many housing management organisations have agreed and set, in conjunction with their tenants, local standards which go beyond the nationally-set standard and which reflect the priorities and resources of local communities. We commend those organisations which have done so and encourage others to follow suit. Meanwhile, we welcome the TSA’s approach to this issue, under which it will have an important role in regulating the process by which such standards are reached and ensuring that all parties—including tenants—have had a proper input into agreeing appropriate local standards.

The environment

73. Our questions about additional criteria produced many responses which focused on reducing carbon dioxide emissions through energy efficiency measures. Witnesses also referred to a wide range of other “environmental” considerations. Waterwise told us that the standard should include provisions on saving water, most simply by installing showers instead of baths, but also setting standards for taps, toilets, showers and white goods “to reflect the 2009 introduction of water efficiency into Building Regulations”.¹⁰⁹ Circle Anglia recommended the inclusion of waste disposal and recycling;¹¹⁰ Westminster Council told us that its tenants had expressed interest in recycling and organic waste disposal;¹¹¹ and the Sustainable Development Commission said that it “would [...] like to see an enhanced

107 Ev 102

108 Ev 165

109 Ev 76

110 Ev 86

111 Ev 137

Decent Homes standard cover areas such as water, materials and construction/demolition waste, household waste and summer overheating”.¹¹²

74. Whilst many—indeed all—of these suggestions may be desirable, to include them all in a national standard would make it unwieldy and inflexible. **We conclude that ‘environmental’ standards other than energy efficiency should not be set nationally in the decent homes standard, but may be agreed locally in accordance with the principle we note above.**

Carbon dioxide emissions and energy efficiency

75. In our discussion above of the thermal comfort criterion we referred to the debate about using that criterion as a lever for reducing the carbon dioxide emissions from housing stock. Thermal comfort is about the warmth and indirectly the health of the inhabitant of a home, whereas reducing carbon dioxide emissions is related to a broader policy for combating climate change. Both outcomes—a warm home and housing which emits less carbon dioxide—may be achieved through energy efficiency measures.

76. The reasons for taking steps to reduce the carbon dioxide emissions from housing scarcely need rehearsing here. We stated in our Report on *Existing Housing and Climate Change* in 2008 that there “is clear scientific and political consensus that climate change is the greatest long-term challenge facing the world”.¹¹³ The Government stated in the UK Low Carbon Transition Plan that action on climate change “is urgently needed to prevent widespread human suffering, ecological catastrophes, and political and economic instability”.¹¹⁴ The UK is committed to reducing its carbon dioxide emissions by 80% by 2050. 27% of total emissions are from housing, and 80% of existing housing will still be in use in 2050.¹¹⁵ A target has been set to reduce emissions from housing to nearly zero by 2050. While regulating emissions produced by new buildings is important, most reductions will have to come from adapting existing housing. The recently published Strategy for Household Energy Management proposes a range of measures to improve energy efficiency across tenures.¹¹⁶

77. CLG already has a policy on the energy efficiency of housing outside the decent homes policy. In 2007 the Department’s Strategic Objectives included a measure on energy efficiency of existing housing. DSO 2.6 is as follows:

Average energy ratings for all homes

*Measure of success: to increase the average energy efficiency (SAP) rating for all homes over the spending period, from the 2006 baseline of 48.7 SAP points.*¹¹⁷

112 Ev 161

113 Communities and Local Government Committee, Seventh Report of Session 2007–08, *Existing Housing and Climate Change*, HC 432-I, para 2.

114 Department of Energy and Climate Change, *The UK Low Carbon Transition Plan: National strategy for climate and energy*, 15 July 2009, p. 22.

115 Ev 161 [Sustainable Development Commission].

116 Communities and Local Government and Department for Energy and Climate Change, *Warm Homes, Greener Homes: A Strategy for Household Energy Management*, 2 March 2010.

117 CLG, *Community, opportunity, prosperity: Annual Report 2009*, Cm 7598, July 2009, p. 81.

CLG's 2009 Autumn Performance Report recorded that the latest available data indicated that in 2007 the average SAP rating of homes had risen to 49.8. The average ratings for local authority-owned and registered social landlord-owned social housing were 56.2 and 59.5 respectively.¹¹⁸

78. The evidence we have received has endorsed the importance of reducing carbon dioxide emissions in the social sector. The Chartered Institute of Housing told us its members saw the issue as "crucial",¹¹⁹ Circle Anglia said that "social policy and environmental concerns demand" it,¹²⁰ and the Sustainable Development Commission told us that social landlords were keen to play their part, citing "significant interest from social housing providers to deliver significant energy efficient improvements to their stock".¹²¹ Over and above reducing social sector emissions, action in the social sector is seen as leading the way in a revolution which needs to sweep the much larger private sector along with it. CLG stated in evidence that the Government "has committed that the social housing sector will show leadership in improving the environmental performance of the existing housing stock".¹²² We consider in this section the steps that can be taken to reduce emissions; the barriers to action; and whether the decent homes standard has a part to play in this equation. We discuss the possible cost implications of work to improve energy efficiency in the section on future funding, below.

Steps to improve energy efficiency

79. Our witnesses described some of the options that could be used to reduce emissions in housing. These fall into what might be termed old and new technology. The Sustainable Housing Action Partnership (SHAP) stated that meeting the carbon reduction targets "could require a major retro-fitting of low carbon technologies such as solar water heating, photo-voltaic electricity generation and heat pumps";¹²³ Places for People stated that "there needs to be more investment in practical technology for retro-fitting existing homes (insulation, ground-source heat pumps, solar panels, etc.)".¹²⁴ Other witnesses were keen to emphasise the importance of fairly basic and straightforward adaptations such as external and under-floor insulation. Mr John Sharpe, Director of SHAP, told us the Partnership's research suggested that the primary focus should be on the fabric of the house and "doing the easy bits first".¹²⁵ Savills endorsed this approach, saying "the areas to focus on will be to improve the existing energy performance of the properties by conventional means, e.g., more efficient heating systems, more insulation etc., the provision of renewable energy initiatives where applicable".¹²⁶ In part the reason for this approach is cost-effectiveness: Mr Andy Doyle, Executive Director (Operations) of Circle Anglia told us that an

118 CLG, *Community, opportunity, prosperity: Annual Report 2009*, Cm 7598, July 2009, p. 14.

119 Ev 145

120 Ev 86

121 Ev 161

122 Ev 331

123 Ev 70

124 Ev 102

125 Q 249

126 Ev 285

experiment Circle Anglia was conducting in Norfolk to assess the carbon reductions that can be achieved through conventional and new technologies had found that “the shocking fact when you look at the price of the two is that the one where you have used modern technology is three or four times the price in terms of retrofit”.¹²⁷ Mr Sharpe, however, told us that “the problem we have at the moment is that that most funding is predicated towards new technologies”.¹²⁸

80. These latter comments correspond very closely with the findings of our 2008 report *Existing Housing and Climate Change*, in which we noted that:

[in] the clamour surrounding an urgent response to climate change, it is tempting to concentrate, as the Government has to some extent done, on how the homes of the future can be made as carbon-free as possible, or to focus on Eco-Towns and microgeneration, on Combined Heat and Power systems and personal wind farms. It is equally easy to forget that far more apparently mundane means of achieving rapid reductions in the UK’s carbon emissions are much more easily available to improve quickly and simply the housing stock already standing. As one witness to our inquiry said, cavity wall insulation is not a ‘sexy’ subject. It is, however, part of the range of long-existing, familiar, comparatively cheap and comparatively easy-to-install technologies already freely available.¹²⁹

81. Witnesses were also keen to emphasise the importance of changing behaviour through education. Hyde Group stated that the “behaviour of society must be taken into consideration when trying to become more energy efficient and reduce carbon emissions”,¹³⁰ Mr Doylend told us that education was a key strand of Circle Anglia’s efforts to improve energy efficiency¹³¹ as did Gentoo and Fusion 21 of their respective strategies,¹³² and Savills told us such measures “could have a significant impact”.¹³³

82. We note that the unit cost of new technologies will decline with the development of the market and recognise that new technology will have an important role to play in reducing emissions from housing in the medium to long term. Meanwhile, there is much that can be done at much lower cost while the evidence base is built up to justify large-scale spending on new technologies. We conclude that future funding should prioritise ‘old technology’ to improve the energy efficiency of housing: insulation and efficient heating systems, and education. We commend the Government’s Strategy for Household Energy Management for prioritising basic works such as loft and cavity wall insulation.

127 Q 159

128 Q 249

129 Communities and Local Government Committee, *Existing Housing and Climate Change*, para 71.

130 Ev 129

131 Q 161

132 Ev 91, Ev 111.

133 Ev 285

83. It was clear from the evidence that enhancing a dwelling's energy efficiency is not always straightforward. The variation in age and design of housing stock presents several problems. Mr Doyle of Circle Anglia told us that works must be tailored differently to each property as "one size just does not fit all". He said:

you have to look at every property in isolation to see what is the construction, is it an area where it cannot have gas it has to be on electric or oil heating, what is the standard of the property generally? You have to pick up a package of repairs and refurbishment that meets that property's needs.¹³⁴

Moreover, substantial volumes of older stock present particular problems. Hyde Group told us that the "structures of many Victorian and Edwardian homes, with solid walls and suspended timber floors, make it difficult to achieve a high energy efficiency rating without incurring excessive costs".¹³⁵ Many post-war social housing blocks are also constructed in such a way as to make energy efficiency very difficult or costly to improve. It is also necessary to consider the impact of adaptations to older stock on its aesthetic value.¹³⁶

84. We were advised that in some cases, the cost of retro-fitting a property may be so high as to be prohibitive. Hyde Group suggested that one solution would be to minimise the stock of this type which is held by social landlords. It said:

Owner occupiers of [period] homes are generally willing and able to pay higher heating costs in order to have such period homes that they value in terms of location, size and character. However social housing residents are less able to pay these costs and social housing landlords have insufficient income to undertake the major works required. Sale of these homes into the private sector may be a better use of limited funding.¹³⁷

CLG recognised the problem of intransigent stock, the fabric of which would make retro-fitting prohibitively expensive. The Department told us some research had been commissioned through BRE to consider the issue of hard-to-treat dwellings. CLG's comment to us was that it "may not be appropriate to spend significant sums of money to ensure an individual property achieves a particular SAP rating when the same resource could deliver a bigger benefit for a wider number of people if used differently".¹³⁸

A role for standards

85. There was also a debate in the evidence we received about whether, accepting the need to raise energy efficiency standards and to determine how costs would be met, the decent homes standard is an appropriate policy lever through which to influence this area of policy. As cited above, CLG has set a target outside the decent homes policy for raising the average SAP rating of housing. However, witnesses argued that more needed to be done. In the first instance, witnesses were clear that some form of regulation would be needed to

134 Q 160

135 Ev 129

136 Q 244

137 Ev 129

138 Ev 331

incentivise landlords to act on the scale necessary. The Energy Saving Trust stated that without this, little would change. It said:

Across the rented sector, increases in energy efficiency do not tend to be reflected in property capital value or rentability. Tenants are also unlikely to prioritise action on energy efficiency over more visible home improvements, such as a new kitchen. With no “pull” for higher energy efficiency standards for financial or tenant demand reasons, regulation needs to be used to ensure landlords act.¹³⁹

Similarly, Mr Hand of Ridge and Partners told us that “the key reason for including [energy efficiency measures] within Decent Homes is that at the moment, apart from the goodwill of the landlord, there is no financial benefit to the landlord in making that investment”.¹⁴⁰ Other witnesses, such as g15, argued that local variability of circumstances and the range of conflicting funding priorities meant that it would not support “a regulated requirement to enhance the standard” over the freedom to set enhanced standards tailored to local conditions.¹⁴¹ Fusion 21 said that landlords “should be encouraged but not forced to improve energy efficiency and environmental standards”.¹⁴²

86. Those who supported a regulated standard were divided on whether this should be a new policy instrument or whether the decent homes standard could accommodate energy efficiency measures. Some witnesses reasoned that the decent homes standard was the best place for higher requirements to be set simply because it was a familiar mechanism. Professor Power told us that “it makes perfect sense to add on energy efficiency”¹⁴³ and Mr Sharpe cited the benefit of using a structure that already exists, telling us: “Decent Homes so far has created a very good framework on which to build and we must not throw it away”.¹⁴⁴ The Sustainable Development Commission reiterated the value of the standard in the absence of a more appropriate structure. It said:

The Decent Homes standard is the Government’s primary mechanism to improve standards in the social rented sector and over vulnerable private sector tenants. In the absence of a Code for Existing Homes the Decent Homes standard must be expanded to include tougher energy efficiency standards.¹⁴⁵

On the other hand, the TSA said of its draft standards that “the use of a quality of accommodation standard to secure wider objectives for environmental sustainability and carbon emission reduction is not the only, or necessarily the primary lever by which the objectives might be secured” and warned “setting new higher standards to succeed [the decent homes standard] is likely to be necessary to meet the goals in [the Low Carbon Transition] plan, but they will not be sufficient on their own”.¹⁴⁶

139 Ev 151

140 Q 330

141 Ev 89

142 Ev 111

143 Q 237

144 Q 226

145 Ev 161

146 Ev 265

87. As we describe above, we consider that standards should be set for the energy efficiency of social housing stock and that such a standard should be part of an updated decent homes standard regulated by the Tenant Services Authority. As we recommended above, this energy efficiency standard should be formulated as the replacement of the thermal comfort criterion. Setting a standard is unlikely of itself to achieve the desired results, but it is a necessary component of doing so. We note the proposal by the Government of an additional “Warm Homes” standard and commend to it our suggestion of amending the thermal comfort criterion.

Setting a standard

88. As noted above, while setting a standard for energy efficiency would have an impact on thermal comfort and fuel poverty, an energy efficiency target would need to be divorced from the income-energy price matrix of fuel poverty, simply because it would be impractical for the parameters of large-scale physical works to be determined by an indicator which is so sensitive to economic fluctuation and the income of the occupant. Mr Doylend, Executive Director (Operations), Circle Anglia told us that Circle Anglia used a minimum SAP rating of 61 for its stock.¹⁴⁷ The suggestions we received on how high the level should be set ranged from SAP 65¹⁴⁸ to SAP 81.¹⁴⁹ As mentioned above, CLG already has a target to increase the average SAP rating across all homes. A more rigorous standard would set a minimum rating; however, setting a minimum standard is complicated by the limitations of some property archetypes. CLG stated in evidence:

The Government will consider whether any future standards that could contain a specific minimum, or average, Standard Assessment Procedure (SAP) target. However, there are practical issues regarding the feasibility of achieving a given level of thermal performance across all homes.¹⁵⁰

89. This comment from CLG, regrettably, takes us no further forward than when we published our 2008 report *Existing Housing and Climate Change*. In that report, we recommended:

that the Government include specific energy performance improvement standards in any social housing improvement programme that follows Decent Homes in 2010. In particular, we recommend that any future programme contain a specific minimum, rather than average, Standard Assessment Procedure target for all social housing.

We sought the Government’s view on the suggestion that that minimum SAP rating should be 65.¹⁵¹ In its response, the Government said that it would consider whether any future Decent Homes programme could contain a specific minimum SAP target of 65 (or a different figure) as part of a review of relevant standards carried out as part of the review of

147 Q 160

148 Q 326 [Mr Nicol]

149 Ev 277 [Association for the Conservation of Energy]

150 Ev 331

151 Communities and Local Government Committee, *Existing Housing and Climate Change*, para 26.

the financing of council housing which we consider elsewhere in this Report. That work is still going on but, as we agree this Report, has yet to produce an answer.

90. Witnesses have agreed that the best-understood and most effective energy efficiency standard would be a SAP rating. The SAP rating of 35, currently referred to in the decent homes guidance, is unacceptably low. We accept that raising the bar for all property types to a minimum level which is unachievable for many properties is not the answer but do not consider that this should be used as an excuse for not setting any standards. We recommend that the Government urgently develop a range of minimum SAP ratings for different property types. We further recommend that these minimum SAP ratings be established on a sliding scale over several years to require landlords to meet progressively more rigorous requirements over the next few decades.

The estate

91. The evidence we received was consistent in its appraisal of the importance of maintaining the areas outside the dwelling, from common parts on estates to communal spaces to whole neighbourhoods and communities. Savills told us that “there are significant pockets of social housing stock throughout the country where the need for environmental improvements/works is arguably more important than the work to the fabric of the properties”.¹⁵² The reasons espoused for this were several. We were told by many witnesses that tenants placed a high value on the quality of the external environment. Stoke-on-Trent City Council stated that tenants “would prefer to see significant investment into their local environment” and that “feedback from tenants highlights the importance they place on environmental issues, including external areas, paths and fencing”.¹⁵³ Mr Peter Morton, Chief Executive of Sheffield Homes, told us that “tenants come out of their homes in Sheffield having had them made decent and they are satisfied, they go outside their front door and they go into an environment which is not decent and that needs fixing”.¹⁵⁴

92. In addition to fulfilling tenant expectation, witnesses expressed the view that the potential rewards of upgrading external areas were substantial. The Hyde Group stated:

The standard of the estate/ common areas has a co-relationship with the level of an area’s socio-economic sustainability. It can affect long and short term demand and reputation of an area, making it less attractive as a place to live, resulting in people moving out or being trapped in their homes, and an increase in the fear of crime, actual crime and general sense of well being.¹⁵⁵

The London Borough of Newham reiterated that “external features often have a role in determining whether housing is perceived as safe and as an attractive place to live; and consequently have an impact on quality of life in an area”¹⁵⁶ and Bolton at Home told us

152 Ev 285

153 Ev 78

154 Q 114

155 Ev 129

156 Ev 131

that “the decline of public sector housing caused by under-investment may be checked by improving dwellings up to the presently prescribed decency standards, but can only be permanently reversed if those key socio-economic and environmental areas are also addressed as part of a ‘decent communities’ approach”.¹⁵⁷ It is also clear that some landlords have already incorporated external features into the work that they consider part of their decent homes standard.

93. There were counter-arguments about whether, notwithstanding the importance of upgrading estates and external areas, the decent homes standard was the correct policy lever by which to get this work done. In the first instance, witnesses were sceptical about whether a useful definition could be produced to create a national minimum standard for areas outside the home. Ridge and Partners stated that while desirable, “this is likely to be almost impossible to define (usefully) in generic terms”. This was a function of the wide variety of social housing models: “What works in an inner city estate is probably irrelevant to the country village infill development”.¹⁵⁸ Birmingham City Council said “the immediate difficulty to overcome is what to define as the standard, how you would measure such a standard and how would you compare”.¹⁵⁹ BRE Housing doubted whether it was possible to set a single standard in this area¹⁶⁰ and in oral evidence Mr Simon Nicol, Director of BRE Housing Group, said that “We would probably spend the first few years defining what a neighbourhood was before we started setting out to measure something”.¹⁶¹

94. Some witnesses suggested that improving estates would be better done through measures other than the Decent Homes standard. The Scottish Executive, giving evidence on the equivalent Scottish standard, summed up these arguments when it stated:

The ‘need’ for minimum housing standards to cover the wider estate as such a standard could be very difficult to draw up, implement, monitor, maintain and finance from rents. That is not to say that the wider environment is not important—it is. However, whether a housing standard is the correct vehicle to do this requires a significant amount of cross-departmental work.¹⁶²

As well as the definitional problems discussed above, witnesses argued that landlords were not always able to influence issues outside the dwelling. SHAL Housing stated that ‘the estate’ is not within the control of the social landlord¹⁶³ and Fusion 21 warned that:

not all social housing is estate-based and government needs to be aware that, whilst the quality of neighbourhoods is important, few social landlords can have a significant impact on their own. Great care must be taken not to hold social

157 Ev 271

158 Ev 118

159 Ev 260

160 Ev 263

161 Q 325

162 Ev 328

163 Ev 70

landlords to account for wider neighbourhood/environmental standards which they cannot always influence.¹⁶⁴

These arguments led Ridge to comment that, rather than include the estate in the standard, it would be preferable to “to encourage a more joined-up approach to estate regeneration and environmental improvement by forcing collaborative working systems (with all social housing providers and local stakeholders contributing)”.¹⁶⁵ Mr Nicol concurred, saying “we should be working with tenants in individual situations to determine their priorities and pump money into management, maintenance and those issues that concern tenants, rather than imposing a standard from on high that may not be applicable or particularly useful to tenants on particular estates”.¹⁶⁶

95. CLG’s evidence to our current inquiry demonstrated its awareness of the importance of improving external environments when it told us that tenants “can sometimes ascribe higher importance to the improvements outside their home rather than within”.¹⁶⁷ The TSA’s draft regulatory framework proposes a standard to cover the quality of the home and to require registered providers to have a repairs and maintenance policy which covers communal areas as well as homes.¹⁶⁸ The framework also proposes a “Neighbourhood and Community” standard requiring housing providers to keep common areas clean and safe, “co-operate with relevant partners to help promote social, environmental and economic well being in the areas where their properties are” and work with other agencies to “prevent and tackle anti-social behaviour in the neighbourhoods where they own homes”.¹⁶⁹ The TSA’s proposal would require landlords to publish both a neighbourhood policy and an anti-social behaviour policy, agreed with their tenants, and, if tenants so wish, to set local standards in both areas.

96. Our predecessor ODPM Committee heard many of the arguments about standards for external areas in the course of its inquiry into Decent Homes in 2003–04. The Committee came to the conclusion that it “makes no sense to make internal improvements to homes situated in dilapidated neighbourhoods with unsustainable communities, without also addressing the wider environmental problems”.¹⁷⁰ The Report concluded that the funding and policy of creating sustainable communities should be aligned and integrated with the decent homes policy, “so that a home can only be seen as decent if the external environment and neighbourhood are also decent and sustainable” and recommended that a new decent homes standard should include standards for the external environment and communal areas.¹⁷¹ The Government’s response to that Report was non-committal, considering it then “too early” to start establishing a new decent homes standard.¹⁷²

164 Ev 111

165 Ev 118

166 Q 325

167 Ev 165

168 TSA, *A new regulatory framework for social housing in England: Summary*, November 2009, p. 12.

169 TSA, *A new regulatory framework for social housing in England: Summary*, November 2009, p. 17.

170 ODPM: Housing, Planning, Local Government and the Regions Committee, *Decent Homes*, para 87.

171 *Ibid.*, paras 87, 92.

172 Office of the Deputy Prime Minister, *Government Response to the ODPM: Housing, Planning, Local Government and the Regions Committee’s Report on Decent Homes*, Cm 6266, July 2004, p. 7.

97. The maintenance of cleanliness, safety and good repair of common parts of estates and communities is of great importance to tenants and makes a substantial contribution to social integration and well-being. We applaud the TSA's recognition of these aspects in its proposed approach to standards and the flexibility it aims to build in to its Neighbourhood and Community standard. We particularly welcome the role which the TSA sees for tenants and other community stakeholders in the process of setting standards locally.

Management of the programme

98. A ten year policy programme with the budget and reach of the decent homes programme brings with it inevitable challenges of implementation. We discuss some of those challenges here, with the intention of identifying lessons for the future.

The backlog

99. CLG has stated clearly that the goal of making all social sector homes decent by 2010 will not be reached. The most recent assessment from the Minister is that 92% of homes will be decent by the end of 2010.¹⁷³ The evidence we received from CLG at the beginning of the inquiry attributed this to several factors. 69% of the backlog, we were told, was properties managed by ALMOs. The sequencing of ALMO funding meant that Round 3–5 ALMOs, responsible for 106,700 “backlog” properties, would not complete spending until 2016 and Round 6 ALMOs, responsible for 11,250 properties in the backlog, had had funding deferred, as discussed above.¹⁷⁴ The remaining 31% of the backlogged properties, we were told, were retained by local authorities. The reasons for these authorities not meeting the deadline, CLG said, were “a shortfall in capital receipts as a result of the current economic downturn” and the rejection by some tenants of the local authorities’ plans to implement the decent homes programme through stock transfer or creation of an ALMO.

100. Some of our witnesses disagreed about the likely size of the backlog at the end of 2010. In contrast to CLG's estimate of 8% non-decency, Mr Hand of Ridge and Partners, Mr Sparrow of Savills and Mr Nicol of BRE Housing Group all agreed that the percentage of non-decent social sector homes was likely to be 20–30%.¹⁷⁵ Mr Sparrow told us that this estimate included properties where work had been refused by the tenant, which are not included in CLG's calculation. Mr Nicol said that the rate of improvement had slowed as the properties that were easiest to improve had been dealt with first. He also said that “a lot” of landlords had not taken into account the properties that would move from decent to non-decent during the duration of the programme.¹⁷⁶ He said:

as the Decent Homes work has progressed, other homes have fallen into non-decency, and these have largely not been quantified by a lot of local authorities and

173 “Minister launches full assessment of the decent homes programme”, CLG Press Notice, 8 December 2009.

174 Ev 165

175 Qq 323–4

176 Q 324

social landlords; they have assumed that the work they are doing is fixing the stock whereas in fact there is stuff coming in at the other end, if you like.¹⁷⁷

101. Ridge and Partners characterised this issue as a failure throughout the programme to confront the total non-decency levels, which comprise current non-decency levels plus potential non-decency. Ridge explained that the numbers of decent and non-decent properties are in continual flux as non-decent properties are made decent and formerly decent properties become non-decent through age. Ridge stated that the available data had “consistently failed to ask the most important question (in our opinion)—‘what is the total non-decency up to 2010?’ [total non-decency being the sum of current non-decency + potential non-decency, less any duplicated addresses]”. The focus on results or progress in any one given year “is misleading” and that “an organisation may achieve 0% ‘currently non-decent’ in a year, only to see the database rolled-on at the year end and then all of the next year’s ‘potentially non-decent’ dwellings become currently non-decent one day later”.

102. Ridge and Partners suggested that some providers may have “chosen to manipulate their data in order to produce more pleasing short term results” and that there might be a mounting “time-bomb” of works which will only be evident after 2010. Ridge said that because reporting “is currently constrained to a 2010 deadline the picture of works required beyond this date are unknown”. They told us:

Whilst of course not ethical, it is entirely possible that some organisations have chosen to defer work predictions (mostly of ‘poor condition’) to 2011 or thereafter. In some instances organisations may now be facing a high workload up to 2015, or 2020.¹⁷⁸

103. When we took oral evidence from the Minister in December, he used the opportunity to announce a “full-scale assessment” of the programme, telling us that he was “concerned that some local authorities, the poorest performing local authorities, are going backwards”.¹⁷⁹ Social landlords are being invited to submit evidence on:

- how their local standard reflects or exceeds the decent homes standard and where they chose to reprovide homes rather than improve;
- how they have ensured that their programme offers value for money;
- details of any ‘bolt-on’ schemes to their investment programme, e.g. job creation/apprenticeships, community programmes; and
- any local issues or lessons learnt.¹⁸⁰

104. We conclude that the measurement of non-decency should comprise both a snapshot of the current position plus a forecast of potential future non-decency in the next few years, in order to predict future work and spending required. We recommend that the assessment that the Department has been conducting identify the true scale of

177 Q 324

178 Ev 111

179 Q 395

180 “Minister launches full assessment of the Decent Homes programme”, CLG press notice, 8 December 2009.

the backlog of work to achieve the decent homes standard across the social housing stock and provide an accurate picture of what remains to be done. As we recommended above, homes where the tenant has refused decent homes work should not be counted as decent.

Access to public funding for Decent Homes

105. The most obvious expected explanation for shortfalls in decency numbers is financial: the argument that there has not been enough money available in time to complete the programme. We consider funding issues in more detail below, including the impact of economic trends over which CLG has had no control. Where CLG has played a key role, however, is in determining what funding has been distributed to whom, and when. This section considers CLG's policy on the means of funding the Decent Homes programme, and its implementation of that policy in respect of arm's-length management organisations (ALMOs) and authorities which chose to retain both the ownership and the management of their housing stock.

106. We note that some of these issues are discussed in the National Audit Office's recent report,¹⁸¹ and are considered further in the Public Accounts Committee's follow-up to that report. We concentrate here on the evidence submitted to our own inquiry.

ALMOs

107. We heard that the treatment of ALMOs by CLG changed as the programme progressed, causing disquiet amongst providers. Sheffield City Council told us that:

Later ALMOs had more flexibility with funding and developed local standards in consultation with tenants. The different treatment between ALMOs across bidding rounds 1–6 started to become divisive in later years. Rounds 3–5 had higher funding through supported borrowing, and greater certainty about completion.¹⁸²

108. The National Federation of ALMOs (NFA) expressed dissatisfaction about how CLG managed the contribution of ALMOs to the decent homes programme. In particular, the NFA felt that CLG had set short deadlines for providers, missed its own deadlines and changed the timing of the release of funding on several occasions. For example, Gwyneth Taylor, Policy Director of the NFA, told us that local authorities were given a month's notice to apply for Round 6 ALMO funding in June 2006. Authorities were told that CLG would make its approvals of applications by September, but in fact did not do so until March 2008. In addition, the HCA brought forward £100 million of ALMO funding in January 2009; in July CLG deferred £150 million under the Housing Pledge (see above); and in August CLG announced £87 million funding for cavity wall insulation. Meanwhile, as we noted ourselves in an earlier report, a total of £29m over 2006–07 and 2007–08 was transferred out of the Decent Homes ALMO programme and into the budget for the

181 NAO, *The Decent Homes Programme*, Session 2009–10, 21 January 2010, HC 212, paras 2.8–10.

182 Ev 275

Olympics.¹⁸³ The NFA's conclusion was that, while additional funding was welcome, unpredictability of funding made it difficult to plan and spend effectively.¹⁸⁴

109. CLG recognised in evidence that the deferral of funding for Round 6 ALMOs had contributed to the backlog of works.¹⁸⁵ When we put the NFA's points to the Minister, he said that "the profile of the Decent Homes Programme investment around the edges has been a bit lumpy". However, he defended the deferral of Round 6 funding as "part of a response to the recession" and said that the decision meant "more money for affordable house-building, and the opportunity for each and every one of these areas to gain a great deal more than they feel they may lose in the short term".¹⁸⁶

110. We took oral evidence from one of those ALMOs whose funding had been deferred in Round 6, East Durham Homes. Paul Tanney, its Chief Executive, spoke for all the ALMOs which remained to receive funding when he told us:

[...] what [the Government] needs to do is guarantee Decent Homes funding over the next four to five years, not just for East Durham Homes but for all those ALMOs that have not achieved decent standards. Even with the new proposals for self-financing of the housing revenue account we will not be able to achieve decency in the modelling work we have done without there being separate Decent Homes grant funding.¹⁸⁷

Later, the Minister repeated the current Government's commitment to funding fully the completion of the Decent Homes programme; but added that "the detail of the commitment and the period will be for the next spending review".¹⁸⁸

111. We regret the Government's inability to give a firm commitment now, just a few months from the originally planned end of the Decent Homes programme, on how the funding will be provided to enable the remaining ALMOs that have yet to receive funding to improve decency in their stock. The lack of clarity prevents effective planning by the ALMOs concerned but, more importantly, affects thousands of tenants who continue to have to live indefinitely in non-decent housing. We call on the Government to make clear as soon as possible when the funding will be delivered to achieve the completion of the Decent Homes programme in the ALMO sector.

Retained stock

112. In some local authority areas lack of tenant support has made it impossible for the council to proceed with the option either of establishing an ALMO or of transferring stock. For example, tenants rejected the councils' proposals in Birmingham and Southwark. Councillor Nick Stanton, Leader of Southwark Borough Council, told us that the Council

¹⁸³ Communities and Local Government Committee, Second Report of 2008–09, *Communities and Local Government's Departmental Annual Report 2008*, HC 238, paras 44–46.

¹⁸⁴ Q 281

¹⁸⁵ Ev 165

¹⁸⁶ Qq 365–6

¹⁸⁷ Q 277

¹⁸⁸ Q 360

had “wanted to go for an ALMO or a stock transfer with tenant support” but that “there is no tenant support at all for ALMOs or stock transfer; tenants want to remain council tenants”. He said that “whatever consultation exercise we have undertaken it has always resoundingly shown that”.¹⁸⁹ Similarly, Birmingham told us that its efforts to persuade tenants of the merits of its options appraisal had been unsuccessful. Councillor John Lines, Cabinet Member for Housing, told us:

In 2001 Birmingham City Council spent £12 million in trying to convince the tenants that they would be better off with an ALMO or any other way than being under the council. The tenants—74,000 of them—said “No thank you”.¹⁹⁰

113. Witnesses have indicated dissatisfaction first with the policy requirement that in order to be granted significant additional funding, local authorities had to surrender a day-to-day stock management role; and second, that where tenants did not approve a change of management despite the best efforts of the local authority, funding continued to be unavailable. BRE housing group described this as “using the Decent Homes targets as a way of forcing Local Authorities to carry out stock transfers and/or set up ALMOs” and that it had been “deeply unpopular with tenants and staff within these organisations”.¹⁹¹ Ridge described those authorities which had been unable to win tenant support for change as “caught in an impossible situation”.¹⁹² In 2004, our predecessor ODPM Committee described the pursuit of this policy as a “dogmatic quest to minimise the proportion of housing stock managed by Local Authorities”.¹⁹³

114. This is not a new issue, and we do not intend to rehearse here the arguments about the Government’s commitment to recasting the housing role of local authorities as strategic rather than day-to-day management. There was consensus in the evidence we received, however, that the policy has resulted in some authorities being inadequately funded to meet the decent homes target. CLG said of this group that:

The Department, and latterly the HCA, has been working with the two largest authorities to find innovative funding solutions. The Department, Government Offices for the Regions and the HCA are also actively engaged in discussions with another 10 of these local authorities about how they will deliver the standard in their housing stock.¹⁹⁴

115. The Minister stated that “those local authorities that retain their own stock can fund their Decent Homes work through a combination of major repairs allowance, in some cases supported borrowing, in some local authorities capital receipts”.¹⁹⁵ Questioned about whether stock transfer would be necessary to enable authorities to meet the Decent Homes

189 Q 93

190 Q 96

191 Ev 263

192 Ev 118

193 ODPM: Housing, Planning, Local Government and the Regions Committee, *Decent Homes*, Summary.

194 Ev 165

195 Q 367

standard, he went on to link future funding for this work to reform of the Housing Revenue Account:

Stock transfer is clearly an option and will remain an option for local authorities, but if you look at my written Ministerial Statement on 30 June, I made clear that any future stock transfers will be on terms that are equitable to the basis for local authorities, and their financing under a dismantled and reformed HRA subsidy system. [...] The reform and dismantling of the HRA subsidy system will build into it more money for council housing, more money for maintenance and management, more money for major repairs, and will allow each of the 202 local authorities in the system at present to have the resources over the long term to be able to maintain their homes at a Decent Homes level.¹⁹⁶

116. We discuss reform of the Housing Revenue Account elsewhere in this report. **Here, we welcome the Minister's suggestion that reform of the HRA will enable all local housing authorities to fund the maintenance of their homes at a decent level. We note, however, that the Minister's replies were significantly weaker on the question of how retention authorities can bring their stock up to that level in the first place. HRA reform will not solve that problem. We call on the Government urgently to set out how, post-HRA reform, authorities which have retained management of their stock will be funded to eliminate the backlog of non-decent housing.**

Implementation by management organisations

117. We have heard many positive things about the way in which landlords have implemented the decent homes programme, and the beneficial effects of the Government's pursuit of variety in housing provision through endorsement of stock transfer and creation of ALMOs. The Audit Commission provided us with a comparison of the outcomes of 362 inspections it carried out across all providers between 2006 and 2009, 203 of which included an assessment of social landlords' asset management capabilities. Of the 203 inspections, 113 were of housing associations, 56 were of ALMOs and 34 were of local authority landlords with retained stock. The data are not strictly comparable, as the selection criteria for inspection were different: whereas the local authorities and housing associations were selected for inspection on the basis of risk and so might be expected to have problematic outcomes, all ALMOs are inspected to ensure they reach a two-star rating before funding was released. However, some observations may be made. The Audit Commission advised us that, of the services inspected;

ALMOs deliver major works well and better than other sectors, but slightly worse than their services overall. Housing associations deliver major works better than they do their overall services. Local authority retained services perform considerably worse than ALMOs and housing associations for both major works and overall services.¹⁹⁷

¹⁹⁶ Qq 368, 370.

¹⁹⁷ Ev 297

	Overall service rating		Major works rating	
ALMO inspections				
Good/excellent	42	75.0%	39	69.6%
Poor/fair	14	25.0%	17	30.4%
Total	56		56	
Local authority retained inspections				
Good/excellent	3	8.8%	7	20.6%
Poor/fair	31	91.2%	27	79.4%
Total	34		34	
Housing Association inspections				
Good/excellent	39	34.5%	59	52.2%
Poor/fair	74	65.5%	54	47.8%
Total	113		113	

Source: Audit Commission (BDH 52)

ALMOs

118. ALMOs have been credited with increasing the quality of housing services, improving the engagement of tenants, improving asset management, achieving efficiencies, bringing in an entrepreneurial attitude and improving value for money. We heard that separation from the local authority enabled decisions to be made more quickly.¹⁹⁸ The funding mechanism, which allocated funds to those ALMOs that attained two stars from the Audit Commission rather than requiring ALMOs to compete against each other, meant that ALMOs had helped each other by sharing experiences.¹⁹⁹ The requirement to attain a two-star status from the Audit Commission in order to access funding was described as “a very, very strong driver”.²⁰⁰ Ridge told us that ALMOs “have increased quality of service in the non-RSL sector and apparently benefit from the segregation from the other duties that local authorities have”.²⁰¹

119. The Audit Commission told us in evidence that the inspection regime had played a significant role in maintaining standards. Not only were ALMOs required to meet a two-star standard before gaining funding, they were also re-inspected within three years to ensure standards were maintained. The attainment of two stars was not “an easy option” and many ALMOs had needed two attempts to succeed.²⁰² The National Federation of ALMOs told us that ALMOs were required to perform at a two-star level of service but “with the same level of funding and mainly the same staff as the previous local authority housing department” before additional funding was allocated and that, therefore, “it is not just an increase in funding or new staff that makes the fundamental difference to performance” but instead the ALMO structure, “with the focus on performance, delivery and customer service together with a new closer relationship with residents”.²⁰³ However,

198 Q 266 [Ms Taylor]

199 Q 282 [Ms Taylor]

200 Q 14 [Mr Capie]

201 Ev 118

202 Ev 297

203 Ev 281

some ALMOs have not yet been able to meet the two stars required to access the funding.²⁰⁴

120. This leads us to consider the future role for ALMOs. The Government has confirmed that it sees a role for ALMOs in the future management of housing stock. CLG stated:

We see a strong future role for ALMOs which are valued by their tenants. We would expect ALMOs to continue to develop their housing management capacity and to look for opportunities to extend the range of services they offer, including to other landlords, where this would improve efficiency and effectiveness.²⁰⁵

The National Federation of ALMOs told us, however, that local authorities are reconsidering the future of their ALMOs as decent homes funding comes to an end.²⁰⁶ The London Borough of Hillingdon has recently decided to close down its ALMO and take the management of its housing stock back in-house.²⁰⁷

121. We conclude that the ten-year experience of ALMOs has generated improvements in asset management of social sector stock that are not simply attributable to additional funding. We further conclude that these improvements should not be lost because of a lack of clear statements by the Government on the future of ALMOs after completion of the decent homes funding already allocated. We recommend that the Government make arrangements for the continued management of housing stock by ALMOs, including by providing for access to funding under the new self-financing system. We consider that local authorities should not take their ALMOs back in-house until they have conducted a ballot of tenants and received an endorsement by tenants of that plan.

Authorities with retained stock

122. As we have discussed, the Government's policy on decent homes has indicated a lack of conviction in the ability of local authorities to manage stock and implement major repairs. Witnesses to our inquiry have also queried the ability of local authorities to manage their stock with a holistic and long-term view. For example, East Durham ALMO sourced its 90% non-decency rate to the fact that "historically the council was wedded to charging low rents, which meant that there were not sufficient funds to invest in the stock".²⁰⁸ Savills told us that "there are two areas of weakness that we see within many local authorities, both at a senior level": strategic financing and strategic asset management skills.²⁰⁹ The Audit Commission told us in evidence that almost half of the councils it inspected between 2003 and 2006 had "poor" services. This meant that:

204 Ev 145 [CIH]

205 Ev 165

206 Ev 281

207 "Hillingdon reclaims homes from Almo", Local Government Chronicle, 19 February 2010.

208 Q 261 [Mr Tanney]

209 Ev 285

Most did not have an asset management strategy. Resident involvement was limited, including at a strategic level.²¹⁰

123. On the other hand, as we have seen, local authorities have not had access to the resources available to other management organisations, and it is difficult to separate out with confidence the reasons for the problems experienced by authorities with retained stock. Southwark Borough Council told us that the decent homes funding it had received was “simply insufficient to do the job for all our investment requirements” and that it had to balance resource needs across a range of housing goals:

We make investment decisions that balance a range of needs and priorities against large but limited resources. These include balancing investment in our stock to meet the Decent Homes standard, our other landlord obligations, and our regeneration commitments [...] Decent Homes is therefore not the only call on our limited resources.²¹¹

124. We conclude that local authorities with retained stock are capable of effective day-to-day management, but that lessons learned from ALMOs should be applied to improve their results. We further conclude that unless local authorities with and without ALMOs receive the same funding for housing improvements, the results will always be skewed in favour of ALMOs.

Housing association sector

125. The Audit Commission explained in evidence to us that housing associations fell into two categories. Those which had “had stock for many decades, or which have grown through the acquisition of existing stock” were finding the decent homes standard “more of a challenge” than those which “have grown through building new homes with Housing Corporation, now the HCA, support”. However, in general, “across the housing association sector the scale of the challenge, given the access to private finance and average age of stock that is younger, is proportionately less than in the council sector”.²¹²

126. Housing associations have been praised for their housing management in our evidence. Witnesses have told us that stock transfer has led to additional monies spent on housing, the creation by RSLs of “more inclusive and customer-focussed cultures”,²¹³ and that housing associations “have an established track record of adapting positively and delivering change resulting from market and regulation needs”.²¹⁴ Again, the Government has stated clearly that the option of transferring more housing to RSLs remains open in the future. CLG stated:

210 Ev 297

211 Ev 134

212 Ev 297

213 Ev 91 [Gentoo]

214 Ev 94 [West Kent Housing Association]

Transferring to a housing association should also remain an option that council tenants can choose. There are potential benefits from bringing in a not-for-profit body with access to private finance to own and manage the homes.²¹⁵

Future management of social housing improvement

127. It may be argued that the particular status of the management organisation does not matter, and that each vehicle for implementing the programme has different strengths and weaknesses. Mr Capie, of the Chartered Institute of Housing, told us that it “does not matter if you have retained stock, it does not matter if you have an ALMO, it does not matter if you have transferred [stock], the debates and arguments should be about how we make sure that all local authorities are delivering that service as well as they should do”.²¹⁶ Hyde Group told us that the variety of providers was in fact a strength, and that a “variety of delivery options have seen the public, private and voluntary sectors working together to achieve the stated goals”.²¹⁷ The CIEH and CIH agreed that the key to this was through “a firm commitment on core services, and involving tenants and shaping those core services”.²¹⁸ BRE Housing Group emphasised the importance of good staff. It said “it is the drive, calibre and vision of the staff (particularly those at the top) that is important in delivering improvements and a quality of service rather than the type of organisation that they work for”.²¹⁹

128. The evidence has argued strongly that the prerequisites for good housing management are: adequate funding; good asset management information, long-term planning and strategy; involvement of tenants and residents in setting priorities; and a clear structure of guidance and expectation. The Tenant Services Authority has proposed a regulatory framework which includes indicators in some of these areas. Its draft standards include Governance and Financial Viability, Value for Money and Tenant Involvement and Empowerment. The draft Tenant Involvement and Empowerment standard requires providers to include tenants and residents in decision-making processes about the management of their homes and the setting and scrutiny of local performance standards, and to publish information about how they are going about this. The Value for Money standard will require providers to publish information about how funds have been allocated to different priorities and why, how value for money has been achieved and tested, and plans for future savings. The Governance and Financial Viability standard, which is expected only to apply to RSLs, will require providers to have “a robust and prudent business planning and control framework” and adopt a code of governance.²²⁰ In addition, the Audit Commission inspects housing providers, working in collaboration with the TSA as its powers come into full force in April 2010. The Audit Commission uses Key Lines of Enquiry (KLOE) to inspect various aspects of housing landlords, one of which is the “Stock investment” KLOE, covering management, repair and improvement of stock.

215 Ev 165

216 Q 14

217 Ev 129

218 Q 14

219 Ev 263

220 TSA, *A new regulatory framework for social housing in England: Summary*, November 2009.

129. The question is whether this regulatory framework will be enough, of itself, to raise the game of underperforming organisations, particularly some retention authorities. Regulation and inspection can identify problems: remedying them—or, better, preventing them from happening at all—is another matter. James Sparrow of consultancy Savills, questioned further on Savills’ written submission on this point, told us:

I think the point we were saying is that it is getting to the source of the problem rather than simply saying that there is a lack of asset management skills and financial skills in some of these organisations. It is a question of why; and the reason why, particularly in the local authority context, is that there has been no incentive for them to do so. There has been no incentive for local authorities to take a long-term view on retaining their assets. [...] Our view is that only by building in the long-term incentives for organisations to make true asset management decisions [...] will the asset management skill base and the financial skills follow through.²²¹

130. The establishment of ALMOs has significantly improved the performance of council landlords and the requirement to reach a two-star rating of service in order to be granted funding has been a very successful driver of standards of housing management. Some local authorities that have retained day-to-day management responsibilities do not have adequate asset management skills and strategies in place, notwithstanding the existing regulatory framework and inspection regime. Nevertheless we recognise that, for a number of reasons, it is not appropriate for all local authorities which retain ownership of their stock to establish an arm’s length body to manage it. We recommend that, rather than take day-to-day management of housing out of the hands of those councils, the Government establish a mechanism to incentivise housing departments of councils to improve their performance in order to receive additional funding. This will put retention authorities on a level footing, in funding terms, with authorities which have established ALMOs, and will help to ensure that those authorities can make the sort of progress to eliminating non-decency in their housing stock which has been achieved by local authorities with ALMOs.

Funding

131. In our terms of reference for this inquiry, we asked whether management organisations will have sufficient funds to maintain the decent homes standard after 2010. The evidence we have received has also responded to an unasked question: whether the funds provided to date have been sufficient to meet the target in 2010. As we have already mentioned, our focus in this inquiry was firmly on the future of the Decent Homes programme, and we have not therefore looked in detail at past funding. A recent report from the National Audit Office looked at the financing of the programme up to this point; our colleagues on the Public Accounts Committee have recently published a follow-up report.

132. The Department has clearly stated that it is committed to funding the completion of the decent homes programme beyond 2010 in order to bring all social housing up to the standard, as promised in the target. The Minister told us:

I have said before this Committee, I have said in the House and I have said publicly: we will finish and we will fully fund the completion of the Decent Homes Programme. We will fully fund it. We will complete it, and we are totally committed to it. I said also that the detail of the commitment and the period will be for the next spending review.²²²

The Government has also said that it will provide funding for the maintenance of the standard in the future. It has, furthermore, said that funding will be provided for some areas which might be considered additional to the standard, ie. the maintenance of estates and common areas. It has said that it will consider the application of higher minimum standards, which would have further cost implications.

133. We have already discussed the issue of the remaining backlog in retention authorities and in ALMOs which have not yet received Decent Homes funding. In this section we look beyond the elimination of the backlog at how decency can be maintained in the long term. The problems that the Government faces in ensuring that its commitment to maintaining the standard can be met vary across housing providers, although the economic downturn has implications across the sector. Below we consider, first, the position in respect of housing associations, and then the rather more complex issues surrounding local authority housing finance. We then go on to consider how the costs of the additional criteria which we have considered might be met.

Housing associations

134. The key issues affecting housing associations have centred on the tightening of business plans given the increasing costs of borrowing brought on by the credit crunch. It is not expected that borrowing costs will reduce to their previous low points in the medium term. The reduction in the retail price index, to which rent increases are tied, has also affected short term planning as rent increases are lower than previously expected (as discussed below). Many housing associations have therefore had challenges in looking at the refinancing of their loan books and in taking out new facilities for investment. This affects both new supply and improvement of the existing stock, as the Council of Mortgage Lenders pointed out in their evidence to us:

The reduction in rental income for housing associations will potentially impact on their ability to service existing debt and/or raise additional borrowing to continue to meet the decent homes standard as well as deliver new social housing at this critical time in the recession and future recovery.²²³

135. However, the primary issue facing housing associations continues to be the balance of spending between those two objectives, building new homes and improving the existing stock. National grant funding via the Homes and Communities Agency for new development has been a key part of the stimulus package within the Government's response to the recession, so up until now funding has continued to flow. However, the future of grant funding in the next comprehensive spending review period and beyond is

222 Q 360

223 Ev 144

much less certain. This matters for the achievement and maintenance of the decent homes standard because reducing grants for new build could result in housing associations having to reduce investment in the existing stock as they continue to have to squeeze margins to develop new homes which continue to be badly needed. As surveyor Richard Hand, of Ridge & Partners, told us:

it is about striking the balance between availability of resources and the requirements of the existing assets. It is all good and well investing in new-build property; however, if we cannot maintain the existing assets we will simply create a large catch-up or backlog programme that will have to be dealt with through programmes such as Decent Homes again in the future.²²⁴

136. We recognise the pressures facing the Government and the housing association sector in continuing to deliver both new homes and the maintenance and improvement of existing stock. We have previously expressed our continued support for the Government's house-building targets and recognised the need for new homes. Here, we emphasise that the provision of new homes should not be at the expense of the maintenance of existing ones. We support the Government's policy objective of not just a home, but a decent home, for all. As grant and rent policy for the housing association sector evolves and future spending decisions are made, the maintenance and improvement of the existing stock must be given equal priority to the building of new homes.

Local authorities

137. Future funding for the maintenance of standards of decency in the local authority housing sector depend crucially on reform of the Housing Revenue Account (HRA) subsidy system. As we have explained above, the Government has proposed the dismantling of the current revenue subsidy system for the HRA affecting local authorities and their arm's-length management organisations (ALMOs) and its replacement with a system of 'self financing' in which rents and right-to-buy receipts are retained by authorities locally, and no longer pooled nationally. The prerequisite for this reform will be a one-off adjustment to the debt held by each authority, that adjustment to be made on the basis of the redistribution of the total amount of historic debt held by local authorities across England.

138. The main drivers for reform have been the increasing challenges faced by authorities in planning locally under a system in which government applies very detailed formulae about what allowances are distributed where; and the widespread acknowledgement that the expenditure allowance, particularly the major repairs allowance, is not sufficient to maintain the decent homes standard (once properties have been brought up to the standard). Gwyneth Taylor, Policy Director for the National Federation of ALMOs, told us:

Longer term there is the issue about sustainment of Decent Homes funding post-2010 for those ALMOs and local authorities that have achieved it and that is very much dependent upon the outcome of the finance review and what resources might

be made available to enable that to happen. Certainly the current major repairs allowance will not achieve sustainment of Decent Homes, even once backlogs have been met, and some of the early round ALMOs are already in danger of falling back out of decency again, having achieved Decent Homes once already.²²⁵

139. Witnesses to our inquiry were generally positive about the potential for HRA reform to improve the ability of local authorities at least to maintain decency standards once achieved. Westminster Council argued that “giving councils control over their own HRA [...] would give certainty [and] the ability to plan and deliver an efficient forward capital programme.”²²⁶ Hyde Group said:

The review of the Housing Revenue Account will allow local authorities to greatly improve their asset management. Councils will have more ability to invest in their stock for the long term, and [reform] may improve the longevity of any new decent homes standard.²²⁷

The Chartered Institute of Housing suggested that “if local authorities gain financial freedom through the planned HRA reforms, this will help considerably in finding the resources to maintain the local authority stock in the future”, pointing out that “Scottish authorities already do this to some extent because of their greater freedom”.²²⁸

140. However, all such comments were subject to the proviso that there was sufficient money within the reformed system. The Tenant Service Authority’s memorandum gave a realistic view of the situation:

The ability of LA landlords to comply with [the Decent Homes] standard depends on their funding position; the proposals for reform of council housing finance offer the prospect of local authorities being in a better position to manage the quality of their housing stock on a more stable and predictable basis, but realising this will depend on the specific outcome of the review.²²⁹

As CLG’s memorandum points out, “In practice, meeting and maintaining the standard depends on funding availability from government or other sources (e.g. rental income or private finance)”.²³⁰ Below we consider the two main sources of income for local authorities raised in evidence to us: government subsidy in the form of the Major Repairs Allowance; and rents.

Rents

141. Rents are subject to a “convergence policy” under which rises are strictly controlled by the Government to ensure, first, continued affordability, and, second, to work towards the alignment of rents in the local authority sector and those charged by housing associations,

225 Q 258

226 Ev 137

227 Ev 129

228 Ev 145

229 Ev 265

230 Ev 165

which are generally higher. Some have argued that there should be a relaxation of rent policy to allow higher rents to be charged in return for higher standards of accommodation. Sarah Webb, Chief Executive of the Chartered Institute of Housing, referring to rent policy across the social housing sector, told us:

It is our firm belief that the time has come for a major rethink on rents generally. We think that there was a strong case for arguing for the rent convergence policy that we have had over the last ten years, but as with all ten year policies, we are getting to the point of having done that, we have reached that point, and we now need to rethink rents. [...] we need a fundamentally new way of looking at rents which allows local authorities, ALMOs and housing associations to reflect local variations and local differences and local offers with tenants in a more [...] adult way than is currently the case.²³¹

142. However, when we questioned him on this possibility, the Minister ruled it out, telling us:

Generally, we have a system for both housing associations and council tenants, which makes sure that the rents continue to be affordable, that the rental stream is capable of supporting the development and improvement in the housing services they required; but essentially it is equal and equivalent for the tenants. I do not see the immediate case for moving away from that presumption of equality within the system, or indeed the imperative to make sure that they remain affordable, and that there is that important gap between the public housing rents and the private sector rents.²³²

He was supported by Peter Marsh, Chief Executive of the TSA, who replied

If the basic premise is that for a set level of rent it is possible to provide a service that includes decency of homes, then the argument for increasing those rents where that cannot be done is questionable [...] There are a number of housing associations and ALMOs and local authorities that have managed to achieve decency within the current rental convergence criteria. There are a number of associations and authorities where rents will be going up, and over the last four years have gone up RPI plus and in some cases RPI plus, plus £2. That rental stream has been sufficient to fund Decent Homes.²³³

Mr Marsh also alluded to another reason why the Government would be reluctant to relax rent controls:

When we are talking about future standards, we also have to bear in mind the cost on the public purse of an increase in rents, bearing in mind HMT foots the bill for a good proportion, something like two-thirds of the cost of rents; so that has to be paid for out of the fiscal envelope.²³⁴

231 Q 20

232 Q 375

233 Qq 376–7

234 Q 377

Major Repairs Allowance

143. If rent increases are not to fund future achievement and maintenance of decency standards, then what remains is government subsidy, specifically the major repairs allowance (MRA) and management and maintenance allowance, which form part of the HRA subsidy system. The National Federation of ALMOs summed up the general view of witnesses about current levels of these allowances:

The major repairs allowance is nowhere near keeping pace with the requirement to cater for properties that fall outside the decent homes standard post 2010 while management and maintenance allowances are considerably below that which is needed to maintain current levels of service and day to day repairs.²³⁵

Gwyneth Taylor, the Federation’s Policy Director, amplified this in oral evidence:

The original aim of the Decent Homes programme was to fund the backlog and then future properties would not fall out of decency because the major repairs allowance would achieve that. The Government’s own review has proved conclusively that the major repairs allowance would need to be dramatically increased, by at least 43 per cent overall but in individual circumstances probably by a significant amount more, in order to sustain Decent Homes longer term.²³⁶

144. The Government’s proposals for HRA reform recognise that current levels of major repairs allowance are insufficient for decency standards to be maintained in the long term, and include an increase in MRA of 24%. However, the National Federation of ALMOs was not the only witness to our inquiry to express scepticism about whether even that increase would be sufficient. Westminster City Council claimed that “nationally it is now recognised that the Major Repairs Allowance is 40–60% less than required”.²³⁷ A 24% increase represents around £825 per property per year. Property consultants Savills said that, based on “over a million surveys in the social housing sector across the country in the last five years”, around £1000 per unit per annum would be needed over a 30-year period.²³⁸

145. When we put this scepticism to the Minister, he replied:

In the proposals set out at the end of July we are building in an increase of 24 per cent for major repairs into the way we are looking to base the new system and new settlement. That seems to me an adequate provision, one that recognises the ambition to see more money in the system in future; but if these witnesses have made the case that that is insufficient, we will clearly look at that as part of assessing the responses we have had to the consultation.²³⁹

235 Ev 281

236 Q 259

237 Ev 134

238 Qq 344–5

239 Q 378

This response falls short of an absolute assurance that the reformed HRA subsidy system will deliver enough money to ensure that decency standards can be maintained; but **we welcome the work the Government has done on reform of the HRA subsidy system and its intention, in principle, to ensure that there is sufficient money within the reformed system to maintain properties at a decent standard. Combined with the improved potential for effective asset management and forward financial planning which witnesses have indicated that properly implemented HRA reform should also bring, this should enable local authority landlords to maintain standards of decency over the long term and prevent any reoccurrence of the backlog which existed at the start of the Decent Homes programme. However, in the absence of detail about the funding that HRA reform will in fact supply for the maintenance of stock, we consider that the convergence policy applied to social rents should be relaxed. The restriction of rent rises has a negative effect on the ability of landlords to set their rents and related standards of service after consultation with tenants.**

146. An additional challenge faced by ALMOs is the inability to plan effectively for future funding. **We recommend that the Government give ALMOs the capacity to raise private finance against future rental streams in the context of a 30 year agreement with their local authority.**

Additional costs of additional criteria

147. We discussed above the ways in which we believe the decent homes standard should be amended. There are cost implications of those recommendations, which we discuss below.

Carbon dioxide reductions and thermal comfort

148. Witnesses concurred in describing the cost of meeting the carbon reduction targets nationally through physical adaptations to stock as daunting. West Kent Housing Association stated that “the environmental standards of achieving 80% reduction in carbon emissions by 2050 will require the doubling of expenditure on our existing homes”.²⁴⁰ Circle Anglia described the sums required as “enormous”.²⁴¹ As for what the cost of this work is likely to be, we received various estimates. The National Housing Federation quoted estimates from their members of £25,000 per property in order to meet 80% carbon reductions targets, “with higher costs in difficult to treat properties such as high rise flats”.²⁴² SHAP’s research suggested a cost of between £15,000 and £35,000 per property to achieve an 80% reduction in emissions.²⁴³ The Tenant Services Authority stated that more work needed to be done on the detail of how these costs would be built up.²⁴⁴ However, the point was also made by some witnesses that energy efficiency measures, while presenting a

240 Ev 94

241 Ev 86

242 Ev 155

243 SHAP, *Moving Beyond Decent Homes Standard 2009: Creating the low carbon standard for social housing*, 1 October 2009, p. 17.

244 Ev 265

challenging upfront cost, would themselves generate savings. Professor Power, former Commissioner of the Sustainable Development Commission, told us that:

the net cost of all insulation measures is negative over time. In other words, you gain more than you spend over time, but, for example, for wall insulation it is 17 to 20 years, so it is quite a long time.²⁴⁵

The Construction Industry Council referred us to a more optimistic estimate from the Audit Commission, which judged in its report *Lofty Ambitions* that reducing emissions by 29% could cost nearly £50 billion but “the resulting savings in household fuel bills would equal the investment in eight years”.²⁴⁶ Gentoo told us that fuel savings of 50%–90% could be made, depending on the level of adaptation.²⁴⁷

149. Landlords stated clearly in evidence that they would not be able to bear the costs of a national programme of comprehensive energy efficiency upgrades themselves. Mr John Clayton, Investment Director of Sandwell Homes, told us that “there is precious little funding available for large scale improvements for thermal efficiency in properties”.²⁴⁸ West Kent Housing Association told us that the “substantial increase in the investment [required] cannot be funded through the existing regime of social housing rents and grants without a radical change in government policy”.²⁴⁹ Circle Anglia told us it was “not now able to resource the improvements required to energy efficiency, installation of new technologies and micro-generation equipment to meet a very substantial increase in SAP standards or the carbon emissions reductions currently anticipated without grant funding or a mechanism that allows us to share the costs of improving homes with residents”.²⁵⁰

150. There was disagreement about how the necessary funding might be generated. Some considered that the proper source of funding for this work was government grant and direct taxation.²⁵¹ Mr Ron Campbell, Head of Policy and Information for National Energy Action, for example, argued:

If we are realistic, there is only one source of funding and it is me and you and everybody else...Most of the investment for energy efficiency currently comes through domestic consumers’ bills. We, NEA, think that that is not the most equitable means of raising funding for energy efficiency and, unfortunately, then the conclusion that we are left with is that the necessary resources to promote government social policy objectives should be raised through direct taxation.²⁵²

245 Q 250

246 Ev 294

247 Ev 91

248 Q117

249 Ev 94

250 Ev 86

251 Ev 70 [SHAL Housing], Q159 [Mr Orr]

252 Q 249

Others noted the role which energy suppliers were playing, particularly through Carbon Emissions Reduction Target (CERT) programmes.²⁵³ The g15 group of housing associations suggested that the Government should go further and “incentivise energy suppliers to develop schemes that fund enhanced environmental standards, for example the installation of more fuel-efficient boilers with recovery of costs through a combination of tax incentives to the supplier and through an increased standing charge to the customer”.²⁵⁴ Few would suggest that both of these sources of funding—general taxation and contributions from energy suppliers—should not be used. Where disagreement arose was on the question of the extent to which costs might be shared with tenants and residents of homes.

151. Energy efficiency measures might be expected to reduce an inhabitant’s outgoings by reducing energy requirements. Indeed, CLG told us that decent homes work under the thermal comfort criterion had already reduced tenants’ fuel bills by an average £173 a year between 1996 and 2007.²⁵⁵ David Orr of the National Housing Federation told us “all the costs [of energy efficiency adaptations] at present fall on the landlord although all of the benefits rest with the tenant” but that discussions with tenants had generated “evidence that tenants accept the logic of saying that if you have a £5 a week energy saving it is worth paying £3 a week to get that”.²⁵⁶ The Energy Saving Trust referred to the Pay As You Save scheme piloted for owner-occupiers and stated that an equivalent scheme could be constructed to serve those renting homes. It said:

Schemes to pay for energy efficiency improvements in the rented sector could work in a similar way: landlords would make energy efficiency improvements and then charge part or all of the costs back to non-vulnerable tenants as increased rent or service charge. Critically, the aim would be that the tenant should never pay more in increased service charge than they save on their fuel bill.²⁵⁷

g15 and Fusion 21 voiced similar sentiments.²⁵⁸

152. On the other hand, National Energy Action—reflecting the view of its head of policy Mr Campbell, noted above—stated that it “[did] not share the view that capital works for improvements in thermal efficiency should be funded through an additional element to rent, services charges, or energy bills” and that “Pay as You Save is not an appropriate approach to delivering higher energy efficiency standards in this segment of the housing stock”.²⁵⁹

253 Mr Sharpe Q 249, BDH 33 [Energy Saving Trust]. The Carbon Emissions Reduction Target, which came into effect in April 2008, obliges energy companies to take steps to ensure that the amount of carbon dioxide emissions from homes is reduced. Under CERT, energy suppliers provide grants and offers to help pay for energy efficiency measures and renewable energy technologies for the home. CERT will be in effect for three years, with the target of making an annual net saving of 4.2 million tonnes of carbon dioxide by the end of the programme. For further details, see www.energysavingtrust.org.uk.

254 Ev 89

255 Ev 331

256 Qq157–8

257 Ev 151

258 Ev 97, Ev 111.

259 National Energy Action, Submission to Department of Communities and Local Government Consultation: Reform of council housing finance.

153. In our Report on the Communities and Local Government Departmental Annual Report 2008, we drew attention to the apparent inequity whereby private tenants could apply for a Warm Front grant to replace an old heating system, whereas a social sector tenant whose heating had not yet been replaced under the decent homes programme would have to wait until the system broke down. We encouraged the Department to consider ways to allow vulnerable people in the social sector access to the same level of assistance as in the private sector.

154. The Government's Strategy for Household Energy Management proposes a new obligation on energy companies, from 2013, to help householders to save energy, from which it expects "social landlords will benefit".²⁶⁰ The strategy states that in order to fulfil the obligation, "energy companies will invest in energy saving, including loft and cavity wall insulation and eco-upgrades" and that because "particularly in the early days of the solid wall insulation industry, this funding will be used most cost effectively in large blocks of housing, we expect it to be particularly focused on social housing though it will also be available to provide support more widely". However, it is not clear, even following this new obligation on energy companies, that the inequity to which we drew attention in our earlier Report will be eliminated. **We recommend that the Government address this inequity by allowing vulnerable people in the social sector access to the same level of assistance as others.**

155. **We conclude that further work is required to calculate the costs of comprehensive work to adapt social housing stock to higher standards of energy efficiency. Whatever the final figure may be, however, it seems clear that it will be well beyond the ability of landlords, householders or energy suppliers alone to fund. A range of funding solutions will be necessary, including—but not limited to—'Pay As You Save'-type schemes.**

Improving estates

156. We discussed above the arguments for including the condition of estates in the decent homes standard, and recommended that standards for estates be agreed locally. Witnesses expressed concerns about how improvements to estates would be funded. Stoke-on-Trent City Council stated that adding the estate to a minimum standard would "have a considerable impact on affordability of future programmes";²⁶¹ the Construction Products Association said that "resources will be spread too thinly if minimum acceptable standards are amended to take into account issues such as the estate".²⁶² The Scottish Executive raised the question of how additional monies should be raised for such purposes, in view of "the tenants' perspective that they should not be expected to pay more than their fair share of broader environmental works though rent". It said:

This issue is difficult because it is the responsibility of local government in general (funded by central government grant and council tax) to maintain the upkeep of the local area for the benefit of all residents, whether tenants or owner occupiers. Right-

²⁶⁰ Department of Energy and Climate Change, Communities and Local Government, *Warmer Homes, Greener Homes*, p. 7–8.

²⁶¹ Ev 78

²⁶² Ev 122

to-buy has also complicated these issues as all former areas of social housing are to a lesser or greater degree populated by owner-occupiers who stand to gain as much as tenants from improvements to the wider estate.²⁶³

BRE Housing Group queried whether tenants and leaseholders were “willing and able” to pay extra service charges for such work.²⁶⁴ Mr Nigel Long, Head of Policy at the Tenant Participation Advisory Service, stated “one of the big debates that is taking place now around the reform of council housing finance is what should be charged to the tenants and what should be charged to the general taxpayer”. He said that “most of the problems on the ground require a range of players to be involved, the landlords, the police, health and so on and so forth, probation and what have you” and that “the taxpayer should pick up the bill for all things such as police, rather than things which are direct landlord responsibility”.²⁶⁵

157. The Review of Council Housing Finance stated: “We propose funding the ongoing maintenance of lifts and common parts in addition to the decent homes standard”. CLG also made a clear commitment in its written evidence to fund necessary works: “We will also improve the common areas of estates and will ensure that there is sufficient funding in the new system to do so”,²⁶⁶ a commitment repeated by the Minister in oral evidence.²⁶⁷

158. We welcome the Government’s commitment to the improvement of the common areas of estates, and to ensuring that there is sufficient funding in the new system to do so. The key to this, as to so much else concerning funding of ongoing maintenance of social homes, is reform of the Housing Revenue Account system. We look forward to seeing a reformed HRA which ensures that sufficient funding is available for the necessary work without placing too great a burden—in the form of increased rents or service charges—on individual residents of social housing. The 30-year business plans prepared by individual local authorities under a reformed HRA system will need to assess the potential contributions from all sources to the maintenance of common areas, and build in sufficient resources to maintain them to a decent standard.

159. The ALMO sector faces another difficulty in making improvements to estates: ALMO budgets allow only 5% of funding to be spent on measures other than on the fabric of the home. **We consider the restriction of ALMO spending on estates or communal areas to 5% of their budgets to be unreasonable, and recommend that the Government introduce greater flexibility to allow ALMOs to spend a greater proportion of funds on these measures as necessary.**

263 Ev 328

264 Ev 263

265 Q 50

266 Ev 165

267 Q 370

4 Our findings: private sector

160. As we described at the beginning of this report, the decent homes programme began as a programme of improvement of social sector housing. In 2002, however, the target changed and as well as bringing all social housing up to the standard by 2010, the Government committed to increase the proportion of “vulnerable households in the private sector, including families with children” living in homes in decent condition.²⁶⁸ In 2007 CLG re-stated this objective. “Vulnerable” people were those in receipt of one or more of the principal income-related or disability benefits.²⁶⁹ The PSA note explained that the target would contribute to the objective of tackling disadvantage and, in particular, “narrowing the gap in health, education, crime, worklessness, housing and liveability outcomes between the most deprived areas and the rest of England”.

161. This section of our Report is structured differently from that on the social sector programme, reflecting the different nature and volume of the evidence we have received on each issue. Most of our evidence on the private sector target has not come from private sector organisations. We have, however, taken comprehensive evidence from the Residential Landlords’ Association, which is one of the two national landlords associations in England with over 13,000 members controlling more than 100,000 units of residential accommodation.

The size of the problem

162. Private sector housing includes the private rented sector and the owner-occupied sector. The most recent English House Condition Survey states that there were 18.3 million homes in the private sector in 2007, making up 82% of all homes. Of these, 15.6 million were owner-occupied homes (70% of all homes) and 2.7 million were private rented homes (12% of all homes). Of all private homes, 64.2% were decent. In 2007, there were 3.1 million vulnerable households in the private sector, of which 61% occupied non-decent accommodation. This comprised 48% of vulnerable private tenants and 65% of vulnerable home owners. Two distinct groups of vulnerable people which we discuss in this Report are low-income tenants of rented housing most of whose rents are covered by housing benefit; and elderly owner-occupiers, who may be asset-rich but cash-poor. Ms Sue Adams, Director of Care and Repair, told us that “older people over retirement age in private sector housing are more likely to be living in non-decent homes”, and that the likelihood of non-decency “really starts to escalate when you hit over-75 and then over-85”.²⁷⁰

163. The status of the target covering decency in the private sector changed in 2007. CLG told us that under Public Service Agreement 7, which covered the period 2005–08, the target was set to increase the proportion of vulnerable households living in decent homes in the private sector to 70% by 2010. At the next Spending Review in 2007, it was judged

²⁶⁸ HM Treasury, *2004 Spending Review Stability, Security and Opportunity for All: Investing for Britain's long-term future*, Chapter 5, available at www.hm-treasury.gov.uk.

²⁶⁹ These benefits are: income support, housing benefit, council tax benefit, disabled persons tax credit, income based job seekers allowance, working families tax credit, attendance allowance, disability living allowance, industrial injuries, disablement benefit, war disablement pension.

that progress towards the target was “ahead of trajectory”; CLG told us that “we were able to satisfy ourselves that the 2010 target would be met” without the renewal of the target. CLG told us that PSA7 has “become a legacy target” against which progress continues to be measured but, given the “drive to reduce the number of national indicators and targets set by Government”²⁷¹ is no longer a live target. CLG told us that the current Departmental Strategic Objective 2.8 (Percentage of vulnerable households in decent homes in the private sector) “builds on the success of this target”.²⁷² However, whereas PSA7 had defined a goal of 70% of vulnerable households living in decent homes, DSO 2.8 refers only to increasing the number, without a specific goal. Moreover, in moving from PSA 7 to DSO 2.8, the target was removed from the performance framework for local authorities. CLG explained that the goal “no longer forms part of the national indicator set against which local performance is assessed”.²⁷³

164. The achievement of the target was also affected by the change to the definition of decency in 2006, when the HHSRS was introduced into the criteria (discussed above in relation to its effect on the numbers of decent social homes). The judgement that the target was “ahead of trajectory” was based on the number of vulnerable households living in decent homes having increased to 68% in 2006. However, under the new definition of decency, only 59% of vulnerable private sector households lived in decent homes in 2006. In 2007 this had risen to 61%. CLG told us that the change in measurement had had an uneven effect on numbers across the sector, and that “owner occupied vulnerable households [were] affected the most as these properties contained a greater number of category 1 risks” under the HHSRS.²⁷⁴

Criticism of the programme

165. Our evidence was critical of the implementation of the policy to increase decency in the private sector, and particularly of the transition from PSA7 to DSO 2.8. The CIEH stated in evidence that “the private sector was something of a somewhat inadequate afterthought” in the decent homes programme and that “the Government has singularly failed to set effective targets for the private sector”.²⁷⁵ Foundations, the national body for home improvement agencies, told us that the new target in DSO 2 is “more obscure and much less accessible to the public and professionals within housing as a clear statement of what has to be achieved” with the result that “the whole issue of decent homes appears to have slipped well down in terms of priorities”.²⁷⁶ Birmingham City Council told us that the “lack of a national target has lessened the importance” of work on private homes.²⁷⁷ The Association for the Conservation of Energy called the lack of a specific target a “glaring public policy omission”.²⁷⁸ Mr Tomos Jones, Home Improvement Manager at Sandwell

271 Ev 165

272 Ev 331

273 *Ibid.*

274 *Ibid.*

275 Ev 97

276 Ev 140

277 Ev 260

278 Ev 277

Metropolitan Borough Council, told us that “one of the key things that has been a blow to us is that PSA7 has certainly declined in terms of its profile within the local authority”.²⁷⁹ Several witnesses told us that local authorities simply were not performing their duties to maintain strategic oversight of standards in the private sector.

166. Our witnesses also told us that, in practice, the policy had not resulted in the desired improvement. Care and Repair stated that improvement had been slower than in the social sector and “is now at a standstill”; National Energy Action told us that the Government was “failing badly” in the private rented sector; Richard Jones of the Residential Landlords Association told us that the target has had “little or no impact”.²⁸⁰ Moreover, if housing stock is seen in the round, it is the private, not the social sector that represents the overwhelming challenge: 82% of housing is in the private sector and vulnerable owner-occupiers and tenants of private landlords are more likely to be living in non-decent housing than social sector tenants.

167. When we put these points to CLG and the HCA, Sir Bob Kerslake, Chief Executive of the Homes and Communities Agency, told us that progress towards the target had been “quite strong”,²⁸¹ and CLG stated that “the target percentage figure nationally [increased] from 42.9% in 1996 to 68% in 2006”.²⁸² However, the target was not created until 2002 and it is not clear how much of that increase was related to government intervention.

Future of the policy

168. The future of the decent homes target for private sector homes is not clear. CLG told us that “the Government remains committed to improving house conditions across all tenures” and that “it is an appropriate time to explore the future direction of this policy”. During the course of our inquiry, the Department was undertaking work “to consider options for private sector Decent Homes, including looking at how works to tackle disrepair are measured in the private sector, how the policy contributes to wider government agenda on health and climate change together with the future delivery mechanism and drivers”.²⁸³ CLG told us that “the homeowner (landlord or owner occupier) has primary responsible for upkeep of the home”²⁸⁴ but recognised not only the value of improving the lives of vulnerable people but also the cost-effectiveness of doing so. It said that the “main aim of the programme is to improve housing conditions for vulnerable people raising their quality of life, and helping them to continue to live independently” and that “this may also prevent the need to enter residential or care homes with all the cost benefits that this brings”.²⁸⁵ In oral evidence, the Minister said that a future

279 Q 140

280 Q 284

281 Q 401

282 Ev 331

283 Ev 165

284 Ev 331

285 Ev 331

iteration of the policy would be “a matter that we will consider for the next spending review period, and we will make those judgments and decisions accordingly”.²⁸⁶

169. The majority of our witnesses argued strongly in favour of retaining and strengthening a target for decency in the private sector, for a variety of reasons. Witnesses felt that the size of non-decency in the private sector required the Government to act and that national policy on health and social care was undermined by low housing standards. Ms Webb of CIH told us:

we have a health and social care policy and a policy around ageing and older people that says: “Enable independence for longer; enable older people to live in their own homes for longer, have preventative activities in the home that reduce accidents, reduce falls and make people healthier”, but we do not seem to have a private sector housing driver that targets resources at the people in the worst housing at that end.²⁸⁷

Other witnesses linked poor housing to a range of social and economic impacts; and housing improvement programmes to economic renewal.²⁸⁸ The CIEH argued quite simply that every household “has the right to a decent home”.²⁸⁹ Some witnesses commented on the perceived incongruity of social housing being significantly better than private housing; Circle Anglia told us: “we have created a paradoxical position where a citizen who works hard and achieves enough to be ineligible for social housing is likely to have to live in a home that is in poorer condition[...] than his neighbour in a social housing unit”.²⁹⁰

170. Some of the evidence we received also argued that private sector tenure was not a reason for exemption from public policy goals. In respect of private rented housing, several witnesses argued that the receipt of public funding through housing benefit placed a duty on landlords to adhere to standards.²⁹¹ London Borough of Newham stated that the private rented sector was “one of ‘last resort’ for many vulnerable and impoverished households” and that in Newham two thirds of private rented households were “supported by state subsidy but housed ‘privately’”.²⁹² Moreover, according to Sandwell MBC, the lack of availability of social housing meant that “access to other forms of tenure is not a realistic option”.²⁹³ The merits of setting a target rather than using other approaches to stimulate improvement were also discussed: the Audit Commission told us that without a government target, “councils would now consider it less important”.²⁹⁴

171. Other witnesses were cautious. The RLA was in favour of improving standards but saw little merit in using government targets as a means of doing so.²⁹⁵ Ridge and Partners

286 Q 404

287 Q 172

288 Ev 100 [Sandwell MBC]

289 Ev 97

290 Ev 86

291 Ev 111 [Fusion 21]; Ev 131 [London Borough of Newham].

292 Ev 131

293 Ev 100

294 Ev 297

295 Ev 114

argued that enforcement should be balanced in the owner-occupied sector against “the rights of an individual to continue to enjoy the quiet occupation of their property”.²⁹⁶ In oral evidence, Mr Hand of Ridge and Partners queried the effectiveness of setting private sector targets, saying:

it is very difficult to apply a Decent Homes standard equivalent in the private sector. Who is going to enforce it? Who is going to fund it? We are dealing with commercial market pressures, and that will be quite tricky.²⁹⁷

The housing market

172. The private housing market is complex and the factors affecting quality of homes vary. The market has also seen changes over the last decade that have influenced the logic of quality standards in the sector. The Rugg Review of the private rented sector explained that the market was segmented into distinct sub-markets catering variously to young professionals, students and high-income renters, those on housing benefit, immigrants, asylum seekers and inhabitants of ‘slum rentals’ at the bottom of the market. Rugg found that “market forces do not adequately ‘police’ management quality in the PRS, since there is an excess of demand for rental property at the bottom of the sector”, and that rental yields can in fact be higher on property that is in poor condition.²⁹⁸

173. We took evidence from Professor Tony Crook, Professor of Housing Studies at the University of Sheffield. He told us that there had been “enormous change in the structure of ownership” in the private rented sector over the last ten years. There had been an influx of small-scale landlords, “the vast majority looking for a return composing capital gains and income returns”. While “there has been a big increase in standards”, this was “largely due to the entry into the sector of the buy-to-let landlords” bringing formerly owner-occupied stock into the sector. He stated that the increase in standards was complicated by the fact that “the best are getting better and the worst are at best standing still”. The market was not creating incentives for higher standards as “rents are not related to conditions” but to location, and so “at the bottom end of the sector you have got the market not generating the higher returns that the landlord could earn by investing” in improvements. In addition, he argued that in some sectors of the market, tenants were “actively seeking low standards” because higher standards entailed higher rent.²⁹⁹

174. In the owner-occupied sector, we heard that there has been “a total social revolution in 30 years away from social rented housing and into low-income owner-occupation” and that “we have got more low income people in home ownership than we have low-income tenants”.³⁰⁰ Age Concern and Help the Aged stated that “more attention needs to be given to the “Right to Buy generation” that was “encouraged to buy their homes in the 1980s [and] are now struggling to keep them in a decent state of repair”.³⁰¹ Professor Crook told

²⁹⁶ Ev 111

²⁹⁷ Q 349

²⁹⁸ Julie Rugg and David Rhodes, *The Private Rented Sector: its contribution and potential*, (York, 2008), p. vi, vii.

²⁹⁹ Q 318

³⁰⁰ Q 193 [Ms Adams]

³⁰¹ Ev 142

us that “many of these circumstances continue to prevail because of the shortage of affordable housing” and that many low-income vulnerable people “may be better off in the social sector”, were housing available.³⁰²

Implementation of the policy

175. Having set the target in 2002, the ODPM set out the steps by which the improvements would be achieved in *Sustainable Communities: Building for the Future* in 2003. From 2004–05 onwards allocations of funding to local authorities for private sector improvements would be made at a regional level through new regional housing boards according to regional housing strategies and using a regional housing pot for funding. Local authorities were empowered to offer a wider range of financial help for the improvement of privately-owned housing, including loans. The single regional housing pot would include funding for repairs and improvements to the homes of low income or vulnerable homeowners and tenants, especially older people. Home improvement agencies (HIAs) would help vulnerable home owners and tenants, especially older people and the disabled, to apply for grants and loans and arrange for work to be carried out. Legislation was introduced to regulate and improve standards of houses in multiple occupation (HMOs).³⁰³ In addition to these measures, CLG told us that regional funds for meeting decent homes standards in the private sector “work alongside the Warm Front grant”, providing top-up funding in order to complete works, “as the Warm Front grant ceiling does in some circumstances prevent the grant from funding all of the necessary energy efficiency measures”. The same funds are also used to provide the mandatory Disabled Facilities Grant and to “tackle disrepair at the same time as adaptations are installed”.³⁰⁴ The Minister told us in oral evidence that £1 billion had been provided for this work in the 2008–11 Spending Review period.³⁰⁵

176. Meeting the decent homes standard is not a statutory requirement. Enforcement and regulation of private sector standards were dealt with through the Housing Act 2004. In the Act, local authorities were given responsibility to oversee housing in their areas and take enforcement action where necessary. Section 3 of the Act requires that a “local housing authority must keep the housing conditions in their area under review with a view to identifying any action that may need to be taken by them” under specified provisions. Section 4 states that if a local authority considers, as a result of the activity carried out under Section 3 or for another reason, that homes should be inspected for hazards under the HHSRS, it must then arrange for an inspection. Where an inspection is carried out and the judgement has been made that Category 1 hazards exist, a report must be made. Under Section 5 and 7 of the Act, if the authority considers that a Category 1 hazard exists, action must be taken. A range of possible actions are specified in the Act, from serving an improvement or hazard awareness notice to making a demolition order or slum clearance declaration. If Category 2 hazards are present, the local authority has discretion to act but is not required to do so.

302 Q 311

303 Office of the Deputy Prime Minister, *Sustainable Communities: Building for the Future*, 2003.p. 15.

304 Ev 331

305 Q 396

Vulnerability

177. Our witnesses were critical of the focus of the private sector policy on vulnerable people, for several reasons. The Residential Landlords Association stated that the vulnerability criterion made implementing the policy “not workable” as there are “a considerable number of variables in assessing vulnerability and defective premises in that tenants are constantly moving in and out of vulnerability and properties in and out of decency”.³⁰⁶ Stoke-on-Trent City Council told us that “there are significant issues [...] in relation to identifying [vulnerable] households”.³⁰⁷ Mr Tomos of Sandwell Borough Council told us that the link to vulnerability made it difficult to implement the policy efficiently:

if we target activity on an area basis we have to either justify not doing works to people who are not vulnerable or do we do works for those vulnerable people which do not contribute to our targets [...] Linking it to vulnerable occupiers specifically does make it difficult to deliver on the ground.³⁰⁸

Moreover, Dr Stephen Battersby, President, Chartered Institute of Environmental Health, advised us that the link to vulnerable people meant that the target could be met by fewer people falling into the category of ‘vulnerable’ without the stock having improved at all. He said: “you could theoretically at least meet the target if people moved off benefit”.³⁰⁹

178. These criticisms are very similar to those which our predecessor ODPM Committee heard in 2004. That Committee suggested that “the reasoning for limiting the scope of the Decent Homes target in the private sector appears to be a pragmatic evaluation of the scale of the problem [and] the cost of rectifying it, as well as the view that fundamentally, owners of private property are themselves responsible for its maintenance”.³¹⁰ It found that:

the large number of non-decent homes in the private sector and the cost associated with bringing all of them up to the Decent Homes standard dictates the need to limit the target so as to concentrate only on vulnerable households. The focus on vulnerable households in turn necessitates a target of less than 100% compliance because the population of vulnerable households constantly changes, and people move in and out of non-decent homes.³¹¹

Recording their belief that “that every household has a right to a decent home”, our predecessors concluded that:

the Government should set a longer term target for bringing all homes up to the Decent Homes standard, say by 2015. The Government should consider carefully

306 Ev 114

307 Ev 78

308 Q 140

309 Q 24

310 ODPM: Housing, Planning, Local Government and the Regions Committee, *Decent Homes*, para 193.

311 *Ibid.*, para 194

how to provide both funding incentives and statutory enforcement vehicles in order to achieve such a target in the private sector.³¹²

They continued:

[we see] little sense in limiting the target only to a proportion of dwellings inhabited by vulnerable households. Making such distinctions is likely to waste resources in monitoring, and also to render monitoring and enforcement inaccurate and ineffective. Instead, the Decent Homes target should be applied to all dwellings in the private sector as well as the social sector.³¹³

179. Like the majority of our witnesses, and for the various reasons which we set out above, we are in favour of retaining and strengthening a target for decency in the private sector. Like our predecessor ODPM Committee, we believe that every household should have a decent home. We therefore recommend that future policy on the maintenance of standards in the private sector be based on a clear long-term target to bring all homes in the private sector up to the decent homes standard. In the shorter term, we consider that funding should be targeted at areas rather than at vulnerable individuals, in order to harness economies of scale.

The standard

The criteria

180. The same standard is used to define decency in the private sector as in the social sector. We have received comments from the Residential Landlords' Association on how landlords in the private rented sector view those criteria.

Criterion (a): statutory minimum standard for housing

Dwellings which fail to meet this criterion are those containing one or more hazards assessed as serious ('Category 1') under the HHSRS.

181. The Residential Landlords' Association made several criticisms of the HHSRS, saying that it was "okay as an academic exercise" but complex and difficult for landlords to understand and apply and hence "of no real value to landlords".³¹⁴ While landlords did not want the upheaval of changing the HHSRS, they did want more certainty about how to meet the requirements of the System. The RLA advocated the development of "workable practical guidance [...] telling landlords what is required of them" and "covering the main hazards under HHSRS". The guidance would be based on "normal levels of risk likely to be encountered in the average property" and would have to address different types of property. This could be "linked in with education and training for private sector landlords".³¹⁵ The RLA also told us that the application of the HHSRS was unfair in its

312 ODPM: Housing, Planning, Local Government and the Regions Committee, *Decent Homes*, para 197.

313 *Ibid.*, para 199

314 Q 287 [Mr Butterworth], BDH 20.

315 Ev 114

different application to social and private sectors. Whereas, under the decent homes standard, social landlords must exclude Category 1 hazards from properties, private sector landlords may also be subject to enforcement action because of Category 2 hazards, under the Housing Act 2004. Moreover, “private landlords face potential criminal sanctions for non-compliance but social sector landlords do not”.³¹⁶

182. The Local Government Association suggested in evidence that the HHSRS was sufficient for the regulation of standards in the private sector, in a tight economic climate, and that in the absence of additional funding, other criteria of the decent homes standard might be dispensed with. It said:

HHSRS already enables councils to deal with the health impacts of poor housing and is an enforceable standard. Upgrading old kitchens and bathrooms that are still serviceable, present no risk to the occupiers, and cannot be enforced could be seen as less of a priority. As such, category 1 hazards under the HHSRS could be the standard against which housing standards are monitored.³¹⁷

Criterion (b): a reasonable state of repair

Dwellings which fail to meet this criterion are those where either: one or more of the key building components are old and, because of their condition, need replacing or major repair; or two or more of the other building components are old and, because of their condition, need replacing or major repair.

183. As with the social sector, we have not received evidence about this criterion in respect of the private sector, and have therefore no particular comment to make on it.

Criterion (c): reasonably modern facilities and services

Dwellings which fail to meet this criterion are those which lack three or more of the following: a reasonably modern kitchen (20 years old or less); a kitchen with adequate space and layout; a reasonably modern bathroom (30 years old or less); an appropriately located bathroom and WC; adequate insulation against external noise (where external noise is a problem); and adequate size and layout of common areas for blocks of flats. A home lacking two or fewer of the above is still classed as decent, therefore it is not necessary to modernise kitchens and bathrooms if a home meets the remaining criteria.

184. We have not received evidence about this criterion in respect of the private sector and have no particular comment to make on it.

Criterion (d): a reasonable degree of thermal comfort

This criterion requires dwellings to have both effective insulation and efficient heating. It should be noted that, whilst dwellings meeting criteria b, c and d are likely also to

316 Ev 114

317 Ev 269

meet criterion a, some Category 1 hazards may remain to be addressed. For example, a dwelling meeting criterion d may still contain a Category 1 damp or cold hazard.

185. The RLA was critical of the thermal comfort criterion, calling its specifications on insulation and heating systems “unduly prescriptive” and “illogical”. It was “dubious to say the least” about linking the criterion to fuel poverty, “because of the links to fluctuating fuel prices and incomes”. Moreover, links to fuel poverty would lead to “extensive works of insulation (e.g. double glazing and cavity wall)” at “significant capital cost relative to rental returns, particularly with smaller older properties”.³¹⁸

186. The recommendations which we make above on the thermal comfort criterion apply equally to its use in the private sector.

Additional criteria: carbon dioxide emissions

187. We discuss above the arguments for reducing carbon dioxide emissions from social sector housing, and whether the decent homes standard might be used as a vehicle to do so. Our witnesses were at pains to advise us that tackling emissions was even more important in the private sector. The reasons were several. First, 82% of UK housing stock is in the private sector (70% of all stock is owner-occupied and 12% private rented) and bringing total emissions down appreciably, in accordance with government policy, would rely upon taking steps to manage this stock. Moreover, energy efficiency performance is lower in the private sector than in the social sector. The 2007 English House Condition Survey stated that private sector homes had an average SAP rating of 48, compared to SAP 58 in the social sector.³¹⁹ Both owner-occupied and private rented housing had an average SAP rating of 48, but the private rented sector had both a greater proportion of energy efficient and of very inefficient homes than the owner-occupied sector, reflecting the different markets within the private rented sector.³²⁰ Finally, the energy inefficiency of private sector homes does not only affect inhabitants of those homes but may be regarded as the main contributor to a national problem.

188. As described above, CLG has a “departmental strategic objective”, distinct from the Decent Homes target, “to increase the average energy efficiency (SAP) rating for all homes over the spending period, from the 2006 baseline of 48.7 SAP points”.³²¹ The Department’s most recent report on progress towards this target records that the average energy efficiency rating increased to 49.8 in 2007.³²²

189. Our evidence described various reasons for low energy efficiency in the private sector. Stock tends to be older and, consequently, more difficult and costlier to adapt.³²³ Mr Simon Nicol of the Building Research Establishment told us that many of these homes “are, for

318 Ev 114

319 CLG, *English House Condition Survey 2007 Annual Report decent homes and decent places*, September 2009, para 43.

320 *Ibid.*, para 45.

321 DSO 2.6, “Average energy ratings for all homes”. See CLG, *Community, opportunity, prosperity: Annual Report 2009*, Cm 7598, p. 81.

322 CLG, *Community, opportunity, prosperity: Annual Report 2009*, Cm 7598, p. 81.

323 Ev 151 [Energy Saving Trust]

example, homes that have solid walls, which are very difficult to insulate”.³²⁴ The Energy Saving Trust told us that, in addition, many small landlords are hard to reach to promote energy efficiency policies.³²⁵ Most importantly, perhaps, financial incentives do not encourage the installation of energy efficiency measures and in some circumstances discourage them. In the private rented sector, for example, the capital cost of energy efficiency measures falls upon landlords, but the benefits, in terms of reduced fuel bills, accrue to tenants. The Energy Saving Trust stated that landlords “aren’t interested in making energy efficiency improvements when they don’t lead to increased capital or rental values and it’s their tenants—not them—who benefit in terms of reduced bills”.³²⁶ Neither does improved energy efficiency lead to higher returns for landlords through higher rents: as Professor Crook told us, the main influence on rental prices is “location, location, location” not energy efficiency.³²⁷ Besides, Mr Butterworth of the RLA told us that “tenants’ organisations do not want to contribute to any [costs of energy efficiency] because they think that the tenant pays the rent and that should cover just about everything within that”.³²⁸ Mr Butterworth also told us that in the owner-occupied sector, there was no market incentive for upgrading the energy efficiency of homes as, when purchasing a new home, “people have no interest whatsoever in paying for energy”.³²⁹ The lack of interest from buyers and tenants in energy efficiency may alter with increasing familiarity with Energy Performance Certificates and continued energy price rises.

190. We discuss above the merits of using the decent homes standard to bring about change to energy efficiency in the social sector. The difference in the private sector is that, as currently formulated, the decent homes standard only applies to vulnerable households, which represented 3.1 million households in 2007 out of the 18.3 million homes in the private sector. The EHCS 2007, however, estimated that 20.2 million homes (91% of the housing stock) “would benefit from at least one” of several specified energy efficiency upgrades of varying cost.³³⁰ Ms Webb of the Chartered Institute of Housing argued that this disparity meant the decent homes standard was not the ideal vehicle for seeking energy efficiency improvements. She said:

Clearly, if we are going to invent Decent Homes 2, which we would argue we should, then eco standards should be part of that. However, the vast majority of stock in the country are not social houses, they are private houses. The Decent Homes standard does not cover the majority of private sector houses, so whilst thinking that there is a clear place for adding eco standards into any Decent Homes 2, we would not miss the opportunity to say that there needs to be a separate programme for bringing all housing in this country up to a better eco standard.³³¹

324 Q 349

325 Ev 151

326 Ev 151

327 Q 303

328 Q 294

329 Q 296

330 CLG, *English House Condition Survey 2007 Annual Report decent homes and decent places*, September 2009, p. 11.

331 Q 9

191. The evidence we received made various suggestions of possible solutions to the energy efficiency problem in private housing. We go on to discuss enforcement of standards in the sector below. The Energy Saving Trust referred in positive terms to the Scottish Energy Assistance Package, which offers free energy advice over the telephone and advice on benefits, tax credits and low energy tariffs to those at risk of fuel poverty; provides housing insulation to older people and those on benefits; and offers enhanced “bespoke energy efficiency measures” to the most vulnerable groups.³³² The Trust also advocated the promotion and extension of the Landlords Energy Saving Allowance, which allows landlords to claim up to £1,500 against tax each year for the installation in properties of certain energy saving measures.³³³ The Sustainable Development Commission argued for the introduction of enforceable minimum energy efficiency standards in the private rented sector.³³⁴ Others argued for a leadership role for local authorities. The Audit Commission stated that councils “can have most impact where they lead, oblige and provide some element of subsidy to social and private landlords and private sector homeowners to reduce domestic CO2 emissions”.³³⁵ Mr Sharpe, Director of the Sustainable Housing Action Partnership, referred us to projects in Birmingham and Yorkshire where local authorities had led and facilitated energy improvements across sectors in a particular area. He said:

you can take a complete housing area which has mixed ownership in it... and you then use the social landlord to provide the structure, the economies of scale, the specification for the work and then you build into that soft loans and an ability for the private sector.³³⁶

192. The Government’s Strategy for Household Energy Management proposes a range of solutions to improve energy efficiency in the private sector. These include a universal advice service and free or subsidised efficiency upgrades supported by energy companies. In addition, the Strategy proposes improved marketing to private landlords of the assistance available for making energy efficiency improvements, backed up by regulation to make it illegal to rent out a property which lacks loft and cavity wall insulation where installation is feasible.

193. We conclude that, given the scale of energy efficiency improvements required to meet government targets on reducing carbon dioxide emissions from housing, energy efficiency programmes must go wider than those vulnerable private sector households to which the decent homes standard is currently applicable. We draw renewed attention to the conclusions of our report *Existing Housing and Climate Change*, which considered these issues in more detail and made a number of recommendations for government action to reduce carbon dioxide emissions from housing in both the social and private sectors.

332 Ev 161

333 Ev 151

334 Ev 161

335 Ev 297

336 Q 227

Management of the programme

Oversight and enforcement by local authorities

194. As described above, local authorities have responsibility under the Housing Act 2004 to oversee housing in their areas and take action against owners of properties with Category 1 and, in some circumstances, Category 2 risks under the HHSRS. The Act also required the licensing of large, privately rented HMOs and enabled local authorities to establish discretionary licensing schemes for smaller HMOs where necessary. The tool for assessing risks in properties is the HHSRS, which applies to all housing, including that of owner-occupiers. There is no specific obligation to apply the decent homes standard, despite the CLG target. The impact of poor housing on social outcomes across the responsibilities of local authorities, such as health and anti-social behaviour, suggests that it is in the interests of local authorities to exercise the powers available to them to influence standards in the private sector.

195. Our evidence has made the argument that this system is not working to maintain and improve housing standards, and bears little relation to ‘decency’ as defined elsewhere. Criticisms have been made of landlords and owner-occupiers for not maintaining standards; and of local authorities for not taking action to enforce improvements, despite the links between poor housing and a range of negative social impacts. The Audit Commission told us that it had conducted 72 inspections of strategic housing services over three years, “many of which included in their scope the condition of private sector homes”. It said:

We identified a much lower proportion of high performers overall in this sector, and private sector was a weaker area within the overall strategic service. Common weaknesses included lack of a strategy or a strategic approach (including for empty homes) and old stock condition information (including for Houses in Multiple Occupation). In addition, many had no measurable objectives to reduce non-decent housing, and were slow to deal with disabled facilities grants and the resulting adaptations.³³⁷

Savills told us that “very few Authorities have significantly addressed the poor standards of accommodation within the private sector”.³³⁸ The Chartered Institute of Environmental Health told us that “too few local authorities meet fully their statutory obligations under Section 3 of the Housing Act 2004”,³³⁹ and Circle Anglia said that “existing legislation on HMO registration is, in practical terms, unenforced by local authorities”.³⁴⁰ Mr Nicol of BRE Housing Group said that private sector homes had been “touched incidentally [...] by particular environmental health officers spotting that a vulnerable person is living in a home with a health and safety hazard; but there has not been a targeted approach towards the private sector at all”.³⁴¹

337 Ev 297

338 Ev 285

339 Ev 97

340 Ev 86

341 Q 348

196. We explored the reasons behind this apparent failure to act, and were presented with a variety of reasons. The Residential Landlords' Association said the decent homes standard "is, of course, not legally enforceable in the private rented sector, whatever certain local authorities may think".³⁴² While, on the other hand, the HHSRS is legally enforceable, meeting the requirements of the HHSRS may not necessarily lead to a home qualifying as 'decent'. We were also told that the legislation is not clear about what local authorities should do when faced with a property that fails the HHSRS. Ms Sue Adams, Director of Care and Repair, told us:

The flaw in the system is that what [local authorities] are meant to do is not very clearly defined. They are not legally obliged to remedy the situation. In informing the householder that they have got a category one hazard, in law, you can probably legally argue, they have acted.³⁴³

197. Witnesses also felt that the requirement on local authorities to "keep the housing conditions in their area under review" was not clearly explained in the Act or in policy guidance to local authorities.³⁴⁴ According to Mr Griffiths, Principal Policy Officer, Chartered Institute of Environmental Health, this lack of clarity meant that "most local authorities simply choose to ignore their statutory duty", whereas "if it was actually made explicit, what is required of them, and there was guidance given as to the best way to do that, that would actually make them use the resources they have much more effectively".³⁴⁵

198. We also heard that the lack of information about housing conditions made it difficult for local authorities to act. The Audit Commission stated that "many councils do not have up-to-date information about the condition of private sector homes in their areas".³⁴⁶ Dr Battersby said that authorities are "to a large extent, working in a vacuum, because that information is not out there" and that "there is a need for CLG to give a clearer indication, and indeed use section 3 of the 2004 Act to make it absolutely clear the way local authorities should record their information and make the information available".³⁴⁷

199. Our witnesses had various suggestions for solutions to these problems. The first step requires local authorities to establish a better information base about the private stock in their areas. Birmingham City Council said that "Authorities should be given greater encouragement to complete regular representative stock condition surveys and publish results with appropriate financial support to undertake and analyse these".³⁴⁸ CIEH said "CLG should give statutory guidance on what full meeting of [local authorities' statutory duties under the Housing Act] comprises, and give direction on what records should be kept and reported".³⁴⁹ Secondly, witnesses described solutions to the perceived lack of motivation and capacity to tackle the problem. Sandwell MBC recommended that National

342 Ev 114

343 Q186

344 Housing Act 2004, section 3 (1).

345 Q 36

346 Ev 297

347 Q 26

348 Ev 260

349 Ev 97

Indicator 158 be amended to include a target for the private sector.³⁵⁰ Several witnesses called for more financial and human resources for local authorities to carry out inspections of homes.³⁵¹ Bolton at Home ALMO suggested bringing the private rented sector within the remit of the TSA and recommended local authorities adopt a “tool-box approach that provides for options not just around the physical works but also on finding the most suitable financial package for the individual vulnerable customer (with any support they might need from other agencies)”.³⁵²

200. We recommend that the Government issue clear guidance telling local authorities to maintain up to date information on the condition of private sector housing stock. We further recommend that the Government provide local authorities with a model of how this should be done.

201. We heard that those local authorities that are engaged in work to assemble strategic intelligence on the condition of private sector stock are hampered by inadequate resources and conflicting priorities. Mr Jones of Sandwell MBC said the Council was “following CLG guides in terms of stock condition surveys; [...] working with the BRE to develop their stock condition model so we can identify where we have pockets of non-decency and vulnerable people”.³⁵³ He said that the Council did enforce the HHSRS, but that “due to lack of resources we are not able to do that in a strategic way, we are very much responding to complaints”.³⁵⁴ Councillor Bob McCann of Sheffield Council told us that, whereas a proactive rolling programme of 1,500 HMOs was operated by the Council, this was not the case for the wider private sector stock. He said:

Our response to problems in other private rented homes is generally reactive, in that we respond on receipt of a complaint from a tenant. We are unable to resource a rolling programme of routinely inspecting all private rented homes to identify category 1 hazards and non-decency.³⁵⁵

Mr Nicol of BRE said that this was a widespread problem. He stated:

because of restricted funds environmental health officers have been acting in a reactive way. If it comes to their attention that someone is living in an unhealthy or unsafe home and they are vulnerable, they will deal with it on a one-off basis. However, there is no real proactive movement within urban renewal departments of local authorities to go out there and identify where the problems are and do something about them because they know they have not got the funds to back that up.³⁵⁶

350 Ev 100

351 Ev 114 [RLA], Ev 271 [Bolton at Home].

352 Ev 271

353 Q 140

354 Q 145

355 Ev 324

356 Q 349

The RLA said that there are “simply insufficient local authority resources”³⁵⁷ and Southwark Borough Council stated “adequate regulation arrangements are already in place but the resources to fully implement it are not”.³⁵⁸ The RLA said that:

there are only approximately 1,600 local authority environmental health enforcement officers. This is to cover 1,000,000 private sector rented homes plus all their other duties relating to housing.³⁵⁹

202. As we discuss above, witnesses felt that the fact that private sector improvements are not included in the national indicator set for local authorities has a detrimental effect on the priority this work receives. Ms Adams told us:

Since you have not got a target of equal strength for addressing disrepair in the private sector as you have with building new homes or addressing disrepair in the social rented sector, it is almost inevitable that those will take priority when finances are squeezed.³⁶⁰

203. The RLA also told us that the available resources for policing private sector housing standards had been absorbed by meeting the requirements of HMO licensing, which had diverted effort from the rest of the sector. Mr Butterworth told us: “licensing has placed huge burdens on [environmental health officers] and taken them away from checking on the lower end of the sector where they need to engage with the poorer properties that do tenants a disservice”.³⁶¹ Moreover, the RLA felt that the effort was not well-spent on HMO licensing. Mr Jones told us that mandatory HMO licensing “has brought into regulation, by and large unnecessarily, whole swathes of student and young professional type accommodation” and “has ended up as a self-feeding, self-serving bureaucracy [...] that has distracted local authorities from the real task of dealing with homes that are not fit”.³⁶² Mr Butterworth said “it has provided very little benefit” and that “so far licensing is just a fine on landlords who are pretty well compliant anyway”; it is “making no inroads into the non-compliant and the poorer properties”.³⁶³ Mr Griffiths of the CIEH agreed, stating that:

a lot of local authority resources have been spent dealing with good landlords who are playing by the rules and are coming forwards for licensing if they have an HMO that is eligible for licensing, and the ones that need more attention inevitably slip through the net.³⁶⁴

Mr Jones said that in Leeds, “about £1.25 million” had been spent bringing 2,500 student properties into the licensing scheme, only to discover that these were “by and large compliant”, whereas the real problem was the “poorer conversions, which are not

357 Ev 114

358 Ev 134

359 Ev 114

360 Q186

361 Q 290

362 Q 285

363 Q 298

364 Q 35

licensable HMOs because they are self-contained flats”.³⁶⁵ This process was “a source of great amusement to those [rogue landlords] who pay nothing and cock a snook as per normal”.³⁶⁶

204. In the owner-occupied sector, we heard that the role of local authorities was even less clear. Mr Nicol of BRE told us: “you do not want to tell people in their own homes what to do, particularly those people who are perceived to be able to afford it”. Moreover, there “are not really incentives for people in the private sector who can afford it to improve their own homes”.³⁶⁷ Birmingham City Council said that “at best local authorities can only encourage owner occupiers to bring their property up to standard”.³⁶⁸ We heard that vulnerable owner-occupiers could be offered low cost equity release loans and grants (including mandatory disabled facilities grants) but that funding was very limited. The RLA stated that “although the Housing Health and Safety Rating System is intended to be tenure neutral, even though it addresses issues of health and safety, it has not been enforced even-handedly in the owner occupied sector”.³⁶⁹

205. Others called for a proactive, targeted approach by local authorities in order to maximise what could be achieved within current funding restrictions. The Audit Commission said that: “some councils have used regulatory powers and accreditation schemes to improve the quality of housing without spending significant sums of public money”.³⁷⁰ Sheffield City Council referred to its work with the private sector as “a mixture of encouragement, education and enforcement”.³⁷¹ Stockport MBC told us it had “an extremely successful proactive programme of intervention” by focussing on “the single largest reason for non-decency, that is, thermal comfort”. The programme was described as follows:

Work in this area has, and does, include work with landlords, particularly through the landlords’ forum, the ‘handyperson’ checks [...] In addition, financial assistance is made available to help owner occupiers, in appropriate circumstances, to address category 1 hazards, and the ‘Staying Put’ agency service works with vulnerable home owners to facilitate undertaking works on their homes on both a private and publicly funded basis. A greater emphasis on marketing these services, and the work of the Housing Standards Team which focuses on standards in the private rented sector, has increased exposure and ensured that help is reaching those in greatest need.³⁷²

206. Finally, witnesses referred to engaging landlords and owners not only through enforcement, but also through positive efforts to build relationships and win cooperation. Councillor Bob McCann of Sheffield City Council stated:

365 Q 300

366 Q 298 [Mr Butterworth]

367 Q 349

368 Ev 260

369 Ev 114

370 Ev 297

371 Ev 324

372 Ev 318

We are enforcing but we are trying to make the private sector landlord a part of the solution rather than to make them the problem. We are trying to build a relationship with them which is starting to work very well.³⁷³

The new Strategy for Household Energy Management provides for a “new strategic role for local authorities” to “lead, drive and co-ordinate local action” on energy efficiency, including by engaging energy companies.³⁷⁴

Engaging landlords

207. We took evidence from the Residential Landlords’ Association and others on the perspective of landlords and the reasons for non-decency in the private rented sector that may be attributed to landlords. In summary, witnesses felt that while some landlords simply did not improve standards because the market offered no incentive to do so, others did not understand the HHSRS or could not afford to improve stock and felt no need to do so in the face of low levels of complaints from tenants. Mr Butterworth of the RLA told us that “various things have been done that indicate an over 90 per cent satisfaction ratio from tenants with their property”.³⁷⁵ However, the CIEH stated that complaints “are generally not made by transient or vulnerable tenants (who frequently occupy high risk properties in multiple occupation) and from tenants who, justifiably or not, fear retaliatory eviction”.³⁷⁶

208. Witnesses acknowledged the existence of “less responsible landlords”;³⁷⁷ landlords “who will not maintain or properly manage their stock without compulsion and regulation;”³⁷⁸ but differed in their views of how to target them. The RLA felt that action to raise standards with the majority of conscientious landlords would make it easier to identify and tackle the rogue landlords. The RLA stated that for “each of the major risk categories [under the HHSRS ...] workable practical guidance should be developed on a national basis, telling landlords what is required of them” in order to secure “mass voluntary compliance [...] linked in with education and training”. This would be complemented by a code of management for landlords. The RLA told us it “even went to the extent of preparing a draft of such a code but the Government do not wish to take it forward”. It advocated linking the code to a national accreditation scheme and stated that it was in the process of developing such a scheme. The purpose of accreditation would be to remove from government regulation all accredited landlords, leaving exposed the “minority of rogues and non-compliant landlords” who “operate under the radar”.³⁷⁹

373 Q 145

374 Department of Energy and Climate Change, Communities and Local Government, *Warmer Homes, Greener Homes*, p.1.

375 Q 291

376 Ev 97

377 Q 35 [Dr Battersby]

378 Ev 86 [Circle Anglia]

379 Ev 114

Government action

209. On 3 February the Minister for Housing made a Written Ministerial Statement announcing the publication by CLG of a response to the Rugg review of private rented housing. It stated:

The Government want to see a private rented sector which offers high-quality accommodation, and in which tenants can make choices based on clear information about their options, their rights, and their responsibilities. We also want to ensure tenants know where to turn if things go wrong. At the same time, Government want to increase professionalism in the private rented sector—supporting good landlords and agents, while driving out the worst practices of the sector that fail tenants and damage its reputation.³⁸⁰

The Government stated that it would set up a national register of landlords “to protect tenants and support local authority enforcement activity”; introduce full regulation of letting and managing agents; require all tenancies to take the form of a written agreement and increase the limit for assured shorthold tenancies from £25,000 a year to £100,000. The Statement referred to “longer-term plans for legislation to improve standards”.

210. At the beginning of March the Government published its Strategy for Household Energy Management, which stated:

We will also work with the private rented sector to improve the marketing to private landlords of the help they can already get, and develop Pay As You Save approaches that work for rented property. In addition, given the split incentives of landlord and tenant, we will consult on how to formulate regulation so that the installation of loft and cavity wall insulation where feasible would be a condition of renting out a property from a date in the future, at the earliest 2015. Over the years before any such requirement, there will be a concerted effort by the Government, working with the sector, to ensure that landlords understand the help that is available to them, both as a result of the energy company obligation and the tax regime.³⁸¹

211. We consider it a huge missed opportunity that the considerable political will demonstrated by the Government in raising social sector housing to the decent homes standard has not been matched by similar energies with respect to the private sector; and that the policy in the private sector appears to have failed. The downgrading of the target for decency in the private sector has weakened local authorities’ already patchy engagement with their responsibilities towards private sector housing. A sustained and concerted effort on the part of local authorities, led and supported by Government, will be necessary to achieve the target of a decent home for all in the private sector.

212. We welcome the publication of the Government’s response to the Rugg review of private rented housing, which goes some way towards addressing some of the problems with quality in the private rented sector which we identified in our 2008 report *The*

380 HC Deb, 3 February 2010, col 13–14WS [Commons written ministerial statement].

381 Department of Energy and Climate Change, Communities and Local Government, *Warmer Homes, Greener Homes*, p.8.

Supply of Rented Housing and call on the Government to commit itself to a programme of measures which will raise these problems up the political agenda. We have identified some of the necessary measures in the preceding sections of this Report. We welcome the tackling of energy efficiency standards in the private sector proposed in the Strategy for Household Energy Management and look forward to more detail in due course.

Funding

213. CLG supplied us with figures for expenditure on private and public sector decent homes work from 2000–01 to 2012–13. These showed a total of £11.7 billion allocated by central government to the social sector and £2.1 billion allocated to the regional housing pot for private sector accommodation for vulnerable households. In addition, local authority expenditure on ALMOs and through the HRA came to £28 billion, which included non-government funds.³⁸² The funds for private and public sector housing were to tackle similar numbers of homes: in 2001 there were 1,647,000 non-decent homes in the public sector and 1,160,000 non-decent homes occupied by vulnerable people in the private sector.³⁸³

214. Witnesses were almost unanimous in their view that resources for work in the private sector were insufficient. As the Chartered Institute of Housing told us, “There are considerable resource issues around the achievement of the DHS [Decent Homes Standard] in the private sector”.³⁸⁴ Home improvement charity Care and Repair England noted:

Over the past 25 years state expenditure on improvements to private sector stock has fallen from £1,040 million in 1983/84 to £266 million 23 years later in 2006/07. During that time the cost of building has gone up by a factor of more than three and house price inflation by a factor of 8.6.³⁸⁵

Stoke-on-Trent Council expressed a common view when it said, “Current resources in relation to private sector decency are limited, and likely to be reduced further in line with national spending cuts”.³⁸⁶ Cllr Bob McCann, Cabinet Member for Housing at Sheffield City Council, illustrated the effects in his area:

In 2010–11, the total capital allocated from Government Office likely to be available for loan funding through the regional Loans Service across Yorkshire and the Humber is expected to be less than £2m. This will provide less than 150 loans across the region. The allocation for Sheffield is expected to be less than £110,000 and will be sufficient to fund only around 10–12 loans. This will make little impact on the

382 Ev 174, Table 4.

383 Office of the Deputy Prime Minister, *English House Condition Survey 2001*, July 2003, Table 2: ‘Vulnerable’ households in non decent homes by tenure, 1996 and 2001, p. 7.

384 Ev 145

385 Ev 73

386 Ev 78

16,000 financially vulnerable owner occupiers who occupy non decent housing in the city.³⁸⁷

215. Furthermore, even this funding is not certain to be available for improving decency in the private sector. Sandwell MBC told us:

This authority has seen funding specifically for private sector decent homes within the Regional Housing Pot reduce from £6.7m in 2006/07 to £1.2m [...] in 2009/10. It has also been advised that private sector renewal is likely to be reduced further in future years to fund the Government’s commitment to new homes.³⁸⁸

Care and Repair noted, “The Government has recently further reduced the budget for private sector renewal by 25% in 2010–11, shifting the funding originally allocated to this sector into the budget for building new homes”,³⁸⁹ a point also referred to by the national body for home improvement agencies Foundations.³⁹⁰ Cllr John Lines, Cabinet Member for Housing at Birmingham City Council, told us:

The difficulty we have for the future is that the Minister has reduced the budget for the West Midlands region to invest in private homes. He has decided that it will be moved into building new homes so in effect what we are doing because of that is we are storing up problems for the future.³⁹¹

216. CLG recognises that government funding will not be enough on its own to address the issue of non-decency in the private sector. The Department told us “it is clear that the total cost of dealing with the problem of sub-standard housing cannot be met entirely from public sector resources”, noting that “the Regional Assemblies together with local authorities have been encouraged to develop loans schemes to help assist in the delivery of improvements with less reliance on public funds where this is appropriate to do so”. It went on to state that “the long term ambition remains to lever in private sector finance”.³⁹²

Private funding

217. The question of how to lever in private sector finance is, then, the key one in addressing non-decency in private rented and owner-occupied property. Witnesses to our inquiry expressed considerable scepticism about the scope for doing so. The Residential Landlords Association, arguing that “we [...] need to seriously address the issue of the financing of improvements/major repairs/refurbishment in the private rented sector”, pointed out that “even in the good times banks were very reluctant to lend for this kind of activity on the whole [...] the current credit crunch will mean that it will be impossible for many landlords to obtain finance.”³⁹³ Foundations told us:

387 Ev 324

388 Ev 100

389 Ev 73

390 Ev 140

391 Q 111

392 Ev 331

393 Ev 114

The reduction of house values over the last years and the marked reduction in the availability of private finance, as well as a risk-averse approach taken by lending institutions, has had the effect of inhibiting growth of alternative forms of funding for private sector renewal. We are not aware of any private finance having entered the market, and the only notable increase in activity has been in the development and take-up of property appreciation loans, which offer very good value in times of falling property prices. However, by far the most popular response by local authorities in this area has been the development of interest free loans, which obviously require continued public funding and are, in effect, another form of public subsidy.³⁹⁴

Sue Adams of Care and Repair referred to “quite a lot of wishful thinking that you can reduce any investment in private sector housing and equity release and the private market will step in and fill the gap, and I do not think we have seen much evidence that that wishful thinking has actually happened in reality”.³⁹⁵

218. More work, then, is needed to develop means of leveraging in private finance. Foundations told us that “research carried out in 2007 for CLG concluded that although a number of low cost loan schemes had been developed, the key objectives of leveraging in private finance and encouraging the use of property equity were still at the early stages of development”.³⁹⁶ Little appears to have changed since then. Nevertheless, there is evidence of potential for schemes which could meet those objectives. Tomos Jones, Home Improvement Manager at Sandwell MBC, told us in oral evidence:

Councillor Lines [Cabinet member for housing at Birmingham City Council] before spoke about Kick Start which provides equity share loans for owner/occupiers. The scheme is expanding out regionally now and one of its key aims is to attract private finance. We have already tendered once but because of the change in the economic climate that fell through really just as we were at the point of signing contracts with a private sector lender. We think we have a model that will work but we need to make sure that we keep the momentum up within the local authorities so at a point in time we can go back to the market and say, “This really is a product that is worth investing in”. Obviously there the key is to get private financing to the sector to guarantee sustainability in terms of offering assistance to private sector occupiers.³⁹⁷

219. The Government’s Household Energy Management strategy describes two sources of funding for its proposed energy efficiency works:

- I. The new energy company obligation. We expect this to provide approximately two-thirds of the overall financing. The final nature of this obligation will be set out for consultation following the publication of this Strategy;

394 Ev 140

395 Q169

396 Ev 140

397 Q140

- II. A new form of ‘Green Finance’ based on a Pay as You Save model. We expect this to provide approximately a third of the financing for major insulation (and support upfront payments for any energy saving eco-upgrade with pay-back through energy savings or micro-generation revenue).³⁹⁸

220. We are encouraged by the measures described by the Government in the Household Energy Management Strategy and look forward to more detail of how the financing model will work. We recommend that, as part of the support which it gives local authorities for the concerted effort to address the issue of non-decency which we recommend above, CLG undertake or commission work to develop means of leveraging in private finance for the improvement of private sector stock. The results of this work should be made widely available to local authorities, who should be encouraged to develop schemes appropriate to their areas to facilitate access to those funds.

Public funding

221. Meanwhile, some of the evidence submitted to us suggested that there may be ways of leveraging in additional public, as well as private, finance to private sector housing improvement. Sarah Webb, Chief Executive of the Chartered Institute of Housing, said at our first evidence session for this inquiry:

Could I just throw in, just moving on from private rented sector to private sector more generally, and just point you in the direction of some very good examples where health and housing have come together, talking about where you might secure additional resources to help very vulnerable particularly older people in privately owned, non-decent housing? In Sandwell, for example, the PCT is funding a number of pieces of housing work that are specifically aimed at using PCT resources to improve non-decent homes of vulnerable older people.³⁹⁹

We later took evidence from Sandwell MBC, who told us:

we have been [...] working with funding streams like the Housing Market Renewal Area, the Working Neighbourhoods Fund and the PCT to try to make the case that housing interventions work across a whole broad range of policy objectives, health, education, employment. We have been quite successful in doing that.⁴⁰⁰

222. This kind of approach is very much in line with the “Total Place” initiative, which aims to join up spending by different public sector agencies in a locality and has recently been endorsed by the Prime Minister as an important means of improving efficiency and value for money in public services.⁴⁰¹ However, Total Place is as yet only a pilot. The current mechanism by which “joined up thinking” of this sort can be achieved are the Local Strategic Partnerships (LSPs) which oversee councils’ progress towards the targets in

398 Department of Energy and Climate Change, Communities and Local Government, *Warmer Homes, Greener Homes*, pp. 30–1.

399 Q 36

400 Q140 [Mr Jones]

401 “Towards a new politics”, Speech by the Prime Minister to the IPPR, 2 February 2010, available www.ippr.org.

their Local Area Agreements (LAAs). This depends on LAAs including a target relating to private sector housing improvement. In Sandwell, “significant lobbying [...] resulted in NI187 (fuel poverty) being accepted as one of the 35 key indicators in our Local Area Agreement and a wide variety of partners provided funding for our services including the Primary Care Trust, Working Neighbourhoods Fund, the Housing Market Renewal Area, Kick Start and the New Deal for Communities”.⁴⁰² However, NI187 is somewhat tangential to the objective of private sector housing improvement, and it is evident from the phrase “significant lobbying” that it took determination on the part of some individuals in Sandwell Council to ensure that what is obviously an important issue for that area was formally recognised in the LAA. Tomos Jones told us “we are quite disappointed that there is not a section in the national indicator 158 which relates to private sector housing, whether that be specifically to vulnerable people or to private sector housing generally”,⁴⁰³ echoing the complaint from an earlier witness, Sue Adams of Care and Repair, that “there is no national indicator that can be even selected from the Local Area Agreements which would drive private sector housing stock improvement”.⁴⁰⁴

223. To facilitate the joining up of local public sector funding streams which can be applied to the elimination of non-decency in the private sector, in line with the Total Place agenda, we recommend that a National Indicator be available to local authorities specifically relating to private sector housing improvement.

VAT on refurbishment works

224. Meanwhile there is one further step that witnesses suggested the Government could take to increase the resources available for addressing non-decency. The Residential Landlords Association argued that:

we [...] need to look at the Tax Relief Regime and introduce a proper system of capital allowances for improvement/major repairs/refurbishment, with a reduction on VAT to 5% on this kind of work (which although now permitted by European Law has not been implemented by the British Government).⁴⁰⁵

The Rugg Review of the private rented sector concurred, stating:

There is scope for reviewing taxation frameworks around property improvement and consider the removal of any disincentives: for example, immediate tax relief is not available on improvement works.⁴⁰⁶

402 Ev 100

403 Q140

404 Q188

405 Ev 114

406 Julie Rugg and David Rhodes, *The Private Rented Sector: its contribution and potential*, (York, 2008), p. xvii.

225. We considered this issue two years ago in our inquiry into *Existing Housing and Climate Change*. As the report of that inquiry explained;

A central recommendation of the Sustainable Development Commission's 2006 Stock Take report was that VAT rates for work related to refurbishing, renovating and otherwise improving homes should be equalised with lower rates applying to new-build construction or demolition works. At present, the former work often attracts full-rate VAT at 17.5 per cent while the latter is exempt from VAT, arguably providing a significant financial incentive for builders, developers and other parts of the construction industry to focus their efforts either on building new homes or on knocking down old ones rather than on improving them.⁴⁰⁷

226. We recommended that the Government seek to remove the “anomaly” by which differential VAT rates may in some circumstances make the demolition and reconstruction of a home more financially attractive than its refurbishment or renovation.⁴⁰⁸ The Government's response to the report cited the European rules which, at that time, meant that the equalisation of VAT rates for these activities could only have been achieved by applying VAT to new construction: clearly not a desirable outcome in the current economic circumstances affecting the house building sector.⁴⁰⁹

227. Current economic circumstances also lend greater weight to the other objection to reducing VAT on refurbishment raised by the then Minister for Housing, Rt Hon Yvette Cooper, during oral evidence on that inquiry. She pointed out that the Exchequer would lose revenue by effectively subsidising works many people currently undertake without a VAT reduction:

The difficulty with [reduction] is the deadweight cost. Obviously there are a lot of refurbishments that already take place and therefore it would be a hugely expensive thing to introduce if this were to be done right across the board.⁴¹⁰

It is therefore arguable that direct subsidy of refurbishment works in poor quality private sector housing is a more effective use of scarce public funds than an across-the-board reduction in VAT.

228. We continue to believe that, in the medium-term, VAT on property refurbishment should be reduced and equalised with that applying to new build. However, we conclude that the economic circumstances are not currently such as to make that a viable proposition. We recommend that the Government make such equalisation a medium-term policy goal, but in the meantime should target the public funding available for the renovation and refurbishment of housing more directly at the poorest-quality stock.

407 Communities and Local Government Committee, *Existing Housing and Climate Change*, para 47.

408 *Ibid.*, para 51

409 CLG, *Government Response to the House of Commons Communities and Local Government Select Committee Report on Existing Housing and Climate Change*, CM 7428, July 2008, p.12.

410 Communities and Local Government Committee, *Existing Housing and Climate Change*, Q 289.

5 Conclusion

229. By any standards, the Decent Homes programme can be counted as a very significant public policy success. A substantial backlog of repairs and maintenance in social housing existed thirteen years ago and a significant percentage of council rented properties were of unacceptably poor quality: whilst it has yet to be completely eliminated, huge progress has been made, improving the lives of millions of tenants. The programme has also had spin-off benefits for energy efficiency; long-term refurbishment planning and asset management; skills training and job creation; community engagement; and civic and personal pride.

230. When our predecessor ODPM Committee looked at Decent Homes in 2004, the Government was reluctant to consider the future of the policy. Even now we found a similar reluctance on the part of the current Housing Minister when he came to give evidence to this inquiry: Mr Healey was considerably more forthcoming on the merits of the current programme than when questioned on the main subject of our inquiry, what should come next. Now is the time when serious consideration needs to be given to the future of standards in social housing: what standards are appropriate and achievable; and how they can be achieved and maintained in the current and likely future financial and policy context.

231. The main means by which Government can ensure that standards of decency in social housing are maintained in future will be the regulatory framework designed and implemented by the Tenant Services Authority. That framework sets some important national standards but is not over-prescriptive, allowing scope for locally-agreed standards to suit the circumstances of particular localities. This will build on the work already done by a number of social landlords who have, in conjunction with their tenants, already improved their properties to a standard higher than Decent Homes. In particular, the TSA framework provides for extending decency standards not only to individual homes but to the estates and environments on which they are situated, which is an important step forward for improving the quality of life of social housing tenants.

232. We have recommended another important extension to the existing decent homes criteria: the addition of a specific minimum standard for energy efficiency. We consider that this is important for tenants, who may suffer excesses of cold or fuel poverty even in homes currently considered decent. An equally important driver for this extension, however, is the imperative of meeting climate change targets. Work to improve energy efficiency in the existing housing stock is crucial if significant inroads are to be made into reducing domestic carbon emissions, and the decent homes standard is an obvious means of ensuring that happens, at least in the social housing sector.

233. Setting standards is of course no good, however, unless the means are available to achieve them. Reform of the Housing Revenue Account, combined with an uplift to the Major Repairs Allowance, offers the promise both of the provision of resources sufficient to ensure that decency is maintained in local authority housing and of improved asset management on the part of council landlords. This should go a long way towards ensuring that a backlog of non-decent housing is not allowed to build up again in the future.

234. The decent homes programme in the private sector, meanwhile, has been much less effective. Resources have been cut and the target downgraded, meaning that many private homes remain non-decent and progress has stalled. The Government needs to lead a concerted effort, backed by an ambitious long-term target, if its aim of “a decent home for all” is to be achieved in the private sector.

235. We congratulate the Government on its achievements so far in the decent homes programme. Notwithstanding the difficulties of the current public sector spending climate and the importance of continuing to make progress towards eliminating the remaining backlog, however, now is the time to build on those achievements, not to sit back on them. The Government needs to look beyond the existing decent homes programme and plan for a future in which social tenants, private tenants and owner-occupiers all have the opportunity of living in a warm, well-maintained and reasonably well-equipped home.

Conclusions and recommendations

Key conclusions and recommendations

1. The decent homes programme has had a dramatic, positive effect on the living conditions of almost all social housing tenants by putting very significant resources into tangible improvements to social housing. We applaud the Government, local authorities and their partner organisations for the tenacity with which they have pursued the ten year goal and the results they have achieved. The decent homes standard is, nonetheless, a low standard, which makes it all the more shocking that nearly 40% of social homes were below that level in 2001; and all the more encouraging that so many landlords have gone beyond the standard in the improvements they have carried out. (Paragraph 19)

Thermal comfort

2. The decent homes standard requires the absence of Category 1 hazards under the HHSRS in criterion (a) and it is not, therefore, necessary to repeat this requirement specifically in relation to thermal comfort in criterion (d). However, there is evidence of confusion around how to use the HHSRS in this area. We recommend that the Government formulate and disseminate practical guidance on what constitutes a risk of excess cold under the HHSRS, building on the extant guidance for landlords and property related professionals on the HHSRS. (Paragraph 55)

While the decent homes guidance refers to SAP 35 as a “proxy” for the absence of Category 1 thermal comfort hazards, we consider that the thermal comfort criterion should be redrafted explicitly as a minimum energy efficiency rating. We discuss below (in relation to reducing carbon dioxide emissions) what that rating should be. The standard should not mandate the specific inputs (such as type of heating system, thickness of insulation) needed to reach that energy rating, as there will be various ways to reach the desired outcome. Rather, accompanying guidance should indicate the inputs likely to be necessary for warmth and energy efficiency, while recognising that different solutions may be necessary for different properties. (Paragraph 56)

We conclude that, while the decent homes standard should not be linked directly to fuel poverty programmes, its recasting as we recommend to tackle energy efficiency more explicitly, would have knock-on effects on fuel poverty. As we discuss below, this would also make a direct contribution to reducing carbon dioxide emissions from housing. We discuss the detail of this energy efficiency outcome measure in the section on additional criteria: reducing carbon dioxide emissions. (Paragraph 61)

Additional criteria

3. We conclude that setting national standards is only one way of improving housing and is not appropriate for all types of improvement, and that the decent homes

standard should remain narrowly focussed. We further conclude that, while some issues are best dealt with through national standards, others are more appropriately set in local standards or agreements. This is the approach which the Tenant Services Authority's statutory regulatory framework proposes for the setting of standards in the social housing sector. As we note elsewhere, many housing management organisations have agreed and set, in conjunction with their tenants, local standards which go beyond the nationally-set standard and which reflect the priorities and resources of local communities. We commend those organisations which have done so and encourage others to follow suit. Meanwhile, we welcome the TSA's approach to this issue, under which it will have an important role in regulating the process by which such standards are reached and ensuring that all parties—including tenants—have had a proper input into agreeing appropriate local standards. (Paragraph 72)

Energy efficiency

4. As we describe above, we consider that standards should be set for the energy efficiency of social housing stock and that such a standard should be part of an updated decent homes standard regulated by the Tenant Services Authority. As we recommended above, this energy efficiency standard should be formulated as the replacement of the thermal comfort criterion. Setting a standard is unlikely of itself to achieve the desired results, but it is a necessary component of doing so. We note the proposal by the Government of an additional "Warm Homes" standard and commend to it our suggestion of amending the thermal comfort criterion. (Paragraph 87)

Measuring decency

5. We conclude that the measurement of non-decency should comprise both a snapshot of the current position plus a forecast of potential future non-decency in the next few years, in order to predict future work and spending required. We recommend that the assessment that the Department has been conducting identify the true scale of the backlog of work to achieve the decent homes standard across the social housing stock and provide an accurate picture of what remains to be done. [...] homes where the tenant has refused decent homes work should not be counted as decent. (Paragraph 104)

Private sector

6. Like the majority of our witnesses, and for the various reasons which we set out above, we are in favour of retaining and strengthening a target for decency in the private sector. Like our predecessor ODPM Committee, we believe that every household should have a decent home. We therefore recommend that future policy on the maintenance of standards in the private sector be based on a clear long-term target to bring all homes in the private sector up to the decent homes standard. In the shorter term, we consider that funding should be targeted at areas rather than at vulnerable individuals, in order to harness economies of scale. (Paragraph 179)

We consider it a huge missed opportunity that the considerable political will demonstrated by the Government in raising social sector housing to the decent homes standard has not been matched by similar energies with respect to the private sector; and that the policy in the private sector appears to have failed. The downgrading of the target for decency in the private sector has weakened local authorities' already patchy engagement with their responsibilities towards private sector housing. A sustained and concerted effort on the part of local authorities, led and supported by Government, will be necessary to achieve the target of a decent home for all in the private sector. (Paragraph 211)

We welcome the publication of the Government's response to the Rugg review of private rented housing, which goes some way towards addressing some of the problems with quality in the private rented sector which we identified in our 2008 report *The Supply of Rented Housing* and call on the Government to commit itself to a programme of measures which will raise these problems up the political agenda. We have identified some of the necessary measures in the preceding sections of this Report. We welcome the tackling of energy efficiency standards in the private sector proposed in the Strategy for Household Energy Management and look forward to more detail in due course. (Paragraph 212)

Conclusions and recommendations in order

1. The decent homes programme has had a dramatic, positive effect on the living conditions of almost all social housing tenants by putting very significant resources into tangible improvements to social housing. We applaud the Government, local authorities and their partner organisations for the tenacity with which they have pursued the ten year goal and the results they have achieved. The decent homes standard is, nonetheless, a low standard, which makes it all the more shocking that nearly 40% of social homes were below that level in 2001; and all the more encouraging that so many landlords have gone beyond the standard in the improvements they have carried out. (Paragraph 19)

Our findings: Social sector

Measurement of the target

2. We conclude that consistency of the data on decency can and should be improved. We recommend that the Government establish national guidance on the collation of stock condition data, to reduce inconsistencies in the assessment of decency by landlords. Adherence to the national guidance should form part of the Audit Commission's assessment of local authorities. (Paragraph 32)
3. We consider that where a tenant has refused decent homes work to a property and the property remains non-decent, that property should be recorded as a refusal and not as a decent home. We recommend that the decent homes guidance is amended accordingly. Further, we consider that when the tenant has moved on, the decent homes work should be offered to the new tenant, as soon as feasible. (Paragraph 34)

The standard

Criterion (a): the statutory minimum standard for housing

4. Although, on the whole, the Housing Health and Safety Rating System has been embedded successfully in the Decent Homes Standard, there is evidence of lack of understanding of the system by some landlords. We recommend that the Government, in partnership with the TSA, take steps to improve the availability and take-up of training in use of the HHSRS. (Paragraph 44)

Criterion (b): reasonably modern facilities and services

5. We conclude that criterion (c) is expressed in a way that allows homes with quite different standards of amenities to be classified as decent. A landlord may avoid installing new kitchens and bathrooms if he judges the other elements to be “adequate” and “appropriate”. We recommend that the TSA collate and disseminate best practice on compliance with this criterion to assist landlords and tenants in discussions of how the standard is applied at a local level. (Paragraph 48)

Criterion (c): a reasonable degree of thermal comfort

6. The decent homes standard requires the absence of Category 1 hazards under the HHSRS in criterion (a) and it is not, therefore, necessary to repeat this requirement specifically in relation to thermal comfort in criterion (d). However, there is evidence of confusion around how to use the HHSRS in this area. We recommend that the Government formulate and disseminate practical guidance on what constitutes a risk of excess cold under the HHSRS, building on the extant guidance for landlords and property related professionals on the HHSRS. (Paragraph 55)
7. While the decent homes guidance refers to SAP 35 as a “proxy” for the absence of Category 1 thermal comfort hazards, we consider that the thermal comfort criterion should be redrafted explicitly as a minimum energy efficiency rating. We discuss below (in relation to reducing carbon dioxide emissions) what that rating should be. The standard should not mandate the specific inputs (such as type of heating system, thickness of insulation) needed to reach that energy rating, as there will be various ways to reach the desired outcome. Rather, accompanying guidance should indicate the inputs likely to be necessary for warmth and energy efficiency, while recognising that different solutions may be necessary for different properties. (Paragraph 56)
8. We conclude that, while the decent homes standard should not be linked directly to fuel poverty programmes, its recasting as we recommend to tackle energy efficiency more explicitly, would have knock-on effects on fuel poverty. As we discuss below, this would also make a direct contribution to reducing carbon dioxide emissions from housing. We discuss the detail of this energy efficiency outcome measure in the section on additional criteria: reducing carbon dioxide emissions. (Paragraph 61)
9. We applaud the Government’s focus in its Household Energy Management Strategy on warmth and energy efficiency of homes. It is not clear from the Strategy how a new “Warm Homes” standard would complement the decent homes strategy and its

thermal comfort criterion. We urge the Government to avoid a proliferation of standards. (Paragraph 63)

Additional criteria

10. We conclude that setting national standards is only one way of improving housing and is not appropriate for all types of improvement, and that the decent homes standard should remain narrowly focussed. We further conclude that, while some issues are best dealt with through national standards, others are more appropriately set in local standards or agreements. This is the approach which the Tenant Services Authority's statutory regulatory framework proposes for the setting of standards in the social housing sector. As we note elsewhere, many housing management organisations have agreed and set, in conjunction with their tenants, local standards which go beyond the nationally-set standard and which reflect the priorities and resources of local communities. We commend those organisations which have done so and encourage others to follow suit. Meanwhile, we welcome the TSA's approach to this issue, under which it will have an important role in regulating the process by which such standards are reached and ensuring that all parties—including tenants—have had a proper input into agreeing appropriate local standards. (Paragraph 72)

The environment

11. We conclude that 'environmental' standards other than energy efficiency should not be set nationally in the decent homes standard, but may be agreed locally in accordance with the principle we note above. (Paragraph 74)

Carbon dioxide emissions and energy efficiency

12. We note that the unit cost of new technologies will decline with the development of the market and recognise that new technology will have an important role to play in reducing emissions from housing in the medium to long term. Meanwhile, there is much that can be done at much lower cost while the evidence base is built up to justify large-scale spending on new technologies. We conclude that future funding should prioritise 'old technology' to improve the energy efficiency of housing: insulation and efficient heating systems, and education. We commend the Government's Strategy for Household Energy Management for prioritising basic works such as loft and cavity wall insulation. (Paragraph 82)
13. As we describe above, we consider that standards should be set for the energy efficiency of social housing stock and that such a standard should be part of an updated decent homes standard regulated by the Tenant Services Authority. As we recommended above, this energy efficiency standard should be formulated as the replacement of the thermal comfort criterion. Setting a standard is unlikely of itself to achieve the desired results, but it is a necessary component of doing so. We note the proposal by the Government of an additional "Warm Homes" standard and commend to it our suggestion of amending the thermal comfort criterion. (Paragraph 87)

14. Witnesses have agreed that the best-understood and most effective energy efficiency standard would be a SAP rating. The SAP rating of 35, currently referred to in the decent homes guidance, is unacceptably low. We accept that raising the bar for all property types to a minimum level which is unachievable for many properties is not the answer but do not consider that this should be used as an excuse for not setting any standards. We recommend that the Government urgently develop a range of minimum SAP ratings for different property types. We further recommend that these minimum SAP ratings be established on a sliding scale over several years to require landlords to meet progressively more rigorous requirements over the next few decades. (Paragraph 90)

The estate

15. The maintenance of cleanliness, safety and good repair of common parts of estates and communities is of great importance to tenants and makes a substantial contribution to social integration and well-being. We applaud the TSA's recognition of these aspects in its proposed approach to standards and the flexibility it aims to build in to its Neighbourhood and Community standard. We particularly welcome the role which the TSA sees for tenants and other community stakeholders in the process of setting standards locally. (Paragraph 97)

Management of the programme

The backlog

16. We conclude that the measurement of non-decency should comprise both a snapshot of the current position plus a forecast of potential future non-decency in the next few years, in order to predict future work and spending required. We recommend that the assessment that the Department has been conducting identify the true scale of the backlog of work to achieve the decent homes standard across the social housing stock and provide an accurate picture of what remains to be done. As we recommended above, homes where the tenant has refused decent homes work should not be counted as decent. (Paragraph 104)

Access to public funding

17. We regret the Government's inability to give a firm commitment now, just a few months from the originally planned end of the Decent Homes programme, on how the funding will be provided to enable the remaining ALMOs that have yet to receive funding to improve decency in their stock. The lack of clarity prevents effective planning by the ALMOs concerned but, more importantly, affects thousands of tenants who continue to have to live indefinitely in non-decent housing. We call on the Government to make clear as soon as possible when the funding will be delivered to achieve the completion of the Decent Homes programme in the ALMO sector. (Paragraph 111)
18. We welcome the Minister's suggestion that reform of the HRA will enable all local housing authorities to fund the maintenance of their homes at a decent level. We

note, however, that the Minister's replies were significantly weaker on the question of how retention authorities can bring their stock up to that level in the first place. HRA reform will not solve that problem. We call on the Government urgently to set out how, post-HRA reform, authorities which have retained management of their stock will be funded to eliminate the backlog of non-decent housing. (Paragraph 116)

Implementation by management organisations

19. We conclude that the ten-year experience of ALMOs has generated improvements in asset management of social sector stock that are not simply attributable to additional funding. We further conclude that these improvements should not be lost because of a lack of clear statements by the Government on the future of ALMOs after completion of the decent homes funding already allocated. We recommend that the Government make arrangements for the continued management of housing stock by ALMOs, including by providing for access to funding under the new self-financing system. We consider that local authorities should not take their ALMOs back in-house until they have conducted a ballot of tenants and received an endorsement by tenants of that plan. (Paragraph 121)
20. We conclude that local authorities with retained stock are capable of effective day-to-day management, but that lessons learned from ALMOs should be applied to improve their results. We further conclude that unless local authorities with and without ALMOs receive the same funding for housing improvements, the results will always be skewed in favour of ALMOs. (Paragraph 124)
21. The establishment of ALMOs has significantly improved the performance of council landlords and the requirement to reach a two-star rating of service in order to be granted funding has been a very successful driver of standards of housing management. Some local authorities that have retained day-to-day management responsibilities do not have adequate asset management skills and strategies in place, notwithstanding the existing regulatory framework and inspection regime. Nevertheless we recognise that, for a number of reasons, it is not appropriate for all local authorities which retain ownership of their stock to establish an arm's length body to manage it. We recommend that, rather than take day-to-day management of housing out of the hands of those councils, the Government establish a mechanism to incentivise housing departments of councils to improve their performance in order to receive additional funding. This will put retention authorities on a level footing, in funding terms, with authorities which have established ALMOs, and will help to ensure that those authorities can make the sort of progress to eliminating non-decency in their housing stock which has been achieved by local authorities with ALMOs. (Paragraph 130)

Funding

22. We recognise the pressures facing the Government and the housing association sector in continuing to deliver both new homes and the maintenance and improvement of existing stock. We have previously expressed our continued support for the Government's house-building targets and recognised the need for new homes. Here, we emphasise that the provision of new homes should not be at the

expense of the maintenance of existing ones. We support the Government's policy objective of not just a home, but a decent home, for all. As grant and rent policy for the housing association sector evolves and future spending decisions are made, the maintenance and improvement of the existing stock must be given equal priority to the building of new homes. (Paragraph 136)

23. We welcome the work the Government has done on reform of the HRA subsidy system and its intention, in principle, to ensure that there is sufficient money within the reformed system to maintain properties at a decent standard. Combined with the improved potential for effective asset management and forward financial planning which witnesses have indicated that properly implemented HRA reform should also bring, this should enable local authority landlords to maintain standards of decency over the long term and prevent any reoccurrence of the backlog which existed at the start of the Decent Homes programme. However, in the absence of detail about the funding that HRA reform will in fact supply for the maintenance of stock, we consider that the convergence policy applied to social rents should be relaxed. The restriction of rent rises has a negative effect on the ability of landlords to set their rents and related standards of service after consultation with tenants. (Paragraph 145)
24. We recommend that the Government give ALMOs the capacity to raise private finance against future rental streams in the context of a 30 year agreement with their local authority. (Paragraph 146)

Additional costs of additional criteria

25. We recommend that the Government address [the] inequity [of access to warm grant funding for people in the social and private sectors] by allowing vulnerable people in the social sector access to the same level of assistance as others. (Paragraph 154)
26. We conclude that further work is required to calculate the costs of comprehensive work to adapt social housing stock to higher standards of energy efficiency. Whatever the final figure may be, however, it seems clear that it will be well beyond the ability of landlords, householders or energy suppliers alone to fund. A range of funding solutions will be necessary, including—but not limited to—'Pay As You Save'-type schemes. (Paragraph 155)
27. We welcome the Government's commitment to the improvement of the common areas of estates, and to ensuring that there is sufficient funding in the new system to do so. The key to this, as to so much else concerning funding of ongoing maintenance of social homes, is reform of the Housing Revenue Account system. We look forward to seeing a reformed HRA which ensures that sufficient funding is available for the necessary work without placing too great a burden—in the form of increased rents or service charges—on individual residents of social housing. The 30-year business plans prepared by individual local authorities under a reformed HRA system will need to assess the potential contributions from all sources to the maintenance of common areas, and build in sufficient resources to maintain them to a decent standard. (Paragraph 158)

28. We consider the restriction of ALMO spending on estates or communal areas to 5% of their budgets to be unreasonable, and recommend that the Government introduce greater flexibility to allow ALMOs to spend a greater proportion of funds on these measures as necessary. (Paragraph 159)

Our findings: private sector

29. Like the majority of our witnesses, and for the various reasons which we set out above, we are in favour of retaining and strengthening a target for decency in the private sector. Like our predecessor ODPM Committee, we believe that every household should have a decent home. We therefore recommend that future policy on the maintenance of standards in the private sector be based on a clear long-term target to bring all homes in the private sector up to the decent homes standard. In the shorter term, we consider that funding should be targeted at areas rather than at vulnerable individuals, in order to harness economies of scale. (Paragraph 179)

The standard

30. The recommendations which we make [in the section on the social sector] on the thermal comfort criterion apply equally to its use in the private sector. (Paragraph 186)
31. We conclude that, given the scale of energy efficiency improvements required to meet government targets on reducing carbon dioxide emissions from housing, energy efficiency programmes must go wider than those vulnerable private sector households to which the decent homes standard is currently applicable. We draw renewed attention to the conclusions of our report *Existing Housing and Climate Change*, which considered these issues in more detail and made a number of recommendations for Government action to reduce carbon dioxide emissions from housing in both the social and private sectors. (Paragraph 193)

Management of the programme

32. We recommend that the Government issue clear guidance telling local authorities to maintain up to date information on the condition of private sector housing stock. We further recommend that the Government provide local authorities with a model of how this should be done. (Paragraph 200)
33. We consider it a huge missed opportunity that the considerable political will demonstrated by the Government in raising social sector housing to the decent homes standard has not been matched by similar energies with respect to the private sector; and that the policy in the private sector appears to have failed. The downgrading of the target for decency in the private sector has weakened local authorities' already patchy engagement with their responsibilities towards private sector housing. A sustained and concerted effort on the part of local authorities, led and supported by Government, will be necessary to achieve the target of a decent home for all in the private sector. (Paragraph 211)

34. We welcome the publication of the Government's response to the Rugg review of private rented housing, which goes some way towards addressing some of the problems with quality in the private rented sector which we identified in our 2008 report *The Supply of Rented Housing* and call on the Government to commit itself to a programme of measures which will raise these problems up the political agenda. We have identified some of the necessary measures in the preceding sections of this Report. We welcome the tackling of energy efficiency standards in the private sector proposed in the Strategy for Household Energy Management and look forward to more detail in due course. (Paragraph 212)

Funding

35. We are encouraged by the measures described by the Government in the Household Energy Management Strategy and look forward to more detail of how the financing model will work. We recommend that, as part of the support which it gives local authorities for the concerted effort to address the issue of non-decency which we recommend above, CLG undertake or commission work to develop means of levering in private finance for the improvement of private sector stock. The results of this work should be made widely available to local authorities, who should be encouraged to develop schemes appropriate to their areas to facilitate access to those funds. (Paragraph 220)
36. To facilitate the joining up of local public sector funding streams which can be applied to the elimination of non-decency in the private sector, in line with the Total Place agenda, we recommend that a National Indicator be available to local authorities specifically relating to private sector housing improvement. (Paragraph 223)
37. We continue to believe that, in the medium-term, VAT on property refurbishment should be reduced and equalised with that applying to new build. However, we conclude that the economic circumstances are not currently such as to make that a viable proposition. We recommend that the Government make such equalisation a medium-term policy goal, but in the meantime should target the public funding available for the renovation and refurbishment of housing more directly at the poorest-quality stock. (Paragraph 228)

Annex

Visit to Stockport 23 November 2009

Participants

Dr Phyllis Starkey MP
Neil Turner MP

John Cummings MP
Alison Seabeck MP

Programme

- 10.30 am Introductory meeting with Stockport Homes and Stockport Council.
- 12 noon Tour of social housing area and visit to homes
- 1.15 pm Lunch with interlocutors: Stockport Homes; Stockport Council; Finley (Building Contractor); Johnnie Johnson Housing Association; GM Procure; tenants
- 2.30pm Evidence Session (National Federation of ALMOs, East Durham Homes; Residential Landlords Association; Professor Tony Crook, Professor of Housing Studies)

Meeting notes

Stockport Homes

In 2005 the ALMO was established and the first funding came through that August. They received £20 million to spend in 6 months so had had to make detailed preparations before receiving the funding.

In 2003 housing in Stockport had been 54% non-decent. In 2006 Stockport Homes received its funding; at that point the stock was 37% non-decent. The level of non-decency had now fallen to 12% of stock. Stockport had needed £104 million to reach the decent homes target by July 2010. They had received accelerated funding of £2 million in 2007 and £5 million in 2009. In the previous ten years funding had not been available to do refurbishment and available money had been spent on the basics such as heating. Kitchens and bathrooms had only been done up when absolutely necessary and as a result some had been 40 or 50 years old before the decent homes programme.

Stockport Homes managed 11,500 housing units on three main estates. There were 22 high rise buildings, 150 medium rise and 500 low rise properties. The decent homes standard was based on a “normal” house and did not take into account the needs of communal areas around high rise buildings. There were 900 non-traditional properties spread out across the borough. These were hard to heat but discussions with tenants had

revealed that people wanted external over-cladding rather than internal measures. This work had been started a few years ago and had reduced inhabitants' fuel bills.

The decent homes standard was a “fantastic government programme” and it would be a great shame if the work was wasted because of a lack of funds after 2010. If the review of the HRA subsidy system was successful, the decent homes programme in Stockport would be able to grow and improve. If the only resources provided after 2010 were through the current HRA system, then there would not be sufficient funding to maintain the decent homes standard.

The decent homes standard itself was minimal and they and others had reached a “decent homes plus” standard, which led to higher tenant satisfaction.

The decent homes standard provided a core skeleton of necessary work. Kitchens and bathrooms had been improved on top of that. Every property received a “pre-entry survey” to determine all the improvements needed and the cost involved, to allow the decent homes work and any other necessary work to be done all at the same time. Each customer received a bespoke design for the work before it was carried out.

The work had been carried out across different geographical areas at the same time, rather than completing areas sequentially.

The funding received was spent on the kernel of decent homes work but on other works as well, and Major Repairs Allowance funding had been added in to the available money. A consortium, GM Procure, had been set up four years ago. This brought together 55 social landlords who had agreed common specifications for improvements to homes. The group had then split the supply chain into labour and materials. The consortium had been able to capture significant rebates paid to contractors for buying materials from suppliers in large volume. Stockport Homes had received £2.5 million in the last year in this way. The money was recycled back into the housing improvement programme, allowing them to put showers into properties even though these were not required by the decent homes standard. They had also built into the work programme home adaptations for the elderly and disabled, rather than returning at a later stage to do those works.

Before the decent homes work was carried out a building cost model (stock condition survey) was used to assess standards of the stock, the work needed and the cost of that work. This was a rigorous process. However, there were no checks or auditing carried out after the work had been done and prices could have changed since the original cost model was produced.

The Audit Commission required an independent stock survey to be carried out and Savills had conducted a survey of 10% of their stock in 2003, 2005 and 2009. Those in house surveyors conducting the internal stock condition surveys were trained by Savills and it was noted that there was a fairly uniform standard of expertise across the UK.

Stockport produced regular monthly updates on the works programme using an in-house database. Homes were re-surveyed after work had been carried out and that data entered into the database. The database allowed them to predict which properties were about to become non-decent. The information from the database was fed back to the Council and reported to the Government.

Savills had also audited the stock condition database to ensure that the system was robust.

GM Procure included local authorities, RSLs and ALMOs from across the North West, Cumbria and East Lancashire. The consortium had started in Manchester. Other regeneration consortia existed but none of the same volume; GM Procure was the largest in the country and had been designated a “trailblazer”. Other areas wanted to join.

The consortium dealt with 40 contractors. They aimed to use small and medium-sized enterprises (SMEs) as large contractors had high overheads. Also SMEs could be influenced to a greater extent—the consortium specified, for example, that two trainees must be employed for every £1 million work provided. There were 27 trainees at work on the Stockport programme, 46% of whom were female or from black or minority-ethnic background. A range of community enterprises were supported through the programme involving the engagement of ex-offenders.

The consortium was used to supply all materials for both new building and home improvements. Using the same components for both meant that it would be easier to carry out refurbishments in the future. Stockport Homes was the first ALMO in the country to build new homes whilst receiving a grant from the Housing Corporation.

There was no legal relationship between the contractors and suppliers but all signed up to a procurement framework. Performance was excellent because GM Procure was one of the largest customers in the country. Over 90% of work was done on time without defects.

The incentive for the contractors, although they did not receive their rebate from suppliers under GM Procure, was a long term, sustainable programme of work. The programme was also a vehicle for NVQ level 2 training and trainees could work for different contractors in sequence under a “carousel” system. The programme was also training unemployed people to obtain driving licences in order to work, which was of long term benefit. GM Procure was also working with persistent ex-offenders from three prisons, with “really good” outcomes.

It was easier for landlords in other geographical areas to join an existing consortium than to set up their own. There had been many doubters when GM Procure was set up but success had brought many more organisations into the network.

Individual officers had driven GM Procure forward through sheer energy and strength of personality. Stockport had taken a risk in jointly setting up GM Procure, which then had to be made to work. The other side of taking the risk was that the founder members of the consortium were now enjoying the best returns as they had preferential rights.

The ALMO community was good at sharing best practice and housing associations had also been brought into the network. There was further to go and a new work stream had been brought in to cover responsive repairs. They had just let a tender for 3,000 vehicles in the largest such contract in the country and had secured a discount of over 30% which would be recycled back into the programme.

All the windows used in the works programme were the same system although different styles. They were “secured by design” (a security standard endorsed by the Police) and PAS 23 or 24 (a security and performance standard for doors). The glass used reduced the release of heat by a property and the PVCu in the frames was recycled. It had taken 7 years to replace all the windows in the stock.

The advantage of the procurement framework used by the consortium was that the performance management could also be leaner: fewer staff were needed in Stockport Homes to manage the relationships with suppliers and contractors.

When the decent homes programme was established, councils had to choose out of several options for the management of their stock. Stockport had tried to arrange a large scale voluntary transfer (LSVT) to a housing association but the tenants federation had campaigned against it. Setting up an ALMO was the only remaining option, and Stockport had bid successfully for funds in Round 5.

Following the campaign against the proposed LSVT, and in order to persuade tenants to agree to the transfer of management to an ALMO, Stockport Council had worked hard to regain the trust of tenants. This had been a long process involving the production of an updated, more detailed stock appraisal. Tenants placed great value on the fact that under an ALMO they would still be council tenants.

The 5% of decent homes funding which could be spent on sustainability measures had been used for community work. The decent homes standard was a major success and it had raised tenant expectations as there had been no spending on improvements before then. It would be a terrible shame if the achievements of the programme were lost through funding being cut or clawed back. Decent homes money should not be redirected to new build. The decent homes programme created jobs and had a beneficial effect on a greater number of people. Very vulnerable people would not receive the improvements they had been promised if funding was re-programmed.

In Stockport the waiting list for council homes was 9,000. Demand was very high and there were high levels of owner-occupation. The Government had prioritised house-building in 2007. Land was not available for new build in Stockport.

The proposed HRA reform could allow Stockport to sustain and expand the work already carried out. New building in Stockport was resourced through grant funding and prudential borrowing. Stockport was driven by achieving value for money.

Stockport was working with the HCA to bring together social landlords to look at sustainable products for retrofit and new build. There were strict codes for standards of new building. There was scope for a huge amount of work retrofitting renewable technologies to existing stock.

The SAP rating which could be reached with older stock was limited by the design of the housing. SAP ratings were brought into new build properties. Over-cladding of older properties saved the residents around £200 a year in fuel bills. Rents had not increased.

Stockport had the lowest rents in the North of England and was at the lower end of the scale nationally. Rents were now increasing in line with government policy on rent restructuring.

Standards in the private rented sector were low. There were few resources for improvements in the private sector. Some homeless people were housed in the private rented sector.

Stockport Council

It was essential to take a long term view of the stock condition in order to foresee and prevent homes falling below decency standards.

There were tensions around building on green field land. In Stockport there were lots of “bitty” brown field sites scattered around, which made it more expensive to build. They were trying to maximise the available land for new building but if home improvements did not continue, the work carried out so far would have been wasted.

Insulation work reduced excess winter deaths and mould growth in properties, and helped to contribute to carbon reduction targets. Frontline workers in fuel poverty or living in cold homes in the private sector were offered training and directed by the Council towards available services such as the Warm Front programme. Stockport’s housing had high levels of insulation compared to housing in other regions.

The Council worked with private landlords through a forum. The private rented sector represented only 7% of stock. Most landlords in Stockport were non-professional. The forum ran meetings to which 30 or 40 people turned up each time, produced newsletters, provided training and hosted a virtual forum. The Council served few notices and preferred to work with landlords to secure improvements to stock. The

Housing Act 2004 had provided much greater scope for enforcement action and the HHSRS was a much higher standard than the “fitness” standard it had replaced. The Council did not just look at Category 1 hazards when assessing private sector homes. The number of Council interventions with landlords had increased although numbers of notices served remained low. Rather than re-housing those living in inadequate housing, the Council would work with the landlord to improve the housing.

Year	Private rented sector interventions	Numbers of notices
2005/6	414	38
2006/7	450	20
2007/8	459	5
2008/9	527	16
2009/10 to October	332	

The HHSRS was a rather low standard, as was the decent homes standard. The Council did a lot of work to persuade landlords to raise standards and had provided grants for such work for many years. The approach was to encourage landlords to improve the marketability of their stock, which worked well. The housing market in Stockport allowed people to pick and choose between properties so the incentive existed for improvements to be made.

GM Procure

Procurement consortia in London included LAPN (London Area Procurement Network) based in Kensington and Chelsea and Buy4London, based in East Thames. Some procurement consortia had not had the success of GM Procure because no-one had taken the lead. Those organisations had focussed instead on benchmarking products.

GM Procure was driven forward by the programme of works social landlords were engaged in. They had been able to impose standards on contractors and suppliers because of the large volume of work.

GM Procure had a constitution to which members had to commit. 1% of the value of the works programme was spent on work that benefited the community, such as training, community enterprises, house clearances and work with the unemployed.

There was £120 million of work on the order book for the year and £190,000 was being spent on community work in Stockport Homes alone. For example, unemployed people were improving parts of estates. GM Procure had focussed on decent homes work but was now able to influence other markets. They were moving to a materials framework rather than leaving contractors to buy the materials themselves.

GMP was a company limited by guarantee, not-for-profit and owned by its members. Private landlords could not join the consortium under its current rules.

All contractors were subject to financial checks as part of the framework agreement and GMP was able to receive information on their financial viability direct from their banks. They employed a traffic light system to monitor which businesses were in trouble. GMP had assisted a company which went bankrupt to be purchased by another member company of GMP.

Formal Minutes

Monday 8 March 2010

Members present:

Dr Phyllis Starkey, in the Chair

Mr Clive Betts
John Cummings

Alison Seabeck

Beyond Decent Homes

Draft Report (*Beyond Decent Homes*), proposed by the Chair, brought up and read.

Ordered, That the Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 47 read and agreed to.

Paragraph 48 read, amended and agreed to.

Paragraphs 49 to 235 read and agreed to.

Annex and Summary agreed to.

Resolved, That the Report be the Fourth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Monday 15 March at 4.20 pm]

Witnesses

Monday 26 October 2009

Page

Dr Stephen Battersby, President, and Mr Andrew Griffiths, Principal Policy Officer, **Chartered Institute of Environmental Health**, Ms Sarah Webb, Chief Executive, and Mr Richard Capie, Director, Policy and Practice, **Chartered Institute of Housing**

Ev 1

Mr Nigel Long, Head of Policy, **Tenant Participation Advisory Service**, Mr Michael Gelling OBE, Chair, **Tenants and Residents Organisations of England**, and Ms Trish Canham, Communications Officer, National **Organisation of Residents Associations**

Ev 7

Monday 9 November 2009

Cllr Nick Stanton, Leader of the Council, Cllr Kim Humphreys, Deputy Leader of the Council and Executive Member for Housing, **Southwark Borough Council**, Cllr John Lines, Cabinet Member for Housing and Mr Sukvinder Kalsi, Assistant Director of Finance (Housing), **Birmingham City Council**

Ev 13

Mr Peter Morton, Chief Executive of Sheffield Homes, Mr Bob McCann, Cabinet Member for Housing, **Sheffield City Council**, Mr Tomos Jones, Home Improvement Manager, **Sandwell Metropolitan Borough Council** and Mr John Clayton, Investment Director, **Sandwell Homes**

Ev 19

Mr David Orr, Chief Executive, **National Housing Federation**, Mr Andy Doylend, Executive Director (Operations), **Circle Anglia** and Mr Bruce Moore, Chief Executive, **Hanover**

Ev 24

Tuesday 10 November 2009

Ms Sue Adams, Director, **Care and Repair**, Mr Joe Oldman, Senior Policy Adviser for Housing, **Age Concern & Help the Aged**, and Mr Steve Malone, Director, **Foundations**

Ev 28

Mr Ron Campbell, Head of Policy and Information, **National Energy Action**, **Professor Anne Power**, former Commissioner, Sustainable Development Commission and Mr John Sharpe, Director, **Sustainable Housing Action Partnership**

Ev 34

Monday 23 November 2009

Ms Alison Inman, Chair, and Ms Gwyneth Taylor, Policy Director, **National Federation of ALMOs**, and Mr Paul Tanney, Chief Executive, **East Durham Homes**

Ev 41

Mr Richard Jones, Secretary, and Mr Mark Butterworth, Director, **Residential Landlords Association**

Ev 46

Professor Tony Crook, Professor of Housing Studies, University of Sheffield

Ev 50

Monday 7 December 2009

Page

Mr Simon Nicol, Director, **BRE Housing Group**, Mr Richard Hand, Partner, **Ridge & Partners LLP**, and Mr James Sparrow, Director, **Savills Commercial Limited**

Ev 54

Rt Hon John Healey MP, Minister of State for Housing, **Department for Communities and Local Government**, Mr Peter Marsh, Chief Executive, **Tenant Services Authority**, and Sir Bob Kerslake, Chief Executive, **Homes and Communities Agency**

Ev 59

List of written evidence

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2	The College of Occupational Therapists (BDH 03)	Ev 71
3	Care & Repair England (BDH 04)	Ev 73
4	Waterwise (BDH 05)	Ev 76
5	Stoke-on-Trent City Council (BDH 06)	Ev 78
6	National Organisations of Residents Associations (NORA) (BDH 07)	Ev 80
7	The Tenant Participation Advisory Service (TPAS) (BDH 08)	Ev 82
8	Circle Anglia Ltd (BDH 09)	Ev 86
9	G15 (BDH 10)	Ev 89
10	Gentoo Group (BDH 11)	Ev 91
11	West Kent Housing Association (BDH 13)	Ev 94
12	St Albans City and District Council (BDH 14)	Ev 96
13	The Chartered Institute of Environmental Health (CIEH) (BDH 15)	Ev 97
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16	Sustainable Housing Action Partnership (SHAP) (BDH 18)	Ev 107
17	Sustainable Housing Action Partnership (SHAP) (Supplementary) (BDH 18A)	Ev 109
18	Fusion21 (BDH 19)	Ev 111
19	Residential Landlords Association (RLA) (BDH 20)	Ev 114
20	Ridge and Partners [LLP] (Ridge) (BDH 21)	Ev 118
21	The Construction Products Association (BDH 22)	Ev 122
22	National Energy Action (NEA) (BDH 23)	Ev 124
23	The Hyde Group (BDH 24)	Ev 129
24	London Borough of Newham (BDH 25)	Ev 131
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26	Westminster City Council (BDH 28)	Ev 137
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28	Age Concern and Help the Aged (BDH 30)	Ev 142
29	Council of Mortgage Lenders (CML) (BDH 31)	Ev 144
30	The Chartered Institute of Housing (CIH) (BDH 32)	Ev 145
31	Energy Saving Trust (BDH 33)	Ev 151
32	National Housing Federation (BDH 34)	Ev 155
33	Sustainable Development Commission (SDC) (BDH 35)	Ev 161
34	Department for Communities and Local Government (BDH 36)	Ev 165
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37	Hanover Housing Group (BDH 38)	Ev 256
38	Birmingham City Council (BDH 39)	Ev 260
39	Birmingham City Council (Supplementary) (BDH 39A)	Ev 262
40	BRE Housing Group (BDH 40)	Ev 263
41	Tenant Services Authority (TSA) (BDH 41)	Ev 265

42	Local Government Association (LGA) (BDH 42)	Ev 269
43	Bolton at Home (Arms Length Management Organisation) (BDH 43)	Ev 271
44	Sheffield City Council (BDH 44)	Ev 275
45	Association for the Conservation of Energy (ACE) BDH 45)	Ev 277
46	Tenants and Residents Organisations of England (TAROE) (BDH 46)	Ev 280
47	National Federation of ALMOs (NFA) (BDH 47)	Ev 281
48	Savills (BDH 48)	Ev 285
49	Confederation of Co-operative Housing (CCH) (BDH 49)	Ev 288
50	East Durham Homes Ltd (BDH 50)	Ev 292
51	Construction Industry Council (CIC) (BDH 51)	Ev 294
52	Audit Commission (BDH 52)	Ev 297
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57	Family Birmingham (BDH 56)	Ev 322
58	Peabody (BDH 57)	Ev 323
59	The Welsh Assembly Government (BDH 58)	Ev 323
60	Councillor Bob McCann, Sheffield City Council (BDH 59)	Ev 324
61	The Scottish Executive (BDH 60)	Ev 328

List of unprinted evidence

The following memoranda have been reported to the House, but to save printing costs they have not been printed and copies have been placed in the House of Commons Library, where they may be inspected by Members. Other copies are in the Parliamentary Archives, and are available to the public for inspection. Requests for inspection should be addressed to The Parliamentary Archives, Houses of Parliament, London SW1A 0PW (tel. 020 7219 3074). Opening hours are from 9.30 am to 5.00 pm on Mondays to Fridays.

Michael Barratt, tenant of Crawley Council

Nottingham City Council

Defend Council Housing

The Commission for Architecture and the Built Environment (CABE)

List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

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First Report	The Work of the Committee in 2008–09	HC 179
Second Report	Local authority investments: the role of the Financial Services Authority	HC 287
Third Report	Communities and Local Government's Departmental Annual Report 2009 and the performance of the Department in 2008–09	HC 391
Fourth Report	Beyond Decent Homes	HC 60-I

Session 2008–09

First Report	Work of the Committee in 2007–08	HC 120
Second Report	Communities and Local Government's Departmental Annual Report 2008	HC 238 (<i>Cm</i> 7614)
Third Report	Housing and the Credit Crunch	HC 101 (<i>Cm</i> 7619)
Fourth Report	Appointment of the Chair of the Infrastructure Planning Commission	HC 354
Fifth Report	New Towns Follow-Up—Government Response to the Ninth Report of the Committee, Session 2007–08	HC 253
Sixth Report	Balance of Power: Central and Local Government	HC 33-I (<i>Cm</i> 7712)
Seventh Report	Local authority investments	HC 164-I (<i>HC</i> 1013)
Eighth Report	Housing and the credit crunch: follow-up	HC 568 (<i>Cm</i> 7695)
Ninth Report	Market Failure?: Can the traditional market survive?	HC 308-I (<i>Cm</i> 7721)
Tenth Report	Need and impact: planning for town centres	HC 517 (<i>HC</i> 1082)
Eleventh Report	Appointment of the Deputy Chairs of the Infrastructure Planning Commission	HC 749
Twelfth Report	Appointment of the Local Government Ombudsman and Vice-Chair of the Commission for Local Administration in England	HC 1012
Thirteenth Report	The Supporting People Programme	HC 649-I (<i>Cm</i> 7790)

Session 2007–08

First Report	Coastal Towns: the Government's Second Response	HC 69
Second Report	DCLG Annual Report 2007	HC 170 (<i>Cm</i> 7335)
Third Report	Local Government Finance—Supplementary Business Rate: the Government's Response	HC 210 (<i>HC</i> 1200)
Fourth Report	Work of the Committee in 2007	HC 211
Fifth Report	Ordnance Survey	HC 268 (<i>HC</i> 516)
Sixth Report	Refuse Collection: Waste Reduction Pilots	HC 195 (<i>HC</i> 541)

Seventh Report	Existing Housing and Climate Change	HC 432 (<i>Cm 7428</i>)
Eighth Report	The Supply of Rented Housing	HC 457-I & II (<i>Cm 7326</i>)
Ninth Report	New Towns Follow-Up	HC 889
Tenth Report	Community Cohesion and Migration	HC 369-I & II (<i>Cm 7489</i>)
Eleventh Report	Planning Matters—labour shortages and skills gaps	HC 517-I & II (<i>Cm 7495</i>)
Twelfth Report	The Provision of Public Toilets	HC 636 (<i>Cm 7530</i>)

Session 2006–07

First Report	The Work of the Committee in 2005–06	HC 198
Second Report	Coastal Towns	HC 351 (<i>Cm 7126</i>)
Third Report	DCLG Annual Report 2006	HC 106 (<i>Cm 7125</i>)
Fourth Report	Is there a Future for Regional Government?	HC 352-I (<i>Cm 7119</i>)
Fifth Report	Refuse Collection	HC 536-I (<i>HC 1095</i>)
Sixth Report	Equality	HC 468 (<i>Cm 7246</i>)
Seventh Report	Local Government Finance—Supplementary Business Rate	HC 719
Eighth Report	Local Government Finance—Council Tax Benefit	HC 718 (<i>HC 1037</i>)

Session 2005–06

First Report	ODPM Annual Report and Accounts	HC 559 (<i>HC 1072</i>)
Second Report	Re-licensing	HC 606 (<i>Cm 6788</i>)
Third Report	Affordability and the Supply of Housing	HC 703-I (<i>Cm 6912</i>)
Fourth Report	The Fire and Rescue Service	HC 872-I (<i>Cm 6919</i>)
Fifth Report	Planning Gain Supplement	HC 1024-I (<i>Cm 7005</i>)
First Special Report	Government Response to the Committee's Fourth Report of Session 2004–05, on the ODPM Annual Reports and Accounts 2004	HC 407
Second Special Report	Government Response to the Committee's Eleventh Report of Session 2004–05, on the Role and Effectiveness of The Local Government Ombudsmen for England	HC 605
Third Special Report	Government Response to the Committee's Seventh Report of Session 2004–05, on the Role and Effectiveness of the Standards Board for England	HC 988