



# Introduction to Social Housing

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# INTRODUCTION TO SOCIAL HOUSING

## ***WHAT IS THE COURSE ABOUT?***

The environment in which social housing organisations operate is constantly changing. This introductory session will provide an overview and understanding of social housing and the environment in which housing providers work. It will also consider the key challenges and new opportunities that they face.

## ***WHO IS IT FOR?***

The session will be of benefit to newly appointed staff and Board Members new to the sector, as well as staff from partner or outside organisations who need an understanding of the work of the sector

### **Aims**

To provide an overview and practical understanding of the social housing sector

### **Learning Outcomes** - the course will focus on the following key areas:

- the origins of social housing, the vision, purpose and aims of housing associations
- funding, the range of housing and the ten types of providers
- the four primary activities, six internal disciplines and key external relationships
- regulation and understanding the jargon
- rights and responsibilities from a customer perspective
- the future of social housing

### **Programme**

The course will run from 10.00 am to 4.30 pm

## Origins of “social housing”

The essential characteristic of social housing is housing provided by organisations which do not seek to make a profit for people who find it difficult to access housing in the private sector.

- State involvement in social housing started, in a very minor way, in the 19th century with the introduction of public health acts to deal with slum housing and chronic overcrowding.
- There were a number of private benefactors, such as Peabody, Guinness, Rothschild, Rowntree – who appalled by the housing condition of the poor – set up charitable trusts to provide decent rented housing. The rents of these properties were still only affordable to those in skilled work and therefore made little overall difference.
- Early 20<sup>th</sup> century – first direct state intervention “Restriction of Rent and Mortgage Interest Act 1915” controlled rents and mortgages at their 1914 levels. in an attempt to deal with social unrest in some cities due to a crisis in landlord-tenant relations.
- First World War transformed the nature of housing in Britain. “Homes fit for Heroes”. Generous subsidies turned council housing from a small, somewhat experimental form of housing provision into a major sector. By 1921 170,000 houses had been built or contracted.
- 1919 Act established a basic administrative, legal and financial framework for the production of a large-scale national programme of municipal housing. More or less all the council house programmes from 1919 to the end of the 1960s were built under this basic system – the only differences being the variations in the levels of subsidy provided.
- Second World War led to a further massive building programme – government trebled the rate of subsidy to local councils – by 1949 the government had subsidised the building of more than 800,000 new homes.
- The new Conservative government in the 1950s encouraged greater private sector provision and the desire for owner occupation. During the 50s and 60s the reduction in subsidies for public sector housing and higher subsidies for high rise developments led to the building of flats and system built developments.
- The **Housing Act 1961** introduced public funding for Housing Associations - £25m was made available to provide homes at “cost rents”.

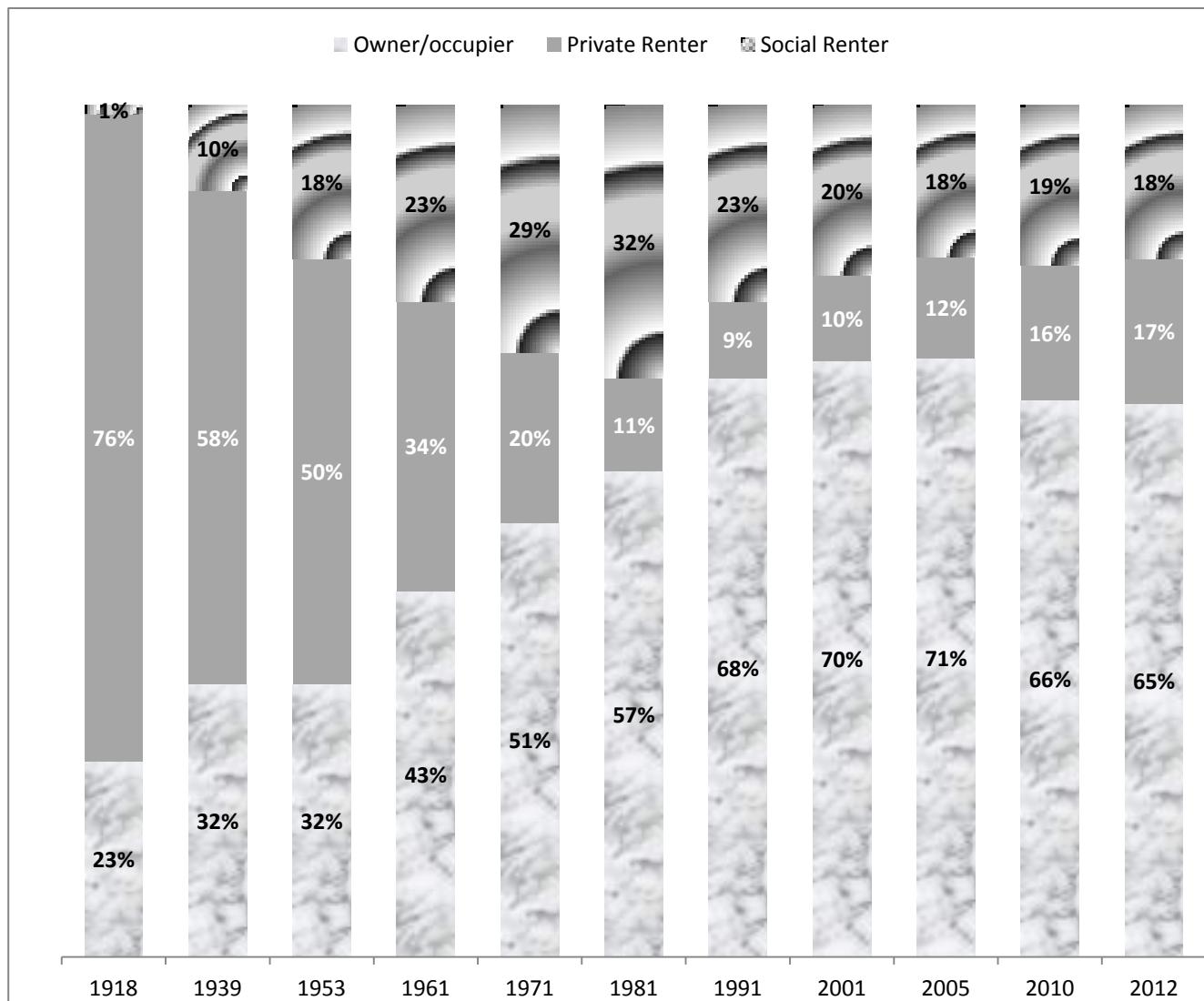
- The **1964 Housing Act** set up the Housing Corporation to regulate and finance Housing Associations.
- **The Housing Act 1980** introduced the Right to Buy and Low Cost Home Ownership initiatives and **the Housing Act of 1988** changed the role of local authorities from providers of social housing to “enablers” giving them a more strategic and coordinating role and at the same time providing the means for the revival of the private rental sector and considerably strengthening the role of associations as the main direct providers of social housing. At the time it was planned that the remaining council housing (still well in excess of 4 million households) would be sold or transferred to alternative landlords.
- **2007** report commissioned to look at the role social housing should play in the 21<sup>st</sup> century. The Hills Report “Ends and Means: The Future Role Roles of Social Housing in England” was published in February 2007. Professor John Hills advised that more needed to be done to
  - Focus attention on existing homes and current tenants
  - Create a wider income range in areas dominated by social housing
  - Help tenants to get and keep jobs
  - Improve the services that tenants get and offer them (and others in housing need) a wider range of choices, but without removing security of tenure (i.e. the tenants’ right to continue to live their home unless they break the rules set out in their tenancy agreement)
- Martin Cave, a professor at Warwick Business School, was commissioned by the Department of Communities and Local Government (CLG) to conduct a review of the regulation of social housing. His findings The Cave Review – **“Every Tenant Matters: A review of social housing regulation”** was published in June 2007 and formed part of the background to the **Housing and Regeneration Act 2008**.
- **Housing and Regeneration Act 2008** - In response to the Hills report and the Cave report the government passed the Housing and Regeneration Act 2008 which abolished the Housing Corporation – the agency which was the body responsible for regulating housing associations as well as providing investment/grants for building affordable housing. The Housing and Regeneration Act created two new agencies – the Homes and Communities Agency as the body responsible for investment and the Tenant Services Authority as the body responsible for regulation of all social housing providers (local housing authorities as well as housing associations). After a “National Conversation” with tenants and landlords and other interested parties a national regulatory framework was introduced from 1 April 2010.

- **2010 Conservative/Liberal Democrat Coalition Government** - The change of government in 2010 brought in some hard hitting measures aimed at reducing the country's financial deficit and the Tenant Services Authority (TSA) and Audit Commission were just two of the funded agencies that ceased to function from April 2012. The functions of the TSA transferred to the Homes and Communities Agency working under an independent committee.
- **Localism Act 2011** The Localism Act gained royal assent on 15 November 2011 and made changes in respect of local government administration, planning and housing. The TSA was abolished and a new type of non-secure tenure (flexible tenancies) was introduced along with different rent level options.
- **Welfare Reform Act 2012** – introduced a system of “Universal Credit” which combined all existing benefits (employment and social) and “Personal Independence Payments” in respect of care and disability. The Act also gave government the power to introduce new size criteria for housing benefit claimants in the social rented sector - ***the Bedroom Tax***. The criteria will mean that any working-age<sup>1</sup> household deemed to be under-occupying their home will lose part of their housing benefit from April 2013. The cut will be set initially at 14% deduction for one extra bedroom and a 25% deduction for two or more extra bedrooms. The higher the rent, the higher the deduction.
- **Health & Social Care Bill** - this Bill proposes to change the way in which housing providers, who also provide health and social care, operate by advocating a continuing push towards personalisation – giving service users control over their personal care budgets. It is expected that this will lead to funding cuts.
- **Energy Bill** - If passed this Bill will lead to the introduction of the green deal, which will enable private firms to offer consumers energy efficiency improvements to their homes, community space and businesses at no upfront cost and recoup payments in instalments.

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<sup>1</sup> “Working-age” is deemed to be under the Pension Credit age

## Trends in Tenure – from 1918 to 2012



## WHAT TYPE OF ORGANISATIONS PROVIDE SOCIAL HOUSING?

- **Local authorities** – Camden, Cambridge, Birmingham, York
- **Large Scale Voluntary Transfer** [LSVT's] organisations – started with Chiltern Hundreds HA with a transfer of 4,650 homes from Chiltern Council, in 1988. Paradigm HA, Calico Housing Trust, Chelmer Housing Partnership, Dales Housing, Wrekin Housing Trust. Yorkshire Coast Housing are other examples
- **Housing Associations**, Registered Providers[RP's], Registered Social Landlords [RSL's]
- **Unregistered Housing Associations** – Coastal Homeless Action Group, Grenfell Housing Association, Kurdish HA Limited (KHA)
- **Housing Co-operatives** – A housing co-operative is a group of people who jointly own, manage and control their homes. The properties belong to the co-op as a whole. Co-op members do not own their individual homes, but are tenants and pay rent to the co-op. Examples - Cossington Housing Co-op, Leicester , Rutherford Gate Housing Co-operative Limited in Milton Keynes
- **Tenant Management Organisations** [TMO's] – K&C TMO, Phoenix Community Housing [Gateway model]
- **Housing Companies** [ALMO's – Arms length management organisations eg Enfield Homes, Hounslow Homes, City West Homes, Derby Homes]
- **Almshouses** - unfurnished dwellings, usually designed with the needs of older people in mind. Eleanor Palmer Trust, Houlton's Almshouses
- **Abbeyfield** societies [providing housing, support and companionship to older people in their local communities]
- **Private Companies** – Port Sunlight Village, The Retail Trust [offers accommodation with supported living arrangements enabling people to live independently in their own homes].

Although Local Authorities remain the largest provider of social housing in Great Britain the sector currently most involved in developing and offering affordable housing for

rent is the housing association sector. Under the 1985 Housing Associations Act a housing association is defined as:

*“a Society, body of trustees or company:*

*(a) which is established for the purpose of, or amongst whose objects or powers are included those of, providing constructing improving or managing, or facilitating or encouraging the construction of housing accommodation and which*

*(b) does not trade for profit ....”*

Housing Associations are essentially non-profit seeking organisations which exist to provide housing for people in need. They are independent bodies controlled by unpaid (on the whole) voluntary committee members. In larger housing associations the committee or board may employ staff to carry out the day to day work of managing the association on their behalf. All housing associations with over 250 properties were required to register with the Housing Corporation and were referred to as Registered Social Landlords (RSLs). The Housing Corporation ceased to exist in 2008 and its regulatory role was taken on by the Tenant Services Authority (TSA). The Tenant Services Authority ceased to exist in 2012 and its regulatory role was taken on by an independent committee within the Homes and Communities Agency (HCA). Housing Associations registered with the HCA are known as Private Registered Providers (PRPs).

## Stakeholders and Partners

### Local authority:

- *Renovation and developments*
- *Housing Benefit*
- *Housing Register*
- *Nominations and Lettings*
- *Social Services*
- *Environmental Health*

### Communities and Local Government (CLG)

- *Oversees housing investment and regulation*
- *National housing policy*

### Solicitors and Courts

- *Legal advice*
- *Proceedings*
- *User Groups*

### Homes & Communities Agency

- *National Affordable Housing Programme*
- *Regulation and monitoring*
- *Standards of services for residents and applicants*

### Community Groups

- *Homeless referrals*
- *Outreach work*
- *Education and Training*

### Funders

- *Banks*
- *Building Societies*
- *Charities and Trusts*
- *Local Authorities*

### Affiliations and Professional Bodies

- *National Housing Federation*
- *Chartered Institute of Housing*
- *Chartered Institute of Personnel and Development*

### Independent Housing Ombudsman

- *External source of redress on complaints by tenants*

### Health Authorities

- *Housing Management*
- *Health promotion campaigns*

### Other Landlords

- *Consortium bids and developments*
- *Agency arrangements*
- *Joint working & sharing resources*

### Police

- *Secure by design*
- *Anti-social behaviour*
- *Domestic violence*
- *Multi-agency forums*

## WHAT DO HOUSING ASSOCIATIONS DO?

Housing associations carry out a wide range of projects and activities for the benefit of the community. For example they:

- Provide and manage affordable housing for rent
- Provide low cost homes for sale, often on shared ownership terms - (part rent/part sale)
- Provide support services and housing for vulnerable groups such as those with disabilities and older people
- Provide housing for and with black and minority ethnic groups
- Help to regenerate council estates and town centres, in partnership with local authorities, sometimes taking on the ownership and management of local authority housing
- Add to housing investment by developing 'housing plus' initiatives such as construction training, employment schemes, foyer schemes for young people and credit unions
- Help key workers, such as nurses, teachers and fire-fighters to obtain affordable housing

Source : TPAS – [www.tpas.org.uk](http://www.tpas.org.uk)

**Following the Housing Act 1988 HA's/RSL's are the main providers of social housing for rent and local authorities are enablers.**

### Legal Structure

- Most are charitable Industrial & Provident Societies [I&P]
- But can be a Limited Company
- Don't have to be charitable
- As non charitable you pay tax but have more freedom

## Housing Associations - : The 4 primary activities

### 1 Build properties – Development

Properties are added to a Housing Association's stock by :

- **New design** and build – ie starting with a clean slate and designing a property
- **Re-hab** – where a run down dilapidated property is refurbished
- **ESP** – Existing Satisfactory Property. This is a property bought off the shelf
- **Stock transfers** – where a local authority is transferring part of their stock [partial stock transfer], to a RSL – or swaps between RSLs as a stock rationalisation exercise. Also Trickle Transfers “*a trickle transfer occurs when an authority arranges to transfer a small number of its properties to an RSL as and when they become vacant.*”

### 2 House People – Homelessness, Nominations, Allocations, Lettings

People in housing need will be allocated property either through :

- a local authority nomination from the Housing Register
- direct waiting list held by the HA
- internal transfer
- referral from a local authority agency

Council and HA tenants can also swap their properties through Mutual Exchanges or by way of a national mobility scheme such as HOMESWAP.

HOMESWAP is a UK-wide database of people who want to swap their home. If you are living in permanent, self-contained accommodation and renting from a council or housing association and you want to move within the UK then you can register on HOMESWAP. <http://www.homes.org.uk/>

### **3 Look after the properties – Repairs and Maintenance**

The objective of “looking after properties” is :

*“To maximise the shelf-life of a property”.*

This is done systematically by doing a stock condition survey of all the properties the association owns. By grading properties and what maintenance and upkeep works need to be prioritised, budgets can be projected over short, medium and long terms.

The service is organised to carry out property maintenance by the big items and small items of expenditure. Known as :

- ***Planned, programmed and cyclical works*** – works carried out to a property that improves its value and provides a benefit to tenants over a number of years. This will include window, kitchen, roof replacements, external decorations, annual gas servicing of appliances with a certificate etc..
- ***Day to day or reactive repairs*** – routine daily repairs to boiler, kitchen cabinets, doors, taps, light sockets/switches etc..

Repairs and the 70 : 30 principle

According to the Audit Commission a 70:30 ratio is an ideal in looking after properties. .

70% should be spent on planned, programmed and cyclical works  
30% on day to day repairs.

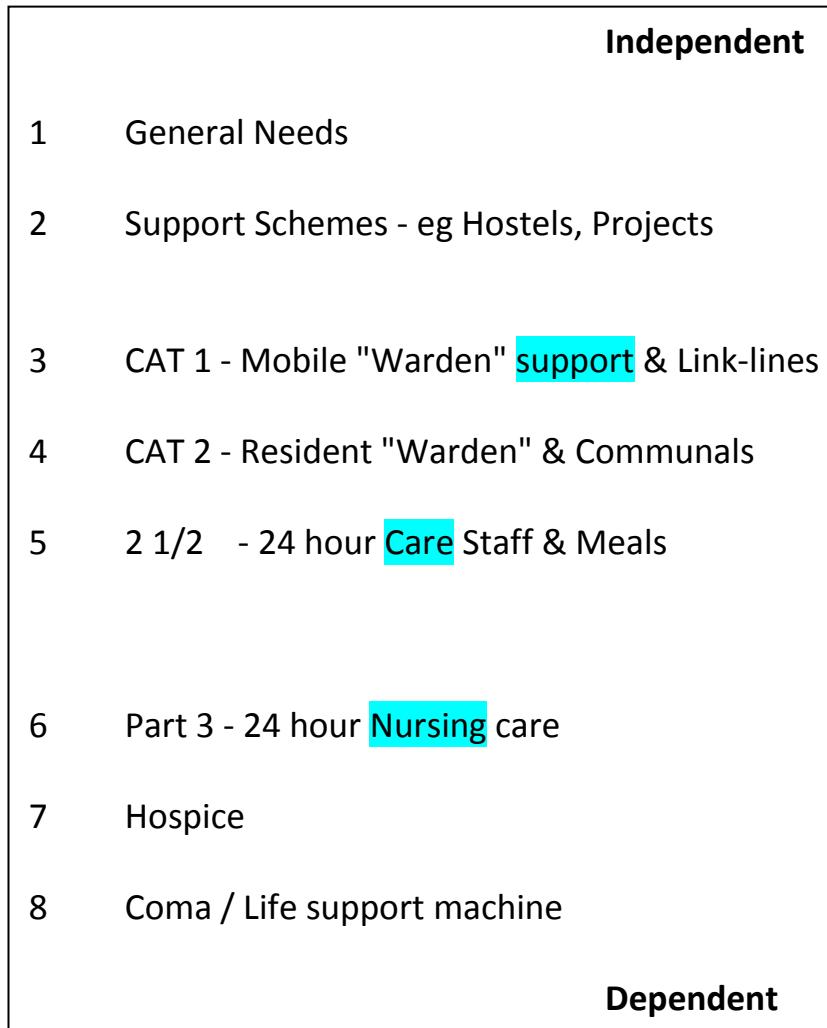
However this principle also works on the basis that 70% of all phone calls to a typical housing association are to do with day to day repairs!

### **4 Look after the people – Housing Management or Services**

HA's contribute to a wider community dimension as well as neighbourhood management, sustainability and regeneration.

## The range of housing in the sector

The 8 Levels of Independence



## **General Needs Housing**

General needs housing covers the bulk of housing stock for rent and includes both self contained and shared housing for single persons, couples or families. This is stock that is not designated for specific client groups requiring support or does not have the special design features that are specific to housing for older people and supported housing.

## **Housing for Older People (Sheltered Housing)**

Sheltered housing is specially designed accommodation mainly designated for older people. Various levels of care are offered covering basic independent living with access to support services as the need arises, to 'extra care sheltered housing', 'very sheltered housing', 'assisted-living housing' or 'close-care'. While different schemes vary, most will provide:

- self-contained flats with their own kitchen and bathroom;
- a laundry;
- a communal lounge;
- optional social activities;
- communal gardens;
- a guest room for overnight visitors;
- security and safety features;
- a warden or scheme manager (either resident or peripatetic); and
- 24-hour emergency assistance through an alarm scheme.

## **OTHER HOUSING SCHEMES**

### **Foyers**

Based on a French model - these are residential units for single unemployed and homeless people generally aged 18 - 25 years. Part of the licence/tenancy agreement is a condition for residents to undertake an employment training programme.

### **One Stop Homelessness Projects**

Such projects provide a holistic service to residents and would include :

- Housing
- Employment, career, education and training services
- Healthcare
- Move-on accommodation

## Affordable Home Ownership

### Right to Buy (RTB)

*Right to Buy* was introduced in 1980 and enabled local authority tenants of two years to buy their homes at a discount price. It was targeted at well-established public tenants, with the discount increasing in rough proportion to the years they had been paying rent. By the end of March 2009 around 1.7 million dwellings had been sold in England (about 2 million in Great Britain) under this scheme.

Sales peaked at over 130,000 a year in the late 1980s following a rise in the housing market before falling to around 30,000 in the mid 1990s. Sales broke the 60,000 a year barrier in the boom of 2003/04 but in recent years have plummeted sharply, reaching an all time low of 3,000 in 2009/10.

Since 1 April 1990 under s.59 of the *Local Government and Housing Act 1989* local authorities have been required to set-aside 75% of receipts raised from the sale of council houses and may only used them to redeem debts or pay off credit agreements. The remaining 25% can be used at any time to finance capital expenditure on any aspect of local authority services.

On 10 December 1998 the new Labour Government announced a cut in the maximum cash limit on RTB discount from £50,000 per sale to £38,000 in London and the South East, and to £22,000 in the North East. In March 2003 the maximum discount in 41 areas in London and the South East under the greatest housing pressure were further reduced to £16,000.

The RTB scheme is open to virtually any secure tenant who can afford to buy with the exception of dwellings occupied in connection with their employment (e.g. some police houses) and housing specially provided for the elderly and (in certain cases) the disabled. In March 1999 the Government announced an incentive to help councils *buy back* ex-council flats and houses from people in financial difficulty.

The Housing Act 2004 made a number of changes affecting the RTB including:

- ◆ extending from two years to five years the period that a tenant must spend qualifying for the Right to Buy,
- ◆ extending from three years to five years the period during which owners must repay their discount if they choose to resell their home,
- ◆ exempting dwellings scheduled for demolition from the Right to Buy,
- ◆ requiring owners who wish to resell within 10 years of exercising their RTB to offer their homes back to local social landlord,

**On 12 March 2012 the Prime Minister announced** that the Government was increasing the Right to Buy discount limit across England to £75,000.

- No changes have been made to the qualifying criteria for Right to Buy or Preserved Right to Buy - tenants must have spent five years as public sector tenants.
- Local authorities will be able to retain additional receipts for replacement housing - provided they can sign up to an agreement with Government that they will limit the use of those receipts to 30 per cent of the cost of the replacement homes.
- Councils will be able to deduct from the receipt the necessary amount to cover debt on the property sold but will not be required to use this part of the receipt to repay loans.
- There is now a provision to cover some of the cost of withdrawn applications. Authorities will now be able to retain £2,850 in London and £1,300 in the rest of England to cover the costs of administration on each sale.
- The Buy Back provision is still in place however this is capped at 6.5 per cent of those receipts available for replacement stock.
- The 'cost floor', has been extended from 10 years to 15 years; and councils will still be allowed to apply for exemption from pooling arrangements (and therefore one-for-one replacement) for Right to Buy receipts from new social homes built after July 2008.
- The Government has updated the information and advice for tenants on the costs and responsibilities of buying and maintaining their home.

#### Right to Acquire (RTA)

This scheme was introduced in the Housing Act 1996, and gives eligible tenants of Registered Social Landlords (**RSLs**) a statutory right to buy their home at a discount - generally between £9,000 - £16,000 depending on the local authority area in which the property is located. Tenants are always required to contribute more than 50% of the purchase price. The scheme only applies to RSL properties built or purchased with public funds or transferred from a local authority after 1 April 1997. Some properties are exempt from RTA including those in small rural settlements and sheltered housing. Eligible tenants must have spent a total of five years as a public sector tenant.

## **HomeBuy**

### **Social HomeBuy**

A scheme for existing tenants of participating<sup>2</sup> landlords to purchase their home on a shared ownership basis (part rent, part buy as outlined below). Minimum purchase is 25%. The landlord can charge rent up to 3% maximum of the capital value of their retained equity.

Buyers receive a discount on the initial share purchased. This will be the RTA discount amount (generally between £9,000 and £16,000 depending on local authority areas), pro rata to the share purchased. Purchasers are also entitled to a further discount on any further shares they buy.

### **New Build HomeBuy**

Formerly known as conventional shared ownership - purchase of a share of the equity in a new home built with public subsidy, or on public sector land or through the First Time Buyers initiative. The purchaser buys a share of a property and pays rent to the RSL on the remaining share. The amount of equity initially purchased is normally between 25% and 75%. Gradually the shared owner may buy further shares and eventually own their home outright. The scheme is intended to help those in housing need who would otherwise be unable to purchase a property outright. Priority is generally given to existing council and RSL tenants and to those on housing waiting lists.

### **Open Market HomeBuy**

The scheme is run in England by 'HomeBuy agents' and is open to households earning less than £60,000 a year who would otherwise be unable to buy a home. Potential purchasers must be one of the following:

- first time buyer
- previous home owner who can't now afford to buy without help (perhaps because of a relationship breakdown)
- housing association or council tenant
- 'key worker' (a key public sector worker, such as a nurse or teacher)

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<sup>2</sup> Landlords do not have to offer this option – participation in the scheme is voluntary

## Tenure Types

Within the United Kingdom there are currently three main tenure types:

- owner occupation
- social housing
- Private Rented

Social housing accommodation is provided using a mix of private and public money.  
Providers include:

- Local Authorities
- Registered social landlords (RSLs)/Housing Associations
- Unregistered Housing Associations
- Housing Co-operatives, Tenant Management Organisations
- Housing Companies (Arms Length Management Organisations [ALMOs])
- Almshouses and Abbeyfield societies
- Private companies

Overall demand for housing is affected by a range of demographic factors. Obviously the size of the population has an impact on the numbers requiring accommodation and whilst the UK has undergone a fairly steady increase over the past four decades there is a reduction in this growth. The decline in average household size since the 1980s has however resulted in a considerable rise in the total number of householders in England.

Demand can be influenced by a range of issues:

- the labour market
- age of individuals
- family life cycles
- levels and distribution of income
- the price of accommodation
- the availability of accommodation

These factors have an influence on the *overall* demand for accommodation and on the levels and types of demand within the different tenures.

Traditionally many new households choose their parents' tenure type possibly because it is the tenure with which they are most familiar. There is significant evidence to suggest that social class or "socio economic group" has also heavily influenced tenure choice.

Currently the factors affecting demand for particular tenures are related to affordability. It follows therefore that the existence of a housing need will not necessarily automatically result in the satisfaction of that need.

Increased mobility will raise the demand for privately rented accommodation since this is the only tenure which permits fairly rapid entry and exit. Since the public sector generally offers more security of tenure and lower turnover this is often least suited to highly mobile sections of the population.

A report by **Shelter** published in June 2012 "**Housing in Transition – understanding the dynamics of tenure change**" found that:

- *On the overall balance of tenures across England, there has been a rise in outright ownership and a fall in mortgaged home-ownership. Between 1993/4 and 2009/10, outright ownership increased from 25 to 34 per cent and mortgaged ownership fell from 43 to 35 per cent.*
- *Within the rented sector, there have been big rises in private renting as social renting becomes less accessible and rising rents and high house prices make it harder for renters to enter home ownership. Between 1993/4 and 2009/10 social renting fell from 25 to 18 per cent, while private renting was up by the end of the period to 13 per cent from 8 per cent in 1993/94.*
- *In London, where households are on average younger, outright ownership has risen slowly from 20 to 25 per cent and there has been a precipitous decline in mortgaged ownership from 39 to 33 per cent in 2009/10. This has inevitably led to an even greater dependence on private renting, up from 12 per cent in 1993/4 to 19 per cent in 2009/10.*
- *Projecting forward, it suggests that the state of the economy is central to tenure change. If the economy does not show significant signs of recovery, mortgaged home-ownership will continue to fall from 31 per cent in 2012 to 27 per cent by 2025. A cautious recovery, together with greater access to mortgage funding, balanced against the need for responsible lending, could allow some of the one million who are currently shut out to become homeowners.*
- *Social renting continues to play a core role in provision, especially among those on low to middle incomes. Especially in the capital, social housing continues to house 46 per cent of low-income households. It supports lower paid workers in homes near their work, as well as providing housing for more vulnerable households.*

- *For families with dependent children in England, mortgaged home-ownership is projected to decline to 47 per cent by 2025, although remaining the largest tenure. Private renting moves into second place by 2025 at 22 per cent.*
- *For families on low to middle incomes, private renting also becomes steadily more significant by 2025 if the economic recovery is weak, growing to 27 per cent in England by 2025. The rise of private renting is muted by the continued importance of social rented housing for this group, particularly in London where more than 50 per cent of low to middle-income families will still rent socially in 2025 if the tenure remains available to them.*
- *Our projections suggest that under a cautious economic recovery, mortgaged ownership could recover. If the economy remains weak and credit availability is tight, there will be continued declines across the country – putting even more pressure on private renting. In London social renting remains important, but private renting is projected to overtake rapidly and become the dominant tenure for families within 10 years. Looking forward, unless the economy picks up, England will be more and more dependent on rented housing. The worse the economy, the more likelihood of this group's housing being in the private rented sector.*
- *In London, if current trends continue, tenants will soon outnumber owners, with important political, social and economic implications.*

## **Public Sector Tenancy Types**

Public sector tenancies can be “secure tenancies”, “assured tenancies”, “assured shorthold tenancies”, “flexible tenancies”, “fixed-term tenancies”, “intermediate tenancies”, affordable rent tenancies”, “introductory/starter tenancies”, “demoted tenancies”, “family intervention tenancies” .....

### **“Secure Tenancies”**

Tenants of a local authority (or a housing association prior to 15 January 1989) are known as “secure” tenants.

Such tenants have a right to stay in the accommodation they have unless their landlord can convince the court that there are special reasons to evict them, for example rent arrears, damage to the property or some breach of the tenancy agreement. Secure tenants also have a right to have certain repairs carried out by the landlord, to exchange homes with another secure tenant, to buy their home and to pass on the tenancy to a person who has the “right of succession”. Housing Association “secure tenants” also have the right to a “fair rent” set by the Rent Officer every two years.

### **Assured Tenancies**

Since 15 January 1989 Housing Association tenants have been classed as “assured” tenants. The rights are similar to those of “secure” tenants but the right of succession only applies to a partner of the tenant. Rents are set by the Housing Association and if they are a registered provider they must follow the regulatory rent standard conforming with the pattern produced by the rent formula set out in rent influencing regime guidance (“target rents”) with a 5% tolerance in individual rents. Weekly rent for accommodation increases each year by an amount which is no more than RPI<sup>3</sup> + 0.05% + £2.

### **Assured Shorthold Tenancies**

Assured Shorthold tenancies give the tenant the right to occupy a property for a fixed period of time, provided that they keep to the terms of their Tenancy Agreement. At the end of the fixed period of time (often 6 or 12 months) the landlord or the tenant has the right to terminate the tenancy. After an AST expires it becomes an Assured Statutory Periodic Tenancy which will run until one party decides to end it. These tenancies only used to be offered for temporary accommodation however new regulatory standards allow registered providers to offer assured shorthold tenancies for general needs permanent housing.

<sup>3</sup> Retail Price Index published by the Office of National Statistics

## Introductory/Starter Tenancies

An introductory (local authority) or starter (housing association) tenancy is a probationary tenancy given to new tenants for a period of 12 months. If the tenant keeps to the terms of the tenancy agreement during that period the tenancy will become a full secure or assured tenancy with all the associated rights. During the probationary period a housing officer makes a minimum of three monthly visits to ensure that there are no problems. If there are breaches of the tenancy agreement the landlord may either decide to extend the probationary period or to give the tenant notice to quit. The grounds used are mandatory, however the landlord must ensure that all circumstances have been taken into account and the action being taken is "proportionate" – otherwise the tenant may request a review under the Human rights legislation.

Examples where a landlord could end an introductory/starter tenancy are:

- the tenant failing to pay the weekly rent, or consistently paying their rent late
- the tenant causing or allowing visitors to cause a nuisance or annoyance
- the tenant moving out and renting the home to someone else

A housing officer will firstly visit the tenant to discuss the matter and try to sort out any difficulties. If, however, the tenant has broken any conditions of the tenancy agreement, a notice of proceedings for possession may be issued which will tell the tenant the council will be requesting an immediate possession order.

The council doesn't have to prove a legal reason in court for seeking possession but they have to follow the correct procedure. In this respect, it is important to note that the correct procedure provides that the tenant has a statutory right to request a review the council's decision to seek possession.

## Demoted Tenancy

Introduced by the *Anti-Social Behaviour Act 2003* demoted tenancies added to the powers of both LA and HA to deal with anti-social behaviour. If a Secure or Assured tenant, or a member of their household or a visitor, is carrying out anti-social behaviour, the landlord can apply to the County Court for a Demotion Order. The Demotion Order has the effect of demoting the tenancy and reducing the security of tenure. The landlord can allow the Demoted tenant whatever rights it chooses. Most landlords demote the tenancy to a Starter Tenancy. If the tenancy conditions are then breached and the correct process has been followed the court has no option but to grant possession. The Demoted Tenancy lasts for 12 months. At the end of this period, if there has been no further anti-social behaviour, the tenancy reverts to a Secure or an Assured tenancy.

## **Family Intervention Tenancy**

A Family Intervention Tenancy (“FIT”) is a form of residential tenancy without security of tenure that may be offered by either a local housing authority or a private registered provider. FIT’s may be offered to anyone who is a tenant of a secure or assured tenancy subject to a possession order on the grounds of anti-social behaviour or domestic violence **or** anyone who (if they had a secure or assured tenancy) could have had such a possession order made against them. FIT’s they may be offered to individuals who are homeless or tenants of private landlords as well as to the landlord’s own tenants.

## **Flexible Tenancies**

*Introduced in the Localism Act 2011* A flexible tenancy is a secure fixed-term tenancy granted by a local authority in England (if they choose to do so) for a term of not less than two years – although guidance recommends a minimum of five years. Flexible tenants will have the same rights as secure tenants (including the Right to Buy and Right to Repair) and will be subject to the same grounds of possession. Flexible tenants will not however have a statutory right to improve their property or to compensation for improvements – although this can be expressed in the tenancy agreement at the discretion of the landlord.

Tenants have to be given written notice that they are to be given a “flexible tenancy”.

Introductory tenancies, demoted tenancies and family intervention tenancies can all become flexible tenancies once the former tenancy period expires, but only the local authority serves a Notice under S.137A of the Housing Act 1996 that this will be case.

The equivalent type of tenancy for a Private Registered Providers would be a Fixed-Term Assured Shorthold Tenancy.

## **Affordable Rent Tenancy**

An affordable rent tenancy is a flexible tenancy where the rent (inclusive of service charges) is set at a level which is no more than 80% of the estimated market rent for the accommodation in the area in which it is located, based on a valuation in accordance with a method recognised by the RICS. At present Affordable Rent tenancies can only be offered as part of a deal between a registered provider and the HCA (or the Greater London Authority) where a delivery agreement for new supply of social housing has been entered into.

## Licence

Licences are used where the premises are of a temporary nature with no intention to create a tenancy. Licences are often used for homeless households placed in temporary accommodation and for residents in hostels. Exclusive licences, those granted after 15/1/89 are exempt from protection of eviction (Rent Act 1977).

## MIXED TENURE ESTATES

Mixed Income Communities are residential areas with an economically diverse population. This is not a concept invented by modern architects, planners or government. Many of Britain's towns and villages have always contained a good social mix of residents, providing the foundation for vibrant and successful neighbourhoods. And many new developments in Victorian times were explicitly planned as Mixed Income Communities because these were seen as the foundation of sustainable and desirable places.

There is a stark contrast between many of the thriving mixed communities that were created historically and the multiple problems of many more recent developments that are polarised according to residents' incomes. It is this contrast that is a main motivator for current interest in the development of Mixed Income Communities, even though the process can be more complicated than creating estates aimed at one income band or one tenure. A further reason is the overall shortage of affordable housing in over-heated parts of the economy where house prices are particularly high, especially in the South-east of the country.

A 1993 report by David Page stated the policy implication of the case for Mixed Income Communities. It suggested that simple changes could be put in place to enhance social diversity at the neighbourhood level:

*"...if large new housing estates continue to be built, consideration should be given to producing a more balanced community by mixing rented housing with housing for sale or shared ownership... ..... the aim should be to achieve a social mix on the estate which reflects, as far as possible, the balance of household types, incomes, numbers of children and people from racial and ethnic minorities found in the wider community"*

Recent Government policy support for this objective can be clearly seen in a number of housing and planning policy statements:

*"Local housing authorities and the Housing Corporation "should normally seek to identify opportunities for providing mixed tenures and promoting mixed income communities within housing developments" (Housing Green Paper April 2000)*

The Government's "Communities Plan" launched early in 2003 continues and strengthens the call for a re-think of how we house our population:

*"a wider vision of strong and sustainable communities is needed ..... The way our communities develop, economically, socially and environmentally, must respect the needs of future generations as well as succeeding now. ..... Places where people want to live and will continue to want to live."*

The Joseph Rowntree Housing Trust introduced a policy of Mixed and Flexible Tenure on all of their estates – defining the policy as 'housing schemes where tenants, shared owners and full owners live in identical properties. This mixture is achieved by combining an allocation of funds for shared ownership with an allocation for rented housing within the same development'. The flexibility is achieved by offering a safety net for home owners to "staircase down" or re-sell their property to the Association if they get into financial difficulties.

Mixed tenure on estates may be adopted for the following reasons:-

- Financial viability – The cost of land and development cannot sustain a purely rented scheme. The introduction of LCHO initiatives and the resultant sale proceeds make the scheme more viable.
- Development opportunities – The introduction of different tenures on sites increases the development opportunities for the RSL – especially where the local authority are keen to see home ownership initiatives.
- Sociological factors – The mixing of tenures may aid the social stability of an area and balance between occupiers. Research has shown that owner occupation on estates has a beneficial effect, as tenants tend to have more disposable income with the consequence that the estates are less likely to become 'sink estates'.
- In addition, homeowners may be more likely to demand higher levels of service from their landlords than tenants. This is because owners are more likely to see the cost of management within their service charges and demand value for money. There may be some exertion of peer pressure from homeowners on tenants to keep an estate clean, tidy and well maintained.

## PRINCIPAL HOUSING LEGISLATION SINCE 1980

<b>Housing Act 1980</b>	– introduced the “Right to Buy” and legal right for council tenants to be consulted on issues affecting the management of their homes
<b>Landlord &amp; Tenant Act 1985</b> – which consolidates certain provisions of law of Landlord and Tenant, formerly found in the Housing Acts, together with the <b>Landlord &amp; Tenant Act 1962</b> .	The Act covers: Information to be given to tenants; provision of rent books; implied terms as to fitness for human habitation and repairing obligations.
<b>Housing Act 1985</b> –	consolidates previous Housing Acts in respect of provision of and condition of housing – now amended by Homelessness Act 2002 and Housing Act 2004.
<b>Landlord &amp; Tenant Act 1987</b> –	makes new provisions of imposing statutory duties in connection with covenants in tenancies against assigning, underletting, changing or parting with possession of premises without consent.
<b>Housing Act 1988</b> –	Introduced Assured Tenancies, Housing Corporation grants (HAG) and Housing Action Trust Areas.
<b>Local Government &amp; Housing Act 1989</b> –	legislates on political activities of officers and staff, staff appointments, Housing finance (Housing Revenue Account), Renewal Areas and Grants for improvements and repairs.
<b>Leasehold Reform, Housing &amp; Urban Development Act 1993</b> –	introduced collective enfranchisement in the case of tenants of flats.
<b>Housing Act 1996</b> –	Brought in “registration” of social landlords with the Housing Corporation (RSLs), the Right to Acquire, Social Housing Grant and registration of HMO’s. Also included consolidation of law in respect of forfeiture, grounds for possession of assured tenants, introduced “introductory” tenancies for council tenants and powers to grant injunctions against ASB. Schedule 1 of the Act concerns control of payments or gifts to members or employees of RSLs.

<b>Crime &amp; Disorder Act 1998</b>	The Crime and Disorder Act (now amended by the ASB Act 2003) introduced ASBOs, Parenting Orders and Child Curfew provisions amongst other general crime reduction initiatives and importantly provides the requirement for partnerships between the police, probation, local authorities, health authorities and other agencies. The Act puts the coordination of community safety and crime prevention on a statutory basis. Section 5 of the Act makes local authorities and chief police officers the 'responsible authorities' for setting and implementing strategies aimed at achieving reductions in crime.
<b>Homelessness Act 2002 -</b>	This Act requires local housing authorities to adopt a strategic approach to tackling homelessness. It also improves the protection available to people who are homeless through no fault of their own. The Act also makes amendments to the provisions relating to the allocation of social housing accommodation
<b>Commonhold &amp; Leasehold Reform Act 2002 –</b>	This Act creates a new system for the ownership of flats known as "Commonhold" and also extended the availability of the rights of enfranchisement under the LRH&DC Act 1993 and Leasehold Reform Act 1967. The Act introduces the "Right to Manage" and makes a number of changes to the Landlord & Tenant Act 1985 in relation to service charges and consultation requirements. The LVTs' jurisdiction is also extended.
<b>Anti Social Behaviour Act 2003 –</b>	makes important changes to the remedies which social landlords may obtain to deal with anti social behaviour and allows all social landlords as well as LAs to obtain injunctions.
<b>Housing Act 2004 -</b>	The Act includes new powers for LAs to deal with substandard dwellings, a requirement to licence houses in multiple occupation and a power to licence private landlords and to take over the management of private rented accommodation in certain cases. There are also changes to the Right to Buy and Right to Acquire schemes and the introduction of home ownership packs for owner occupiers from 2007

<b>The Civil Partnership Act 2004 -</b>	This Act is a wide-ranging measure which allows partners of the same sex to enter into a "civil partnership". In the landlord and tenant context it will also give the surviving partner the same rights to succeed to tenancies and to apply to a court for a transfer of a tenancy in the event of relationship breakdown (see in particular schedule 8).
<b>Housing &amp; Regeneration Act 2008</b>	This Act introduced the Homes & Communities Agency and the Tenant Services Authority – new investment agency and regulator to replace the Housing Corporation, Sustainability certificates (a new rating scheme for new homes) & Family Intervention Tenancies. The Act abolishes the status of tolerated trespasser.
<b>Localism Act 2011</b>	This Act contains provisions on planning and housing including the abolition of regional planning strategies, a new neighbourhood planning regime, changes to the rules governing allocations and nominations by LAs, the transfer of the regulatory role to the HCA, major tenure changes allowing for the use of fixed-term tenancies in social housing.
<b>Welfare Reform Act 2012</b>	This Act brings in changes to the benefits and tax credit system with the introduction of Universal Credit payments and Personal Independence Payments and caps on the amounts that can be paid to individuals.

## **REGULATION AND INSPECTION**

Regulation in the social housing sector has been developing over the past three decades. The Housing Act 1974 marks the starting point, with registration and supervision of housing associations forming a new responsibility of the Housing set up in 1964, independent from but accountable to, the Government Department responsible for Local Government. The statutory framework introduced then has been added to and amended by subsequent Housing Acts. In July 2008 the Housing and Regeneration Act received Royal Assent which abolished the Housing Corporation and in its place created two new bodies – the **Homes and Communities Agency (HCA)** and the **Tenant Services Authority (TSA)**.

In November 2011 the Localism Act received Royal Assent, abolishing the Tenant Services Authority and transferring the regulatory role to a special committee within the **Homes and Communities Agency**.

### **The Homes and Communities Agency**

The HCA comes under the auspices of the department of Communities and Local Government (CLG). The HCA is the national housing and regeneration agency for England, with a capital investment budget of nearly £7bn, providing investment for new affordable housing and the improvement of existing social housing, as well as regenerating land.

The regulatory role is carried out by a separate Committee within the Agency. The focus of this regulatory activity is on governance, financial viability and financial value for money as the basis for robust economic regulation. The HCA also set consumer standards but will only intervene in cases of serious detriment that have caused, or are likely to cause, harm.

The HCA operate throughout England, including as regulator in London. However, responsibility for housing and regeneration activity in London lies with the Greater London Authority..

### **The regulatory framework**

The regulatory framework introduced in April 2012 is based upon co-regulatory principles.

## The principles of co-regulation

Registered providers are required to meet the relevant standards outlined in the framework. Boards and councillors who govern providers' service delivery are responsible for meeting the standards and being transparent and accountable for their organisation's delivery of its social housing objectives. The regulator considers it is for providers to support tenants to both shape and scrutinise service delivery and to hold boards and councilors to account.

In cases where breach or potential breach of a consumer standard leads to risk of serious detriment to tenants, the regulator may intervene.

The new regulatory standards are classified as either "economic" or "consumer". The HCA will regulate the economic standards and Boards, councillors and tenant panels are responsible for regulating the consumer standards.

## The HCA's standards National

### The regulatory framework for social housing in England from April 2012

Standard	Containing requirements relating to the following areas
<b>Economic standards</b>	
1. Governance and financial viability	<ul style="list-style-type: none"><li>• Governance</li><li>• Financial viability</li></ul>
2. Value for money	<ul style="list-style-type: none"><li>• Value for money – must deliver a comprehensive and strategic approach to achieving value for money in meeting organisation's objectives</li></ul>
3. Rent	<ul style="list-style-type: none"><li>• Maintain pattern of "target rents"</li><li>• Maintain increases no more than RPI + 0.5% + £2</li><li>• Affordable rents only apply where a delivery agreement for new supply of SH agreed with HCA</li><li>• Affordable rents set at no more than 80% estimated market rent for area</li></ul>
<b>Consumer standards</b>	
4. Tenant involvement and empowerment	<ul style="list-style-type: none"><li>• Customer service, choice and complaints</li><li>• Involvement and empowerment</li><li>• Understanding and responding to diverse needs of tenants</li></ul>

5. Home	<ul style="list-style-type: none"> <li>• Quality of accommodation</li> <li>• Repairs and maintenance</li> </ul>
6. Tenancy	<ul style="list-style-type: none"> <li>• Allocations and mutual exchange</li> <li>• Tenure – to be compatible with the purpose of the accommodation, the needs of individual households, sustainability of community and efficient use of housing stock.</li> <li>• Periodic or assured. If fixed term minimum 5 years unless exceptional circumstances</li> </ul>
7. Neighbourhood and community	<ul style="list-style-type: none"> <li>• Neighbourhood management</li> <li>• Local area co-operation</li> <li>• Anti-social behaviour</li> </ul>

### **Regulating the economic standards**

- 1.1 The purpose of economic regulation is to protect historic government subsidy, promote access to private finance, and help address the lack of competitive pressures on providers which might otherwise put pressure on service quality and efficiency.
- 1.2 The regulator will proactively assure itself that private registered providers are well-governed and financially viable. Following amendment in the Localism Act, there is new focus on value for money and the standard on rent now forms part of the group of economic standards.
- 1.3 Regulation will be carried out in a risk-based and proportionate way. The regulator has a new statutory duty to minimise interference so there is a continuing focus on regulatory burdens, consistent with meeting the regulator's overall objectives. The key features of the approach to economic regulation are set out in chapter four. More practical information about the regulation of economic standards will be published in "Regulating the Standards", available from the regulator's website during April 2012.

### **Regulating the consumer standards**

- 1.4 Boards and councillors who govern service delivery remain responsible for ensuring providers meet the consumer standards. Under the new arrangements for regulation others, such as tenant panels, MPs and elected councillors have a more prominent role in scrutinising landlords overall. The Tenant Involvement and Empowerment standard reflects these objectives. Further information about what the changes mean for users of these local mechanisms will be provided by DCLG. Under the Localism Act, the regulator no longer has an active role in monitoring providers' service performance.

- 1.5 The regulator's intervention powers are restricted to circumstances where it is satisfied that the requirements of the 'serious detriment test' have been met. Chapter five sets out the regulator's guidance on this, which describes how it defines and operates the serious detriment threshold. The guidance includes the arrangements for how consumer matters may be referred to the regulator for it to consider if the threshold has been passed. If this is the case, the regulator will then consider the most appropriate means of intervention, including the use of its powers for both private and local authority providers.

Value for money goes to the heart of how providers ensure current and future delivery of their objectives

- 2.1 Providers should have a strategy for optimising value for money, and systems to ensure that this strategy is delivered.
- 2.2 For private providers, the regulator has set a new Value for Money standard. Boards are expected to develop and deliver a strategy to achieve continuous improvement in their performance on running costs and the use of their assets. They are expected to be transparent and to enable scrutiny of their performance. The regulator will comment in regulatory judgements on the assurance it has obtained on this standard. The regulator will also carry out and publish sector and provider level analyses of the performance of the sector as a whole, with the aim of adding to the available body of contextual information that can inform boards and stakeholders.

## Tenant Scrutiny

A key element of co-regulation is the role of tenant scrutiny, which aims to empower tenants in holding their landlords to account for their decisions, performance and conduct.

Tenant scrutiny is an approach rather than a process. There is no prescribed form scrutiny should take as it depends on the type, size and structure of the organisation as well as the local environment in which it operates.

The principle of tenant scrutiny is however the same whatever the organisation – in that the views of tenants should be at the heart of the framework for directing, monitoring, assessing and modifying its activities.

Although some landlords and their tenants may have been reluctant to introduce scrutiny panels which involves a considerable shift in culture for staff and active involvement from tenants.

Nevertheless where it works well both benefit from improved services, efficiency savings and tenant and employee satisfaction. Confidence and trust is enhanced by the openness and transparency of decision making and investment planning.

There are also risks in not having effective scrutiny arrangements in place, not least the threat the viability of co-regulation and a slide in standards, as this is the only real check on the performance and conduct of the organisation. Failure could potentially mean a return to much more prescriptive regulatory controls experienced under the Housing Corporation.

There are many good practice examples of successful tenant scrutiny panels – Wherry HA, East Durham Homes, Salix Homes, Wirral Partnership Homes, Sovereign and Aldwyck to name but a few.

## Tenant Participation The Ladder of Participation

### Resident Involvement : The 6 Levels

Level of Involvement	Measures & Activities
<b>6. Control</b>	Residents are in control and make all key strategic decisions. (Kensington and Chelsea TMO, Belle Isle TMO in Leeds are examples).
<b>5. Influence</b>	Residents influence strategic, operational and local service decisions. Such as : <ul style="list-style-type: none"><li>• Tenant majority on a Board contributing to the top line</li><li>• Resident's panel approves strategy and policy</li><li>• Tenant's Group on an estate/street/patch/area change proposals to meet their community needs on regeneration</li></ul>
<b>4. Participation</b>	Residents take part in Board and other meetings, but not enough to influence decisions. For example : <ul style="list-style-type: none"><li>• One or two Board members out of twelve</li><li>• New resident Board members, who are taking part and learning about group dynamics</li></ul>
<b>3. Involvement</b>	Residents are involved in a range of activities such as ; <ul style="list-style-type: none"><li>• Best value review of a maintenance service</li><li>• Policy development, reviews or updates</li><li>• Setting up service standard and service access measures in conjunction with landlords</li><li>• Crime prevention measures – such as deployment of CCTV cameras</li><li>• Selection of doors, windows, locks , paint finishes, flooring in a refurbishment programme</li></ul>
<b>2. Consultation</b>	Landlord provides information, asking for views and opinions. These views are not necessarily taken on board or acted up.
<b>1. Information</b>	Landlord provides information on performance on repairs, rent collection, property lettings, new properties in development, transfer options. Typically in resident newsletters, annual reports, service leaflets such as repair timescales, office opening times.

## Tenant participation

TPAS (Tenant Participation Advisory Service) has defined tenant participation as “a two way process that involves both tenants and their landlord in the sharing of ideas, where tenants are able to influence decisions and take part in what is happening.” The term ‘tenant participation’ covers a wide range of activities, from landlords providing tenants with information about housing services to tenants taking on the day-to-day management of some or all housing services.

### The development of tenant participation

A ‘legal’ right for council tenants to be ‘consulted’ on issues affecting the management of their homes was first introduced in the 1980 Housing Act and subsequent Tenants’ Charter. Following on from this, several laws and codes of practice affecting tenant consultation and participation were introduced.

Housing Act and Tenants’ Choice (1988) - Gave local authority tenants a right to choose an alternative landlord (Tenants’ Choice) and set out procedures for a ballot of tenants affected by any transfer proposals.

Local Government & Housing Act (1989) - Introduced Performance Expectations (housing associations) and Performance Indicators (councils) which required landlords to demonstrate their accountability to tenants, as well as the Department of the Environment and the Housing Corporation.

Decent Homes Standard (2003) – A target for social housing providers to meet set standards of fitness and design for their homes by 2010. ODPM guidance required councils to carry out a stock option appraisal, appointing an independent tenants’ advisor to involve tenants in the process.

### Involvement policy

During 2002 and 2003 the Housing Corporation carried out a review of its guidance on resident involvement for housing associations. The outcome of the review – the Involvement Policy – came into effect on 1st April 2004. The Policy built on existing resident participation guidance - "Communities in Control" and "Making Consumers Count" – incorporating them into a single regulatory statement. The new policy contained a list of expectations, including the following requirements:

- Resident involvement to be at the heart of housing associations’ corporate strategy, decision-making and ethos.
- Every housing association to draw up a resident involvement statement in partnership with residents.

Source : <http://www.tpas.org.uk/>

## Setting the Rents

In the Housing Green Paper, *Quality and choice: A decent home for all* (DETR, 2000) the Government identified the problem of inconsistency of rents between similar properties in similar areas owned by social landlords of all types (particularly housing associations and local authorities). The incoherence was seen as unfair and confusing for tenants, as well as an impediment to implementing a policy of choice based lettings and reforming housing benefit in favour of a local housing allowance (LHA). The existing pattern of rents reflected many factors, including when and where social housing had been built, changes in the subsidies given to social landlords, and the individual rent policies pursued by different landlords, as well as by Government.

It was in this context that the Government decided that it was necessary to introduce a new system that could provide a coherent baseline.

Following consultation the Government opted for a target rent formula that is based on a 70/30 split between relative county earnings and relative property values, together with a bed size weighting to help maintain differentials between property sizes.

- 70% of the target rent is based on average earnings in the county (this figure is adjusted to reflect the number of bedrooms in a property). This percentage of the target rent is fixed and **cannot** be changed.
- 30% of the target rent is based on the open market value of properties in January 1999, which takes account of size and location. This percentage of the target rent **can** change depending on property values.

From 1 April 2002 most housing associations (HAs) have been required to calculate a target rent for each property and to adjust the actual net rent to meet the target rent in real terms over a ten-year period. At the end of the ten-year period it was expected that rents on individual properties should normally be within a band of five percent either side of the target rent.

In order to mitigate the effect of the rent restructuring formula on a small proportion of properties in high value areas, target rents are subject to a rent cap that varies by property size. Both target rents and rent caps are set in relation to net rents, i.e., exclusive of service charges.

In the regulatory framework introduced for social housing landlords in 2012 it is a requirement that rents continue to conform to the pattern produced by the rent formula outlined above ("target rents") with a 5% tolerance in individual rents (10%

for supported and sheltered housing) but subject to the rent caps set. Weekly rent for accommodation increases each year by an amount which is not more than RPI (retail price index) + 0.5% + £2 until it reaches the upper limit of the rent flexibility level or the rent cap whichever is lower. Rent caps increase annually by RPI +1%. Target rents increase annually by RPI by 0.5%.

## CORE

CORE [Continuous Recording] is a system developed jointly by the NHF and the Housing Corporation to record information on RSL's lettings and sales in England. CORE was launched in 1989. 850 RSL's and non-registered associations as well as over 80% of Local Authorities are now recording all new lettings :

- more than 160,000 general needs lettings
- 65,000 supported housing lettings
- 10,000 sales per year

CORE data form an invaluable source of information on the characteristics of RSL tenants and purchasers and are used to inform funding, regulation and other policies relating to RSL's by the relevant local and central government bodies, as well as wider policy debate.

The data collected includes :

- Landlord and tenancy details ie type of tenancy, size of unit, rent
- Reason for housing e.g. overcrowding, health, poor housing conditions
- Household composition by age, gender, economic status
- Ethnic origin , Disability
- Income details
- Sources of income

The CORE system relies on the co-operation and efforts of RSL's and the collation of data from tenants and purchasers.

CORE is managed by TNS Research International (RI) under contract from the CLG and is guided by an Advisory Group consisting of representatives from the HCA, NHF, the CLG, local authorities and RSL's.

CORE data forms an invaluable source of information on a range of issues related to both new RSL lets and purchases. Data relating to household characteristics, economic status, ethnicity, primary reason for housing, source of referral and previous tenure of occupant are just some of the variables available through CORE. Information from CORE is used by a wide range of organisations to inform funding, regulatory and other policy decisions relating to RSL activity and contributes to the wider policy debate.<sup>4</sup>

<sup>4</sup> Source : <http://www.core.ac.uk/>

## **OVERVIEW OF THE SOCIAL HOUSING SECTOR**

### **as at 1 November 2012**

- Approximately 1,500 active stock-owning private registered providers
- Own or manage over 2.3 million homes
- 1,100 providers own less than 1,000 homes each
- 64 providers either own or manage more than 10,000 homes
- Stock transfer providers own over 1.1m homes (just under 44% of the total)

#### **Type of housing available**

- General needs housing (1,896,000)
- Housing for older people (321,000)
- Supported housing (103,000)
- Care homes
- Temporary social housing
- Key worker accommodation
- Leasehold/shared ownership (147,000)
- 88,000 non-social housing dwellings (student accommodation/key worker homes/open market rent/residential care homes (57,000))

#### **Current sector objectives**

There are a large number of diverse organisations, from very small providers (with less than 50 properties), specialist housing providers through to very large national housing groups managing over 60,000 homes across the full range of housing tenures.

Providers are involved in a wide range of activities, beyond providing homes – increasingly being expected to ensure the sustainability of neighbourhoods and

communities – often providing community centres, training facilities and other services in the community.

The consistent themes in the objectives of many providers often focus on:

- Offering choice and high quality, responsive services to customers
- Involving residents and giving them the opportunity to participate in the management of their homes
- Sustaining and supporting successful neighbourhoods and communities
- Promoting inclusion, understanding and meeting the diverse needs of customers
- Developing new homes, diversifying into new business areas
- Actively managing their existing asset base
- Developing a healthy organisation culture, being open and transparent
- Being well run and a good employer which develops people
- Working with partners, developing and maintaining relationships with stakeholders
- Driving value for money, maximising the use of resources and improving financial performance and capacity.

### **Financial performance**

Reductions in levels of public spending are already having an impact on the sector. In part this is direct funding – such as Supporting People income reductions – but also indirect – as providers are being asked to provide services previously delivered by LAs and other public sector organisations, but without receiving any funding.

- Sector's surplus after tax in 2011 totalling £1.1 bn
- Turnover increased in 2011 to £12.6 bn
- Total operating costs amounted to £112m
- Management costs per unit £873m
- Routine and planned maintenance per unit £1,009m

In 2011 Associations received capital grants of £3.3bn. As at 31 March 2011 the sector had re-invested £7.5bn – or 83% of its revenue reserves – in the acquisition and development of fixed assets.

According to one of the top providers of accountancy services to housing associations (Beevers and Struthers) the biggest challenge facing the sector of the next five years is the decline in the availability of finance. On the cost side the drive for efficiency and value for money will be the major challenge, whereas on the income side it will be the pressures of welfare and rent affordability. It is envisaged that the wholesale bond markets is going to become increasingly important as a source of finance.

## **WELFARE REFORM ACT 2012**

Significant changes are being made to the benefits and tax credits system over the next few years because of the Welfare Reform Act 2012 which became law on 8 March 2012.

The government's intention is to replace housing benefit, along with a range of other benefits, with a single Universal Credit payment from October 2013 for new claimants. New claims for housing benefit will end in April 2014. Existing claimants will start to be transferred to Universal Credit through managed change, currently planned to start from April 2014 and to end by April 2017.

Provisions in the Act allow for:

- The introduction of Universal Credit and Personal Independence Payment
- Changes to Employment and Support Allowance (ESA), including a one-year time limit on payment of contributory ESA for people in the work-related group
- Other changes to social security and tax credits, including provision for a benefit cap; the localisation of Council Tax Benefit; new rules about the recovery of overpayments and the procedures for making an appeal.

Some of the provisions of the Act have taken effect immediately after the Welfare Reform Act 2012 became law, but others are scheduled for 2013 or later.

### **Benefits Changes 2012**

January 2012

## **Housing Benefit for tenants in the private sector**

**Change:** the age threshold for the shared accommodation rate of Local Housing Allowance (LHA) will be increased from 25 to 35.

This means that single claimants up to the age of 35 will have their LHA based on a room in a shared property rather than a self contained one bedroom property. There will be exceptions for some disabled claimants, certain people who have previously been homeless, and ex-offenders who could pose a risk to the public.

- This change will apply for all new claimants from 1 January
- For existing pre April 2011 claimants this change will take effect when their 9 month protection period from the April 2011 changes ceases so they experience all relevant changes in one go
- Existing claimants whose claims were made between 1 April 2011 and 1 January 2012 will be moved to the shared accommodation rate on the anniversary date of their claim

## **Support for Mortgage Interest**

**Change:** temporary changes to the Support for Mortgage Interest Scheme which were due to come to an end in January 2012 will be extended until January 2013. These include a reduced waiting period of 13 weeks and an increase in the eligible mortgage capital limit to £200,000.

## **April 2012**

### **Benefit rates 2012/13**

Child Benefit rates were frozen for three years from 6 April 2011 so these will stay the same.

Rates for the savings credit part of Pension Credit have been reduced.

## **Crisis Loans**

**Change:** The maximum rate of a Crisis Loan, for single non-householders, will be 30% of the appropriate benefit personal allowance rate. The maximum rate for householders or people who are homeless will still be set at 60% of the appropriate benefit personal allowance.

## **Housing Benefit (HB)**

**Changes:** A further £40million per year will be added to the Discretionary Housing Payment budget. £10 million was added in April 2011.

## **Tax Credits**

### **Changes:**

- Further changes to the way Tax Credits are calculated so that the credit is withdrawn faster as income rises
- 50+ element removed from Working Tax Credits (WTC)
- If your income falls by up to £2,500 during the Tax Credit award year, the amount you get will not be revised to see if you are entitled to a higher Tax Credit payment.
- You will only be able to backdate new applications and changes of circumstances for up to one month instead of three.
- Couples with children must work at least 24 hours a week between them, with one working at least 16 hours to qualify for WTC. However, couples with children where one person works at least 16 hours and is entitled to the WTC disability element or is aged 60 or over will still qualify for WTC. Also, couples with children will continue to qualify for WTC if only one member of the couple works at least 16 hours per week and the other is incapacitated, an in-patient in hospital or in prison.

**Update:** Changes announced in the Budget 2012 will mean that a couple will also continue to receive Working Tax Credits as long as one partner works 16 hours a week and the other is entitled to Carer's Allowance. In this circumstance they will also qualify for help with childcare costs.

## **May 2012**

### **Contributory Employment and Support Allowance**

**Change:** From 1 May people in the Work Related Activity Group of Employment and Support Allowance (ESA) will have their claims limited to one year. They will have their family income and savings assessed to see if they qualify for the means-tested version of the benefit. Any time already spent in receipt of contributory ESA whilst in the work related activity group will count towards the one year time limit so some claims will end on 30 April.

**Change:** Contributory ESA in youth to be abolished. Existing claimants will have their entitlement limited to one year from the time their entitlement began, disregarding time in the support group so some claims will end immediately once this change comes in.

### **Income Support**

**Change:** From 21 May 2012, if you are claiming Income Support as a lone parent and your youngest child is aged five or over, you will need to move from Income Support to Jobseeker's Allowance.

Those lone parents with a health condition or disability which limits their capability for work may be able to claim Employment and Support Allowance (ESA) instead.

## October 2012

### Automatic enrolment into pensions

Automatic enrolment into pensions starts. This is a new law that the Government has introduced to make it easier for people to save for their retirement. It requires all employers to enrol their workers into a qualifying workplace scheme if they are not already in one. For more information, see the Pensions Advisory Service website.

### Civil penalties and overpayments on benefits or tax credits

From October 2012, a civil penalty may apply if you are overpaid a benefit and:

- you have negligently given incorrect information or evidence, **and**
- you fail to take steps to rectify the error, **and**
- the error causes an overpayment, **or**
- you fail to provide information or evidence or fail to notify a change in your circumstances without a reasonable excuse.

### New payment system will replace benefits cheques

A new 'Simple Payment' service will be introduced to replace the benefit cheques system for claimants who can't be paid by direct payment because they are unable to open or manage bank or Post Office card accounts.

Under the new system, claimants will be issued with a reusable 'Simple Payment' card so that they can receive their benefits at 'PayPoint' outlets located in local newsagents, convenience stores, supermarkets, garages and off licences.

## Benefit Changes 2013

### January 2013

#### Child Benefit

**Change:** From 7 January 2013, a new income tax charge will be applied where a person has an individual income of over £50,000 and they or their partner gets Child Benefit. This will be applied as extra income tax payable by the person whose income is above £50,000.

The amount of the charge will depend on how much that person's individual income exceeds £50,000:

- Where a person has an income between £50,000 and £60,000, the charge applied to their income tax will be 1% of the Child Benefit paid for every £100 of income between £50,000 and £60,000. The income tax charge will always be less than the amount of Child Benefit payable.
- Where a person has an income of over £60,000 the charge will be equal to the full amount of Child Benefit payable.
- Couples with a combined income of over £50,000 will not be affected, unless either one of them has an individual income of over £50,000. For example, where two members of a couple both earn £35,000 they will not be affected by this change.

Child Benefit can continue to be paid to you or your partner even if one of you is liable for the charge. The amount of Child Benefit you can claim and receive is unaffected.

You can decide not to receive Child Benefit if you or your partner do not wish to pay the new charge. You will remain technically entitled to Child Benefit, even if you choose not to have it paid. This is in order to protect your entitlement to national insurance credits, which will count towards your State Retirement Pension entitlement. You can change your mind at any time, but the person who has an income above £50,000 may become liable for a charge when Child Benefit becomes payable again,

This new charge will affect single income and two income families differently:

- A single income family with earnings over £50,000 will lose some or all of their Child Benefit
- A couple where both earn up to £50,000 (potential joint income of £100,000) will not be affected

## **April 2013**

### **Benefit Cap**

As part of the Welfare Reform Act there will be a cap on the amount of benefits a working-age household can receive, capped at the level of the average earnings of a working family.

### **Council Tax Benefit**

**Change:** Council Tax Benefit is to be replaced by localised support for Council Tax. Local authorities will set up new schemes to support people in their own areas within a 10% reduced budget. This will only affect people of working-age who currently receive Council Tax Benefit.

## **Disability Living Allowance (DLA)**

**Change:** The government is to replace DLA with a new benefit called Personal Independence Payment (PIP).

This will involve the introduction of ‘objective assessments’ to decide eligibility. The stated intention is to target support on those most in need through this new benefit.

The government is hoping for a 20% reduction in expenditure by 2017 by bringing in this process. All working-age claimants will be reassessed.

## **Housing Benefit (HB)**

### **Changes:**

#### **Bedroom size criteria**

- Social housing tenants will be subject to the same criteria as private tenants. This means that people of working age living in houses larger than they need (under-occupiers) will have to move to somewhere smaller or make up the difference in rent because their Housing Benefit will be reduced with a:
  - 14% cut in Housing Benefit if you under-occupy by one bedroom
  - 25% cut in Housing Benefit if you under-occupy by two or more bedrooms

#### **Local Housing Allowance rates for private sector tenants**

- LHA rates will be increased in line with the Consumer Price Index instead of the market rents in each area. The connection with actual rents will be lost.

#### **Benefit allowance on Service Charges**

Inside Housing reports that the recently published Universal Credit draft regulations could lead to a reduction of service charges being covered by housing benefit.

Schedule 4, Part 5, s.31(3) of the draft regulations sets out three types of service charge which will be eligible for the purposes of the housing costs element:

- services necessary to maintain the fabric of the accommodation
- the cleaning of communal areas
- the cleaning of the exterior of windows where neither the renter nor any member of the renter’s extended benefit unit is able to clean them.

There is a fear that many areas currently covered as eligible for benefit may be excluded under the new rules.

The Housing Benefit regulations currently allow for a wide range of service charges to be included as part of a tenants' eligible rent. These include:

- children's play areas
- cleaning and heating of communal areas.
- connection to a radio or television system (except satellite and cable relay systems) in specified circumstances
- other services such as those provided by caretakers which relate to the provision of adequate accommodation.
- garden maintenance of communal areas

### **HOUSING OMBUDSMAN SERVICE - 2013**

From April 2013 the Housing Ombudsman will be able to consider complaints from all tenants of social housing as legislated for in the Localism Act 2011.

There is also a change to how the service operates, with an emphasis on resolving complaints:

- at a local level
- as early as possible
- introduction of a finding of service failure
- more focus on outcomes, less on process
- changes to time limits for making complaints

#### Changes to policy

##### *Local resolution*

Complaints are always best resolved as soon as possible and through the efforts of the landlord. The Ombudsman will focus on helping the parties to reach resolution themselves through the available local procedures (primarily the landlord's internal complaints procedures and also the designated persons). Complaints should not simply be passed through the complaint process with a view to reaching the Ombudsman. Instead of focusing advice on how to complete the complaints process the parties will be advised on how to take steps to resolve a particular dispute.

##### *Designated persons*

The Ombudsman will encourage positive relationships between the Ombudsman, landlords and tenants and the designated persons. If necessary cases will be referred to the designated persons if that increases the chance of achieving local resolution. It

is recognised that some complaints are better dealt with by the designated person and not by the Ombudsman.

The Ombudsman does not have any jurisdiction over the designated persons, their decisions or processes. Feed back on referrals from the designated persons will be provided to enable good practice in complaints handling. The Ombudsman will not comment on the merits of the designated persons' decisions but will aim to support the improvement of process and approach.

#### *Service failure and maladministration*

In addition to findings of maladministration and severe maladministration The Ombudsman will introduce a finding of *service failure* to reflect the lower end of maladministration. This will allow for a more proportionate way of describing a wider range of what's gone wrong and will give the Ombudsman the flexibility to be more appropriate in their criticism. They will take a problem-solving approach in their findings and will expect landlords to play an active role in resolving the disputes that are investigated.

#### *Outcomes focus*

In parallel with support for local resolution of complaints, the Ombudsman will only investigate complaints where they can add value that will not be achieved through local resolution. They will, therefore, consider the possible outcomes of investigation when deciding whether, or how, to consider a complaint. Specifically, they will investigate cases where there is some evidence that the complainant has experienced 'significant adverse affect'.

At the end of the process the Ombudsman may make orders and recommendations. The purpose of their orders is to put things right for the individual complainant either through specific performance or compensation.

The purpose of Ombudsman recommendations is to add value, this can be by addressing wider issues than those raised by the individual complaint. Recommendations will be outcome based to allow landlords to find their own solutions to problems identified through the Ombudsman's investigations.

#### *Time limits*

Reducing the length of the entire complaints process is beneficial to all parties. For customers the time taken to resolve a complaint is seen as a whole, whether it happens in the landlord's internal complaint process or the Ombudsman's process. In future, for some complainants there will be an added stage of the designated

persons' process. Time limits prevent excessive delay in dealing with complaints at any stage of the process and are particularly important if it is anticipated that the case will eventually be referred to the Ombudsman. They will provide both landlord and complainant with resolution as early as possible.

### **Definition of "Designated persons"**

The Localism Act 2011 provides that tenants of housing associations, local authorities, and ALMO's will be able to ask for their complaints to be considered by a 'designated person' when their landlord's internal complaints procedure is finished. This provision will start on 1 April 2013.

#### *Why have designated persons?*

Designated persons were introduced by the Government to improve the chances of complaints about housing being resolved locally. The idea behind 'localism' is that local people know best how to decide on local issues. The introduction of designated persons is intended to involve local politicians and local people in resolving local housing issues. It follows from this that there is to be no central control or regulation of the development of local resolution mechanisms.

The Housing Ombudsman is not a regulator and cannot define the expected role or processes for designated persons. That would be contrary to the purpose of localism.

#### *Who can be a designated person?*

A 'designated person' can be an MP, a local Councillor, or a Tenant Panel. Landlords do not have to set up tenant panels but they are expected to support their formation and activities if their tenants want them. To be effective the tenant panel must be 'recognised' by the landlord.

#### *What does the designated person do?*

A designated person will help resolve the complaint in one of two ways; they can try and resolve the complaint themselves or they can refer the complaint straight to the Ombudsman. If they refuse to do either the tenant can contact the Ombudsman directly.

The designated person can try to put things right in whichever way they think may work best. If the problem is still not resolved following the intervention of the designated person either they or the tenant can refer the complaint to the Ombudsman.

Complaints to the Ombudsman do not have to be referred by a designated person, but if they are not there must be at least 8 weeks from the end of the landlord's complaint process before the Ombudsman can consider the case.

The law says that when the designated person refers a complaint to the Ombudsman, it must be in writing.

*What is the impact of designated persons on complaints procedures?*

Designated persons have no direct impact on a landlord's internal complaints procedure. MPs and local councillors have always been involved in complaints procedures as advocates for tenants. They will continue to have that role. Their specific role as designated persons is different as they play a more specific part in the procedure. The detail of that role is not spelt out in the Localism Act, but a part of it is to refer complaints to the Ombudsman.

In practice this means that if a complaint is not resolved at the end of the landlord's complaints procedure, the tenant can:

refer the matter to a designated person OR  
wait 8 weeks and refer the matter directly to the Ombudsman.

A designated person has no legal authority over a landlord's policy or procedure.

*The Housing Ombudsman and designated persons*

The Ombudsman will be required to maintain a register of recognised Tenant Panels (from April 2013, information on how to do this will be available on their website). However, we do not oversee the involvement of panels or any other designated person in the local resolution of complaints.

*Change to the Ombudsman service from April 2013*

From April 2013, when the Ombudsman receives a complaint they will always ask if it has been referred to a designated person and if not they will clarify the reasons for this. They will either then refer the matter to a designated person or if a tenant is clear that they do not want to make use of that opportunity for local resolution, (if it is more than eight weeks from the end of the landlords complaint process) they will consider the case.

*(Extract from Ombudsman Information leaflets 2013)*

## **PROVIDING A CUSTOMER FOCUSED SERVICE**

- Customer focus is a management philosophy and way of doing business that is a key to growth and profitability. The idea behind "Customer focus" is that your company must understand what your customers want, and provide it, giving value for money.
- This may not seem to relate to a non-profit making organisation, however all organisations have customers of one sort or another and there are few Boards who would not put customer service and customer satisfaction among the top company priorities.
- A customer focused service does not mean you open up the opportunity to cross-sell— in other words you express a wish to rent and then get offered low cost home ownership! This is PUSHING things at a customer rather than providing a service that reinforces a positive company image and PULLS the customers back.

### **Why is this so challenging?**

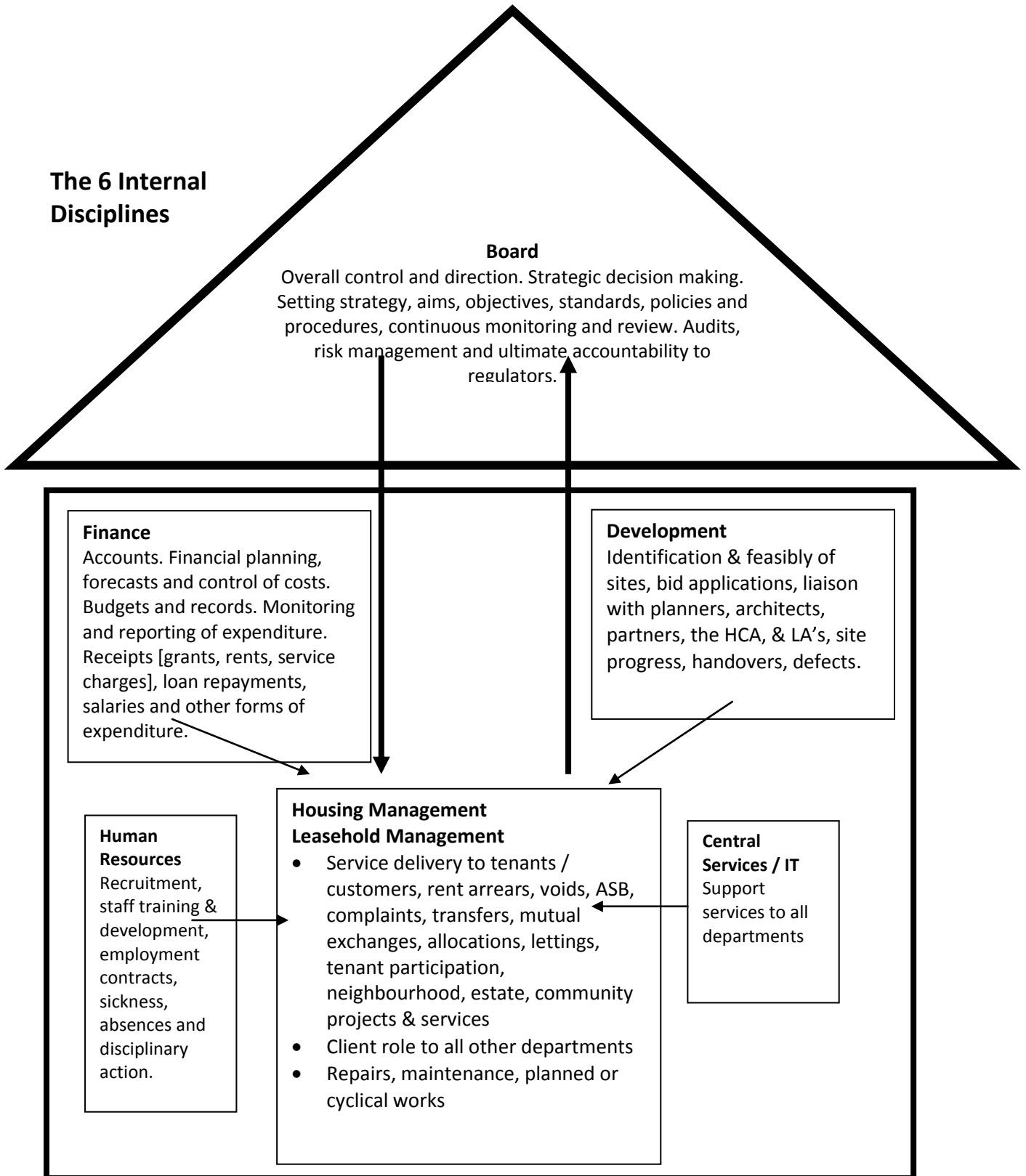
When we think of customer service we tend to think of our own personal interactions with businesses, where we want a helpful, courteous customer service person with the right product knowledge, who is empowered to take care of our needs.

But this solution is very expensive. Just getting the right information to front line people is a major challenge in large organizations. Training is another major expense. And many companies have cut back on staffing or attempted to automate some functions to raise productivity. The result is one or more of the three key ingredients (helpful person available, right information, able to help) becomes the weak link in the chain. To get all three right takes a major commitment

Customer focus means providing value. It's exactly the opposite of the nightly TV news teasers before commercial breaks that say, "What will the weather be like this weekend? We'll let you know in a few minutes", instead of "Nice weather this weekend. See the full weather forecast in a few minutes." Customer focus means treating customers the way you would like to be treated. Use every second of your "airtime" to deliver all the value you can. Treat all customers with respect.

### **Improving customer focus and customer service**

The challenge is to provide a uniformly high quality experience that customers value. This means you need to understand what problems customers want solving, how satisfied they were with your performance and how you measure against other housing providers (benchmarking).



Given the diversity in social housing the above is a model illustration of a HA. The roles of each department will vary in organisations. In some organisations the maintenance department will be separate or be part of the development department. In smaller associations the committee members are more likely to be involved in operational matters such as staff recruitment.



## CUSTOMER SERVICE

Customer service basically is the act of one person helping another person. The way the customer is dealt with will determine how a company's service will be perceived by customers. In order for this to work both the customer and the customer service officer must be honest with each other.

Rule Number One therefore is always tell the truth, no matter how much it hurts.



## **Customer Service – key points**

To perform the customer service role well you need to perfect a lot of different skills including: problem solving, counselling, coaching, teaching, training, consulting and project management.

Central also to the value and expertise of the customer service role is the strong emphasis on emotional skills demanded in modern customer service. Dealing with emotional people, and solving problems with significant emotional implications, requires the same capabilities and attitudes found in many specialised professions involved with helping, healing and developing people.

Some of the key points you should take on board to become a skilled customer service officer are listed below – you may be able to add some more!

- Honesty is essential in Customer service
- Customers expectations are heightened by Government and organisational pledges of excellent service standards
- Customers are now more aware of their rights and powers
- Customers are now paying more rent and therefore expect a more efficient and reliable service
- The gap between expectations and resource restrictions is widening. This trend often manifests itself as difficult behaviour.
- Avoid obstacles by not creating them in the first place
- A ‘Placebo’ service doesn’t work
- Use correct words that satisfy customers – not annoy them
- Refrain from using extremes and imperatives
- Don’t rush customers off the ‘phone – allow them to decide when the call is finished
- Remind verbose customers of their initial purpose for calling
- Use restraint, not retaliation when working with difficult customers
- Separate the customer’s behaviour from the customer’s problem
- Fix the problem, not the customer’s behaviour
- Maintain a good problem solving attitude regardless of where the problem originated

- Fix the problem, not the blame
- Allow difficult customers to vent their feelings without interruption (but you don't have to listen to vulgar language)
- Spell your name for customers, before you are asked to
- Listen actively and acknowledge your presence
- Keep a pad on your desk to make notes
- Use soft compliments to soften-up the customer and position them for listening to you
- Avoid using common colloquialisms (ie Yep, Nope, Okey dokey etc)
- Make sure things are under control before you attempt to resolve a problem
- Once things are stable ask 'qualifying questions' to determine what is wrong
- Respond immediately – the longer you wait the more difficult problems are to resolve
- Be diligent – don't get caught in the complacency trap
- Follow up complaints after resolving the problem
- Ask closed ending questions that enable you to control the conversation and qualify the problem
- Allow a customer to answer with either the right answer, the wrong answer or no answer
- Don't assume the customer is an expert because he says so
- Make exceptions when the circumstance warrants it – make sure your policies and processes have a mechanism for handling exceptions
- Making correct decisions is a learning process. Seek advice when you are not sure.
- Get the facts about an event prior to making a decision
- While you are at your desk pick up the 'phone. Don't ignore incoming 'phone calls simply because you have voice mail
- When callers leave you a voice mail message, always return their calls.
- Refrain from leaving voice mail messages that are cryptic and uninformative.

- Think rationally and focus on the root cause of problems
- Speak and breathe slowly to offset your body's response to stress
- There is no cure for stress, but it can be handled
- Be aware of your body's reaction to stress
- Stay courteous, even when under stress
- Each stressful experience you overcome prepares you to handle the stressful experiences that lie ahead

### **Customer service code of practice (British standard BS 8477)**

There are a number of different published customer service standards, which mainly relate to the commercial sector. The British Standard Code of Practice for Customer Service (published in 2007) however offers a useful and authoritative interpretation which will transfer to most situations.

The Code of Practice offers guidance and recommendations only and has no formal or legislative backing. The Code highlights a set of '3Rs' for the non-commercial, public sector customer services and service delivery:

- responsive
- reliable
- respectful

It also refers to the research by the (British) Institute of Customer Service (ICS) in identifying the most important elements of service delivery according to customers:

1. timeliness
2. appearance
3. courtesy
4. quality and efficiency
5. ease of doing business
6. problem-solving

Eleven **Customer Service Principles** are outlined and regarded as essential:

1. Commitment (at all levels)
2. Credibility (keep promises)
3. Culture (customer service ethos)
4. Competencies (of staff - in recruitment, training and assessment)
5. Responsibility (clear and supported with suitable authority - with at least one person responsible for customer problems)

6. Resources (adequate for effectiveness)
7. Identification and management of all customer service issues
8. Quality (of customer service - relevant input and review)
9. Feedback (enabled for customers and employees)
10. Continual improvement (to meet or exceed customer expectations)
11. Internal customers (establish concept and communications)

## **Complaints handling and customer service role tips**

Here are some useful principles for handling complaints and the customer service role itself.

- Emotional complaints are usually the most difficult to handle, so these tips focus mainly on the more challenging complaints scenarios.
- Many complaints are made by phone - in which case immediately take the person's phone number and explain you've done this in case the line is cut off, which helps pre-empt and diffuse a major cause of distress and frustration. Demonstrating that you have anticipated and guarded against the potential loss of the call is a very positive first step, and this is especially helpful if the customer has been hanging on the phone, been transferred, or made previous attempts to resolve the problem.
- It is a good idea to give your name and direct line or extension number (if you have one). If possible take on the problem personally until it is resolved – even if you are involving others to fix the problem the customer will know that you will be looking after them from start to finish.
- Customers failing to find anyone to accept personal responsibility for resolving their problem or complaint is a major cause of extra upset and frustration, so when a distressed customer finds someone who promises to take responsibility this lifts an enormous pressure.
- Listen - let the other person talk and explain - and let them emotionally unload too if that's what they need to do.
- When you listen, listen with feeling and empathy - the other person will be acutely sensitive to (and enraged further by) an automaton-like reaction, so try to really empathise on an individual and special basis.
- When someone is very angry, exasperated or distressed, try to remember that they are feeling rather like a child does when upset and seeking reassurance or help from a parent or grown-up. They want to unload, and often just allowing people to do this will alleviate 90% of the problem, although do not ever expect any customers to admit to this. Think about your own experience when complaining emotionally about something - it is very difficult to remain angry and emotional much beyond a minute or two if the customer services

person is really listening, allowing you to unburden, and understanding how you feel.

- Do not confuse anger and rage on the other end of the line with adult behaviour - it is just another form of child-like tantrum or upset, and it needs absorbing calmly and sympathetically in an adult way. By behaving calmly and being grown-up (which definitely does not mean acting officially or patronisingly) you allow the other person to shift from 'child' back to sensible grown-up again.
- Take notes. Get the facts. And take time and let it be known that you are doing so. This shows you are taking the problem seriously, that you value their words and their time spent explaining the problem. Also, by encouraging the other person to focus on the facts you can help to move the engagement away from emotion and into content and facts, which will normally reduce the stress for both of you.
- Try to step back and look at the situation objectively with the other person, rather than getting drawn into confrontation or a head-to-head. Encourage the approach where you both work on the problem together to agree what should happen next. Keep control obviously, but involve the other person in your thinking and decision-making.
- Understand how the other person feels. This is not the same as agreeing. It's important to show understanding. It is not possible to agree with an emotional interpretation or a mood, and until the facts are properly known it's not always possible to agree with even a perfectly balanced unemotional and reasonable claim or complaint unless or until you can substantiate the facts or claim. But you can always show that you understand how the other person feels, and this is a very big part of the customer's need at the time of complaining.
- Of course if the complaint is plainly justified and clearly demonstrates a failing in your organization's service or product then you must acknowledge and apologise for the problem without dispute, and then focus on resolving and recovering the situation.
- By understanding and being empathic about the other persons emotions they will often naturally extend you some leeway for a little firmness where required about your processes and the next steps. On occasions customer's expectations and demands are not realistic, which needs managing. The worst thing is to promise or agree to remedial actions or compensation that you will subsequently be unable to deliver. You will find it easier to be firm where you need to be if you have first shown a strong understanding of how the other person feels.
- Rapport - trust - is necessary before you can move forward.

- If pressurised to agree or commit outside of what is reasonable or authorised you have to be firm and honest:
- Tell the customer what process or steps you will use to resolve the problem, which should always include a clear commitment to provide updates if appropriate, details of how decisions will be made, and how any remedial changes will be considered and incorporated into future procedures to prevent a recurrence. Many customers like to know that their complaint has been useful in helping the organization to improve its operations, and where this opportunity arises you should feed recommendations back internally and inform the customer accordingly.
- Unless you are empowered to make exceptional arrangements you must work within your policies and systems. If you do not agree with your policies and systems then go through proper channels to recommend constructive changes, preferably supported with a brief business justification.
- In essence the professional customer service role is being an expert translator and mediator - a crucial pivot - in reconciling customer needs within the landlord's resources. At best the role will even influence landlord's resources through good feedback and recommendations.
- In keeping with such a role, you are a mediator, facilitator, and enabler. Remembering and aspiring to these qualities will help you do a great job and to keep an aura of calm and professional authority while doing so.

## Jargon and Housing Language

## **HOUSING JARGON**

### **A Brief Summary of Housing Jargon**

ADR	Alternative Dispute Resolution (ADR) is the name given to a variety of ways of resolving disputes without going to court ie via negotiation, mediation, arbitration or third part determination.
ALMO	Arms length management organisation – a company set up by a local authority to manage and improve part or all of the council's housing stock. The company is owned by the Council and is managed by a board of directors which includes tenants, leaseholders, local council nominees and independent members.
Audit Commission	A public corporation with an independent role assessing local authorities' performance and RSL housing management services. Will cease to function in 2012.
Benchmarking	Assessing an organisation's performance by comparing it to that of other organisations of a similar size and purpose.
Best Value	Fundamental performance review for local authorities and registered social landlords aimed at improving the quality of local services
CIOH	Chartered Institute of Housing - professional body for people involved in housing and communities, providing both a lobbying role and professional training and accreditation.
Community Land Trust	A private non-profit company (usually with charitable status) created to acquire and hold land for the provision of affordable housing. Acquires land, secures planning permission on the basis of proven local need and obtains commercial finance to build for leasehold sale at cost.
CORE	COntinuous REcording of lettings data – a national information source funded by the CLG that records information on the characteristics of both HA and LA new social housing tenants

	and the homes they rent and buy. Policy makers and practitioners regard the system as an essential tool for monitoring housing costs, assessing affordability and developing policy.
CLG	Communities and Local Government - a Government Department which sets policy on supporting local government; communities and neighbourhoods covering regeneration; housing; planning, building and the environment; and fire
CPA	Comprehensive Performance Assessment – a framework produced by the Audit Commission for local authority self assessment and external peer "challenge" as a way of allowing Councils to take more direct responsibility for their own improvement in capacity and performance.
Family Intervention Project	Family Intervention Projects (FIP) provide high level, intensive support to families which are responsible for disproportionate amounts of anti-social behaviour and those who are at risk of becoming involved in offending behaviours.
Family Intervention Tenancy	Family Intervention Tenancies (FIT) are "excluded" tenancies (neither secure nor assured) issued to families accommodated in dispersed accommodation or purpose built units specifically for the purpose of dealing with anti-social behaviour.
FRESA	Framework for Regional Employment and Skills Action – a joint initiative from the Dept Trade & Industry, Dept for Education and Skills & the Dept of Work and Pensions – providing a single action plan to match skilled people to good quality jobs.
Focus Group	Draws together people for a discussion on a specific topic and aims to find out what people think, feel, believe and their reasons for doing so, but not to reach any agreement. Mainly used as a research technique

Foyer	Foyers provide accommodation for young homeless people. Unlike hostels, they take an active role in helping their residents gain access to training, education, and employment, and to gain independent living skills
HA	Housing Association – providers of "affordable" housing.
HCA	Homes and Communities Agency – set up under Housing and Regeneration Bill 2008– merging the investment arm of Housing Corporation, English Partnerships and elements of CLG.
HOLD	Home Ownership for people with Long Term Disabilities – a variation of the Open Market and New Build HomeBuy products. The purchaser identifies a suitable property which they would like to part buy with the RSL. The RSL then acquires the property and sells part of the equity to the purchaser on a shared ownership lease basis. The purchaser pays rent on the share retained by the RSL.
Housing Corporation	The Housing Corporation was established in 1964 as a non-departmental public body (NDPB) with wide ranging powers to register, regulate and fund housing associations. From 2008 its functions were taken over by the HCA and TSA.
Housing Finance	System of money and credit that operates to enable all types of residential property to be built, managed, repaired, and exchanged. Housing finance's 3 broad categories are: capital expenditure (i.e. construction, conversion, improvements), revenue expenditure (i.e. repairs, maintenance, and administration of properties) and income (i.e. rent collection).
Joint Commissioning	Process whereby two or more commissioning agencies work in partnership to co-ordinate the provision of facilities and services. There are over 30 pilot schemes involving individual local authorities and the Housing Corporation acting as commissioning agents for social housing provision.

KLoEs	Key Lines of Enquiry – a range of questions and factors used by the Audit Commission in reviewing and assessing services provided by RSLs.
KPIs	Key Performance Indicators – used to assess the standards of performance against set targets in Local Authorities and Housing Associations.
LAA	Local Area Agreement – agreements between LAs and government to set out how Sustainable Communities Strategies will be achieved for the area covered by the LAA.
LSP	Local Strategic Partnership – a single body that brings together at a local level the different parts of the public sector as well as the private, business, community and voluntary sectors so that different initiatives and services support each other and work together.
LSVT	Large Scale Voluntary Transfer – Process by which a local authority transfers its housing stock to a registered social landlord (a housing association).
NHF	National Housing Federation – trade body that represents the independent social housing sector. It is the central representative, negotiating and advisory body for RLS and other non-profit housing bodies in England.
PFI	Private Finance Initiative – a central government programme launched in 1992 to attract private finance and skills to public sector capital projects.
Right to Buy (RTB)	Introduced in 1980 – a scheme for local authority tenants to become home owners by purchasing at a discounted market value.

Right to Acquire (RTA)	Introduced in 1997 – a scheme for housing association tenants to become home owners by purchasing their property with the benefit of a fixed discount. Only properties built after April 1997 and funded by Housing Corporation grant are eligible. The discounts are set amounts according to the local authority area.
RHE	Rural Housing Enabler – individuals who work closely with rural communities, RSLs, local authorities and landowners to increase the availability of affordable housing in rural areas of England
RSL	Registered Social Landlord – a provider of publicly subsidised housing. The term was introduced in the Housing Act 1996. Now known as Registered Providers.
RSR	Regulatory and Statistical Return – an annual return of statistical data that RSLs are required to send in to the regulator.
Rural Exceptions Sites	A site that has not been allocated for housing use in a development plan, but is subsequently identified for social housing use to meet local needs
Section 106 (S106)	Section 106 Agreements – a planning obligation or planning agreement under the town and country planning legislation by which planning permission is granted subject to a voluntary agreement which might, for instance, ensure that a proportion of new houses are affordable for local people.
SHG	Social Housing Grant – a government grant available towards the provision of social housing.
Shared Equity Schemes	<u>New Build Homebuy</u> – purchasers buy a minimum initial purchase of at least 25% of a newly built home. The RSL retains the remainder of the equity and charges up to 3% of the value in red. Introduced in April 2006

Social Homebuy – Purchasers buy a minimum initial purchase of at least 25% of their current **rented** home at a discount. The remainder of the equity is retained by the RSL and they can charge up to 3% of the value in rent.

Introduced in April 2006.

Open Market Homebuy – Purchasers are expected to raise finance to purchase around 75% of a home on the open market. RSLs provide a loan for the balanced funded by SHG up to a maximum of £50,000. A small charge may be made on the equity loan provide. The scheme is available to eligible key public sector workers, social tents, those on housing waiting lists and other first time buyers identified as priorities by Regional Housing Boards.

Social Homebuy for outright purchase – purchasers buy their rented home outright with a discount. Introduced April 2006

#### Shared Ownership

(Conventional) Shared Ownership – refers to a property developed or purchased by a Housing Association and sold to an applicant unable to afford a full mortgage on a percentage basis. The "shared" owner obtains a mortgage to purchase their share of the property (between 40% and 60% of the full value) and pays a rent to the landlord Housing Association on the balance.

#### Standing Orders

Standing Orders are a set of `rules and regulations` which usually cover how meetings are run, how decision are made, terms of reference for committees/sub-committees and other procedural matters. Standing Orders should be used alongside a group`s constitution.

#### TMO

Tenant Management Organisation – tenants who have taken over the running of some or all of the services on their estate such as Tenant Management Co-operatives and Estate Management Boards.

TEP	Tenant Empowerment Programme – previously known as Section 16 grant, a fund established to enable LA and HA tenants and residents to access independent advice, training and information directly with the aim of increasing the effectiveness of housing management and improving the quality of life of tenants in social housing.
TPAS	Tenant Participation Advisory Service - National tenant participation organisation working to promote tenant empowerment
Trickle Transfer	A trickle transfer is what happens when a local authority sells its housing stock to a housing association slowly, one property at a time. As a property becomes vacant, the local authority sells it to the HA.
TSA	Tenant Services Authority – the new body (2008) set up to regulate Housing Associations and Local Authority housing. Will cease to function in April 2012.
Under Occupation	Occurs when the tenants in a property are not fully occupying it. An example might be a couple in a 3 bedroom house, whose children have left home. Tenants in under occupied properties are frequently offered incentives to move to a smaller property because larger houses for families are in short supply.
VOID	An empty property – usually awaiting work to be carried out prior to re-letting to a new tenant.
Windfall Site	A site that has not been identified for housing use in a development plan but which becomes available through changing local conditions.

## Glossary of Housing Terms

AA	Almshouse Association (The)
A&D	Acquisition and Development
ABC	Activity Based Costing
ABI	Area Based Intervention
AC	Audit Commission
ACAS	Advisory, Conciliation and Arbitration Service
ADR	Alternative dispute resolution
AEI	Average Earnings Index
ALMO	Arms Length Management Organisation
AONB	Area of Outstanding Natural Beauty
ARHM	Association of Retirement Housing Managers
ARLA	Association of Residential Lettings Agents
ARMA	Association of Residential Managing Agents
ASBO	Anti Social Behaviour Order
AST	Assured Shorthold Tenancy
B&B	Bed and Breakfast
BANANA	Build Absolutely Nothing Anywhere Near Anything
BCA	Basic Credit Approval
BM	Board Member
BME	Black & Minority Ethnic
BRE	Building Research Establishment
BV	Best Value
CA	Countryside Agency
CAB	Citizens' Advice Bureau
CCA	Consumer Credit Act
CCG	Community Care Grant
CCT	Compulsory Competitive Tendering
CHAS	Catholic Housing Aid Society
CHC	Community Health Council
CIH	Chartered Institute of Housing
CLT	Community Land Trust
CITB	Construction Industry Training Board
CORE	COntinuous REcoding Data Analysis (NHF)
CPRE	Council for the Protection of Rural England
CSR	Comprehensive Spending Review
DCLG	Department for Communities and Local Government
DDA	Disability & Discrimination Act
DFG	Disabled Facilities Grant
DHS	Decent Homes Standard
DPG	Disposal Proceeds Fund
dph	Dwellings per hectare
DTL	Difficult to Let
DTLR	formerly Dept of Transport Local Government & the Regions
DVPN	Domestic Violence Protection Notice
DVPO	Domestic Violence Protection Order

EAC	Elderly Accommodation Council
EHA	Empty Homes Agency
EIA	Environment Impact Assessment
EDs	Enumeration Districts
EOC	Equal Opportunities Commission
GANGBO	Gang Related Injunctions
GDP	Gross Domestic Product
GIS	Geographical Information Systems
GNP	Gross National Product
HA	Housing Association
HB	Housing Benefit
HBF	House Builders Federation
HC	Housing Corporation
HIP	Housing Investment Programme
HMR	Housing Market Renewal
HNI	Housing Needs Index
HRA	Housing Revenue Account
I&PS	Industrial and Provident Society
IIP	Investors In People
ICT	Information and Communication Technologies
ILD	Index of Local Deprivation
ITA	Independent Tenant Advisor
LA	Local Authority
LAA	Local Area Agreement
LAN	Local Area Network
LEP	Local Enterprise Partnership
LIN	Learning Information Network (Doh)
LCHO	Low Cost Home Ownership
LOTS	Living over the shop scheme
LPF	Local Performance Framework
LSP	Local Strategic Partnership
LSVT	Large Scale Voluntary Transfer
LVT	Leasehold Valuation Tribunal
MICs	Mixed Income Communities
MRA	Major Repairs Allowance
NHBC	National Housing Builders' Council
NHF	National Housing Federation
NIMBY	Not In My Back Yard
NISP	Notice of Intention to Seek Possession
NOSP	Notice of Intention to Seek Possession
OFTenant	Legislative name of Tenant Services Authority
PCT	Primary Care Trust
PFI	Private Finance Initiative
PPGs	Planning Policy Guidance Notes
PPP	Private Public Partnership
PRP	Private Registered Provider (ie an Housing Association)
PSA	Public Sector Agreement

PSRSG	Private Sector Renewal Specific Grant
RCGF	Recycled Capital Grant Fund (RSLs)
REIT	Real Estate Investment Trust
REIP	Regional Improvement and Efficiency Partnerships
RES	Regional Economic Strategy
RDA	Regional Development Agency (Yorkshire Forward)
RHB	Regional Housing Board
RHE	Rural Housing Enabler
RHS	Regional Housing Strategy
RP	Registered Provider of affordable housing
RPI	Retail Price Index
RPG	Regional Planning Guidance
RRO	Regulatory Reform Order
RSDF	Regional Sustainable Development Framework
RSL	Registered Social Landlord
RSR	Regulatory Statistical Return
RSS	Regional Spatial Strategy (to replace RPG)
RTA	Right to Acquire
RTB	Right to Buy
RTM	Rent to Mortgage
RTS	Regional Transport Strategy
SHCP	Single Housing Capital Pot
SHG	Social Housing Grant (now abolished)
SHIP	Safe Home Income Plan
SPG	Supplementary Planning Guidance
TCI	Total Cost Indicators
TCPA	Town and Country Planning Association
TEC	Training and Enterprise Council
TEP	Tenant Empowerment Programme
ToR	Terms of Reference
TP	Tenant Participation
TPAS	Tenant Participation Advisory Service
TPO	Tenant Participation Officer
TPO	Tree Preservation Order
TSA	Tenant Services Authority
TSC	Total Scheme Costs
VAT	Value Added Tax
VFM	Value for Money

## EXERCISE 1

Take a few moments to jot down what you know about housing associations

1. Who do social landlords house?	
2. How do they get their properties?	
3. What different types of tenure can they offer?	
4. Who checks up on what HAs are doing?	
5. How many departments do you have in your HA – what do they do?	
6. What role does the Board play?	

## EXERCISE 2



**What is a tenancy?**

**Write down anything which you would expect to be in place for someone to have a tenancy.**

**1.**.....

.....

**2.**.....

.....

**3.**.....

.....

**4.**.....

.....

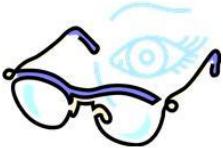
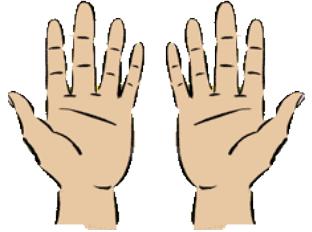
**5.**.....

.....

## EXERCISE 3

<b>V = Yes</b>	<b>X = No</b>	<b>L = limited right</b>
<b>What rights do ASSURED tenants have?</b>		
Right to exclude their landlord from entering their home		
Right to 28 days notice of termination of tenancy		
The right to fair treatment		
Right to use their home for any purpose they choose		
Right to make alterations to the property & to be reimbursed for the cost		
Right to withhold the rent until repairs are completed		
Right to have others living with them at the property		
Right to an independent assessment of the reasonableness of the rent		
Right to park a vehicle in front of the property		
Right to buy their property		
Right to a grant to move out and buy another property		
Right to Information and advice		
Right to swap the property with someone else		
Right to pass the property on to a son or daughter		
Right to keep pets		
Right to complain to an Ombudsman		
The right not to be evicted from their home by the landlord		
Right to have a court consider the reasonableness of eviction		

## Social Housing : The Full Picture

 <b>Definition and Vision</b> Affordable housing for people in need.	 <b>The 8 Levels of Independence</b> <table border="1" data-bbox="811 345 1303 534"> <tbody> <tr> <td>General Needs</td> <td>Hostel</td> </tr> <tr> <td>Cat 1</td> <td>Cat 2</td> </tr> <tr> <td>Care Home</td> <td>Nursing Home</td> </tr> <tr> <td>Hospice</td> <td>Hospital</td> </tr> </tbody> </table> 	General Needs	Hostel	Cat 1	Cat 2	Care Home	Nursing Home	Hospice	Hospital
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 <b>10 Providers</b>	<b>4 Primary Activities</b> <table border="1" data-bbox="811 698 1271 864"> <tbody> <tr> <td>Build</td> <td>Let</td> </tr> <tr> <td>Look after homes</td> <td>and People</td> </tr> </tbody> </table> 	Build	Let	Look after homes	and People				
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<b>6 Internal Disciplines &amp; 20 External Stakeholders and Partners</b>  	<b>Regulation – The 7 Standards</b> 								
<b>1,000 Years of History</b> 	<b>Residents Rights and Responsibilities</b> 								
<b>Future – Short Term Localism &amp; Welfare Reform.</b>  <b>Long Term.</b>	<b>Vision – back to the future...</b> 								

