

MODELS OF REGULATION OF RENTED HOUSING IN ENGLAND

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Introduction

Due to limitations of space, this paper focuses on regulation in England. Much of the discussion is relevant to other parts of the United Kingdom, although the regulatory environment differs in specifics and in rigour in Scotland, Wales and Northern Ireland.

The paper is set out in five parts

- Business case for regulation of rented housing
- Regulation of social rented housing
- Regulation of private rented housing
- Effectiveness of different approaches to regulation
- Current review of social housing regulation in England

PART 1: Business case for the regulation of rented housing

1.1 Why regulate?

In the UK, the government tends to apply regulation to the supply of public services in the absence of a competitive market. The logic is that in a competitive market consumers can exercise choice if they are not satisfied with a service and transfer their custom to another provider.

In the context of scarce or price-controlled public services such as rented housing, the government feels the need to regulate providers to ensure that supply, quality and price are managed in the public interest.

The government also seeks to ensure, through regulation, that public investment is used for the purposes for which it was intended and that providers demonstrate efficiency and accountability in their governance and activities.

1.2 Who is regulated?

In the context of the English rented housing sector, regulation is applied to the following:

- Public sector providers - rent control, performance standards, supply, financial viability, proper use of investment, probity in governance, health and safety
- Non-profit providers - rent control, performance standards, supply, financial viability, proper use of investment, probity in governance, health and safety
- Private rented sector providers - performance standards and health and safety

As this indicates, the Government *generally* imposes lighter touch regulation on the private rented sector in order not to create a disincentive to private landlords to enter or remain in the market.

PART 2: Current regulation of social rented housing in England

Current mechanisms for social housing regulation in England

The Government currently employs a range of mechanisms to ensure regulatory coverage.

2.1 Direct regulation of providers

Central Government directly regulates **public sector** housing providers - local authorities and their Arms Length Management Organisations (ALMOs) - by:

- Controlling rents via a subsidy scheme which redistributes rent income between landlords on the basis of the Government's assessment of their need to spend
- Collecting data from landlords on service cost and performance.
- Setting performance standards which are tested through external assessment by a Government agency, the Audit Commission, as part of an annual Comprehensive Performance Assessment of the local authority and periodic inspection of the landlord function.
- Linking access to investment to inspection or Comprehensive Performance Assessment results

The Government retains reserve powers to intervene in the governance of local authorities. In practice, the government merely tends to pressure local politicians to put their house in order.

2.2 Registration based regulation

The Government regulates **independent non-profit** providers through an agency called the Housing Corporation. The Housing Corporation is currently both the regulator of registered social landlords and the provider of funding for the construction of new social housing, although this is set to change (see Part 5 below)

Regulation is enacted by:

- Registration of non-profit providers - housing associations and co-operatives
- A regulatory code - which non-profit providers are expected to comply with
- Annual regulatory returns - involving data on property, rents, performance, governance and viability, an Annual Efficiency Statement and self-assessment against the Regulatory Code
- An annual Housing Corporation Assessment of the health of non-profit providers - based on data from returns, periodic Audit Commission inspection and meetings between the Corporation's field regulators and registered social landlords
- Linking development funding to performance - under the Housing Corporation Assessment and periodic Audit Commission inspection - as well as financial capacity and past effectiveness in spending funding allocations

Where it has concerns about a registered social landlord, the Housing Corporation can intervene in its affairs, on an escalating scale involving supervisory direction, appointment of board members and ultimately the forced transfer of an organisation's assets to another provider. In practice, the Housing Corporation is far more willing to exercise its powers of intervention than central government is in terms of local authorities.

2.3 Licensing/contract based regulation

The Housing Corporation has introduced its own accreditation scheme for **profit-making commercial organisations** who wish to build and manage, or simply just manage, accommodation constructed with public Social Housing Grant obtained via the Corporation and which is not owned by a registered social landlord.

Although it is called an accreditation scheme, this is a misnomer. It is actually a licensing scheme, operated through a contract between the Corporation and the 'accredited' body.

The scheme sets detailed minimum specifications for housing management service standards in terms of lettings and sales, repairs and maintenance, equality and diversity, dealing with anti-social behaviour, tenancy management, residents' rights and obligations under the tenancy/lease and governance and finance.

Landlords seeking accreditation are required to submit:

- company details
- a capacity plan (covering financial health and resources, experience and references, proposed staffing arrangements and office location and access)
- detailed method statements on how they will manage each aspect specified in the accreditation standard

If the manager's application is deemed worthy, the Corporation undertakes a site visit to check facts and experience the service delivered. If the site visit is satisfactory, accreditation is offered for a period of three years.

Initial accreditation is largely based on compliance with defined management processes – themselves exhaustive but not particularly rigorous – rather than past evidence of management outcomes. Accredited managers are then subject to a performance assessment after one year of management of social housing. It is intended that further reviews will be carried out on a three yearly basis. Where a manager loses its accreditation status, the landlord owning the social housing involved must put in place interim management arrangements approved by the Corporation. If it fails to do this, the Corporation will advise the landlord that it is in breach of contract and will itself put interim management arrangements in place and/or take (as present unspecified) enforcement action against the landlord.

PART 3: Regulation of the private sector

In the UK, there are two elements of regulation of private sector landlords.

3.1 Licensing schemes for Houses in Multi Occupation (HMOs)

Local authorities are required by the Government, on a mandatory basis, to license HMOs which are deemed as 'high risk' – i.e. those of three storeys or more and occupied by five or more persons, who are not living together as a single family or households. In granting a license, the authority will visit the property to determine whether adequate amenities (toilets, wash hand basins etc) and health and safety (fire doors, smoke alarms, escape routes, gas servicing etc), and effective management (e.g. commitment to tackling anti-social behaviour) are in place.

If an HMO does not qualify for a license, the authority is required to close down the HMO.

Local authorities also have the power to license other HMOs and other private rented property (even if not an HMO), by designating an area within their district as being subject to a selective licensing scheme. This selective licensing can be applied if the authority considers that a significant proportion of properties in the area are being managed sufficiently ineffectively that they are causing problems for tenants of these properties or members of the general public. Conditions for applying a selective licensing scheme are that one or both of the following problems apply:

- The area is experiencing low housing demand and if the authority applied a licensing scheme this would improve social and economic conditions in the area
- The area is experiencing a significant or persistent problem caused by anti-social behaviour and some or all private sector landlords in the area are not taking appropriate action to combat the problem and if licensing was applied this will lead to a reduction in the problem.

Essentially, therefore, selective licensing might be applied (for example) in 'ghost town' or 'red light' districts or where there is rampant overcrowding or where anti-social behaviour amongst residents has got out of hand.

3.2 Accreditation schemes for private landlords

Although there is no mandatory requirement on them to do so, the Government encourages local authorities to offer local accreditation schemes for all private landlords.

The aim of these schemes is to raise standards through incentives rather than enforcement. There is no power for local authorities to take enforcement action against landlords who do not seek accreditation or who fail to achieve an accredited standard.

The authority will draw up a set of management, amenity and health and safety standards that landlords must achieve in order to become accredited.

There is no specific template for accreditation schemes and they vary by local authority area. In some cases, the schemes accredit properties, in others landlords are accredited and in most a combination of these approaches is applied. Where landlords are accredited, they are usually required to submit all their properties for scrutiny.

Standards set by the schemes vary. Some authorities set high initial standards from the outset whilst others seek to increase standards progressively over time.

Benefits to landlords who achieve accreditation are as follows:

- The status of being identified as a good landlord
- Distancing themselves from incompetent or unscrupulous landlords
- Business advantage of advertising their accredited status to tenants who place an emphasis on good quality accommodation

Incentives vary from scheme to scheme but may include:

- A local authority liaison officer who can help landlords to deal with any department of the local authority on a 'one stop shop' basis
- An improved relationship with housing benefit departments
- Information on housing management and access to training and development opportunities
- Consultation on proposals that may affect landlords such as local housing strategies
- Access to grants or loans to renovate properties to standards set by the accreditation scheme
- Advice on how to tackle anti-social behaviour
- Discounts and group purchase on goods and services such as property insurance or energy
- Access to rent deposits or rent guarantee schemes operated by the local authority

Tenants can benefit from the accreditation scheme by knowing that if they rent from an accredited landlord, the property will be in a good condition and well managed. For the community in general, accreditation schemes can increase the supply of good quality rented accommodation.

Some authorities also extend the accreditation scheme to lettings agents. In addition to ensuring quality of accommodation, these schemes require lettings agents to meet minimum customer service standards and to look after their clients' money safely.

PART 4: Effectiveness of approaches to regulation

4.1 Overarching issues for regulatory systems

Who bears the cost of regulation?

Governments increasingly wish to reduce their overheads by passing more of the cost of regulation to the housing provider sector – but this burden needs to fall proportionately on providers, who vary in their size and resources.

Avoidance of complexity

A simple, more outcome based, form of regulation is the objective of government and providers alike. However, simplicity may be out of sync with the complexity of the provider's task in an increasingly challenging operating environment. Similarly, simple forms of regulation (such as contracts or licenses) may not be capable of adaptation during their term without the approval of the provider and/or an increased cost to compensate the landlord for additional duties resultant upon contract variation.

Increasing the influence of consumers in regulation

This requires consumer access to information and the resources to analyse this data and challenge their landlord. Past experience suggests that landlords are unlikely to provide information and resources where this may threaten their organisational interests.

This challenge will only have real strength if consumers can force a change in:

- Landlord performance – with assistance from the regulator
- The ownership or, more likely, the management of their rented homes – if a landlord resists consumer and regulator pressure for improvement

Any ability to change landlord or manager will require a genuine market of providers and a legal process to force landlords to out-source housing management and maintenance.

Past experience also indicates that a genuine market of providers will not emerge where the out-sourcing of management is controlled by the current owner of the housing stock.

Enforcement and sanctions

No regulatory system can be effective in rented housing unless the regulator retains the power to:

- Influence rents in order to maintain their affordability
- Ensure that government funding for new development or property improvement is spent in a cost effective manner

- Ensure that performance and health and safety standards are met
- Ensure that regulated bodies retain public support in terms of their probity and responsiveness to customers

This means that, whatever the precise form of regulation, the regulator must retain leverage over providers through a combination of some or all of the following sanctions:

- Removal of the ability of the provider to trade in a market
- Removal of access to public funding
- Ability to intervene in the governance of a housing provider – though note that this may not be possible where governance is undertaken by directly elected politicians

4.2 Effectiveness of specific approaches

4.2.1 Direct regulation by government

Advantages

- Permits strong regulatory control over the activities of social landlords
- Enables direct intervention in the governance of landlords
- Enables the government to 'passport' its policy into the strategies of social landlords - for example the Government now requires each social landlord to submit an Annual Efficiency Statement, setting out how it is going to increase its efficiency, to their regulator

Disadvantages

- Time consuming and expensive for government to operate – hence the preference for the use of government agencies for regulating non local authority landlords
- Can be a barrier to innovation and risk taking
- Government unlikely to intervene in activities of landlords due to sensitivity of over-riding the local authority democratic process

4.2.2 Registration-based regulation by a government agency

Advantages

- Permits strong regulatory control over the activities of social landlords
- Enables direct intervention in the governance of landlords
- Enables the government to 'passport' its policy into the strategies of social landlords
- Ensures that landlords do not go bust – thus securing advantageous lending rates due to absence of commercial risk to lenders

Disadvantages

- Time consuming and expensive for government to operate
- Time consuming for landlords to provide regulatory data
- Creates friction with landlords who consider themselves 'over-regulated'
- Can be a barrier to innovation and risk taking

4.2.3 Licensing/contract based regulation

Advantages

- Lighter-touch approach creates an environment which provides an incentive for private sector organisations to enter the market
- Providers have a clear and unequivocal set of expectations to meet

Disadvantages

- Contracts can lack the flexibility to enable the regulator to respond to changing government policy or market conditions
- Contracts can become over-complex if they seek to anticipate a broad range of requirements for social landlords
- Potential added costs where social landlords require legal advice prior to entering into licenses/contracts

4.2.4 Self-regulation

This applies where there is reliance on codes of practice developed by provider trade bodies, backed by self assessment, voluntary benchmarking and accreditation schemes (see below and Appendix 1 for discussion of the latter).

Advantages

- Will reduce the cost of regulation to the government
- May reduce the burden of regulation on landlords
- May limit the ability of the government to 'passport' its policies into the business strategies of landlords

Disadvantages

- Passes more of the cost of regulation to providers – but this may be viewed as an advantage by Government
- Heavily dependent upon the quality and comparability of landlord self-assessment returns
- Providers may show insufficient vigour in investigating and eliminating their own short-comings

4.2.5 Co-regulation

Co-regulation describes a process whereby there is reliance on self regulation subject to a 'backbone' of intervention by the regulator on a 'by exception' basis, if it has concerns about landlord performance, to ensure that problems are rectified.

Advantages

- Can be constructed to obtain the control of landlords achievable via registration-based regulation with the social rented sector's demand for greater emphasis on self assessment
- Will reduce the cost of regulation to the government
- May limit the ability of the government to 'passport' its policies into the business strategies of landlords - but this may be viewed as an advantage by landlords

Disadvantages

- Passes more of the cost of regulation to providers - but this may be viewed as an advantage by Government
- Heavily dependent upon the quality and comparability of landlord self-assessment returns

PART 5: Current review of regulation in social rented housing in England

The government recently commissioned Professor Richard Cave, an expert in utility regulation, to review current regulatory arrangements and make recommendations for its overhaul. Cave's report, entitled *Every Tenant Matters: A Review of Social Housing Regulation* was published on 22 June, along with an initial government response in the form of a public consultation paper

5.1 Why a review?

The reasons for this review were as follows:

- The government seeks to give tenants and communities more influence over the actions of their landlord and other local service providers
- The government wishes to create a quasi-market in the supply and management of social rented housing
- Non-profit housing providers have been complaining about over-regulation for some time and arguing for risk-based regulation with a greater basis in self assessment
- Regulation is time consuming and expensive for government and it wishes to pass more of the work and cost onto housing providers themselves
- The government wishes to create a more homogeneous regulatory framework for public sector landlords, non-profit providers and private sector organisations wishing to manage social housing
- The government wishes to determine the appropriate location of the regulatory function in a cross-sectoral regulatory environment

5.2 Cave Review Recommendations

Professor Cave has recommended the following.

A regulatory body should be established, independent from government, as the primary regulator of the ownership and management of social housing across the whole of its 'domain' - ie public sector, independent non profit and private landlords seeking to manage social housing. This should be a new regulator, combining the regulation (but not the investment) role of the Housing Corporation and the inspection function of the Audit Commission.

The cost of regulatory activity should be paid for by provider landlords, with a fee rate based on the number of homes they manage.

The regulator should have three principal duties:

- To ensure the continuing provision of high quality social housing
- To empower and protect tenants

- To expand the availability of choice of provider at all levels of the provision of social housing

All social landlords should have a duty to co-operate with local authorities in their 'place shaping' community sustainability role. Where providers fail to meet local authority expectations, the authority can complain to the regulator.

The regulator should operate as far as possible on a co-regulation basis, being able to deploy a wide range of graduated remedial and enforcement measures where it has concerns about landlord performance. (See Appendix 2 for a description of these measures)

The regulator should publish standards for core housing services – such as management and maintenance.

The regulator should require all providers to meet these core standards of service. This should be achieved through industry agreement to standards, self improvement mechanisms (such as self assessment, voluntary benchmarking, performance management), regular tenant-led and other independent reality checks on progress and a continuous sharing of good practice.

Tenants should be given greater influence over landlord performance, more choice about the level of service provided and the ability to impact on the regulatory process itself. Tenants should have the ability to complain to the regulator where they, collectively rather than individually, consider that their landlord's performance is inadequate.

All providers should establish formal arrangements to:

- Enable tenants to make periodic assessments of the quality of services provided
- Share benchmarking information about their performance and costs with other providers and publish this information more widely
- Include an independent element in their performance assessment so that there is effective external challenge

The regulator should introduce measures that stimulate competition for the management of social housing services across the 'domain' of social housing. This should be designed to give tenants choice and improve service delivery.

5.3 Initial response of the government to Cave's Recommendations

The government has broadly welcomed Cave's recommendations, but has failed to give immediate support to the proposal for a completely new independent regulator covering all social landlords. The government's main concern is the fit between housing regulation and regulation of corporate local authorities, which is undertaken by the Audit Commission. The government has suggested that there are arguments for giving the job of single housing regulator to the Audit Commission.

Accordingly, the government is publicly consulting on this proposal before making a decision on whether to approve Cave's recommendations in whole or in part.

APPENDIX 1: ACCREDITATION SCHEMES

Accreditation schemes

Under its registration system, the Housing Corporation currently regulates on a risk-assessed basis. This means that the Corporation is less likely to intervene if it considers an organisation to be low risk. Providers which have obtained accreditation from Quality Housing Services (see below) will be assessed as low risk in terms of their landlord service.

It is likely that accreditation schemes will play a part in the self assessment element of the new (post-Cave) regulatory framework for social housing in England as it develops.

Advantages

- Accreditation schemes can be more rigorous than government regulation as, by fitting in with landlord self-assessment, they represent an element of self-regulation and are thus more palatable to sector providers
- Provide an external, regular and objective assessment of landlord performance
- Accreditation schemes can be developed for specific aspects of a provider's service – such as customer service, resident involvement, management standards and value for money.
- Reduces variation in quality and performance by requiring minimum standards in terms of performance

Disadvantages

- As accreditation schemes are voluntary and provided on a commercial basis, providers who fail to be accredited may withdraw. The threat of withdrawal may compromise the integrity of an accreditation scheme by ensuring that few organisations fail, in practice, to be accredited
- A plethora of accreditation schemes can make the regulator's task more difficult and create confusion amongst providers regarding the merits and coverage of individual schemes.
- Often a labour-intensive, process-oriented exercise rather than a true measure of performance outputs and outcomes
- Can be reactive rather than forward-looking in terms of patterns of service delivery
- Potential for imperfect correlation between accreditation performance and other regulatory tools such as inspection

Example of an accreditation scheme: Quality Housing Services (QHS)

The QHS scheme is a variant of the Dutch KWH accreditation scheme. It was introduced to the UK by a group of registered social landlords and received substantial funding from the Housing Corporation to help establish the initiative. At present, around 50 landlords are members of QHS of which 14 have received accreditation.

QHS measures landlord performance in terms of services received by customers. It does not consider the cost of providing these services or the relative value for money of the services concerned. Measurement is undertaken at regular intervals throughout the year, based on a scoring system with accreditation being achieved by landlords that accrue high scores against a set of service standards.

Assessment is undertaken on the basis of the following methodology:

- Telephone accessibility survey – independent researchers call the landlord and monitor responses at periodic intervals during the year
- Mystery shopping – an independent researcher visits a landlord and acts out the part of a customer in pre-scripted and realistic scenarios at periodic intervals during the year. A site visit report is prepared.
- Customer polling – an independent researcher surveys tenants' views of the landlord's service at periodic intervals during the year
- On site audit – visits are pre-booked with the landlord's knowledge at periodic intervals during the year. These audits are focussed on identifying weaknesses and supporting improvement in the customer care offered by the landlord

Accreditation is offered if excellence, measured on the basis of performance against a numeric scale, is achieved in the following service delivery areas:

- Office opening and reception (physical accessibility and appearance)
- Telephone accessibility
- Information and documentation available to customers
- Dealing with people seeking housing
- Maintenance
- Rent payment and collection
- Complaints handling
- Estate services (including management of anti-social behaviour)
- Tenant participation
- Diversity and equality

Example of an accreditation scheme: Tenant Participation Advisory Service

The Tenant Participation Advisory Service has developed 'a system which assesses landlords' approach to resident involvement, helps them to deliver continuous improvement and accredits those reaching an excellent standard.

At present, the TPAS scheme has no role in the regulatory framework but this is likely following the outcome of the Cave Review.

The TPAS accreditation scheme is based on the 'excellent' standard for resident involvement set out in the Audit Commission inspection criteria.

Accreditation is achieved where a landlord demonstrates excellence in the following:

- Landlord demonstrates clear strategic commitment to resident involvement
- Landlord knows its residents and their aspirations
- Landlord has clear aims for resident involvement and measures outcomes and feeds-back to residents
- Landlord has a partnership ethos which delivers 'broader than housing' outcomes
- Landlord has effectively embedded resident involvement
- Landlord is committed to training, development and resource support of resident involvement
- Residents are involved in the governance of the landlord

Accreditation is based on a combination of the following scrutiny methods:

Self assessment by the landlord against the published assessment framework

- A desk-top review by an independent assessor using documents provided by the landlord - with the self assessment being the starting point
- An on-site reality check by an independent assessor
- A scrutiny panel in which the landlord's self assessment, response to the independent assessor's findings and supplementary evidence are considered

APPENDIX 2: PROPOSED REGULATOR INTERVENTION PROCESS

Cave Recommendations for Regulatory Intervention Mechanisms

The regulator should develop a range of ways of triggering interventions in consultation with providers and with the national tenant voice.

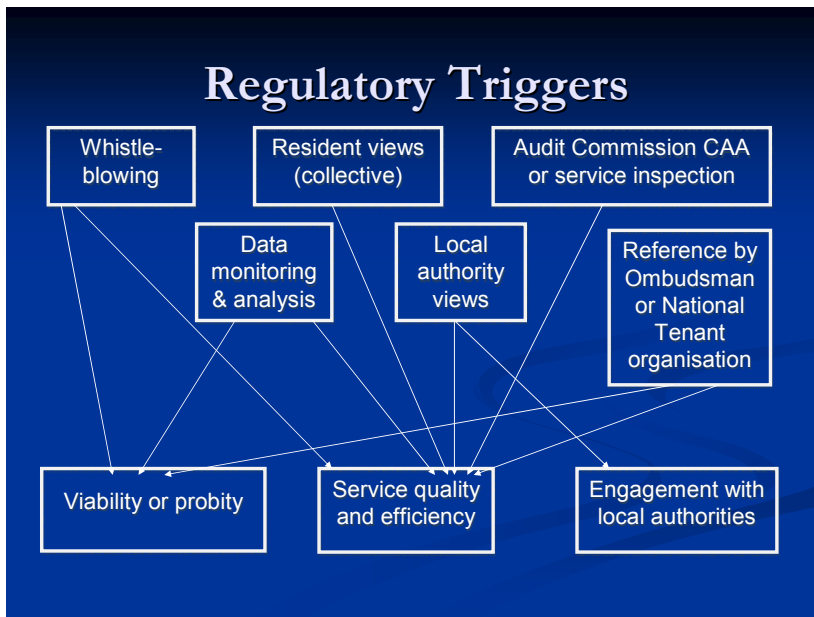
The review envisages that such triggers will focus on the following key performance areas:

- Tenant involvement (including consumer protection and choice)
- Delivery of housing standards (both in terms of service quality and quality of home)
- Efficiency
- Organisational viability (initially focussed on housing associations and including both governance and financial viability)

The review envisages that the triggering mechanisms will be a combination of:

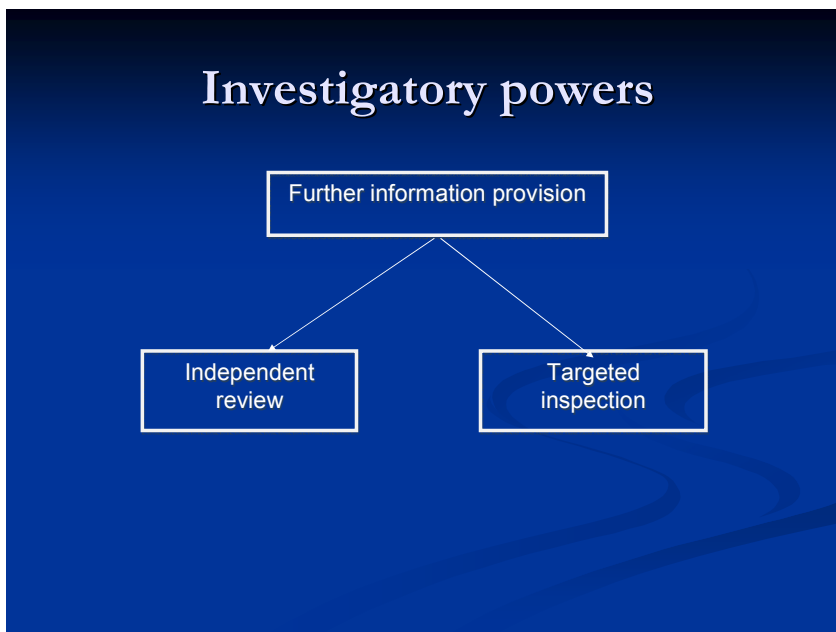
- Desktop analysis of outcomes from data provided to the regulator
- References from tenants
- References from local authorities (including community calls for action)
- References from the Audit Commission (in its Comprehensive Area Assessment role), the national tenants voice and the Ombudsman services
- Whistleblowing

As far as possible, the regulator should endeavour to 'triangulate' evidence for action rather than rely on a single source. But this will depend on the strength of evidence and on individual circumstances.



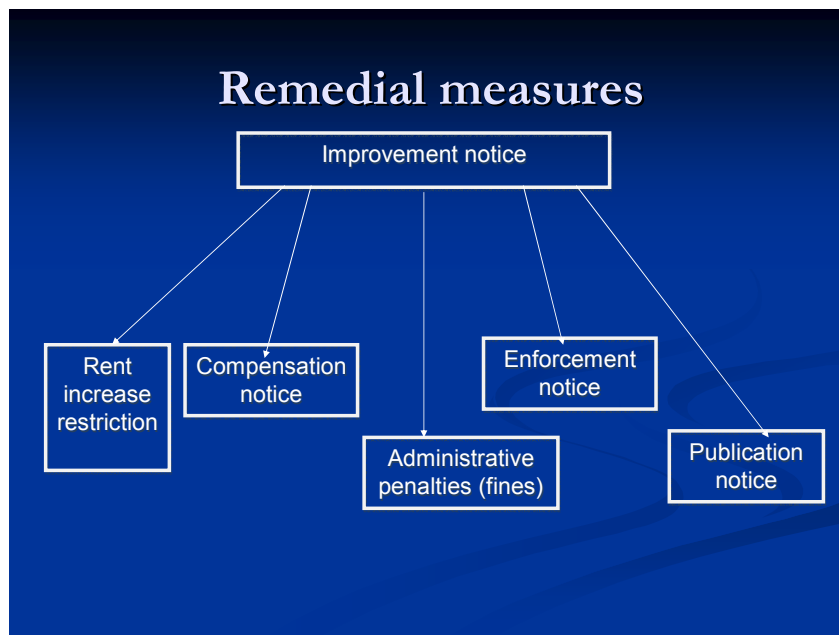
Remedial and enforcement measures

In parallel with the agreed range of intervention triggers, there needs to be a broader range of enforcement measures that can be escalated as required. The present arrangements have a number of informal mechanisms and then move swiftly to draconian levels of intervention. The regulator needs to develop a more graduated range of responses that can then be applied in a way that is more obviously proportionate to the nature of the issue that is being addressed.



They are not intended to be an invariable progression. 'Levels' of response could be omitted if the circumstances justified it. But the burden of proof for any particular response would rise as the level of response became more severe.

- Requests for further information – the ability of the regulator to require a response/explanation to a matter that has aroused initial concern.
- Targeted inspection – a right to commission an inspection (that could be carried out by the regulator or be independently commissioned) in order to get to the facts.
- Publication of failure – the regulator would have an ability to publicise a provider's failure as an incentive to speedy correction.
- Improvement notice – the regulator could serve a formal notice on the provider to address a particular issue within a reasonable timescale. This would indicate that the matter was too serious to be dealt with on an informal basis but would be encouraging voluntary action on the part of the provider to tackle the issue as a matter of urgency.
- Enforcement notice – this would be a specific instruction from the regulator with which the provider would be legally bound to comply. In most cases it would be preceded by both a targeted inspection and an improvement notice so there would be strong evidence of the need for action that included a failure to respond adequately to earlier intervention measures.
- Fines – the regulator should have an ability to impose fines on a provider. The review envisages that this would primarily be relevant to three sets of circumstance. First, where a provider made a 'super profit' as a result of breaching requirements (for example by disposing of assets and not using the proceeds in the agreed manner). Second where there was refusal to implement an enforcement notice and a fine would be a more effective measure than prolonged legal action. Third where a fine might provide the regulator with the resources to provide restorative justice.
- Compensation – the regulator can require the provider to compensate its tenants for a service failure. This has the advantage over fines that the resources stay within the sector.
- Rent increase cap – the regulator would have the ability to place a more severe rent increase cap on a provider that failed to provide an acceptable standard of management. This measure would not be applied in those cases where a lack of resources was a contributing factor to the poor service or where this would lead to a breach of loan covenants. But it might be appropriate in circumstances where the provider was not resource constrained but was still providing a poor service.

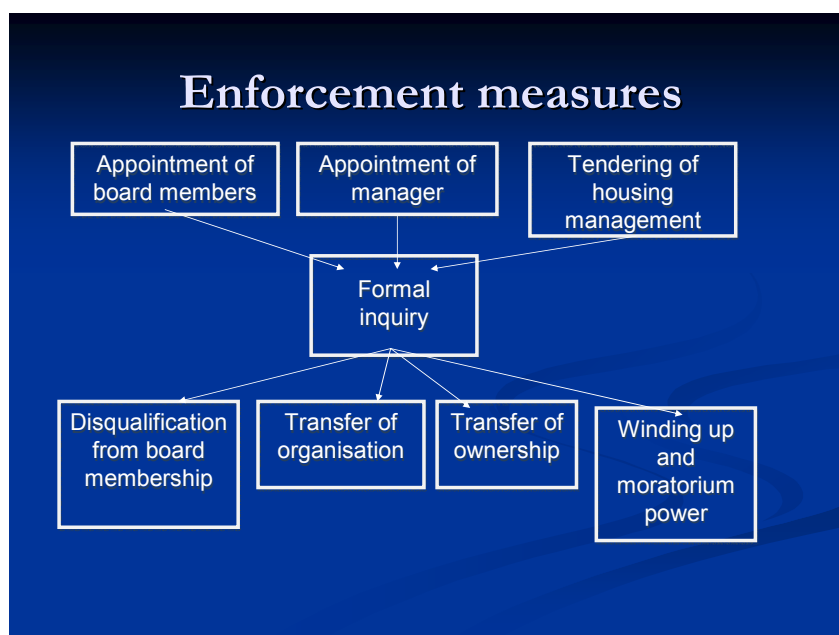


Enforcement measures

The levels of intervention greater than those outlined above (or at least the mechanism through which they were exercised) would vary according to the type of housing provider. Such interventions could include:

- Appointment of additional independent board members (in relation to housing associations and ALMOs) and, in the case of ALMOs, after consultation with the local authority.
- A requirement that the housing management function be put out to competitive tender. In all cases, tenants would be involved in the selection of a new manager and the regulator would have a right to appoint a minority of independent people to the selection panel.
- The regulator could require a board to appoint an independent manager (an individual with executive powers). This would be a measure taken when there was evidence of substantial failure and a continuing inability of the defaulting provider to resolve the matter. Recent cases would suggest that this would usually be a voluntary appointment. In the case of private sector 'for profit' organisations operating under contract then this would be an appointment as manager and receiver under the rentcharge. In the case of local authority retained stock it would require the consent of the Secretary of State.
- The regulator would have a 28 day moratorium power in relation to the rights of creditors. This power would be a continuation of the power enjoyed by the Housing Corporation in relation to housing associations. It could, in the future, become relevant to ALMOs.

- Ownership and/or management could be transferred to another body. These fallback powers would need to be preceded by a formal independent inquiry that found evidence of mismanagement that would justify such actions as a proportionate response. For local authorities these actions would require the consent of the Secretary of State and a transfer of ownership would require a tenant ballot. In the case of private sector 'for profit' organisations it would be action either under the contract or following the termination of the contract. In the case of a 'not for profit' registered provider, the options open to the regulator could include a requirement to transfer engagements to or amalgamate with or become a subsidiary of another registered provider.





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