

# Building a new regulatory framework

A discussion paper



**TSA**

**TENANT  
SERVICES  
AUTHORITY**

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# Foreword

If you have an interest in the future of social housing in England, I want to hear your views on the ideas and questions set out in this discussion paper. We at the Tenant Services Authority (TSA) are designing a new regulatory framework with the aim of raising the quality of service social tenants receive.

From 1 April 2010, the nature of social housing regulation will change. From that date, the government's intention is that the TSA will be the first regulator for all landlords of social housing in England in both the housing association and local authority sectors. This will mean four million homes will be within the scope of our regulation. We shall also be given new powers and objectives that will underpin our work. Our guiding principle is that the tenants' experience should as far as possible be of the same high quality, irrespective of who their landlord is. This paper should therefore be read by all social landlords, their tenants and representatives. It is also of interest to local authorities in their strategic place-making roles.

Following the first phase of our National Conversation – the biggest tenant consultation exercise in living memory – we know that there are many good landlords providing locally responsive services and we want to free them from

unnecessary burdens to allow them to concentrate on what they do best. We also believe that there are many landlords that could do better and we want to design a framework that encourages them to improve themselves, with the support of their peers. However, we shall want to ensure there is a backstop of possible regulatory intervention to ensure that where landlords are failing to deliver and unable to improve without our intervention, their tenants get a fair deal too.

This paper is based on our vision of moving towards a 'co-regulation' model – where landlords, the regulator and tenants work together, rather than simply where the regulator prescribes all the rules. We recognise that in the past, the relationship between housing association and their regulation has been one where the associations have expected the regulator to set out detailed rules and directions over a wider range of activities. We want to develop a new model of regulation that places the responsibility for the running of housing services firmly with the boards, committees or members that are rightly responsible for their performance.

This paper sets out our proposals for the areas to be covered by regulatory standards. One message that has come across loud and clear in our National Conversation is how different areas have different

priorities. Geography is not the main factor: even in an area such as the North East, the needs of tenants in Newcastle are different from those relatively nearby in Hartlepool. Even within a local authority area the priorities of tenants can vary. We want a regulatory framework that allows landlords and their tenants to take into account local priorities – one that positively promotes the designing in of different needs.

The regulatory framework is more than standards. It covers issues such as our approach to monitoring performance, encouraging improvement and stepping in and enforcing in tenants' interests when things go wrong. It also sets out how providers register to become social landlords, how they gain permission for things such as selling land, and in due course how we move to a system of raising fees from social landlords to pay for some of our costs.

Developing our new regulatory framework means we have to balance trade-offs and tensions among our objectives. This paper does not have all the answers. This is an opportunity for us to share with you the main issues at an early stage so that, together, we can build a framework that makes a lasting difference to all tenants. Your views will help us produce proposals for a formal consultation later this year before our new powers are activated in April 2010.

I look forward to hearing from you.

**Peter Marsh**  
**Chief Executive**

# Introduction

## Purpose of this document

**1.1** The Tenant Services Authority (TSA) became operational on 1 December 2008. Following the 2007 Cave Review of Social Housing and under the terms of the Housing and Regeneration Act 2008, we will be responsible for regulating housing associations and the housing activities of local authorities who own their own stock, including those with arm's-length management organisations (ALMOs). The full range of the TSA's regulatory powers will come into force on 1 April 2010.

**1.2** The purpose of this document is to share with tenants, landlords, local authorities (in their strategic role), lenders and other partners our proposals for the design of the new regulatory framework, based on our National Conversation with tenants and landlords. It includes our initial thoughts on the TSA standards that our regulatory regime will be built on.

**1.3** The document discusses the shape of the whole regulatory framework, which the standards themselves are one part of. We believe it is important that, from the outset, we design not only the detail of individual standards but also the overall framework of regulation with our partners.

**1.4** We will publish supplementary discussion papers on some of the more detailed or technical parts of the framework. A paper on options for the Consent for Disposals regime is already available on our website. In due course, we will issue further discussion papers on the governance standard, the viability standard, technical options for group structures and our framework for 'special measures' (where a provider is struggling to do what is expected of it). Other discussion papers may also follow as appropriate.

**1.5** 1.5 The 2008 Act permits the TSA to raise fees from registered providers to cover the costs of our work. This is based on the recommendation in the Cave Review to increase the regulator's independence, transparency and accountability. We are currently in discussions with our sponsoring department, Communities and Local Government (CLG), about the level of government funding the TSA can anticipate in 2010-11 onwards. This will inform the timing and level of fees we will be required to charge. We expect to issue a detailed consultation on the issue later this year.

## Summary of key terms

**1.6** The social housing sector in England uses a lot of acronyms. Wherever we use the abbreviations of longer titles we explain them in full the first time and we have provided a glossary of terms at the end of this paper. The following provides a summary of the main terms:

- **TSA** – the Tenant Services Authority. The new regulator for social housing in England. Regulation was previously undertaken by the Housing Corporation in relation to housing associations. The government intends that the scope of the TSA's regulation will cover all types of social housing landlords, including local authorities. The TSA has also been given new powers and objectives under the Housing and Regeneration Act 2008
- **tenant** – a resident in social housing, whose landlord could be a local authority, ALMO<sup>1</sup>,

housing association or any other registered provider. In this discussion paper, this term does not include leaseholders<sup>2</sup>

- **landlord** – this means a registered provider within the definition in the Housing and Regeneration Act 2008. This includes local authority landlords, both those that directly manage homes or where these services are provided by an ALMO or TMO. It also includes housing associations, co-operatives and private landlords who may want to provide social housing in the future too
- **the 2008 Act** – the Housing and Regeneration Act 2008. This establishes the TSA and its sister organisation, the Homes and Communities Agency (HCA), responsible for public investment and regeneration
- **social housing** – this includes low cost rented housing, low cost home ownership and most other housing owned by registered providers (social housing is defined in sections 68 to 77 of the 2008 Act)

<sup>1</sup> Or a Tenant Management Organisation, (TMO).

<sup>2</sup> The relevant powers in the Housing and Regeneration Act 2008 focus on the tenants of low-cost rented accommodation and low-cost home ownership. This reflected the fact that they had a degree of choice to move out of social housing (unlike most tenants in the sector) and are protected by other regulations and legislation. However, since many areas of social housing have a mixture of tenures, regulations designed to improve outcomes for tenants are likely to have positive 'spill over' effects for leaseholders – not least in the cost of improvements which are passed on to leaseholders. Whilst we have no statutory authority to intervene to protect leaseholders, we do want to ensure that our standards framework supports the delivery of a 'good deal' for them too.

## Process and timetable

**1.7** We will carry out a formal consultation for all elements of our regulatory framework later this year. This will be what is known as a statutory consultation in which we will put forward firm proposals for the details of our standards and the way they will be regulated. In the next three months we want to use this paper to generate and gather ideas, suggestions and comments from all of our stakeholders, to help us shape the regulatory regime that will apply to all social housing landlords from April 2010.

**1.8** For this next phase of the National Conversation, we will be consulting until 8 September 2009. We have planned a number of activities to ensure we fully take into account the views of stakeholders.

**1.9** To help make sure we maximise a sense of 'ownership' throughout the sector for our regulatory approach, we have set up a sounding board of some of our key stakeholders which includes:

- National Tenant Voice (NTV), the organisation set up by government to represent the interests of tenants of social housing

- Tenants and Residents Organisations of England (TAROE), the national umbrella body for tenant and resident groups
- Tenants Participation Advisory Service (TPAS), the national organisation which works to empower tenants of social housing
- Local Government Association (LGA), representing local authorities
- National Housing Federation (NHF), representing housing associations
- National Federation of ALMOs (NFA), representing ALMOs
- Council of Mortgage Lenders (CML), representing those who lend to social landlords
- Chartered Institute of Housing (CIH), representing professionals from across the housing sector
- Communities and Local Government (CLG), TSA's sponsoring government department
- the Audit Commission, responsible for assessing local authority performance and inspecting housing services in all social landlords
- Homes and Communities Agency (HCA), the national housing and regeneration agency that provides funding for building social housing and improving the physical and social environment

**1.10** We have also set up three further panels, one comprised of tenants, one of landlords and one of

advisory organisations to the social housing sector. These panels will provide a valuable source of information and feedback to the TSA as we start to develop with stakeholders more detailed proposals ahead of our statutory consultation later this year. A list of the representatives on these panels can be found on our website.

**1.11** After the statutory consultation we expect to activate the powers in the 2008 Act, in relation to both housing associations and local authorities, in April 2010.

## Responses to this discussion paper

**1.12** This is a valuable opportunity for the TSA, together with tenants and landlords of social housing, to help forge a new regulatory settlement that empowers and encourages landlords and their tenants to work together to deliver excellent services. This discussion paper does not seek to have all the answers – it aims to share our initial thoughts on the design of the new standards framework and seeks endorsement of some key principles. There are some key questions at the end of each section (and summarised in section 8) on which we would welcome views. We recognise

that some people may wish to answer only some of these questions and perhaps raise with us different issues that are relevant to our work.

**1.13** In order to take full account of the responses that people make to us and, where necessary, to discuss and clarify those responses, we need to receive responses to this discussion document by no later than 8 September 2009 to ensure that our Board can consider them at its meetings during the autumn.

**1.14** We will continue to review all our exchanges and discussions with respondents and stakeholders throughout the period when we are developing the new regulatory framework, but later submissions in response to this discussion document may not allow us time to incorporate fully the points raised with us in the material we prepare for statutory consultation.

**1.15** Responses should be addressed to:

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National Conversation Project Manager  
Tenant Services Authority  
4th Floor  
One Piccadilly Gardens  
Manchester M1 1RG

Email: [national.conversation@tsa.gsx.gov.uk](mailto:national.conversation@tsa.gsx.gov.uk)

**1.16** If you would like to discuss any issue raised in this paper before sending in your response, please contact our Enquiries Team on 0845 230 7000.

## **Responses to be published in full**

**1.17** We will post all written responses to this document on our website. We will keep this approach under review if we receive any responses marked as confidential. However, respondents wishing to send a response in confidence should be aware that the TSA cannot guarantee to maintain confidentiality because of our responsibilities under the Freedom of Information Act.

## 2

# Key messages from the National Conversation

**2.1** This section summarises what we have learnt from the National Conversation so far from both tenants and landlords and what that means for the development of the new regulatory framework. The detail of our National Conversation research is contained in a separate publication accompanying this discussion paper which can be accessed from our website. We are keen to ensure that these key messages are representative of tenants regardless of whether their landlord is a housing association or a local authority. Our face-to-face survey supporting this research was based on a representative sample of tenants from different types of landlord<sup>3</sup>.

### Service delivery – Priorities

**2.2** Of the issues tenants highlighted as priorities, the following four stood out as the most important:

- repairs and maintenance was the top issue that tenants expected their landlord to get right. Tenants thought it to be one of the top three priorities for the TSA. This must clearly be a priority for the TSA to get right

<sup>3</sup>In coming months, we will publish reports from our Existing Tenants Survey, which will provide further evidence on the views of tenants. Although the research period predates the TSA's establishment and our National Conversation, we are keen to share and gather as much evidence as possible on the views of tenants.

- safety and security also featured prominently throughout. Taken together, health and safety, security in the neighbourhood and tackling anti-social behaviour were the second, third and fourth issues for tenants from their landlord, and the need to tackle nuisance behaviour was also mentioned by many tenants. The TSA recognises that although the Decent Homes programme has significantly improved things inside people's homes, there is still more to be done to build decent neighbourhoods where all tenants feel safe and secure. Tenants also raised the servicing and maintenance of common and communal areas as a key issue
- reasonable and affordable rent was another key priority for the TSA. Consideration needs to be given as to how best to address this, including greater communication of how rents are set and the role of the TSA in this process. Although concerns on this issue may have been reinforced by the timing of this survey (eg against a backdrop of recently announced relatively high rent increases and a downturn in the economy), it is clearly an issue that tenants across the domain regard as central to the social housing offer, and needs to be a priority for the TSA
- tenants wanted the TSA to ensure that their homes are up to date and in a decent condition

**2.3** Views were mixed as to whether these priorities ought to be captured in a system of uniform 'national' standards or whether they ought to be covered by more responsiveness and tailored 'local' standards. Where 'national' standards were preferred, it was because this was considered fairer, more transparent and more enforceable. We want to use this discussion paper to establish further views on where we should set national standards and where we might encourage supplementary local standards.

### Service delivery – Experience

**2.4** According to our face-to-face survey, the majority (76%) of tenants said they were 'fairly satisfied' or 'very satisfied' with their landlord. The rest, nearly one in four tenants, could either not say they were satisfied with their landlord's performance or expressed dissatisfaction. Tenants who were actively involved with their landlord/housing were less satisfied with the services they received. Shared owners tend to be less satisfied than social renting tenants and appeared concerned about their service charges and value for money.

**2.5** The key messages to take from this might include:

- many landlords are already performing well and the majority of tenants are satisfied with the service they receive
- some tenants – about one in four – are not satisfied with their landlord's performance and it is important we understand why this is the case and how it can be addressed as this number, albeit a minority, is larger than we feel is reasonable
- tenants who are actively involved in their landlord's work are more satisfied when that involvement makes a difference, and less satisfied with the services they receive when it does not

### Service delivery – Expectations

**2.6** Tenants expect landlords to 'get the basics right'. When we asked tenants to discuss 'excellent service' in their own words, they talked about the softer, 'human' elements of service; excellent service is defined as a cheerful, helpful, caring, understanding attitude. Excellent service does, as would be expected, also include efficiency but the importance of how landlords behave towards tenants cannot be underestimated.

**2.7** Linked to this is the need to have an excellent process for handling complaints. Where a service fails, there need to be appropriate ways in place for dealing with this where the complaint is valued and the landlord is keen to learn how to improve its service delivery as a result.

## Tenant involvement

**2.8** Tenants want to be involved in decisions about their homes, and they want their landlords to let them know what is going on. Although this in itself is not new, the strength of feeling about these issues expressed in our National Conversation is significant. For example, the tenants who filled in the online questionnaire are much less satisfied than tenants who took part in other ways. This raises the question of what is different about these tenants: the data shows that they are more likely to mention tenant participation and the need for landlords to keep tenants informed. This is particularly clear in the answers to the questions 'what does your landlord need to do better' and 'how could your landlord provide excellent service'. This shows the effect that involvement has on tenants.

**2.9** The key messages that could be drawn from this research might include:

- tenants want to be consulted by their landlords and involved in decisions about their homes
- tenants want high quality communication from their landlord
- proactive tenants are much less satisfied than other tenants
- tenants want genuine involvement and not just a 'tick box' approach
- tenants want involvement to be broad, not narrow, and empowering not controlled

## Tenant choice

**2.10** Some tenants want more choice, particularly in relation to the repairs and maintenance service and the design of their homes. We also have learnt that what is sometimes measured (by our regulation and the inspection regime) is not always what matters. On repairs and maintenance, being able to choose a convenient time for a repair is more important than hitting priority response time targets. There does seem to be a link between the desire for choice and dissatisfaction with the landlord: this raises the question as to whether choice is seen primarily as a way of improving services and driving up standards. Black and minority ethnic tenants were dissatisfied

that they were not getting choices specifically in how homes are allocated.

Tenant scrutiny

**2.11** Throughout the regional events, tenants said they wanted landlords to get it right first time, and, although they supported robust complaints procedures, there was a feeling that landlords should be resolving issues without having to fall back on these procedures. The single strongest message from the regional events was that landlords should be held to account for what they promised – or ‘do what it said on the tin’. At regional events, tenants also said that they were sceptical about housing association group structures and mergers, and thought that these structures were often more remote, less accountable and had unclear benefits for tenants.

**2.12** The key messages that could be drawn from this research might include:

- tenants want good services, and where a service fails they want appropriate processes in place for dealing with this. They want an excellent complaint handling process
- tenants want to hold landlords to account, and for landlords to keep the promises they make about service delivery

- tenants were sceptical of mergers and group structures and their accountability to tenants

## Key messages from landlords


**2.13** Although a priority for the first phase of the National Conversation was to enable the TSA to understand the views of tenants, we have also been keen to engage with landlords to understand their initial views on developing the new regulatory framework.

**2.14** The early themes emerging from our landlord consultation events so far suggest that:

- there is an appetite for national standards with the ability to have local standards that reflect local priorities. Landlords want more clarity about what this means in practice including monitoring and reporting structures. There are some landlords who feel that relying solely on national standards prescribed by the TSA could work but this would lose the local dimension
- there is support for more tenant involvement. This involvement should be broad not narrow, reflect the need to develop new scrutiny roles, and the TSA should support this by

disseminating good practice, research and advice

- there was support for the concept of 'co-regulation' by placing greater emphasis on self-regulation by landlords, although there was uncertainty about what this might mean in practice
- although landlords feel there is already some choice, and that there are inevitably limits to the choices available, they acknowledge they could offer more choice to their tenants
- local authority landlords expressed concern that the development of the new standards framework should have regard for the Local Performance Framework, especially in relation to any new requirements to provide performance information on a prescribed national basis
- landlords were aware that tenants may not yet be integral to the full range of their work, and tenants have only 'some' say in how landlords operate



Q1. Do the main findings from our National Conversation research have resonance with your experience and are we drawing the correct messages for the development of the new regulatory framework?

# 3

## The TSA's approach to regulation

### TSA's mission

**3.1** The Tenant Services Authority exists to help tenants and landlords improve standards of housing services in England and to make sure that current and future tenants have an appropriate degree of protection and choice.

**3.2** We are a new regulator and there will be a number of differences in our approach from the previous housing association regulatory regime:

- firstly, in order to deliver our mission we will set national standards in relation to service delivery and other issues. Landlords will be responsible for meeting these standards. Our expectation is that some of these national standards will be supplemented by landlords, working with their tenants, setting local standards tailored to their own priorities and circumstances
- secondly, in line with the Cave Review's principle of co-regulation, we will expect boards (of housing associations and ALMOs) and councils to self-regulate in the interests of providing a good quality service to their tenants. We expect landlords to make use of benchmarking, independent validation and peer review to strive continually to improve the quality of their

services and the depth of their engagement. We expect to intervene when there is a failure to meet a national standard or if a local standard agreed with tenants falls within the regulatory framework

- thirdly, when our new regulatory powers come into force on 1 April 2010, they will allow us to intervene on a graduated basis which is transparent and proportionate. There will be no more 'all or nothing'. Our new intervention tools range from some that encourage self-improvement, peer support and voluntary undertakings, right through to more stark options such as issuing of enforcement notices and changing managers.
- fourth, our regulatory resources will be deployed nationally, with Senior Risk and Assurance Managers taking the lead role for managing our relationship with the largest landlords. They will be supported by risk and assurance teams and regional standards advisors who will manage the day-to-day relationship supporting landlords and their tenants in the delivery of excellent services
- fifth, whilst the focus of our regulation of the finances and governance of housing association landlords will continue as before, our regulation of the services provided by all landlords to their tenants will, as far as possible, be outcome-based, using information collected by landlords,

the Audit Commission and independent data gathering organisations

## The underlying purpose of regulation

**3.3** The rationale for regulating social housing rests on a number of factors:

- **social housing tenants have limited ‘market’ power because the supply of affordable homes is constrained and the rent charged is controlled.** Currently there are over four and a half million people on local authority housing waiting lists – landlords are not therefore under strong commercial pressures to offer excellent services or choice because tenants cannot ‘vote with their feet’ and shop around for a better deal. Many landlords do offer great services but there are limited mechanisms for self-correction when they do not. Leaving the sector to regulate itself was not considered an appropriate option to protect tenants in these circumstances
- **there has been substantial past public investment in social housing.** Over the years, taxpayers have helped pay for new social homes and regulation should make sure that these funds bring reasonable returns in the public interest
- **the provision of social housing affects the wider quality of life in communities.** The quality of housing services can have a big effect on the wider neighbourhood, and effective regulation could limit the chances of poor housing services having a negative effect
- **an effective regulatory regime is important to private sector investors in social housing.** The ability of an independent regulator to step in and take action if the financial viability of a provider is at risk or homes are being poorly managed or maintained gives significant comfort to lenders and investors who have invested billions of pounds in building and improving homes in England. Whilst this benefit has traditionally been enjoyed by housing associations the safeguards offered by the new powers of the TSA should also be attractive to potential funders of local authority-owned homes too.

## The TSA's statutory objectives

**3.4** The design of the new regulatory framework and in particular the framing of the standards must help deliver the TSA's mission and our ten statutory objectives set out in the 2008 Act:

1. To encourage and support a supply of well-managed social housing, of appropriate quality, sufficient to meet reasonable demands
2. To ensure that actual or potential tenants of social housing have an appropriate degree of choice and protection
3. To ensure that tenants of social housing have the opportunity to be involved in its management
4. To ensure that registered providers of social housing perform their functions efficiently, effectively and economically
5. To ensure that registered providers of social housing are financially viable and properly managed
6. To encourage registered providers of social housing to contribute to the environmental, social and economic well-being of the areas in which the housing is situated
7. To encourage investment in social housing (including by promoting the availability of

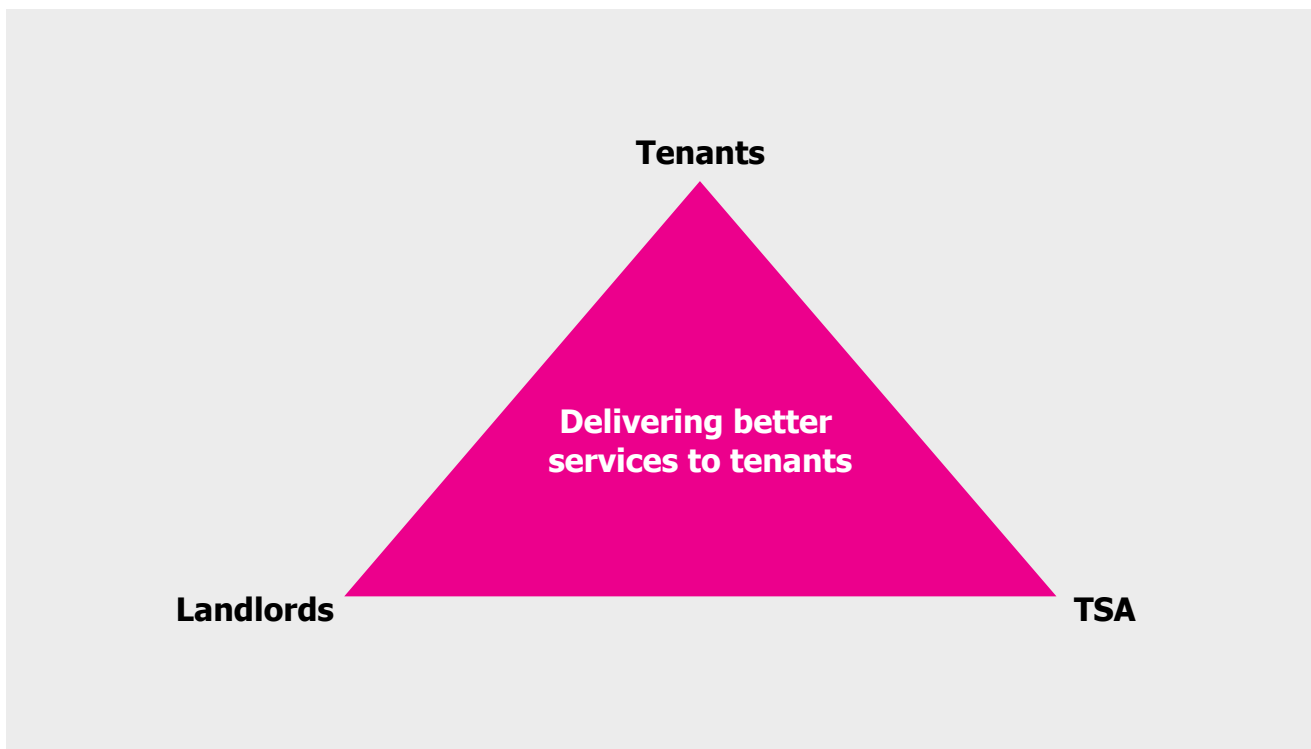
financial services to registered providers of social housing)

8. To avoid the imposition of an unreasonable burden (directly or indirectly) on public funds
9. To guard against the misuse of public funds
10. To regulate in a manner which minimises interference and is proportionate, consistent, transparent and accountable

## The TSA's vision for regulation: Making co-regulation a reality

**3.5** We want to deliver our objectives by securing greater co-operation between landlords and tenants. We want to deliver a regulatory regime that encourages landlords and tenants to engage together with a shared aspiration of improving the standard of service delivery. This means that as far as is possible the activities that we, as regulator, should rely on are undertaken between landlords and tenants directly with a shared vision of improving outcomes for tenants. That is why we firmly believe landlords and tenants must be involved in the development and ownership of the regulatory framework (Figure 1). It also means much more than the TSA running consultation events: we do not have all the answers – indeed we may not have all the right questions. In addition, the

Figure 1 The TSA's approach to developing regulation



TSA is mindful that local authorities have a role to play in terms of how housing matters relate to their strategic place-making responsibilities.

**3.6** This approach was central to the conclusions of the 2007 Cave Review of Social Housing, which recommended the establishment of an independent regulator with an operating principle

of 'co-regulation'. Co-regulation reflects a balance between:

- direct regulation – where national standards are developed and evaluation of performance is assessed directly by the regulator
- self-regulation – where local standards are developed with tenants by landlords themselves, led by their boards/committees,

and performance is verified independently, albeit within a framework approved by the regulator. For example, such external validation might involve third parties within the sector, whose processes and authority to facilitate effective self-regulation and peer review could be endorsed by the TSA.

**3.7** The balance between direct regulation and self-regulation enables the standards framework to be more tailored to local priorities than may be possible with uniform national standards prescribed by the regulator. It also generates a degree of ownership in the framework from landlords and tenants, which is essential in moving towards a situation where the main conversations about service improvement are between landlords and their tenants and not solely between landlords and the regulator.

**3.8** Over time, we aim to move to a mature form of co-regulation, where we rely largely on self-regulation by landlords with the support of their tenants through effective tenant scrutiny, accountability and external validation, backed up by our own intervention if a landlord is not delivering a good service.

**3.9** Co-regulation, therefore, fits the TSA's statutory duty to have regard to the desirability of landlords to choose how to meet regulatory requirements, and to minimising burdens and interference where there is good performance.

**3.10** At the start of the new regulatory regime, it is important to work out where to strike the balance between self-regulation and formal regulation. It may take some time to achieve incentives for landlords throughout the sector that are fully aligned towards their tenants' needs. It may also take time to develop effective engagement mechanisms for tenant involvement, empowerment and accountability that provide a more even balance of power between tenants and their landlord. These are essential principles in the rationale for self-regulation that allows the TSA to rely on external validation instead of many of the activities that otherwise we would carry out as regulator.

**3.11** We want to encourage landlords to adopt the tools and approaches that enhance their accountability to local communities and improve the opportunities for involvement with their tenants. We want the focal point for conversations about raising standards to be between landlords and their tenants, and the more we can achieve this, the less there should be for the regulator to do.

## Figure 2 Principles of good regulation

The Better Regulation Task Force first published its Principles of Good Regulation leaflet in 1998, and revised it in 2000. These principles continue to be relevant, and form the basis that independent regulators continue to use in testing whether their regulation meets broadly accepted standards. In summary, the five principles are that good regulation should be:

- proportionate – Regulators should only intervene when necessary. Remedies should be appropriate to the risk posed, and costs identified and minimised
- accountable – Regulators must be able to justify decisions, and be subject to public scrutiny
- consistent – Government rules and standards must be joined up and implemented fairly
- transparent – Regulators should be open, and keep regulations simple and user friendly
- targeted – Regulation should be focused on the problem, and minimise side effects

**3.12** At the outset, we see the following range of opportunities for putting co-regulation into practice:

- landlords and tenants helping TSA to develop national standards and where appropriate Codes of Practice
- landlords and tenants working together to develop Codes of Practice that may be adopted by TSA
- tenants and landlords developing and implementing effective tenant scrutiny and self-assessment mechanisms
- monitoring and/or validating landlord performance using existing external accreditation schemes, and sector-wide development of accreditation, peer review and benchmarking initiatives
- landlords making commitments to improve their own performance, and being accountable to tenants for keeping these promises
- where performance failures come to our attention, we will want to explore with landlords how improvements can be delivered, including the use of a formal 'voluntary undertaking' for improvement
- landlords learning from each other and driving up performance by developing and engaging in self-help, peer review and benchmarking. This also includes local authorities working with local

landlords to address issues which are about 'place' rather than individual landlords

**3.13** We think there is scope for further evolution from these initial co-regulatory mechanisms and we welcome contributions to the thinking around possible future ideas as well as those of more immediate practical value.

**3.14** In addition to adopting a co-regulatory strategy, we also want to ensure we are consistent with the principles of better regulation, summarised in Figure 2.

**3.15** We are committed to a regulatory regime based on assessing risk to determine proportionate, targeted and consistent use of our limited resources. There are new requirements for landlords under the standards and a need for new and variable approaches to assessing risk, for example where there are co-regulatory mechanisms in place. There will also be a period of time where there is limited availability of data upon which to develop a numerically driven model of risk assessment. To begin with, our high level assessment of risk across social housing will be based primarily on the

number of homes owned by a landlord: for those owning more than 10,000 homes, we will maintain relationships through dedicated Senior Risk and Assurance Managers; for medium-sized landlords (owning between 1,000 and 10,000 homes) our activities will centre on their compliance with the standards framework and any engagement required following an assessment of risk.

**3.16** Once the standards are set, we can construct a working risk assessment around each area or theme of the framework. It is conceivable that landlords could be exposed to different levels of risk in different parts of the framework and, therefore, to different levels of challenge and regulatory engagement in relation to different parts of the framework.

**3.17** The TSA will also support the regulatory framework through regional standards advisors working closely with landlords and tenants to understand, implement and realise standards, and our Tenant Excellence work supporting tenants and landlords through best practice and developing explicit support for their implementation of the framework.

## Compatibility with the Local Performance Framework

**3.18** The TSA is committed to ensuring that our regulation for local authorities does not undermine the key elements of the Local Performance Framework. This is the main way in which central government regulates the outcomes delivered by local authorities and their service delivery partners. In particular, the TSA will have regard to ensuring that we only require prescribed national performance information from local authorities where this information is within the current National Indicator Set. We will also avoid prescribing performance targets that are not already within local authorities' Local Area Agreements (LAAs).

**3.19** Where we need to set standards and define minimum levels of acceptable performance, we aim to do so using information and benchmarks already routinely collected and used by all good landlords. We recognise there are trade offs and tensions here between (a) providing local authorities in their strategic role with access to meaningful comparable data at a local level on how landlords in their areas are performing, and (b) ensuring we do not prescribe new data collection requirements on local authorities that retain the ownership of some or all

of their stock. We wish to work with local authorities and their representatives on addressing this tension.



Q2. Does our approach to regulation seem a reasonable basis on which to proceed and one best designed to ensure we achieve improvements for tenants, whilst generating a sense of ownership from landlords?

# 4

## Proposed scope of the new standards framework

**4.1** This section sets out our initial thoughts on how we should organise and describe our standards framework. We are keen to explore how we can best present and define national standards so that they support our objectives for co-regulation and for ensuring that landlords provide good quality homes and services.

**4.2** At this stage we want to focus on whether we have identified the right areas where we should have national standards, and that we have properly defined the objectives of those standards, rather than discussing the detailed wording for individual standards. Indeed, in line with a co-regulatory approach and our ability to set standards and Codes of Practice with reference to documents prepared by others, we are keen to work with landlords and tenants – of all types of social housing – to develop the detail of the national standards and any accompanying Codes.

### Where national standards can apply

**4.3** There will be three broad types of national standard. The first type relates specifically to how social housing is provided. These are standards that relate to the services that landlords provide to their tenants, and might include, for example, repairs and maintenance or levels of rent. The sections below

set out our initial thinking on what these standards should include. These particular standards will apply to all landlords that we expect to regulate – housing associations, for-profit landlords that want to provide social housing, and local authority landlords (including both those that manage the homes they own or where these services are provided by an ALMO or TMO).

**4.4** The second type of national standard relates to financial viability and the governance of landlords. By governance, we mean the structures and systems that landlords have to make sure that they are properly managed, eg by having effective leadership and oversight, with good internal control procedures. These standards are important to tenants because without good governance and financial management, their landlords will not be able to provide good quality housing services in the long term. However, we do not expect our national standards in these areas to apply to local authority landlords because they are public sector organisations which have other rules on governance and financial matters. The Audit Commission is responsible for independent, external scrutiny of these matters for local authorities, and there are democratic processes to elect councillors. We do, however, believe that the principles of good governance apply universally and we will share with

the Audit Commission concerns that arise in the course of our work that relate to the governance of housing services within local authorities.

**4.5** The third area where we are proposing to set national standards is on the economic, efficient and effective delivery of services which flows from objective 4 of the 2008 Act. We do not think it is our role to prescribe how landlords organise themselves to meet our standards regime but we are clear that the difference in the average cost of managing and maintaining homes to a good level in England is difficult to explain and the scope for improved efficiency is significant.

### **Directions from the government on national standards**

**4.6** The government has a power to direct the TSA in certain ways on our standards framework. This is most important in respect of the detail of certain policy areas, namely rents, quality of accommodation and tenant involvement.

**4.7** The government must consult on such directions and intends to do so shortly. Our national standards in these areas will need to reflect the final directions that CLG will issue following its consultation.

### **Relationship between national standards, Codes of Practice and guidance**

#### **Standards**

**4.8** The TSA must set its national standards in the way that the 2008 Act requires or permits. In particular, we must consult widely and publicly on them. Our consultation process must meet the minimum requirements in the Act and government codes of practice on consultation. But we want to go beyond this minimum. In particular, we are continuing through this discussion document our National Conversation with tenants and landlords, begun in January 2009, in order to help us develop our proposals for statutory consultation later in 2009.

**4.9** Meeting national standards will be the basis for the way we assess the performance of providers. We must define each standard in a way that reflects the objectives that we want to achieve, and which addresses the key messages identified from the first phase of our National Conversation. National standards must be expressed clearly so that both landlords and tenants understand them, and so that we are able, where those standards are not met,

to be confident that we can use our regulatory and enforcement powers to correct any failure.

**4.10** The 2008 Act allows for standards to be national or they may be tailored to the specific circumstances of an area. This means there is an option for regulatory intervention to extend into local standards. This option would enable the TSA to take regulatory and enforcement action in the event of failures to meet local standards, although it would also bring constraints to the way local standards would have to be set and monitored. These tensions are explored in greater detail throughout this paper and form one of the key questions in this discussion.

#### **Codes of Practice**

**4.11** We also have a power to issue Codes of Practice, which we must also consult on. Codes of Practice must relate to one or more of the national standards and can be used to amplify a standard. Under the 2008 Act, the TSA can refer to a Code of Practice when it is assessing whether a standard has been met. Therefore, if providers do not follow a Code of Practice, without good reason (and without demonstrating that the standard might be achieved in other ways), the TSA should be able to consider how it might intervene. TSA Codes of Practice therefore have a formal statutory basis.

#### **Guidance**

**4.12** The TSA will also issue formal guidance, as required by the 2008 Act, to provide information on how we intend to use our statutory powers, and how we will deal with complaints about landlords' performance. To the extent that this guidance specifies any actions for landlords, we would expect them to follow it.

#### **Research and best practice**

**4.13** We can, in addition, offer research and advice on best practice. Landlords would be expected to have regard to this in the interests of self-help, but failure to adhere to it would not in itself be a failure that would lead to regulatory engagement. Such advice would, therefore, be intended either to address specific technical issues, or to assist with sharing excellence and improved outcomes for tenants.

### **Some emerging themes for how the standards framework should be organised**

**4.14** Following the National Conversation, we recognise that across England there are many

excellent landlords who are working in partnership with their tenants day by day to improve services, revitalising neighbourhoods and building new homes. We also know that there is wide range of performance among landlords. We want to free the best landlords from unnecessary red tape, we want to encourage those in the middle to learn from the best and further improve their services and we want to be able to step in and assist poorly performing landlords to raise their game. We believe that our national standards should as far as possible help all tenants receive a good level of service on the issues tenants care most about regardless of who their landlord happens to be.

**4.15** We also know from the feedback from tenants that there are different priorities in different areas and that 'one size does not fit all'. Like tenants and landlords, we recognise that there are often trade offs between where to prioritise scarce resources and that is why we want to encourage landlords to develop local standards in partnership with local tenants – allowing resources to be prioritised on the issues that matter most.

**4.16** We have developed the following key propositions that ought to help shape the new regulatory framework. We welcome stakeholder feedback on them **before** we develop proposals for our statutory consultation later in the year.

- I. **National standards ought to be established based on clear criteria.** First, whether the government has directed the TSA to set a particular standard. Second, whether the TSA needs to set a standard in order to help meet one or more of its ten statutory objectives in the 2008 Act (indeed the 2008 Act lists a number of examples of where standards might be considered). Third, whether the TSA should set a standard, following consultation with stakeholders such as through our National Conversation, where failure to do so could leave tenants unprotected. In setting standards, we should have regard to the underlying purpose or rationale for regulation in social housing.
- II. **Where national standards are set they ought to establish clear thresholds for the outcomes that tenants should expect to receive.** As far as possible these should contain a threshold for the minimum acceptable performance that tenants can expect to receive, below which the TSA would consider approaching the landlord to seek improvement and potentially remedial action. In doing so, the TSA is committed to ensuring that our regulation for local authorities supports the key elements of the Local Performance Framework.

- III. **We could use Codes of Practice to amplify national standards when this is necessary to achieve our objectives.** Using a Code for the detail might supplement a standard. For example, the national standard might focus on the outcome desired whilst the Code might make this clearer with information relevant to monitoring and potentially grading performance. To ensure we keep burdens to a minimum we would expect to adopt a Code only where a simpler standard itself will not suffice.
- IV. **Standards and Codes of Practice may be expressed by reference to documents prepared by others (ie not the TSA).** We invite the sector to help us develop national standards and Codes in a co-regulatory process and to suggest documents that already exist that could be adopted by us as part of our standards framework.
- V. **Good governance is essential to the quality of service delivery and must continue to be an important element of the regulatory framework.** The 2007 Cave Review and 2008 Act recognise that the bedrock of great service delivery relies on good governance, financial strength and value for money. For the housing association sector, the TSA will continue to

have a strong focus on governance and viability matters. Challenging conditions remain in the economic and market environment following the 2008 credit crunch and resulting recession. For the local authority and ALMO sectors, the precise scope of our remit in relation to governance and viability issues is yet to be decided by government. It is likely our remit will be less extensive given these roles are undertaken by other bodies, such as the Audit Commission. Given the strong link between good service delivery and good governance, we will want to work closely with these bodies with a shared aspiration of helping to ensure tenants receive the quality of service they deserve.

- VI. **Some of the national standards in relation to service delivery ought to be supplemented with local standards for landlords to tailor better their offers to tenants.** The main issue for the TSA is whether and how to bring local standards within the regulatory framework. If we do not, there is a risk that some landlords will not agree local standards with their tenants and this could leave some receiving a poorer quality of service. It would also mean relying more on national standards, which may be inflexible to local issues. However, if we do regulate local

standards, it raises a number of issues. For example, would it lessen the incentives on landlords to aspire to the best if, where they fall short, the TSA's intervention powers could be considered? There are also issues relating to how to define 'local' and the resources necessary to monitor compliance. We could use our Tenant Empowerment standard as a way of defining local priorities. We will need to explore the pros and cons of these and other options.

**VII. Tenants and local authorities (in their strategic role) should be able to compare the performance of landlords in their area.**

We believe that there is much more we can do with the information we already collect from landlords and we are developing a new TSA 'web portal' to improve access to information.

**VIII. A form of grading system might have merit to enable comparability of performance.**

This might include descriptive bandings such as poor, satisfactory (ie meets minimum requirements), good and excellent service, or it could be based on quartiles of relative performance. These bandings could help landlords and tenants 'pitch' their local offers.

**IX. Performance measurement ought as far as possible to be outcome based and derived from information that landlords have that is both 'used' and 'useful'.** To ensure there is a clear link to the inspection regime, the TSA will work closely with the Audit Commission, who are the inspectors for housing management services under the 2008 Act, to reform the Key Lines of Enquiries (KLOEs) to support our new standards framework.

**X. We want to recognise effective forms of independent validation and benchmarking of performance as part of the new framework to encourage landlords and tenants to 'own' their self-improvement journey and free landlords from unnecessary regulatory red tape.** We want to understand from the sector which forms of independent validation, assurance and peer review would best support the standards framework.

**XI. The regulatory standards ought to be reviewed after a fixed period of time, say three years, to give the sector a period of certainty.** Codes of Practice may be seen as more evolutionary and may be subject to change more often, subject to consultation.

**Figure 3 Initial areas to be included within TSA's national standards**

Theme	National standards to apply	Relevant statutory objectives  (numbering refers to our statutory objectives, as listed in para 3.4 above)
<b>A The Service Offer to Tenants</b>	Quality of accommodation (Decent Homes) Tenant choice and customer service Repairs and maintenance Neighbourhood and estate management Anti-social behaviour and security	Quality supply (1) Choice (2) Protection (2), quality supply (1), choice (2) Protection (2), quality supply (1), place (6) Protection (2), quality supply (1), place (6)
<b>B Tenant Empowerment and Involvement</b>	Empowerment Complaints Local area co-operation	Involvement (3), Choice (2), protection (2) Protection (2), Protection(2), quality supply (1), place (6)
<b>C The Tenancy Agreement</b>	Rents  Tenure Allocations	Protection (2)  Supply(1), protection (2), choice (2) Protection (2), quality supply (1)
<b>D Governance</b>	Governance	Governance (5), investment (7), supply (1)
<b>E Viability</b>	Viability	Viability (5), investment (7), value for money (8)
<b>F Value for money</b>	Efficiency and value for money	Efficiency (4), quality supply (1), choice (2), value for money (8), misuse of public funds (9)

## What areas should national standards cover?

**4.17** We believe that individual national standards should be combined into certain themes relevant to both tenants and landlords. Our initial thoughts on how this might be achieved are summarised in Figure 3 below where we have developed six themes containing 14 national standards. These standards are based on the criteria set out above.

**4.18** We envisage that all the national standards in Figure 3 will formally apply to all landlords, except for those relating to governance and viability for local authorities (where our expected remit and approach is described above). The rent standard for local authorities will only be developed once the government has issued the TSA with a direction on this issue later this year, following the conclusion of its review of the local authority subsidy system. It is important that the standards we develop help to further our ten statutory objectives. Figure 3 also sets out a summary of how the individual standards we are proposing relate to these ten statutory objectives. Each of the themes and standards is dealt with separately in more detail in the following sections of this discussion paper, including whether the national standard lends itself to being supplemented with local standards.

## Other issues that might be 'threads' within all the national standards

**4.19** Our national standards must be expressed in a way that allows landlords the scope to choose how best to provide services that meet the standards.

**4.20** We believe that there are key values which underpin excellent service delivery and we would expect all landlords to operate on the basis of a commitment to a culture that treats tenants with dignity, respect, fairness and honesty. If landlords do not embrace that commitment, it is unlikely that the way they choose to provide services is ever likely to be an effective or acceptable way to shape service delivery so that they will have met the national standards, much less that they will have the capacity or the will to exceed them.

### Diversity

**4.21** The TSA has duties under equalities legislation to eliminate unlawful discrimination and to promote equality. It is our intention to use the development of the new regulatory framework to help us achieve those objectives. All tenants should be able to benefit from the operation of the regulatory framework and the national standards within it. Central to this is our aim that our framework

requires and encourages tenants and landlords to work to ensure that services are tailored to meet individual and local needs.

**4.22** The national standards can be a catalyst for bringing about change in how issues around equalities are prioritised within the social housing sector as well as helping to break down discriminatory barriers that may not have otherwise been addressed. We have to consider whether these objectives can best be served by establishing a national diversity standard, or whether we develop an approach within individual standards that makes specific, relevant requirements in each area.

**4.23** Our proposition is that we should mainstream diversity and inclusion within each of the relevant national standards. Whilst from a regulatory perspective, having a separately defined standard may make it easier to assess each organisation's compliance with a diversity standard, we believe that if we want to ensure that inclusion alters outcomes, it would be better to look at how tenants' different needs are met within each of the service delivery and service offer standards.

### **Tenants with care and support needs**

**4.24** A significant proportion of tenants and potential tenants have particular needs for care or support. This includes tenants who live in general needs housing as well as specifically designated supported housing. Forty-five per cent of general needs lettings made by housing associations in 2006-07 were made to people who could be considered potentially to have care and support needs. This highlights the importance of ensuring vulnerable tenants have access to support where they need it.

**4.25** As such, there is a need to ensure the needs of those tenants are considered and addressed by landlords. We need to ensure that their requirements are considered in all national standards and across the regulatory framework, and there is a close relationship between this concern and the need to ensure that providers address the issues of customer service and diversity outlined above.

**4.26** Our proposition is that the requirements of tenants with care and support needs are included within individual national standards to encourage a mainstream approach, and to ensure these needs are met in all landlord services. We will continue to

take feedback on this proposed approach to ensure the requirements of tenants with care and support needs are considered and addressed within our regulatory framework.

### What areas should supplementary local standards cover?

**4.27** Our initial view is that some of the themes and national standards in Figure 3 lend themselves to be supplemented with local standards. This will enable services to better reflect local priorities.

**4.28** Proposed areas for national standards are covered in more detail in sections 4A-F of this paper. In summary, the national standards under the Service Offer to Tenants and Tenant Empowerment themes would appear to be areas where supplementary local standards could help landlords and tenants to identify and meet local priorities effectively. Conversely, for the national standards under governance, viability and value for money themes, there would not appear to be merit in pursuing local standards, as the approach taken is likely to require consistency of principles and application, irrespective of the geographic location.

**4.29** Some of the national standards in the Tenancy Agreement theme will be influenced by wider government policies (eg rent policy) and the degree

of local tailoring through agreed local standards might be constrained.

### Possible tensions and trade offs in designing the new standards framework

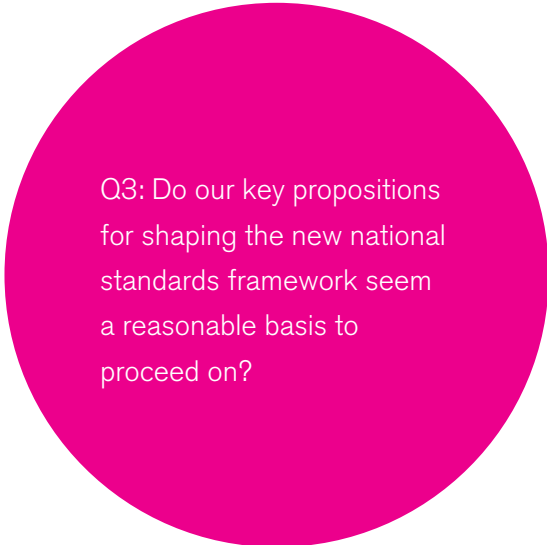
**4.30** Any new regulatory framework will involve possible policy tensions and trade offs that need to be reconciled. The following issues would affect a framework designed along the lines discussed above:


- **common outcomes** – By their nature, standards that are struck locally may lead to different outcomes in different parts of the country. This may simply reflect different local priorities. Equally, it may lead to concerns about geographic equity. Local offers might also lead to different performance measures, which make cross-sector comparison at the local level difficult
- **incentives** – We want to encourage landlords to aspire to the best rather than accept mediocrity. There is a question over whether the adoption of local standards within the remit of TSA's enforcement framework would encourage or discourage landlords to aspire for excellence

- **starting position** – We will need a clear approach to compliance in the first couple of years, especially as some of the information that may be necessary to measure performance against national standards may not be available for some time after the end of 2009. We plan to focus our attention initially on clear instances of failure to meet national standards. While we focus on the poorer performers, we will also want to support all other landlords to improve their services by developing local standards and sharing best practice
- **Compatibility with the Local Government Performance Framework (LPF)** – This sets out the way central government effectively regulates outcomes delivered by local government. We will have regard to the LPF in formulating our regulatory framework. In particular, for local authorities we will prescribe no further performance information requirements than those within the National Indicator Set, and we will avoid prescribing performance targets that are not covered by their Local Area Agreements
- **Defining ‘local’** – Local will mean different things to different people. One obvious point of reference is a local authority area, as these are established units of accountability where the Audit Commission’s new Comprehensive

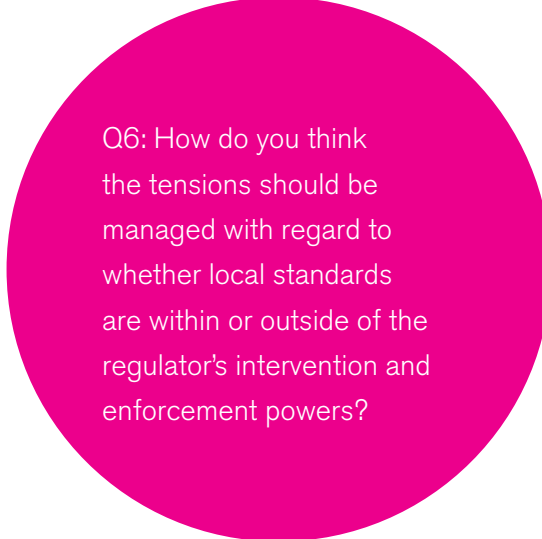
Area Assessment (CAA) process is designed to measure cross-service performance. Local may, however, mean areas within or spanning such areas. It may also mean multi-lateral landlord agreements, especially where they have properties in very close proximity. Our initial view is to leave the definition of local to landlords and their tenants, at least at first whilst experience can be monitored and evaluated

- **Tenants and landlords failing to agree local standards** – Our initial view is that we should encourage independent mediation in these circumstances





Q4: Does the initial list of areas for national standards, and our approach to diversity and tenants with care and support needs, seem appropriate?



Q6: How do you think the tensions should be managed with regard to whether local standards are within or outside of the regulator's intervention and enforcement powers?



Q5: Do our initial thoughts on the areas where local standards might supplement national standards seem appropriate?

# 4A

## The service offer to tenants

**4.31** These are the services that relate to tenants' day-to-day experience of living in their homes, whether they relate to the home itself, or to the neighbourhood where they live (and for which the landlord is mainly responsible). Each of the areas for a standard has been identified through the National Conversation as a service area that is important for tenants.

**4.32** All of these national standards would apply to all social landlords. With some limits in respect of the quality of accommodation standard, we think that all of these standards should permit landlords and tenants to establish a service 'offer' that is tailored to the local area.

### Quality of accommodation

#### Reason for proposing a standard

**4.33** Tenants told us during the National Conversation that ensuring that homes are up to date and in a decent condition was a priority for them. In addition, the quality of accommodation standard will be subject to a direction by the government and sets out the condition that social housing should be maintained to.

**4.34** A standard for the quality of accommodation is central to how all types of landlord provide social rented housing. Without any reference to the quality of housing, providers would not be obliged to make sure that the homes they provide meet any agreed or accepted benchmark of condition. This is relevant both to the day-to-day lives of tenants, and to the requirement to make sure that public subsidy provided to build that housing continues to maintain homes to the standards that would reasonably be expected by the government.

#### Objectives for the standard

**4.35** Current government policy is that all social rented homes, with some specific and limited exceptions, should meet the government's Decent Homes Standard by December 2010, and should then continue to be maintained to that standard (and this would be the basic expression of TSA's national standard). On a case-by-case basis, landlords may be allowed more time to achieve that standard on the grounds set out in the current CLG guidance. The government's published Decent Homes Guidance is likely to be referred to in the direction, and it may be sensible to set it formally as a TSA Code of Practice. Our approach to enforcing compliance with this national standard will need to take account of the different funding regimes that

are currently in place between housing associations and local authorities.

**4.36** It is possible that local standards may be agreed that provide for quality of homes that goes beyond this definition. For instance, tenants and landlords have discussed with us their desire to improve further the environmental performance of existing homes. We know that there are times when the cost of environmental upgrades can be more than offset by reduced energy bills and we want to explore how best to encourage further debate in this area. We also know that tenants would not always prioritise spend on the areas outlined in the Decent Homes Standard and there may be trade offs that need further discussion between the costs of internal improvements versus the costs of work to communal areas and outside spaces. In both of these cases we will need to consider the public funding implications, so that we do not create unreasonable additional public expenditure burdens either through additional Housing Benefit costs or requirements for direct capital subsidy.

**4.37** The requirements for design standards of the Homes and Communities Agency for new homes (and prior to that, the requirements of the Housing Corporation) are generally higher than those established by the Decent Homes Standard, eg in

relation to their energy efficiency and sustainability. It is our view that homes developed to higher standards should be maintained to reflect the expectations of government about the quality of design at the point at which funding was allocated for their development.

## Tenant choice and customer service

### Reason for proposing a standard

**4.38** The promotion of choice for tenants and potential tenants is explicitly incorporated in the TSA's fundamental objectives. Choices can be at a number of levels:

- the type and level of services provided to tenants
- options on how to move into home ownership
- the management organisation

**4.39** The tenant choice and customer service standard is concerned with choice in respect of the services provided by landlords.

**4.40** By customer service, we mean the way in which landlords design and manage their

organisation and their systems to provide services and information to their tenants.

**4.41** Throughout the National Conversation, tenants repeatedly said that quality customer service was important and that they wanted a choice over the services offered by their landlord.

### Objectives for the standard

**4.42** The tenant choice and customer service standard is intended to make sure that tenants receive good quality customer service and are offered an appropriate degree of choice in respect of the housing services that their landlord provides.

**4.43** To deliver an excellent service, landlords must understand and consult with their tenants, provide choice and deliver and evaluate services on the basis of those views and opinions. Choice should play a part in all aspects of service delivery and, more fundamentally, should determine what services and levels of service are provided. Clearly, the National Conversation has highlighted that greater choice on repairs and maintenance and design of homes is a priority for tenants.

**4.44** The need to provide good customer service is important in all types of business, and what

tenants expect is fundamentally the same as what customers would usually expect from most businesses. For this reason, we believe that there is an advantage to looking at work on developing customer service standards that has already been designed and implemented for similar types of business and service provider.

**4.45** For example, the government has developed a standard for customer service excellence<sup>4</sup>. It is designed to consider the whole customer experience and requires organisations to:

- identify, understand and consult with customers
- examine the culture of the organisation
- provide comprehensive information and access to customers
- focus on outcomes for customers and using their feedback to develop services and assess the timeliness and quality of service

**4.46** Requiring, as part of the TSA national standard, that the Cabinet Office standard should be achieved would mean that large numbers of landlords would have to engage in extensive testing under the processes required. However, it is the achievement of the objectives that the standard tests rather

<sup>4</sup> More information on this standard can be found at: <http://www.cse.cabinetoffice.gov.uk/homeCSE.do>

than the test itself which is likely to be important to tenants. Whichever route we adopt, it is clear to us that commitment to good customer service will underpin the delivery of standards.

**4.47** We would like to explore two options for encompassing choice and customer service in the standards:

1. A single national standard, which promotes choice and customer service as a requirement that must underpin the delivery of all of the landlord's services to tenants. This single standard would guide landlords towards ensuring that these are an integral part of all activities being undertaken
2. To include specific elements of (and/or requirements for) choice and customer service through other standards and their associated Codes of Practice – as such there would be no stand-alone national standard on choice and customer service, instead choice would be incorporated into other standards such as repairs and maintenance, involvement, quality of accommodation, rents, allocations

**4.48** If choice and customer service is provided for in a single standard, its objective might be expressed as:

“Landlords know and understand their tenants. Across the planning and delivery of all areas of housing services, an offer involving choice is made to tenants, either collectively or individually, based on engagement with tenants as specified in the standard on tenant empowerment. The evaluation and development of services is focused on outcomes for tenants.”

**4.49** Alternatively, these basic principles might be expressed explicitly in each of the individual national standards or Codes of Practice within the ‘service offer’ theme, where it is reasonable to do so. The offer of choice may relate to overall provision or to the delivery of services within a location. It would be for the landlord (and the tenants) to determine where and on what basis it was appropriate to offer choice.

## Repairs and maintenance

### Reason for proposing a standard

**4.50** Repairs and maintenance was the top priority arising from the National Conversation. Repairs and maintenance affects all tenants and all types of landlord. This is one of the most significant service areas for landlords and tenants, in terms of the cost of providing it, the challenges of delivering a good quality service and the impact it has on tenants' satisfaction generally with the service that their landlord provides.

### Objectives for the standard

**4.51** Historically, sets of requirements for social landlords and related sets of performance indicators focused on a single categorisation of repairs (emergency, urgent and routine repairs) and the time periods that such repairs should be completed in. Many landlords continue to set targets and monitor their performance on this basis.

**4.52** Although this has been the established approach, it has clearly not delivered for a large number of tenants a service that they think is of good quality. There are a number of reasons for

this, perhaps the most important of which is that landlords' processes and systems are designed and managed with more focus on maximising their reported performance than on delivering a good service from tenants' perspective.

**4.53** In addition, this approach effectively sets in part a specification which landlords use to procure repairs and maintenance services from contractors, limiting the extent to which they can innovate and collaborate (with contractors and with other landlords) to improve service quality and value for money. Tenants have told us that they want to see us set a national standard that requires the repair to be done at a time that is convenient for them, and for the repair to be done right first time. Overwhelmingly, it is the first issues of convenience and quality that matters far more than the 'top down' performance indicator-driven priority-based approach.

**4.54** On the basis of what tenants told us, we think that the objective for this standard might be expressed along the following lines:

"Landlords should design and deliver systems for repairing their tenants' homes, and maintaining them in good repair, so as to:

- ensure that repairs are done to a good standard in times that reflect the seriousness of the disrepair and its significance to the occupier
- minimise waste and inconvenience in the completion of the repair or maintenance work both to tenant and to landlord
- enables a prudent, planned approach to asset management which permits reasonable certainty in managing financial resources, particularly in the balance between planned and responsive maintenance”

**4.55** This service area represents a significant proportion of the money that landlords spend, and the way in which the national standard is described must take this into account. We will, therefore, need to consider how to develop a Code of Practice which sufficiently describes how these objectives might be balanced and delivered, given that landlords have a wide range of different types and distribution of homes, and organise, or have the potential to organise, the procurement of repairs in a very wide range of ways.

**4.56** Supplementary local standards are clearly desirable, but the need to balance how much they vary locally with efficient procurement approaches will need to be taken account of and the impacts of local offers discussed and agreed with tenants.

We recognise that this approach is likely to have significant implications for the comparability and specification of performance information compared to current arrangements.

## Neighbourhood and estate management

### Reason for proposing a standard

**4.57** The servicing and maintenance of common and communal areas was a key issue raised in the National Conversation. This is also an important aspect of the standards framework which supports, among others, the TSA's fundamental objective to encourage landlords to contribute to the environmental, social and economic well-being of the areas where the housing is situated. Most tenants tell us that they value the work done under the Decent Homes programme, but that a 'decent community' where people feel safe and secure matters too.

**4.58** One of the reasons for this is that the way estate management is carried out is often linked to other issues of anti-social behaviour, such as dealing with graffiti, vandalism, litter and fly-tipping. Whilst the cause of these problems can

be addressed through the type of measures that a standard on anti-social behaviour and security might address, landlords' approaches to estate management must also ensure that its consequences are well managed in order to provide a safe and clean neighbourhood.

### Objectives for the standard

**4.59** Neighbourhood and estate management covers all aspects of how landlords manage communal areas of housing estates and/or social housing – that is those parts of the property that they own and manage which extend beyond the immediate front door of their tenants' homes. This standard would also deal with grounds maintenance and cleaning of communal areas.

**4.60** The objectives for this national standard might be to “ensure that landlords manage their estates to standards agreed with tenants at a local level and which support the provision of a safe and clean neighbourhood for the tenants that live there”.

**4.61** This national standard could be supported by a Code of Practice, and would need local agreement on the level and type of services provided.

## Anti-social behaviour and security

### Reason for proposing a standard

**4.62** This relates to the ways in which landlords are meeting the expectations of their tenants to be able to live in a safe environment. During the National Conversation, tenants told us that safety and security were priorities for them. Taken together, safety, security in the neighbourhood and anti-social behaviour were the top three issues after repairs and maintenance that tenants wanted their landlords to pay attention to.

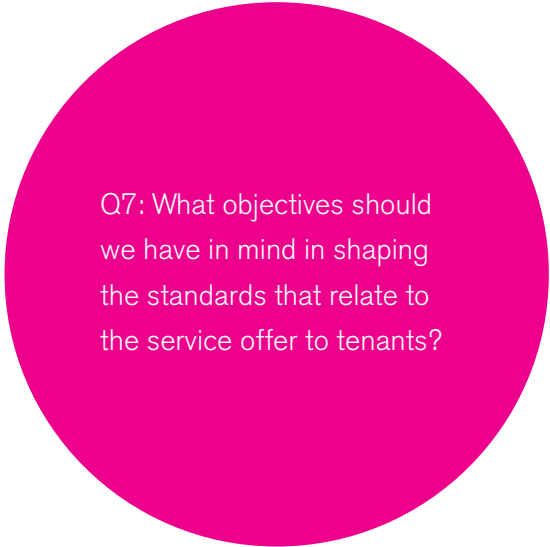
### Objectives for the proposed standard

**4.63** This national standard would apply to all types of landlord. However, the measures that landlords will need to agree with their tenants will be very variable at a local level, depending on the particular context. We would therefore expect this national standard to be subject to local offers developed in agreement with tenants.

**4.64** The objective for the national standard might be to “ensure that providers take a comprehensive approach to tackling and preventing anti-social

behaviour and, that tenants feel that their landlords are taking action to deal with persistent nuisance". Although achieving this objective will often be linked to the previous national standard on estate management, anti-social behaviour and security encompasses not just measures to manage the condition of estates and neighbourhoods effectively, but also, and more significantly, measures to manage and support tenants effectively.

**4.65** This is not a straightforward area for setting national standards for landlords. There are shared and overlapping responsibilities for tackling anti-social behaviour, including with police and local authorities. Tenants can be perpetrators as well as victims of anti-social behaviour. In particular, we expect that this national standard will need to be clear about how vulnerable tenants and potential tenants are supported at all stages of engagement with their landlord to enable them to sustain their tenancy.



Q7: What objectives should we have in mind in shaping the standards that relate to the service offer to tenants?

## 4B

### Tenant empowerment and involvement

**4.66** This group of national standards is intended to cover those aspects of landlords' work that describe how we expect them to show that they embed within their work, a culture and set of processes which make sure they involve and are accountable to their tenants.

**4.67** In this context, our view of this group of national standards is that it sets out our requirement for landlords to commit to co-regulatory principles, which open themselves up to scrutiny by and accountability to their tenants. We believe that these standards are fundamental to the delivery of a shift of focus from the requirements of the regulator (or inspector) to the requirement of tenants. The more effective and representative these arrangements are, the less there should be for the TSA to do to intervene.

#### Tenant empowerment

##### Reason for proposing a standard

**4.68** The National Conversation clearly indicated that many tenants want to be involved in decisions about their homes, and they want good communication from their landlord. Particular points are that:

- tenants want to be consulted by their landlords and involved in decisions about their homes
- tenants want high quality communication from their landlord
- proactive tenants are significantly less satisfied than other tenants
- tenants want genuine involvement and not a 'tick box' approach
- tenants want tenant involvement to be broad, not narrow, and empowering, not controlled

**4.69** In addition, tenant involvement is an area on which the government has a power to direct the TSA in relation to standards, and intends shortly to consult on such a direction.

##### Objectives for the proposed standard

**4.70** Subject to the direction by the Secretary of State, following consultation, we would expect requirements for this standard to be:

"Tenants are given a wide range of opportunities to influence:

- the formulation of their housing related policies
- the delivery of their housing related services
- that tenants are supported to develop and implement this empowerment"

**4.71** From the TSA's perspective, we think this national standard is closely linked to the governance and accountability arrangements of all types of landlord, and therefore their governance arrangements under the proposed TSA governance standard. It is an essential part of a co-regulatory regime that landlords have worked with tenants in a way that makes sure they have made themselves accountable and responsive to tenants' views.

**4.72** The objectives for this national standard might be:

- to set expectations of how tenants should be involved in influencing and monitoring the scope and range of services received from their landlords
- to require landlords to engage meaningfully with tenants to empower them
- to set out how tenants can be involved in the management of their homes

**4.73** There are many different ways in which landlords can meet these objectives in ways that reflect the different circumstances of landlords and their tenants, and we would not want to be overly prescriptive about how each landlord should meet the national standard. However, we would expect that landlords will, under this standard, have:

- established a clear approach, agreed with tenants, as to how they will involve them in influencing and monitoring service delivery at a local level
- agreed how and when local standards will be agreed and monitored
- developed and implemented arrangements for seeking the views of tenants which would operate both for seeking the views of individual tenants on their experience and wider scrutiny or tenant inspection arrangements, and demonstrated how they have modified and improved services to respond to those views

**4.74** We think that this national standard should set specific requirements for providing information to tenants. Open and active provision to tenants of relevant information on service performance against standards at a local level is essential to empowering tenants and to achieving our objectives for a co-regulatory approach.

**4.75** This means that we would require all landlords to provide the following information to their tenants at a local level ('local' for the purpose of this standard would mean, as a minimum, the local authority level):

- their performance on the two measures included within the National Indicator Set under the Local Performance Framework, which are measures of overall tenant satisfaction and the proportion of homes that meet the Decent Homes Standard (covered in the quality of accommodation standard)
- performance at a local level against local agreed standards within the TSA standards framework

**4.76** We could specify the national standard so as to list a greater range of information, but we are mindful that for local authorities this would potentially run counter to our commitments to observe the principles of the Local Performance Framework. Here we draw a distinction between the information that providers are required to collect to comply with this framework and the information that good landlords will be routinely collecting and sharing with their tenants. Where landlords, particularly local authority landlords, and their representative organisations agreed that a wider range of information should be made available to their tenants, perhaps responding to where tenants suggest they would like a wider range of information available to them, that would allow us to use this information without creating unreasonable additional burdens.

**4.77** There is a practical issue that will need to be addressed with respect to tenant satisfaction measures. Although the definition of satisfaction as a measure is common across different types of social landlord, at present, these must be statistically valid overall for landlords, but for larger landlords with geographically dispersed homes, these measures will not always be valid at a local authority level to a degree that allows for reliable comparison with other local social housing landlords. We will need to agree the best way to capture tenant satisfaction in a representative way at the local level.

**4.78** Changes to definitions of performance measures, and how these are collected, take time to introduce, and our approach to this national standard would reflect the need to develop a consistent set of definitions and data collection arrangements across all landlords that would not generate administrative burdens that are incompatible with our obligations and commitments in this area.

## Complaints

### Reason for proposing a standard

**4.79** Tenants at regional National Conversation events generally said that landlords should aim to get it right first time when dealing with tenants, and, although there was support for robust complaints procedures, there was a feeling that landlords should be resolving issues without having to fall back on these procedures. However, where failures occur, they want an excellent complaint-handling process.

### Objectives for the standard

**4.80** A national standard for handling complaints is proposed specifically in recognition of the views of many tenants that their landlords do not take their complaints seriously, and that their processes often appear more concerned to frustrate their ability to get their complaints listened to and addressed, rather than being viewed as useful customer feedback that provides managers with good information about where services are failing and how they could be put right.

**4.81** The objective for this national standard might be “to ensure that complaints from tenants are managed in a courteous and prompt way to agreed and well-communicated standards that encourage and enable staff responsible for service delivery to put problems right where there is a service failure that is the fault of the landlord”.

**4.82** Processes should provide for brisk and effective appeal processes if a tenant is unhappy with how a complaint is dealt with, but the emphasis should be on minimising the extent to which reasonable complaints are not dealt with as early as possible.

**4.83** Both the Housing Ombudsman and the Local Government Ombudsman have extensive experience of how landlords should (and should not) provide a good service in responding to complaints from their tenants, and we would expect to develop this national standard and any associated Code of Practice with the benefit of their experience and advice, together with existing good practice in housing associations and local authorities.

## Local area co-operation

### Reason for proposing a standard

**4.84** This is a key area for all landlords that was identified in the Cave Review. Careful consideration is required of the role of individual landlords and how they should co-operate at a local level between themselves, and with local authorities and Local Strategic Partnerships.

**4.85** The 2008 Act includes a specific provision that registered providers must co-operate with local authorities in taking part in preparing or modifying Sustainable Community Strategies if the local authority asks them to do so.

### Objectives for the proposed standard

**4.86** The delivery of sustainable, safe neighbourhoods and communities for their tenants and other residents is best achieved through a co-operative partnership approach involving landlords, schools, the police and, of course, local authorities. It is difficult for strategic partnerships to achieve their aims fully where landlords are not fully engaged and assisting in delivering those objectives.


**4.87** The objective of this national standard might be “to reinforce the specific statutory provision in the 2008 Act so that there is a clear requirement for landlords, on a proportionate basis, to co-operate with other landlords and with local authorities in their strategic, place-shaping role, so that the communities and neighbourhoods where their tenants live are able to benefit (to the best extent) from opportunities to live in safe and desirable places”. We believe this national standard will complement the work the Audit Commission in the development of its new Comprehensive Area Assessment (CAA) process.

**4.88** This national standard would recognise that:

- local co-operation is a two-way process that requires local authorities to support the work of landlords in their area as well as requiring landlords to support the strategic role of local authorities
- the national standard will not impose obligations to do specific things or commit expenditure that would not otherwise be reasonable to do under other standards or that tenants themselves have indicated would be a priority for them within landlords' normal set of responsibilities
- the success of partnership approaches depends on the effective governance and management

of partnership arrangements, and this is not something an individual landlord can secure alone, but nor would it be acceptable actively to frustrate the effective operation of partnerships without good reason

- where landlords have relatively few homes in a given area, the level of requirements on them should be proportionately lower, but they will need to make sure that their tenants are not disadvantaged as a result compared to the tenants of other landlords with a larger presence



Q8: What objectives should we have in mind in shaping the standards that relate to tenant empowerment and involvement?

# 4C

## The tenancy agreement

**4.89** This theme relates to the form and requirement of the contractual agreement between landlord and tenant, and how a tenant obtains a tenancy. This set of national standards cover how social homes are rationed (allocations), the terms of the contract for the supply of homes (the tenancy) and the price of living in a social home (rents and service charges).

### Rent

#### Reason for proposing a standard

**4.90** Rents were a key issue arising from the National Conversation. Tenants identified reasonable and affordable rents as a top priority. The rent standard<sup>5</sup> will be subject to a direction that the government intends shortly to consult on.

#### Objectives for the proposed standard

**4.91** Subject to the direction, should the government's proposal be to continue the existing rent restructuring policy, the objective of the TSA national standard will be to implement this policy. This would, in effect, continue the current rent-

setting arrangements that aim to make sure that a similar level of affordable rent is charged based on the type of property and its location.

**4.92** Within the existing policy (and again, subject to the direction), the objectives for this national standard might be:

“Landlords should charge a reasonable rent for the properties that they own that appropriately balances the need to ensure rents are affordable, landlords are able to provide effective services to existing tenants, and where appropriate help fund the development of new homes for potential tenants. There should be transparency in the setting of rents and tenants should be able to see clearly how rents are being used to meet the objectives of their landlord.”

**4.93** At present, the rent standard is not yet expected to apply to local authority landlords, pending the outcome of the government's review of the local authority subsidy system, which is expected to finish later this year.

<sup>5</sup>The rent standard is not expected to apply to shared ownership rents.

## Tenure

### Reason for proposing a standard

**4.94** The form of the tenancy agreement used by landlords is the formal agreement between them and their tenants, setting out their respective rights and responsibilities. It is essential that appropriate forms of tenancy agreement are used to give tenants security of tenure in their home, and a clear and fair approach to the way in which landlords manage the terms of those tenancy agreements.

**4.95** Although this did not feature as a high priority in the National Conversation, it is the TSA's view that a national standard is essential in this area to set out clearly the way tenancy agreements should be applied in order to meet the TSA's fundamental objective to ensure that actual or potential tenants of social housing have an appropriate degree of choice and protection.

### Objective for the proposed standard

**4.96** The proposed objective for this national standard is to make sure that landlords issue the most appropriate form of tenancy for the type of accommodation and tenant. This will generally mean

giving the most secure form of tenancy suitable for a certain type of housing, but this needs to take account of the needs of potential as well as existing tenants. This national standard will apply to all types of landlord.

**4.97** The objective could therefore be expressed so that:

“Providers must issue the most appropriate form of tenancy for the type of accommodation which confers the greatest security of tenure consistent with balancing the needs of potential as well as existing tenants.”

**4.98** The practical effect of this is that most tenants will have either a secure or assured tenancy (for local authority and other types of landlord respectively). The national standard could also address the TSA's expectations on how landlords should manage the terms of tenancies, for example evictions.

**4.99** There are other types of less secure tenancy available and a Code of Practice on Tenure might set out how and when such types of tenancy may be used, eg assured shorthold tenancies for new tenants as a form of 'starter tenancy', which is subject to particular requirements on meeting

the terms of the tenancy before it is converted to a more secure form of tenancy. The use of less secure tenancies may be justifiable in areas where demand for homes significantly outstrips supply, and the use of other tenure options may be more appropriate to meeting housing need and creating mixed-income communities.

**4.100** For each tenant, security of tenure is not just determined by the form of their tenancy agreement, but also by how landlords develop policy and manage the terms of tenancy agreements. This includes, for example, rent collection and the way they manage tenancy terms that potentially give grounds for possession or eviction. The terms differ between different types of tenancy agreement. The current housing associations' Regulatory Good Practice Note on tenure does not cover these issues, and we would welcome views on whether to continue with this approach or to extend the scope of the national tenure standard beyond issues relating to security of tenure.

**4.101** We are interested in exploring how an element of local flexibility could be supported through a more detailed Code of Practice on tenure.

## Allocations

### Reason for proposing a standard

**4.102** The national allocations standard relates to the way landlords let their homes.

**4.103** Tenants said this was important to them during the first phase of the National Conversation. The way tenants and potential tenants get social housing is a fundamental issue for our regulation. This national standard should make sure that there is a transparent, fair and consistent approach by landlords to allocating lettings to the homes they provide.

### Objectives for the proposed standard

**4.104** We think the main objectives for the national standard in this area might be expressed along the following lines:

“Landlords should let their homes in a fair and clear way that:

- responds to the housing needs, aspirations and ambitions of tenants and potential tenants

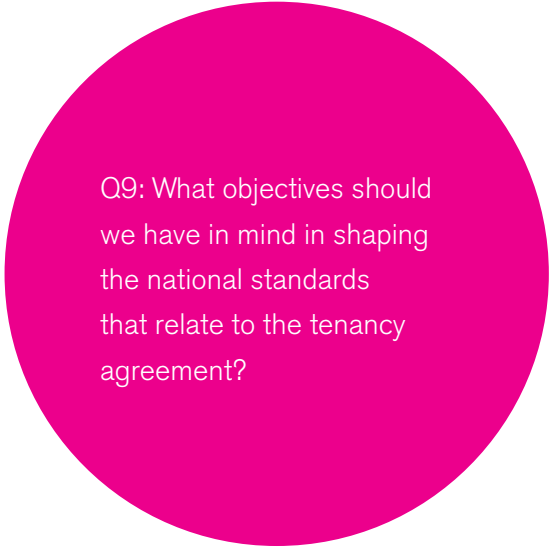
- maximises choice and tenure and geographic mobility
- makes best use of the available housing
- contributes to sustainable communities
- has a strong decision-making and appeals process
- meets applicable legal requirements”

**4.105** Allocations is an area where local issues of supply and demand, as well as other specific local issues could be allowed to play a part in deciding allocations criteria, and where agreement locally between social landlords and local authorities (in respect of their strategic housing function and duties) on how accommodation should be allocated is desirable and important for fairness and transparency within local areas.

**4.106** We are mindful that there is a risk that the priorities for existing tenants and potential tenants may be different. In establishing local standards we would expect providers to work closely with local authorities in respect of their strategic housing function to make sure that a proper balance is struck in ensuring that the interests of different groups are incorporated in local offers.

**4.107** It is clear, therefore, that this national standard has a bearing on the strategic function of

local authorities, and, among other things, on the way in which choice-based lettings schemes are specified and operated.



Q9: What objectives should we have in mind in shaping the national standards that relate to the tenancy agreement?

# 4D

## Governance

**4.108** Regardless of who the landlord happens to be, good governance and landlords being properly managed are essential for the effective delivery of quality services to tenants. Obviously, governance structures will be different depending on the type of landlord, for example local authorities have different governance arrangements to housing associations. And even within local authorities, the approach may differ depending on whether they have retained stock or operate through an ALMO.

**4.109** Although this national standard is expected not to apply to local authorities, given the strong link between good service delivery and good governance we will want to work closely with the bodies that are concerned with governance issues for these landlords to ensure that tenants receive the quality of service they deserve.

### Reason for proposing a standard

**4.110** The principal reason for proposing a national standard on governance is that the TSA sees this as necessary to meet its fundamental objective to make sure that registered providers of social housing are financially viable and properly managed. If there is no national standard, it is unclear to landlords' governing bodies what the TSA expects of them.

### Objectives for the proposed standard

**4.111** The objective of the national governance standard is to ensure that there are clear requirements for landlords (other than local authorities) on how they approach the task of making sure governance structures are designed to secure the proper leadership and management of their businesses.

**4.112** There are a number of existing and well-established descriptions, standards and codes of practice that deal with governance both in the for-profit, non-profit and public sector. We would prefer to develop and work with established approaches, adapting them only as far as is required to reflect the particular issues in social housing – this principally relates to the associated national standard on empowerment.

**4.113** We think there is a range of options for expressing this national standard. These may not be the only options and they may not be mutually exclusive.

## Option 1

This approach is based on a broad requirement for registered providers to be well governed. It builds on key principles from our existing code and other widely recognised relevant codes of governance. Emphasis on the role of the board and the chair is drawn from the Combined Code. This approach is flexible enough for a range of diverse organisations to operate to codes of governance that best suit their circumstances. Such a standard may be framed in the following manner:

### **“Registered providers are properly governed.”**

A national standard framed in this wide-ranging manner requires some signposting through interpretation and use of Codes of Practice. This overarching standard could be supplemented in the following manner:

## Board

### **Registered providers are headed by effective boards**

- in control of the affairs of the organisation, demonstrate collective responsibility and accountability
- have a clear focus on the organisation's mission, purpose, values and strategic direction
- of an appropriate size, balance of executives and non-executives (non-executives in the majority), diverse, and with relevant, current skills and expertise
- have mechanisms for recruitment, induction, training and continuous improvement
- conduct annual appraisals, refresh board members as appropriate and have succession plans
- operate with appropriate levels of delegation, with clarity around the role and scope of committees, in particular audit and remuneration committees
- monitor performance across all functions

## Accountability, probity and conduct

### **Registered providers comply with their governing documents, all statutory and regulatory requirements and demonstrate the highest standards of probity in all of their activities. They:**

- must be accountable to their residents and have regard to all major stakeholders' views
- must consider the reputation of the sector and the proper use of public funding, when conducting their activities
- must be open and transparent and have appropriate codes of conduct, policies and procedures for all functions and relationships (in particular procurement and remuneration)
- work to a 'UK-recognised' code of governance, explain to the TSA their rationale for their choice of code and explain areas of non-compliance with their chosen code

Similar signposting could be applied to the following areas:

### **The role of the Chair**

### **The role of the Chief Executive and management**

### **Risk management**

## Option 2

An alternative approach may be to include less prescription and more flexibility. Such a national standard may be framed in the following manner:

**“Registered providers have the appropriate structures, systems and processes to deliver their aims and objectives, in an effective, transparent and accountable manner.”**

Signposting for this option could be framed in the following manner:

In demonstrating compliance with the national governance standard, registered providers must have regard to:

- all relevant legislation
- accountability to residents and the TSA
- safeguarding public assets
- the reputation of the sector

## Option 3

This option draws heavily on the Good Governance Standard for Public Services (which builds on Nolan principles) for the conduct of individuals in public life, by setting out six core principles (with more supporting principles for each core principle and guidance on how the principles can be applied in practice) for good governance for public service organisations.

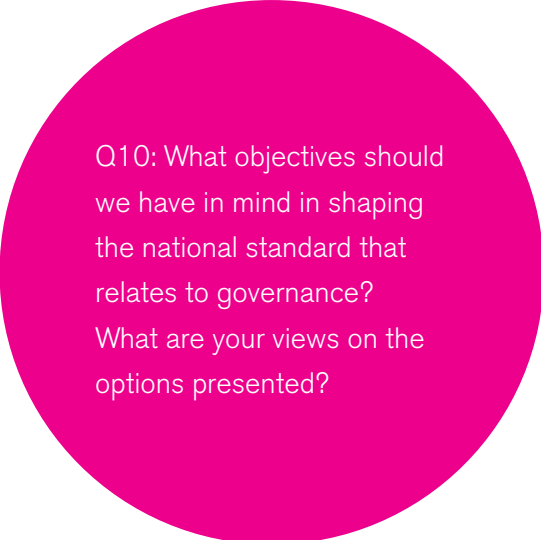
This approach focuses on the ways different functions of governance can support each other. A national governance standard based on this approach may be framed using the six core principles, amended slightly (as underlined below):

**Registered providers must demonstrate good governance by:**

- **focusing on the organisation’s purpose and outcomes for residents, potential residents and interested parties**
- **performing effectively in clearly defined functions and roles**
- **promoting values for the whole organisation and demonstrating the values of good governance through good behaviour**
- **taking informed, transparent decisions and managing risk**
- **developing the capacity and capability of the governing body to be effective**
- **engaging stakeholders and making accountability real**

A national standard based on these six overarching principles may be applied across a diverse range of providers. However, some of the terminology and focus of the supporting principles of the Good Governance Standard for Public Services are not applicable or relevant to registered providers or potential registered providers. So an approach based on the overarching principles with the flexibility to allow registered providers to demonstrate compliance through a range of non-prescribed mechanisms, may be a more suitable approach

**4.114** We intend shortly to publish a separate discussion paper alongside this discussion paper, to explore the options for a national governance standard in more detail.



Q10: What objectives should we have in mind in shaping the national standard that relates to governance?  
What are your views on the options presented?

# 4E

## Viability

**4.115** Like good governance, sound finances are essential for the effective delivery of quality services to tenants. Obviously, financial structures will be different, depending on the type of landlord. Most obviously, local authorities' finances for their landlord functions are in large part influenced by the government's subsidy system known as the Housing and Revenue Account (HRA).

**4.116** Although this national viability standard is expected not to apply to local authorities, given the strong link between sound finances and service delivery, we will want to work closely with bodies such as the Audit Commission that are concerned with financial issues for local authorities. We are also proposing in the next section a national standard on value for money that will apply to all types of social landlord.

### Reason for proposing a standard

**4.117** The national viability standard is concerned with the effectiveness of the way housing associations manage their financial resources. The financial viability of providers is central to enabling them to function as independent businesses with the right level of resources to provide good quality services, to safeguard homes funded with the benefit of public subsidy and to meet their financial

obligations to lenders. The national standard does not apply to local authorities. As with governance, the principal reason for proposing a standard is that the TSA sees this as necessary to meet its fundamental objective to ensure that registered providers of social housing are financially viable and properly managed.

### Objectives for the proposed standard

**4.118** The objective of this national standard is to ensure that there are clear requirements for providers to plan and manage the financial resources of their organisations prudently to ensure their continued viability. This includes mitigating, as far as it is reasonable for a regulator to do so, the risks of insolvency and financial failure among registered providers.

**4.119** The national viability standard might have its objective expressed as:

"Providers manage their resources effectively to ensure their viability is maintained. Financial planning is based on a robust business plan that demonstrates current and future financial obligations can be met."

## 4E

### Viability

**4.120** It is proposed that this national standard will have no scope to be adapted at a local level.

**4.121** Minimising financial failure is important to taxpayers and lenders, and the rate of failure of housing associations under the current regulatory regime has been important in maintaining the availability of private finance at relatively low costs and encouraging investment into the sector. It is consistent with the TSA's objectives to encourage investment in social housing and the support and supply of well-managed social housing, ensuring there continues to be capacity within the social housing sector to borrow to fund the development of new social housing.

**4.122** In considering how landlords might demonstrate their compliance with the national standard we must take into account that any assessment of financial viability is one of judgement not fact. It is necessarily a forward-looking assessment and financial plans involve assumptions which may produce a viable plan on paper, but which are potentially not achievable. However, if a viability standard is failed, it is too late for the landlord, tenant and regulator.

**4.123** It is vital, therefore, that we can understand the extent to which viability is at risk for an

organisation and we would want to monitor the position. We propose, therefore, to continue with an independent assessment of viability, based on appropriate financial information returns and an informed assessment of risk exposure. The approach could be based on sector risk monitoring in combination with a regulatory risk assessment process together with financial data comparison to identify outliers and those at risk. This risk-based approach to our regulation should underpin the monitoring and assessment process of our work on the national viability standard.

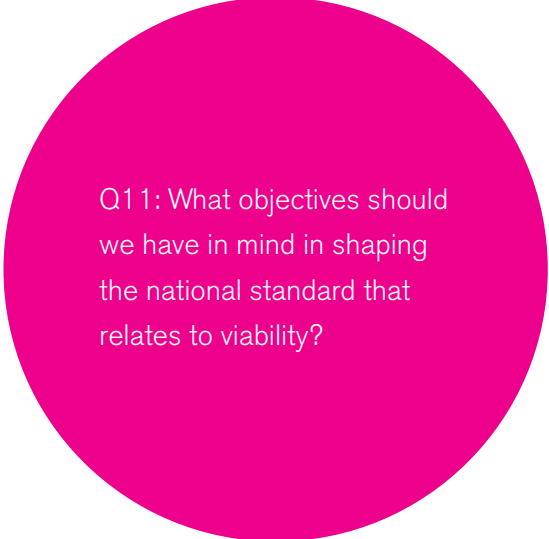
**4.124** Building on what we have learnt during the last 12 months, we will consider the time period over which any assessment is made and consider in more detail the nature of monitoring and assessment of shorter-term solvency issues as distinct from longer-term viability issues. We will also consider what is the appropriate level of monitoring data, how that is best provided and whether we can develop common references to key financial information, for wider sharing.

**4.125** Sound financial performance results from the effectiveness of the control environment within the organisation, and the quality of the strategy pursued by the board. Hence financial performance and the effectiveness of governance are very closely linked

and any assessment of viability might reasonably be informed by an organisation's performance against the national governance standard.

**4.126** Although we propose a national standard for viability, assessing it across different landlords will provide a range of positions, depending on the strategies and risk exposures for each. The inherited system of assessment of compliance translates our overall viability assessment into one of four viability judgements, although the analytical assessment underpinning that judgement is unique to each landlord. We intend to publish our judgements on viability and want to explore how those judgements might be presented. This may be reflected as a simple pass or fail judgement or a continuum unique to each landlord or something that provides a (potentially small) number of grading 'bands' that indicate the regulator's view of the degree of risk to viability to which the landlord is exposed.

**4.127** We will shortly publish a separate discussion paper alongside this discussion paper, to explore the national viability standard options in more detail.



Q1 1: What objectives should we have in mind in shaping the national standard that relates to viability?

# 4F

## Value for money

**4.128** A national standard on value for money overlaps significantly with the service offer standards discussed earlier. Any assessment of the efficiency and effectiveness of services delivered to tenants will have to consider how well the services are delivered and if they are enough. Therefore, the expectations and method of assessment will draw on those set out in the national service delivery standards as they are established.

### Reason for proposing a standard

**4.129** The TSA's fundamental objectives include the requirement to ensure that all social housing landlords perform their functions efficiently, effectively and economically. It is our view that a national standard relating to value for money is a necessary part of the regulatory framework to enable the TSA to achieve this objective. This national standard should apply to all social housing providers.

### Objectives for the proposed standard

**4.130** The TSA must ensure that landlords deliver services to current and future tenants, economically, efficiently and effectively, ie that landlords deliver value for money.

**4.131** The objectives for a national standard requiring delivery of value for money might be expressed as:

“Landlords provide value for money in the delivery of services, and manage their financial resources effectively to provide quality services and homes to meet the needs of current and future tenants.”

**4.132** The performance of landlords in delivering value for money will operate at a range of levels. However, there is no absolute measure or performance level for an organisation providing value for money. Indeed, value for money represents a balance between economy, efficiency and effectiveness, which will change as services and processes change. For example, improved mechanisms for engagement between landlords and tenants should improve the effectiveness of the services provided. Similarly, as the service offer between landlord and tenant may vary between landlords, priorities will differ – therefore achieving value for money for different services will look different for each landlord. However, the principles are the same regardless and can be phrased as:

- the inputs to providing services are economically procured

- the processes involved in delivering services are efficient
- the outcome is the most effective in meeting the service need identified

**4.133** A national standard relating to value for money lends itself to a more co-regulatory approach. In outline, assessing compliance with this proposed standard may consider various elements of information relating to costs: the quality of and range of services provided (using performance information) and benchmarking data. For high-level indications, the TSA may have a role in providing cost comparison data and tools and other performance information across the social housing sector.

**4.134** Since improving efficiency and effectiveness will largely depend on the processes adopted and adapted by providers, our expectations are likely to include a commitment to review and innovate on processes to improve services continually.

**4.135** In this context, local authority landlords must also use their financial resources to the best effect. It is our view, and CLG's, that making judgements on other areas of service standards, particularly the service offer to tenants of local authority landlords, cannot be done in isolation from understanding

the effective management of financial resources of local authority landlords. We will want to understand, within their particular context and funding system, the extent to which local authorities achieve value for money across the housing services they provide. Therefore, we expect that the national value for money standard will apply across the whole domain and we aim to develop an approach that allows for comparison across different types of landlord.

**4.136** This will link to the work that the Audit Commission undertakes in relation to the annual 'use of resources' judgement it makes in respect of local authorities across all their functions.

Q12: What objectives should we have in mind in shaping the national standard that relates to value for money?

# 5

## Monitoring landlords' performance

**5.1** In this section we outline the way in which TSA aims to regulate in normal circumstances, ie the information we will look for and the activities we will carry out to give us confidence that landlords are delivering what is expected from them under the national standards framework. Section 6 describes how we will respond if this routine monitoring gives us reason to ask more questions or take further action.

### The role of co-regulation in monitoring landlords' performance

**5.2** Co-regulation provides a way to reduce the TSA's activities directly with landlords, because we can rely on activities being carried out by others, such as scrutiny from within the landlord, or by their tenants or professional independent 'outsiders'.

**5.3** So, when we are looking for evidence of how well landlords are meeting (complying with) the national standards, we will look in the first instance where we can find assurances within assessments that others have made. Examples may include:

- effective tenant scrutiny activity
- landlords' own scrutiny, such as self-assessment

- validated performance reports from impartial professionals (from auditors to quality awards or accreditation)
- peer review and benchmarking

**5.4** In placing assurance on what any third party assessment system might say, we will need to understand the degree of challenge included in arriving at its judgement. But if – as we hope – landlords and tenants work together (including locally and across the domain) to develop a range of co-regulatory monitoring mechanisms which we are satisfied are valid and rigorous, we will look to accept the outcomes more and more at face value.

**5.5** However, accepting that overall the role of co-regulatory monitoring could improve over time due to increasing availability of third party validation options, we also consider that its role could vary from standard to standard, depending on the nature of the national standard and its objectives.

**5.6** For example, we have a statutory objective to ensure that social housing landlords are financially viable and this fundamentally underpins their ability to provide and improve homes and services. For housing associations, external auditors' reports will be a source of information and assurance for us, but we propose to carry on asking for information

directly from these landlords on their financial performance, which we will analyse (within a published framework, for transparency), as we believe our own consistency and the ability to compare performance across the domain, together with the need that we act quickly if there are problems, are essential in providing confidence to all stakeholders, including lenders, of the viability of individual landlords and the sector as a whole.

**5.7** In contrast, it may be possible to avoid insisting that we directly monitor, for example, performance on all elements within the national service offer standards. We expect to see a range of well-established and tested 'kitemarks' or third party assessment schemes developed, and it is far more appropriate and relevant that landlords and tenants together set targets and monitor details of performance. Although, where these co-regulatory options are not taken up by landlords (or while they are in development), we may need to look for direct evidence that national standards are being complied with.

## How information is currently collected from social landlords

**5.8** Social housing landlords are currently subject to different data-gathering regimes. Local authorities operate within the Local Performance Framework, which monitors priorities set from within the National Indicator Set.

**5.9** Housing associations submit data ranging from financial performance indicators to consents/registry information, as well as standardised statistical returns.

**5.10** Local authorities and housing associations currently submit data through the COntinuous REcordings of lettings (CORE) system.

**5.11** Local authorities that own housing and housing associations with more than 250 homes are anticipating the introduction of the National Register of Social Housing (NROSH). This initiative will create a single, consistent national database providing detailed information on approximately four million social housing properties in England.

## The TSA's approach to collecting information in the future

**5.12** The TSA should collect information that enables it to establish an acceptable minimum level of confidence about landlords and the social housing sector as a whole. This is true even where there is co-regulatory monitoring, although in this case the requirements for direct submission would be expected to be fewer.

**5.13** We aim to ask only for information that is both used and useful. We see greater value in having more and better information, but this will not always mean that we will collect more data. It is also important that we take account of any information that comes to us indicating performance may be below standard.

**5.14** It is likely that we will monitor:

- data/information collected directly by the TSA
- data/information provided to tenants by landlords
- intelligence received/researched by the regulator from other sources, such as where we have regular contact with landlords

- complaints on landlords' performance received by the TSA

**5.15** As the national standards are being developed, landlords and tenants will want to bear in mind what data they will want to see in order to prove to themselves that performance meets the standards.

**5.16** Overall it is our view that as far as possible:

- the TSA will ask for no more information than a good landlord will want to monitor for itself to prove that it is delivering good services
- landlords should make performance information available to tenants, in a form that enables comparisons between landlords
- in relation to local authorities, we will work alongside the Local Performance Framework

**5.17** Empowering tenants must be built on having reliable information and data about their own landlord's performance, and the ability to compare this with what other landlords are achieving – both better and worse. We have undertaken to prescribe a reasonably limited set of performance data returns, to meet commitments on levels of burden on landlords, and this cannot seek to cover the whole range of interests and differing priorities that will arise from local standards.

**5.18** A potential route through this is that landlords will work with their tenants to determine the sort of information that is meaningful so that landlords and service receivers understand whether TSA standards are being met. Together with effective tenant and other third party scrutiny and validation, this data will be available to the TSA as a means of informing our judgement of landlords' performance. However, this approach could produce inconsistencies from landlord to landlord, and from one area to another. So we are looking for feedback on how this can be made to work in a way that will enable sensible comparisons to be made.

**5.19** Our data requests directly to landlords should focus on ensuring we are able to gather the minimum levels of assurance about compliance with national standards. We will build on this, where necessary, through our risk-based approach, leading to different levels of routine engagement depending initially on the number of homes owned. A range of other intelligence will supplement our view, including our engagement with tenants and the way we monitor complaints, in addition to the regular sector-wide intelligence gathering systems, such as the NROSH and CORE data systems.

**5.20** We know that it will take time to develop consistent approaches to collecting data across social housing, and for landlords to collect and

report meaningful performance information. It is reasonable to take a view of performance over an entire 12-month cycle, rather than smaller periods that may have fluctuations due to seasonal factors. The TSA must be mindful of the burden placed on landlords if we ask for performance data more frequently than, say, once a year.

**5.21** We, and all partners, therefore need to acknowledge that there will be a gap in time between the date that national standards become regulatory requirements, and the point when we have access to information on which it can make valid judgements about relative levels of landlords' performance across the full range of national standards. This could mean the first set of consistent information across the domain will be after the end of the full financial year April 2010-March 2011. However, in a number of areas (eg rents), comparisons will be possible from the outset.

## Complaints about landlords

**5.22** The 2008 Act requires us to publish guidance about how we will deal with complaints we receive about the performance of landlords. It gives no further details about what sort of complaint we should or should not take into account, so we want to work with stakeholders to develop this guidance.

**5.23** We think some of the headline issues for developing the guidance include:

- there must be good liaison and clear understandings between the TSA's complaints regime and those provided by other ombudsmen, including the Housing Ombudsman, Local Government Ombudsman, Parliamentary Ombudsman, by external auditors of local authorities responding to objections to accounts, and the Independent Complaints Reviewer – but we will work with all agencies involved in resolving social housing complaints to ensure our guidance clearly describes the role they have, how people can use them and how their regimes align with ours (including, where applicable, how we may follow up others' adverse judgements on a landlord). We are keen to ensure a 'no wrong door policy' applies to ensure

that tenants are clearly signposted to another body where this is appropriate

- who can make a complaint? We will need to specify the sources we are prepared to take complaints from. For example, the Housing Ombudsman does not take complaints from people who are not tenants of a housing association and so neighbours, wider members of the community and a landlord's contractors are among those for whom this route to redress is not available. Should our approach seek to cover the gaps, and if so what might be the resource implications?
- what sort of complaint? Should we be open to complaints about any aspect of a landlord's services or business activities, or instead restrict our interests to those areas covered in the national standards framework?
- what is a 'significant' complaint? In all our actions we are mindful to be proportionate and responsive to the level of risk. There are some social landlords – for example, those with a small number of homes – who we will have very limited contact with and who would find it an unfair burden (and disproportionate use of our own resources) if we were to say we will actively investigate any complaint
- how will the TSA respond? Again, proportionality and risk assessment are vital. Our guidance will

need to explain any limitations there may be to what we will do, so that people know what to expect if they want to make a complaint. This will also need to link to the use of our powers, as described in Section 6

- will there be an appeal route if the person bringing a complaint is not happy with the TSA's response/decision?

## Complaints from tenants

**5.24** The 2008 Act does not allow an automatic 'tenant trigger' to our powers to intervene. We believe it is important to set out clearly in the guidance how and in what circumstances we will accept complaints from tenants for us to consider for further action. A fundamental principle of our co-operative regulatory framework is that there should be greater accountability between landlord and tenants. The TSA should not take the place of the landlord and intervene in the delivery of services unless there has been a breach of the national standards that is not capable of being resolved by the landlord directly. When a landlord has been notified of failures and has been unable to improve performance, we believe it is right that tenants should be able to 'petition' the TSA for improvement. Whether and how to intervene will be a matter for

the TSA to determine in light of the proportionality of any service failure and the ability and willingness of the landlord to improve performance.

**5.25** Our approach should not duplicate or take over the existing roles of others in resolving complaints from social housing tenants. So we think our role could be in complaints that come from a body of tenants, rather than an individual tenant. The groups of tenants in this context could be limited to:

- tenant scrutiny panel – this could be one set up for co-regulatory self-regulation or a more general scrutiny panel
- tenant federation or similar representative group of tenants – such a group would need to fulfil legitimate requirements to be recognised as a representative group.
- petition signed by a significant number of tenants, say 20% or 25% of the landlord's tenants in a particular area

**5.26** Our guidance will need to specify what sort of complaints we will consider, and how this links to our ability to take regulatory action as defined by the standards framework and our approach where performance is below expectations (see Section 6 below), together with the principles of proportionality and risk assessment. We will

consider any complaint that potentially raises a matter of serious regulatory concern, regardless of the criteria above for number of tenants making it.

## **TSA staff roles and routine monitoring with landlords and tenants**

**5.27** We will have two groups of locally based staff working with tenants and landlords – Tenant Services and Risk and Assurance teams. Tenant Services standards advisors will have primary responsibility for the tenant-facing aspects of our work. Their role is advisory working alongside landlords and tenants in a partnership to improve services to tenants. Risk and Assurance teams will lead on governance and viability and organisational compliance with the regulatory requirements. They will be responsible for regulating landlords. More detail on these roles will be found on our website in due course.

## **Publishing assessments and grading performance**

**5.28** It is our intention to be transparent about our views on landlords' performance. Tenants and

landlords will want to know how well they are performing, so we will publish our assessments. We intend to develop a grading system that will mean, over time, the excellent performers can be clearly separated from those that are OK and the poor performers. We are also keen over time to develop our web portal to disseminate relative information to tenants, landlords, and local authorities in their strategic place-shaping roles.

**5.29** There are a number of options open to us in the design of a grading framework and there are a number of ways in which grading can be used to incentivise and/or reward better performers. We set out our early thinking below and welcome comments and suggestions on how to ensure we minimise burdens whilst ensuring that there is transparency in the comparison of service performance.

**5.30** Potential examples of grading systems include:

- example 1 – we could make an overall assessment of a landlord's performance taking an aggregate view of its performance across the full range of TSA national standard areas
- example 2 – we could make a judgement against each of the 14 national standards set out in section 4 of this paper

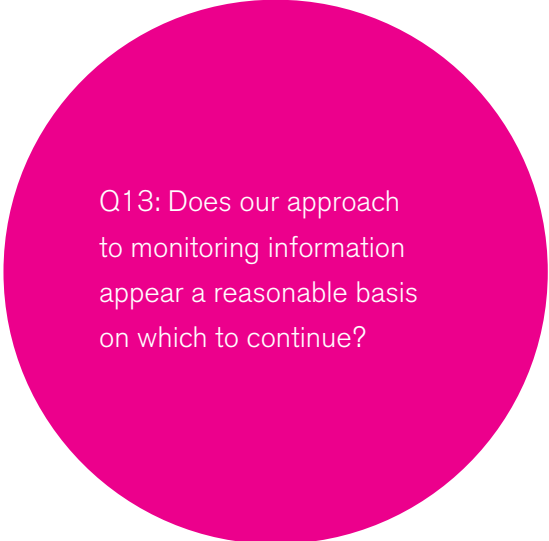
- example 3 – we could make a judgement based on each of the six themes set out in this paper

**5.31** Example 1 would give the simplest picture of performance but there are dangers in trying to condense a number of different factors into a single regulatory (or self-assessed) judgement.

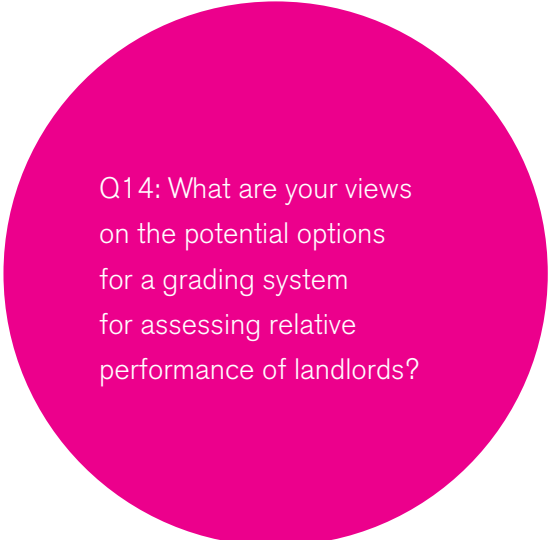
**5.32** Within each of the above there are further options to be considered. For instance, to what extent should the TSA (or its inspection partners, the Audit Commission) need to form a view of relative performance and to what extent can performance be assessed by others through independent validation? There may be different acceptable options for different national standards or themes – for instance, we believe lenders value the TSA's judgement on viability and place assurance on this for the purpose of pricing the cost of funds, on the other hand an independently validated grading of tenant involvement and empowerment may be more appealing to tenants than a judgement reached solely by the TSA.

**5.33** There are also options for the type of grading system used. Some national standards lend themselves to simple pass/fail assessments (eg rents), whereas others can be split into four areas of assessment ranging from poor, satisfactory,

good and excellent. A blend of approaches may be required reflecting the purpose and usefulness of grading.



Q13: Does our approach to monitoring information appear a reasonable basis on which to continue?



Q14: What are your views on the potential options for a grading system for assessing relative performance of landlords?

# 6

## The TSA's approach to incentivising improvement and dealing with poor landlord performance

**6.1** The TSA believes that regulation should not simply be about using 'sticks' to punish poor performance. It should also take into account the role played by incentives and by improvement and best practice by landlords themselves. This section sets out some initial thoughts for how to incentivise better landlord performance within the new framework and how we deal with poor landlord performance in the cases of landlord failures.

### Approach to incentives within the framework

**6.2** We know that the linking of Decent Homes funding to performance improvement for ALMOs has proven to be a powerful tool for that part of the housing sector and whilst we develop our approaches to grading we will maintain the principles of that regime to ensure landlords working to an improvement agenda have certainty for the short term.

**6.3** We would like to explore how a grading process could reward the best providers in the following ways:

- should access to government grant from the HCA be linked to performance and if so in

what way? Housing associations currently have to pass tests on governance and viability, whereas ALMOs need to achieve one star in their inspection grading to qualify. Which of the TSA national standards should be used (if any) for the purposes of HCA grant? As a starting point, we believe that viability and governance continue to be important and we see a strong case for ensuring that landlords that intend to manage homes funded by the HCA achieve a 'good' rating (or equivalent) for the service offer to tenants, so that new homes are well managed

- housing association landlords currently seek our consent to dispose of homes to another landlord in the sector. We believe that there is merit in considering whether services to tenants could be improved if there were greater rationalisation, which could involve the ownership of stock or management of it. We could incentivise the change in ownership of homes to better performing landlords by allowing for homes to be sold to landlords that are achieving 'good' or better scores in the areas of service offer and involvement
- the same principles as above could also apply to mergers in the housing association sector – coupled with a requirement that an association that takes on the homes of an existing landlord should also be well governed and financially viable

## Promoting sector-led improvement and best practice

**6.4** We want to encourage all landlords to learn from each other and that is why we will be placing emphasis on the improvement agenda, including encouraging more use of peer reviews, tenant scrutiny and service benchmarking to ensure that all landlords are constantly reviewing how well they are performing and sharing great practice across the domain.

**6.5** We have a role in identifying and sharing best practice and 'excellence' in order to drive landlords' aims and performance for the benefit of their tenants. This is a key aspect of the new co-regulatory strategy. Our new Tenant Excellence team will lead work on the Tenant Excellence Fund and the continuing Tenant Empowerment Programme, as well as supporting landlords and tenants directly and through partners. This will be supported by Regional Standards Teams, who will work with tenants and landlords in developing their awareness and ability to deliver the standards framework. This will include supporting landlords and tenants through other examples of best practice, peer review and self-help.

**6.6** We want to support co-regulation and best practice by working with partners to identify and promote excellent practice relating to how national standards are delivered. We do not pretend and nor do we seek to be the owners of best practice across the sector. Many of our key stakeholders including the Chartered Institute of Housing, tenant bodies, landlord representative bodies and, of course, the Audit Commission have much to contribute to this agenda. We want to recognise their expertise and we want to examine how we could endorse, through TSA kitemarking and accreditation, some of this work. We will also be interested in ideas developed from existing benchmarking and peer review schemes that will support landlords and tenants in understanding how best they might demonstrate robustness in delivering services to tenants.

**6.7** Likewise, it will be important for landlords to demonstrate robustness in the framework for local standards through systems of external validation. These help landlords develop relevant approaches and involve tenants in a meaningful way in setting the local offer to tenants. This might include landlords supporting each other through peer review and benchmarking. We will support the development of ideas from existing accreditation schemes supporting landlords and tenants.

**6.8** Finally, we believe that for local standards and the co-regulatory approach to work, tenants will need to be able to hold landlords to account for performance against both the local offer and the achievements of other similar landlords.

**6.9** We will support and encourage thinking around external validation, and in the event that TSA endorsement is introduced, we imagine that there will be no single supplier of such accreditation – instead we will focus on key principles needed for accreditation and will share these, allowing landlords with tenants to decide what best fits their needs.

**6.10** As local authorities and ALMOs are new to our regulatory regime, we will want to work with them very closely to ensure that together with them, the LGA group and regional improvement and efficiency partnerships (RIEPs), we develop a strong framework for encouraging improved performance.

## **Investigating indications of emerging or actual problems**

**6.11** Routine monitoring – which includes our analysis of anticipated information/data and any complaints or other intelligence telling us about the performance of landlords – can bring to our

attention evidence that seems to imply that national standards are not being met. Subject to a risk assessment, we will decide the most appropriate way to respond, including whether there is a need to investigate further to help determine the best response.

**6.12** Our first step may be to ask the landlord to provide us with further information to see if the position can be clarified. If this has not settled our concerns, or if the initial evidence is persuasive in itself, we will step up the degree of intervention.

**6.13** Where the concern relates to service delivery standards, we can ask the Audit Commission to carry out an inspection. Where our concern relates to financial management or governance issues (other than in local authority landlords), an inspection, if needed, will be carried out by appropriate professional experts in the area of concern.

**6.14** Where problems are identified we shall need to consider the most appropriate and proportionate course of action. Where possible we shall want to encourage self-improvement and peer support especially in relation to some of the service delivery standards. It might also include voluntary undertakings. However, there may be times when

the failure is so severe or risk so high that a proportionate approach necessitates more intrusive regulatory action.

### **Audit Commission inspection**

**6.15** The TSA and the Audit Commission are committed to working together to support housing providers in raising the standard of services delivered to existing and future social tenants. We are in the process of agreeing a Memorandum of Understanding that will capture that commitment, including how we will ensure that the Audit Commission supports the TSA in its role as the new social housing regulator, the TSA supports the Audit Commission in the delivery of Comprehensive Area Assessments and how we both work together on areas of mutual interest and support. The memorandum will also detail the respective roles of Audit Commission and TSA staff in the inspection process, and how inspections will be commissioned and organised.

**6.16** The development of a new standards framework will change the way in which the Audit Commission carry out inspections on our behalf. The inspection framework (currently called Key Lines of Enquiry, or KLOEs) will be reviewed and we

will work jointly both on the standards framework and how it is assessed through inspection.

**6.17** We expect that Audit Commission short notice inspections, which are already being delivered in respect of housing associations and are currently being piloted in the local authority sector, to be a valuable way in which we will investigate indications that landlords may be failing service delivery standards. These are likely to be a commissioned response to concerns over actual or potential poor performance in relation to our national standards (eg after the consideration of any performance information). They may also be used as means to verify reported performance. However, we expect there will continue to be a role for 'full' inspections, especially if these continue to be related to specific rewards (eg funding for ALMOs' Decent Homes programmes). They may also help the TSA in identifying best practice.

### **Dealing with failure**

**6.18** The 2008 Act gives the TSA a range of regulatory, investigatory, enforcement and general powers designed to allow a proportionate response when a landlord has failed to meet a standard or where its affairs have been mismanaged. These

## Figure 4: **List of the TSA's powers in the 2008 Act (and the relevant section)**

### **Regulatory and investigatory powers**

- Arrange a survey (S199)
- Arrange an inspection (S201 to 203)
- Direct an inquiry (S206 to 209)
- Direct an extraordinary audit (S210)

### **Enforcement powers**

- Enforcement notice (S219 to 225)
- Penalty fine (S226 to 235)
- Award compensation (S236 to 245)
- Direct a tender or transfer of management or appoint a manager (S246 to 252)
- Direct a transfer of land (S253 to 254)
- Make and execute an amalgamation of an industrial and provident society (S255)
- Direct restrictions during or following an inquiry (S256 to 265)
- Remove an officer in circumstances such as bankruptcy (S266 to 268)
- Appoint new officers (S269)

### **General powers**

- Give financial assistance (S95)
- Direct Homes and Communities Agency not to invest (S106)
- Collect information and documents (S107 to 108)
- Direct how sums in a disposals proceeds fund are used, allocated or paid (S178)
- Settle the affairs of providers that become insolvent (S144 to 159)
- Petition to wind up a provider (S166)
- Transfer net assets on dissolution (S167)
- Place restrictions on disposals or transfers of property (S170 to 176)

Note: The use of these powers in relation to local authority landlords depends on the government's order extending the 2008 Act to local authorities, on which CLG intends shortly to issue a consultation.

are summarised in Figure 4, with reference to the appropriate section in the Act.

**6.19** We are required to publish guidance about how it intends to use the powers, and to consult before publishing that guidance. We are currently designing and developing a framework document and a series of detailed guidance notes on specific powers or groups of powers that will set out how we might exercise each of the powers in the Act. We will want to explore providing appropriate opportunities for landlords' self-improvement and peer review within the framework.

**6.20** In due course, we will publish this material as a supplementary document as part of the wider discussion process on the new regulatory framework, so that any matters arising from our proposed approach can be explored in more depth.

## Special measures

**6.21** This is the name we are giving to the level of regulatory engagement with landlords whose performance falls below expectations. Our approach to special measures will be underpinned by three key components: our fundamental objectives, our national standards and Codes of Practice, and our statutory powers. The application of our powers

in respect of local authorities will form part of a consultation on extending the 2008 Act, which CLG intends to issue shortly.


**6.22** The TSA's ten fundamental objectives give us wide-ranging responsibilities in the performance of functions covering the regulation and development of social housing. Any failure by a landlord may impact adversely on one or more of our fundamental objectives.

**6.23** We will consult on and publish standards and Codes of Practice that cover the provision of social housing and (where applicable) landlords' governance and viability. It is the development of objective standards that will set the threshold at which failure or under-performance may trigger the use of one or more of our powers.


**6.24** Any decision to exercise any of our powers will be made after careful consideration of all relevant facts. Our approach will always reflect what we consider to be the most proportionate course of action in the circumstances, taking into account the level of risk involved.

**6.25** There will be continuity in the legislative Orders when the 2008 Act powers are activated, to manage transition into the new special measures

regime for any landlords that, at the time, were subject to our previous statutory powers.



Q15: What are the best ways we might incentivise good landlord performance and encourage best practice?



Q16: What are your views on our high level approach to dealing with landlord failure (or risk of failure) to meet standards?

# 7

## Registration and landlord permissions

**7.1** This section outlines the main issues related to introducing a new registration system and changes necessary to certain permissions the TSA gives landlords, such as consents to sell properties. Changes in these areas may be necessary owing to the requirements in the new Act to open up the register to all types of social landlords and from our new statutory powers and objectives.

### Reviewing the registration criteria

**7.2** When the register is first set up as part of the implementation of the new Act from 1 April 2010, most registration will be automatic. All of those organisations that were registered by the Housing Corporation will be on the TSA's new register<sup>6</sup>. Similarly, local authority landlords, subject to the government making a particular type of order in Parliament, will be added automatically to TSA's new register. Under the new Act, registered landlords will be known as Registered Providers (RPs). However, where organisations want to register for the first time with us, there will need to be a new set of arrangements to provide for this.

<sup>6</sup> These organisations are currently known for legal purposes as Registered Social Landlords (RSLs), most of which are more commonly referred to as housing associations.

**7.3** Registration is important for two reasons. Firstly, for existing social landlords, this automatic registration ensures that the social housing that they provide is subject to the regulatory framework and requirements of the TSA in a formal, legal way. For housing associations, in particular, it also ensures that other powers, for example in relation to how they can change their constitution or sell property, are constrained to ensure that the homes and the public funding used to provide them are protected.

**7.4** Secondly, organisations that want to obtain funding from the HCA for the development and management of low-cost rental housing must be registered with the TSA in order to obtain that funding. This may be important to a range of businesses that are not currently able to register under the old Housing Corporation system that was transferred to us.

**7.5** The 2007 Cave Review recommended that registration should be made easier and more open to encourage a wider range of organisations to provide social housing. We must, therefore, establish a new register that permits almost all types of businesses to register, including those that are profit making, as long as they provide or intend to provide social housing in England.

**7.6** Any businesses that want to register and meet that test (providing or intending to provide social housing) and meet any of the TSA's registration criteria, must be registered by us. In summary, the 2008 Act requires the following changes in the existing registration system:

- there must be no restriction preventing the registration of profit-making organisations
- subject to secondary legislation, current local authority landlords must be registered
- we will need to explain what is meant by providing or intending to provide social housing in England
- we must register any bodies that meet this test and our other criteria (the Corporation was not bound in the same terms to register new housing associations)

**7.7** We need to consider the impact its criteria for registration might have on encouraging the promotion of choice. The starting point for this is any criteria we might put in place about the types of body that could register. We could opt to place no restrictions on the type of body that could be registered, with the aim of encouraging new providers. This would ensure that all types of provider meeting the basic eligibility criteria could seek registration, permitting entry to the sector of

new models of provider and avoiding the stifling of innovative approaches.

**7.8** In having such open criteria, we need to consider what risks this might give rise to. We have not sought to consider every feasible model of provider, taking the view that it is for providers to determine their entry strategy and to innovate. However, there is a risk that this might mean that there is a model of provider that may cause concern to us, perhaps because of our ability to regulate such a provider effectively. We would then need to consider whether we wanted to prevent such a model of provider from entering the market, and in doing so we would need to be convinced that it posed serious risk to the sector, or whether it might address the concerns either through the registration criteria or through the regulatory standards.

**7.9** Whilst we might wish to be open about the types of organisation that are able to register, we believe that such an open approach to all aspects of registration has drawbacks. We believe that an absence of any registration criteria other than the minimum entry requirement that a provider be an English body providing social housing poses risk to the sector and to tenants.

**7.10** The question is whether there are requirements beyond the statutory minimum that are appropriate, proportionate and risk-based. The 2008 Act enables us to put in place criteria that relate to the financial situation of a provider, its constitution and other arrangements for its management. This reflects the current focus on viability, governance and management, and we do not see strong reasons to depart from this at this point in relation to non-local authority landlords.

**7.11** Recognising that we expect to set some requirements in the registration criteria, the issue becomes a question of what these requirements ought to be (and how restrictive). We have no fixed view on this at present and would welcome views. The key issue is the balance between the requirements at the time of registration and the level of ongoing regulatory monitoring. It would be possible, for example, to set low entry requirements, based on a limited set of 'must haves' established in the criteria. Applicants would have to satisfy these 'must have' requirements but these may not cover all aspects of a provider's operation and may be set at a lower level than at present.

**7.12** The concept of 'intent to provide' in Section 112 of the 2008 Act is new. We have to decide how to interpret this in assessing applications. The issue

for us is, how serious does the intent have to be and what evidence of intent might we expect to see. We are likely to expect to see some evidence either of existing homes or financial provisions for buying homes in an application, but again would welcome views.

**7.13** One of the recommendations of the Cave Review was that the TSA should apply common principles, where practicable, across the whole of social housing. The review also recommended that the registration process should be proportionate to the scale of activity proposed by the new provider. Having different criteria for for-profit bodies could mean that there was not a level playing field for registration.

**7.14** Most of the new registrations in recent years have been large-scale voluntary stock transfers and this has led to a particular approach to registration. However, although such bodies may still register in the future, we hope that there will be a wider range of bodies applying for registration. At present, the registration criteria are common to all, with the TSA taking a different approach to the registration process according to the size and nature of the applicant.

**7.15** Another option is to have the same criteria for all applicants but to be more overt than at present about how we might assess the different types or scale of providers in relation to the criteria. The criteria would be a set of generic principles, as now, but with the guidance on satisfying the principles setting out how the smaller, simpler models of provider might provide more limited information.

### **How should the TSA approach the use of its powers to consent to constitutional changes and disposal of property?**

**7.16** We have certain powers in relation to some types of registered providers. These include those powers to approve applications from non-profit providers (not local authorities) wishing to alter their constitutions in the following manner:

- change to objects
- make provision about the distribution of assets to members
- enable the provider to become, or cease to be, a subsidiary or associate of another body

**7.17** This power is similar to the one previously available to the Housing Corporation, and is commonly required in relation to proposals for

group structures for non-profit providers or housing associations.

**7.18** Where a new group structure is created or an existing one amended, we will need to approve the registration of any new body or the constitutional changes required to bring the new structure into being.

**7.19** As well as approvals to constitutional changes, proposals for group structures often include processes covered under restructuring and dissolution s160 to s165 (conversions, amalgamations, transfers of engagements and dissolutions). These processes require the TSA's approval.

**7.20** All registered providers will need our consent for disposals of social housing homes (this is an on-going requirement in the event that any RSLs or registered providers deregister). Social housing will comprise shared ownership, equity percentage schemes and dwellings let below market rent, including those at intermediate rent. Existing registered social landlords will automatically become non-profit providers on the new register. With a few exceptions for market and other lets, their housing stock will be designated as social housing. New non-profit and profit-

making registered providers will be subject to the same regime. Certain disposals, such as Right to Buy sales, will continue to be exempt from the requirement for consent.

**7.21** We may give individual consent and also publish general sealed consents for routine or non-contentious classes of disposal. General consents allow disposals to take place without applying for individual consent.


**7.22** We will need to consider the disposals framework, the scope of the general consent and any conditions and requirements. We also need to consider the role of interested stakeholders, for example tenants, lenders and local authorities.

**7.23** We have published a separate discussion paper on the issues surrounding consent for disposals<sup>7</sup>. We intend in due course to publish a discussion paper to explore detailed issues about the technical options for group structures, including ring-fencing provisions.

**7.24** In consenting to disposals and constitutional changes including group structures, we need

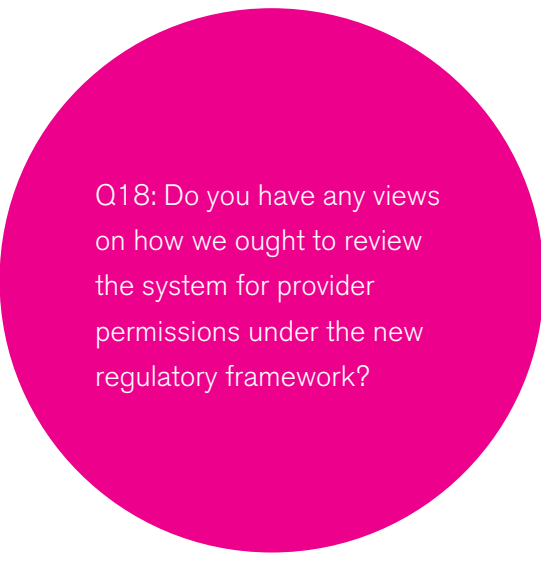
to consider what it should require of registered providers in terms of:

- when residents should be involved
- how residents should be involved
- residents' needs and their responses to any proposals



Q17: What approach should we adopt to reviewing the criteria for registration under the new regulatory framework?

<sup>7</sup> Available online at: [www.tenantservicesauthority.org/ipload/doc/Discussion\\_Paper\\_on\\_consent.doc](http://www.tenantservicesauthority.org/ipload/doc/Discussion_Paper_on_consent.doc)



Q18: Do you have any views on how we ought to review the system for provider permissions under the new regulatory framework?

# 8

## Summary of key questions and next steps

### Summary of key questions

**8.1** We summarise below the key questions we have raised in all the sections of this discussion paper. Stakeholders should not be constrained by these questions. You may choose not to answer all them. And we are, of course, open to any other thoughts or considerations for the development of the TSA's standards framework.

**Q1.** Do the main findings from our National Conversation research have resonance with your experience and are we drawing the correct messages for the development of the new regulatory framework?

**Q2.** Does our approach to regulation seem a reasonable basis on which to proceed and one best designed to ensure we achieve improvements for tenants, whilst generating a sense of ownership from landlords?

**Q3:** Do our key propositions for shaping the new standards framework seem reasonable basis on which to proceed?

**Q4:** Does the initial list of areas for national standards and our approach to diversity and tenants with care and support needs seem appropriate?

**Q5:** Do our initial thoughts on the areas where local standards might supplement national standards seem appropriate?

**Q6:** How do you think the tensions should be managed with regard to whether local standards are within or outside of the regulator's intervention and enforcement powers?

**Q7:** What objectives should we have in mind in shaping the national standards that relate to the service offer to tenants?

**Q8:** What objectives should we have in mind in shaping the national standards that relate to tenant empowerment and involvement?

**Q9:** What objectives should we have in mind in shaping the national

standards that relate to the tenancy agreement?

Q10: What objectives should we have in mind in shaping the national standard that relates to governance? What are your views on the options presented?

Q11: What objectives should we have in mind in shaping the national standard that relates to viability?

Q12: What objectives should we have in mind in shaping the national standard that relates to value for money?

Q13: Does our approach to monitoring information appear a reasonable basis on which to proceed?

Q14: What are your views on the potential options for a grading system for assessing relative performance of landlords?

Q15: What are the best ways we might incentivise good landlord performance and encourage best practice?

Q16: What are your views on our high level approach to dealing with landlord failure (or risk of failure)?

Q17: What approach should we adopt to reviewing the criteria for registration under the new regulatory framework?

Q18: Do you have any views on how we ought to review the system for landlord permissions under the new regulatory framework?

## Next steps

**8.2** Responses to this discussion paper should be submitted to the TSA by no later than 8 September 2009. They will be placed on our website and, therefore, open to be viewed by all interested stakeholders. Respondents wishing to send a response in confidence should be aware that the TSA cannot guarantee to maintain confidentiality because of our responsibilities under the Freedom of Information Act.

**8.3** There will be a range of events and communications that will support this discussion paper. These include:

- regional events for local authority, housing association, co-operative and ALMO landlords and tenants

- Local Conversations for tenants supported by TSA resource packs which will be available from our National Conversation website
- sharing the contents of this paper and gathering feedback via the National Conversation website
- tailored consultation on specific standards areas with landlord and tenant stakeholder groups
- using sounding boards and panels of stakeholders

A full list can be found on our website.

**8.4** Responses to this paper will help us shape our proposals for the new regulatory framework. These proposals will be set out in a formal statutory consultation later this year. Therefore, all stakeholders will get an opportunity to discuss and comment on these detailed proposals before they are finalised in time for our new powers to be activated for all social landlords in April 2010.

# 9

## Glossary of terms

### **ALMO/Arm's-length management organisation**

An ALMO is a company set up by a local council to manage and improve part or all of the council's housing stock. The company is owned by the council but works to an agreement (the Management Agreement) between the ALMO and council. ALMOs are managed by a board of directors which includes tenants and leaseholders, local council nominees and independent members

### **Audit Commission**

A public corporation, the Commission has an independent role assessing local authorities' performance (appoints auditors to audit accounts, produces value for money reports on public service providers, inspects local services, collects and publishes performance information on councils, police and fire services and monitors and compares service performance). Since 2003, its Housing Inspectors have also been responsible for inspecting RSLs' housing management services.

### **CAA/Comprehensive Area Assessment**

CAA is a new way of assessing how effectively local partnerships are working together to deliver the priorities of local people. It is a joint assessment made by a group of independent watchdogs (including the Audit Commission) about the performance of local public services.

### **Cave Review of Social Housing**

Set up by the government in 2007, Dr Martin Cave's review made recommendations for the shape of future regulation for social housing, which led to the TSA being established in 2008.

### **CLG/Communities and Local Government**

TSA's government sponsoring department.

### **Code of Practice**

In this paper, this expression refers to a TSA Code, which will be used to amplify a standard. It has a statutory (ie a formal, legal) status under the Housing and Regeneration Act 2008.

### **CORE/COntinuous REcording of lettings data**

CORE (COntinuous REcording) is a national information source funded jointly by the Tenant Services Authority (formerly the Housing Corporation) and the CLG that records information on the characteristics of both housing association and local authority 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.

### **Decent Homes Standard**

In 1997 the Government committed to tackling the £19 billion backlog in repairs of social housing and in 2001 set a target that it would make all social housing decent by 2010. The Decent Homes Standard (DHS) was set as a threshold so that homes below the standard should be improved. It was not set as a standard to which homes were improved to. The DHS has four criteria, which are that the home should:

- meet the current statutory minimum standard for housing (in other words, the dwelling should be free of category 1 hazards under the Housing Health and Safety Rating System)
- be in a reasonable state of repair
- have reasonably modern facilities and services
- provide a reasonable degree of thermal comfort

### **Domain**

A word describing the extent of TSA's influence under the Housing and Regeneration Act 2008, to cover all social housing landlords. See also 'sector'.

### **Existing Tenant Survey**

A survey of the views and aspirations of a large sample of people currently living in social housing, carried out every four years by the TSA's predecessor, the Housing Corporation.

### **GO/Government Offices for the regions**

Government Offices work with regional partners and local people to help deliver the government's key aims at regional level.

There are nine regions throughout England:

- East Midlands
- East of England
- London
- North East
- North West
- South East
- South West
- West Midlands
- Yorkshire and the Humber

### **HCA/The Homes and Communities Agency**

A non-departmental public body delivering housing and regeneration, bringing together the functions of English Partnerships, the investment functions of the Housing Corporation, the Academy for Sustainable Communities, and key housing and regeneration programmes previously delivered by Communities and Local Government, including the Thames Gateway, Housing Market Renewal, Decent Homes.

### **Housing association**

In this paper, this expression refers to non-profit organisations also known as Registered Social Landlords (RSLs).

### **Housing Corporation**

This non-departmental public body had responsibility to regulate RSLs in England, until this function was taken over by TSA on 1 December 2008.

### **The 2008 Act/The Housing and Regeneration Act 2008**

This is the legislation that establishes the TSA and specifies what it is expected and allowed to do under the law. It received Royal Assent on 22 July 2008. It is being implemented in stages.

### **KLOE/Key line of enquiry**

The Audit Commission Housing Inspectorate's framework for inspecting landlords' housing services

### **Local authority/council**

The local government administrative body that governs local services such as education, housing and social services. An umbrella term that could refer to any unitary authority or county, metropolitan or district council.

### **LAA/Local Area Agreement**

These are agreements between local authorities and government to set out how Sustainable Communities Strategies will be achieved for the area covered by the LAA.

### **LGA/Local Government Association**

The representative body for local authorities in England

### **LPF/Local Performance Framework**

The LPF framework is about two things: improving the quality of life in local communities and better public services. The LPF includes a national set of performance measures (the NIS), up to 35 shared targets for improvement focused on the most important priorities in each local area (Local Area Agreements), the CAA assessment regime and effective co-ordination at regional level (the Multi Area Agreement). Within the LPF there will also be support for improvements and greater financial rewards and flexibility to target funding on what matters to local people.

### **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. It is a non-statutory (ie not legally binding) partnership, and it provides a single overarching local co-ordination framework within which other partnerships can operate. It is responsible for developing and driving the implementation of Sustainable Community Strategies and Local Area Agreements (LAAs) in areas receiving neighbourhood renewal funding, and is responsible for agreeing the allocation of this funding.

### **NHF/National Housing Federation**

The body that represents the independent social housing sector. It is the central representative, negotiating and advisory body for RSLs and other non-profit housing bodies in England

### **National Conversation**

TSA's on-going consultation with tenants and landlords, the first phase of which ran from January-March 2009 and gathered the views of over 27,000 tenants and social landlords to develop the shape of TSA's emerging regulatory framework. This discussion paper is the basis of the second phase of the National Conversation.

### **National Indicator Set**

Part of the Local Performance Framework, this is a suite of performance measures (indicators) from

which the local authority and partners (through the LAA) decide which ones will be monitored to track progress and delivery on national and local priorities.

### **NTV/National Tenants Voice**

A body set up by government to ensure that tenants can shape and influence policy making at local, regional and national level.

### **RSL/Registered social landlord**

A social housing landlord, registered with the Housing Corporation under the provisions of the Housing Act 1996. RSLs will transfer automatically on to the new register under the 2008 Act, and thereafter be known as Registered Providers.

### **Registered Provider**

A social housing landlord, registered with TSA under powers in the 2008 Act.

### **Regulator**

In this paper, this refers to the Tenant Services Authority, TSA.

### **REIP/Regional Improvement and Efficiency Partnerships**

RIEPs are partnerships of councils and other local services working together to deliver excellent services and greater efficiency. The priorities and

work programmes of each RIEP, which are set out in their strategies and emerging delivery plans, are based on and reflect needs and challenges of authorities in the region or sub-region.

RIEPs will act as a hub to ensure that councils and their partners can access support from a range of programmes. In doing so, the RIEPs will provide the platform for a single conversation to embed and sustain real improvement.

### **Sector**

In this paper, this term refers to the entire spread of the activities within social housing. See also 'domain'.

### **Standards**

In this paper, this term refers to TSA standards that set the regulator's expectations of social landlords. They have statutory status under the Housing and Regeneration Act 2008.

### **Social housing (homes)**

Social housing is defined in sections 68 to 77 of the 2008 Act. The definition includes low cost rental housing, low-cost home ownership, and most other housing owned by Registered Providers.

### **Social landlord**

A landlord providing social housing. This may be a local authority, ALMO, housing association, co-operative or any other Registered Provider.

### **Sustainable Communities Strategies**

A set of goals or actions set by local authorities (through Local Strategic Partnerships) representing the residential, business, statutory and voluntary interests of a local area which they wish to promote.

### **Tenant**

In this paper, 'tenant' means people living in social housing (whose landlord could be a local authority, ALMO, housing association, co-operative or other Registered Provider). Under the TSA's remit, it includes shared owners but does not include leaseholders.

### **TEP/Tenant Empowerment Programme**

Previously known as Section 16 grant, this fund was established to support the government's housing aims of increasing the effectiveness of housing management and improving the quality of life of residents living on local authority estates. TEP now enables local authority and housing association tenants and residents to access independent advice, training and information directly.

### **Tenant Excellence Fund**

Grants available from the TSA, under powers granted by Section 95 of the 2008 Act. It supersedes Innovation and Good Practice grants that were available under the Housing Corporation.

### **TMO/Tenant Management Organisation**

A TMO is a means by which council or housing association tenants and leaseholders can collectively take on responsibility for managing the homes they live in.

Those resident members of the TMO create an independent legal body and usually elect a tenant led management committee to run the organisation. The TMO can then enter into a legal management agreement (contract) with the landlord. The TMO is paid annual management and maintenance allowances in order to carry out the management duties that are delegated to them.

TMOs can take different forms and sizes. Many are tenant management co-operatives – using co-op rules. Others may take the form of not-for-profit companies. Some TMOs manage just a handful of homes while others manage large estates of 2,000 or 3,000 properties. The small TMOs may rely mainly on voluntary effort but most employ staff

such as housing managers, caretakers and repair workers.

The services managed by the TMO vary with local circumstances but may include day-to-day repairs, allocations and lettings, tenancy management, cleaning and caretaking, and rent collection.

### **TAROE/Tenants and Residents Organisations of England**

A democratically run, accountable, national organisation which unites tenants' and residents' groups from social housing across England. TAROE is run by tenants for tenants to represent and campaign for their interests and to ensure that all have rights of access to well maintained, safe and secure homes.

### **TPAS/Tenant Participation Advisory Service**

Originally set up by government to promote tenant participation, now funded by members, which may be landlord or tenant groups.

### **TSA/Tenant Services Authority**

Set up as a result of the 2008 Housing and Regeneration Act, the TSA is the independent regulator for social housing. It launched on 1 December 2008, having taken over the regulatory powers of the Housing Corporation. The TSA's

goal is to raise the standard of services for social housing tenants.

**TSA web portal**

An internet-based tool to be developed by the TSA to enable tenants and landlords to compare the performance of different providers of social housing services in a postcode area.

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# Building a new regulatory framework

A discussion paper

This discussion paper sets out the Tenant Services Authority's initial thoughts on the new regulatory framework for social housing providers. This framework is expected to apply to all social housing landlords – including housing associations, councils and arm's-length management organisations – from April 2010.