



Amicus Response to the Cave Review of Social Housing Regulation,
February 2007

Amicus is the UK's second largest trade union with 1.2 million members across the private and public sectors. Our members work in a range of industries including local government, the not for profit sector (including housing associations), education, the health service, manufacturing, financial services, print, media, and construction.

Executive summary

- This particular call for evidence does not appear to follow Cabinet Office guidance on consultation and limits the ability of stakeholders to participate.
- Amicus recognises the importance of social housing as a public service.
- We are concerned that the review is considering allowing profit-making bodies to register as providers of social housing and removing the requirement for regulated social housing providers to be non profit distributing organisations.
- We are extremely concerned about the potential flotation of housing associations. Social housing should be motivated by the needs of tenants not maximising profits for shareholders.
- Marketisation has led to cuts in standards and terms and conditions, reduced accountability, and damage to the ethos of voluntary sector organisations.
- Where workers are transferred from the public sector to new employers, then this must be under the terms of the two-tier work force agreement.

- Housing association funding needs to be based on a commitment to decent pay, terms and conditions and access to appropriate training.
- Cutting duplication in inspection would enable more time to be spent on working with tenants.
- A single national format for auditing could simplify and standardise the process. This should be easy to use and potentially electronic or web-based.
- Any move to a single regulatory regime should not dilute the democratic accountability (and statutory rights) available to council tenants.
- Local representative organisations, local political representatives (such as elected councillors), communities and users should be engaged with the development of their local services and their assessment and evaluation.
- Despite much support from tenants, the 'Fourth Option' of direct investment to improve council homes and estates has not been available. Local authorities should be allowed to build new homes for rent to ensure that our communities are not weakened by the shortage of affordable rented properties.
- Establishing tenants' views through a properly conducted formal ballot should be a legal requirement for councils considering housing stock transfer.
- Where tenants choose to remain under the management of their local authority, they should not be financially disadvantaged

Introduction

1. We welcome the opportunity to contribute to this review. However, we are concerned that the short timescale allowed for responses (nine weeks over a period that included Christmas) and its relatively low promotion will limit the ability of all legitimate stakeholders, particularly those with few resources, to respond effectively.
2. We would point out that one of the key consultation criteria contained in the Cabinet Office's *Code of Practice on Consultation* is "*allowing a minimum of 12 weeks for written consultation*"¹.

1

http://www.cabinetoffice.gov.uk/regulation/consultation/consultation_guidance/consultation_guidance/index.asp

3. Amicus recognises the importance of providing sufficient and affordable social housing for those who can not provide for themselves through the market. Social housing is an important public service.
4. We have expressed our commitment to public services through our six 'public service values', namely : valuing public service users and staff, accountability, long-term commitment, universal access, end to market madness, and sustainability. These are explored further in a paper we have published on *Valuing Public Services*².

Privatisation and competition

5. We are concerned that the review's call for evidence paper suggests "...opening the market to a wider range of organisations (for example by allowing...profit-making bodies to register with the regulator as providers of social housing) or allowing a restructuring of existing providers" (page 5) and "removing the requirement for regulated social housing providers...to be non profit distributing organisations" (page 7).
6. We are also aware of recent press reports that a number of housing associations are considering floating on the stock market if the outcome of this review enabled them to do so³. The same reports also identify strong opposition to flotation within the sector
7. Amicus members working in housing associations are extremely concerned about the potential flotation of housing associations. Social housing is there to defend people from market failure and the high price of housing. It should be motivated by the needs of its tenants not maximising profits for shareholders.
8. Similarly Amicus members are concerned about the impact of 'double devolution' whereby Supporting People contracts are going to the private sector through contestable tendering.
9. Private companies with large reserves have been able to win contracts by undercutting the terms and conditions of third sector organisations such as housing associations.
10. A recent example in Cornwall saw Stonham Housing and nine other voluntary sector organisations outbid by private company Clear Springs. The only way these organisations could compete on cost was to cut standards and terms and conditions. Clear Springs went on to subcontract out the work to the voluntary sector.
11. Amicus has found repeatedly that markets in contracts that are open to the private sector lead to cuts in standards and terms and conditions,

² *Valuing Public Services*, Amicus 2007 available at <http://www.amicustheunion.org/pdf/Valuing-Public-Services.pdf>

³ *Flotation considered by many of sector's big hitters*, Inside Housing, 26th January 2007

reduced accountability, and changes to the ethos of the voluntary sector organisations.

12. We also have experience of working with Direct Labour Organisations in local authorities who have a long established and proven track record on service delivery and training, including the development of young people through good apprenticeship schemes.
13. We believe that where mutual and co-operative models of provision of social housing are developed through support by local tenants, that there should be direct and decent terms and conditions of employment for workers in those schemes.
14. Where workers are transferred from the public sector to new employers, then this must be under the terms of the two-tier work force agreement. Admitted body status should apply for continued membership of the Local Government Pension Scheme.

Sector framework and housing association funding

15. In order to stop the erosion of terms and conditions in housing associations, funding needs to be based on a commitment to decent pay, terms and conditions and access to appropriate training. Without a commitment to appropriate standards there will not be a level playing field in bids as private sector organisations make loss-leading bids to win contracts.

Bureaucracy

16. Amicus is concerned about the levels of bureaucracy associated with inspections. Cutting duplication in inspection would be welcomed by members who spend far too much of their time auditing as opposed to working with tenants.
17. We can see the advantages of a single national format for auditing that would simplify and standardise the process. This should be easy to use and potentially electronic or web-based. It should also link into other auditing processes such as Supporting People.

Voice and accountability

18. All auditing processes should involve consultation and feedback from tenants, front line staff and trade unions.
19. We note that the review's call for evidence paper identifies as a principal requirement the need *"to secure for social housing residents high quality, value for money services...and to ensure that they have an effective voice in the design and delivery of those services"* (page 3).

20. We believe that local representative organisations, local political representatives (such as elected councillors), communities and users should be engaged with the development of their local services and their assessment and evaluation.
21. Local authority housing is democratically accountable through the political process. In this respect it is regulated differently to housing associations. Any move to a single regulatory regime should not dilute the democratic accountability (and statutory rights) available to council tenants and should consider extending the democratic rights of housing association tenants.
22. It is our contention that a feature of recent public service restructuring is that the question of effective user voice and accountability to users has been defined within the confines of these reforms. Where voice runs against the Government's reforms it has been ignored. So, for example, in respect of council housing, despite much support from tenants, the 'Fourth Option' of direct investment to improve council homes and estates has not been available.
23. Local authorities should be allowed to build new homes for rent to ensure that our communities are not weakened by the shortage of affordable rented properties.
24. We note that in respect of housing stock transfer, whilst it is good practice for councils to establish tenants' views through a properly conducted formal ballot, carried out by an independent body, it is not a legal requirement⁴. We believe that such ballots should be a legal requirement.
25. We also believe that where tenants choose to remain under the management of their local authority, they should not be financially disadvantaged – funds available for stock transfers should be equally available to councils, ensuring a level playing field.

February 2007

Gail Cartmail
Amicus, Assistant General Secretary (Public Services)
gail.cartmail@amicustheunion.org
33 – 37 Moreland Street
London
EC1V 8HA

⁴ <http://www.communities.gov.uk/index.asp?id=1152483>

For further information contact :

John Earls
Amicus, Research Section Head
33 – 37 Moreland Street
London
EC1V 8HA

020 7780 4004
john.earls@amicustheunion.org