

APPG for Council Housing Inquiry

The Northern Housing Consortium is a not-for-profit membership organisation whose membership is comprised of housing associations, local authorities, ALMOs and combined authorities. Our members collectively manage 9 out of 10 socially rented homes in the North.

Defining terms:

- Throughout this submission, the term **‘social housing’** will be used to cover all Low-Cost Rental Accommodation (LCRA) and Low-Cost Home Ownership (LCHO), regardless of whether it is owned and managed by a local authority landlord or otherwise.
- The term **‘council housing’** will be used to cover homes owned and managed directly by local authorities.
- To differentiate between ownership models, this evidence will mostly use the terms **‘Local Authority Registered Provider’** or **‘LARP’** for housing owned by local authorities, and **‘Private Registered Provider’** or **‘PRP’** for non-local authority owned social housing.
- Where data is collected specifically for housing association housing stock, this will be labelled as such.

How important is council housing in addressing local/general housing needs?

Social housing accounts for around 18% of all housing across the North, with 6% of all Northern housing being owned directly by councils.¹ These homes play a critical role in addressing local housing needs, especially for those on lower incomes, by providing a high quality, safe and affordable home as well as security of tenure.

Unfortunately, the benefits provided by good quality social housing are being denied to hundreds of thousands of households because we have not, for many years, provided new social housing at the scale required. There are now almost 400,000 households on a local authority housing waiting list in the North. To get a sense of the scale of this issue, to clear existing waiting lists solely through increasing new build development, the North’s social housing stock will need to grow by over 30%. This figure is almost 36% in Yorkshire & Humber.

Table 1 – Social housing waiting lists across the North²

Region	Total number of social homes (PRPs, LARPs and other public sector)	Number of households on social housing waiting list	Households on waiting list as a % of total social housing stock
North East	272,844	50,453	18.5%
North West	591,082	188,429	31.9%
Yorkshire & Humber	428,203	153,406	35.8%
North	1,292,129	392,288	30.4%

¹ Northern Housing Consortium, [‘Northern Housing Monitor’](#)

² Northern Housing Consortium, [‘Northern Housing Monitor’](#)

The health, education, employment and wider quality of life benefits provided by high-quality council housing – such as those outlined in this Inquiry’s [accompanying report](#) – can be transformative.

The above waiting list figures, however, demonstrate that at a governmental level we are not granting it the level of importance that is needed. A government that gives the provision of social and council housing the importance it deserves would expand funding available to build new social homes. This would help to tackle waiting lists and ensure the associated benefits are accessible for more people across the country.

Does your area still have directly owned council housing? If not, do you think new/acquired council homes are needed? Please say why

The social housing picture in the North

The North currently has around 1.3 million social homes owned by Local Authority Registered Providers (LARPs), Private Registered Providers (PRPs) or other public sector bodies. This is around 18% of the total housing stock across the North and slightly higher than the English average of 17%.³

In the North East, 22% of the total housing stock is social housing, compared with 18% and 17% for the North West and Yorkshire & Humber respectively.

LARP/PRP Split

Across both England as a whole and the North, around 6% of all homes are council owned. In addition, 25% of all social housing owned by local authorities in England is found in the North.⁴ As table 2 shows, however, the proportion of homes owned by Local Authority Registered Providers (LARPs) or Private Registered Providers (PRPs) varies across the three Northern regions.

Table 2 – Breakdown of social housing owned by Local Authority and Private Registered Providers⁵

Region	Total number of homes (to nearest thousand)	Number of homes owned by LARPs (to nearest thousand)	Proportion of region’s homes owned by LARPs	Number of homes owned by PRPs (to nearest thousand)	Proportion of region’s homes owned by PRPs
North East	1,257,000	88,000	7.0%	180,000	14.3%
North West	3,387,000	82,000	2.4%	498,000	14.7%
Yorkshire & Humber	2,497,000	224,000	9.0%	195,000	7.8%
North	7,141,000	394,000	5.5%	873,000	12.2%
England	25,160,000	1,576,000	6.3%	2,542,000	10.1%

³ Northern Housing Consortium, [Northern Housing Monitor 2023](#)

⁴ Regulator of Social Housing, [‘Local authority registered provider social housing in England – stock and rents 2022-2023’](#)

⁵ Northern Housing Consortium, [Northern Housing Monitor 2023](#)

The greatest difference between regions is between Yorkshire and Humber, where 9% of all homes are owned by LARPs, and the North West where this figure is only 2.4%.⁶ Yorkshire & Humber is one of only two regions in England (with the East Midlands) where the proportion of social housing owned by LARPs is higher than the proportion owned by PRPs. These different proportions are in large part due to the nature of stock transfer programmes in the two regions. The Liverpool City Region, for example, has retained almost no council-owned stock following numerous stock transfers to PRPs. This is part of why only 54% of local authorities in the North West are now Local Authority Registered Providers (LARPs) who own housing stock, compared to 94% in London.⁷ On the other hand, all local authorities within the South Yorkshire Mayoral Combined Authority have retained large council housing stocks, while Leeds City Council is one of the largest LARPs in the country, owning over 53,000 homes.⁸ The relative importance of council housing differs from locality to locality, depending on historic approaches to the ownership and management of social housing.

For the reasons outlined in the response to the previous question, new social homes from both LARP and PRP landlords are severely needed to address housing need.

If your area has council housing, what condition is it in, what investment is needed, and what is stopping this investment?

Housing decency and stock condition

Across the North, 11.5% of socially rented housing fails to meet the Decent Homes Standard. This is higher than the English average of 9.6% but lower than the figure for all homes in the North (17.4%), and significantly lower than the rate in the North's private rental sector (27.9%).⁹

Once again, there are significant divides within the Northern regions and within tenures demonstrated in table 3. While the issue is most pressing in the private rental sector, non-compliance with the Standard is still notably higher in the North West and Yorkshire & Humber's social sector than in the North East.

English Housing Survey data on non-decency rates between PRPs and LARPs are comparable (table 3), although data is not reported for individual regions.

Alternative data reported by the Regulator of Social Housing presents a wider gap, with only 0.3% of PRP homes failing to meet the Standard compared to 8% of LARP stock in 2022.¹⁰

⁶ DLUHC Live Tables, Table 109

⁷ Regulator of Social Housing, [‘Local authority registered provider social housing in England – stock and rents 2022-23’](#)

⁸ Regulator of Social Housing, [‘Local authority registered provider social housing in England – stocks and rents 2022-2023’](#)

⁹ English Housing Survey 2021-22, Annex tables

¹⁰ Regulator of Social Housing, [‘Private registered provider social housing stock in England – stock profile 2022-2023’](#)

Table 3 - Proportion of homes that fail to meet the Decent Homes Standard by region and tenure ¹¹

Region	Owner-occupied	Private rented	LARP	PRP	All social rented	All tenures
North East	8.8%	12.8%			3.9%	8.4%
North West	15.8%	33.1%			12.6%	18.2%
Yorkshire & Humber	17.6%	37.7%			9.9%	19.9%
North	16.1%	27.9%			11.5%	17.4%
England	13.2%	22.9%	9.1%	9.9%	9.6%	14.3%

Under the Housing Health and Safety Rating System (HHSRS), a 'Category 1 Hazard' is one deemed to present an immediate and serious risk to the occupant's health. The presence of one of these hazards results in immediate failure to meet the Decent Homes Standard and the local authority is required to take enforcement action. Across all housing tenures, 9.5% of English homes are reported to have a Category 1 hazard. This is more than twice the rate of prevalence than the social rented sector's figure of 4.1%. The prevalence of Category 1 hazards in housing associations and local authority landlords is broadly comparable, with hazards present in 3.9% of housing association homes and 4.4% of local authority owned homes.¹²

Chart 1 shows the proportion of homes that have damp, Category 1 hazards or that fail to meet the Decent Homes Standard in each Northern region, and in the owner-occupied (OO), social rented (SRS) and privately rented tenures (PRS). Table 4 shows the regional variations in the prevalence of these issues just within the social rented sector.

You will see that in each instance, the social rented sector performs substantially better than the private rental sector, and in most instances better than the owner-occupied tenure. Within this, however, there are some geographical variations including non-decency and Category 1 hazards being, on average, more prevalent in the North than across England. Another example of geographical variations is that the non-decency figure of 12.6% in the North West's social rented sector is slightly higher than the English average of 9.6% and notably higher than the North East figure of 3.9%. Category 1 hazards are also more prevalent in social housing in Yorkshire & Humber than in England as a whole.

¹¹ English Housing Survey 2021-22, Annex tables

¹² English Housing Survey, Stock annex tables, AT2.4

Chart 1 – Prevalence of damp, non-decency and Category 1 hazards between region and tenure

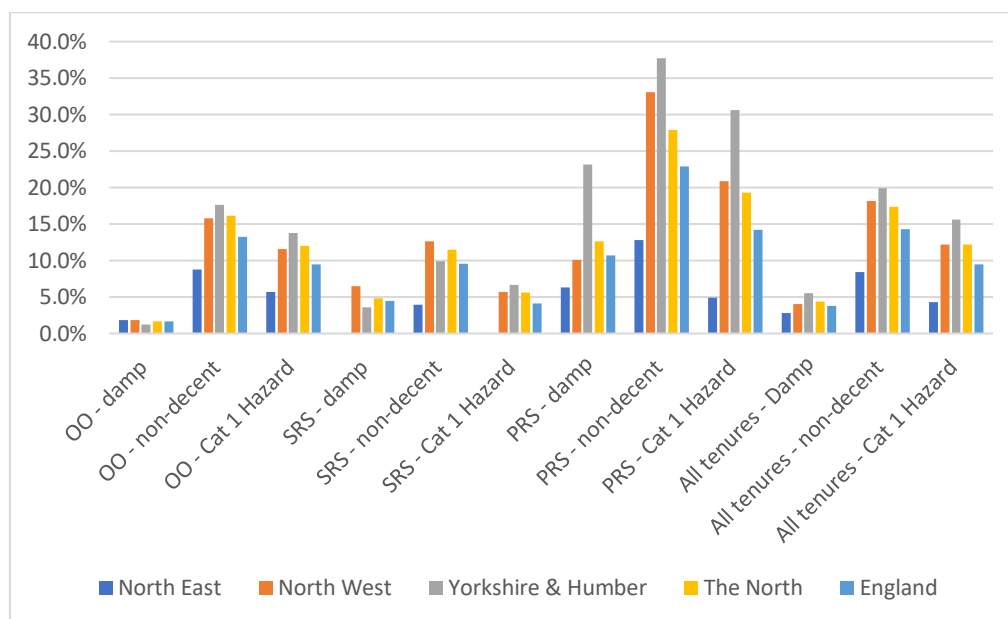


Table 4 - Regional variations in the prevalence of non-decency, Category 1 hazards and damp in social housing

Region	Proportion of social homes that fail to meet the Decent Homes Standard	Proportion of social homes reported with a Category 1 hazard	Proportion of social homes reported with damp
North East	3.9%	0%	N/A
North West	12.6%	5.7%	6.5%
Yorkshire & Humber	9.9%	6.7%	3.6%
North	11.5%	5.6%	4.8%
England	9.6%	4.1%	4.5%

Investment required and financial pressures

The estimated cost of bringing all social housing in the North up to the existing Decent Homes Standard is around £625 million.¹³ This does not consider changes to the Decent Homes Standard expected following the ongoing Decent Homes Review.

Meeting the Decent Homes Standard is a statutory requirement for registered providers of social housing. Investment in meeting the standard will be prioritised above any discretionary spending on other priorities such as new-build development or retrofit. As a result, there are no immediate concerns that anything is ‘stopping’ investment to meet the existing Standard.

As the Regulator of Social Housing’s 2023 ‘Sector Risk Profile’ points out, however, registered providers are experiencing substantial financial pressures and growing demands to invest in multiple priorities simultaneously.¹⁴ These include increasing the supply of new

¹³ Northern Housing Consortium, [Northern Housing Monitor 2023](#)

¹⁴ Regulator of Social Housing, [Sector Risk Profile 2023](#)

affordable homes, decarbonising existing stock, building safety remediation, regenerating 'left behind' areas and meeting the Decent Homes Standard. Within such a context, any future revisions to the Standard or wider regulatory changes will need to consider the financial capacity of providers.

To provide additional support and certainty for social landlords, Government should accelerate plans to consult on and establish a new Decent Homes Standard. It is now almost two years since the original pledge to halve non-decency by 2030 was made in the Levelling Up White Paper, with the greatest improvement to be in the worst performing areas. This means that we are almost a quarter of the way through the mission reporting period but still do not have a Standard. While a new Standard must consider the financial context for providers, understanding what meeting the Standard will entail will allow providers to assess the implications for their long-term business plans and plan accordingly.

Energy efficiency

On domestic energy efficiency, the country and the North have a mountain to climb.

Less than half of all homes in both England and in the North currently reach EPC Band C, with levels in the North marginally lower than across England (44.2% vs 47.5%).

The social sector is, however, in a notably stronger position than other housing tenures, with a higher proportion of social homes achieving EPC Band C or above in every Northern region and across England. Table 5 shows the proportion of homes in the North achieving EPC Band C by region and housing tenure.

Table 5 – Proportion of homes that achieve EPC Band C or above by housing tenure and region¹⁵

Region	Owner-occupied	Private rented sector	Social rented sector	All tenures
North East	50.9%	41.5%	61.3%	51.7%
North West	38.2%	40.1%	68.5%	43.8%
Yorkshire and Humber	39.1%	26.2%	63.1%	40.9%
North	40.7%	35.2%	65.2%	44.2%
England	42.9%	44.5%	68.7%	47.5%

To reach the government's existing target that as many homes as possible should reach EPC Band C by 2035, 34,000 social homes will need to be retrofitted across the North each year. This can be broken down regionally to:

- 8,000 social homes per year in the North East
- 14,000 social homes per year in the North West
- 12,000 social homes per year in Yorkshire & Humber

¹⁵ Northern Housing Consortium, [Northern Housing Monitor 2023](#)

Retrofit costs and funding

Average costs to retrofit social housing are lower than in other housing tenures, with local authority housing having the lowest average cost to upgrade to EPC Band C. The below table shows the average cost to upgrade a property by housing tenure in each Northern region.

Table 6 – Average costs to upgrade a home to EPC Band C by housing tenure and region¹⁶

Region	Owner-occupied	Private rented sector	Local authority	Housing association
North East	£5,200	£4,905	£3,551	£3,855
North West	£6,980	£6,584	£4,766	£5,175
Yorkshire & Humber	£7,621	£6,584	£5,204	£5,650

Using the above costings and the reported proportion of social housing that achieves EPC Band C as a guide, we can estimate the total cost of social housing retrofit in the North. Table 7 shows the estimated total cost of retrofitting the North's LARP housing to EPC Band C to be approximately £670 million, while the cost for all social housing in the North would be £2.15 billion.

Table 7 – Estimated costs of social housing retrofit across the North

Region	Proportion of social homes below EPC Band C	Number of LA homes below EPC Band C	Total cost to retrofit LA homes to EPC Band C	Number of HA homes below EPC Band C	Total cost to retrofit HA homes to EPC Band C	Total cost to retrofit social housing to EPC Band C
North East	38.30%	33,704	£119,682,904	68,940	£265,763,700	£385,446,604
North West	31.50%	25,830	£123,105,780	156,870	£811,802,250	£934,908,030
Yorkshire & Humber	36.90%	82,656	£430,141,824	71,955	£406,545,750	£836,687,574
North		142,190	£670,930,508	297,765	£1,484,111,700	£2,157,042,208

The total estimated costs for retrofitting all the North's housing stock to EPC Band C is £25 billion, or £2.08 billion per year to meet the target of getting all possible homes to EPC Band C by 2035. The regional breakdown of this figure is:

- North East – £3 billion or £250 million per year
- North West - £11.9 billion or £990 million per year

¹⁶ English Housing Survey, Energy Report

- Yorkshire & Humber - £10.1 billion or £840 million per year

Existing funding for domestic retrofit has failed to deliver change on the scale required. The primary reason for this is the inconsistent, 'feast or famine' approach to government retrofit funding. This limits the ability of housing providers to plan their own investments with confidence that government support will be there to shoulder some of the burden.

In addition, funding that has been available, such as the Social Housing Decarbonisation Fund (SHDF), has been made up exclusively of small, competitive pots of funding that are both difficult to access and to use. This inconsistent approach to funding has also limited the ability of local supply chains and skills provision to scale up, presenting additional issues for housing providers trying to source expert skilled labour to deliver works.

We believe that a consistent, long-term investment of £6 billion a year for domestic retrofit across all tenures would be of the scale required to allow housing providers and supply chains to scale up, with confidence that their investments will be supported with consistent government funding.

In addition to these barriers, the issues raised around the financial pressures facing the social housing sector are also relevant here.

Energy efficiency improvements are not statutory requirements in the same way as compliance with the Decent Homes Standard, and as a result are further down in landlord's priorities when they allocate finite funds for property investment. Any demands for further investment in property energy efficiency from landlords will need to be viewed in the context of the competing priorities for investment previously listed.

What is your experience of stock transfer, PFI, ALMO, SPVs, or other alternative mechanisms to build and manage council (or former) council housing?

It is important to say that there is no uniform experience of stock transfer or alternative approaches to managing ex-council housing across the North.

As has been mentioned above, experiences with stock transfers have varied across the North as local authorities have made different decisions on how to manage housing services, including whether to transfer stock or not. These decisions have been informed by their local circumstances and knowledge of local housing markets. It is important that local authorities are free to make these decisions themselves, as they both have the greatest knowledge of their own circumstances and are democratically accountable for their choices. These decisions have resulted in varied compositions of social housing markets, with the most significant differences found between the social housing markets of Yorkshire & Humber and the North West.

We believe that local areas should retain autonomy over how they deliver affordable housing, and local authorities should be free to choose whether they want to deliver housing services directly, utilise an Arms-length Management Organisation, work in partnership with local housing associations or any other alternative.

Stock transfer and private finance

One substantial benefit of stock transfer, for many areas, has been the ability of PRPs to leverage tens of billions of pounds worth of private finance into the sector to fund new-build development and investment in existing stock. The ability to bring in external finance for development – which in 2022 accounted for 46% of all capital costs for new affordable homes - can be seen in the fact that PRPs build the majority of new affordable housing both in the country and the North.¹⁷ In 2022/23, PRPs built 78% of all new affordable homes in England, while LARPs were responsible for just 18% of new homes in the North built directly by social landlords (i.e. excluding homes delivered through Section 106 agreements that cannot be disaggregated to LARPs or PRPs in available data-sets).¹⁸ Research by the Joseph Rowntree Foundation found that stock transfers also led to over £20 billion of investment in existing stock, driving up standards across the social sector through property modernisation and improvement that would not have happened otherwise.¹⁹

Specialisms and collaboration

One development that we have seen in the North following stock transfers has been the growth, over many years, of organisational specialisms based on area and tenant need. These include a housing association with a large stock of off-grid, rural homes gaining exceptional expertise in decarbonising homes and becoming a sector leader in the installation of air source heat pumps. Other providers in the North have grown to operate on a regional scale, bringing associated economic benefits, while retaining local identity and a connection to place following multiple stock transfers. These specialisms have been of significant benefit to residents and put providers in better positions to address emerging challenges facing their housing stock and residents. Such specialisms should be allowed to develop organically in the future.

We also see examples of how local authority housing services can complement wider housing association strategies, and vice versa, following stock transfers. A strong example of this can be found in the North East, where a large housing association owns and manages the majority of general needs social housing and administers an ambitious development programme in the area, while the local authority uses their Housing Revenue Account to develop specialist accommodation including new bungalow homes to meet local demand. This, and other similar stories across the North, demonstrate that the relationship between PRPs and the local authority is not zero-sum, with both parties able to work collaboratively in the interests of residents and communities.

Quality of service provided to tenants

The ultimate arbiters of the successful delivery of housing services, regardless of ownership model, are the quality of accommodation and the level of service provided to tenants. The data listed above on decency, energy efficiency and other housing quality areas

¹⁷ National Audit Office, [‘The Affordable Homes Programme since 2015’](#)

¹⁸ Department for Levelling Up, Housing and Communities, Live table 1101

¹⁹ Joseph Rowntree Foundation, [‘The impacts of housing stock transfers in urban Britain’](#)

demonstrates that housing quality is broadly comparable between LARPs and PRPs in the North.

As for the service provided to tenants, neither model has a monopoly on good or bad service provision for tenants. Within the Housing Ombudsman's list of providers deemed to have a high rate of severe maladministration, housing associations and Local Authority Registered Providers (LARPs) are evenly represented (52% vs 48% respectively).²⁰ Furthermore, despite the differences in ownership models within and between the different Northern regions, all three have lower maladministration rates than the English average per the Housing Ombudsman's 22/23 Annual Complaints Review (both including and excluding London). In addition, the North East and Yorkshire regions had by a significant margin the lowest severe maladministration rate (0.6%) and the lowest maladministration rate for property condition.²¹

ALMOs

There has been a recent trend in parts of the North of bringing housing operations back 'in-house' from some ALMOs, including in Bury, Newcastle upon Tyne, Gateshead and others. This does not, however, mean that the ALMO model does not or cannot work effectively for tenants, local authorities and housing providers. The ALMO model continues to work well in areas including Doncaster and Blackpool. Local authorities should retain the autonomy to decide how they wish to deliver housing services, including the use of stock transfers, ALMOs or other alternatives, rather than a one-size-fits-all approach decided in Westminster.

Right to Buy

Issues related to 'ex-council housing' are primarily borne from the Right to Buy scheme, rather than the growth of PRPs following stock transfers. These issues include rising affordability pressures as ex-council stock works its way into the private rental sector, some ex-council stock not being properly maintained following sale, and additional complexities when trying to operate across areas where social landlord ownership has been diluted. These latter issues include tackling anti-social behaviour, maintaining stock condition, place-based regeneration and retrofit schemes and are borne by local authority and PRP landlords alike.

It is, in our view, unhelpful to present the Right to Buy scheme and the growth of Private Registered Providers (PRPs) following stock transfers as two comparable examples of 'privatization' in affordable housing, as the report accompanying this Inquiry does. PRP administered affordable housing remains a product where service requirements, housing quality and rent levels are strictly regulated by the Regulator of Social Housing. This is entirely different from the stock that has left the social sector through Right to Buy sales and this distinction should be recognised. In addressing the issues facing the affordable housing sector, we should see PRPs and local authorities as partners, rather than adversaries.

²⁰ Housing Ombudsman, ['Landlords with high maladministration rates 22-23'](#)

²¹ Housing Ombudsman, ['Annual Complaints Review 2022-23'](#)

What do you think we need to do to secure a new generation of good-quality housing?

As has been mentioned above, we urgently need to build more new affordable homes, to bring down housing waiting lists and ensure the benefits of high quality, affordable housing are accessible to more households.

To deliver against these aims, government should look to work constructively with all types of affordable housing providers operating within the existing mixed market. Rather than favouring a single ownership model for affordable housing, the sector and government should adopt an 'all of the above' approach, utilising the resources and expertise of local authority landlords, private registered providers, ALMOs and any other provider of high-quality affordable housing to increase supply.

The critical barrier stopping social landlords from developing more new homes is their financial capacity and the multiple financial pressures they face. To secure a new generation of good-quality housing, therefore, the government should commit to a long-term Affordable Homes Programme to deliver new supply that meets independently assessed need for affordable homes.

In addition, we support the further devolution of the Affordable Homes Programme to Mayoral Combined Authorities, as has been included in the Trailblazer Devolution Agreements with Greater Manchester and West Midlands Mayoral Combined Authorities. This will allow decisions over funding affordable housing development to be tailored to local housing markets and locally determined housing strategies, as well as utilising elements of Homes England capacity in the interest of regional priorities.

In recent years, especially since the Housing Revenue Account borrowing cap was lifted, we have seen increasing numbers of local authorities begin to develop new council-owned social housing as part of wider work to meet local priorities. An example of this can be found in Rotherham, where the local authority is building new homes for market sale, affordable rent, and low-cost home ownership in the heart of the town centre, as part of a wider programme of regeneration. This is a hugely welcome development and government should be supporting ambitious local authorities to deliver more.

Beyond direct grants to fund affordable housing development, we believe the below measures would support local authorities in these areas and to boost social housing supply:

- **Agreeing a long-term rent formula for social housing**, to provide the sector and tenants with long-term certainty. This is particularly important in the North, where social rent levels are the lowest in the country.
- **Enabling local authorities to set their own levels of right to buy discounts**, to preserve the existing stock of affordable housing where this is a local priority and enable like-for-like replacement when properties are sold.
- **Removing the cap on the proportion of right to buy receipts** that can be used to fund property replacement.
- **Removing artificial deadlines for the use of right to buy receipts**, giving councils greater flexibility to ensure receipts contribute to local housing strategies.

- **Reforming brownfield funding criteria** or devolving related decisions to Mayoral Combined Authorities, so it is easier to use for housing providers and so Northern areas of lower land value can utilise the funding to build new affordable housing on previously developed land.

The Northern Housing Consortium is happy to discuss any of the above issues in more detail.

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