

Paula Palmer

Hello and welcome to season five of Stonewater's *On The Air* podcast. Welcome, listeners old and new. In the previous season, we chatted about the cost of living, crisis, sustainability, technology and professionalism in the housing sector, and they're all still available if you missed them. You can look out for us on Spotify and all usual podcast providers or on our website.

As we kick off this new season, we're excited to explore some of the most pressing issues facing the housing sector today. We're going to be talking through our central theme, stepping into a new era of social housing.

In the first of what will be six episodes, we'll be exploring the critical steps the new UK government must take to support and transform social housing, setting the stage for a brighter future for communities across the country. I'd like to introduce James Bird, Managing Director of Innovation and Insight at Cavendish. Cavendish are corporate and political communications specialists, but I'm going to let James tell you more about that in a moment. James is going to be co-hosting this episode today with me, and his experience and expertise makes him a perfect fit for this episode. Over to you, James.

James Bird

Thanks, Paula, and great to be here on this podcast. As you noted, I lead the insight innovation team at Cavendish, also government relations. At the moment, it's a really fascinating time. We've got new government, new stakeholders, new policy, and the agenda is packed. We're looking at delivery of more housing, net-zero, and tackling the cost of living. I think what's really interesting is the housing sector has a massive part to play in solving all of these challenges, so very much looking forward to hearing what our panellists have to say today.

Paula Palmer

Thanks, James. Without further ado, let's introduce them. We've got Alistair Smyth, Director of Policy and Research at the National Housing Federation, Eileen Edmond, CEO of Stonewater's charity partner, Loughborough, our very own, Stonewater's Dave Lockerman, Director of Housing Operations, and Robert Panou, Director of Asset Strategy and Investment. Thanks all for joining us. Let's start by hearing a bit about each of you and the work you're currently focused on.

Alistair Smyth

Hello. I'm Alistair Smyth, Director of Policy and Research at the NHF. For those of you that don't know, the National Housing Federation is the trade body for housing associations. Our members

are all in England and range in size from very large housing associations with more than 100,000 homes to those with very few, fewer than 10. Our job fundamentally is to represent their interests with government and to influence the policy and regulatory system, and also to act as a body that convenes, brings members together to discuss common challenges and look at ways that we can work better.

Eileen Edmonds

Hi there. Lovely to be here. My name's Eileen Edmonds. I'm the Chief Executive of Longleigh Foundation. We're the charity partner to the social housing sector. Specifically, we're here today because we partner with Stonewater. We are a charitable grant-making foundation, and we support individuals and communities served by the social housing sector. That's why I'm here.

Paula Palmer

Thanks very much, Dave, welcome back.

Dave Lockerman

Hi, Paula. I'm Dave Lockerman. I'm Director of Housing Operations at Stonewater, so responsible really for the delivery and performance across our housing services. Really just making sure that we are delivering quality services and enabling our customers to thrive in their homes, and on top of that, making sure that we're really listening to what our customers are telling us to get better.

Paula Palmer

Lovely. Last but not least, Robert.

Robert Panou

Hi, Paula. Great to be here for my first Stonewater podcast, actually, so really excited. I'm the Director of Asset Strategy and Sustainability at Stonewater, and I broadly do two things. One is to ensure our investments continue and our homes are warm, safe and secure. The second hat I wear is around sustainability, and that's supporting Stonewater on its journey to net-zero.

Paula Palmer

Fabulous. Thanks, everyone. I'm so glad you agreed to join us, and I'm sure you're going to bring lots of valuable insight to our discussion. To kick things off, I want to explore the current landscape of social housing and what we can expect from our new Labour government. Labour has outlined

several proposals for social housing. Alistair, would you mind talking about what they've put forward and what the NHF is advocating for in response, please?

Alistair Smyth

Sure. Thanks so much, Paula. I think it's a really interesting time at the moment in the world of social housing. I think if you look at what's changed in recent months, there's one obvious thing that's very different now. In terms of what's the same, our operating environment over the last couple of years, I think, has been particularly challenging. When you look at the wider economy, high interest rates, inflation, challenges around housing delivery, a new regulatory system, there's been a huge amount of change and a huge amount for housing associations to get to grips with and to continue to deliver good homes and also continue delivering new homes as well.

But the big thing that has changed, of course, now is we have a new government, a Labour government that has come in and has quite overtly from the get-go, and they've been saying this since they were in opposition, is they want to see a step change in the delivery of social and affordable housing. That is music to our ears as a sector, of course.

It also brings opportunities locally to develop new relationships with new MPs, it's had a massive intake of more than 300 MPs who will all want to get to know their local housing associations to find out what we do, and we can have those conversations with them and hopefully create an environment that can be really supportive in terms of what we need, what we need as housing associations.

There is, in terms of what we would like to see from the new Labour government, we have set out in our social housing renewal plan, a three-step or three-stage process that we've submitted to the new government and that we've discussed with them. It has really an array of interventions that we think would be useful for housing associations, starting from immediate things. When I say immediate, the first major event of this government is going to come up at the end of October, the fiscal event, the autumn budget, and we think that that will be a good moment to give the sector some certainty in terms of rent policy. We've been pushing for a long-term rent settlement, ideally a 10-year rent settlement that caps rent increases at CPI plus 1%, and introducing a convergence mechanism.

We've also been pushing for a boost for funding for new homes, new capital funding through the Affordable Homes Programme to extend the existing programme. We'd like to see funding for decarbonisation that's been committed to brought forward, and we'd like to see widening access to the building safety fund to include social housing. We hope that there may be an opportunity for the government to do that over the course of the coming months.

Longer term, there are further steps that we'd like the government to make, so we need a new affordable homes programme to replace the current 21-26 programme, where we expect there to be a pivot towards funding for social rent. We would certainly ask government that the fund is larger than it has been historically to enable that social rent delivery.

With a new decent home standard consultation on the way, we will also be calling on government for that to be funded and for a new social housing investment fund to be created to provide funding to the sector to maintain and improve its existing homes. We also would like to see long-term dedicated ring-fence funding for supported housing as well. There's a range of other stuff that we would like the government to do, but those are some of the key things that we've already set out.

James Bird

Thanks, Alistair. I guess there's quite a lot of ask there for Keir and the labour government. But all good, strong asks. I guess despite all the gloom from Keir Starmer in terms of difficult decisions, it actually feels like the budget coming up could be a positive one for the industry, potentially, around supporting development and that rent stability that you talked about.

I guess the other side of it is how the budget will support residents and tenants with the cost of living crisis. Eileen, your experience at Longleigh, we've got high house prices, interest rates are quite high at the moment, energy prices, again are going up, all leading to the ongoing issue of homelessness. From your perspective, how is it affecting people's lives? How does it affect their ability to improve their lives? What do you think the government should do to prioritise these issues?

Eileen Edmonds

Thank you, James. I think it's a really broad question. It's a really pertinent one. I think throughout my whole career, I've worked in the anti-poverty kind of homelessness space and I've never seen it get good. We've had multiple, I think it's been 20 years and however many prime ministers since we've seen a sustained drop in poverty in the UK. I think it's really shocking when you reflect and think about that.

They have coupled with having a housing crisis, and I think that the fundamental root of that, from my perspective, is that we need to move away from homes as a vehicle for profit and actually thinking about a home as a foundation where people can live a flourishing life, and I think that we

just need to, if we actually, as a country, want to have homes that people can live in as a foundation for a flourishing life, then we need to really invest in building social homes.

I would also call on the end to write-to-buy, that kind of drain of existing stock, and invest in building homes for people to live in, because a home isn't bricks and mortar. It's not units, it's not assets on a balance sheet. If you have a home that feels safe and warm, where your kid can do the homework, where you can cook spaghetti Bolognese together, all that kind of stuff, you have reduction in issues like mental health, antisocial behaviour, other societal issues. I think that social housing has a really powerful place to play there, because our foundation as a sector is about purpose, and it is about community, and it is about creating a place for a foundation of flourishing life.

Paula Palmer

Thanks, Eileen. One of the things we talked about last season was social mobility and how a home is a foundation for that as well. You have a home, you maybe get a better job, kids do better at school because they come home, and they have your spaghetti bolognese and all the rest of it. Dave, on that theme of affordability, and with cost of living, especially energy prices, how are Stonewater customers being impacted? How can housing associations mitigate the challenges? What do you think the new government could do, or could it make it worse?

Dave Lockerman

Okay, thanks, Paula. A really good question. We know that about 66% of our customers are just making ends meet at the moment. That's over 28,000 of our households. We can't forget we're still in the midst of a cost of living crisis. As ever with these things, those that have the least are impacted the most, and I think, yes, inflation has reduced massively from its high point, but that doesn't mean that things like cost of food have fallen back to where they were. They've just not going up as quickly, and I think household budgets continue to be really squeezed.

I think, as Eileen said, poverty is just one of the biggest challenges we've faced in the country. I'm absolutely not going to say the government is going to make things worse, but unfortunately, neither do I see in the short term how this changes. I think the government's committed to an ambitious strategy around tackling child poverty, which we really welcome. But analysis has shown that reconsidering previous welfare reforms, like the two-child limit on child benefit and benefit cap, will have the biggest impacts in terms of child poverty. But we're also aware that that would cost billions to reverse, so we're unlikely to see those kind of big step changes soon. But we're obviously really hopeful that in terms of the strategy, that it's forthcoming and deliver some real, tangible results.

Often we talk about fuel poverty, and we really just need to be talking poverty. Energy costs are just another squeeze on household budgets. I think we've all seen a reduction in our own personal energy costs from the crisis levels that they were. But costs are still relatively high compared to the pre-crisis, and we've seen, obviously recently that the price cap is increasing again in terms of energy, and that's at a time where the government is going to be cutting the winter fuel allowance. I think, yes, while those on pension credit, universal credit, and other benefits will continue to receive it, it will be those who just fall outside, those on the margins that are going to struggle. We know that over 30% of our customers in retirement living don't receive help with their housing costs, so therefore could be hit and their household income really squeezed as it gets colder and they have to switch their heating on.

Whilst also thinking around energy, it's also important to flag that we've got a number of customers who receive their energy from a communal supply, so typically, customers in our supported schemes and our retirement living. While communal energy costs at the moment are down and much lower than they were during the crisis, communal energy isn't subject to the Ofgem price cap. When it's peaked, it's not. It previously had the same government interventions or protections as domestic supply. We really hope that that continues to be on the government's radar as it caused real issues previously for our customers and it will do again if there was another hike.

In terms of what we can do as providers, I'm really pleased. Obviously, Eileen's on the panel today. We work really closely with Longleigh Foundation, and we'll continue to do that to support customers where they're struggling. Through Longleigh and the specialist partners at Longley work with, we can support customers through grant, we can get them through financial crisis, through grant allocation, but also by plugging into specialist financial help where customers are struggling.

James Bird

Thanks, Dave. There's lots there that are affecting people's budgets, I think at home. I think one of the common factors, obviously, is the state of the housing stock itself. There's been various commitments in terms of looking at sorting out energy from heat pumps to retrofit to make it more efficient. Robert, given your role as Director of Asset Strategy Investment at Stonewater and the ageing nature of housing stock across the country, what are your key priorities at the moment for investment at Stonewater, particularly in terms of sustainability and modernisation in the stock? What do you think the government should be doing to support Stonewater in these areas?

Robert Panou

Thank you, James. Really good question there. I think my main priority is, to pick up on something Eileen mentioned, is to make sure our assets are homes. We talk a lot about assets and investment within housing associations, but fundamentally, we're providing homes for people to thrive and grow. It is about creating those environments where kids can come in and have spaghetti with their parents and their friends and have fun in that warm, safe environment. My investment approach over the next one to 30 years will be about maintaining that home for residents, investing in new kitchens, new bathrooms, new roofs, new windows and so forth.

But just to pick up on a couple of other points from my colleagues in terms of the pressures that residents are feeling, and yes, they are feeling pressures in terms of affordability and particularly around the energy crisis, which is why the investments we're making in sustainability are not just there to address long term issues such as increased greenhouse gases and impact on the environment, but also to make these homes warmer are more comfortable for our residents. Over the next 30 years, we see significant investment, not just from Stonewater, but right across the sector, to improve the thermal efficiency of our property and make it cheaper and more affordable for our customers to heat their homes.

The simple way to answer the question in terms of what the government can do for us, an easy answer, really hard to deliver, is more money. More money from central government can go into more frequent investments, more energy reduction programmes, new stock, better environments and so forth. But we're all too well aware of the challenges that the current government are facing in terms of the black holes that they've identified within the budget.

Short of asking for more money, I think one of the big things I'd like to see from government, this was touched upon by my colleague Alistair, actually, is in terms of ensuring sustainability and a long-term plan for the sector. Because as well as ensuring I've got homes now, part of my role is ensuring that those homes continue to be homes for the next 1, 5, 10, 15, 30 years. Without a long-term view from the government around planning and standards and rent, as well as Alistair touched upon, it's really difficult for me to plan what I need to do as a business over the next 1, 5, 10, and 30 or so years.

Paula Palmer

Brilliant. I think this episode is going to be forever known as the spaghetti episode. Alistair, I think it's something like seven housing ministers in the last 2 years, and now a Labour government, which has not offered a lot of sustainability for our sector. Could you talk to most about how a long-term housing strategy is crucial, and what specific funding commitments are necessary from this government to support us?

Alistair Smyth

Yeah, thanks, Paula. The political turmoil and turnover in key roles such as housing minister over the last many years has been distinctly unhelpful, and it cements the case for a need for a long-term approach from government. The first reason that we need a long-term plan is because the housing crisis has been decades in the making and successive governments have failed to produce enough homes. It's a supply-side problem in that sense, but it's also a problem in terms of demand-side policies that various governments have brought in over the last several decades, and it will take a long time to fix the housing crisis. I think there's no getting away from that.

Alistair Smyth

We did a long term plan because it will take a long time to fix, and also because of the statement that that makes. It is in the very act of having a long term strategy to solve the housing crisis. Makes a clear statement to us and to, more broadly, the public, who are all desperate to get their hands on good, decent, affordable housing in whatever shape or form it suits them to know that it is a government priority.

To that end, it was great to see Angela Rayner, the Deputy Prime Minister, making the commitment in a written ministerial statement at the end of July to the government setting out a long term housing strategy.

That long-term strategy, we think, will need to set out some clear goals that the government decides it wants to work towards achieving over the course of the next decade and beyond, whatever they may be, but likely to include things like ending homelessness, or at least helping to reduce homelessness, reducing overcrowding, certainly increasing the supply of social and affordable housing, ensuring that more homes are warm and decent, doing something to tackle the affordability challenges faced by such a large proportion of society at the moment, looking at the agenda across the country, in different regions and in different sub-regions, and working out the best approach for them to take.

That I think there's a really strong case for a long term housing strategy. I'm really glad that I think we're at the beginning of hopefully developing one. We're really keen to get started.

Paula Palmer

How do you see the consumer regulation and the new government impacting social housing now, and what can we do to continue to prepare for what's coming?

Dave Lockerman

The Social Housing Regulation Act came into existence last year, with the new consumer standards in place from April this year, so pre the new government. All of this was about improving building safety, transparency, and, as Eileen said, customer voice. Quite rightly, it will continue to be supported by the new government. For the sector, it's pretty much as we were in terms of consumer regs.

We do still await the finer detail in terms of the last government's consultation on professionalisation and awards law, but in terms of impact on the sector, really, there's nothing earth-shattering in the standards or things that we'd argue that we shouldn't be doing anyway.

I guess one of the big things that remained for the sector is without a doubt, with the Housing Ombudsman service now enforcing what's the statutory code in relation to complaint handling and the regulatory now inspecting to ensure compliance with the standards, there is more scrutiny really on the sector than there's ever been.

While we welcome that scrutiny, it's worth highlighting that that is against the backdrop of financial pressure, so providers have had to battle increase demand. We've seen those rising costs, so inflation, particularly in relation to repairs. With the previous cap on rents, budgets have been squeezed and business plans are much tighter than they were, so we're in a position of having to do more with less effectively. For the sector, that just means we'll continue to need to think differently, we'll need to come up with different ways of doing things, drive efficiency, but being really mindful that we can never go back to the world where there was the minus 1% rent reduction, where providers moved away from the customer so far. We need to make sure the customer remains at the heart of decision-making and everything we do.

I guess it's also worth highlighting in the context of past lack of public investment and seeing a bit of a decimated third sector that more and more we're finding that we're dealing with really complicated and difficult cases. I guess historically, adult care services, social services, community mental health team and a raft of other specialist organisations would be there to support people with complex needs. But as investments declined, resources have declined and thresholds have had to increase, it's just meant that providers like us are just left managing more and more tricky and difficult circumstances with squeezed resource and increased scrutiny.

Our teams do a brilliant job amongst that, and we equip them the best we obviously can. But there is a real challenge that I think we need to speak about in terms of that increased expectation, squeezed resource, and a backdrop where if we're honest, we're unlikely to see a big injection of funding into public service anytime soon. That for us will continue to remain a challenge, but really, business as usual in terms of the consumer standards from where we were with the last government.

James Bird

Thanks, Dave. I think with the regulation obviously brings lots of challenges for housing associations that need to adapt. I think one of the challenges, Robert, is probably the lack of clear government standards, which obviously, has an impact and a challenge for planning long-term investment on your side at Stonewater. Could you just give us a feel for how this impacts your work and what changes you'd like to see around this area?

Robert Panou

Thank you. James. I think we know what a home should be, and we know what a home should look like in terms of its quality, its size, its ease and cost of operation. We talk to and listen to our customers continuously, and we operate scrutiny groups and so forth. Our investment plans over the next 30 years are linked to that, and are linked to the conversations and the feedback we have from customers on what their home should be, and we tie our investments into that.

I think the big challenge I particularly have at the moment, and my colleagues at other housing associations will have, is a uncertainty over various regulations that may come in sooner rather than later. We talked about Awaab's Law during this podcast, and as a sector, we understand that it's coming in, but we're not quite sure what it looks like yet and what the timeframe will be around that. That uncertainty makes it very difficult for Stonewater and other organisations to plan where those investments are, because as Dave said, we operate very, very tight budgets.

Rents have not increased or revenue has not increased in line with inflation, and we as a sector are facing increasingly high costs and increasingly large volume of repairs. That uncertainty around what the standards are going to be and the impact and how they tie in with our investment plans is very, very difficult to plan for.

I remember a time, and Dave mentioned it, the 1% rent cut. I went to work on the Friday, and the organisation I worked for had significant plans for investing in the thermal efficiency of a large proportion of stock. As if I went back to work on the Monday after the rent cut and we literally had to put a red line through all those investments. Okay, it's ensured the sustainability of the business at that point, and many other housing associations had to make those difficult decisions. But having cut that funding, we are seeing the implications of having reduced that investment now with increased damp or mould, issues of customer satisfaction, poor housing stock and so forth. I don't think the sector could really survive another situation like that where such drastic measures are issued practically overnight.

Paula Palmer

No. Thanks, Robert. It's that balance between the investment in our properties and what we've got to spend on them. But as soon as you stop spending on properties to keep them up, then they become a repair case, don't they? You end up having to spend the money one way or other. But Alistair, Eileen spoke earlier about Social Housing Regulation Act. Can you tell us a bit more about the act and what developments should we expect and how will they impact our sector?

Alistair Smyth

Sure. Thanks Paula. I think Dave has already articulated a lot of this really well, and Robert has mentioned some things as well. Dave mentioned that the new consumer regulatory regime has been introduced. What that means is that as well as the longest-standing governance and financial viability G and V ratings that registered providers received from the regulator, there's now a new consumer regulatory standard, a C rating that is awarded following an inspection through the new proactive regime that the regulator has now brought in.

We also have an ombudsman that now has more resources and has more statutory powers and is able therefore, to take a more interventionist approach, so a really big package of change that is already in place for housing associations.

Then there are some other things that colleagues on the podcast have mentioned already that have been consulted on, but we are awaiting outcomes on. They are the competence and conduct standard, the access to information requirements for social housing tenants, and of course, Awaab's Law as well.

I expect that the government will provide clarity on each of those three things over the coming months. We're certainly in constant conversation with officials in the department about those things, and we've been clear all along and in our response to those consultations, that we have supported the principles of those three interventions, but we have made a range of arguments about the timings of when they should be introduced and about the scope of all the measures and things that we think could be implemented more swiftly, and things that there would need to be more time to make sure that they're successfully implemented.

More broadly, and this has also been mentioned, this sector is facing these huge strategic challenges about where to invest and how to invest. The rent cut that was mentioned, it took 15% in real terms out of the sector's income over the last decade. What that means is that last year, the sector's rental income, which is the main source of income that we use to invest in our existing homes and is also vital for investment in new homes, was £3 billion less at a sector level than it would have been without those interventions.

Of course, it's ripe when inflation is super high, running at 10, 11%. There should be some kind of cap mechanism in place. But the four-year rent cut we had in the mid-2015s has taken a lot of capacity out of the sector. That's part of the reason why we're having this conversation now about the strategic challenges facing the sector. This hearts back to the conversations about the need for a long-term strategy and the need for those policy measures to be introduced by a new government. It's a critical time, and this answer has been much broader than just the question, but I do think these things are all interlinked and we'll wait to see. We're excited to be working with our members, with the new government as the months unfold and we understand more about the, the upcoming potential policy changes.

James Bird

Thanks, Alistair. This is right at the forefront of people's minds, especially given that the Grenfell report has recently come out and getting tenants behind reform is going to be absolutely crucial. Tenant engagement is going to be crucial in shaping housing policies. Eileen, I guess from a Longleigh perspective, how can we ensure, in your experience, that making sure any changes, certainly from a tenant's perspective, are not seen as just a tick-box exercise?

Eileen Edmonds

I think it's a really great question because I think that when we speak to engaged residents, we are also only speaking to a very small number of residents, of our customers in each housing association. How do we create a space where every single social housing resident with that kind of massive myriad of different opinions and experiences and life experience and all that kind of stuff, how do we pull on that richness of data?

It's actually quite a pertinent question, because at Longleigh, we supported a project, a Voices for Tenant project. It's been co-funded by the g 15, by Longleigh Foundation. But ultimately, we're there to just put this funding in to do a feasibility study on whether there is appetite across residents, across every single housing association, for a national voice for tenants. The reason for that is that otherwise, the regulator potentially, and all the big decisions made at policy level will come through the filter of landlords, and landlords experiencing their challenges will potentially flavour that feedback. But how do the people making those policy changes that are going to affect the way that landlords act, how are they driven in service of the people who live in those homes?

I don't want to preempt the research. Currently gone out and spoken to all sorts of different residents that don't typically engage, so we're working with an organisation that's got lots of different community outreach points to bring those voices together. I think it's really important at

that level that any policy decisions are made with tenants, and we are exploring ways in which we can make that representative and not box tick.

But from a housing association-specific space, I think that having those opportunities for two-way conversation is really important before decisions are made, not once a decision is made, as almost like presenting a fait de complée, which I think is we've seen some smiles around the group here that we've seen that happen as a sector. We sit in our nice glass offices, we decide this will probably what makes sense. Then we go and tell our residents and say justice blight always at the end. I think that that breaks down trust. Respect and trust and seeing residents as the fount of knowledge that they actually are, as a beginning of challenges rather than at the end is really important to avoid box tick.

Paula Palmer

Thanks, Eileen. That was a great answer. I like how you talk about how you get feedback, opinions, experiences, a richness of data that you'll only get from ensuring you talk to a broader reach of customers more than our typically engaged groups without discounting the value that they add to our services, obviously.

That's all for today. That was a great discussion. We've covered lots of ground, including crucial topics on what social housing needs from our new government, and I'm excited for the conversations we'll continue to have this season. Stay tuned as we'll be back soon with more episodes that delve deeper into the challenges and opportunities ahead for the housing sector. All that remains for me to say today is thank you to our guests, Alistair, Eileen, Dave, Robert and my co-host James and everyone for listening. Thank you and goodbye. See you next time.