NORTHERN HOUSING CONSORTIUM
VOICE OF THE NORTH

REGULATOR OF SOCIAL HOUSING - MORE AND BETTER SOCIAL HOMES

RESPONSE FROM THE NORTHERN HOUSING CONSORTIUM

ABOUT US

The Northern Housing Consortium (NHC) is a membership organisation based in the North of England. We are the 'Voice of the North' working with councils, social housing providers and Mayoral Strategic Authorities to develop insight, influence and solutions to create better homes and places.

NHC members provide the vast majority of social housing across the North, and we bring them together to access better value in procurement, share good practice and collaborate through Housing Partnerships.

INTRODUCTORY COMMENTS

The NHC welcomes the Regulator of Social Housing's discussion document and the opportunity it provides for a serious, timely conversation with the sector about how regulation can support more and better social homes. At a time when providers are balancing acute pressures around investment in existing homes, building safety, decency, energy efficiency, financial resilience and new supply, it is right that the regulatory framework considers how it can protect tenants, safeguard the long-term value of social housing and maintain confidence in the sector.

Social housing has traditionally benefitted from strong economic regulation, and we strongly support the ambition to ensure social landlords remain resilient, accountable and focused on delivering for residents. This must be achieved through a proportionate, risk-based approach that recognises local context, the diversity of provider models and the central role of regeneration and stock renewal in securing both better homes and future supply.

Our response to the document is informed by our work alongside our members investigating housing renewal. A proportion of the stock in the North is reaching the end of its serviceable life leading to significant increases in maintenance requirements. If unaddressed, this risks holding the sector back from delivering the new homes the North needs and contributing to national housing ambitions. This risk means that end-of-life stock is an immediate priority and should be considered within the regulatory framework.

Our evidence[1] shows that housing-led regeneration directly increases supply by replacing obsolete homes.

Providers are prioritising compliance and investment in existing homes, and funding for new development is limited to what remains. The growing weight of ageing, difficult to maintain stock therefore acts as a structural drag on provider balance sheets, diverting resources

---

[1] NHC Renew: Unlocking over 500,000 good quality homes in the North

from new supply and constraining the North’s ability to contribute to the Government’s commitment to deliver “the biggest boost in a generation” to social and affordable housebuilding.

SUMMARY OF KEY POINTS:

- **Wider role of housing providers** - the NHC supports the regulator’s objectives around resilience, accountability and tenant protection, but we feel caution is needed on measuring providers development capabilities and prioritising new supply.

- **Place-making role** - regulation should recognise providers’ wider role as place-makers, community anchors and long-term stewards of neighbourhoods, alongside their role in building new homes. We are therefore wary about a review of economic standards separately from the consumer standards, as an incomplete picture of providers’ responsibilities risks weakening consumer protection.

- **More homes** - the Government has committed to delivering 1.5 million new homes and the biggest boost to social and affordable housebuilding in a generation and has identified housing delivery as a driver of economic growth. Social housing providers across the North are ambitious to support this commitment. A sustained programme of investment in the renewal and replacement of end-of-life stock will enable them to do so.

- **Better homes** - the cumulative impact of regulatory change is intensifying for landlords. The new Decent Homes Standard and Minimum Energy Efficiency Standards will impose substantial new investment requirements, alongside other recent regulatory change, such as the introduction of Awaab’s Law and heightened building and fire safety requirements. The cumulative impact of these requirements must be considered together rather than in isolation. Individually, each has been introduced for entirely understandable reasons, and will deliver significant benefits for residents. Together, however, they represent a substantial and simultaneous increase in required investment, beyond what some of the oldest and most problematic stock can viably sustain. Continued investment will become financially untenable and drive more stock towards non-viability.

- **Renewal of social housing** - regeneration, done well and at scale, does not compete with new supply, but enables it, while simultaneously transforming the places and communities that need investment most. Replacing end-of-life stock removes an unsustainable maintenance liability, strengthens provider balance sheets and frees resources that ageing homes are currently absorbing, rebuilding the financial platform from which the development of more new homes becomes possible. For residents, it means better homes in revitalised communities and a reversal of local decline.

- **A key strength of the social housing sector is its diversity** - variety enables different organisations to respond to local needs in different ways, supports innovation, and contributes to the overall resilience of the sector. Regulation should therefore avoid a one-size-fits-all approach and instead establish clear outcomes and minimum standards while allowing flexibility for providers to adopt governance and operating models that are proportionate to their scale, purpose and circumstances. This will help ensure that diversity remains a source of strength rather than driving unnecessary organisational convergence.

Our full response to the discussion points is below and has been informed by consultation with our members.

Section 1: Essentials for more and better homes

1. Centred on social housing

We agree that the provision and long-term sustainability of social housing should be a central focus for social landlords. We have concerns about a requirement that measures the proportion of social housing assets, or turnover. Our concerns relate to how the requirement would be defined and whether it could have unintended consequences for diversification, regeneration and innovative delivery models.

Providers involved in large-scale regeneration, place-making and community investment, are likely to be concerned about whether wider social value activities could be inadvertently devalued.

Regeneration programmes can reduce the proportion of social housing assets in the short term, particularly where older or non-viable stock is demolished, replaced or reconfigured as part of a wider mixed-tenure scheme. However, regeneration should be assessed not only by the immediate change in asset mix, but by its long-term contribution to place-making and social purpose. Well-planned regeneration can improve the quality and sustainability of homes, strengthen neighbourhoods, attract wider investment, support better services and amenities, and help create safer, healthier and more resilient communities for existing and future residents.

In the North of England, where housing associations are often among the few remaining anchor institutions, non-social housing activities supports the delivery of positive outcomes for tenants. If providers are constrained in their ability to fulfil this wider role, there is a risk that already disadvantaged places could experience further decline.

So, while we agree that social housing should be the primary purpose for a social landlord, the evidential requirement should be that any non-social housing activity directly supports that primary purpose with clear evidence that these activities contribute positively to the delivery of social housing objectives.

2. Independent and autonomous

The stability of the social housing sector has historically rested on strong economic regulation, predictable income, public subsidy and an expectation that providers will manage financial risks in a way that protects tenants and social housing assets. That strength has helped maintain lender confidence and enabled providers to access comparatively low-cost private finance to support investment in existing homes and new supply.

That confidence could be shaken by repeated policy changes, including rent suppression, reduced grant rates and inflationary pressure on development and maintenance costs. This weakens the assumptions that underpin sector capacity, particularly in lower-value markets such as the North.

Any regulatory reform should therefore avoid adding uncertainty or undermining the sector’s reputation for stability. The policy objective should be to maintain a framework that protects residents, safeguards social housing assets and preserves access to affordable debt, while recognising the real financial constraints providers face.

The social housing sector remains attractive to lenders because it has a strong track record of protecting secured creditors and managing organisational failure effectively. Economic regulation supports that stability and protects tenants. That strength should be maintained, but we do not believe it requires detailed rules on ownership structures.

Economic regulation that maintains stability, protects residents and preserves access to affordable borrowing is essential. An unintended consequence of reform is to undermine confidence in the sector and risk increasing borrowing costs, reducing investment capacity and ultimately proving counterproductive.

3. Financially sustainable

We support having greater clarity around financial resilience, but financial metrics should be used as indicators to inform regulatory judgement rather than fixed regulatory hurdles. Many providers would prefer the regulator to retain the approach of an holistic assessment of governance, viability and risk management rather than relying solely on predetermined ratios.

The discussion document acknowledges that different organisational structures, business models and funding arrangements may require different approaches to assessing resilience. For that reason, we have concerns that a standard set of metrics could fail to reflect the diversity of the sector.

We acknowledge that benchmarks on minimum levels of financial performance could be useful as warning indicators, but they should not become crude pass/fail rules. The regulator could set indicative thresholds or risk triggers for areas such as liquidity cover, interest cover, gearing, debt maturity concentration and covenant headroom. Falling below those levels would not automatically mean non-compliance, but it should prompt enhanced regulatory engagement and require the provider to explain its position, mitigations and recovery plan.

4. Able to deliver effectively

Good governance for a social landlord should be assessed by reference to outcomes, not simply by formal structures.

A well-governed landlord is one whose board can demonstrate that social housing objectives are central to its strategy, that tenants' interests are reflected in decision-making, and that the organisation has effective control over risk, finance, assets and service delivery. Boards should have the skills, independence and information needed to challenge executive decisions, oversee financial resilience, understand stock condition and investment requirements, and respond quickly where performance deteriorates.

Governance expectations should apply proportionately to landlords of all sizes and to new entrants, with particular attention to whether boards have sufficient autonomy and assurance to protect tenants and social housing assets.

For new landlords, governance should be tested before and after registration, with closer regulatory engagement where proposed structures are novel, complex or reliant on external investors.

While we support a regulatory framework that promotes more and better social homes, it is important to recognise the diversity of the social housing sector. Providers vary significantly in their size, geography, purpose, governance arrangements and operating models, and a single regulatory approach is unlikely to be appropriate in all cases. The regulatory framework should therefore retain sufficient flexibility to accommodate different types of providers while maintaining clear expectations around tenant outcomes, governance and financial resilience.

This would support innovation while ensuring that all providers meet the basic governance disciplines needed to protect tenants and the long-term value of social housing.

The regulator therefore needs sufficient capability and capacity to assess a wide range of organisational models in context. A proportionate approach should enable the regulator to understand how each model protects tenants, safeguards social housing assets, maintains effective governance and manages financial exposure. This requires regulatory judgement supported by the capacity, expertise and data needed to get beneath formal structures and understand how organisations operate in practice.

It is important to understand how organisations are performing relative to their peers, particularly those achieving C1, G1 and V1 gradings. It would be useful for the regulator to share examples of good governance to support boards in their roles.

5. Capable of failing safely

We support the regulator's objective that providers should be capable of "failing safely" and we agree that where landlords fail, social homes should remain in the regulated sector wherever possible.

The document already suggests a more proactive and targeted approach to higher-risk providers. We support the regulator’s intention to intervene at an earlier stage where key indicators deteriorate, before the organisation reaches a position where rescue options are limited.

The feasibility of a successful rescue will depend on the scale, risk profile and underlying causes of distress within the provider concerned. In some cases, particularly where a large association faces significant financial or operational failure, a single transfer may not be realistic and a more structured resolution may be required, including the transfer of homes or services to more than one provider. The regulator could strengthen preparedness by requiring larger or higher-risk landlords to maintain recovery and tenant protection plans, setting out how tenants’ rights, homes and essential services would be protected in the event of financial distress. Where a rescue places material financial strain on the receiving provider, the Government may also need to consider targeted support to protect tenant outcomes and sector stability. This is an area the Government should look to prioritise for financial support in the same way as it did in the banking sector.

Social housing regulation has always had a clear resident protection purpose: ensuring that tenants have secure, stable homes and that services continue even where a landlord faces financial or organisational difficulty. This focus is particularly important because social housing provides homes for many households who may be vulnerable, have limited housing choices, or be unable to access affordable alternatives in the market. As the profile of need becomes more complex, the regulatory framework for managing failure must continue to put tenants first. Any approach to failing safely should therefore protect residents' security, continuity of services and long-term stability in their home.

6. Becoming a social landlord

Registering with us

For new entrants, good governance should be tested before registration and monitored closely as organisations scale up. The regulator could expect new landlords to evidence board capability, operational competence, financial controls, arrangements for tenant engagement, access to reliable data, and clear accountability where ownership, funding and management responsibilities are separated. This would help ensure that innovation and new investment are supported by the basic governance disciplines needed to protect tenants and social housing assets.

These 'tests' would align closely with the document's emphasis on financial sustainability, good governance, autonomy, tenant protection, and ensuring that landlords are capable of "failing safely" if difficulties arise.

Models for financing social housing

The regulator should apply a more stringent gateway test for new landlords, requiring assurance that governance arrangements are effective, finances are sustainable, and social housing assets are protected from disposal, insolvency or excessive exposure to commercial activity. Providers should be required to evidence stress-tested business plans, adequate reserves, appropriate levels of liquidity, and legally enforceable arrangements to protect tenants' homes. Registration should be refused where the regulator is not satisfied that tenants and social housing assets would be protected in the event of organisational or financial failure.

Section 2: Accountability for more and better homes

1. Maximising value throughout the business plan

Strong governance is essential to maintaining public confidence in social housing, protecting tenants' interests and ensuring the long-term sustainability of social housing assets. Boards are clearly accountable for the effective governance, stewardship and performance of their organisations. However, any new requirement should carefully balance board accountability with board independence.

We therefore support a model in which boards are accountable for ensuring the organisation has a robust and deliverable business plan. The regulator's co-regulatory framework has historically recognised this distinction by placing responsibility for compliance and organisational performance on boards while allowing providers discretion over how they achieve regulatory outcomes. The regulator should expect evidence that the business plan is viable; risks are understood; governance is effective; tenants are listened to; statutory and regulatory requirements are met; the organisation remains financially resilient. The assessment of the business plan performance will be through a combination of outcome measures, delivery monitoring and independent challenge.

We would be concerned, however, if enhanced accountability were interpreted as requiring boards to justify individual strategic choices simply because those choices differ from regulatory preferences. Boards must retain the ability to make independent decisions about development strategies, regeneration programmes, asset management, diversification and investment priorities, provided they can demonstrate that those decisions are evidence-based, properly governed and consistent with regulatory requirements.

2. Delivering landlord responsibilities

Better Homes

Our members tell us that their absolute priority is their existing homes.

For the vast majority of boards, investment in compliance for existing homes, for the health and safety of existing tenants is not a compromise.

Despite lower average property values, parts of the North, specifically in the North East and North West, have some of the highest reinvestment levels. This investment has made a significant contribution to improving conditions in the sector over time. The North East has the highest median reinvestment relative to existing stock value, supporting very high levels of decency. Around 8% of northern social rented homes are non-decent, just over 100,000 homes, with rates falling year on year in both the North West and North East.

However, the cumulative impact of higher regulatory standards is intensifying for landlords. The revised Decent Homes Standard and Minimum Energy Efficiency Standards will impose substantial new investment requirements, alongside other regulatory change, such as the introduction of Awaab's Law and heightened building and fire safety requirements. This means other investment may be cut in favour of maintaining standards.

We of course recognise that too many residents still live in homes that do not sufficiently meet their needs and that requiring landlords to set targets could support stronger stock condition data and help the regulator identify landlords that are falling behind as the sector moves towards minimum required standards.

We feel however, the benefits of setting targets may be outweighed by the practical challenges for some providers. While targets may help develop supply-chain capacity over time, it could also intensify existing pressures where skills, materials or contractor capacity are already limited. This is in the context of our research which identified approximately 25,500 social homes in the North are at risk of potentially becoming non-compliant with regulatory requirements between now and 2030. Any target-setting framework should therefore be proportionate, risk-based and sensitive to landlords' stock condition, local market circumstances, regeneration needs, tenant priorities and financial capacity.

A more balanced approach would be for the regulator to require each landlord to set out a credible, evidence-based route to compliance with new standards, rather than imposing uniform targets across the sector. This would establish the credibility of each landlord's plan and holding boards accountable for delivery, rather than prescribing operational priorities or overriding local decision-making.

With lower northern rents and property values, it is incredibly hard for providers to deliver this level of expenditure to properties, while maintaining their financial viability.

It is worth noting that the growing pressures on spend for safety and quality are symptomatic of under-investment in regeneration, further exacerbated by growing cost inflation that has outstripped income growth due to government decisions to impose earlier rent reductions and cap increases at sub-inflationary levels.

Our analysis has identified between 84,000 and 112,000 social homes in the North in need of regeneration and approaching the end of their serviceable life in the next ten years.

A refreshed regulatory framework should recognise the role of regeneration in addressing non-compliant stock and avoid creating incentives that discourage longer-term place-based renewal.

More Homes

Alongside investment in existing stock, providers are continuing to deliver much needed new social and affordable homes.

In the last year despite the challenges of inflationary pressures and other additional costs which have put development programmes under pressure, there were nearly 3,500 new social housing starts in the North.

The £39bn Social and Affordable Homes Programme has been widely welcomed by housing providers. Of the £9.58bn for Strategic Partnership bids outside London, just over £2 billion will be delivered in five Established Mayoral Strategic Authority (EMSA) areas in the North. Alongside the long-term rent settlement, the new grant programme helps provide greater certainty.

The programme has been oversubscribed, which demonstrates the appetite for development and unfortunately means disappointment for some of our members who could build more much needed social homes with more funding.

This is in the context of providers continuing to highlight significant competing financial pressures, including additional, new investment in existing stock, building safety requirements, decarbonisation and regulatory compliance, all of which may continue to constrain development even where grant funding has increased.

Also, it should be recognised that not all providers are able to seek growth through development. For some smaller, specialist providers maintaining existing homes to a high standard and delivering quality services is the most sustainable strategy.

We are urging the Government to use this autumn Budget to provide an additional source of funding to enable Mayors and Combined Authorities to deliver new place-based housing regeneration. This would run alongside the Social and Affordable Homes Programme, National Housing Delivery Fund, and Pride in Place to replace or refurbish end-of-life homes with good quality social homes and provide viability gap funding for complex remediation sites and town centre sites to get new homes built, including social housing. We estimate this would tackle the vast majority of the 100,000 end-of-life social homes over the next decade. Without dedicated funding, the sector’s ability to contribute to national supply ambitions will continue to be constrained.

Given the economic context, we do not consider that the regulator should set social landlords targets for delivering a specified number of new homes. There are already established mechanisms for holding providers to account for housing delivery. Where public grant is received, Homes England funding agreements include delivery targets, milestones, reporting requirements and provisions for intervention where commitments are not met.

Given the challenging economics for providers in the North, with high remediation and infrastructure costs, and crucially, lower land values relative to the South, private investment alone is rarely sufficient. Delivery can be slow, schemes are often delayed and pipelines remain shallower than the scale of opportunity warrants. As part of the review of economic standards, we believe with more sustained support, more could be delivered, in more places, at greater pace.

3. Understanding ability to develop and acting on it

Development capacity is shaped by local market conditions, land availability, planning constraints, stock profile, financial strength and organisational priorities. In response to wider financial and regulatory pressures, many providers have no option but to reduce new development activity. Lower asset values in the North mean a smaller borrowing base from which to finance development. In markets where asset values are static or declining, the capacity to leverage the balance sheet in support of new development is fundamentally constrained, representing a structural disadvantage that limits the scale of what northern housing associations can do without grant support.

For these reasons, we do not believe that requiring landlords to appraise their development capacity and capability alongside a regulator-set target for the number of social homes they should deliver would be helpful.

A more effective approach would be to hold boards to account for having credible, deliverable business plans, robust risk management and clear oversight of delivery against their own strategies, rather than imposing centrally determined development targets.

4. Testing financial resilience

Requiring landlords to undertake a common set of stress tests could strengthen financial resilience, improve transparency and enable better benchmarking across the sector. It would help boards, lenders and the regulator understand how organisations would respond to significant financial pressures.

A concern around this is that a purely rules-based approach risks becoming a compliance exercise and may not capture the specific risks faced by individual landlords. The regulator should therefore combine a minimum set of standardised stress tests with flexibility for landlords to model risks relevant to their business model, geography and development programme. The emphasis should be on understanding resilience and mitigation strategies rather than simply passing prescribed tests.

5. Keeping the long-term value of social housing in the sector

For providers, the loss of social housing stock is a position of absolute last resort, and one they would seek to avoid in almost all circumstances, the loss of any affordable home to another tenure represents a serious and difficult to reverse step, and providers do not believe it can be justified except where every alternative has been exhausted. Reflecting the seriousness with which providers approach these decisions, disposal is subject to established internal processes and governance arrangements, including detailed options appraisals, financial and social impact assessments, board level consideration and, in many cases, engagement with local authorities and other partners before any decision is taken. These are not decisions taken lightly.

We understand the expectation to require landlords to explain significant disposal decisions because social housing is a valuable public asset and disposals can affect both current and future tenants.

It is important to understand why providers consider disposal or demolition without replacement, rather than simply deferring work on the homes.

For many of the oldest homes, and the types of homes with highest regeneration need, the cost of meeting these standards is likely to be prohibitive. Registered providers are not free to indefinitely retain stock that is not financially viable. Demolition without replacement or disposal is therefore often the rational, and in some cases, the only available response to a set of financial and regulatory pressures that the current policy framework leaves providers no meaningful alternative to addressing.

Without adequate regeneration funding for providers to meet more stringent quality standards, the prospect of an acceleration of disposals, or demolition without replacement, and a net reduction in the social housing stock is heightened. This is an end point that we wish to avoid wherever possible.

Our proposal is that there should be a comprehensive assessment of end-of-life housing stock in the North in partnership with the Regulator of Social Housing, local authorities and the wider housing sector. This should:

- Establish a consistent definition of end-of-life stock and quantify the scale of need by stock archetype, tenure and geography
- Review the cumulative impact of current and emerging regulatory requirements, including the Decent Homes Standard and Minimum Energy Efficiency Standards, on the financial viability of the most problematic stock.

We are also proposing that key performance measures and data collection should be expanded across government to ensure regeneration is viewed as a priority alongside new supply, including:

- Targets for Homes England for major regenerations schemes funded and, on the renewal, and replacement of end-of-life stock
- The Regulator of Social Housing to collect and publish more information on the long-term financial viability of social housing stock
- Following the establishment of dedicated regeneration funding streams within Integrated Settlements, Established Mayoral Strategic Authority outcomes frameworks be expanded to include targets on stock renewal and replacement.

6. Increasing efficiency

We acknowledge the benefits of efficiency being assessed alongside tenant outcomes, quality of homes, financial resilience and long-term sustainability. High-quality data and contextual analysis would help identify opportunities for improvement. The regulator should consider whether landlords are making informed strategic decisions, using resources efficiently and delivering positive outcomes for tenants, while avoiding simplistic comparisons that fail to reflect local circumstances.

We are aware that many providers are beginning to explore the opportunities offered by technological change. These approaches can radically reduce costs. But a decisive move to digital needs to be managed carefully to mitigate the risk of excluding those without the necessary competence, confidence or access to the relevant technologies. At the same time, social media platforms allow organisations a mechanism for real-time interaction with service users and the broader public.

Housing associations across the North East, North West and Yorkshire & the Humber are increasingly using digital technology to improve efficiency, strengthen organisational resilience and enhance tenant services. Examples include Home Group's digitalisation of housing applications and workforce management systems, Yorkshire Housing's use of automation to improve income collection, South Yorkshire Housing Association's cloud-based transformation programme, and Livv Housing Group's deployment of automated business processes and digital customer services. These examples demonstrate how technology can reduce administrative costs, improve productivity, support financial sustainability and free resources for frontline service delivery.

The regulator should assess efficiency and effectiveness through a balanced framework that combines service outcomes, tenant satisfaction and development performance.

A review of regulatory standards should not automatically result in additional regulatory burden. The regulator should seek to better align overlapping requirements, ensuring that providers can focus resources on delivering improved outcomes for tenants rather than navigating duplicative compliance processes. For example, the new requirements of Consumer Standards, Awaab's Law and Heat Networks Regulations intersect with asset management, repairs and resident safety obligations, creating increasing complexity and regulatory overlap for registered providers.

Section 3: Regulating for more and better homes

1. Targeting our efforts

We support a more targeted and proactive regulatory approach that focuses on higher-risk landlords. Tailoring regulation to the specific risks and circumstances of individual organisations will enable the regulator to deliver better outcomes for tenants while reducing unnecessary regulatory burdens on well-performing providers.

A risk-based approach could also support innovation by allowing new business models and delivery mechanisms to develop, while ensuring enhanced scrutiny is applied where risk levels are greater. This, in turn, can help maximise the sector's capacity to deliver additional social homes.

To be effective, however, the regulator will need access to robust, timely data and intelligence to ensure that emerging risks and performance issues are identified and addressed at an early stage.

2. Regulating below landlord-level

While more granular data could help identify localised service failures and target regulatory engagement more effectively, the regulator should carefully balance these benefits against the additional burden on landlords. Any new requirements should be proportionate and focused on information that genuinely improves tenant outcomes. The regulator should also ensure consistency of definitions, avoid duplication with the Housing Ombudsman's role, and take care that increased reporting requirements do not divert resources away from service improvement and investment in homes.

3. Small landlords with higher risk

A more active approach to small landlords should be proportionate and clearly risk-based. Most small providers are well-run and present limited systemic risk, so additional regulatory attention should be reserved for cases where there is evidence of heightened risk to tenants, homes, financial viability or governance.

Rather than introducing broad new reporting requirements for all small providers, the regulator should make better use of existing regulatory intelligence, financial information, tenant outcome data and other objective indicators to identify where closer engagement is justified.

Enhanced assurance should therefore be targeted at providers showing clear risk signals, such as weak financial performance, governance concerns, poor tenant outcomes, rapid growth, complex ownership arrangements or significant reliance on third parties. This would allow the regulator to intervene earlier where necessary while avoiding disproportionate burdens on the majority of small landlords, preserving their capacity to grow, innovate and deliver good services for tenants.

4. Strategically important providers

While enhanced regulatory oversight of strategically important providers is understandable given the potential impact of failure on tenants, public investment and sector confidence, any additional requirements should be proportionate and evidence based. The regulator should avoid creating unnecessary compliance burdens, reducing providers' capacity to invest in homes, or discouraging growth and innovation. Size alone should not determine the level of regulatory engagement; consideration should also be given to governance quality, financial resilience, business model complexity and tenant outcomes. A genuinely risk-based approach should ensure that regulatory effort is directed towards the organisations presenting the greatest overall risk rather than simply the largest.

5. Improving data

Predictive risk-identification models

We support the development of predictive risk-identification models as a means of enabling earlier intervention, improving tenant protection and supporting a genuinely risk-based approach to regulation. However, predictive models should complement rather than replace regulatory judgement. The regulator should ensure that any models are transparent, proportionate and based on high-quality data, recognising that governance, organisational culture and strategic decision-making cannot always be captured through quantitative indicators alone. Care should also be taken to avoid creating unnecessary reporting burdens, generating false positives, or unintentionally discouraging innovation and growth within the sector.

Quality and comparability of data

We support the regulator setting clearer requirements for the verification and validation of data, as high-quality information is fundamental to effective risk-based regulation, tenant protection and regulatory decision-making. We support stronger regulatory action where poor-quality data is persistent, material or indicative of wider governance failures. However, requirements should be proportionate and reflect the size, complexity and risk profile of individual landlords.

Small landlords typically have limited staff and resources. Additional data returns, more frequent reporting, or more granular performance requirements could divert resources away from frontline services, asset management and tenant support.

6. Addressing weaknesses and failure

We support the regulator intervening more readily where landlords are unable or unwilling to address material failures that place tenants, homes or public investment at risk. Earlier intervention can improve tenant protection, prevent problems escalating and strengthen accountability.

Clear criteria for intervention and expected timescales would help ensure consistency, transparency and fairness across the sector. Without clear criteria for what constitutes an "acceptable timescale", landlords may perceive interventions as inconsistent or subjective. This could reduce confidence in the regulatory framework.

The document acknowledges that intervening too early or too strongly can have unintended consequences and our members emphasise that not every problem requires regulatory action. Premature intervention could disrupt recovery efforts that are already working as some issues take time to resolve and may already be the subject of an effective improvement plan.

The regulator should preserve the principles of co-regulation by allowing boards appropriate opportunity to implement and demonstrate improvement plans, with intervention escalating where progress is insufficient.

7. Promoting collaborative innovation

The regulators convening power can add real value and used well, could help pool expertise, test emerging approaches, identify common barriers and spread learning more quickly across the sector.

Its value would come not from creating another standing forum, but from focused, time-limited collaboration on issues where coordination is genuinely needed, such as complex regeneration barriers, new finance models, data quality, supply-chain constraints, or tenant protection in higher-risk business structures.

This would allow the regulator to support innovation and shared problem-solving while respecting the independence of landlords and avoiding duplication with existing sector networks.

It is worth recognising, there are already many opportunities for landlords to convene, including through regional networks. The regulator should avoid duplicating existing forums and instead add value where there is a clear gap.

There are emerging models of collaboration which demonstrate that by co-ordinating efforts and collaborating, improving existing housing and building more many more social and affordable homes is achievable.

CASE STUDY 1: **Graphite Living is a for-profit registered provider being established by Karbon Homes** to attract institutional investment for affordable housing development. Karbon's rationale was that traditional housing association balance sheets are under increasing pressure from building safety costs, decarbonisation, repairs obligations and higher borrowing costs, limiting their ability to build new homes. The model Karbon developed is:

- Graphite Living owns the homes.
- An institutional investor provides equity capital.
- Karbon acts as the landlord and service provider.

The focus is intended to be on social and affordable rented homes rather than short-term market-sale activity. Karbon has stated that it deliberately sought a long-term pension-fund style investor with an investment horizon of 40-50 years, rather than shorter-term investors seeking quicker returns.

CASE STUDY 2: **The North East Housing Partnership (NEHP) - a prospectus for a decade of renewal in the North East**

The North East Housing Partnership brings together 20 social housing providers who together own and manage over 200,000 homes. They have pledged to work as a collective on coordinated pipelines for new homes.

The prospectus contains new detail of the North East's bid to Homes England's Social and Affordable Homes Programme (SAHP).

It sets out the partners' ambition for delivery across four key areas: development and regeneration; quality of homes and investment; better lives; and homelessness, specialist and supported housing.

The partners will aim to deliver a minimum of 15,000 homes over the next 10 years by aligning development pipelines, funding programmes and delivery priorities.

In terms of quality, the partnership has pledged to work together on joint procurement and repairs innovations, for example by aligning store management arrangements to create material savings of at least £1m every year.

The NEHP has already announced the collective procurement of kitchen replacements by a number of members. This saw several NEHP members work together to procure kitchens from a single supplier, JTC Furniture. The programme is expected to deliver 70,000 kitchens across the North East over the next 10 years, resulting in savings of roughly £10m in comparison to individual procurement approaches.

Partnership working is a vehicle for high level collaboration and innovation. There is scope to go further with this type of partnership model, and it is important to recognise that providers are increasingly working in devolved arrangements where funding and decision-making powers are held locally. It is important to avoid excess regulation in devolved arrangements.

The Northern Housing Consortium would be pleased to engage with the regulator to discuss our response to the call for evidence. For further information about this submission, please contact

Patrick Murray

Executive Director (Policy & External Relations)
Northern Housing Consortium
Patrick.murray@northern-consortium.org.uk
www.northern-consortium.org.uk