The Cave Review
Of Social Housing Regulation

Every tenant matters:

Empowering tenants, driving up standards

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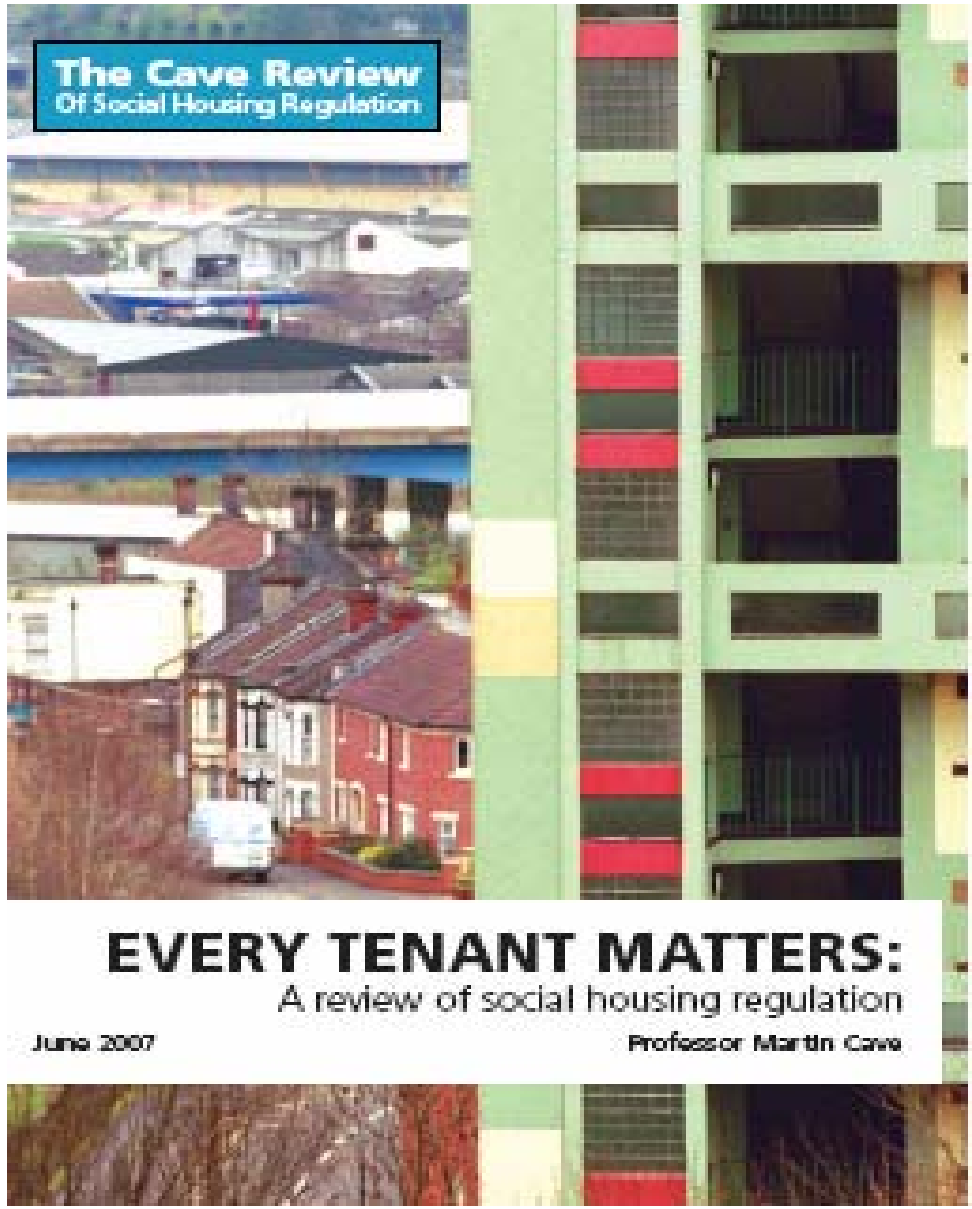

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What was the Cave review?

Independent review of the regulation of social housing:

- announced by the Secretary of State for Communities and Local Government on 14th December 2006
- led by Martin Cave, of Warwick Business School
- supported by a review team of an independent consultant in social housing and secondees from the CLG, Audit Commission, Housing Corporation
- launched 19 June 2007
- most recommendations accepted at launch; others consulted on until 10 September 2007.

Why Regulate?

- Market place puts tenants in a very poor bargaining position with little influence or choice
- Housing can have a major impact on a neighbourhood
- Taxpayers have an interest in ensuring a continuing contribution from their expenditure
- Funders expect safeguards

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Tenants need:

- Good quality, prompt and reliable services
- Choice over where they live, what services they get (at what prices), how to progress to ownership
- Protection by a clear tenancy agreement and through access to the ombudsman
- Empowerment by giving them more say
- Further development of representative bodies and creation of a national advocacy organisation

The proposal

- Establish a regulator with specified duties and powers
- Empower Secretary of State to issue directions on specific matters
- Require providers to engage constructively with local authorities
- Give the regulator powers to collect information and impose graduated remedies
- Same basic regime for all providers

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Proposed regulatory duties

- To empower and protect tenants
- To ensure continued provision of high quality social housing
- To expand the availability of choice of provider at all levels in the provision of social housing

Government directions

- The Government should have explicit powers of direction over:
  - standards of social housing:
    - physical standard
    - services ancillary to housing
  - the overall level of rents
- Detailed implementation would rest with the regulator

Links with local authorities

- Local authorities as strategic place makers are entitled to constructive engagement and co-operation from key local stakeholders, including (major) social housing providers
- This does not grant a power of direction
- Local authorities will also have their documented complaints given priority treatment by the regulator.

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The hierarchy of intervention

Disqualification	Transfer of ownership	Winding up and moratoria
Appointment of board member	Appointment of manager	Tendering of management
Penalties	Enforcement notice	Compensation
	Improvement notice	
	Targeted inspection	
	Further inquiry	
Complaints	Annual data	Other information

The outcome

- puts tenants first
- covers all sectors
- accommodates government policy
- recognises new role of local authorities
- light touch for good performers,
- focuses intervention on poor performers
- encourages efficiency and good performance
- Strengthens the role of tenants at national level

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Changing role of regulation

- More of an economic regulator – less of a nanny
- Shaping the social housing market so that it works in the interests of residents
- Encouraging choice and consumer power
- Ensuring that the new private sector providers and new LA organisations deliver for residents

The 2 contentious issues

Q. Should all social housing come under one regulator?

A. Yes!

- LAs, ALMOs, housing associations, the new private sector partners and the new LHCs and SPVs are all in the same market
- The drive to make providers more responsive to consumers and increase choice cannot leave 2 million tenants behind

The 2 contentious issues

Q. Who should be the regulator?

A. The regulator should be independent

- Communities England and the Audit Commission both have other key agendas that undermine their neutrality
- Neither has experience of market shaping regulation
- Lenders (who will be putting up most of the money) want an independent regulator – not a government ‘enforcer’ or ‘nanny’