Thank you Sarah for that introduction and thank you to Social Housing for inviting me to speak at your Annual Conference. It is a pleasure and a privilege to be with you here to discuss such an important agenda of issues for the sector.

So much has happened since I was appointed to this role in April, and it could become easy to get lost in the rather tumultuous activity of the last 6 months. So, I want to start by going back to some basics and focusing on the 2 fundamental roles for social housing landlords; firstly, to provide safe, well-maintained homes for your tenants and secondly, to provide more homes for those who need them. Our job as regulator is to ensure that you are able to deliver both roles, by meeting our standards and managing your risks effectively.

The importance of the first of those fundamental roles has been starkly highlighted by the recent inquest into the tragic and shocking death of Awaab Ishak. It is the responsibility of all social landlords to ensure that the homes you provide are well maintained and of a decent standard. I will talk in more detail about this case later, but it clearly serves to emphasize the importance that you as landlords:

* Listen to their tenants’ concerns and take appropriate action
* Understand and take account of tenants’ diverse needs
* Have an up to date and detailed understanding of the condition of tenants’ homes, and
* Remove unnecessary barriers that tenants may have in accessing services and being heard

This is not the first time that tragedy has forced the sector to confront these issues – I hope that it might be the last.

Last month, the Grenfell Public Inquiry hearings concluded, and the Inquiry Panel continues to prepare their final report with recommendations for change. There will no doubt be lessons for all of us involved in social housing in the Inquiry’s final findings.

But even before the Inquiry’s conclusion, the social housing white paper was drafted taking into account the views of those devastated by Grenfell. The Social Housing Regulation Bill, which aims to deliver the proposals set out in the white paper, has now reached the committee stage in the House of Commons. And we hope that it will receive Royal Assent early in the New Year. The Bill will put in place the statutory foundations for a transformation in our regulatory approach to consumer issues. Moving from a reactive regulatory regime to a proactive one. With a framework underpinned by new consumer standards, regulatory assurance gained via regular inspections, stronger powers and the Tenant Satisfaction measures that you will begin to collect from next April.

Against this backdrop of change, the economic climate is challenging. In this climate of economic instability, boards need to maintain a keen focus on priorities and managing the risks of delivering those priorities, and sound strategic decision-making. Rapid and increasingly prolonged inflation, a tight labour market, and continuing supply chain disruption are all resulting in increasing costs for you. There is no doubt that mitigating the impacts of these factors is testing the resilience of the sector and will continue to do so for some time. We can all acknowledge that the uncertain and weak economic outlook makes serving your existing customers, while at the same time developing more social housing, increasingly challenging.

Many of the severe scenarios which you will have stress tested against in the last year have now become alarmingly real. Robust budget setting and business planning are fundamental tasks for boards, but they have rarely been more important, in order to maintain viability, deliver on investment plans and continue to meet the economic standards. Your Boards face a series of very difficult trade-offs in delivering your organisational objectives, because you must maintain your financial viability, provide quality services and keep tenants safe. It is essential that you continue to carry out robust stress testing to assess the impact of a range of severe and multiple scenarios and plan your risk mitigation strategies.

In addition, while the government’s announcement on the rent cap will have less of an impact on your income than other options in the consultation, such an increase will be challenging for many tenants, and you will need to consider difficult trade-offs. These include the expectations in respect of continuing to invest in your existing homes and the delivery of new supply.

As well as creating financial pressures for landlords, tenants are feeling the impact of inflation and the cost-of-living pressures, particularly from rising energy bills. I know that many of you are supporting tenants to help them sustain their tenancies. Many of you will be developing a range of support, as the pressure on tenants is likely to increase, and will mean that more tenants will be struggling to heat their homes or pay their bills. The 7% rent cap has provided tenants with a level of protection for the coming year, although they are likely to feel the impact of any increase at this time. The rent cap is a balance between delivering investment plans in relation to existing and new homes and affordability for tenants.

Returning to the issue of standards in social housing, there are a number of different pressures on you as landlords in terms of your investment in existing homes which, as well ongoing maintenance and responsive repairs, include implementing energy efficiency and decarbonisation measures and meeting building and fire safety requirements. Issues such as labour shortages in construction and supply chain disruption are making maintaining your properties more of a challenge.

But failure to ensure that your homes are being maintained to a decent and safe standard can result in serious consequences for tenants and can undermine the reputation of the sector as whole. Your properties are your long-term assets, and for your tenants they are homes that provide long-term security. You should ensure that they are protected, well-maintained and future-proofed, whether that be in relation to the increasing effects of climate change, such as higher temperatures or more extreme weather events, or in relation to energy efficiency. Your boards need to have accurate, comprehensive, and up-to-date stock condition data to make informed decisions about investment programmes.

Tenants deserve to live in decent, safe and well-maintained homes and they should be able to trust you, as their landlords, to know that their homes are decent, safe and well maintained. You should communicate with clear information to tenants about what is your responsibility as their landlord and what level of service you provide. If you are told by tenants that their home is not decent, safe or well-maintained, you should investigate and respond to remedy the situation appropriately. Many social housing tenants have a great experience in social housing, and the majority of you deliver good quality housing. But even a small number of things going badly wrong can have a big impact on public perceptions. The good reputation of the sector and the good faith of tenants are at risk of being irreparably damaged if the sector as a whole does not prioritise the quality of all the housing they provide.

We recognise that it’s not just existing homes that the sector is responsible for, and that brings me to the question of new supply. The sector continues to play a key role in helping to alleviate the country’s chronic housing shortage, by investing in much needed new homes. This makes you guardians of a really valuable asset, both in financial terms and to the public more generally. Your activities and investment priorities need to reflect the issues this raises.

Many of the same challenges that I have talked about already apply to the development of new homes.

High inflation, labour and material shortages and supply chain disruption all continue to increase the costs of development. You will need to consider how you prioritise investment in new development, ensuring that your investment appraisal approaches remain up-to-date and effective, and projects are closely monitored. Higher borrowing costs, both from substantially rising interest rates and from widening spreads on debt are already apparent and so your Boards must ensure that you have appropriate treasury management in place to be able to monitor loan covenants and to mitigate the risk of breaches.

And of course, falling house prices and a general downturn in the housing market also look set to continue for the next two years and this scenario will need to be included within your stress testing and in decision making on investment in commercial activity, particularly for those of you whose business plans include significant development for sale aimed at generating social return.

Quality also matters in new homes as much as in existing and ensuring that new supply is of good quality is vital.

All this points to tough market conditions, but new housing supply is much needed and the sector’s role in contributing to it remains highly valued.

Turning back to consumer regulation, as I said in my introduction, all of this is happening at the same time as long-awaited new legislation which will expand our remit and powers and scrutiny of providers’ service delivery.

We welcome the Social Housing (Regulation) Bill, which is currently before Parliament. As we tell you on an ongoing basis, act now to prepare for this new regulation, by assessing what compliance with a new regime and with a new set of standards may mean for your organisation. It is imperative that you have a consistent focus on delivering safe, good quality homes for your tenants and, where you think you may have breached our standards, that you refer the issue to us at the earliest possible opportunity. But you should not be doing this because we at the regulator are telling you to do so, but because it is a fundamental responsibility of being a social housing landlord, whether you are a council, a non-profit housing association or a for-profit provider.

We intend to continue to take a co-regulatory approach in our new consumer regulation regime because we believe it is the right approach for a strong sector that understands and steps up to its responsibilities. Co-regulation works best when there is trust and openness between landlords and the regulator, and when we work together to ensure the provision of quality homes and good services. Without openness and good faith, however, that approach no longer works and when that happens, we will take firm action.

We will continue to work to ensure that we have the appropriate resources to implement a proactive consumer regime and we are progressing our work to review the consumer standards, which will set the outcomes we expect you to achieve. The standards will address safety, housing quality, neighbourhoods, transparency, tenancies, engagement and accountability.

We will continue to engage with all stakeholders, including landlords and tenants, to help shape our thinking on the scope of these standards and to ensure they meet our three tests – that they make a meaningful difference to tenants; are deliverable by landlords; and can be regulated effectively.

We intend to carry out public consultation on the draft new consumer standards in 2023 (subject to enactment of the Social Housing (Regulation) Bill and Direction to the regulator by the Secretary of State).

We have also recently confirmed the requirements of the new Tenant Satisfaction Measures, which you must get ready to start collecting from April 2023. These include measures on repairs performance; DHS compliance and statutory Health and Safety compliance; and tenants’ experience of the quality of their homes and repairs services. These aim to increase transparency for tenants on their landlord’s performance in these important areas. We will require you to return this data to us, but TSM data is your data, and we expect boards to use it in order to help drive performance and to gain assurance that you are providing a good service to your tenants and safe, decent homes.

I want to return now to the tragic case of Awaab Ishak, which demonstrates the serious impact on tenants of living in housing with damp and mould and the effect it can have on people’s health. We have now written to all registered providers setting out our expectation that they have a comprehensive understanding of the extent of potential damp and mould issues in their homes. We have also asked large providers to demonstrate to us that they have systems in place to identify and deal with damp and mould issues, and that they are addressing risks to their tenants’ health promptly and effectively. We will review that information and use it to help inform our view of a provider’s compliance with the standards. Our message is clear: if you identify that you do not meet the relevant standards in the course of gathering this information, it is unacceptable not to refer yourselves to us immediately. You must tell us when issues emerge which risk your compliance with the standards.

In summary, the economic and operating environment is extremely challenging – no one would argue with that – but, if I can address the investors here today, the sector has consistently proved itself to be robust and innovative in difficult situations.

You will be aware we have recently regraded a number of providers from V1 to V2 to reflect the significant economic challenges that I have spoken about. This is in line with our expectations and these remain compliant grades. I am confident that landlords can continue to be able to meet the current challenges and as the regulator, we will be looking to confirm that they remain financially viable by ensuring:

* their risk management frameworks are robust and are supported by good data
* their boards have the expertise to take well informed decisions focused on delivery of strategic priorities, and
* they can respond and adapt to new requirements.

And finally, to providers, the consumer standards and the economic standards are two sides of the same coin. It is only by meeting them both that you will be able to deliver on your fundamental purpose, which, as I said at the beginning, is to provide safe, well-maintained homes for tenants and to provide more homes for those in housing need.