

Policy Committee Decision Report

Title of Report: Response to the Regulator of Social Housing Regulatory Judgement of Sheffield City Council

Date of Decision: 19 September 2024

Report To: Housing Policy Committee

Report Of: Ajman Ali, Executive Director, Neighbourhood Services

Report Author: Chris Ellison, Interim Director of Housing

Executive Summary: In July 2024 Sheffield City Council (the Council) received a regulatory judgement from the Regulator of Social Housing (RSH) confirming a consumer grading of C3 indicating serious failings in the landlord. The Regulator found that we were not delivering the required outcomes of the Safety and Quality Consumer Standard.

The purpose of this report is to provide reassurance to the Committee that our programme of improvement activity will help us to meet the Regulator's Safety and Quality Consumer Standard.



Council Plan outcomes:

[Great neighbourhoods that people are happy to call home](#)

[People live in caring, engaged communities that value diversity and support wellbeing](#)

Policy Committee remit:

This report is to be considered by the Housing Policy Committee as its remit includes functions of the Council as Local Housing Authority, including:

- Public and private sector
- Homelessness
- Supported housing
- Relationships with other social housing providers
- Refugee resettlement programmes
- Gypsy and traveller sites

Within its remit the Committee:

- Takes decisions on any reserved matter;
- **Is responsible for regular monitoring of data including performance and financial information and for monitoring the performance of services;**
- Is responsible for working within the budget framework agreed by Council, including taking timely action to address any overspend within services;
- Is responsible for delivery against the Corporate Plan and any associated Annual Plans and reporting performance to Strategy and Resources Policy Committee;
- Must keep its work programme under review at each meeting;
- May consider any matters referred by an Area Committee.

[Part 3C - 3.3 Matters Delegated to Committees May 2024.pdf \(sheffield.gov.uk\)\]”](#)

Does the report contain confidential or exempt information? No

Recommendations:

Housing Policy Committee is recommended to:

1. Note the Council's response to the Regulatory Judgement issued on 9th July 2024
2. Highlight any areas of concern arising out of this report
3. Request that progress in meeting the requirements of the Consumer Standards is reported to this Committee through the routine quarterly performance reports.

Financial Implications: Yes: Approved by: Paul Foster

Legal Implications: Yes: Approved by: Rebecca Lambert

Equality and Inclusion Implications: Yes: Approved by: Bashir Khan
Initial Equalities Impact Assessment completed with EIA number: 2817

Climate Change Implications: No: Approved by Peter Brown

Background Papers: None

[Regulatory-notice-sheffield-city-council-25-january-2023](#)

[Sheffield City Council \(00CG\) - Regulatory Judgement: 9 July 2024 - GOV.UK \(www.gov.uk\)](#)

Appendices: None

1. Introduction to the issue

- 1.1 In July 2024 Sheffield City Council (the Council) received a regulatory judgement from the Regulator of Social Housing (RSH) confirming a consumer grading of C3 indicating serious failings in the landlord. The Regulator found that the Council were not delivering the required outcomes of the Safety and Quality Consumer Standard.
- 1.2 The Council has been working with the Regulator since 2022. The Council made a self-referral to the RSH in November that year when it identified a failure to meet statutory health and safety requirements in relation to gas safety. This resulted in a regulatory notice being issued for a failure to meet the requirements of the Home Standard (the predecessor of the current Safety and Quality Standard).
- 1.3 The purpose of this report is to provide reassurance to the Committee that our programme of improvement activity will help us to meet the Regulator's Safety and Quality Consumer Standard and address the concerns raised by the Regulator in their regulatory notice and subsequent judgement.
- 1.4 The RSH adopts a co-regulatory approach to its work. It sets both economic and consumer standards designed to help it to deliver its statutory objectives. Responsibility lies with the boards and councillors of registered providers to deliver the outcomes of the standards. Boards and councillors of registered providers should have robust mechanisms in place to provide them with assurance that their organisation delivers the outcomes of the standards.

2. Background to the Judgement

- 2.1 The Social Housing (Regulation) Act 2023 (2023 Act) introduced new obligations for landlords and gave new powers to the Regulator of Social Housing (RSH) and the Housing Ombudsman. The main objective of the 2023 Act was to introduce a new, proactive consumer regulation regime and strengthen the RSH's powers in enforcing the consumer and economic standards.
- 2.2 The 2023 Act provides the Regulator of Social Housing with extra powers to strengthen its consumer regulation role. The Regulator has considered where the existing consumer standards can be revised and strengthened to deliver a set of new Consumer Standards that are robust, up to date and fit for purpose. The new Consumer Standards came into effect on 1 April 2024. The 4 new Consumer Standards are:

- **The Safety and Quality Standard** – requires landlords to provide safe and good quality homes and landlord services to tenants.
- **The Transparency, Influence and Accountability Standard** – requires landlords to be open with tenants and treat them with fairness and respect so that tenants can access services, raise complaints, when necessary, influence decision making and hold their landlord to account.
- **The Neighbourhood and Community Standard** – requires landlords to engage with other relevant parties so that tenants can live in safe and well-maintained neighbourhoods and feel safe in their homes.
- **The Tenancy Standard** – sets requirements for the fair allocation and letting of homes and for how those tenancies are managed and ended by landlords.

Each of the standards list a series of ‘Required Outcomes’ and ‘Specific Expectations’ that Registered Providers (RPs) including Local Authorities will be expected to meet. The 2023 Act also provides the RSH with new powers which allow it to issue a Code of Practice for its Consumer Standards. The Consumer Standards Code of Practice was published in April 2024 and sits alongside the Standards to provide RPs with more explanatory information about regulatory expectations.

- 2.3 The RSH has a range of powers it can take when it finds that a provider is not meeting one of the Consumer Standards. The Council made a self-referral to the RSH in November 2022 when it identified a failure to meet statutory health and safety requirements in relation to gas safety. This resulted in a regulatory notice being issued for a failure to meet the requirements of the Home Standard (the predecessor of the current Safety and Quality Standard). This notice was published by the RSH in January 2023 Regulatory Notice: <https://www.gov.uk/government/publications/sheffield-city-council/regulatory-notice-sheffield-city-council-25-january-2023>
- 2.4 The Council has been working proactively with the RSH to address their concerns around gas safety and has made good progress in reducing the number of outstanding cases. Only 1 case now remains from the outstanding cases identified in November 2022.
- 2.5 The RSH subsequently determined through regular engagement and through the Council’s proactive publishing of performance information to this Committee, that the Council had high levels of repair cases that

weren't being addressed in a timely manner. They also determined that the quality of data and in particular the level of stock condition information available to the Council for planning future investment programmes was not as accurate as it should be. This resulted in a regulatory judgement being issued in July 2024 [Sheffield City Council \(00CG\) - Regulatory Judgement: 9 July 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/sheffield-city-council-00cg-regulatory-judgement-9-july-2024)

3. The Council's response to the Judgement

- 3.1 The Council implemented a range of improvement activity in early 2023 to address the concerns of the RSH. Both officers and members acknowledged that the improvement trajectory had to increase at pace to deliver the change required and expected by the RSH. An overhaul of governance, assurance and performance mechanisms to focus on consumer standards and outcomes was undertaken in 2023/24 which coincided with a new leadership team in the Council, a new Council Plan and a systemic look at overall council performance and wider change. This internal review was supplemented by external validation of the Council's approach with leading housing organisations.
- 3.2 Housing Policy Committee have been provided with a range of performance updates over the past 18 months demonstrating the Council's progress in delivering its repairs and improvement service. Members have robustly challenged performance where this has not met targets and have approved new policies and additional funding to tackle some of the challenges being faced by the Council.
- 3.3 Following the publication of the judgement, the Council proactively contacted its 27,000 tenants with email addresses and shared our approach through the local media to reach all our customers. The tone of the Council's message was to both admit mistakes and to apologise to tenants for examples of poor service.
- 3.4 Council officers met with the RSH in early August 2024 to outline planned improvement activity and set out the next steps that the Council intends to take to address the regulatory concerns. This was a positive first meeting and a good opportunity for the Council to discuss in detail its understanding of the issues and describe the range of improvement activity that is being undertaken to improve services to tenants – including sharing our improvement plan. Further meetings will now take place monthly to demonstrate progress in delivering improvements.
- 3.5 Members will also note some of the early outcomes from this improvement activity through better performance across the range of

Tenant Satisfaction Measures (TSMs). These are shown in detail in the Quarter 1 performance report also on this Committee's agenda. Early indications are that satisfaction across our range of services, including those covered by the Safety and Quality standard, are increasing. Without being complacent, this is a positive sign that tenants are recognising an overall improvement in the level of services being experienced.

- 3.6 The RSH adopts a co-regulatory approach to its work. Responsibility for directing and scrutinising improvement activity lies with the boards and councillors of registered providers to deliver the outcomes of the standards. Members should have robust mechanisms in place to provide them with assurance that their organisation delivers the outcomes of the standards. Members of this Committee have been kept up to date with the Council's response to the Regulator and have been engaged in discussions with officers to demonstrate progress. Further briefings and communications with Members will continue alongside the monthly meetings with the Regulator.

4. How does this decision contribute to the Council Plan?

Council Plan outcome

- 4.1 Regular performance monitoring enables us to identify how well we are performing against the TSMs and Consumer Standards to identify areas for improvement. TSM performance also feeds into the Council Plan, specifically the strategic outcomes "Great neighbourhoods that people are happy to call home" and "People live in caring, engaged communities that value diversity and support wellbeing".
- 4.2 The Council has a specific Council Plan priority to 'Increase the availability, quality and range of housing in our neighbourhoods' including a commitment that Sheffield's homes should be fit for the present and the future. Working with the RSH to improve our repair and maintenance services to tenants directly contributes to meeting this priority.

People – Prosperity - Planet

- 4.3 Improving our repairs and maintenance services and the quality of the homes that we provide will have a positive impact on the wellbeing of tenants. A stable, secure home provides the basis for all citizens to contribute to the prosperity of the local economy and their own economic wellbeing. In developing our improvement plans, the Council will take a sustainable approach to the procurement of services and in

particular construction materials, that create a minimal impact on the planet. This includes a focus on working towards net zero for our Council homes – benefiting tenants and the planet.

5. What community or partner engagement has been undertaken and how has it informed the proposal?

- 5.1 Tenants have been informed about changes in regulation and about the introduction of the TSMs throughout 2023/24. Performance information has also been shared throughout the year via our monthly tenants e-bulletin (Your Home, Your Neighbourhood) as well as via the Housing & Neighbourhoods Facebook page. Tenants' feedback was captured as part of our response to the RSH's initial consultation on the TSMs in 2023.
- 5.2 In May 2024, we launched a new tenant panel - [Communication and Tenant Satisfaction Panel \(CATS\)](#). The Panel gives Council tenants the opportunity to help monitor TSM performance and provide feedback on how tenant satisfaction could be improved. A new [Homes Panel](#) also started meeting in July to enable tenants to influence a range of topics relating to repairs and the quality and safety of their homes.

6. What alternative options did we consider?

- 6.1 It is a regulatory requirement for the Council to engage with the RSH in response to a Regulatory Judgement, so on this occasion, no alternative options were considered.

7. How has equality, diversity and inclusion been actively considered?

- 7.1 An Equality Impact Assessment has been carried out and highlights that meeting the expectations of the Regulator of Social Housing Consumer Standards will result in an improvement in services for all customers.
- 7.2 There are no direct equality implications arising from this report. However, if there are any equality implications arising from the Council's improvement plans or the Council's response to the Regulator, individual Equality Impact Assessments will be undertaken as and when needed to ensure that impact is assessed.

8. Financial and Commercial Implications

- 8.1 Significant work is ongoing to determine what resources will be required to deliver the change required and expected by the RSH.

- 8.2 The Repairs and Maintenance Service has significant budgetary challenges and different methods of delivering the service are being explored to ensure we can meet our objectives in the most efficient way.
- 8.3 Financial monitoring reports will continue to be provided on a regular basis to be considered alongside the quarterly performance reports to allow members to track the costs of this work.

9. Legal Implications

- 9.1 The Social Housing (Regulation) Act 2023 (2023 Act) received Royal Assent on the 20th July 2023 and lays the foundations for changes to how social housing is managed. The 2023 Act brings forward a stronger and more proactive regulatory regime to improve standards in the sector and hold Landlords to account for the services they provide to their tenants. The 2023 Act also provides the Regulator of Social Housing with the additional powers needed to deliver an enhanced consumer regulation role.
- 9.2 One of the key changes introduced by the 2023 Act are the Regulator of Social Housing, new Consumer Standards which came into effect on 1st April 2024. The new Consumer Standards form a key part of the new regulatory framework for Social Housing. They set out the outcomes that landlords must deliver so that homes are decent, safe, and well-maintained and to ensure that tenants receive quality services from their landlord and are treated with fairness and respect. The new Consumer Standards apply to registered Social Landlords including Local Authorities. The Council is therefore required to deliver the required outcomes and specific expectations which the Regulator of Social Housing has set for each of the new Consumer Standards.
- 9.3 Section 193 of the Housing and Regeneration Act 2008 (HRA 2008), as amended by the Schedule 5, Part 1, paragraph 17 of the 2023 Act provides the Regulator of Social Housing with the powers to set standards relating to consumer matters that registered providers must meet. Section 193 (1) states:

'The regulator may set standards for registered providers as to the nature, extent, safety, energy, efficiency and quality of accommodation, facilities or services provided by them in connection with social housing.'
- 9.4 An original suite of 4 consumer standards were initially introduced in 2012. These were the Home Standard, the Neighbourhood and Community Standard, the Tenancy Standard and the Tenant Involvement and Empowerment Standard. Amendments were then made to the Tenant Involvement and Empowerment Standard in 2017

and then in 2022 the Tenant Satisfaction Measures Standard was introduced.

9.5 The Social Housing White Paper, 'The charter for social housing residents' set out changes to the consumer regulation role to strengthen the accountability of landlords for maintaining good quality homes and services, prioritising safety, treating residents with respect and being transparent organisations. These changes have now been implemented through the 2023 Act by introducing important changes to the Regulator of Social Housing's objectives and powers. These include amendments to the economic and consumer regulation fundamental objectives which guide the Regulator of Social Housing's approach to regulation made under section 1 of the 2023 Act which amends section 92K of the HRA 2008. Section 26 of the 2023 Act repeals section 198A of the HRA 2008 this has removed the 'serious detriment test' requirement which now allows the RSH to intervene on grounds of a breach or potential breach of the Consumer Standards, whether or not the breach in question has caused or may cause tenants' serious harm. They also include a new power to issue a code of practice on the Consumer Standards this has been introduced by section 23 of the 2023 Act which amends section 95 of the HRA 2008. Previously the Regulator of Social Housing could only issue a code of practice on its economic standards, this amendment extends this provision under section 195 in order to allow the Regulator of Social Housing to issue a code of practice for any of its standards, ensuring that there is parity between economic and consumer areas of regulation. A public consultation was undertaken in respect of the revised new Consumer Standards between 25th July 2023 and 17th October 2023. Following the outcome of the consultation the new Consumer Standards came into effect on the 1st April 2024.

9.6 The 4 new Consumer Standards are:

- **Safety and Quality Standard** – which requires landlords to provide safe and good quality homes and landlord services to tenants
- **Transparency, Influence and Accountability Standard** – which requires landlords to be open with tenants and treat them with fairness and respect so that tenants can access services, raise complaints, when necessary, influence decision making and hold their landlord to account. This standard incorporates the Tenant Satisfaction Measures requirements.
- **Neighbourhood and Community Standard** – which requires landlords to engage with other relevant parties so that tenants can live in safe and well-maintained neighbourhoods and feel safe in their homes

- **Tenancy Standard** - which sets requirements for the fair allocation and letting of homes and for how those tenancies are managed and ended by landlords.
- 9.7 The new **Transparency, Influence and Accountability Standard** incorporates the published requirements on TSMs and now replaces the original Tenant Satisfaction Measures Standard introduced in September 2022. This new consumer standard requires all registered providers including local authorities to meet the RSH requirements in relation to the tenant satisfaction measures set by the Regulator. These requirements are detailed in the following RSH guidance documents which contain significant information as to how TSMs must be defined, calculated and reported:
- Tenant Satisfaction Measures - Technical Requirements.
 - Tenant Satisfaction Measures - Survey Requirements.
- 9.8 The 9th July 2024 Regulatory Judgement found that there were serious failings in how the Council is delivering the outcomes of the Consumer Standards and that significant improvement is needed specifically in relation to outcomes in the Safety and Quality Standard. The Safety and Quality Standard requires landlords to have an effective, efficient and timely repairs, maintenance and planned improvements service for their homes.
- 9.9 The five required outcomes of the new Safety and Quality Standard are as follows:
- **Stock quality**
Registered providers must have an accurate, up to date and evidenced understanding of the condition of their homes that reliably informs their provision of good quality, well maintained and safe homes for tenants.
 - **Decency**
Registered providers must ensure that tenants' homes meet the standard set out in section five of the Government's Decent Homes Guidance and continue to maintain their homes to at least this standard unless exempted by the regulator.
 - **Health and safety**
When acting as landlords, registered providers must take all reasonable steps to ensure the health and safety of tenants in their homes and associated communal areas.
 - **Repairs, maintenance and planned improvements**
Registered providers must provide an effective, efficient and timely repairs, maintenance and planned improvements service for the homes and communal areas for which they are responsible.

- **Adaptations**

Registered providers must assist tenants seeking housing adaptations to access appropriate services.

- 9.10 The 'Decency' outcome of the 'Safety and Quality Standard' requires that all Local Authorities and Social Landlords must ensure the Housing they provide meets the minimum requirements of the Decent Homes Standard as defined by Government's June 2006 guidance entitled 'A Decent Home: Definition and Guidance for implementation'. A Decent Home must meet the following 4 criteria:
- (a) It meets the current statutory minimum standard for housing - (To be decent home a dwelling should be free of category 1 hazards under the Housing Health and Safety Rating System (HHSRS), and the existence of such hazards should be a trigger for remedial action unless practical steps cannot be taken without disproportionate expense or disruption)
 - (b) It is in a reasonable state of repair
 - (c) It has reasonably modern facilities and services
 - (d) It provides a reasonable degree of thermal comfort.
- 9.11 In the summary of its findings under the 9th July 2024 Regulatory Judgement the RSH highlighted that the Council was unable to provide sufficient assurance to RSH that it had effective systems, controls or oversight of repairs and that there was evidence that it had failed to take sufficient action to address the deterioration in repairs performance. It also noted that RSH do not have assurance that the Council has accurate data on the quality of its homes or that its homes meet the requirements of the Decent Homes Standard as they found evidence that the Council does not have an accurate record of the condition of its homes.
- 9.12 Regulatory Judgements are the RSH's published view of how well a landlord is delivering the outcomes of the RSH Standards. Large landlords will receive a new Regulatory Judgement following their first programmed inspection by RSH. Some landlords (large or small) may receive an earlier Regulatory Judgement following RSH's responsive engagement with them. The Council's 9th July 2024 Regulatory Judgement was made following responsive engagement with the RSH. Local Authority Landlords can be issued with a Regulatory Judgement covering the outcomes of the Consumer Standards or the Rent Standard. Each Regulatory Judgement takes account of multiple factors and is evidence based. For large landlords Regulatory Judgements include one or more grades. For the Council as a Local Authority landlord this grade is the RSH's view of how well we are

delivering the outcomes of the Consumer Standards. There are 4 consumer grades that can be issued:

Grading	Description
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C1	Our judgement is that overall the landlord is delivering the outcomes of the consumer standards. The landlord has demonstrated that it identifies when issues occur and puts plans in place to remedy and minimise recurrence.
C2	Our judgement is that there are some weaknesses in the landlord delivering the outcomes of the consumer standards and improvement is needed.
C3	Our judgement is that there are serious failings in the landlord delivering the outcomes of the consumer standards and significant improvement is needed.
C4	Our judgement is that there are very serious failings in the landlord delivering the outcomes of the consumer standards. The landlord must make fundamental changes so that improved outcomes are delivered.

9.13 All landlords should aim to achieve a C1 grade which means that in delivering the outcomes of the Consumer Standards they are making effective use of their own systems to identify and address potential issues and areas of improvement. This includes improvement to their stock and the services they provide to tenants. The grade issued to the Council in the 9th July 2024 Regulatory Judgement was C3. The C3 grade means that there are serious failings in the landlord delivering the outcomes of the Consumer Standards, which the landlord's current arrangements are not strong enough to put right. This will be significantly impacting on service outcomes for tenants and/or accountability to tenants. Where a C3 grade has been issued RSH will expect the landlord to develop a plan that will drive significant change and to share this with tenants and intensive engagement with the

landlord will be undertaken. RSH will also seek evidence that gives assurance that sufficient change and progress is being made.

- 9.14 The RSH has several enforcement powers potentially available to it (subject to the necessary statutory requirements being met) when issuing a Regulatory Judgement these include Performance Improvements Plans, Enforcement Notices, Emergency Remedial Action, Penalties, Management Tender, Management Transfer, Appointment of Advisors to Local Authorities and the Censure of Local Authority Employees. In general, however the RSH is unlikely to use enforcement powers where the landlord is prepared to fix the problems and their underlying causes and where they conclude that the landlord has the capacity, capability and resources it needs to do so. RSH have confirmed in the Council's 9th July 2024 Regulatory Judgement that they are not proposing to use their enforcement powers at this stage but that they will keep this under review as the Council seeks to resolve these issues.
- 9.15 Following the introduction of the new regulatory regime no new Regulatory Notices will be published by RSH from 1 April 2024 onwards however where a landlord still has an outstanding Regulatory Notice in place these notices will continue to apply until they are withdrawn. Where a Regulatory Notice relates to an old consumer standard RSH will now assess how well the landlord is delivering against the relevant outcomes of the new Consumer Standards when deciding whether to withdraw it. The Council's Regulatory Notice dated 25th January 2023 which was issued in respect of a breach of the old 'Home Standard' will now be assessed against the new 'Safety and Quality Standard'.

10. Climate and Environmental Implications

- 10.1 There are no direct climate implications arising from this report

11. Other implications

- 11.1 There are no other implications because of this report

12. Reasons for decision

- 12.1 Housing Policy Committee is recommended to:
- Note the Council's response to the Regulatory Judgement issued on 9th July 2024
 - Highlight any areas of concern arising out of this report
 - Request that progress in meeting the requirements of the Consumer Standards is reported to this Committee through the routine quarterly performance reports.