

Policy Committee Decision Report

Title of Report: Electrical Testing 2024 – 2030

Date of Decision: 25th September 2024

Report To: Strategy and Resources Policy Committee

Report Of: Ajman Ali, Executive Director,
Neighbourhood Services

Report Author: Dean Butterworth, Head of Investment and Maintenance

Executive Summary: This report outlines the proposals for Sheffield City Council to carry out five yearly electrical testing and condition reports for all domestic Council dwellings rented to customers. The report outlines the budget requirement to deliver this programme of work and requests the additional budget allocation needed in order to deliver all necessary aspects of this work.



Council Plan outcomes: [Great neighbourhoods that people are happy to call home](#)

Policy Committee remit:

Include the following: “This report is to be considered by the Strategy and Resources Policy Committee as its remit includes Responsibility for decisions on any commitments to funding in future years not covered within the Council’s medium term financial plan.

Does the report contain confidential or exempt information? *No*

Recommendations:

The Strategy and Resources Policy Committee is recommended to:

1. Approve the additional revenue budget allocation required within the Housing Revenue Account as set out in sections 2.14, 2.15 and 2.16 of this report.

2. Endorse the proposed approach for the Council to commission two external contractors to deliver the carrying out of five yearly electrical testing and condition reports for domestic council dwellings let to customers.

Financial Implications: [Yes] Approved by: Paul Foster

Legal Implications: [Yes] Approved by: Rebecca Lambert

Equality and Inclusion Implications: [Yes] Approved by: Louise Nunn
Initial Equalities Impact Assessment completed with EIA number: 2761

Climate Change Implications: [Yes/] Approved by: Kathryn Warrington

Background Papers: [None]

Appendices: [None]

1. Background to the issue

1.1 This report sets out the requirement for Sheffield City Council to carry out regular (5 yearly) inspections of its domestic dwellings rented to customers. These inspections will involve a full inspection of all electrical installations in dwellings.

2. Proposal

Legal framework and requirements

2.1 Legislation requires landlords to keep their properties free from electrical hazards. Current regulations require private landlords to have the electrical installations in their properties inspected and tested by a person who is qualified and competent, at least every 5 years. For Local Authorities the current Industry Code of Practice for Social Housing as set out in 'the Code of Practice for the Management of Electrotechnical care in Social Housing 2019' recommends that electrical installations are inspected and tested with an Electrical Installation Condition Report (EICR) produced at least once every 5 years, as well as at change of occupancy. Landlords must provide a copy of the electrical safety report to their tenants.

2.2 When inspectors carry out inspections, they will use the following classification codes to indicate where a landlord must undertake remedial work. This falls in line with the 18th edition of the Wiring Regulations.

- Code 1 (C1): Danger present. Risk of injury.
- Code 2 (C2): Potentially dangerous.
- Further Investigation (FI): Further investigation required without delay.
- Code 3 (C3): Improvement recommended. Further remedial work is not required for the report to be deemed satisfactory.

2.3 As part of the electrical testing work all code 1 and code 2 items identified must be rectified whilst the contractor is at the property to protect customers from the risk of harm.

2.4 The Regulator for Social Housing also sets the Council regulatory standards that define the outcomes that landlords must deliver using their powers under the Housing and Regeneration Act 2008, as amended by the Social Housing (Regulation) Act 2023. They expect that all landlords will deliver the outcomes of these standards that apply to them. These include both the required outcomes and specific expectations they set within each standard.

2.5 The Social Housing (Regulation) Act 2023 introduced the new Consumer Standards which came into effect on 1st April 2024. The outcomes of the new Consumer Standards apply to all landlords, including local authorities. They apply to the social housing that landlords provide and the tenants living in those homes. Social housing is defined in the Housing and Regeneration Act 2008 as:

- low-cost rental accommodation (defined by section 69 of the Housing and Regeneration Act 2008) or
- low-cost home ownership accommodation (defined by section 70 of the Housing and Regeneration Act 2008), or both.

2.6 One of the Regulator of Social Housing new Consumer Standards is the Safety and Quality Standard which has the following 5 required outcomes.

- stock quality
- decency
- health and safety
- repairs, maintenance and improvements
- adaptations

2.7 The decency required outcome requires the Council to ensure that all properties meet the Government's Decent Homes standard. Part of this standard requires that we meet the current statutory minimum standard for housing. Dwellings which fail to meet this criterion are those containing one or more hazards assessed as serious ('Category 1') under the Housing Health and Safety Rating System (HHSRS).

2.8 In addition, the health and safety required outcome requires that we must take all reasonable steps to ensure the health and safety of tenants in our homes and associated communal areas. It states that we must –

- identify and meet all legal requirements that relate to the health and safety of tenants in their homes and communal areas.
- ensure that all required actions arising from legally required health and safety assessments are carried out within appropriate timescales.
- ensure that the safety of tenants is considered in the design and delivery of landlord services and take reasonable steps to mitigate any identified risks to tenants.

Consequences of non-compliance

2.9 From the 1st April 2024 the Social Housing (Regulation) Act 2023 has given enhanced powers to the Regulator for Social Housing allowing a new regulatory framework to be introduced. This will include the issuing of a regulatory judgement under the new framework where they consider there to

be serious weaknesses or failings in the delivery of the outcomes of these standards. If we do not carry out ten yearly regular electrical inspections of our dwellings in compliance of our Consumer Standard obligations, an appropriate sanction can be given to the Council.

2.10 In June 2022 the Government launched a public consultation and call for evidence on electrical safety in the social rented sector. It is anticipated that following the outcome of the consultation the Regulator for Social Housing may consider aligning the five-year testing requirement so that it applies for all rented properties including Council housing and other Social Housing. New powers have also been recently granted to the Secretary of State through section 11 of the Social Housing (Regulation) Act 2023 which now allows regulations to be made in respect of Electrical Safety Standards for all landlords of residential properties meaning that the Secretary of State now has the power to make regulations in respect of social housing electrical safety standards in the future. If new regulatory requirements are introduced for Social Housing this will have both operational and financial implications for the Council and it is therefore important that we are prepared for and are able to comply with any new regulatory changes that may be imposed upon us over the next few years.

Current position and next steps

2.11 The annual revenue budget allocation is currently set at £855,000 per annum. This revenue budget sits within the ring-fenced Housing Revenue Account (HRA). This budget was set in 2020 as part of business planning and was based on our best estimate of cost per inspection per dwelling.

2.12 During the Covid pandemic we did not proactively carry out routine electrical inspections of our properties. In addition to this there has been an ongoing consultation exercise by the Regulator for Social Housing that we move from the current 10-year testing programme to a 5 year testing programme. In Sheffield we currently have 22,505 Council Housing owned properties that have had an electrical inspection and test completed within the last five years. This leaves us with 15,502 properties that have not had a test within this five-year period. Of the 22,505 properties that have had an electrical inspection in the last five years, 6,436 of these properties will fall out of this five-year cycle by December 2024. In order to be proactive, it is imperative that we can target those properties within the first two years of our programme so that all properties are compliant. We have had previous dialogue with the Regulator of Social Housing to provide them with our compliance data and our plans to achieve compliance quickly by bringing in additional resource.

2.13 We have carried out an internal review and our in-house Repairs and Maintenance Service do not have capacity to carry out this volume of work

now or in the medium term. Due to this, it was recognised that to achieve compliance as quickly as possible we needed to bring in external capacity to deliver this programme. Over the Spring, we have carried out a procurement exercise to tender for electrical contractors to deliver a five-year programme of testing and inspection and completion of the category 1 and 2 repairs found. This programme will cover all 38,007 properties that the council rents to customers. We will review the position at the end of the contract again and will consider if this work can be delivered in house at the end of the five year contract period.

2.14 Following a procurement exercise, market rates show that a full year annual budget allocation of £3.58 million per annum will be required to deliver this programme of testing, inspection and completion of any category 1 and 2 repairs. During the current financial year up to 31st March 2025, we will also require an additional budget allocation of £927,870.

2.15 The budget requirement will be as follows –

Financial Year (1st April – 31st March)	Estimated total budget.
2024-25 (approx. 6 months on site)	£1,782,870
2025-26	£3,577,030
2026-27	£3,577,030
2027-28	£3,577,030
2028-29	£3,577,030
2029-30 (including 2030-31 for release of final retention payment)	£3,577,019
Total	£19,668,010

The committee are asked to approve the additional revenue budget allocation within the Housing Revenue Account of £2.72 million per annum from April 2025.

The monthly trend in prices of electrical equipment sold by UK manufacturers has increased steadily from January 2016 to March 2024, from a producer price index (PPI)* of 98.6 to 133.7 in March 2024. This has clearly had an impact on the tender returns we have received and prices and rates for work reflect the current market rate for this work in the UK.

(The Producer Price Index (PPI) measures the price change of goods bought and sold by manufacturers in the UK on a monthly basis. The output price indices specifically measures the price of goods sold by manufacturers (also called 'factory gate prices') before any

additional charges are added to give a profit. The price includes costs such as labour, raw materials, energy, interest on loans, site/building maintenance or rent.)

Plan to achieve compliance.

2.16 We plan to appoint two external contractors to deliver this programme of work over a five-year period to 2030. The two contractors will have an even split of properties and it is expected that we will manage performance between the two using key performance indicators set within the contract. The contracts will allow us to move work between the two if performance is not of the required standard. Our work plan forecasts that full compliance will be reached in year two of the programme. Performance data will be produced on a monthly basis and will be shared with the Housing Policy Committee in our quarterly performance reports.

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

3.1 Council Plan outcome

3.1.1 The Council's Together we get things done, is the new Council Plan for 2024 to 28 which was approved at Full Council on 6 March 2024. Within this plan one of the five strategic outcomes is "Great neighbourhoods that people are happy to call home". The delivery of this programme of work contributes to this outcome and is a priority for the Council.

3.2 People – Prosperity - Planet

3.2.1 The Council plan sets out the following priorities, "Increase the availability, quality and range of housing in our neighbourhoods" and "High quality neighbourhoods which are clean, green, resilient and safe and where people can live healthy lives".

3.2.2 Our HRA business plan also provides a commitment to improve our health and safety compliance so that our homes are safe, and customers have a clear commitment from their landlord about the quality of their homes. These commitment's link directly to the Regulator for Social Housing's safety and quality consumer standard.

3.3 City Goals

3.3.1 Our city can be a place where everyone lives well and takes care of each other. But it takes each and every one of us to make that happen. We will work with customers to deliver this programme to improve the safety of properties across the city.

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

4.1 There is no requirement to consult with customers about if the Council carries out this activity as this is a statutory and regulatory compliance area of work. We have a duty to keep customers safe in their homes and to ensure that their homes are free from hazard and risk. It is best practice for the Council to carry out a five-year inspection of electrical installations and individual customers will be contacted individually when their property is due to be inspected.

4.2 All customers will receive communications from us about the programme and inspection. This will include information about what to expect from the programme and what the inspection will mean for them. This will be bespoke to the programme so that customers will be actively engaged in the programme and have the support they need for us to facilitate the inspections. We will support vulnerable customers to facilitate the inspection in their homes.

4.3 We will treat vulnerable tenants sensitively, and adapt our working practices where appropriate, to ensure they do not face any additional barriers when accessing our service. We will record vulnerable tenants on our systems and use this information to ensure we tailor our service to their needs. We have a data protection info sharing agreement in place for the contractors delivering this work and we will provide clear expectations on supporting our vulnerable customers during the inspections.

5. What alternative options did we consider?

5.1 The Council is required by law to ensure that we carry out regular electrical inspections of domestic dwellings that it lets to customers, and it is current best practice that these inspections should be undertaken at least every 5 years. Therefore, no other alternatives were considered. There are consequences of not carrying out these inspections and these are outlined in more detail in item 8.17 of this report.

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

6.1 An equality impact assessment has been carried out in relation to this programme of work]

7. Financial and Commercial Implications

7.1 The requirement to complete a 5-yearly cycle of electrical inspections would require an additional £2.72m ongoing budget from 25/26. Approval here would effectively make this a pre-agreed pressure in the 25/26 Business Planning process for HRA. This is already included in current draft proposals as part of the wider budgeting and financial process.

7.2 The likelihood is costs could exceed this figure in the early years as we aim to achieve compliance but be lower in later years of the contract. This is due to dealing with the backlog of houses that have gone longer without a test and are more likely to require repairs. HRA revenue reserves may need to be used to smooth and align the costs and budgets over the five years.

7.3 The 24/25 budget gap of £928k created by this decision would either reduce the revenue contribution to the housing capital programme or could alternatively be funded from reserves as a one off.

7.4 When full compliance is achieved at the end of the five-year contract an assessment should be done to determine the need for outside sub-contractors to continue or whether it would be more cost-effective to bring all this work in-house, including any potential TUPE impacts. This could produce savings from 2029/30.

8. Legal Implications

8.1 The Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020 (2020 Regulations) came into force in June 2020. These regulations require private landlords to ensure that electrical safety standards are met during any period when the residential premises are occupied under a tenancy and that every fixed electrical installation is inspected and tested at least every 5 years by a qualified person (or more often if the inspector deems necessary). The 2020 Regulations require the Council as a local housing authority to enforce these duties on private landlords. These regulations do not however apply to Landlords of Social Housing and therefore do not apply to Council housing.

8.2 There is currently no legal requirement equivalent to the 2020 Regulations in place for Landlords of Social Housing to carry out electrical safety inspections. However, section 11 of Social Housing (Regulation) Act 2023 has amended section 122 of the Housing and Planning Act 2016 (electrical standards for properties let by private landlords) so that this provision now covers all residential properties let by landlords including social housing. The amended section 122(1) of the Housing and Planning Act 2016 now gives the Secretary of State a new power to make regulations which impose duties on landlords of residential properties including Social Landlords for ensuring that electrical safety standards are met during any period when a premises is occupied under a tenancy. Previously this power of the Secretary of State was limited to Private Landlords only. This recent legislative amendment means that the Secretary of State now has the power to make future regulations

relating to electrical safety inspections of Social Housing although no new regulations have been made to date as of yet. A Government Consultation and call for evidence on electrical safety in the social rented sector was published in June 2022 and a proposal for Mandatory checks on electrical installation for social housing at least every 5 years was included as part of this consultation process. The Council therefore need to be prepared for new regulations relating to Social Housing being introduced in the future. Although there is no firm timescale for this it would be prudent for us to be on our way to achieving compliance in this area.

8.3 The Electrical Safety Roundtable is an industry forum for organisations with expertise in electrical safety. In January 2019 the Electrical Safety Roundtable Social Housing Sub-Group published a Code of Practice for Social Landlords. The Code of Practice for the Management of Electrotechnical Care in Social Housing recommends that electrical installations are inspected and tested with an Electrical Installation Condition Report (EICR) produced at least once every 5 years, as well as at change of occupancy.

8.4 The Electrical Safety First, Best Practice Guide '*Electrical installation condition reporting: Classification Codes for domestic and similar electrical installation (issue 6)*' provides the following guidance on carrying out remedial work to ensure the property is safe at the time of the inspection:

'Where, during the course of inspection or testing, a real and immediate danger is found to be present in an installation (from an accessible exposed live part, for example), immediate action will be necessary to make it safe before continuing. However, the discovery of the dangerous condition should still be recorded in the report and classified accordingly. Inspectors should note that, even in domestic premises, Section 3 of the Health and Safety at Work etc Act 1974 and the Electricity at Work Regulations 1989 effectively require them to endeavour to make safe, before leaving site and with the agreement of the user or owner, any dangerous conditions found in an installation.'

8.5 Although at present there is no specific legal requirement equivalent to the 2020 Regulations in place for Landlords of Social Housing the Council and other registered providers of Social Housing do have a number of other legal obligations relating to electrical safety. The primary requirement for registered providers of social housing on electrical safety is contained within sections 10 and 11 of the Landlord and Tenant Act 1985. This includes a requirement to keep electrical installations in repair. In practice this means that landlords have an obligation to rectify faults once notified of them (but it does not include an obligation to inspect installations).

8.6 Under section 9A of the Landlord and Tenant Act 1985 as amended by the Homes (Fitness for Human Habitation) Act 2018 all social and private landlords must ensure that their property, including any common parts of the building, is fit for human habitation at the beginning of the tenancy and throughout its duration. In order to achieve this the Council in its capacity as a

social landlord will need to make sure that each Council Property is free of hazards which are so serious that the dwelling is not reasonably suitable for occupation in that condition. This could include an electrical hazard which makes the property unsafe. The criteria for determining whether a property is unfit for human habitation is set out in section 10 of the Landlord and Tenant Act 1985 (as amended by the Homes (Fitness for Human Habitation Act) 2018).

8.7 The Housing Health and Safety Rating System (England) Regulations 2005 (SI 2005/3208) which establishes the Housing Health and Safety Rating System (HHSRS) came into force in exercise of the powers conferred by sections 2, 4 and 250(2)(a) of the Housing Act 2004 on 6th April 2006. The HHSRS prescribes the categories of hazard and the approach to be adopted by Local Authorities in assessing the seriousness of each hazard. It replaces the fitness standard as the statutory element of the Decent Homes Standard. All homes must be free from any Category 1 hazards including electrical hazards which render a home unfit for habitation. The Council has a duty to comply with the requirements of the HHSRS both in its capacity as a regulator and as social landlord.

8.8 The Council must also comply with certain requirements under the Building Regulations 2010 in relation to electrical safety. The Building Regulation Electrical Safety: Approved Document P contains technical requirements for electrical safety when work is carried out on electrical installations in dwellings. These Part P technical requirements are the BS 7671 Requirements for Electrical Installations which are also known as the Institution of Engineering and Technology (IET) Wiring Regulations. The current version of the IET Wiring Regulations is the 18th edition. These are non-statutory regulations which relate principally to the design selection, erection, inspection and testing of electrical installations. IET Guidance note 2 section 3.7, Table 3.2 provides useful information regarding recommended initial frequencies of inspection of electrical installations. For Domestic accommodation rented houses and flats it recommends that the maximum period between inspections and testing should be 5 years.

8.9 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. 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.

8.10 Section 193 of the Housing and Regeneration Act 2008 (HRA 2008), as amended by 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 the in connection with social housing.'

8.11 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.

8.12 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. 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.

8.13 The 4 new Consumer Standards are:

- **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
- **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.
- **Tenancy Standard** - which sets requirements for the fair allocation and letting of homes and for how those tenancies are managed and ended by landlords.

The new consumer standard relevant to electrical safety inspections and testing is the Safety and Quality Standard.

8.14 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

8.15 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 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

8.16 The Consumer Standards Code of Practice, Health and Safety subheading states at section 18 that , '*As part of delivering this outcome, registered providers must ensure they understand and meet all applicable health and safety legal requirements, including secondary legislation (in relation to, for example, gas safety, fire safety, electrical safety, water safety, lift safety, asbestos safety, smoke alarms and carbon monoxide).*'

8.17 There are consequences for the Council in not carrying out these inspections and tests. For example left untested electrical items in properties can lead to serious injury and death. Electrical faults have the potential to cause a wide range of incidents and accidents including electric shocks, fires and explosions which can not only put lives at risk but can also potentially cause significant property damage both to the property where the fault occurred and to other properties in close proximity to it. There are therefore significant health safety and financial risks to the Council in not carrying out these electrical inspections and test on their properties. This can also place the Council at risk of being subject to regulatory intervention and legal action including the possible risk of prosecution under the Corporate Manslaughter and Corporate Homicide Act 2007 and other health and safety legislation.

8.18 The general power of management of its housing is vested in the Council by virtue of section 21 of the Housing Act 1985. The Council can use the powers under this section, in conjunction with the other statutory and regulatory provisions detailed above, to undertake the proposals set out in this report.

9. Climate and Environmental Implications

9.1 A climate impact assessment has been carried out and identified minimal impacts. This is a statutory compliance area of work so the work must be carried out and will help to ensure that electrical equipment is correctly installed and working efficiently.

9.2 When work commences every effort will be made to reduce travel emissions from operatives and they are encouraged to use public transport where feasible.

10. Other implications

10.1 There are no other implications from this report.

11. Reasons for decision

11.1 The Strategy and Resources Policy Committee is recommended to:

1. Approve the additional revenue budget allocation required within the Housing Revenue Account as set out in sections 2.14, 2.15 and 2.16 of this report.
2. Endorse the proposed approach for the Council to commission two external contractors to deliver the carrying out of five yearly electrical testing and condition reports for domestic Council dwellings let to customers.

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