



Report to Policy Committee

Author/Lead Officer of Report: Janet Sharpe,
Director of Housing

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Report of: *Ajman Ali, Executive Director, Neighbourhoods*

Report to: *Housing Policy Committee*

Date of Decision: *2nd November 2023*

Subject: *Housing Regulation and Sheffield City Council
Response to Regulatory Consultations*

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, what EIA reference number has it been given? <i>(Insert reference number)</i>				
Has appropriate consultation taken place?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>

Purpose of Report:

This report provides the Housing Policy Committee with an overview of the latest national regulatory developments impacting the social housing sector including how we are preparing and responding to proposed changes.

The report also includes our responses to recent Regulatory Consultations (Consumer Standards and Changes to Regulator Fees Regime). These can be found at Appendix 1 and Appendix 2 to this report.

Recommendations:

It is recommended that the Housing Policy Committee: -

1. Notes the content of the report and provides any comments or feedback in relation to regulatory change.
2. Requests that future performance reports to this Committee include a review of risks and issues relating to compliance with the Regulator of Social Housing Consumer Standards.
3. Notes the consultation responses that were submitted and the implications on the Housing Revenue Account that were highlighted.

Background Papers:

Appendix A - Consumer Standards Consultation – Sheffield City Council Draft Response

Appendix B - Consultation on changes to the Regulator of Social Housing’s fees – Sheffield City Council Draft Response

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Helen Damon
		Legal: Rebecca Lambert
		Equalities & Consultation: Louise Nunn
		Climate: Peter Brown
	<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	EMT member who approved submission:	<i>Ajman Ali, Executive Director, Neighbourhoods</i>
3	Committee Chair consulted:	<i>Councillor Douglas Johnson</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: Janet Sharpe	Job Title: Director, Housing and Neighbourhoods Service
	Date: 19 October 2023	

1. Proposal

- 1.1 This report provides an update on regulatory reforms and how we are responding** This report provides the Housing Policy Committee with an overview of the latest national regulatory developments impacting the social housing sector, including how we are preparing and responding to proposed changes. The report also includes the Council's response to recent regulatory consultations (Consumer Standards and Changes to Regulator Fees Regime).
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2. Background

- 2.1 Improving social housing regulation is urgently needed** Over the past few years, several significant and tragic events (Grenfell Tower Fire and the death of Awaab Ishak) have highlighted the need for change within the social housing sector. Government published the Social Housing Green Paper: A New Deal for Social Housing in 2018 and subsequently the Social Housing White Paper/Tenants Charter in 2020, all with the aim of improving how social housing is regulated, including strengthening tenants' rights, and ensuring better quality and safer homes for residents.
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- 2.2 The Social Housing (Regulation) Act 2023 received Royal Assent in July 2023** Building upon this and providing the legal basis for recommended reforms in the White Paper, the Social Housing (Regulation) Act 2023 received Royal Assent on 20th July 2023. The Act introduces many new obligations landlords will have to follow, while giving more powers to the Regulator of Social Housing (RSH) and the Housing Ombudsman. The main objective of the Act is to introduce a new, proactive consumer regulation regime and strengthen the RSH powers in enforcing the consumer and economic standards.
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- 2.3 The Act includes changes that will impact on us as a large social housing landlord** Some of the key areas of the Act that will impact us include:
- Collection of Tenant Satisfaction Measures (TSMs) that will need to be submitted annually to the RSH.
 - Revisions to the existing Consumer Standards ensuring they are robust and fit for purpose.
 - Strengthening the RSH to carry out regular inspections of the largest social housing providers and the power to issue unlimited fines to rogue social landlords.
 - Additional Housing Ombudsman powers to publish best practice guidance to landlords following investigations into tenant complaints.
 - Changes to RSH fee principles
 - Powers to set strict time limits for social landlords to address hazards such as damp and mould.
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- New qualification requirements for social housing managers

2.4 Registered Providers are now preparing for regulatory change	Registered Providers now need to gear up and prepare for regulatory inspections from 2024 and ensure they have robust policies and procedures, and able to evidence this.
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3. Key Changes

3.1 22 Tenant Satisfaction Measures (TSMs) were introduced by the RSH in April 2023. We regularly report our performance on these measures to Members and tenants	<p>In September 2022, following consultation, the RSH published the Tenant Satisfaction Measures Standard. The Standard requires all registered providers to generate and report tenant satisfaction measures (TSMs) as specified by the RSH. The TSMs are a core set of performance measures against which all providers must publish their performance. The main aim of the TSMs is to provide tenants with greater transparency about their landlord's performance and inform the regulator about how a landlord is complying with consumer standards.</p>
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The new requirements came into force in April 2023 with landlords required to start collecting data for the TSMs, ready to submit to the RSH from April 2024. It is expected the first year of TSMs will be published in Autumn 2024.

As a Council, we are already being proactive in publishing our performance against the TSMs. The full set of 22 TSM are now incorporated into the quarterly performance reports that are presented to the Housing Policy Committee for scrutiny by Members. The TSMs are also shared regularly with tenants, both in formal meetings and through our regular tenant bulletins.

3.2 The Regulator issued consultation on a revised set of Consumer Standards over the summer 2023.	<p>The Act provides the Regulator of Social Housing 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 standards that are robust, up to date and fit for purpose. The proposed Consumer Standards are:</p>
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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) will be expected to meet.

A Code of Practice was also published for consultation alongside the Standards to provide RPs with more explanatory information about regulatory expectations.

3.3 Sheffield City Council response to the consultation can be found in Appendix 1	Outcomes of the consultation and the final publication of the new Consumer Standards are expected in early 2024. These standards will then become the basis for regulatory assessments and judgments by the RSH. Sheffield City Council’s response to the RSH was agreed with Members of this Committee and can be found at Appendix 1 to this report.
3.4 The RSH has also consulted on proposals to revise their fees principles which will increase charges to the Council if implemented.	The RSH has also consulted on proposals to revise their fees principles. This is to ensure that their fees principles align with their new powers in the Social Housing (Regulation) Act 2023 and that they have adequate resources to deliver their expanded remit of proactive consumer regulation. The consultation on fees proposed that local authority landlords will pay £7-£8 per property to fund the RSH costs for proactive regulation. The estimated annual cost to SCC would therefore be around £300,000. Non-local authority landlords would be charged a higher fee of £9-£10 per property as they are subject to financial and governance viability regulation which does not apply to local authority landlords. Outcomes of the consultation are expected in early 2024. The Council’s response to the consultation can be found at Appendix 2 to this report and this again was agreed with Members of this Committee.
3.5 Further details of improvements to the ‘professionalisation’ of the housing sector are	A further expectation of the new regulatory framework is that senior leaders within social landlord organisations will be suitably qualified to undertake their roles. Details of what this will mean in practice for organisations have not yet been set out by the RSH. The indications at the

being drafted by the RSH

present time are that the requirement for mandatory qualifications will apply to 'senior housing managers' and 'senior housing executives'. These roles have yet to be defined by the RSH but at this time we anticipate that this will apply to Service Managers and above within Sheffield City Council housing roles.

Details of the level of qualifications required have again not yet been defined. It is difficult to fully evaluate the impact of these changes on the service until further details are set out by the RSH. However, we anticipate that there will be training requirements for some staff within the housing service because of these changes and therefore may be a financial impact on the Housing Revenue Account.

3.6 The Housing Ombudsman supports tenants in resolving complaints against their landlord and their powers to do this will increase over the next few months

The Housing Ombudsman resolves disputes involving landlords and their tenants, shared owners, and leaseholders. The government has increased the Ombudsman's powers to act against landlords where needed and has widened the Ombudsman's powers to investigate potentially systemic issues arising through complaints.

Following the changes made as part of the Social Housing White Paper reforms, the Ombudsman now publishes the outcomes of all individual decisions, as well as an annual report setting out the number and nature of the complaints made against member landlords. It has also set out clear expectations of landlords in its Complaints Handling Code, which sets out good practice that will allow landlords to respond to complaints effectively and fairly, and to learn from complaints to improve their services. The Ombudsman can also now issue Complaints Handling Failure Orders where it finds, through its casework or wider investigations, that landlords are not complying with the Code.

The Ombudsman may refer complaints to the Regulator where it suspects evidence of systemic failure. The Regulator will consider all the information received through complaints and referrals to determine where there has been a wider failing within the landlord's systems or processes that means the landlord has failed to meet the Regulator's standards.

The Ombudsman is currently undertaking consultation on some revisions to its Complaints Handling Code before compliance becomes a statutory requirement in April 2024.

3.7 Further changes

There are still other key areas of reform resulting from the

are still to come

Social Housing (Regulation) Act 2023 that have yet to be finalised by both government and the RSH. Consultation on new property standards, 'Decent Homes 2', further guidance on 'Awaab's law' provisions around damp, mould and condensation and professionalisation are still up for review and there are likely to be other consultations in the pipeline over the next year. The Building Safety Regulator is also now beginning its enforcement of safety standards and again is likely to issue further guidance in 2024.

4. What is the Council doing to prepare?

4.1 Preparations for the new regulatory standards are already underway in Sheffield

Work to prepare for the new regulatory framework began in April this year. A self-assessment has been undertaken internally against the current Consumer Standards to identify areas of strength and weakness. This has subsequently been used to develop an action plan which identifies areas where services need to be developed further to meet the expectations of both tenants and the RSH.

Members will be aware of some of the service improvements that have been brought forward already to this Committee in recent meetings around responsive repairs, disrepair and damp and mould. Several areas of development also feature on the Forward Plan for this Committee including the Tenant Engagement Strategy and revised Repairs Policy.

Officers have also been working with an external housing organisation to review our self-assessment and to support our service improvement work. This validation has been invaluable as it compared service delivery for Sheffield tenants against the standards and expectations of tenants across the country, allowing a better understanding of relative performance.

4.2 The RSH expect the Housing Policy Committee to play a critical role in monitoring performance against the standards

Members of the Housing Policy Committee have a critical role to play in meeting the requirements of the new Consumer Standards. Section 3 of the draft Consumer Standards Code of Practice from the RSH states that:

'Board and councillors of registered providers should have robust mechanisms in place to provide them with assurance that their organisation complies with the Standards'.

As set out in section 3.1 of this report, Housing Policy Committee receive quarterly performance reports on the TSMs. This provides Members with the opportunity to

challenge performance against the required TSMs. Members are asked to consider whether they wish to expand the current format of quarterly performance reporting to include a review of any risks and issues relating to compliance with the final Consumer Standards when these are confirmed by the RSH in 2024. This will allow Members to make more informed choices about improvements for tenants, with reference to government and RSH expectations, in the context of current budget and service pressures. It will also help to discharge the Committee's oversight role with respect to RSH expectations.

5. How does this decision contribute?

5.1 Housing improvement feeds into the broader corporate priorities in several areas	<p>The Council have developed a new set of strategic priorities for 2023/2024 with the intention for these priorities to form the basis of the new medium term Corporate Plan which is currently in development. There are several areas in which housing improvement feeds into broader corporate priorities, and as the new Corporate Plan emerges from the administration priorities, we will continue to monitor and report on how we are performing against broader corporate priorities.</p>
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6. Has there been any consultation?

6.1 Information about the changes has been shared with tenants in Sheffield	<p>The RSH is leading the consultation on the changes outlined in this report and is engaging tenants directly as part of their work. Tenants can respond directly to the RSH to share their thoughts and nationally, a considerable number have done so. Within Sheffield, we have shared details of the consultation with our tenants, enabled our tenants to attend several events where the RSH have presented their proposals and have discussed the impacts locally. Comments from our tenants have been used to develop the overall responses shown in Appendix 1 and 2.</p>
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7 Risk analysis and implications of the decision

7.1 There are no direct Equality implications arising from this report.	<p>Equality Implications There are no direct equality implications arising from this report.</p>
7.2 There are no direct financial implications arising from this	<p>Financial and Commercial Implications There are no direct financial implications arising from this report. However there will be a financial impact on the Council if the proposals on fees and charges set out by the</p>

report	RSH are confirmed. These are set out in paragraph 3.4 of this report and will need to be met through savings within the Housing Revenue Account.
7.3 Legal implications arising from this report	<p>Legal Implications</p> <p>This report provides an overview of the regulatory and legislative changes following the introduction of The Social Housing (Regulation) Act 2023. The Act lays the foundations for changes to how social housing is managed. It includes increased regulation of social landlords and new rules for protecting tenants from serious hazards in their homes. As this report is for noting, there are no additional direct legal implications arising from this report other than those already detailed and explained in sections 2, 3 and 4. Any further legal implications arising out of matters raised in this report will be considered in detail in any future reports to the Housing Policy Committee.</p>
7.4 There are no direct climate implications arising from this report.	<p>Climate Implications</p> <p>There are no direct climate implications arising from this report.</p>
8. Alternative options considered.	
8.1 No other options were considered	No other options were considered as compliance with the regulatory standards and the Ombudsman Complaints Handling Code is statutory from April 2024.
9. Reasons for recommendations	
9.1 The reasons for recommendations are set out opposite	<ul style="list-style-type: none"> • To keep Housing Policy Committee up to date on developments in social housing regulation • To inform the Committee about their role in monitoring compliance against the proposed Consumer Standards • To discharge the Committee’s oversight role with respect to RSH expectations.

Appendix A - Consumer Standards Consultation – Sheffield City Council Draft Response

Consultation closes: 17th October 2023 6pm

[Consultation on the consumer standards - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

1. Overall, do you agree that the proposed Safety and Quality Standard sets the right expectations of landlords, as set out in Chapter 6 of the consultation document?

Overall, we agree the proposed Safety and Quality Standard sets the right expectations of landlords.

However, in relation to the structure of all the proposed Standards, we feel the structure of the outcomes and specific expectations is confusing and doesn't support a clear understanding of what is required from Registered Providers. This also makes it difficult when reading across to the Code of Practice for further guidance in this area. It would be better to have a combined outcome/expectation with a consistent numbering system that reads across to the Code of Practice. This would make it easier for Registered Providers to gain a better and clearer understanding.

In addition to the above comments in relation to the structure, we would also like to provide some further comments specific to aspects within the Safety and Quality Standard.

In relation to the Health and Safety outcome and expectations, we agree with and acknowledge the importance of having in place all the statutory health and safety requirements to ensure tenants living in our homes are safe. Issues with accessing some properties can result in not being compliant in this area, sometimes this is due to tenants not allowing the assessments or work to be completed. Accessing properties in these situations can often be lengthy as there may be a range of factors such as tenants who are vulnerable and who may have complex needs, as well as gaining court orders to enable enforcement can also take time. Although we will explore every option in these cases, it does create an extra challenge for Registered Providers. It is also important to stress that in these situations Registered Providers require the co-operation of tenants to work with us to comply and that as the occupant they are also accountable (especially if they are not co-operating working with Registered Providers).

We welcome the removal of the 'right first time' repairs objective as we feel this will give Registered Providers more flexibility in ensuring that repairs are still completed in an efficient and timely way but that we are also able to manage tenant expectations in relation to completion timescales.

We appreciate that the Code of Practice does expand on some of the wording in the Standard, but better definition of terms such as 'accurate' and 'up to date' would be welcomed. This is going to be key evidence for any judgement and greater clarity would aid Providers understanding about what is required.

We would also welcome a collaborative approach between the Regulator of Social Housing and the Building Safety Regulator to provide clarity and agreement on cross cutting areas of regulation.

2. Overall, do you agree that the proposed Transparency, Influence and Accountability Standard sets the right expectations of landlords, as set out in Chapter 7 of the consultation document?

Overall, we agree the proposed Transparency, Influence and Accountability Standard sets the right expectations of landlords. However, we feel several of the proposed outcome areas within this Standard are repetitive and overly wordy. Consideration could be given to merging 1.1 and 1.2 of the required outcomes as well as 2.2.1, 2.2.2, 2.2.3, 2.2.5 of the specific expectations. Further detail would be better placed in the Code of Practice instead.

3. Do you agree that the proposed Transparency, Influence and Accountability Standard accurately reflects the government's 'tenant involvement' direction to the regulator?

Agree

4. Overall, do you agree that the proposed Neighbourhood and Community Standard sets the right expectations of landlords, as set out in Chapter 8 of the consultation document?

Overall, we agree the proposed Neighbourhood and Community Standard sets the right expectations of landlords.

However, as a large Local Authority, our experience in relation to the maintenance of shared spaces and local co-operation can be challenging. Many of our traditional council housing estates are now of mixed tenure because of Right to Buy, with estates made up of a mix of council tenants, leaseholders, private tenants and owner occupiers. Some areas also include other Registered Provider homes such as Housing Associations being in proximity. This can be challenging not only for us a landlord but also can be difficult for our tenants to grasp an understanding of who is responsible for what especially in terms of shared communal spaces but also were there other issues such as anti-social behaviour and waste management.

As a Local Authority provider, we often find it will be ourselves who are asked to deal with these issues or rectify problems when often it may be the lead responsibility of others. This places an additional burden on our services and finances. We therefore do welcome ways in which the Standards can help improve better partnership working with stakeholders, but also more clarity about how the Regulator will take this into account when assessing TSM performance and compliance with the Standards.

5. Overall, do you agree that the proposed Tenancy Standard sets the right expectations of landlords, as set out in Chapter 9 of the consultation document?

Overall, we agree the proposed Tenancy Neighbourhood and Community Standard sets the right expectations of landlords. However, it does have a very different feel in comparison to the other Standards with a lot of technical detail in the specific expectations which won't apply to all Registered Providers. This is perhaps something that could be included in the Code of Practice instead.

6. Do you agree that the proposed Tenancy Standard accurately reflects the government's 'mutual exchange direction' to the regulator?

Agree

7. The proposed Code of Practice is designed to help landlords understand how they can meet the requirements of the standards. Do you agree that the proposed Code of Practice meets this aim?

Overall, we agree the Code of Practice meets this aim and is helpful to have as a guide and does help to exemplify the expectations. However, the Code of Practice is confusing and would be much clearer if it was aligned better against the outcomes and specific expectations within each of the Standards – rather than using a numerical numbering system. In its current form, it feels confusing and must constantly refer to the Standards and then back to the Code of Practice and try to read across the documents.

8. A draft Regulatory impact assessment has been produced to help in understanding the costs, benefits and risks of introducing a revised set of consumer standards and code of practice. Do you agree with our conclusions in the draft Regulatory impact assessment?

Disagree. As a Council, we absolutely welcome the new Consumer Standards and recognise the benefits that these will bring for tenants in the City. However, we feel that the Regulatory impact assessment underestimates the costs of understanding and responding to the changing regulatory environment, particularly in a large and complex local authority landlord. It has been important as part of responding to this consultation to raise awareness with 38,000 tenants, 84 Members and over 1,000 staff which has taken considerable time and resources, over and above the estimates in this assessment. Implementing the standards will equally impose significant costs on the Council at a time when all budgets are under pressure, although ultimately, we acknowledge the positive impact on our tenants.

9. The draft Equality impact assessment looks at what effects introducing the consumer standards might have on members of groups that are protected by equality laws. Do you agree with our conclusions in the draft Equality impact assessment?

No comment

Appendix B - Consultation on changes to the Regulator of Social Housing's fees – Sheffield City Council Draft Response

Consultation closes: 31st October 2023

[Consultation on fees - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

The Regulator of Social Housing is consulting on proposed changes to its fee principles and levels in line with recent legislative and government requirements.

1. Do you agree with our proposed approach to setting initial registration application fees?

Agree

2. Do you agree with our proposed approach to setting annual fees for large private registered providers?

Agree

3. Do you agree with our proposed approach to setting annual fees for large local authority registered providers?

Disagree.

As a Council, we absolutely welcome the new Consumer Standards and recognise the benefits that these will bring for tenants in the City.

However, we are concerned at the level of fees for large local authority registered providers and believe that the costs of improved regulation should be met by the Government. The proposed fee of £7-8 per unit for a large local authority provider would mean an additional budget pressure of around £300,000 for Sheffield City Council. This is an effective cut, once again, to funding for council housing at a time when our tenants need us to maximise the support available.

The costs of regulation would be funded from HRA income (so income provided from tenants' rents) and would mean that less money would be available to deliver crucial tenant services. This is in addition, to the fees for other agencies, for example the Housing Ombudsman, which are only slightly lower. This means that we have less money available to deliver improvements in service standards at a time when government, Regulator and tenant expectations are on the increase.

We are also concerned at the relatively small unit difference in fee proposals between private register providers and local authority registered providers. The fee structure would indicate that the economic regulatory activities that the RSH undertake for private registered providers only cost £2 per unit – the difference in the fee proposals for providers. We would suggest that the fee structure is made more transparent and based on the different types of regulation. This could be

done through a standard fee for consumer regulation with an additional charge for private registered providers subject to economic regulation.

4. Do you agree with our proposed approach to setting annual fees for small private registered providers?

We agree with small private registered providers having to pay a fixed fee that reflects the reduced engagement with providers. However, we do feel that the level of this fee should be sufficient to cover the costs of the activity rather than expecting the residual costs to be picked up by larger providers.

5. Do you agree with our proposed approach to setting annual fees for small local authority registered providers?

Disagree

As a large local authority provider who will be subjected to a large fee for regulation, we feel that smaller local authority providers should have to also pay a fee. If they are not charged a fee, then this will result in larger authorities, subsidising costs of regulation incurred by them. We accept that this fee should reflect the lower engagement with providers however there should be some consistency applied to the lower fee structure for small private registered providers. Larger authorities should not be expected to pick up the residual costs of this activity.

6. Do you agree with our proposed approach to setting annual fees for groups where the parent is a private registered provider?

Agree

7. Do you agree with our proposals for publishing information annually on our costs and fees?

Agree. We feel that this is essential for transparency and should provide information on the different levels of engagement with different sized providers across both economic and consumer regulation.

8. Do you agree with our proposed approach to continuing the Fees and Resources Advisory Panel?

Agree

9. Do you have any comments on our business engagement assessment or the impact of our proposals on equality and diversity?

No comment