



Report to Policy Committee

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Report of: *Ajman Ali*

Report to: *Housing Policy Committee*

Date of Decision: *20 June 2024*

Subject: *Approval to utilise £4.5m of the Housing Revenue Account funding for Stock Condition Surveys and appraisal work.*

Type of Equality Impact Assessment (EIA) undertaken	Initial <input type="checkbox"/>	Full <input checked="" type="checkbox"/>
Insert EIA reference number and attach EIA	2728	
Has appropriate consultation/engagement taken place?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Purpose of Report:

The current level of Council housing stock with full stock condition information is less than 50%. A number of council housing estates have been identified as requiring major investment and therefore there is now a requirement to undertake more detailed stock surveys and investment appraisal work.

The proposal seeks approval to utilise £4.5m of the Housing Revenue Account funding in order to commission circa 15,000 Stock Condition Surveys and associated stock appraisals by the end of the 2025/26 financial year.

Recommendations:

The Housing Policy Committee is recommended to:

Approval to utilise £4.5m of the Housing Revenue Account funding in order to commission circa 15,000 Stock Condition Surveys and associated stock appraisals by the end of the 2025/26 financial year.

Background Papers:

N/A

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.	Finance: <i>Helen Damon</i>
		Legal: <i>Rebecca Lambert</i>
		Equalities & Consultation: <i>Louise Nunn</i>
		Climate: <i>Sustainability Team</i>
	<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	SLB member who approved submission:	Ajman Ali
3	Committee Chair consulted:	Douglas Johnson
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 SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: Dean Butterworth	Job Title: Head of Investment and Maintenance
	Date: 04/06/2024	

1. PROPOSAL

- 1.1 The proposal seeks approval to utilise £4.5m of the Housing Revenue Account funding in order to commission circa 15,000 Stock Condition Surveys and associated stock appraisals over the next 2 years.
- 1.2 There is a 'requirement' from the Regulator of Social Housing for Registered Providers including local authorities to understand their stock, how it performs and how it uses multiple information sources to determine investment needs and priorities.
- 1.3 The current position is that just under 50% of the Sheffield City Council's (the Council) housing stock has received full stock condition surveys, including energy performance assessments (typically known as EPCs) and Housing Health and Safety Risk System (HHSRS) surveys). It is anticipated that this figure will rise to 90% minimum by the end of the 2025/26 financial year.
- 1.4 A number of the existing surveys are currently considered to be 'out of date' as these are older than 5 years. Over the recent 5 years, there has been significant investment in the Council housing stock through both the capital investment programme and the revenue repairs service.
- 1.5 The Housing Revenue Account business plan (HRA BP) is reviewed annually to identify upcoming and future investment needs of the housing stock. This is undertaken through data analysis based on stock condition surveys, energy performance assessments, HHSRS (Housing Health and Safety Rating System) data in addition to collection of information and data from key stakeholders including, but not limited to, the inhouse Repairs provider and neighbourhood teams. This proposal will inform both the Council's Housing Revenue Account Business Plan and wider Council Business Plans going forward.
- 1.6 Given the drivers to improve the condition of the stock to meet the council's statutory obligations and to deliver health and safety, decent homes and the Net Zero commitments, there is a need to take a data driven robust approach to developing future investment proposals for the housing stock.
- 1.7 It is therefore proposed to commission additional surveys to circa 15,000 housing properties with associated stock appraisals by the end of the 2025/26 financial year.
- 1.8 The Council, as a responsible landlord is obliged to meet its statutory obligation in providing safe, decent and warm homes for its tenants.

2. HOW DOES THIS DECISION CONTRIBUTE ?

- 2.1 The proposals will contribute to the Council's Corporate Plan outcome of 'Great neighbourhoods where people are happy to call home and seek to deliver against the priorities that have been identified over the next 4 years within the plan of.
- Increase the availability, quality and range of housing in our neighbourhoods.
 - High quality neighbourhoods which are clean, green, resilient and safe, and where people can live healthy lives.
- 2.2 The proposals seek to provide the Council a more accurate understanding of the condition of its housing stock and therefore target required investment to where this is needed most. In turn this will inform the HRA BP which addresses inequity and condition differentials within the housing stock.
- 2.3 Full stakeholder consultation will be undertaken as part of the surveying and any stock appraisals as part of our data gathering to ensure that the process is inclusive and accessible to all. This will be underpinned through the actions identified within the Equality Impact Assessment to maximise positive customer experience throughout. Any climate impacts will be identified as part of property investment appraisals.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 Consultations with stakeholders will be undertaken prior and during surveys and stock appraisal data gathering work through a variety of approaches including, but not limited to, meetings and workshops with all relevant stakeholders.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

- 4.1.1 The EIA has identified that the project proposals will have a positive impact on tenants with a wide range of needs based on the protected characteristics listed. A number of actions have already been identified that will address all impacts identified including methods of engagement and communication, use of translation services, surveying contractor obligations under the contract, setting out the council's zero tolerance policy within the surveying contract documents of any level of discrimination, gathering of tenant profiles to support tailoring our services delivered through this project to customer needs. A significant number of these actions are already in place and these will be reviewed periodically with the Equality Lead officer to ensure continual inclusion and equality is applied throughout the delivery of

the project and updated to include how this will impact on the protected characteristics.

- 4.1.2 The Council has legal requirements under the Equality Act 2010, including the Public Sector Equality Duty. This requires that public authorities must, in the exercise of their functions, have due regard to the need to:
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is connected to protected characteristics and prohibited by or under this Act;
 - (b) advance equality of opportunity between those who share a relevant protected characteristic and those who do not;
 - (c) foster good relations between those who share a relevant protected characteristic and those who do not.

4.2 Financial and Commercial Implications

- 4.2.1 We will reduce the revenue contribution to the Capital Programme, to allow for the Revenue Budget for the Stock Condition Surveys and Appraisals to be established. Overall, there will be no impact on the HRA financial position, however, investing in good stock condition data will improve decision making and associated value for money for future capital investment.
- 4.2.2 Investing in good stock condition information will improve decision making for future capital investment in the council housing stock
- 4.2.3 The contract(s) will be competitively procured, ensuring compliance with the Public Contracts Regulations 2015 and must also comply with the Council's Contract Standing Orders.

4.3 Legal Implications

- 4.3.1 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 Act also provides the Regulator of Social Housing with the additional powers needed to deliver an enhanced consumer regulation role.
- 4.3.2 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.

4.3.3 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.'

4.3.4 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.

4.3.5 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. 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.

4.3.6 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.

4.3.7 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.

- 4.3.8 The stock quality specific expectation under the Safety and Quality Standard goes onto state at section 2.1:

‘2.1 Stock quality

2.1.1 Registered providers must have an accurate record at an individual property level of the condition of their homes, based on a physical assessment of all homes and keep this up to date.

2.1.2 Registered providers must use data from across their records on stock condition to inform their provision of good quality, well maintained and safe homes for tenants including:

- (a) compliance with health and safety legal requirements
- (b) compliance with the Decent Homes Standard
- (c) delivery of repairs, maintenance and planned improvements to homes, and
- (d) allocating homes that are designed or adapted to meet specific needs appropriately.’

- 4.3.9 It is therefore necessary for the Council to undertake stock condition surveys on its housing stock and to use this data to plan and inform its future investment requirements in order to comply with the requirements of the new Safety and Quality Standard.

- 4.3.10 The Decency outcome of the Safety and Quality Standard also requires that all Local Authorities and Social Landlords must ensure the Housing they provide meets the minimum requirements of the Decent Home 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

- 4.3.11 The Customer Standards Code of Practice states at section 11 that, *‘...Registered providers should assess the condition of homes frequently enough and in sufficient depth to maintain their assurance on their quality and safety. Appropriate frequency and depth will be influenced by a range of factors, including but not limited to, property age, construction, and archetypes as well as data from complaints and reports from repairs and maintenance programmes. For some registered providers a five-year rolling programme of stock control surveys across all homes might be appropriate; however for some*

registered providers or for some homes, more frequent assessments might be needed, for example where there are high levels of response repair requests or recurring problems which might be indicative of wider issues.'

- 4.3.12 It is also critical that the Council is able to effectively manage its stock in order to avoid any breaches of obligations under the following pieces of legislation detailed below.

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. 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. Section 11 of the Landlord and Tenant Act 1985 sets out the Landlords repairing covenants which are to (a) to keep in repair the structure and exterior of the dwelling-house, (b) to keep in repair and proper working order the installations in the dwelling-house for the supply of water, gas and electricity and for sanitation, and (c) to keep in repair and proper working order the installations in the dwelling-house for space heating and heating water.

The Housing Health and Safety Rating System (England) Regulations 2005 (SI 2005/3208) which establishes the 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 Home Standard. By focusing on potential hazards, it places emphasis directly on the risk to health and safety. The HHSRS uses a formula to generate a numerical score which allows comparison of the full range of hazards. This, together with the simple but logical approach of assessing both the likelihood and harm outcome allows the comparison of highly likely minor hazards and very unlikely major ones. The Council has a duty to comply with the requirements of the HHSRS both in its capacity as a regulator and as social landlord.

- 4.3.13 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. Where further decision making is required in order to implement any aspects of the proposals set out in this report additional legal implications may arise which will be

considered and included as part of any individual additional reports where appropriate.

4.4 Climate Implications

4.4.1 There are no direct climate implications from the proposals set out within this report. The proposal is to commission 15,000 Housing properties stock condition surveys and stock appraisals to better inform the HRA BP Investment plans and outcomes. It is likely that the proposals and recommendations once implemented will have a positive impact on carbon reduction as surveys identify options for increasing the energy efficiency of the housing stock with a view of an overall aim to also address carbon reduction measures. Until the data is collated this is not entirely known.

4.4.2 It is worth noting that undertaking additional energy assessments may also lead to the change in the energy profile of some of the housing stock, where this is the case this will inform the investment needs identified and be reflected in future investment proposals.

4.5 Other Implications

4.5.1 There will be a need to manage and resource these proposals over the next 2 years. This will be subject to the normal resource approval requests.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 The alternative option considered was to maintain delivering the Stock condition, energy performance and HHSRS surveys at the current rate of delivery (circa 6500 surveys per annum) and continue to undertake stock appraisal work within the existing resources available within the Housing Services Asset Management team, however it would take significantly longer to get to the position which provides the Council a more accurate and up to date position on the investment need

5.2 It is likely to take over 4 years without the proposals set out within this paper. This would pose a high risk of delays to assessing and completion of appraisals to the housing stock and subsequently risking the council's ability to deliver against the priorities as set out in the report above in a timely manner.

5.3 Therefore, this option is not recommended as a way forward.

6. REASONS FOR RECOMMENDATIONS

6.1 Approval to utilise £4.5m of the Housing Revenue Account funding in order to commission circa 15,000 Stock Condition Surveys and associated stock appraisals by the end of the 2025/26 financial year.

This will enable the Council to have a better understanding of its stock investment requirements and reflect future investment decisions within the 30-year Housing Revenue Account Business Plan.

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