



Report to:	STOCKPORT HOMES MEMBER COMMITTEE		
	04 July 2022		
Report of:	ASSISTANT CHIEF EXECUTIVE		
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Type of Report	Assurance		
Title of Report:	REGULATORY STANDARDS COMPLIANCE ASSESSMENT 2021-22		
Purpose of Report:	To provide assurance to Member Committee that the Council owned stock is meeting the applicable Regulatory Standards set out by the Regulator of Social Housing.		
Recommendation(s):	That Member Committee take assurance from the Regulatory Compliance Assessment in relation to Council owned stock.		
Confidentiality	Non-Confidential		
Resource Implications	The Management Fee provided to Stockport Homes enables effective management and maintenance of the Council owned stock, in line with the Regulatory Standards.		
Impact on Risk Appetite and Risk Register	SHG has a 'Minimal' risk appetite in relation to its reputation and relationships with key stakeholders, including with the Regulator. This is not an area where SHG seeks to take risk and this report outlines how SHG complies with the current regulatory requirements.		
	Risk Number	Risk Description	Risk Mitigation
	10	SHG is not adequately prepared for the requirements of the Regulator for	This is mitigated by <ul style="list-style-type: none"> ensuring understanding

		Social Housing (RSH) when it becomes a Large Provider (1,000+ units owned by Stockport Homes)	of the requirements of the Regulator <ul style="list-style-type: none"> • monitoring the impact of any changes in social housing regulation • understanding the implications arising from the Social Housing White Paper and keeping the regulation self-assessment up to date.
Customer Voice	Customer Voice hasn't directly impacted on the contents of this report; however, the report does outline how SHG complies with the requirements of the Consumer Standards, of which customer involvement and engagement is a key factor.		
Equality, Diversity & Inclusion implications	There are no equality & diversity implications arising from the recommendations of this report.		
Regulatory compliance	This report enables Members to take assurance that SHG's management of the Council owned stock is in line with the requirements of the Regulatory Standards.		

1 INTRODUCTION

- 1.1 This report details the compliance self-assessment undertaken annually by Stockport Homes in relation to the Regulatory Standards published by the Regulator of Social Housing (RSH). This provides assurance to both Stockport Homes Board and to the Member Committee that these Standards are being met.
- 1.2 The self-assessment underpins the positive and open relationship that Stockport Homes and Stockport Council have, ensuring the Standards are met and exceeded.

2 THE REGULATORY FRAMEWORK

- 2.1 The Regulatory Framework came into effect on 1 April 2015 and covers two distinct themes: Economic Standards and Consumer Standards.
- 2.2 There are seven separate Standards in the Regulatory Framework:

Economic Standards:

- Governance and Financial Viability
- Value for Money
- Rent

Consumer Standards:

- Tenant Involvement and Empowerment
- Home
- Tenancy
- Neighbourhood and Community

How the Regulatory Framework Applies to Local Authorities

- 2.3 The Governance and Financial Viability and the Value for Money Standards do not apply to Local Authorities. The Rent Standard and all four of the Consumer Standards do apply to Local Authorities and this report will focus on these standards.
- 2.4 Regulation against the Economic and the Consumer Standards currently differs, with assurance currently being actively sought by the Regulator as to how the Economic Standards are being met via In-Depth Assessments (IDA). As Local Authorities are not subject to the Governance and Financial Viability or the Value for Money Standards, they are not subject to the IDA process and do not receive Regulatory Judgements like Registered Providers do¹.

¹ If a Local Authority is found to be in breach of the Rent Standard or any Consumer Standards, the Regulator can issue a Regulatory Notice against them for the breach

- 2.5 Performance against Consumer Standards is not currently being actively monitored by the Regulator and there will only be regulatory intervention where there is a risk of 'serious detriment' to tenants or potential tenants². However, the Social Housing Regulation Bill will bring about changes to the approach to regulation of Consumer Standards with more proactive regulation of Consumer Standards.

How the Regulatory Framework Applies to Stockport Homes Owned Stock

- 2.6 The Economic Standards apply to all Registered Providers (RP). Stockport Homes (the ALMO) is an RP for the units of stock that it owns in its own right³, but not for the significantly larger volume of stock that it manages on behalf of Stockport Council. Once Stockport Homes owns more than 1,000 units⁴, it will become a Large Provider.
- 2.7 The Regulator focuses its risk-based engagement system on Large Providers. For those Small Providers that own fewer than 1,000 units, like Stockport Homes, they are regulated with a lighter touch⁵. This includes, as a minimum, a review of:
- Annual accounts audited or reviewed by an independent accountant, if appropriate
 - Auditor's management letter (not required if accounts are independently reviewed), and
 - A shortened regulatory return⁶ and any notifications about disposals or constitutional changes.
- 2.8 In practice, Stockport Homes' own regulatory engagement has been limited to submission of annual accounts, which contain a statement on Value for Money and the metrics used, and an annual Statistical Data Return. The Regulator uses this information to gain assurance about Stockport Homes' compliance with the Regulatory Framework and will only perform follow-up activity if these highlight any areas of concern.
- 2.9 The Regulator will only take an interest in how Stockport Homes is complying with the Consumer Standards if there is a suspected or actual case of 'serious detriment'.

3 THE SOCIAL HOUSING REGULATION BILL

- 3.1 As outlined in the Social Housing White Paper (which was published in November 2020), there will be changes made to the powers of the Regulator and thus the Regulatory Framework. Legislative changes are required and

² Serious detriment is defined by the regulator in Annex B the 'Regulating the Standards' document - <https://www.gov.uk/government/publications/regulating-the-standards>

This is expected to happen when the data return is submitted for 2023-24 in May 2024⁴

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these will be forthcoming via the Social Housing Regulation Bill, which was noted in the Queen's Speech of May 2022.

3.2 The changes can be summarised as follows:

- Review of Consumer Standards and development of Codes of Practice
- Removal of the 'serious detriment' test for Consumer Standards and more proactive regulation of these Standards
- Identification of person(s) with overall responsibility for the Consumer Standards
- More regular inspection regime for Registered Providers and Local Authorities

3.3 It is expected that these will be in place when Stockport Homes becomes a Large Provider and so will form part of the regulatory approach. This may coincide with the time that Local Authorities also become subject to more proactive regulation of social housing.

3.4 The Regulator has released some information about its intended new Consumer Regulation regime. The Consumer Regulation Review will establish key principles upon which new Standards will be developed to ensure positive outcomes for tenants, these will be for the Consumer Regulation approach to be co-regulatory, proportionate, risk based, assurance based, and outcome focussed. Consultation with a range of stakeholders is yet to formally take place however a Sounding Board of tenants has been created.

3.5 The Regulator has published draft Tenant Satisfaction Measures which it has consulted the sector on. The indicative new Consumer Standards are expected to be framed around:

- Safety
- Quality
- Neighbourhood
- Tenancy
- Transparency, and
- Engagement and Accountability.

3.6 Stockport Homes has reviewed the proposals and submitted a supportive response. Most measures are already collected and the current measures will be reviewed and changes implemented once the final set of measures are published.

4 COMPLIANCE SELF-ASSESSMENT

4.1 A full compliance assessment against all of the Regulatory Standards has been undertaken by SHG for the whole business. This was reported to SHG's Board in March 2022. **Appendix One** provides the self-assessment for those Standards which apply to Local Authorities and is provided to give Member Committee assurance on compliance.

- 4.2 The self-assessment shows that there is full compliance in all areas of the Regulatory Framework. In some areas, work is ongoing that would see SHG going above and beyond the requirements of the Standards. The self-assessment is updated quarterly, after each cycle of Board meetings, to ensure it remains up to date and accurate.
- 4.3 Some key changes from the 2020-21 self-assessment compared to 2021-22 include:
- Changes to customer service delivery including more digital service provision
 - Changes to customer feedback approach and reporting back to customers
 - Inclusion of information about the new Equality, Diversity and Inclusion Strategy
 - Details on the approach to managing damp / mould / condensation
 - Amendments to the suite of Tenancy Change Policies
 - SHG's involvement in development of the new ASB Standards with Resolve

5 CONCLUSION

- 5.1 This report outlines how Member Committee can take assurance that Stockport Homes is complying with the Regulatory Standards which have been issued by the Regulator of Social Housing. It also notes the changes that are taking place around the future approach to regulation, some of which are still unknown at this time.
- 5.2 The self-assessment process is a key part of this approach and enables those charged with the governance and oversight of SHG to be assured that the Regulatory Standards are being complied with and be able to certify compliance.

6 RECOMMENDATIONS

- 6.1 That Member Committee take assurance from the Regulatory Compliance Assessment in relation to Council owned stock.