



Report to:	<b>STOCKPORT HOMES MEMBER COMMITTEE</b>		
	03 July 2023		
Report of:	<b>ASSISTANT CHIEF EXECUTIVE</b>		
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Type of Report	Assurance		
Title of Report:	<b>REGULATORY STANDARDS COMPLIANCE ASSESSMENT 2022-23</b>		
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	This is mitigated by:

		the Regulator for Social Housing (RSH) when it becomes a Large Provider (1,000+ units owned by Stockport Homes)	<ul style="list-style-type: none"> <li>• ensuring understanding of the requirements of the Regulator</li> <li>• monitoring the impact of any changes in social housing regulation</li> <li>• understanding the implications arising from the Social Housing Regulation Bill and keeping the regulation self-assessment up to date.</li> </ul>
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 that apply to Local Authority owned stock.		

# 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<sup>1</sup> 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 – CURRENT APPROACH FOR LOCAL AUTHORITIES

- 2.1 The Regulatory Framework 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

### **Application to Stockport Council Owned Stock**

- 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 compliance with 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

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<sup>1</sup> The SHG Board approved the full self-assessment at their meeting on 20 March 2023.

or the Value for Money Standards, they are not subject to the IDA process and do not receive Regulatory Judgements like Registered Providers do<sup>2</sup>.

- 2.5 Performance against the 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 tenants<sup>3</sup>. However, the Social Housing Regulation Bill<sup>4</sup> will bring about changes to the approach to regulation with more proactive regulation of Consumer Standards

### **Application 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 right<sup>5</sup>, but not for the significantly larger volume of stock that it manages on behalf of Stockport Council. Should Stockport Homes be in a position where it owns more than 1,000 units, then it will become a Large Provider and be subject to increased regulatory oversight, including the need for an IDA.
- 2.7 The Regulator focuses its risk-based engagement system on Large Providers, who own more than 1,000 units. For those Small Providers that own fewer than 1,000 units, like Stockport Homes, they are regulated with a lighter touch<sup>6</sup>. This includes 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 return<sup>7</sup> and any notifications about disposals or constitutional changes.
- 2.8 In practice, Stockport Homes' 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<sup>8</sup>. 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.

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<sup>2</sup> If a Local Authority (LA) is found to be in breach of the Rent Standard or any of the Consumer Standards, then the Regulator will issue a Regulatory Notice against that LA

<sup>3</sup> Serious detriment is defined by the regulator in Annex B the 'Regulating the Standards' document - <https://www.gov.uk/government/publications/regulating-the-standards>

<sup>4</sup> Which is due to receive Royal Assent in the near future and become the Social Housing Regulation Act

<sup>5</sup> As at 31.12.2022, SHL owned 810 units (483 rented, 21 supported housing and 306 leasehold / shared ownership)

<sup>6</sup> See paragraph 2.1, page eight and Annex One of the 'Regulating the standards' document - <https://www.gov.uk/government/publications/regulating-the-standards>

<sup>7</sup> Known as NROSH+

<sup>8</sup> SHG also provides the Council with relevant data to enable them to complete the Local Authority Return (LADR)

- 2.9 The Regulator will only currently take an interest in how the Consumer Standards are being met if there is a suspected or actual case of ‘serious detriment’.

### **3 COMPLIANCE SELF-ASSESSMENT**

- 3.1 A full compliance assessment against all the Regulatory Standards has been undertaken by SHG for the whole business. **Appendix One** provides the self-assessment for those Standards which apply to Local Authorities and is provided to give Member Committee assurance on compliance
- 3.2 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 beyond the requirements of the Standards.
- 3.3 Some key changes from the 2021-22 self-assessment compared to 2022-23 include:
- A new Asset Management Strategy has been approved which has been referenced in the Home Standard section
  - More information provided about SHG’s approach to management of damp, mould, and condensation cases
  - Information has been provided about work ongoing to comply with the new requirements relating to Smoke and Carbon Monoxide detectors. Current work plans indicate that full compliance with the new Regulations will be achieved by 31 December 2023, thereby satisfying the Regulator’s expectations that Providers have plans in place to ensure compliance in a prompt and timely way.
  - Given the recent regulatory focus on stock condition information, additional assurance has been provided in the self-assessment. An independent external validation survey (Dec 2022) found the stock data to be 98% accurate within a 2-year life cycle estimate. SHG’s focus is on renewing stock condition information to ensure that no stock data is over five years old.

### **4 CHANGES TO THE REGULATORY APPROACH**

- 4.1 As detailed in the Social Housing Regulation Bill, and referenced above, there will be changes made to the powers of the Regulator and thus the Regulatory Framework. This includes the introduction of proactive consumer regulation (which will include Local Authority owned stock).
- 4.2 The Regulatory will publish new Consumer Standards. The draft titles are as follows:
- Safety
  - Quality
  - Neighbourhood
  - Transparency

- Engagement and Accountability
  - Tenancy
- 4.3 The Regulator has stated that the new regime will be consulted on during 2023, with the aim of it being in place from 1 April 2024. This new regime will see RPs with over 1,000 units and Local Authorities that own housing stock having a proactive inspection, once every four years, in relation to compliance with the new Consumer Standards. There are a few pilots of Consumer Standards regulation ongoing which will inform and shape the Regulator's approach and plans.
- 4.4 It is currently unknown how the Regulator will select the Local Authorities it will inspect under Consumer Regulation and where Stockport fits into those plans.
- 4.5 During 2023, SHG will prepare for the potential to be included in proactive inspections during 2024-25 unless further information released indicates otherwise. Furthermore, the self-assessment for 2023-24 will take into account the new Consumer Standards and require more assurance from service areas in relation to compliance, to ensure full preparation for the new Consumer Regulation regime.

## **5 TENANT SATISFACTION MEASURES**

- 5.1 The Regulator has also introduced Tenant Satisfaction Measures (TSMs) which SHG is collecting for all stock from 1 April 2023 and will be required to report to the Regulator from 1 April 2024. The TSMs relate to areas of foremost importance to tenants, such as repairs, safety checks and complaints.
- 5.2 The introduction of TSMs is a critical step for the Regulator, in creating a new system for assessing how well social housing providers are doing at providing good quality homes and services. It is also a critical step for the sector, to publicise their performance against the measures and use this information to continually improve services based upon tenants' views and feedback. It is anticipated that the Regulator will use them to inform decisions around their consumer regulation proactive inspection regime and are likely to use TSMs to assess potential risk and thus where to inspect first.
- 5.3 The measures will be reported to the Regulator for the first time at the close of the 2023-24 financial year. Some of the measures, such as those covering health and safety, are already covered by SHG's corporate indicators. Current data collection methods are being adapted to ensure they meet the new definitions provided by the Regulator.
- 5.4 The perception based TSMs, which focus on tenant satisfaction with services, will be collected via a digital form at Current Tenant Visits. The Regulator have been prescriptive about how the questions should be delivered and have provided technical guidance to support the development process. Each question will include supplementary questions, to enable collection of qualitative feedback to support service improvement opportunities throughout the year.

- 5.5 All feedback collected will be analysed on a real-time basis via an interactive performance dashboard, which will in turn support the delivery of continual improvements. This dashboard will be available to all Service Managers to interrogate on an ongoing basis, enabling a responsive approach to feedback. It will ensure Stockport Homes can dynamically assess statistical representativeness in line with the Regulator's requirements so that assurance is obtained that outcomes are statistically valid.

## **6 THE ROLE OF STOCKPORT COUNCIL**

- 6.1 Stockport Council as stock owners, will become the 'Responsible Person' for the Consumer Standards for their owned stock and consequently will need to be given assurance by Stockport Homes that all requirements are fulfilled. This self-assessment report is a key component. The formal Council Liaison arrangements, as part of the Management Agreement, have recently been reviewed which is another significant aspect to the oversight arrangements in place.
- 6.2 The Director of Place Management at the Council (Mark Glynn) will take the role of Accountable Person for Consumer Regulation. An Assurance Committee with the Council will be set up to provide oversight and assurance around regulatory compliance.

## **7 CONCLUSION**

- 7.1 This report outlines how Member Committee can take assurance that Stockport Homes is ensuring compliance with the Regulatory Standards for all stock that it owns and managed. It also notes the changes that are taking place around the future approach to regulation, some of which are still unknown
- 7.2 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.

## **8 RECOMMENDATIONS**

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