



Regulator of
Social Housing

Reshaping consumer regulation

Our implementation plan

January 2023



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Foreword

Welcome to the Regulator of Social Housing's Implementation Plan for its new approach to consumer regulation.

Social housing tenants deserve homes that are safe and of a decent standard, and to receive quality services from their landlords. As the sector regulator, it is our job to help ensure that social housing landlords are able to deliver what tenants need.

The regulator has been working with Government, tenants and landlords on how best to strengthen the regulation of social housing since the 2018 social housing green paper set out initial proposals to rebalance the relationship between tenants and landlords. We have made significant progress already and that has continued at pace since I joined the regulator last year. Now that the Social Housing Regulation Bill has nearly completed its passage through Parliament, I am pleased that we are able to set out the steps that we are taking to bring into effect this landmark legislation.

The new regime we are introducing will be a step change in the regulation of social housing, setting new expectations about the services that landlords provide for their tenants. There will also be much that social landlords need to do to ensure that they are meeting new requirements about the quality of homes and services they are responsible for.

While there will be further consultations on the detail of those requirements in the coming year before implementation can begin, I am pleased to set out our latest thinking about our overall approach and the steps that we are taking now to deliver it.

Bernadette Conroy
Chair

Introduction

The Social Housing Regulation Bill is currently in Parliament, and we are gearing up to implement new consumer regulation in just over a year's time.

- Following our extensive engagement with tenants, landlords and other stakeholders, we intend to consult on new consumer standards in the summer.
- We are developing a new proactive approach to gathering assurance that landlords are meeting those standards, including how we will carry out consumer inspections.
- We have already introduced the tenant satisfaction measures (TSMs) and all social landlords will begin collecting these from April 2023.
- To deliver this work we have started recruiting more staff to build on existing resources and skills.

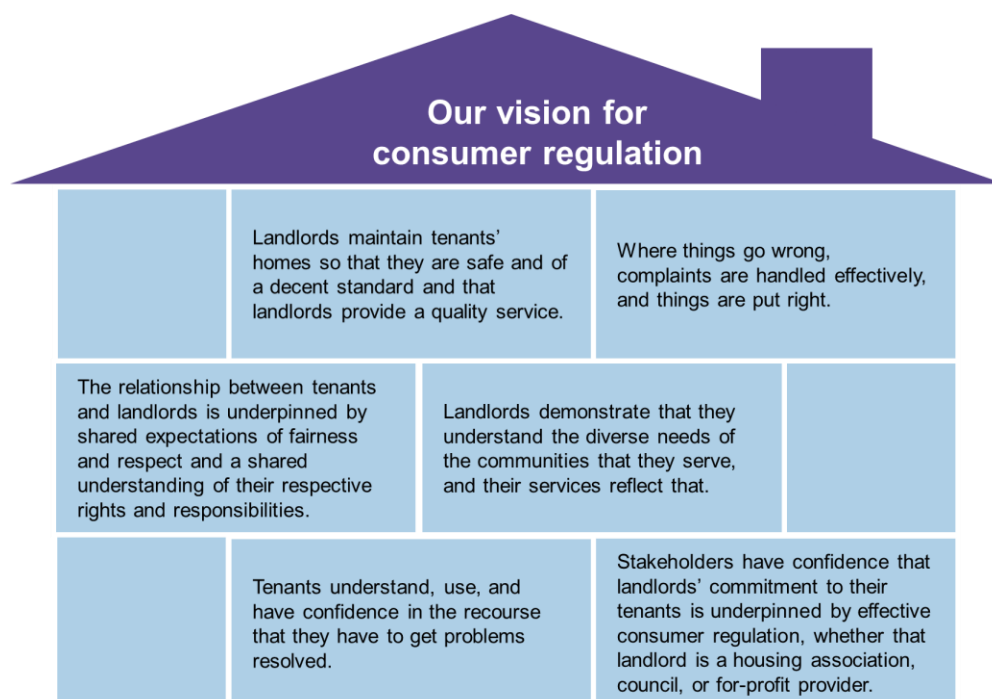
All this progress means that, subject to the legislation being passed by Parliament, we can now set out our implementation plan for new consumer regulation. We welcome the additional responsibilities and powers that the legislation is giving us and are committed to putting in place the framework and skills to implement the regulatory changes outlined in the social housing white paper.

As the Bill has progressed through Parliament there has been significant public and political attention given to the reform of social housing. The Grenfell Tower Inquiry hearings have concluded and the Inquest into the death of Awaab Ishak have informed the debate and scrutiny that the Bill has received. These tragedies have highlighted a range of important issues, some of which are the very core of the new approach to consumer regulation in social housing. Ensuring that landlords listen to their tenants, communicate effectively, have good quality information about the condition of the homes they are responsible for and provide responsive and accessible landlord services will be at the heart of the new consumer standards.

We are mindful of the legacy of these tragedies and are committed to implementing a new consumer regulation regime that delivers lasting improvements to the quality of housing and services for social housing tenants. Landlords should be under no illusion as to our resolve to take forward our new remit and powers. But more importantly landlords should be delivering safe, good quality homes for tenants, not because the regulator is telling them to do so, but because it is fundamental to the purpose of a social housing landlord, whether they are a council, a non-profit housing association or a for-profit provider.

In [Reshaping consumer regulation: our principles and approach](#) we set out our vision for proactive consumer regulation, which is summarised in the diagram below.

Reshaping consumer regulation: Our implementation plan



We have also set out three tests for the success of the new consumer regulation framework.

1. It must make a meaningful difference to tenants.
2. Landlords must be able to deliver its expectations.
3. We must be able to regulate against it.

We are determined to deliver on these tests, and they continue to guide how we are approaching our implementation of proactive consumer regulation.

In taking forward new consumer regulation we have already spoken to thousands of tenants and will continue to do so to understand the issues that matter to them most.

Similarly, we have spoken to landlords to find out what they are already doing to improve the homes and services they provide, as well as their engagement with, and accountability to tenants.

Alongside this, we have been using these insights to inform our thinking about the most effective way to update our standards and get assurance that they are being met, which we will test through consultations and pilots over the course of this year.

The Social Housing Regulation Bill

The Social Housing Regulation Bill will change our objectives and powers so that we can implement the regulatory reforms needed to deliver the vision set out in the social housing white paper. Once the Bill has gained Royal Assent, we can begin the process of consulting on changes to our standards and implementing our new regulatory approach in full.

When it becomes law, the Bill will make important changes to our objectives, powers, including standards setting powers, and our work with other bodies.

Objectives

Our remit is set out in law in a series of economic and consumer objectives. The Bill will add the following to our consumer objectives:

- Safety
- Transparency
- Energy efficiency

Powers

The Bill will alter how we can apply some of our existing enforcement powers and gives us some new powers. This will mean we have appropriate tools to use if needed when things go wrong.

Importantly, it will remove the 'serious detriment' test, which currently places a high legal threshold on our ability to use our powers when we find a breach of the standards. Removing the test will mean we can take action in a wider range of circumstances.

Standards

We already have the power to set consumer standards, but the Bill will extend our standard setting powers to ensure they are aligned with our revised fundamental objectives and reflect the work Government has asked us to do. The ability to set standards that landlords must meet is fundamental to our regulation.

Working with other bodies

Our work with other regulators and bodies, which includes the Housing Ombudsman, is really important and will continue to be in the development of our enhanced consumer regulation role. The Bill puts the Memorandum of Understanding we have with the Ombudsman, which sets out our respective roles and how we will work together, on a statutory footing. How we work with the Ombudsman will be a key part of our approach to regulating the new consumer standards.

The path to implementation

Once the Bill has become law, we can get on with implementing new consumer regulation. It will allow us and Government to put in place all the elements we need to deliver the new approach.

Directions

The Bill includes new standard setting powers, and we have committed to consulting on updating the consumer regulation standards as a whole. However, before we do that, the Government will consult on and issue Directions to us on some specific aspects of our new standards. The most effective way for tenants, landlords and other stakeholders to influence those areas of our standards on which we are Directed will be by responding to the Government consultation on the Directions

Consultations

Standards

We will also be consulting with landlords, tenants and other stakeholders on the standards that will underpin proactive consumer regulation. It is essential that we hear from both tenants and landlords about what they think about our proposed new standards. Hearing the views of tenants and landlords has really helped us develop and implement the TSMs and the same will apply to the new standards.

The Bill also gives us the power to issue a code of practice on consumer issues, and we will consult on this, alongside the new standards. A Code of Practice will help tenants and landlords to understand what is expected under the new standards.

Enforcement powers

The Bill will give us new enforcement powers and strengthens some of the existing powers that we can use. Where landlords are not meeting our standards, we expect them to put things right promptly. When they are unwilling or unable to do that themselves, we can require them to put in place an improvement plan, sanction them and if necessary take steps to resolve issues ourselves. If landlords respond and put things right we shouldn't have to use our enforcement powers often, but it is important landlords understand the powers we have and that we will use them when necessary.

We issue guidance about how we use our enforcement powers. We will also consult on updates to this guidance to include the new powers the Bill will give us and how these reflect our new consumer role.

Piloting our approach

We already carry out proactive economic regulation using, among other things, intensive and challenging in-depth assessments to gather assurance that landlords are meeting our economic standards. We have taken our existing economic model and approach as a starting point for how we will get assurance from landlords about how they meet the consumer standards. While we will build on our well-established approach to holding landlords to account in our economic regulation, we will also use new tools and new methods specific to our consumer regulation. This includes an increased emphasis on engaging with tenants and listening to and hearing their views about their landlord to inform our regulatory response. Our work to date to develop our new approach has been informed by our extensive engagement with tenants and landlords and we intend to continue this. We have begun piloting aspects of our approach so we can learn what works and what doesn't before we fully implement new consumer regulation.

Tenant satisfaction measures

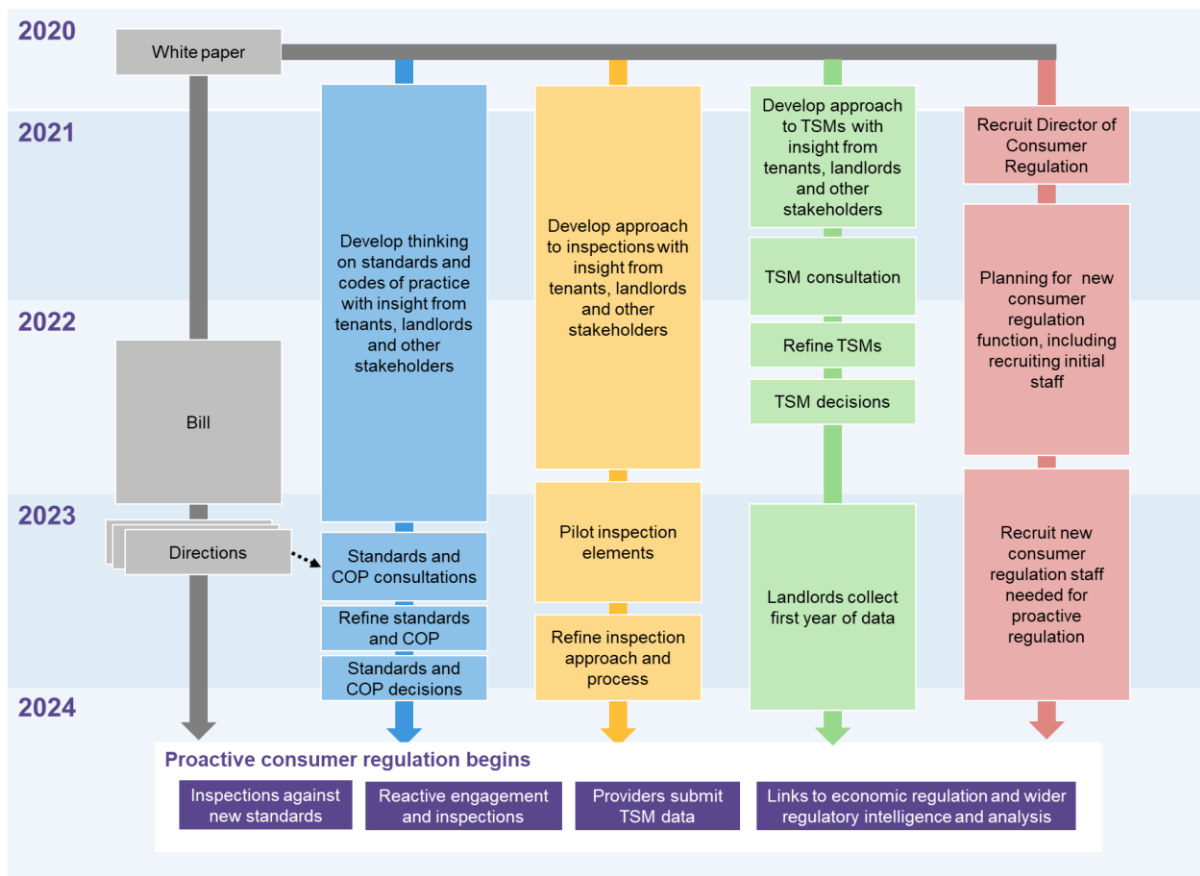
We received over 1,000 responses to our consultation on introducing TSMs and published our decisions in September 2022 ([Consultation on the introduction of tenant satisfaction measures \(www.gov.uk\)](https://www.gov.uk/government/consultations/consultation-on-the-introduction-of-tenant-satisfaction-measures)). Landlords will need to start collecting TSM data from 1 April 2023. The TSMs include both landlord performance measures and tenant satisfaction measures and these will help us understand how tenants view the service their landlord provides and how they treat their tenants. We will be setting out more detail in due course on how landlords should submit TSM data to us.

In response to consultation feedback, we will also be piloting the submission of data from small providers. We will say more on this soon. As well as informing the implementation of the TSMs, we are using the responses to the consultation to inform other aspects of our work to implement new consumer regulation.

Building capacity

We have started building additional capacity and developing the resources that we need. We will need to recruit more staff and build the teams that will deliver all the elements of new consumer regulation. We have already recruited some important roles to help us design the approach to consumer regulation. We will be undertaking further recruitment in the coming year once the Bill has been passed by Parliament.

Reshaping consumer regulation: Our implementation plan



Bringing all of these things together means that subject to the Bill being passed by Parliament early in 2023, we expect that we will implement new consumer regulation in April 2024.

New consumer standards

Our new consumer standards will be outcome focused. This means that we focus on what landlords achieve, but we do not prescribe how they should do it. We are also committed to building on our current standards, keeping those parts which remain relevant and building on them to encompass all the areas set out in the white paper. [Reshaping consumer regulation: our principles and approach](#) set out the themes the future consumer standards would cover.

Safety

Landlords' safety responsibilities, including safety within the home and in communal areas.

Quality

Quality of the home, communal spaces and services to tenants.

Neighbourhood

Landlords' role, working with other agencies, to contribute to the wellbeing of neighbourhoods in which tenants live.

Transparency

Landlords' role in making information accessible to tenants including roles and responsibilities within landlords, so tenants know who is responsible for matters relating to consumer standards.

Engagement and accountability

Engagement between landlords and tenants, including how complaints are handled. Landlords' accountability to tenants and treating tenants with fairness and respect.

Tenancy

Requirements on landlords in respect of tenancies, including allocations policies and opportunities for tenants to move.

Subject to the Bill being passed by Parliament, and Government issuing the relevant Directions (see page 6), we will consult on the new standards by the summer of 2023. We have set out below in broad terms the anticipated scope of the proposed themes within the consumer standards. These may be subject to further change as we continue to engage with tenants and landlords and as the Bill progresses through Parliament. A power for the regulator to set standards for competency and conduct has already been added to the Bill, and we will be working with Government and stakeholders on how this will be implemented. It is possible that further changes could be made to the Bill. We will publish a draft of the standards once we are able to formally consult on them.

Reshaping consumer regulation: **Our implementation plan**

Meeting diverse needs and treating tenants with respect

A recurring theme throughout our work on the new standards is how landlords meet the diverse needs of tenants.

Landlords must deliver fair access to services, as well as equitable outcomes for their tenants. Landlords need to know their tenants so that they can respond to their tenants' needs, whether it be through the services they provide or how they provide those services. In our engagement with tenants, we have heard that accessibility of services can be an issue for some groups. This can be physical access, limited ability to access digitally or simply barriers around language and literacy. We will ensure that accessibility is covered in the new standards.

Meeting the diverse needs of tenants also links to the important principle that sits across all our themes, that landlords must treat tenants with fairness and respect. If tenants are treated fairly, not subject to discrimination, listened to and respected then the quality of homes and the services landlords provide will better meet tenants' needs.

To frame our thinking in these important areas we are asking ourselves the following questions:



Safety

All landlords must provide homes and services that are safe.

Ensuring tenants' homes are safe is the fundamental responsibility of a landlord and the Social Housing Regulation Bill expands our fundamental objectives to explicitly include safety. We will reflect the importance of safety across the new standards. We are considering not only the safety of tenants' homes and communal areas but also safety of the tenants living within those homes and how services are delivered. Landlords must understand their health and safety obligations and identify and act on associated risks and issues so that tenants remain safe in their homes.

Quality

All landlords must provide good quality homes.

We have seen recent examples of poor quality homes which are unacceptable and have rightly placed a public spotlight on the quality of social housing. Through our existing standards we already expect landlords to provide good quality homes and comply with the Decent Homes Standard. We know that damp and mould in particular is a reason why some homes do not meet the Decent Homes Standard. In November 2022, we wrote to all social landlords to highlight landlords' responsibility to take action to protect tenants from hazardous damp and mould. We are also gathering assurance from all large social landlords that they have systems in place to identify and deal with damp and mould issues in their homes, and that they take action to address risks to their tenants' health.

We will continue to expect that tenants' homes meet the Decent Homes Standard, and we will be looking to strengthen our standards in this area. We will also expect landlords to have robust evidence that they meet our standards. Tenants tell us that the effectiveness of the repairs service they receive has a substantial influence on the trust and confidence they have in their landlord. This means that both having an effective repairs and maintenance service, and keeping tenants informed about repairs and planned improvements are central to delivering good quality homes.

Neighbourhood

Neighbourhoods matter to tenants and landlords. Landlords should play their role in contributing to the upkeep and safety of shared spaces.

Neighbourhood remains an important theme for our regulatory standards. In considering our standards in this area we are mindful of the role of registered providers as landlords and the fact that they are not always the primary organisation responsible for all aspects of their neighbourhoods. Landlords and other organisations working together can achieve better outcomes for the neighbourhoods in which tenants live.

Transparency

Landlords must be transparent with their tenants and provide the information tenants need to hold them to account effectively.

The TSMs we recently published will help enable this transparency. However, in order to deliver good quality homes and services, the new consumer standards will need to go further. Landlords will need to have the right culture and mindset throughout their organisations so that they always communicate effectively with their tenants, from the strategic decisions they make through to the services they deliver. Tenants have told us that it can be difficult to find information or to know where to go for it. This will need to change. Our new consumer standards will support this shift in culture, accountability and in the openness of the relationship between landlords and their tenants.

Engagement and accountability

Landlords that listen to tenants and take their views into account will deliver better outcomes for tenants.

Landlords will need to consider how best to engage with their tenants and to really understand their feedback, so that tenants can influence decision making and meaningfully influence the services they receive. What works well at one moment in time will not necessarily be appropriate in the future or in every circumstance. So, our work is looking at the role of tenants in shaping the ongoing improvement of how their landlords engage with them.

Tenure

Landlords must have a fair and transparent allocations process.

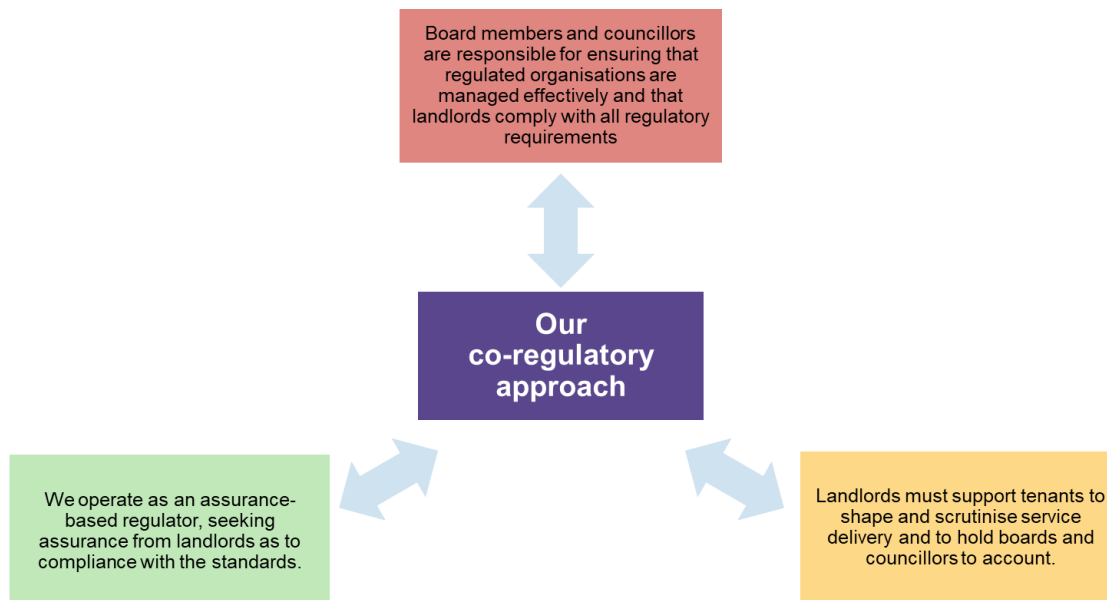
The allocations process marks the beginning of the relationship between a tenant and their landlord. Ensuring it is fair, transparent and accessible to all contributes to building trust between landlords and tenants from the outset. Landlords will also need to think about how they make the best use of their housing stock and how it might be used to meet the diverse needs of their tenants and potential tenants.

Wider economic and cost of living pressures highlight the importance of effective tenancy management, so that tenancies are sustained where appropriate. This includes supporting tenants, as well as working closely, and cooperating with local authorities in meeting their duties.

Regulating the new consumer standards

All landlords must meet our standards and we hold them to account to ensure they do so. Our approach to gathering assurance from housing associations about how they meet our economic standards is well established and focuses on whether they are well governed and financially viable. In future, as well as carrying out proactive economic regulation, we will also proactively regulate the consumer standards. As part of this we will carry out inspections of all large landlords registered with us, including housing associations, local authorities, and other providers.

We see strong links between our economic and consumer regulation. Delivering good quality homes and services depends on landlords being well run and well resourced. In many of the reactive consumer cases where we have issued a Regulatory Notice for breaches of the consumer standards by housing associations, we have also found evidence of weak governance.



We will continue to apply a co-regulatory approach.

In other words, the onus is on landlords to comply with the standards and be able to demonstrate their compliance to tenants and the regulator. Transparency is an important part of the co-regulatory approach. Where providers do not supply adequate assurance, we will reflect this in the decisions that we reach and take action when landlords are unwilling or unable to put things right.

Reshaping consumer regulation: **Our implementation plan**

Building on economic regulation

In developing our consumer regulation approach, we are building on our experience of economic regulation. This includes how we gain assurance from providers that they are meeting our standards and providing good quality homes and services to their tenants. In our economic regulation, the main way that we do this currently is through in-depth assessments (IDAs).

Through our IDAs we review in detail how they meet our standards on Governance and Financial Viability, this includes consideration of:

- How well the organisation is being run and the extent to which strategic aims are being achieved and risks managed effectively
- The ability of the provider to meet its financial obligations and its approach to value for money.

In doing this we draw on a range of evidence including documentation, interviews with senior members of staff and the board, observing key meetings and testing how well risks are managed in practice. We test whether these sources of evidence are consistent with each other and the extent to which they show the landlord is complying with our standards.

Stakeholders tell us that the regulatory scrutiny of IDAs is very thorough and focused on the right issues. We want our proactive consumer regulation to be equally rigorous and robust.

Through IDAs we have established a track record of holding landlords to account for their compliance with the economic standards. Where we have found that economic standards have not been met we have taken action and landlords have made substantial and sustainable changes to address those problems. In many cases that has involved changes in leadership, restructuring the way that the landlord is organised and run, improvements in risk management and strengthened strategic and financial business plans. We will take an equally robust approach in our new consumer regulation and will expect landlords to put things right when they go wrong. Where they cannot or do not put things right we will take action.

Consumer inspections

Once new consumer regulation is introduced, our inspections will be seeking assurance that both the service outcomes tenants experience and accountability arrangements are consistent with the expectations in our new consumer standards. While we are taking our approach to carrying out IDAs as the starting point for consumer inspections, some aspects will be different to reflect the expectations in the new consumer standards. This includes looking at new sources of evidence and assurance, including information from tenants, to ensure landlords are delivering the outcomes we expect. For example, we will seek feedback from tenants, consider a wider range of board reports on service performance, evidence from the TSMs, and evidence from the Housing Ombudsman.

We are currently developing our approach to inspections of landlords and will be refining it following further engagement with tenants and landlords and have begun carrying out pilot inspections. Subject to what we learn in the pilots, for private registered providers such as housing associations, it is likely that we will combine our IDAs and the consumer inspections so that we reach a clear view of whether a provider is meeting both the economic and consumer standards. This will ensure that where consumer issues are arising because of governance failings or financial problems these can be addressed in the round.

Consumer inspections will be targeted on the key areas that we judge need regulatory assurance. This will be informed by what we know from previous regulatory engagement, our ongoing monitoring, the TSMs and any referrals we have had from the Housing Ombudsman or tenants.

For example, where we have concerns around quality of homes, we will focus our work on compliance with the Decent Homes Standard, and the repairs and maintenance services as well as listening to what tenants are telling us about the quality of the homes they live in. We will also seek assurance about how repairs are being dealt with and how tenants are being treated in the handling of any complaints.

Our inspection programme

The social housing white paper set out that we would deliver a programme of inspections of larger landlords (those with more than 1,000 homes). Once enacted, the Bill requires us to produce an inspection plan that will outline which types of providers we will inspect on a regular basis and the circumstances when we may need to carry out reactive inspections. This will provide clarity for tenants and landlords about how the regulator is going about delivering inspections across the sector as a whole.

For smaller landlords (those with fewer than 1,000 homes) we will not be carrying out proactive inspections. In place of a programme of planned inspections, we will continue to respond quickly where issues are brought to our attention, which includes the possibility of reactive inspections of smaller providers. The same standards apply to all providers regardless of size, with the same expectations in terms of delivering good quality homes and services.

Inspecting local authority landlords

Local authorities are also subject to the same consumer standards as housing associations. As locally accountable democratic bodies, regulation of local authorities' governance or financial viability is outside the scope of our work. This means that our inspections of local authority landlords will solely focus on consumer issues. The inspections will have the same focus on service outcomes and accountability and the same depth and rigour. We will be looking at the assurance that councillors are getting about the quality of homes, service performance and their engagement with tenants. We will test this against a range of sources of evidence such as data from the TSMs, the Housing Ombudsman and feedback from tenants gathered through the inspection process. We will include some local authority landlords in our pilots.

Sharing our findings

Publicly sharing the outcomes of our regulatory assessments of individual landlords is a key part of our regulation. We currently publish our findings in regulatory judgements and notices. We grade large providers on the basis of governance (G) and financial viability (V). G1 and G2 and V1 and V2 are compliant grades and G3 and G4 and V3 and V4 are non-compliant.

We will publish the conclusions of individual consumer inspections and other aspects of our consumer regulation. We are currently considering how best to do this transparently, accurately and effectively, and will be using learning from the pilot inspections to inform our approach.

Putting things right

Landlords are responsible for putting things right when they go wrong. Where we have found a landlord is not meeting our standards, they are responsible for making improvements. However, where they do not put things right, we will have new and strengthened powers to ensure they do so. For example, the Bill is giving us a new power to require performance improvement plans which will be backed up by enforcement notices and penalties for landlords that do not deliver. Tenants and landlords should be in no doubt that we have and will use legal interventions and sanctions where necessary.

Tenant satisfaction measures

The new TSM Standard comes into effect from 1 April 2023. Landlords need to start preparing to collect the TSMs now. Many of the measures need to be collected from 1 April so landlords cannot wait until then to start their preparations. This is likely to require work to prepare systems and understand the requirements. It may be necessary for landlords to seek external advice on some of the requirements (e.g. legal definitions, or survey methods).

Expectations will vary for different organisations, for example there are specific requirements for small providers, and for those with a lot of shared ownership. Landlords should make sure they understand the requirements that apply to them.

Gearing up for delivery

As well as needing new powers, standards and a regulatory framework and approach, we need to ensure that we have the necessary skills and capacity to deliver the enhanced new consumer regulation function. We have already started to add capacity to our consumer regulation team and their knowledge, experience and skills are informing the development of our new consumer regulation framework and approach.

Building up the capacity of our consumer regulation team has also been important to ensure that we can respond to an increasing caseload of reactive consumer regulation. Over the last year we have seen an 10% increase in consumer referrals. Alongside this, we also need to ensure we have the capacity to continue our rigorous proactive economic regulation as we build up our consumer capability.

The next stage of building our capacity will involve recruiting staff with relevant expertise who will be joining the team to deliver the consumer inspections and our other new consumer regulation activities. We have made a start already and subject to the Bill being passed by Parliament, we will begin a recruitment campaign in the Spring of 2023. Alongside this we are reviewing and enhancing our internal infrastructure and processes to ensure that we can meet our expanded remit.

Fees

Delivering new consumer regulation will mean that the costs of regulation will increase. We are still working out the expected additional costs as we develop the new approach and the teams to deliver it. As the Bill is progressing through Parliament changes are being made to the scope of our remit and these mean that the scale of the task is still subject to change. We are committed to ensuring that our regulation is efficient as well as effective and represents good value for money.

Decisions about how public bodies are funded are a matter for Government. Currently we are funded by a [combination of fees from registered providers and grant in aid from central government](#). As well as giving us new objectives and powers, the Bill is also changing the legislation relating to our fees so that all of our activities can be funded by fee income. We will be consulting on some of the changes to our fees principles over the next year.

Next steps

Landlords need to ensure that they are prepared for new consumer regulation to start in April 2024.

A good place to start is by landlords reviewing the assurance they have that they are meeting the existing consumer standards. This year's edition of the [Consumer Regulation Review](#) outlines some of the things Boards and Councillors need to consider in the preparations for consumer regulation, as well as highlighting lessons from our recent casework.

The changes that the new Bill will bring in will be the most fundamental changes to the remit for social housing regulation since 2008. We remain committed to ensuring that those changes make a meaningful difference to the quality of housing and services for tenants.



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The Regulator of Social Housing regulates registered providers of social housing to promote a viable, efficient and well-governed social housing sector able to deliver and maintain homes of appropriate quality that meet a range of needs.