

<b>Title:</b> Impact Assessment - Consultation on a direction to the Regulator of Social Housing to set a Competence and Conduct Standard for Social Housing <b>IA No:</b> <b>RPC Reference No:</b> n/a <b>Lead department or agency:</b> Department of Levelling Up, Housing and Communities <b>Other departments or agencies:</b> N/A	<b>Impact Assessment (IA)</b>
	<b>Date:</b> 6 February 2023
	<b>Stage:</b> Development/Options
	<b>Source of intervention:</b> DomesticDomestic
	<b>Type of measure:</b> Other
	<b>Contact for enquiries:</b> consult.competenceandconduct@levellingup.gov.uk
<b>Summary: Intervention and Options</b>	<b>RPC Opinion:</b> n/a

**Cost of Preferred (or more likely) Option (in 2019 prices)**

Total Net Present Social Value	Business Net Present Value	Net cost to business per year	Business Impact Target Status
269 £m	-364 £m	36.4 £m	

**What is the problem under consideration? Why is government action or intervention necessary?**

The Competence & Conduct (C&C) Standard will help improve the quality of Housing Management Services provided to tenants in the social housing sector through filling the existing skills, knowledge, experience, and behaviour gap and presents a barrier to the social housing workforce providing a consistently high standard of Housing Management Services. This work stems directly from evidence heard by the Grenfell Tower Inquiry, and our subsequent Social Housing Green paper consultation, which demonstrated that social housing tenants felt they were not listened to or treated with respect and courtesy when raising concerns about their housing. Additionally, the tragic death of Awaab Ishak has highlighted the need for change in terms of staff behaviours and attitudes towards tenants. The evidence highlights harms to tenants' wellbeing, as well as risks to their health and safety due to insufficient training for staff and poor-quality service provision. The government is consulting on taking action to address these risks.

**What are the policy objectives of the action or intervention and the intended effects?**

The intended outcome of introducing the C&C Standard is that all social housing staff have the skills, knowledge, experience, and behaviours (SKEB) they need to deliver good quality, professional services to tenants. The desired effects include an improved service to tenants, with Registered Providers' and Services Providers' staff better equipped to manage risks to tenants' wellbeing, health, and safety. Success will be indicated through reductions in complaints upheld specifically regarding poor service or poor complaint handling; and in the long term we expect that the Standard may contribute to an increase in tenant satisfaction scores, amongst other indicators. The Regulator of Social Housing (RSH) will monitor and regulate compliance with the new Standard through its assurance-based approach to regulation. This means it seeks assurance from Registered Providers of social housing ("providers") as to their adherence with the C&C Standard.

**What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)**

1. Option 1: Do nothing.
2. Option 2: Implementing a broad outcome-based C&C Standard for staff in the Social Housing Sector and requiring a specific sub-set of senior staff to have or be working towards housing management qualifications over two years.

We have qualitative evidence from tenants that some feel that they are not treated with respect and feel they do not receive the service they deserve. This has had an impact on some tenants' well-being and quality of life, as illustrated by the tragic death of two-year-old Awaab Ishak. Doing nothing could risk harms to the wellbeing of tenants as well as their health and safety; regulating on this matter is thus an imperative to secure consistency across the sector in training staff, particularly for senior staff through the qualification element of the C&C Standard (also referred to as the "qualification element"). This intervention features alongside other interventions aimed to secure this consistency in service level in the social housing sector such as the introduction of proactive consumer regulation and the introduction of the Tenant Satisfaction Measures.

We think Option 2 establishes the imperative to move quickly to improve the quality of Housing Management Services in the social housing sector and to reduce current costs to tenant wellbeing, and risks to their health and safety. It also recognises the impact the intervention could have on the sector including the financial burden (including the direct cost of the qualification element and the opportunity cost associated with the learner commitment of these qualifications) and other associated risks and Option 2 would help providers spread the initial costs of this financial burden and these risks over a period of at least two years.

**Will the policy be reviewed?** It will be reviewed. **If applicable, set review date:** TBC

Is this measure likely to impact on international trade and investment?		No		
Are any of these organisations in scope?	<b>Micro</b> Yes	<b>Small</b> Yes	<b>Medium</b> Yes	<b>Large</b> Yes
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)	<b>Traded:</b> n/a		<b>Non-traded:</b> n/a	

***I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits, and impact of the leading options.***

Signed by the responsible Minister:



Date: 05/02/2024

**Summary: Analysis & Evidence.****Policy Option 1**

Description: Do nothing

**FULL ECONOMIC ASSESSMENT**

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate:
<b>COSTS (£m)</b>	<b>Total Transition (Constant Price) Years</b>		<b>Average Annual (excl. Transition) (Constant Price)</b>		<b>Total Cost (Present Value)</b>
Low					
High					
Best Estimate					
<b>Description and scale of key monetised costs by 'main affected groups'</b>					
There are no monetised costs for the main affected groups of this option as there is no action being taken.					
<b>Other key non-monetised costs by 'main affected groups'</b>					
There are non-monetised costs for tenants if this option is pursued. As heard by the Grenfell Inquiry as well as the the coroner's report on the death of Awaab Ishak and, the Social Housing Green Paper consultation, some social housing tenants feel their concerns relating to issues with their housing are not being listened to by both Registered Providers of social housing and Services Providers who deliver Housing Management Services on behalf of a provider. If this continues it would lead to damages to their wellbeing, as well as costs associated with risks to the health and safety of social housing tenants.					
<b>BENEFITS (£m)</b>	<b>Total Transition (Constant Price) Years</b>		<b>Average Annual (excl. Transition) (Constant Price)</b>		<b>Total Benefit (Present Value)</b>
Low					
High					
Best Estimate					
<b>Description and scale of key monetised benefits by 'main affected groups'</b>					
There are no monetised benefits if this option is pursued.					
<b>Other key non-monetised benefits by 'main affected groups'</b>					
There is a non-monetised benefit if this option is pursued. Compared to Option 2, it would maintain Registered Providers' and Services Providers' flexibility to decide if and how to improve their workforce's SKEB to improve service delivery. This may lead to a more tailored approach.					
<b>Key assumptions/sensitivities/risks</b>					<b>Discount rate (%)</b>
We are assuming that providers will not take sufficient action to improve the SKEB of their staff to the extent needed without new regulatory requirements. However, the vast majority of providers will have existing training budgets and make some provision for training and development of staff which does or is intended to support the quality of service delivery. We have assumed this as the evidence suggests that the service delivery standard is not improving despite providers' actions, as illustrated in paragraphs 1-21 of the Evidence Base.					n/a

**BUSINESS ASSESSMENT (Option 1)**

<b>Direct impact on business (Equivalent Annual) £m:</b>			<b>Score for Business Impact Target (qualifying provisions only) £m:</b>
<b>Costs:</b>	<b>Benefits:</b>	<b>Net:</b>	

## Summary: Analysis & Evidence

## Policy Option 2

**Description:** Implementing a broad outcome-based C&C Standard for staff in the Social Housing Sector, and requiring a specific sub-set of senior staff to have or be working towards housing management qualifications over two years (the “Transition Period”).

### FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low: £237	High: £302	Best Estimate: £269
<b>COSTS (£m)</b>	<b>Total Transition (Constant Price) Years</b>		<b>Average Annual (excl. Transition) (Constant Price)</b>	<b>Total Cost (Present Value)</b>	
Low			£43.5m	<b>£435.4m</b>	
High			£52.6m	<b>£525.6m</b>	
Best Estimate	£1.5m		£48.1m	<b>£481.0m</b>	
<p><b>Description and scale of key monetised costs by ‘main affected groups’</b></p> <p>There are monetised costs through this option; the financial costs of the qualification element for senior staff in order to meet this Standard are £63.6m in nominal terms and £58.4million in PV terms. There is also an opportunity cost associated with this option for providers, the learner commitment is around 8 hours per week, though some individuals will have recognisable prior learning. We estimate the opportunity cost to providers to be £467.0 million in nominal terms (£422.6m PV).</p>					
<p><b>Other key non-monetised costs by ‘main affected groups’</b></p> <p>There are non-monetised costs to providers via this option. Firstly, there are costs associated with the negative impact this could have on recruitment and retention, surveys of providers indicate that some existing members of the workforce will be reluctant to undertake qualifications and may leave the sector. However, we are aware that it could also draw individuals to the sector. There could also be costs for providers if this option pulls investment from existing budgets such as other training for staff and building more housing stock. If providers draw on the apprenticeship levy to meet these requirements, this could reduce the funding available for other priority apprenticeships within the sector. Also there will be costs associated with the broad C&amp;C Standard as organisations will have to produce a written policy outlining their approach and review their policies, procedures, systems and training to comply with the Standard.</p>					
<b>BENEFITS (£m)</b>	<b>Total Transition (Constant Price) Years</b>		<b>Average Annual (excl. Transition) (Constant Price)</b>	<b>Total Benefit (Present Value)</b>	
Low			£67.2	<b>£672.5</b>	
High			£82.7	<b>£827.2</b>	
Best Estimate			£75.2	<b>£750.2</b>	
<p><b>Description and scale of key monetised benefits by ‘main affected groups’</b></p> <p>There are monetised benefits to the sub-set of senior staff who enrol and complete the qualification element through this option. These were estimated using the Department for Education’s (DfE) economic returns to further education, published in 2021. Based on these estimates, we estimate £750m in benefits from level 4/5 qualifications over the 10-year appraisal period. These benefits relate to the productivity of the workforce and will manifest in better outcome for tenants. We expect benefits may follow as a result of this productivity increase, such as a reduction in complaints upheld specifically regarding poor service or poor complaint handling; improvements in managing rent arrears; and reductions in poor handling of anti-social behaviour cases. The rationale for these benefits can be found in paragraph 73. In addition we expect an increase in effective management of repairs, maintenance and other Housing Management</p>					

Services, because the staff meeting the Standard will be better equipped to manage, or resolve housing related concerns and issues.

#### Other key non-monetised benefits by 'main affected groups'

There are non-monetised benefits for tenants if this option is pursued. As heard by the Grenfell Inquiry, the coroner's report on the death of Awaab Ishak, and the Social Housing Green Paper consultation, some social housing tenants feel their concerns are not listened to by providers. As a result of the broad C&C Standard we expect to see changes in relation to this for all staff as they will be better skilled and equipped to provide a higher quality service to tenants. This will benefit their general wellbeing and health and safety with tenants treated respectfully and taken seriously when raising concerns. We assess that qualifications will enhance these benefits because qualified senior staff would be more effective in driving up professionalism across their organisations, enacting culture change within provider organisations, and cascading their SKEB to frontline teams, so tenants are more likely to be treated with respect and be listened to by providers. We have also heard from engagement from stakeholders that it is likely that, in the long-term, individuals will be drawn to the sector, therefore there may be a slight improvement in recruitment and retention. This would likely be because the qualification element would increase the status of the profession or may increase wages for qualified staff.

**Key assumptions/sensitivities/risks**  
(%)

**Discount rate**

3.5%

We are assuming that a broad outcome-based C&C Standard and qualifications for senior staff will be adhered to by providers. The RSH will be taking an assurance-based approach to regulation, meaning that it will seek assurance from providers as to their compliance with the C&C Standard.

We have assumed when calculating the monetised benefits that the estimated NPV per enrolment in a Level 4 and 5 qualifications for somebody aged 24+ to be £36,000 in 2018-19 prices. This figure is net of those who drop out before completing their qualification and is a lifetime estimate, so must be adjusted before being used in our estimates. DfE advised DLUHC the annual, nominal value of returns to a completed Level 4/5 qualifications is £3,600 in 2018-19 prices, which we have assumed is £4,153 in 2022 prices.

We have made two key assumptions in calculating the monetised costs of this option. Firstly, for the number of staff in scope of the qualification, we have assumed that there are 117,000 total staff who deliver social housing services employed by Private Registered Providers (PRPs) and Arms-Length Management Organisations (ALMOs) and that 8% of these staff would be in scope of the qualification element. In addition, we have assumed there are 43,000 total staff delivering social housing services employed by local authorities and that 15% of these staff would be in scope of the qualification element. This is taken from evidence gathered through stakeholder engagement with PRPs, ALMOs and local authorities, where we asked a sample of these providers to give an estimated percentage of housing management staff in scope and took an average from their responses. We have assumed that 64% of providers use Services Providers for social housing services; at most Registered Providers contract 10 Services Providers and at least, contract 5 Services Providers; and 1 employee for each service provider will need to be qualified, as we envisage that there would be one senior manager role or function within a Services Provider that fall within scope of the qualification element. We have assumed that, after the Transition Period, there will be an increase of 2,000 qualification enrolments each year as a result of the policy. We have assumed that the enrolments will be split proportionately amongst PRPs, local authorities, and Services Providers.

Our second key assumption has been the cost of the qualification. We have assumed the cost of a level 4 qualification (for Senior Housing Managers) is at most 2,250 GBP and at least 1,265 GBP. We have also assumed the cost of a level 5 qualification (for Senior Housing Executives) is at most 2,880 GBP and at least 1,590 GBP. In addition, we have assumed that for the opportunity cost, a level 4 qualification would take each individual 360 hours, a level 4 apprenticeship 496 hours and a level 5 qualification 320 hours based on the market for the Chartered Institute of Housing (CIH) qualifications. We have made further

assumptions to calculate the monetised costs associated with this option, including the opportunity cost. These assumptions can be found in paragraphs 81-91 of the Evidence Base.

**BUSINESS ASSESSMENT (Option 2)**

<b>Direct impact on business (Equivalent Annual) £m:</b>			<b>Score for Business Impact Target (qualifying provisions only) £m:</b>
<b>Costs: £36.4</b>	<b>Benefits: 0</b>	<b>Net: -£36.4</b>	

## Evidence Base

### Problem under consideration and rationale for intervention

1. The introduction of a regulatory Competence & Conduct (C&C) Standard will help address the issue of poor-quality services from providers to some tenants in the social housing sector to ensure a consistently high standard of service across the sector. This will coincide with other interventions in the social housing sector aimed to improve the quality of services such as the introduction of proactive consumer regulation and the introduction of the Tenant Satisfaction Measures.
2. The need for this intervention stems from evidence heard by the Grenfell Inquiry and forms part of the government's response to the tragedy. The Inquiry heard that the complaints, concerns and worries of the residents of Grenfell Tower were found not to be taken seriously by the Kensington and Chelsea Tenant Management Organisation ("KCTMO") and the Royal Borough of Kensington and Chelsea ("RBKC"). Residents felt they were managed, not listened to. This spoke to a wider issue highlighted by the Grenfell tragedy, namely that social landlords need to better prioritise the quality of service delivered by housing management staff, particularly when managing issues related to building safety.
3. Evidence heard at the Inquiry highlighted concerns in relation to staff training across the social housing sector. During module three, the evidence indicated that some RBKC and KCTMO officers were not suitably trained,<sup>1</sup> behaved unprofessionally and treated residents with a lack of respect prior to the Grenfell Tower fire.<sup>2</sup> This has raised questions about whether the skills and qualifications required to work in the social housing sector should be enhanced to ensure that all tenants receive a consistently high standard of service.
4. In December 2021, written evidence from Grenfell United, an organisation formed of the bereaved and survivors of the Grenfell tragedy, to the Levelling Up, Housing and Communities Select Committee called for a higher standard of professionalism in the sector based on minimum qualifications and continued professional development.<sup>3</sup> In addition, the group submitted evidence to the Lords' public bill committee on the Social Housing (Regulation) Bill 2023 (now Act) calling for qualifications for senior managers working in social housing.<sup>4</sup>
5. The Social Housing Professionalisation Review<sup>5</sup> ("the SHP Review"), which was launched in January 2022, aimed to understand how to achieve a more professional housing sector in which all staff act professionally, listen to their tenants, and treat them with courtesy and respect.
6. One of the questions considered through the SHP Review was whether there was a case to bring professional qualifications within the sector: currently, there are no statutory requirements for staff employed in housing management roles to have a specified qualification or to meet a specified professional Standard.
7. The Review heard that:
  - a) Measures must drive organisational-wide culture change, to make sure all staff display appropriate behaviours and attitudes to treat tenants fairly, with empathy and respect, and without stigma.

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<sup>1</sup> Teresa Brown, Day 126, page 137, line 7-14. [Transcript 6 May 2021.pdf \(grenfelltowerinquiry.org.uk\)](#)

<sup>2</sup> Emma O'Connor, Day 117, page 114, line 15 – page 116, line 15. – [Transcript 20 April 2021.pdf \(grenfelltowerinquiry.org.uk\)](#)

<sup>3</sup> <https://committees.parliament.uk/writtenevidence/42211/pdf/>

<sup>4</sup> <https://publications.parliament.uk/pa/cm5803/cmpublic/SocialHousingRegulation/memo/SHRB01.htm>

<sup>5</sup> <https://www.gov.uk/government/news/government-to-drive-up-standards-in-social-housing>



- b) Any qualification should be focused on senior staff as they are best placed to drive culture change and are responsible for the delivery of high quality, professional services.
8. A significant number of social housing tenants are classed as vulnerable (the 2021-22 English Housing Survey shows that 54% of households in the social rented sector have at least one household member with a long-term illness or a disability),<sup>6</sup> meaning any poor outcomes do have a sizeable impact on the most vulnerable in society. Comparatively, other professional sectors that also serve a large proportion of vulnerable individuals and have high standard for training and development to attempt to ensure a consistently high standard of service. For example, Social Work England maintains a register for social workers and sets broad standards for staff on the register,<sup>7</sup> with professional qualifications allowing for individuals to be eligible to join the register.<sup>8</sup>
9. A small-scale exploratory study tentatively concluded that national vocational qualifications in the social care sector appear to be good indicators of competent care practice within the profession and appears to positively influence care worker’s knowledge and practice.<sup>9</sup> However, it also concluded that these qualifications did not *guarantee* best practice and pointed to the difficulty in evaluating the effects of these qualifications.
10. Up until now the appropriate SKEB of staff are determined by providers. This has meant that in some cases there is an inconsistent level of quality of service. This can be evidenced by recent Housing Ombudsman maladministration reports, with the Housing Ombudsman stating that in some cases landlords have not acted with “the urgency or the empathy required”<sup>10</sup> providing “no evidence of investigating[ing] complaint issues”<sup>11</sup> or “demonstrate[ing] a severe failure in service.”<sup>12</sup>
11. Housemark’s January Pulse report, which tracks the performance of UK social housing providers, shows the levels of complaints from tenants in England were 74% higher in December 2022 than the same month in 2021.<sup>13</sup>
12. As part of the stakeholder engagement completed prior to consultation on the C&C Standard, we heard from tenants that some Registered Providers and Services Providers, do not provide high quality services. Some tenants complained about poor levels of communication and feeling discriminated against. They also said that senior staff are difficult to communicate with. Research completed by IFF Research, commissioned by the government, also found that tenants’ discontent with professional standards was often focused on the management of Services Providers, and on Services Providers who were often seen as unhelpful.
13. Overall, this evidence, along with the severity and prevalence of landlord failures which have been highlighted in the media over recent months and years including the tragic death of Awaab Ishak in Rochdale, have highlighted the pressing need for change and consistency in terms of staff behaviours conduct and attitudes towards tenants which is why we are introducing these new requirements.
14. It is acknowledged that there are some positive indications of higher satisfaction levels within social housing. The Social Housing Quality Programme: Residents Survey found that 65% of

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<sup>6</sup> [English Housing Survey 2021 to 2022: social rented sector - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/english-housing-survey-2021-to-2022-social-rented-sector)

<sup>7</sup> [Professional standards - Social Work England](https://www.socialworkengland.org.uk/professional-standards)

<sup>8</sup> [Eligibility - Social Work England](https://www.socialworkengland.org.uk/eligibility)

<sup>9</sup> SARGEANT, A. V. (2000) An exploratory study of the effects of progression towards National Vocational Qualifications on the occupational knowledge and care practice of social care workers, *Social Work Education*, 19(6), pp. 639–661.

<sup>10</sup> [Three counts of severe maladministration for Peabody | HOS \(housing-ombudsman.org.uk\)](https://www.housing-ombudsman.org.uk/three-counts-of-severe-maladministration-for-peabody)

<sup>11</sup> [Housing Ombudsman severe mal finding on Inquilab case October 2021 \(housing-ombudsman.org.uk\)](https://www.housing-ombudsman.org.uk/housing-ombudsman-severe-mal-finding-on-inquilab-case-october-2021)

<sup>12</sup> [Housing Ombudsman summary of Orbit severe mal case \(housing-ombudsman.org.uk\)](https://www.housing-ombudsman.org.uk/housing-ombudsman-summary-of-orbit-severe-mal-case)

<sup>13</sup> [Monthly Pulse report – Housemark](https://www.housemark.co.uk/monthly-pulse-report)

social housing tenants believed their landlord treated them with respect<sup>14</sup> and the English Housing Survey's 2021-22 findings shows that 70% of social housing tenants are satisfied with the housing services they receive.<sup>15</sup> This is reflective of the important work that is being done across the sector, such as Together with Tenants<sup>16</sup> and the Better Social Housing Review,<sup>17</sup> by providers to improve the standard of service for tenants, and enhance the quality of provision.

15. In many instances, tenants in social housing do have little control over decisions regarding the management of their home, which are made on their behalf by their landlord. However, tenants face the majority of the consequences of their homes being poorly managed, for example, substandard outcomes relating to repairs and maintenance services. One way to overcome this is to upskill the landlord, specifically the people within the organisation managing the tenant facing services. Being upskilled in housing management will make sure those staff employed by the landlord have the necessary skills and knowledge to deliver good outcomes for their tenants, minimising the detrimental impact to the tenant from bad service.
16. While standards in the Social Rented Sector are generally high, tenants suffering from poor outcomes may face difficulties in overcoming them by moving home or changing landlord like those in the Private Rented Sector without substantial difficulty. This means that tenants with poor landlords have reduced options to rectify their living environment. As such, it is essential to make sure a high standard of service is upheld for every tenant in the sector. Additionally, as the social housing sector receives significant government subsidy via housing benefits (which pays a majority of the rent in the sector), it is important to maximise value for money to the taxpayer by ensuring standards in the sector are high, the primary mechanism by which this is done is regulation.
17. Our approach to professionalisation of the sector through the introduction of the new regulatory C&C Standard will further help tackle for some tenants: harms to tenants' wellbeing and risks to their health and safety as a result of being treated with a lack of respect and not being listened to. It will aim to address the market failure that currently exists for some tenants, that where providers have been left to ensure the adequate professional development and training for their staff that it has not been effective enough at ensuring a consistently high standard of service across the sector.
18. If the government intervenes through Option 2, the stakeholders affected include Registered Providers (such as housing associations and local authorities) as well as "Services Providers" which are organisations who manage the delivery of housing management on behalf of a Registered Provider (such as Arms-Length Management Organisations (ALMOs), Tenant Management Organisations, and private / commercial Services Providers). It will also impact on qualifications providers, RSH and social housing tenants.
19. The government is best placed to resolve this issue because if it does not intervene, the quality of some services provided to social housing tenants are more likely to remain inconsistent and in some cases below a satisfactory standard. This presents ongoing harms to some tenant's wellbeing, as well as risks to their health and safety. The evidence we have seen from the time of the Grenfell tragedy in 2017 to the present time illustrates that for some tenants a lack of regulation has meant there has not been a significant improvement in services to tenants over the last 5 years.

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<sup>14</sup> [Social Housing Quality Programme: Residents Survey Report executive summary - GOV.UK \(www.gov.uk\)](#)

<sup>15</sup> [English Housing Survey 2021 to 2022: satisfaction and complaints - GOV.UK \(www.gov.uk\)](#)

<sup>16</sup> [National Housing Federation - Together with tenants](#)

<sup>17</sup> [About the review – The Better Social Housing Review](#)

20. This is evidenced by the fact that in 2017-18, the Housing Ombudsman received 14,445 complaints and enquiries;<sup>18</sup> whereas in their latest annual report (2021-22) they received 26,771.<sup>19</sup> (*N.B. We are aware that recent campaigns to increase the awareness of the Housing Ombudsman may have also contributed to this increase*).
21. We had considered options during the development of our approach that do not involve regulation, however we concluded that any non-regulatory approach would not go far enough to address this market failure. This is because it would not be noticeably different to the current state of the professional development and training with the sector, a non-regulatory option would ultimately still leave the professional development and training of staff within the sector up to providers.

### **Rationale and evidence to justify the level of analysis used in the IA (proportionality approach)**

22. We have undertaken a full impact assessment of the policy drawing on a variety of sources including research commissioned from IFF Research by the government, surveys undertaken by the National Housing Federation (NHF), surveys undertaken by the Local Government Association (LGA), estimates from consultation with qualifications providers and the Annual Survey of Hours and Earnings. A full list of the evidence used is listed in paragraphs 81-91.
23. Where necessary, uncertainty has been accounted for by creating both high and low scenarios, mainly around the financial cost of qualifications and the extent to which Services Providers will be impacted by the C&C Standard.

### **Description of options considered**

24. We have considered the following options:
- a) Option 1: Do nothing. This would entail the government leaving providers within the sector to set their own Standard in relation to the competence and conduct of their staff.
  - b) Option 2: Implementing a broad outcome-based C&C Standard for staff in the social housing sector and requiring a specific sub-set of senior staff to enrol upon housing management qualifications over two years. We require that approximately half of the existing staff in scope should be enrolled within a year and 100% should be enrolled within two years (the “Transition Period”), except in limited circumstances e.g. long-term sickness.
25. Option 2 intends to deliver the desired outcome of raising the standard of Housing Management Services provided to tenants by ensuring that staff working in the sector have the relevant SKEB to provide high quality services, with certain senior staff undertaking a qualification to particularly enhance their SKEB. The qualifications requirement is expected to drive culture change within provider organisations, with those senior staff in scope cascading their SKEB to frontline teams, so tenants are more likely to be treated with respect and feel listened to by providers. This will also contribute towards improvements in tenant wellbeing, and help minimise health and safety risks.
26. Option 2 would be implemented by issuing a direction to the Regulator under section 197 of the 2008 Housing and Regeneration Act. This direction would require the Regulator to set a Standard relating to the competence and conduct of Relevant Individuals (under section 194A of the Act, amended by the Social Housing (Regulation) Act 2023) for which Registered Providers are required to comply.

<sup>18</sup> [Annual report 2017-18 published - Housing Ombudsman \(housing-ombudsman.org.uk\)](https://www.housing-ombudsman.org.uk/annual-report-2017-18)

<sup>19</sup> [Annual report 2021-22 published | Housing Ombudsman \(housing-ombudsman.org.uk\)](https://www.housing-ombudsman.org.uk/annual-report-2021-22)

27. The government intends to consult in 2024 on the implementation of the C&C Standard, which is intended to come into force in April 2025.
28. We propose that the broad outcome-based C&C Standard entails Registered Providers keeping an updated written policy setting out their approach to learning, development, appraisal and performance management as well as an developing an appropriate code of conduct – further detail can be found in paragraph 33a) i) – iii). They must also take appropriate steps to secure that those of their Services Providers' staff who are Relevant Individuals have the necessary skills, knowledge and experience, and exhibit the behaviours needed to deliver a good service. This will be regulated by the RSH.
29. We also propose that the housing management qualification required for the sub-set of senior staff should be a qualification that covers the course criteria outlined at section 3.2 of our Policy Statement and paragraph 47 of this Impact Assessment. Again, this will be regulated by the RSH.

### **Policy objective**

30. The intended outcomes and key policy intention of introducing the regulatory C&C Standard is that social housing staff gain the SKEB needed to deliver good quality, professional services to tenants without having adverse unintended consequences for the sector.
31. This will drive a culture change in the workforce, so tenants are more likely to be treated fairly, with empathy and respect, and without stigma and therefore feel listened to by providers. The aim is for this to result in a better standard of service which will be measured through better handling of complaints and a contribution to increases, in aggregate, of landlords' tenant satisfaction measure scores on fair and respectful treatment. The C&C Standard will be implemented alongside other regulatory changes being made across the sector that will also contribute. It also means staff will be better equipped to manage risks relating to tenant's health and safety, so we envisage that this is likely to contribute to a reduction in health and safety related issues in the social housing sector.
32. Our objective is also to set a clear requirement within the C&C Standard for Senior Housing Managers and Senior Housing Executives to obtain qualifications as described in our Policy Statement. 100% of those staff in scope of the qualification element which are in post at the beginning of the Transition Period should have or be working towards a qualification within two years of the Standard coming into force. There will be some limited exemptions and flexibilities to allow for exceptional circumstances, such as it not being feasible for staff to complete qualifications due to long term absence from work, e.g., due to maternity leave or if they are reservists in the armed forces. We expect that, in practice, the vast majority of existing staff in the sector that are scope will be qualified within three years of the Standard coming into force. We expect there to be a total qualification time for each qualification, and where qualification providers set a time limit for a qualification learners must complete it within that time. Where there is no time limit set, we have set the expectation that it should not take longer than two years to complete the qualification except in exceptional circumstances. New staff joining towards the end of, and after the Transition Period will need to enrol within six months of starting their new role. Where there is a probation period applicable to a person's role, they will need to have, or be working towards, a qualification within nine months from the point at which they begin their role.
33. Through this intervention the intended outcomes and changes will be to:
- a) Provide a direction to the Regulator to set a Standard relating to competence and conduct for all staff involved in the provision of Housing Management Services, including that:

- i) Registered Providers must have a regularly updated written policy setting out their approach to learning and development and ensuring Relevant Individuals have appropriate and up to date skills, knowledge, experience, and behaviours;
  - ii) Registered Providers' written policies must include their approach to appraising staff, regularly reviewing their performance and managing poor performance;
  - iii) Registered Providers must adopt or develop an appropriate code of conduct and make sure this is embedded within their organisation; and
  - iv) Registered Providers must comply with all applicable requirements set out in Chapters 1-6 of the Policy Statement which is issued by the government on the details of the qualifications requirements.
- b) Provide further detail on the qualifications requirements through a government Policy Statement, which the Regulator will require providers to comply with through its Standard, including:
- i) Guidance on the functions of the roles in scope (included within the Policy Statement);
  - ii) The criteria that qualifications must meet;
  - iii) Timeframes for enrolment, commencement and completion of qualifications; and
  - iv) Exemptions and flexibilities.
- c) Set a direction to the Regulator where the resulting Standard is deliverable for providers.
- d) Generally, drive up professional standards within the sector to deliver culture change and improve the wellbeing of tenants and minimise risks to their health and safety.
34. Success criteria (*aimed to be reviewed alongside the four-year regulatory cycle*):
- a) The Standard introduced is deliverable and does not cause significant disruption to the sector especially in relation to recruitment and retention and service delivery to tenants;
  - b) Providers feel that they have sufficient clarity in order to make their own assessments about which staff are in scope or which qualifications meet the criteria;
  - c) The Standard set can be regulated effectively by the Regulator, who will take an assurance-based approach to regulation;
  - d) Providers can make sure relevant staff meet the qualification requirements as set out in the Policy Statement and all relevant unqualified staff have or are working towards a qualification within the time limits set;
  - e) We see reductions in complaints upheld, specifically about the service provided by housing management staff, and improvements in complaints handling; and
  - f) We expect to see a contribution to an increase (in aggregate) of providers' tenant satisfaction measures scores on *fair and respectful treatment*, as compared to the scores from the National Tenant Survey that the Regulator is currently undertaking. This is alongside other regulatory changes we are making across the sector that will also contribute. For this success measure, we understand that there will be fluctuations for these scores as the tenant satisfaction measures is in its early stages with a range of other factors which will impact scores. Also we recognise that other incoming measures such as the introduction of proactive consumer regulation will also impact on increases here. We will keep this measure of success under review. It is important to note we are not using this alone to measure success.

### **Summary and preferred option with description of implementation plan**

35. Our preferred option is Option 2: Implementing a broad outcome-based C&C Standard for staff in the social housing sector and requiring a specific sub-set of senior staff to enrol on housing management qualifications over two years (the "Transition Period").

#### How the preferred option will be given effect

36. Through the Social Housing (Regulation) Act the Secretary of State has been given a power to direct the RSH to set regulatory standard for the competence and conduct of all social

housing staff.

37. We will direct the Regulator to set this Standard which will require Registered Providers to have a documented approach to managing and developing the skills and knowledge of Relevant Individuals as appropriate for specific roles including approaches to learning and development, appraisals, and performance management, and require Registered Providers to sign up to or develop an appropriate code of conduct. The Standard will make sure that staff have the skills, knowledge, and experience and that they exhibit the behaviours to deliver a good service to tenants.
38. The C&C Standard will set qualifications requirements for senior staff. The roles in scope of the qualifications requirements are Senior Housing Managers, who are usually responsible for managing the direct delivery of Housing Management Services, e.g., through managing teams of staff to deliver a good quality service to tenants, and Senior Housing Executives who are responsible for providing strategic direction and have accountability in relation to Housing Management Services (Annex B1 of the Policy Statement sets out guidance for Registered Providers and Services Providers to support them to make their own assessments of the roles in scope of the requirements).
39. We intend to consult on this intervention in 2024 and will take the responses into account before final decisions are taken on the policy, and we may revise the intervention before we issue our direction to the Regulator to set the C&C Standard. Our intention is for the new Standard to come into effect in April 2025.
40. We propose that the broad outcome-based C&C Standard entails a provider keeping an updated written policy setting out a provider's approach to learning, development, appraisal and performance management as well as an developing an appropriate code of conduct – further detail can be found in paragraph 33a) i) – iii). This will be regulated by RSH.
41. We also propose that the housing management qualification for the sub-set of senior staff be a qualification that covers the course criteria outlined in our accompanying Policy Statement at section 3.2. This will be regulated by RSH.
42. The Regulator will consult on the proposed C&C Standard once the government has issued its direction. As previously mentioned, our preferred option is to provide a two-year period (the "Transition Period") within which those in scope should have or be working towards a qualification. This will allow Registered Providers and Services Providers to take a phased approach to qualifying staff. The advantage of this option is that it will prompt providers to move rapidly to professionalise the sector and improve the quality of services to tenants, whilst ensuring that providers can maintain their standards of service to tenants whilst staff undertake qualifications. This proposal sets clear expectations around the timeframes within which staff must obtain or be working towards qualifications whilst allowing landlords to spread the costs and time commitments from staff over a number of years which would reduce the risks of negative impacts on or disruption to service delivery. It also gives qualifications providers time to increase their capacity to meet increased demand.
43. We propose, during the Transition Period, to require half of the eligible, unqualified staff to have or be working towards a relevant qualification within the first year, and all eligible staff within the second year (except in limited circumstances e.g. long-term sickness). For small and micro-organisations, an adjusted Transition Period of *double* the number of years required of other providers (as detailed in Chapter 4 of the Policy Statement) will be applied to enrol staff that are in scope.

44. We think that as a result of this intervention, professional standards within the sector will be improved, in turn improving the wellbeing of tenants and minimising risks to their health and safety.

#### How the intervention leads to the achievement of the policy objective

45. We think that two years for enrolment (the “Transition Period”) would deliver the intended outcomes because requiring providers to enrol their staff on qualifications within this ambitious time-frame will prompt providers to move as fast as possible, thereby improving professional standards swiftly. This approach to implementation also enables providers to manage the associated costs and risks. As there is a period of two years for enrolment for relevant staff, providers can split their staff into cohorts who can get qualified sequentially. This will spread the risks and costs of the intervention over a longer time period compared to a strict timeframe for qualification completion, therefore increasing how deliverable the measure is. More detail on these risks can be found in paragraphs 88-107.

46. Providing a Policy Statement alongside our direction to the Regulator will enable us to meet our policy objective as it will set out the detailed requirements of the qualifications requirement. This will provide providers with the clarity needed to enable them to comply with these requirements. For example, the Policy Statement will provide guidance around the functions of the roles in scope of the qualifications requirements, as well as providing clarity on the functions of the roles not in scope. The Policy Statement will also provide an overview of the flexibilities permitted in specific circumstances and which individuals are exempted.

47. The Policy Statement will also set out the criteria that the housing management qualifications must meet, including course content.

- a) For a **Senior Housing Manager** undertaking the level 4 qualification, the minimum course content must develop learner’s skills and knowledge in the following areas:
  - i) Professional practice skills for housing management such as collaborative working and exercising professional judgement;
  - ii) Ensuring needs of tenants are met (for example, those with additional needs);
  - iii) Customer service in housing including effective engagement with Tenants and delivering respectful and professional housing services;
  - iv) Relevant housing law;
  - v) National housing policy and current trends driving the housing sector; and
  - vi) Embedding organisational policies in housing organisations.
- b) For a **Senior Housing Executive** undertaking the level 5 qualification or foundation degree, the minimum course content must develop learner’s skills and knowledge in the following areas:
  - i) Ethical practices and understanding how these practices apply to housing organisations and professionals;
  - ii) Professional practice skills for housing management such as collaborative working and exercising professional judgement;
  - iii) Ensuring needs of tenants are met (for example, those with additional needs);
  - iv) Customer service in housing including effective engagement with Tenants and delivering respectful and professional housing services;
  - v) Strategic and business planning for housing management;
  - vi) Leadership and management in the context of housing management; and
  - vii) Stakeholder engagement and managing relationships in housing management.

48. We assess that the course content described above, once learnt by senior staff, will be the most effective method of driving culture change within provider organisations. As these staff will cascade their SKEB to frontline teams, so tenants are more likely to be treated with

respect and therefore feel listened to by providers. This will also improve tenant wellbeing, and minimise health and safety risks and therefore achieving the policy objective.

### When the arrangements will come into effect & monitoring arrangements.

49. We intend the arrangements to come into force in April 2025.
50. We intend to consult on this intervention in 2024 and will take the consultation responses into account before final decisions are taken on the policy. We may revise the intervention before we issue our direction to the Regulator to set the C&C Standard. Our intention is to direct the Regulator in 2024 and for the new Standard to come into effect in April 2025.
51. We propose that the broad outcome-based C&C Standard entails a provider keeping an updated written policy setting out a provider's approach to learning, development, appraisal and performance management as well as an developing an appropriate code of conduct – further detail can be found in paragraph 33a) i) – iii).
52. RSH will be responsible for the ongoing regulation of the new arrangements. The Regulator takes an assurance-based approach to regulation which means it seeks assurance from providers as to their compliance with its Standard. This is in line with its fundamental objectives as the Regulator has a duty to exercise its functions in a way that minimises interference and (as far as is possible) is proportionate, consistent, transparent, and accountable.
53. The Act provides that if a provider fails to comply with the C&C Standard, including applicable qualifications, the Regulator will have power to require the provider to produce and implement a Performance Improvement Plan, to be approved by the Regulator (see clause 29 of the Social Housing (Regulation) Act 2023).

### **Monetised and non-monetised costs and benefits of each option (including administrative burden)**

#### **Option 1: Do nothing**

54. There are no monetised costs, or monetised benefits of this option.
55. There is a non-monetised benefit if this option is pursued. Compared to Option 2, it would maintain providers' and Services Providers' ability to decide how their workforce should improve their SKEB to improve service delivery. This may lead to a more tailored approach.
56. There are non-monetised costs of this option. As previously mentioned, evidence heard by the Grenfell Inquiry as well as feedback we have heard from tenants has demonstrated social housing tenants feel their housing related concerns are not being listened to by providers. If this continues it could negative impact on tenants' wellbeing, as well as there being costs associated with risks to the safety and health of social housing tenants.

#### **Option 2: Implementing a broad outcome-based C&C Standard for staff in the Social Housing Sector and, requiring a specific sub-set of senior staff to have or be working towards housing management qualifications over two years (the "Transition Period").**

#### Monetised Costs

57. The total cost of Option 2 is estimated to be £530.6m in nominal terms (£481.0m PV), over ten years, with a larger portion of the costs concentrated in the first two years (see Annex C1



for a breakdown of annual costs). The largest share of the costs of this option derive from the opportunity cost of staff time needed to complete the qualification. This cost represents the lost services output the staff would otherwise have produced doing their day job for the hours needed to complete the qualification. With staff working less than they otherwise would have done, Registered Providers will need to address short term gaps in provision. In order to value this lost output, we have used the hourly salaries of Senior Housing Manager and Senior Housing Executives from the Annual Survey of Hours and Earnings – see paragraph 91 for more details. The hourly wage of these staff should be an accurate reflection of the value of the output they produce as it is the amount Registered Providers and councils are willing to pay for their labour. As is standard in impact assessments, this was uplifted by 1.202 to include non-wage costs.

58. However, as we do not know how providers will address short term gaps in provision to replace those undertaking the training, this has not been monetised. The total qualification time needed to complete a level 4 and 5 housing qualification is 360 and 320 hours respectively. This is based on the total qualification time estimated for current level 4 and level 5 courses by CIH. Total qualification time is comprised of guided learning and hours that a learner will reasonably be likely to spend in preparation, study or participation in education. Based on hourly wages of £29.41 for Senior Housing Managers and £46.84 for Senior Housing Executives in 2022, we would expect an opportunity cost of around £10,500 per manager and £15,000 per executive.
59. Based on the total number of staff in scope of the policy and net of those already sufficiently qualified we expect a total opportunity cost of £188.1m for PRPs, £116.5m for local authorities (LAs) and £162.2m for Services Providers.
60. Due to uncertainties around how many Services Providers will be required to undertake housing management qualifications, we have produced upper and lower estimates of £436.6m and £496.2m for the opportunity costs. The figures in paragraph 55 represented the maximal opportunity cost of C&C Standard. It has been assumed that:
- all of the hours of learning required for qualifications will take place during working hours;
  - all work required to undertake the qualification will be additional (i.e., not something the employee will be doing as part of their day job); and
  - all hours will be purely additional on top of their current learning and development and will not replace any previously planned learning.
61. If any of the three assumptions listed above are flexed, the opportunity cost of the C&C Standard will be smaller than our headline figure. Additionally, we have taken the conservative assumption that all learners will not have undertaken any previous training that will enable them to skip modules or otherwise carry out the course in less than the maximum time. We know anecdotally that some staff will be able to complete their qualifications in less than the hours specified in paragraph 54 and we will refine this assumption before the final stage Impact Assessment, based on the responses of our consultation.
62. Further costs derive from the financial costs to providers from enrolling their staff on the courses. We estimate that a level 4 housing qualification costs between £1,265<sup>20</sup> and £2,250<sup>21</sup> and a level 5 course between £1,800<sup>22</sup> and £2,880.<sup>23</sup> We estimate, from figures

<sup>20</sup> [Level 4 Certificate in Housing - London Learning Consortium \(londonlc.org.uk\)](https://www.londonlc.org.uk)

<sup>21</sup> [Level 4 Certificate in Housing | Housing Academy \(cih.org\)](https://www.cih.org)

<sup>22</sup> [CIH Level 5 Diploma In Housing \(dundeeandangus.ac.uk\)](https://www.dundeeandangus.ac.uk)

<sup>23</sup> [Level 5 Diploma in Housing | Housing Academy \(cih.org\)](https://www.cih.org)

provided by the CIH and based on historical activity levels, that around 11% of level 4 learners will undertake their qualification as part of an apprenticeship which will substantially lower the cost to their employers as such courses can be funded by the employer's apprenticeship levy. We estimate that, net of the levy, a level 4 qualification costs a Registered Provider £217 if undertaken via an apprenticeship. For employers who do not pay the apprenticeship levy (have an annual pay bill of £3m or less) we are aware that a 5% contribution to the cost of training is required,<sup>24</sup> we have not accounted for this at this stage as we do not have an accurate account for which of the smaller providers will use the apprenticeship route, we will refine this cost based on the responses of our consultation.

63. Based on the total number of staff in scope of the policy and net of those already sufficiently qualified we expect a total enrolment cost of £21.0m for PRPs, £14.0m for LAs and £24.6m for Services Providers. Due to uncertainties around how many Services Providers will be required to undertake housing qualifications; we have produced upper and lower estimates of £46.6m and £80.7m of the enrolment costs.
64. Finally, we expect familiarisation costs of £1.5m in year one, based on one working day of familiarisation time per small provider, and 10 per large provider for the broad Standard and qualification element. This accounts for the time needed to update working practices and make necessary arrangements. Of this familiarisation time, 25% of which will be executive time and 75% senior manager time. We will be asking providers to feed back on their costs through the consultations and will refine this cost at a later stage.

### Non-Monetised Costs

65. There will be costs associated with the negative impact this could have on recruitment and retention in the social housing sector where this is already a key concern. As of January 2023, 48% of housing associations regard staff recruitment and retention as a strategic risk due to labour and skills shortages.<sup>25</sup> Through stakeholder engagement, we have heard that providers are concerned that certain members of staff, particularly those close to retirement, may be reluctant to get qualified and may leave the sector. This would lead to a cost to the sector associated with recruitment, for example 80% of respondents, who are local authorities, to the LGA's Professionalisation of the Social Housing Sector Report<sup>26</sup> anticipated moderate or great disruptive impacts on their recruitment and retention as a result of the intervention.
66. There is also a cost to implementing the broad C&C Standard. For example, organisations will have to have in place a written policy outlining their approach to staff learning and development, and organisations will have to update their policies, procedures, training and systems to comply with the requirements. These measures to meet the new C&C Standard will likely incur additional costs, however, we cannot provide an estimate for this as this will be different depending on each provider. We will be asking providers to feed back on their costs through the consultation and seek to monetise this and refine this cost within our implementation costs at a later stage.
67. There are also the indirect costs related to the scenario that investment from existing budgets is pulled to meet the broad C&C Standard from other sources of expenditure, such as other training for other staff (including frontline staff who are engaging with tenants on a day to day basis and therefore should be appropriately trained) and building more housing

<sup>24</sup> [Apprenticeship funding - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/apprenticeship-funding)

<sup>25</sup> <https://www.insidehousing.co.uk/insight/the-inside-housing-risk-register-survey-79623>

<sup>26</sup> [Professionalisation of the social housing sector | Local Government Association](#)

stock. We cannot provide an estimate for this as this will be dependent on providers' current private training budgets, their current policies, and the extent that current policies must be amended. There is also likely not a direct causal link from the intervention and these associated costs as the broad C&C Standard does not mandate any specific training, we assume that this is only a limited familiarisation cost, which we will refine at a later stage.

68. We are also aware that the costs of the qualification element may pull investment from budgets to meet the broader C&C Standard, that apply to all staff. We cannot provide an estimate for this as this will be dependent on providers' current private training budgets and there may not be a direct causal link from the intervention and these associated costs.
69. The NHF's survey of Housing Associations also suggests that several providers are considering or intending to draw on the apprenticeship levy to meet the proposed qualification element of the C&C Standard. If providers draw on the apprenticeship levy, this could lead to the cost of reducing the funding available for other priority apprenticeships within the social housing sector.
70. We are aware of an indirect cost of the policy should providers address short term gaps in provision by replacing those undertaking the training. This would lead to additional recruitment costs as well as increased national insurance contributions due to the additional workforce headcount for providers. We have not monetised this cost because the extent to which providers will respond to the policy in this way is unclear, but this will be considered based on the responses to our consultation. Additionally, this would not be a direct cost to business as Registered Providers are not obliged to hire more staff as a result of the C&C Standard.

### Monetised Benefits

71. We assess that there are monetised benefits which will arise from a sub-set of senior staff enrolling on and completing qualifications. DfE publishes estimates of the economic returns of further education, last updated in 2021.<sup>27</sup> These returns are based on the increase in productivity seen following completing further education and are estimated by taking observed increases in wages, employment and non-wage productivity.
72. DfE estimated the NPV per enrolment in a Level 4 and 5 qualification for somebody aged 24+ to be £36,000 in 2018-19 prices. This figure is net of those who drop out before completing their qualification and is a lifetime estimate, so must be adjusted before being used in our estimates. DfE advised DLUHC that the annual, nominal value of returns to a completed Level 4/5 qualifications is £3,600 in 2018-19 prices, which is £4,153 in 2022 prices. Assuming this return, and assuming that benefits begin to fully manifest the year after the employee completes their qualification (for example, a worker who enrolls in year 1 does not see any increase in productivity until year 2) we estimate around £750m in productivity benefits (PV) of this option over the 10-year appraisal period.
73. We expect the benefits to manifest in multiple ways as a result of improved productivity from the qualification element of the C&C Standard, examples of these benefits include improvements in:
- a) **Complaints upheld:** The Housing Ombudsman in 2022-23 received over 5,000 complaints that were escalated for formal investigation, representing a 27% increase from the previous year.<sup>28</sup> We anticipate that the qualification element of the C&C

<sup>27</sup> <https://www.gov.uk/government/publications/measuring-the-net-present-value-of-further-education-in-england-2018-to-2019>

<sup>28</sup> [Annual Complaints Review 2022-23 | Housing Ombudsman \(housing-ombudsman.org.uk\)](#)

Standard will drive culture change of staff and management of service to tenants, equipping them to tackle issues with tenants more effectively so the standard of service as well as the handling of complaints is improved. This should therefore likely reduce the number of complaints upheld regarding poor service and the number of complaints escalated as the management of complaint handling likely improves. For example, the Policy Statement outlines criteria for the content of the qualification including engaging effectively with tenants and delivering respectful and professional housing services. We expect this knowledge to be cascaded amongst the workforce therefore causing an improvement in service quality and more effective handling of the complaints which are made.

- b) **Repairs:** The English Housing Survey 2021-22 shows that private renters were more likely to be satisfied with the repairs and maintenance carried out by their landlord (75%) than social renters (62%).<sup>29</sup> We expect that the C&C Standard may contribute to an improvement in satisfaction with repair work as staff in the sector will be better equipped to develop more effective processes for the management of repairs and this, amongst other measures, may contribute to lasting and higher quality repair work.
- c) **Rent Arrears:** The English Housing Survey 2021-22 shows that 18% of social renters were either in arrears or had been arrears in that year. This is an increase from 15% in 2020-21<sup>30</sup> though we acknowledge that these are two years affected by the Covid-19 pandemic. For comparison, figures in 2019-20, a year less affected by the Covid-19 pandemic, were at 23%<sup>31</sup> showing a similar figure to 2021-22. We anticipate that the Standard, amongst other reforms, may contribute to a reduction in this percentage. This is because the qualification element will improve the skills and knowledge of senior staff to design more effective policies around income recovery and managing arrears that guard against tenants remaining in arrears for an extended period of time or assist tenants in avoiding being in rent arrears. We do recognise difficulties in establishing causative effect here, as there are wider factors which may have a greater impact on rent arrears such as increases in inflation and cost of living.
- d) **Anti-Social Behaviour (ASB) Cases:** The Social Housing Quality Programme: Residents Survey 2022 Report also shows that 26% of tenants had been affected by anti-social behaviour in the previous 12 months. Amongst the 69% of tenants who reported it to their landlord, 54% were dissatisfied with the landlord's handling of the case.<sup>32</sup> We expect the Standard to contribute to the latter percentage decreasing as senior staff, through the qualification element, will be better equipped to design policies aimed at tackling ASB. In particular, we expect to see better process management of ASB cases. This is because ASB management is in scope of Housing Management Services as described in guidance accompanying the Policy Statement, and therefore managerial responsibilities relating to ASB management will be in scope of the qualification requirement. Additionally, we expect senior staff to cascade their resulting knowledge to frontline staff, of for example the ASB legal framework, so they can effectively respond to cases when they arise.

*(N.B. As noted throughout, there are other external factors that may be more influential in the reductions in paragraph 73a-d and may lead to increases, so we will keep the benefits of the intervention under review, including monitoring other benefits, throughout the lifetime of the intervention.)*

## Non-Monetised Benefits

74. As heard by the Grenfell Inquiry, and in evidence provided to our Social Housing Green Paper consultation and Professionalisation Review, some social housing tenants feel their

<sup>29</sup> English Housing Survey 2021 to 2022: satisfaction and complaints - GOV.UK ([www.gov.uk](http://www.gov.uk))

<sup>30</sup> English Housing Survey: headline report ([publishing.service.gov.uk](http://publishing.service.gov.uk))

<sup>31</sup> English Housing Survey 2019 to 2020: headline report - GOV.UK ([www.gov.uk](http://www.gov.uk))

<sup>32</sup> Social Housing Quality Programme: Residents Survey Report executive summary - GOV.UK ([www.gov.uk](http://www.gov.uk))

concerns are not being listened to by providers. The C&C Standard will improve the SKEB of staff within the social housing sector to deliver good quality, professional services to tenants as providers will develop and train their staff to ensure they meet that Standard. This will lead to non-monetised benefits to their general wellbeing, and minimise risks to their health and safety as we expect tenants to be treated respectfully when raising concerns.

75. We have also heard from engagement from stakeholders that it is possible in the long-term individuals will be drawn to the sector, therefore there may be a slight improvement in recruitment and retention. This would likely be because the qualification element would increase the status of the profession or may increase wages for qualified staff.

### Direct costs and benefits to business calculations

76. The costs to business of this policy are the share of costs that fall upon PRPs and Services Providers. Approximately 2 million households live in homes with a PRP landlord.<sup>33</sup> The table below outlines the total costs to businesses for option 2 in real terms:

	Option 2		
	PRPs (£m)	Services Providers (£m)	Total (£m)
Opportunity cost	£170	£148	£318
Enrolment cost	£22	£25	£46

### Risks and assumptions

- *These should be justified and have an objective basis in research, or clear rationale why assumptions are the best proportionally available evidence (especially if using proxies or estimates).*
- *Where assumptions and evidence sources have been used these should be transparently referenced (e.g., consider whether these assumptions and their source could be presented in a single place to support transparency);*
- *It should identify where the gaps are in the evidence base, and any uncertainty surrounding the assumptions made in the assessment;*
- *Provide consideration on how will risks be mitigated; including a sensitivity analysis and unintended consequences assessment on the core options.*

### Assumptions

#### Provider training (Option 1 only)

77. We are assuming that providers will not take sufficient action to improve the SKEB of their staff to the extent needed without new regulatory requirements. However, the vast majority of providers will have existing training budgets and make provision for training and development of staff which does or is intended to support the quality of service delivery. We have assumed this as the trend exists that service delivery standards are not improving despite provider's actions, as illustrated in paragraphs 1-21.

#### Adherence to the regulation

<sup>33</sup> English Housing Survey, 2021-22

78. We are assuming that a C&C Standard, including qualification requirements for specific senior staff, will be adhered to by providers, therefore realising the non-monetised benefits of Option 2, with the Regulator and providers taking an assurance-based approach to regulation. This means it seeks assurance from providers as to their compliance with the C&C Standard.

#### Net Present Value of a Level 4 and Level 5 Qualification

79. As discussed in the paragraphs 71-72, we have followed DfE's framework of measuring the present value of returns to further education to monetise the benefits of the policy. DfE's monetised figures are averages across a number of sectors and therefore it is possible the precise benefits of the C&C Standard may differ from this average return to a level 4 or 5 qualification. To account for this uncertainty, we have undertaken sensitivity analysis which shows the "tipping point" at which the benefits must materialise to fully offset the costs. In order for PV benefits to equal PV costs, at least 64% of the estimated benefits must materialise.

80. Additionally, as DfE's estimates of the PV of returns to further education are in 2018/19 prices, it was necessary to inflate them in to 2022 prices for the purpose of this IA. This was done using His Majesty's Treasury's GDP deflators. As the returns to further education are a composite measure of wages, employment and productivity, these components may not have increased equally with GDP since 2018/19.

#### The number of staff in scope of the qualification element

81. We have assumed:

- a) There are 117,000 total staff who deliver social housing services employed by PRPs (such as housing associations, co-operatives) and ALMOs. These figures are taken from research the government commissioned from IFF Research in 2022.<sup>34</sup> We have also assumed that 8% of these staff would be in scope of the qualification element. This is taken from stakeholder engagement with ALMOs and housing associations, where we asked a representative sample of these providers (n=25) to give an estimated percentage of housing management staff in scope and took an average from their responses.
- b) There are 43,000 total staff who social housing services employed by local authorities (LAs). This is taken from research the government commissioned from IFF Research in 2022. We have also assumed that 15% of these staff would be in scope of the qualification element. This is taken from stakeholder engagement with local authorities, where we asked a representative sample (n=25) of these providers to give an estimated percentage of housing management staff in scope and took an average from their responses.
- c) We have assumed that for Services Providers:
  - i) That 64% of Registered Providers outsource service provision to Services Providers. This is taken from research the government commissioned from IFF Research in 2022. The research states that 63% of Registered Providers sub-contract at least maintenance services (this could be alongside sub-contracting other services) and IFF Research have confirmed that 1% of organisations did not sub-contract maintenance services but sub-contracted another service. *(N.B. This assumption will capture staff who are not in scope of the requirement, and therefore will lead to an overestimation of the monetised costs for Option 2.. For example, a Services Provider or individual that is a Services Provider who does not have any Relevant Managers who meet the description set out in section 6.1 of Policy Statement).*
  - ii) We have also assumed that Registered Providers contract with between 5 and 10 Services Providers, using 5 as our low estimate and 10 as our high estimate. This is

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<sup>34</sup> Annex F – The Social Housing Professionalisation Review Report

taken from our stakeholder engagement with Registered Providers and accounts for Services Providers who are contracted by multiple providers. We are consulting on this assumption.

- iii) Finally, we have assumed that 1 employee for each Services Provider will be in scope of the qualification element, this is because we envisage that there would be one senior manager role or function within a Services Provider.
- d) We have assumed that, after the Transition Period, there will be an increase of 2,000 qualification enrolments each year as a result of the policy. We have assumed that that the enrolments will be split proportionately amongst PRPs, local authorities and Services Providers

*(N.B., We recognise that ALMOs are Services Providers, however, the data available included PRPs and ALMOs together. We have therefore included any cost estimations and assumptions attributable to ALMOs throughout this Impact Assessment along with PRPs. Any costs attributable to Services Providers do not include ALMOs.)*

### The percentage of Senior Housing Managers who already hold a relevant qualification in the social housing sector

82. We have assumed the following:

	PRPs / ALMOs	LA	Services Providers
Already qualified (%)	22.1	33.9	0

- a) For PRPs and ALMOs this percentage is taken from a survey undertaken by the NHF in 2023. We have assumed that the number of already qualified senior managers is equal to the number of already qualified senior executives from survey respondents.
- b) For LAs, this percentage is taken from a survey undertaken by the LGA in 2023.<sup>35</sup>
- c) We have assumed that none of the staff employed by Services Providers or Relevant Individuals that are Services Providers, which are in scope of the requirement are already qualified. This is because we have no accurate data to assume a percentage for this set of senior staff and that there is no expectation that these staff in the industry should hold these qualifications.

### The percentage of Senior Housing Executives who already hold a qualification in the social housing sector

83. We have assumed:

	PRPs / ALMOs	LAs	Services Providers
Already qualified (%)	22.1	46	0

- a) For PRPs and ALMOs we have made the same assumptions and used the same source described in paragraph 86a.
- b) For local authorities, this is taken from a survey undertaken by the LGA in 2023.<sup>36</sup>
- c) We have assumed that Services Providers will be Senior Housing Executives as the vast proportion of Services Providers (excluding ALMOs) will have one Senior Housing Manager.

### The percentage split of staff in scope of the requirement that are Senior Housing Managers

<sup>35</sup> Professionalisation of the social housing sector | Local Government Association

<sup>36</sup> Professionalisation of the social housing sector | Local Government Association

compared with Senior Housing Executives

84. We have assumed:

Type of Senior Staff	PRPs / ALMOs	LAs	Services Providers
Senior Housing Managers (%)	76.3	76.3	0
Senior Housing Executives (%)	23.7	23.7	100

- The split across PRPs, ALMOs and local authorities is taken from a survey undertaken by the LGA in 2023.<sup>37</sup>
- That all individuals in scope of the qualification element employed by Services Providers (excluding ALMOs) will be Senior Housing Managers, with the Senior Housing Executive function (excluding ALMOs) carried out in-house by the Registered Provider which has outsourced services.

Cost of the qualification element

85. We have assumed:

Qualification	Cost – Lower Estimate (£)	Cost – Higher Estimate (£)
Level 4	1,265	2,250
Level 5	1,800	2,880

- Both assumptions are made from internal research of the qualifications market, observing 15 qualifications training centres at the time of writing for the CIH Level 4 Certificate in Housing and the CIH Level 5 Diploma in Housing.

Time taken to complete the qualification element

86. We have assumed:

Qualification	Time (hours)
Level 4	360
Level 4 Apprenticeship	496
Level 5	320

- For the level 4 qualification the assumption is based on the CIH's estimated total qualification time for the CIH Level 4 Certificate in Housing.
- For the level 4 apprenticeship qualification the assumption based on the typical duration of a level 4 senior housing and property management level 4 apprenticeship (18 months) and incur 20% of the average 36.4-hour working week in off-the-job training).<sup>38</sup>
- For the level 5 qualification the assumption is based on the CIH's estimated total qualification time for the CIH Level 5 Diploma in Housing.  
*(N.B. The total qualification time relates to the breadth of the qualification and what is covered in the units (not the level), therefore is dependent on the areas to be covered to reflect roles at that level. This accounts for the reduced total qualification time for the Level 5*

<sup>37</sup> Professionalisation of the social housing sector | Local Government Association

<sup>38</sup> Average actual weekly hours of work for full-time workers (seasonally adjusted) - Office for National Statistics (ons.gov.uk)



*Diploma compared to the Level 4 Certificate in Housing.)*Salaries of Senior Housing Managers and Senior Housing Executives

87. Salaries for Senior Housing Managers and Executives were taken from the 2022 Annual Survey of Hours and Earnings and were estimated to be £24.27 and £38.97 respectively in 2022 prices. These were subsequently uplifted to include non-wage costs and inflated by OBR wage growth assumptions as per the July long run estimates for the duration of the appraisal period:

Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Wage growth (%)	4.1	1.7	1.7	2.1	2.5	3.5	3.6	3.7	3.7	3.7	3.7

**Risks**Availability of qualification courses

88. We have heard through our engagement with Registered Providers that they have concerns regarding whether there will be enough courses available for all staff in scope to meet the qualification element of the Standard. This is because they are concerned that the number of courses available may not be able to meet peak demand when the Standard comes into force.

89. To mitigate this risk, we are taking steps to set a Transition Period from when the Standard comes into force, to allow sufficient time before we expect all staff in scope to have or be working towards qualifications. We have engaged with qualifications providers so that they understand the expected timeframes.

90. The Transition Period is the time period within which staff must have, or be working towards, qualifications. A longer Transition Period would extend the length of time for the qualification provider market to build their capacity and capability to deliver more courses for staff to undertake qualifications. We accept therefore that the three-year Transition Period mitigates the risk further than the two-year Transition Period.

91. However, our engagement with existing qualification providers has indicated that they are already planning for how and when they will need to provide increased capacity, including for a two-year Transition Period, and some providers are confident they can meet demand. Based on estimates of housing management qualifications and validated degrees awarded over the past five years we are forecasting overall demand to increase to an estimated 4,000 qualifications per year with an initial two-year hump of 7,500 per year to manage current needs in the sector during the implementation phase (rising from approximately 2,000 per year).

Negative impact on recruitment and retention

92. Some Registered Providers have noted that the qualification element will make the social housing management profession more attractive for new entrants, and could, in the long-term, lead to improvements in recruitment and retention. However, we have also heard from our engagement that Registered Providers are concerned that introducing the qualification element will lead to a negative impact on recruitment and retention.

93. They are concerned some staff will be unwilling to engage in a qualification, particularly staff who already have a partially relevant qualification which does not meet the criteria we will set, or those with long standing experience who possess relevant skills and knowledge but do not have a qualification, and that such staff may leave the sector. There is also concern that qualifications requirements may make it more difficult to recruit new staff.
94. To mitigate this risk, we have focused the qualification element on a specific sub-set of senior staff (Senior Housing Managers and Executives) rather than on all frontline staff. From our engagement with housing associations, local authorities and ALMOs, we understand that this means that around 8-15% of their staff will need to be qualified. We think that this is indicative for Services Providers, but will refine our assumption as a result of responses of the consultation. This maintains a lower barrier to entry in the sector for most prospective staff, and should reduce the negative impact on recruitment overall.
95. In addition, we are not requiring within our Policy Statement that staff should already hold a housing management qualification at the point of recruitment. Therefore, in order to successfully apply for a Senior Housing Manager or Senior Housing Executive position, it is not required that staff should already be qualified. Providers have the option enrol and support their staff to work towards a qualification once in post.
96. We are also engaging with the qualification provider sector who are exploring possibilities of creating systems for recognising prior learning in order to allow some staff to be exempted from parts of courses where they have already undertaken accredited training or partially relevant qualifications which cover those aspects of required skills and knowledge.
97. Stakeholder engagement highlighted that providers had concerns that staff who had an existing technical qualification needed for their role would have to undertake a completely new and sometimes less relevant qualification. For example, we have heard from the Royal Institution of Chartered Surveyors (RICS) who provide professional qualifications that they estimate that around 2,500 staff working in the social housing sector via housing associations, local authorities or housing service providers, already hold their qualifications.
98. We have implemented mitigations that those who have already achieved a qualification which partially covers the required criteria in section 3.2 of the Policy Statement related to course content, such as technical or housing related qualifications will not necessarily need to undertake a new course in full, rather they may take accredited training or continuing professional development (CPD) modules before the end of the Transition Period which cover the course content requirements that are not covered by their existing qualification. This arrangement persists only during the Transition Period, which will be either the two- or three-year period after the C&C Standard comes into force (this also only applies if the qualification mentioned meets the applicable requirements regarding qualification type and level set out in section 3.1 of the Policy Statement). This means that their existing technical qualification would be recognised and would satisfy the requirements,.
99. This will reduce impacts in terms of opportunity cost and the cost of qualifications as it will avoid staff unnecessarily undertaking a full new qualification, whilst ensuring all the required course content is covered. It will also reduce the negative impact on staff retention.

#### Funding implications, opportunity costs and rent rises

100. We have also heard from providers that they have concerns regarding funding the qualifications requirements for staff in scope, as well as the opportunity cost of the working hours that providers will lose from their staff whilst they are undertaking the appropriate qualifications.

101. In addition, as the broad Standard and qualification element is expected to be funded by providers, we are aware of the likely risk that this cost is passed on to tenants indirectly. There is also a risk that providers choose to fund the qualification element by reducing spending elsewhere e.g., pausing improvements to current housing stock. However, the broad Standard is significantly less expensive than the qualification element due to the cost of enrolling members of staff on a housing management qualification.
102. To help mitigate against these risks, we are setting a Transition Period, with a requirement set around the timeframes within which staff in scope must have, or be working towards, qualifications. We require that at least half of staff in scope must be enrolled mid-way through the Transition Period, except in limited circumstances e.g. long-term sickness. This sets a clear expectation that providers must take steps to get their staff qualified within an ambitious timeframe, however it also extends the time period for enrolling on the qualification, therefore reducing the cost of qualifying staff per year for providers. This is because providers with multiple staff in scope can qualify staff in smaller cohorts, and therefore pay for fewer qualifications per year than if they had to make sure all staff in scope had achieved their qualification within a two- or three-year period.
103. We are also aware of the effect that the qualification element may have on the wages of senior staff within the sector, with employers potentially coming under pressure to pay senior staff higher wages if they hold a relevant qualification. We will be asking the sector through the consultation of the likelihood of this risk materialising and consider further mitigation when appropriate should this present a significant risk to the financial health of providers.

#### Service delivery risk

104. We are aware that the qualification element of the C&C Standard will mean that these staff will have their hours spent managing delivery of Housing Management Services reduced by up to 8 hours per week. This could present a service delivery risk for providers should large amounts of staff be taking this time out at once, and it be difficult to find cover for this time and disrupt services to tenants.
105. We have mitigated this risk by setting a Transition Period, with a requirement set around enrolment of senior staff onto qualifications. This reduces the impact of reduced working hours because providers with multiple staff in scope can qualify staff in smaller cohorts over a longer period of time, and therefore have less staff taking time away from their roles each working week. We are also granting small and micro-organisations a Transition Period which is double the length, giving them longer to prepare for the service delivery risks posed by the Transition Period.

#### Risks to volunteers

106. We are also aware that the qualification element of the C&C Standard would pose a significant risk to volunteers working in the sector and volunteer-led organisations such as charities and alms-houses who do not have staff or are run either fully or solely by trustees or volunteers. The added financial pressures of qualifying volunteers in scope could threaten the viability of volunteering in the sector, as well as the viability of these organisations and may lead to closures.
107. The requirements apply to employees and officers, so for the most part volunteers are not in scope as they are not employees, but some unpaid volunteers, such as trustees and board members, may be officers. To mitigate this risk, we have outlined in our Policy Statement that individuals in scope of the qualification element cannot be unpaid volunteers. Therefore only board members or trustees who are paid and fulfil the role of Senior Housing Manager

or Senior Housing Executive would be in scope of the qualification element. This would limit service disruption to tenants and will likely significantly reduce the risk that this measure would lead to the closures of some of these organisations. We recognise that it would not be practical or proportionate to expect volunteers who may already be undertaking their role in their personal time in addition to paid employment to also undertake a qualification.

### Impact on small and micro businesses

108. The Standard we are introducing will impact small and micro-organisations. In particular, we have assessed that those who provide less than 50 units of social housing stock are likely to be disproportionately affected by this new regulatory Standard. This is because they are more likely to have a smaller number of managers in scope of the requirements, meaning that these absences will have a larger impact on the organisation. Also their small size will mean that the initial cost of the qualification will be more difficult to manage.
109. Our engagement has also indicated that small and micro-organisations such as cooperatives, tenant management organisations (TMOs) and small alms-houses may be disproportionately affected.
- a) The Confederation of Co-operative Housing state that there are 223 Registered Provider housing co-operatives equating to a stock total of around 20,000 homes, and their members usually manage around 50-80 properties per co-operative. They have also indicated that there are approximately 500 homes run by co-operatives which are entirely run by volunteers.
  - b) TMOs are tenant groups who take over responsibility for managing Housing Management Services under the Right to Manage 2012 Regulations. There are approximately 200 TMOs in cohort England providing a range of services for about 70,000 homes. All TMOs are managed by a board or committee of tenant volunteers and are registered companies and legal entities. Some TMOs manage as much as 1,000 units of stock but an average TMO manages 30-40 units.
  - c) Alms-houses would also be affected by these requirements. There are 266 alms-houses who are Registered Providers and about half have paid staff. The majority of alms-houses are run entirely by volunteer trustees (approximately 8-10 trustees per charity).
110. Stakeholders have raised that introducing this Standard may be disproportionately burdensome for these micro-organisations. They have raised the significant financial pressure the qualifications requirements will pose to small and micro-organisations which could pose a risk to the financial viability of these providers. We will also be seeking to understand more about these impacts on small and micro-organisations through responses to the consultation and may refine this flexibility at a later stage.
111. We are not intending to exempt small and micro-organisations as it could lead to the C&C Standard not being applied consistently across the sector and small and micro-organisations, who are providing a poor-quality service, could continue to cause costs to tenant wellbeing, and costs associated to their risks to tenant health and safety.
112. However, recognising the burdens described in paragraphs 114-115, we are intending to apply additional flexibilities:
- a) **Small and micro-organisations (Registered Providers who provide less than 50 units of stock and their Services Providers):** An adjusted Transition Period of *double* the amount of time will be applied compared to most other providers (as detailed in section 4.2 of the Policy Statement). The same adjusted Transition Period will apply in relation to Services Providers where they deliver Housing Management Services to a Registered Provider who provides 50 Social Housing Units or fewer. This reduces burdens for small and micro-organisations by:

- i) Giving them a longer time-period to prepare for enrolling staff in scope, reducing the burden of finding cover for loss hours and raising the financial means to pay for the qualification;
  - ii) It could further spread the cost of qualifying staff over a longer period, therefore reducing spending on staff undertaking qualifications per year so poses less of a financial burden;
  - iii) It could also spread the loss of senior staff working hours over a longer period. (e.g., small, and micro- organisations with multiple staff in scope could qualify staff in very small cohorts making it easier to find cover for lost hours).
- b) **Volunteer organisations:** As previously mentioned, Senior Housing Executives who are unpaid volunteers are not in scope of the requirement. This would remove the financial burden for solely volunteer-led organisations and it would reduce the burden for organisations with both volunteers and paid staff.

113. To note, we have not factored in the impact of the doubled Transition Period in our calculations of monetised costs to the sector. This is because we have assumed that a low percentage of the social housing workforce are employed by providers who provide less than 50 units of stock. However, we will aim to refine estimation at a later stage from responses to the consultation.

## **Wider impacts (consider the impacts of your proposals)**

### Equalities

114. The key positive impact of the C&C Standard is that it will improve the SKEB of staff within the social housing sector to deliver good quality, professional services to tenants as providers will put in place policies and procedures so their staff meet them. As a result, they will provide a better service to tenants which will benefit their general wellbeing, and minimise risks to their health and safety as we expect tenants to be treated respectfully when raising concerns.
115. Data from recent English Housing Surveys (EHS) show that this will have a greater than average positive impact on women, people with disabilities and people from ethnic minority backgrounds, because these groups are all more likely to live in the social rented sector, evidenced by 120a-c. This includes the other protected groups as the increased SKEB of staff in the social housing workforce is expected to increase the quality of services for all tenants.
- a) The English Housing Survey (EHS) for 2019-20, 58% of households in the social rented sector had a female Household Reference Person (HRP). This is greater than the proportion of households in owner occupation (37%) and the private rented sector (40%) with a female HRP.
  - b) The EHS for 2021-22 shows that 54% of households who are social renters contain at least one person with a disability or long-term illness. This is higher than owner occupied (30%) and private rented households (30%).
  - c) In 2020-21, among social renters in England, 19% of the HRPs are people from ethnic minority backgrounds. This is similar to the proportion in private rented (23%), and greater than those living in owner occupied households (8%).
116. The C&C Standard on the workforce that it is expected to have a net neutral or slight positive impact for protected groups on the social housing sector's workforce. This is because the C&C Standard will increase the SKEB of the workforce and mean Senior Housing Managers and Executives in the workforce, as well as future position holders of these roles, gain a qualification. This will likely be a valuable boost to the workforce's employability and as such will have a disproportionately positive impact on groups from

protected characteristics which are disproportionately represented in the social housing workforce.

117. Protected groups that are disproportionately represented in the social housing workforce are evidenced by data from the NHF's Equality, Diversity, and Inclusion Report 2021 'How diverse is the housing association workforce in England?' (in comparison, with Census 2021 data) which illustrate that:

- a) 57% of the housing association workforce is female. Census 2021 data shows that for the working age population, 50.8% are female.<sup>39</sup> This indicates a greater than average representation of this working age characteristic within the social housing sector's workforce.
- b) 27.3% of the workforce are from an ethnic minority background. Census 2021 data shows that for the working age population, 19.3% are from an ethnic minority background.<sup>40</sup> This indicates a greater than average representation of this working age characteristic within the social housing sector's workforce.
- c) 0.79% identify as "trans" or "any other gender identity" within the workforce. However, the data was only collected for one-quarter of the workforce. Census 2021 data shows that 0.54% of the population identified as trans or any other gender identity different to their sex registered a birth.<sup>41</sup> This shows a slightly higher representation within the workforce compared to the overall population but must be caveated by the lower quality of the data compared to other protected characteristics.

118. We are aware that the qualification element included in the C&C Standard may have slight negative impacts for protected groups within the workforce such as those who are women, disabled, or pregnant and those taking maternity leave. These impacts could be due to the added academic and time responsibilities incurred by the qualification. We have mitigated against this negative impact partly by allowing those who are scheduled to be absent from work for an extended period, e.g., due to sickness or maternity leave, to enrol on qualifications after their extended period of leave. We also expect that qualifications providers will provide some level of flexibility in certain circumstances when it comes to the time limits or estimated duration allowed for completion of the qualification.

119. We have conducted a full Public Sector Equalities Duty (PSED) analysis and assess that risks to protected groups will not have a disproportionate negative impact upon them, also we are confident that we have made adequate mitigations to make sure that any risks do not disproportionately affect groups with protected characteristics within the social housing workforce.

### Wider Impacts to Individuals

120. Staff of providers may be adversely affected by the additional cost of the qualifications for staff in scope. In addition, existing staff that are qualified may seek higher wages as their qualification enhances their employability. This may leave providers less resource to spend on employment costs i.e., employee benefits and recruitment.

121. There would likely a benefit to individual staff in terms of the enhanced SKEB afforded to the workforce; this may improve the employability of staff. As previously mentioned, these staff may seek higher wages as a result of the qualification and receive a financial benefit.

### Impacts to the Environment

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<sup>39</sup> [Ethnic group by age and sex in England and Wales - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

<sup>40</sup> [Ethnic group by age and sex in England and Wales - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

<sup>41</sup> [Gender identity, England, and Wales - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

122. There may be an indirect environmental impact. If providers' costs increased significantly compared to Option 1, this may result in them spending less on improving the energy performance of their property.

### Indirect Impact to Business

123. There will likely be an impact on training and qualification providers who will benefit from increased demand for their services.

### Impacts to Market

124. The market for housing management qualifications will likely see increased demand as providers seek to qualify staff in scope. We will likely see existing qualification providers benefit from increased demand for their services initially, then potentially new qualification providers entering the market to meet this demand.

### **A summary of the potential trade implications of measure**

125. We have not identified any potential trade implications.

### **Monitoring and Evaluation**

126. RSH will be responsible for regulating this Standard and making sure that Registered Providers meet the outcomes required. Where a Registered Provider does not meet the outcomes in the Standard, the regulator has a range of tools available to it. Its approach to regulation is set out in its publication *Regulating the Standards*.<sup>42</sup> We expect the Regulator to communicate their findings with the government through the government's review of the impact of the new regulatory regime. In addition, we expect the Regulator to communicate judgements regarding their inspections, with outcomes specifically around the culture of providers and the conduct of staff can be used to evaluate the intervention.
127. The government has publicly committed to a review of the new regulatory regime every four years. This intervention features amongst other interventions in a new regulatory regime including the introduction of proactive consumer regulation and the introduction of the Tenant Satisfaction Measures. We will engage with the review process to assess whether the C&C Standard's objectives have been met, but will likely also independently review the following indicators.
128. By the time the four-year regulatory cycle review is initiated, we expect to see reductions in complaints upheld specifically about the service provided by housing management staff to the Housing Ombudsman, giving time for the measures to begin to take effect. We will monitor this through working with the Housing Ombudsman<sup>43</sup> to understand complaints levels in this respect and the English Housing Survey.<sup>44</sup>
129. We will also expect to see an increase (in aggregate) of landlords' Tenant Satisfaction Measures scores on fair and respectful treatment, as compared to the scores from the benchmarking survey that the Regulator is currently undertaking. Of course we note the likely fluctuations for these scores as they are in their early stages with a range of other factors which will impact them so we will keep this mode of evaluation under review. We will also monitor resident satisfaction data with service levels collected by the English Housing

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<sup>42</sup> [Regulating the Standards - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

<sup>43</sup> [Annual Complaints Review 2022-23 | Housing Ombudsman \(housing-ombudsman.org.uk\)](https://housing-ombudsman.org.uk)

<sup>44</sup> [English Housing Survey 2021 to 2022: satisfaction and complaints - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

Survey<sup>45</sup> and the DLUHC Resident's Survey.<sup>46</sup>

130. We recognise that particularly with a suite of regulatory changes being introduced in the social housing sector, it poses a difficulty in isolating the effect of our intervention from the effects of other reforms across the sector. We will look at indicators of the wider changes we are bringing in across the together to build an overall picture of the improvements taking place and an understanding of whether our objectives are being met more generally. We will also look to isolate our monitoring to indicators which are focused on the outcomes of the intervention wherever possible, e.g., the number of complaints upheld regarding poor service or issues around the competence and conduct of staff. This will help us to identify whether the intervention may need to be amended. As mentioned, evaluation will be aligned with the timings of the cyclical review of the impact of the new consumer regime.
131. Should we recognise evidence from these aforementioned sources as well as engagement with stakeholders that providers are struggling to meet the C&C Standard or they are having an adverse impact on the sector we may look to review the Transition Period decided upon.

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<sup>45</sup> [English Housing Survey 2021 to 2022: satisfaction and complaints - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/english-housing-survey-2021-to-2022-satisfaction-and-complaints)

<sup>46</sup> [Social Housing Residents Survey Report 2022 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/social-housing-residents-survey-report-2022)



**Annex C1 - Breakdown of annual costs for providers****All costs £m and undiscounted**

<b>Year</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>Total</b>
Opportunity cost - LA	25.4	25.9	7.2	7.4	7.7	8.0	8.3	8.6	8.9	9.2	116.5
Opportunity cost – PRPs & ALMOs	46.2	46.9	10.6	10.8	11.2	11.6	12.0	12.5	12.9	13.4	188.1
Opportunity cost - Third Parties	45.6	46.3	7.8	8.0	8.3	8.6	8.9	9.2	9.6	9.9	162.3
Course cost - LA	3.5	3.5	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	14.0
Course cost - PRPs & ALMOs	6.4	6.4	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	23.0
Course cost - Third Parties	8.3	8.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	26.6