



Regulator of
Social Housing

Annex 3

Regulatory impact assessment

Consumer standards

July 2023



OFFICIAL

Regulatory impact assessment	
Title of proposal	Changes to the consumer standards
Date	July 2023
RPC opinion	Not required

Summary: Intervention and options			
Cost of preferred option (in 2019 prices)			
Total net present social value	Business net present value	Net cost to business per year	Business impact target status
£-0.9m ¹	£-0.6m	£0.1m ² (EANDCB in 2019 prices) ³	Not a qualifying provision

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

The Government's *Social Housing White Paper: The Charter for Social Housing Residents*⁴ (the White Paper) put forward proposals to reform social housing regulation. It set out commitments to proactive consumer regulation, transparency on landlord performance, safety in the home, effective handling of complaints, strengthened resident engagement, and good quality homes and neighbourhoods. The Social Housing (Regulation) Act 2023 (the 2023 Act) provides the legal basis for many of the measures set out in the White Paper.

The regulatory standards underpin our approach to regulation; this includes our consumer standards which apply to both private registered providers (PRP) and local authority registered providers (LARP). The Government expects the regulator to review the consumer standards to ensure they are up to date, deliver our revised objectives and include the regulatory changes⁵ outlined in the White Paper. We have therefore strengthened and updated them (whilst keeping those parts which remain relevant) to include the White Paper's regulatory expectations.

Social housing is made available to people whose needs may not be adequately served by the commercial housing market. Below-market rents and need-focused allocation policies mean that tenants of social housing have limited opportunities to exercise consumer choice over their landlord, quality of accommodation and services offered. For example, the market power of tenants alone may not be enough to guarantee stock quality, health and safety and tenancy sustainment. The consumer standards provide an alternative mechanism, ensuring there are required outcomes and expectations that landlords must meet so that they can be held to account.

¹ Due to the difficulty of trying to estimate the social value solely by the review of the consumer standards the impact assessment has focussed solely on the costs.

² Costs to businesses is represented by the cost implication for PRPs, as costs incurred by LARPs are not costs to business

³ Equivalent Annual Net Direct Cost to Business

⁴ [The charter for social housing residents: social housing white paper](#)

⁵ Refers to the regulatory changes or expectations that affect the consumer standards as opposed to the wider regulatory changes to implement a proactive approach to consumer regulation – described further in paragraph 22.

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

The objective of the intervention is for the regulator to set up to date outcome-based consumer standards with an associated Code of Practice, which have been informed by the views of stakeholders. The proposed Code of Practice amplifies some of the requirements in the standards by elaborating on the content, where necessary. As a result of the intervention, the regulator will be able to continue to meet its statutory objectives.

As well as setting out the outcomes we expect landlords to achieve, the main indicators of success will be that the consumer standards set the right expectations of landlords to deliver good quality homes and services, make a meaningful difference to tenants, are deliverable by landlords and can be regulated effectively by us.

What policy options have been considered? Please justify preferred option (further details in Evidence Base)

Option 1 – Business as usual (BAU) – counterfactual

The regulator continues to regulate registered providers against the existing consumer standards. This option is not recommended as it excludes the White Paper policy expectations and doesn't reflect the regulator's expanded remit following the introduction of the 2023 Act. This option has been included as a counterfactual in order to assess the cost of the revised standards.

Option 2 – Introducing a revised set of consumer standards that include the new requirements set out in the White Paper – lead option

The regulator reviews and revises the consumer standards so that they reflect our revised consumer objective, address the new policy expectations set out in the White Paper and are strengthened to respond, in part, to identified needs and market failures. It is proposed that the revised standards will be supported by a Code of Practice to amplify some of the requirements in the standards, where required.

Policy option 2 – preferred option

Summary: analysis and evidence

Description: Amend the regulatory framework to introduce new consumer standards for registered providers as specified in the lead option.			
Full economic assessment			
Price base year 2019	PV base year 2020	Time period years 10	Net Benefit (Present Value) (PV) (£m) £-0.9m⁶
Costs	Total transition (Constant Price)	Average Annual (excluding Transition) (Constant Price)	Net Cost (£m) (Present Value)
Best estimate	£0.9m (2019 prices, 2020 PV base year)	Not calculated	£0.9m (2019 prices, 2020 PV base year)
Description of scale of key monetised costs by ‘main affected groups’			
<p>PRPs⁷ and LARPs would incur transitional costs, including additional time to read and understand the new standards, disseminate them internally, and update organisational systems, policies, processes and data.</p> <p>Overall, we consider the cost to the sector to be low relative to its turnover, with the impact on small providers (fewer than 1,000 units) likely to be proportionately higher. Across the sector we consider the costs are manageable and proportionate.</p>			
Other key non-monetised costs by ‘main affected groups’			
<p>The existing consumer standards set required outcomes and specific expectations that registered providers must achieve. The majority of the new requirements build on these in a way that means assessing their cost would be disproportionate to achieve. This is particularly so because we set outcome focused standards so that registered providers remain sufficiently free to choose how to achieve the required outcomes, without the regulator prescribing this.</p> <p>We have also taken the view that it is not proportionate to monetise these costs given the variation across the sector in terms of what is already being delivered by some providers as BAU activity and what will be an additional cost. Whilst these may be significant for some registered providers, in general we consider they are difficult to disentangle from registered providers’ existing activities.</p>			

⁶ Based on a discount rate of 3.5%.

⁷ PRPs are considered to be businesses so the cost to them is the same as the cost to business.

Benefits	Total transition (Constant price)	Average annual (excl. Transition) (Constant price)	Total benefit (Present value)
Best estimate	Not costed	Not costed	Not costed
<p>Description and scale of key monetised benefits by ‘main affected groups’</p> <p>The benefits of the revised consumer standards have not been monetised for the reasons set out below.</p>			
<p>Other key non-monetised benefits by ‘main affected groups’</p> <p>Registered providers and social housing tenants are the main affected groups that will derive benefits from the introduction of the revised consumer standards and supporting Code of Practice.</p> <p>Registered providers: The new consumer standards and supporting Code of Practice will contribute positively to service delivery as the expectations have been clarified, strengthened, and expanded (including reflecting the regulator’s expanded consumer objectives and the White Paper’s expectations on regulation). As landlords will be clear on the regulator’s expectations, they will be facilitated to remain compliant.</p> <p>Tenants: Tenants will be better able to hold their landlord to account through clear and robust expectations, and the strengthened requirements will result in better outcomes for tenants.</p> <p>Many of the benefits are inextricably linked to the wider White Paper proposals and the 2023 Act’s purpose to strengthen the regulator’s consumer regulatory role. However, there are difficulties in trying to accurately estimate the social value generated solely by the consumer standards, for example, due to the lack of robust data and evidence. Also the difficulty in identifying causality of single measures from the White Paper and the 2023 Act’s proposals. The regulatory impact assessment has, therefore, focused solely on monetising the costs.</p>			
Key assumptions/sensitivities/risks			Discount rate⁸ (%) 3.5%
<p>The evidence base explains how the cost estimates have been arrived at and are intended to be viewed as a sector average. This is because there are a range of factors that will affect the cost of complying with the revised standards for different registered providers such as the number and arrangement of staff who work on consumer standards and assurance, adaptability of current processes and individual reading speeds.</p>			

⁸ Discounting is a technique used to compare costs and benefits occurring over different periods of time on a consistent basis. Discounting in appraisal of social value is based on the concept of time preference – that generally people prefer to receive goods and services now rather than later. Discounting is solely concerned with adjusting for social time preference and is separate from adjusting for inflation.

Assessing costs per individual provider would be hard to quantify with any level of accuracy and would be disproportionate to the level of cost divergence between registered providers. Given the likely costs and high degree of diversity in the sector, seeking to estimate average additionality is likely to be both disproportionate and give a spurious impression of accuracy.

We assume that registered providers of social housing would bear the full resource implications of the regulatory changes and that the number of registered providers in the future broadly remain at current levels.

Is this measure likely to impact on international trade and investment?	No			
Are any of these organisations in scope?	Micro Yes	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded: N/A as de minimis CO ₂ impact anticipated.		Non-traded: N/A as de minimis CO ₂ impact anticipated.	
Will the policy be reviewed?	No			

Evidence base

1. The assessment has been completed with reference to the [Government's Better Regulation Framework](#) guidance⁹ and [The Green Book](#) guidance¹⁰ about how to appraise policies, and the approach to the costings set out in this note conforms as far as possible to published guidance. In line with this guidance, the level of detail employed in the cost analysis is intended to be proportionate to the level of costs and risks.
2. The evidence base of this impact assessment is structured as follows:
 - A. Problem under consideration
 - B. Rationale for regulatory intervention
 - C. Policy objective
 - D. Description of options considered
 - E. Monetised and non-monetised costs and benefits of each option
 - F. Risks and assumptions
 - G. Small and Micro Business Assessment
 - H. Preferred option with implementation plan
 - I. Monitoring and evaluation

⁹ [Better Regulation Framework \(2020\)](#)

¹⁰ [The Green Book \(2022\)](#)

A. Problem under consideration

Policy background

3. The fire at Grenfell Tower raised concerns about whether social landlords invest in their existing homes, listen to their tenants, treat them with respect and provide good customer service. Following this tragedy, in 2018 the Government published the Social Housing Green Paper [A new deal for social housing](#) which set out Government proposals to rebalance the relationship between social housing tenants and landlords. In response, there was clear and strong support for a new, rebalanced regulatory and sector approach, with a greater focus on tenants. Respondents strongly felt that, in order for this change to be effectively implemented, it must be backed through regulatory reform, building trust and accountability as well as driving up standards of social housing and service delivery by social landlords.
4. The Government set out how they would deliver this in the White Paper published in 2020. It proposed changes to the consumer regulation of social housing to strengthen the accountability of landlords for providing safe homes, quality services and treating residents with respect. As part of the regulatory reform, the White Paper highlighted the need to review the consumer standards to ensure they are up to date, fit for purpose and deliver on the regulator's expanded consumer objectives. Furthermore, the White Paper specified new policy expectations which were expected to be delivered through the consumer standards. The regulator has therefore carried out an extensive review of the existing consumer standards. We have strengthened our current standards (whilst keeping those parts which remain relevant) and updated them to include the White Paper's expectations on regulation.
5. This work has been informed by stakeholders. Over the last two years, we've spoken to a range of stakeholders including more than 2,000 tenants at conferences, workshops, and events. These conversations have included a focus on bringing to life the process of regulation, including the consumer standards and Code of Practice. As part of those conversations, we've heard feedback about the themes in the revised standards, as well as tenants' experiences and expectations of the services they receive from registered providers.

Scope

6. The Government conducted its own [impact assessment](#) on the changes to the regulatory system as part of the preparation of the Social Housing (Regulation) Bill¹¹. This included an expectation that the regulator would conduct its own impact assessment of the reviewed consumer standards and any associated code of practice in due course.
7. Therefore, this regulatory impact assessment is focused on the costs and benefits of introducing a revised set of consumer standards. PRPs are considered to be businesses so the cost to them is the same as the cost to business. The overall cost to the sector and social value includes the costs incurred by both PRPs and LARPs.

¹¹ Now the Social Housing (Regulation) Act 2023

Out of scope:

8. The consumer standards include aspects of consumer regulation which we are directed on by Government. This currently includes quality of accommodation, tenure, mutual exchange and tenant involvement¹². The 2023 Act introduces new powers of direction on: provision of information to tenants; competence and conduct; and Awaab's Law. The regulator anticipates being issued new directions on these in due course as well as revised directions on the quality of accommodation and tenure. Where the Government issues new or revised directions, it is expected that they will have carried out their own assessment of the impact of these changes and that the regulator will reflect these directions within the revised consumer standards. Within this context, the regulator has included the reading and familiarisation costs of the current directed elements of the consumer standards and Code of Practice as opposed to completely excluding them from the assessment. This is because they are interwoven in the consumer standard requirements and the revised standards should be interpreted holistically.
9. The regulator undertook an [impact assessment](#) on the introduction of Tenant Satisfaction Measures (TSM) in 2022 which included the technical requirements and consumer standard requirements; therefore, those costs are excluded from the costs for this impact assessment (apart from the reading/familiarisation associated with the TSM requirements in the consumer standards and Code of Practice).
10. As a separate exercise the regulator is in the process of revising its fees principles and reviewing the level of the fees it charges registered providers. This is to ensure that the fees principles align with its new powers and that it has adequate resources to undertake its expanded consumer regulation remit. Imposing or varying fees or charges is outside the scope of regulatory provisions¹³ and therefore a regulatory impact assessment is not required; however, a separate Business Engagement Assessment is being conducted for the new fees regime which will be published separately.

B. Rationale for regulatory intervention

11. Our standards serve as the foundations of our regulation. They set out the required outcomes and expectations that landlords must meet, thereby driving behavioural change in the sector and achieving positive outcomes for tenants. As such, the Government expects the regulator to review the consumer standards to ensure they are fit for purpose. As well as including the new White Paper policy expectations, additional amendments to the existing consumer standards are required to ensure they are up to date and relevant.
12. Apart from a relatively small change to the Tenant Involvement and Empowerment Standard in 2017, the consumer standards were last reviewed and updated in 2012. In some areas there is a need for the existing standards to be strengthened to respond to identified needs and market failures. By undertaking this review, the regulator will be able to make the required changes and ensure that outcomes are clear to landlords and tenants. The review will be able to, in part, address the following market failures¹⁴:

¹² [Revised directions on tenant involvement and mutual exchange](#) were issued in 2023. Existing direction on tenure and quality of accommodation are at the time of writing those issued in 2012.

¹³ for the purposes of the Small Business, Enterprise and Employment Act 2015

¹⁴ Market failures are described in the HM Treasury Green Book. [The Green Book: appraisal and evaluation in central government](#)

- Market power: social housing is made available to those whose needs are not adequately served by the commercial housing market. As social rents are below market, demand for social housing typically exceeds supply. Social housing tenants therefore have limited opportunities to exercise consumer choice over their landlord, quality of accommodation and services offered. For example, the market power of tenants alone may not be enough to guarantee stock quality, health and safety and tenancy sustainment. The consumer standards provide an alternative mechanism, ensuring there are required outcomes and expectations that landlords must meet so that they can be held to account.
- Asymmetric information: landlords are likely to have information about their housing and services that is not readily available to tenants. This information may be in a format that is inaccessible for non-experts. Standards around transparency are therefore a way to ensure tenants have relevant information about landlord services, understand what to expect from their landlord, and can hold their landlord to account. Clear consumer standards provide confirmation of the outcomes and expectations landlords must meet, increasing transparency and fairness in the sector.
- Imperfect information: Tenants are likely to stay in their homes for a number of years, with the potential for unexpected life events to arise such as illness and disability. The revised consumer standards demonstrate the outcomes and expectations required for all tenants including those who have particular needs now or in the future, for example, a need for adaptations or transfer.

13. In addition, consumer standards are a public good;¹⁵ to regulate the sector, standards need to be clearly articulated and easily understood. The information contained in the consumer standards is useful for landlords, tenants, funders and other stakeholders, as well as the regulator. It can be replicated freely and there is no ability to stop other people knowing the information. Publication of the revised consumer standards serves to set out the required outcomes and expectations that must be met.

14. The consumer standards are, therefore, widely recognised as an appropriate point of intervention to address these market failures.

C. Policy objective

15. The White Paper outlines changes to the consumer regulation of social housing to strengthen the accountability of landlords for providing safe homes, quality services and treating residents with respect. The proposed changes to the consumer standards underpin the regulator's strengthened consumer regulation role, setting out the expectations landlords will be required to meet, and what the regulator will seek assurance against.

16. Following public consultation, by April 2024 the regulator intends to publish revised consumer standards, informed by the views of stakeholders, that will help us to deliver our consumer regulation objective to:

- support the provision of social housing that is well-managed, safe, energy efficient and of appropriate quality

¹⁵ A public good is defined in the HM Treasury Green Book as 'non-excludable in supply' and 'non-rivalrous in demand'. That is, once provided it is available to all and one person's access does not diminish that of another. Clean air is a classic example.

- ensure that registered providers act in a transparent manner in relation to their tenants of social housing
- ensure that actual or potential tenants of social housing have an appropriate degree of choice and protection
- ensure that tenants of social housing have the opportunity to be involved in its management and to hold their landlords to account
- encourage registered providers of social housing to contribute to the environmental, social and economic well-being of the areas in which the housing is situated.

17. As a result of the intervention, the regulator will be able to continue to meet its statutory consumer objective. The indicators of success will be that the revised consumer standards set the right expectations of landlords to deliver good quality homes and services, make a meaningful difference to tenants, are deliverable by landlords and can be regulated effectively by us.

D. Description of options considered

Option 1 – Business as usual

18. Our approach to regulation is driven by our statutory fundamental objectives as set out in the Housing and Regeneration Act 2008. The regulator’s consumer objective prior to the 2023 Act was to make sure that tenants get well-managed, quality accommodation, have choice and protection, can hold their landlords to account, and to encourage registered providers to contribute to environmental, social and economic well-being. The 2023 Act has expanded our consumer objective to include safety, transparency and energy efficiency¹⁶.
19. Option 1 is based on the regulator continuing to regulate registered providers against the existing consumer standards. As the consumer standards are the principal method the regulator uses to hold landlords to account and deliver the statutory consumer objective, this option is not recommended. This is because the consumer standards would not have been updated to reflect the White Paper policy expectations, the change to legislation, and the regulator’s expanded remit; they would therefore not be fit for purpose. This option has been included as a counterfactual to assess the cost of the revised standards.

Option 2 – Revised consumer standards that include the new requirements set out in the White Paper - lead option.

20. Under option 2, the regulator would review and update the consumer standards so that they reflect our revised consumer objective, address the policy expectations outlined in the White Paper and are strengthened to respond, in part, to identified needs and market failures. The revised consumer standards are supported by a proposed Code of Practice to amplify some of the requirements in the standards, where required.

¹⁶ The Secretary of State has the power to direct the regulator on certain aspects of its regulatory standards. It is expected that the Government will carry out its own impact assessment on any resulting directions issued in the future.

21. The consumer standards apply to all registered providers, and as part of a co-regulatory approach it is for boards and councillors of those organisations to ensure they meet them. We set outcome focused standards so that registered providers remain sufficiently free to choose how to provide services and conduct their business. This aligns with the regulator's duties¹⁷ to regulate in a manner which is proportionate and minimises interference.
22. The 2023 Act removes the 'serious detriment' test, which currently places a high legal threshold on the regulator's ability to use its powers when we find a breach of the consumer standards. This change means we can take action in a wider range of circumstances. In addition, the 2023 Act strengthens our powers, including allowing the regulator to conduct consumer inspections, to seek assurance that both the service outcomes tenants experience and accountability arrangements are consistent with the expectations in our consumer standards. The 2023 Act also gives the regulator strengthened enforcement powers which can be used, if needed, when landlords are not meeting our standards¹⁸. It is expected that the Government's own impact assessment on the Social Housing (Regulation) Bill (which includes the new proactive approach to consumer regulation) will be reviewed and updated as required and so this does not form part of this impact assessment.

E. Monetised and non-monetised costs and benefits of each option

Sector overview

23. As at 31 March 2022 there were 1,381 registered provider groups (both PRPs and LARPs) that own 4,436,033¹⁹ units of social housing stock (homes), with a sector turnover of around £32 billion. Table 1 provides a summary of registered providers by type, stock size and turnover²⁰. There is a wide range in size of registered providers with the largest owning over 110,000 units to the smallest with only a few units. Where applicable, the assessment of costs to registered providers is based on costs at group level.

¹⁷ Under the [Housing and Regeneration Act 2008](#), s92K

¹⁸ The relevant sections of the 2023 Act which removes the serious detriment test and introduce new powers, come into force in April 2024.

¹⁹ All stock data is from the regulator's Statistical Data Return (SDR) and Local Authority Data Return (LADR) for March 2022.

²⁰ Source: regulatory data returns – The data relates to both PRPs and LARPs at registered group level.

Table 1: Summary of registered providers by type, stock size and turnover

	PRPs				LARPs			
Units held by RPs	No. of RPs	Social housing stock owned	% of total stock	Turnover ²¹ (£m)	No. of RPs	Social housing stock owned	% of total stock	Turnover (£m)
<250	831	43,403	1.0%	231	35	1,115	0.0%	6
<1,000	973	112,963	2.5%	602	38	2,101	0.0%	11
> 1,000	207	2,753,086	62.1%	22,830	163	1,567,883	35.3%	8,355
Total	1,180	2,866,049	64.6%	23,432	201	1,569,984	35.4%	8,366

Costs and benefits overview

24. The costs and benefits of policy option 2 are expressed relative to option 1 ‘do nothing.’ The main groups affected by the policy options are:

- PRPs and LARPs
- Social housing tenants.

25. It is not possible to robustly monetise the benefits due to the difficulty in trying to proportionately estimate the social value generated by the consumer standards. For example, due to the lack of robust data and evidence, and difficulty in identifying causality of single measures from the White Paper proposals. In addition, this impact assessment does not assess or monetise our regulatory approach and we consider it disproportionate to assess the divergence in landlords’ approaches to comply with the standards. The regulator has therefore focused on the general qualitative benefits of the new consumer standards, including the economic rationale (generally, this identifies market failures and how the standards can alleviate these).

26. To monetise the option, we have considered three categories of costs that registered providers would be likely to incur because of the revised consumer standard requirements:

- i. Reading and understanding: how long it takes the required staff to read through and understand the consumer standards and Code of Practice.

²¹ Turnover is imputed for providers with fewer than 1,000 units using number of social units and average general needs rent for 2022 (2022 SDR and LADR). For PRPs with more than 1,000 units data is taken from the 2022 Global accounts of registered providers. For LARPs with more than 1,000 units data is taken from the 2022 Local Authority revenue expenditure and financing England: 2020 to 2021 individual local authority data. Per unit imputed turnover for LARPs is lower than reported turnover for large PRPs since the later includes significant non-rental activities (for example market sales).

- ii. Dissemination: how long it takes those staff to write a written briefing and answer questions on the new consumer standards and Code of Practice.
- iii. Updating organisational processes: for example, updating the mapping of standards against assurance and establishing if any policies need updating. It doesn't, however, include the actual updating of policies, given the diversity of existing practices in the sector and that these activities will be subsumed into BAU.

Costs to PRPs and LARPs

27. Where costs have been monetised, it is based on best estimates of the additional costs that the policy options are likely to result in for registered providers. This takes into account variation within the sector, for example, the different sizes and types of providers and what different providers are already doing. Costs outlined within this impact assessment are to be considered as a sector average and are not intended to be applied on an individual provider basis.

Transitional costs

28. We consider that registered providers would incur transitional costs. This would include reading and understanding the revised consumer standards and new Code of Practice, disseminating the information in these documents within the organisation, and amending organisational policies, processes and systems. Table 2 presents a detailed breakdown of the transitional costs in policy option 2. These estimates reflect the regulator's knowledge of the sector (see paragraphs 29-31 for more information on how they have been calculated).

Table 2: Detailed breakdown of average transitional costs (2021 prices)

Units	No of providers	Reading and understanding	Dissemination	Updating organisational processes	Cost per provider	Average cost per unit	Total cost (£k)	Cost as a % of turnover
		Cost	Cost	Cost				
<250	866	£39	£105	£210	£354	£6.88	£306	0.13%
<1000	1,011	£39	£120	£240	£399	£3.50	£404	0.07%
>1000	370	£123	£571	£942	£1,637	£0.14	£606	0.002%
Sector	1,381	£62	£241	£428	£731	£0.23	£1,009	0.003%

29. In total, monetised transitional costs are £1.0 million, split between reading and understanding time (£85k), dissemination (£333k) and updating organisational processes (£591k). These costs are assumed to occur within a year of the consumer standards and Code of Practice being published.
30. Absolute costs are higher for larger providers given the number of staff who will need to read the new standards and Code of Practice, and the wider number of people that may need to be briefed through dissemination. They may need to update processes in what is likely to be a more complex environment, with multiple types of stock and areas where the provider operates. This is likely to entail greater complexity in updating organisational

processes, such as additional assurance mapping focused on different existing arrangements, geographical areas, or stock types.

31. However, costs relative to turnover are higher for smaller providers. We estimate that for large providers transitional costs will be on average £1,600, or 0.002% of turnover in a single year. For small providers (<1,000 units) we estimate costs on average to be £399 or 0.07% of turnover for that single year. For the smallest providers (those with <250 units) absolute costs are lowest, but total costs are highest, with £354 per provider and 0.13% of turnover in a single year. Overall, we judge that these costs are manageable and proportionate given the need to ensure that all tenants and providers in the sector are able to achieve the benefits of the consumer standards listed in paragraph 34.

Non-monetised costs

32. Many of the costs that flow from the review of the consumer standards are difficult to monetise, particularly when considering additionality, and modelling this complexity of responses is considered to be disproportionate. Given providers are likely to have a range of existing approaches on, for example, stock knowledge, tenant data and providing information to tenants, any new consumer standard requirements are likely to lead to a wide variety of potential responses from providers. This can range from no change required, changes to an existing policy or service, or development of a new policy or service.

33. As such, the majority of the measures do not have a monetisable cost and are aimed at ensuring behavioural change in the sector (including becoming more tenant focused) or relate to ongoing additional costs beyond transitional costs. Ongoing costs may relate to:

- Having up to date information on tenants' needs and stock
- Communicating and providing information to tenants
- Assessing housing and neighbourhood policies including whether they are fair
- Working with tenants to improve the delivery of landlord services
- Maintaining health and safety assessments of homes and communal areas
- Cooperating with local authority departments (for example in relation to managing domestic abuse)
- Taking action in response to hate incidents.

Benefits to PRPs, LARPs and social housing tenants

34. We have considered how to monetise the benefits of the consumer standard revisions but concluded that it is not possible to do this robustly. Therefore, as well as alleviating market failures (see paragraph 12), the regulator has described qualitatively some of the benefits to registered providers and social housing tenants associated with the changes under preferred policy option 2. This is set out below.

- The strengthened requirements will drive behavioural change in the sector aimed at achieving fair access to services and equitable outcomes for tenants, including tenants with protected characteristics. Also ensuring landlords communicate appropriately with their tenants, including in relation to repairs and antisocial behaviour – our tenant engagement has indicated this is a key area of concern.

- Tenants will be able to play a meaningful role in improving the delivery of landlord services, including tenant engagement.
 - Tenants will have access to the information needed to interact with their landlord such as information on rent and service charges, safety aspects of the home and on the roles and responsibilities of senior staff.
 - Tenants will feel safer in their homes through stronger and more explicit expectations in relation to maintaining the quality of homes and safety matters.
 - Tenants requiring home adaptations will have an understanding of how they will be supported.
 - Tenants experiencing hate incidents or domestic abuse will have an understanding of the approach their landlord will take to support them.
35. The supporting Code of Practice will contribute positively to service delivery by ensuring landlords understand how they can remain compliant with consumer standards and will facilitate the regulator and tenants holding landlords to account when standards are not being met.

F. Risks and assumptions

36. As the regulator has significant experience of engagement with registered provider staff, we hold a good understanding of how providers often operate. Transitional costs are, therefore, broad and proportionate estimates based on regulatory knowledge of the sector. We have also interviewed regulator staff with experience of compliance and assurance within providers, to gain insight into how providers will usually respond to changes in the regulatory standards. There is a risk that realised transition costs could exceed the broad estimates set out. However, feasible transition costs are likely to remain small compared to sector turnover and this risk is unlikely to change the assessment of options set out.
37. There is clearly a potential risk that there could be some additional ongoing costs from these requirements. However, as set out elsewhere, we consider that it is disproportionate to seek to model such additional costs formally, since any additional impact is very difficult to disentangle from existing provider activities. This is particularly the case when setting standards which many providers may already be surpassing. While there could be some risk of additional ongoing costs, we anticipate these would generally be relatively minor (especially relative to sector turnover), hence this is unlikely to change the assessment of options set out.
38. We assume that registered providers are complying with the existing standards and have systems of assurance and reporting in place to demonstrate their compliance. Our assessment does not include any degree of providers achieving compliance against the current standards or having to create assurance mapping from first principles, as these should currently be standard activities amongst registered providers.
39. In monetising costs, we have assumed that the number of registered providers in the future remain at current levels and that PRPs and LARPs fully bear the resource implications of these changes. As the costs we have monetised are for transition, any new providers would start with the new standards as their baseline.

40. We have also assumed that registered providers absorb the costs from their existing income. Given that maximum rent increases are themselves regulated, registered providers would have limited opportunity to pass costs on to tenants. The costs derived are therefore opportunity costs, where without the revised standards providers would have been able to choose to undertake other activities with their income.

Evidence base and sources

41. We have assessed provider numbers and stock holdings based on stock information given to us by providers in 2022²².
42. Staff wages have been modelled using Annual Survey of Hours and Earnings. Transitional costs have been generated by assuming an average hourly salary for a member of staff working in regulatory compliance or a similar role of £26.19, including non-wage costs²³. This is equivalent to a gross salary of nearly £39,000.²⁴ For very small providers, the time to undertake changes may be supplied by volunteers at zero financial cost to the provider. We have used our assessment of hourly wage to achieve an estimate of the opportunity cost to the volunteer in undertaking this work.
43. It is necessary for all registered providers to have at least one person read and understand the revised standards and Code of Practice²⁵. Reading time per person has been assessed in two ways. Firstly, the Flesch reading ease score²⁶ for the revised consumer standards and Code of Practice has been assessed using Microsoft Word. This suggests an average reading speed for both documents in the range of 50-100 words per minute (wpm).²⁷ Secondly, staff working in consumer regulation within the regulator²⁸ have been asked to read the documents and present their reading times. These have shown consistently faster reading speeds than those established following the Flesch reading ease score. On this basis we have modelled reading times based on the top end of the range indicated by the Flesch reading ease score. This is considered to be the most reasonable estimate that balances the two sets of information available from the evidence.

Table 3: Reading speeds of the revised consumer standards and Code of Practice

	Revised consumer standards	Code of Practice
Words	3,582	5,179
Flesch reading ease score	19.0	27.0
Median staff reading time (mins)	12	18
Modelled reading speed (wpm)	100	100
Modelled reading time (mins)	36	52

²² SDR for PRPs on a group basis and LADR for LARPs.

²³ Based on the ASHE category of business, media and public service professionals and non-wage uplift of 22%.

²⁴ Assuming 52 working weeks and 33 days holiday (including eight Bank Holidays) - 227 working days and work of eight hours a day.

²⁵ As assessment of comparative reading time to the old standards would not be appropriate given providers will need to consider these new standards on their own and will already have a working knowledge of the existing standards.

²⁶ A tool for calculating the approximate reading level of English-language content.

²⁷ Using the tables derived from EFTEC (2013), "Evaluating the cost savings to business from revised EA guidance – method paper" shown in BEIS (2017) Business Impact Target: [Appraisal of guidance: assessments for regulator-issued guidance](#)

²⁸ These members of staff are likely to have similar skills and reading speeds to staff at providers tasked with reading the documents.

44. Larger providers will have multiple individuals working in regulatory compliance or similar roles who will need to understand these documents. We have, therefore, scaled the number of people required to read the documents based on an assessment of how many individuals will be working in relevant roles within providers of different sizes. We do not believe that every member of staff will be required to have read the consumer standards. The majority of staff are likely to receive any updates about this either through written or verbal briefings and this work will likely be subsumed into BAU activities.
45. Once this cohort of staff have read and understood the standards, they will need to disseminate this information to senior managers, Boards and relevant councillors. We have assumed that they will do this primarily electronically and that the required scale of briefing will depend broadly on provider size. We have also accounted for time on follow-up questions and requests for these staff to attend meetings with senior staff, relevant councillors, or through governance structures such as provider boards. This is also scaled based on the size of the organisation. Even within these assessments there is a strong degree of economies of scale, with the largest providers likely to have the lowest costs per unit to disseminate the information widely throughout the organisation.
46. Finally, we expect that registered providers will need to update their organisational processes, including their mapping of assurance and organisational templates. They will prepare information to give their board or governing body assurance on the new areas. Again, we assume this will largely be completed by regulatory compliance teams or similar staff, with other departments in the organisation providing information where necessary. We do not think there will be a need for software or hardware changes (such as purchasing new devices) to respond to the monetisable elements of the consumer standards and Code of Practice.
47. We have used an archetype model to assess costs to registered providers. These are broad averages intended to capture likely time taken at the sector level. For a provider with 10,000 units, on average we consider:
- Four members of staff would need to read and understand the revised standards and Code of Practice.²⁹ This would be the team that undertakes engagement with the regulator and preparation of assurance documents, including for their immediate manager. For a 1,000 unit provider, we think this is two people and for the largest providers (>100,000 units), we think this is seven people.
 - Thirty-two hours of staff time³⁰ in total would be required to draft a briefing and disseminate this information, including to more senior staff and to board members, or relevant councillors (in regular meetings). This is 16 hours for providers with 1,000 units and 40 hours for the largest providers.
 - Forty hours of staff time would be required to update organisational processes such as assurance mapping. For providers with 1,000 units, we think 32 hours will be necessary to achieve this and 80 hours for the largest providers, given their likely complexity.

G. Small and micro business assessment

²⁹ Whilst more employees are likely to take a significant interest in the standards, they may not be required to read and understand them fully. Such staff may receive the same information through the dissemination work listed separately.

³⁰ This could, for example, be one person working for 32 hours, or two people working for 16 hours each.

48. All registered providers are expected to comply with the consumer standards, irrespective of their size or the type of landlord. The regulator has specifically considered the impact of our proposals on small and micro businesses. According to Government guidance, micro and small businesses are those with fewer than 10 and 50 full-time employees respectively – only PRPs are classed as businesses³¹. For the purposes of this assessment, the regulator has used 250 homes as the upper limit of a micro provider and 1,000 homes for a small PRP³².
49. As indicated earlier, the assessed costs are higher for micro and small businesses compared to larger businesses. Since the vast majority of small providers are PRPs (rather than LARPs), the impact on micro and small businesses is almost the same as the sector level (shown in table 2). The average cost of 0.13% of turnover for micro providers and 0.07% for small providers in a single year is considered to be manageable and proportionate impact given the policy objectives of the revised consumer standards.

H. Preferred option with implementation plan

50. Our preferred policy option is policy option 2. The revised consumer standards will come into effect from April 2024. The regulator intends to issue a Code of Practice alongside the publication of the standards to amplify the expectations as required i.e. where it is appropriate to explain and elaborate on the requirements in the consumer standards. This will help registered providers understand what the regulator is looking for when seeking assurance on compliance with the standards. The regulator has a range of monitoring and enforcement powers to enable it to seek assurance from providers that the standards are being met and to enforce the standards when necessary, although this does not form part of this impact assessment.

I. Monitoring and evaluation

51. Whilst there are no timetabled plans to carry out a review of the consumer standards and Code of Practice, the regulator will continue to keep the impact of our revised consumer standards and Code of Practice under review and publish these findings periodically. Our approach will be to carry out a review of the relevant standard or the Code of Practice if a need to do so arises. However, the revised standards are being introduced as part of wider changes to implement the proactive consumer regulation regime, which are excluded from this impact assessment.

³¹ Costs incurred by LARPs are not classed as costs to business.

³² This is consistent with the regulatory impact assessment for the TSM and is based on data about the number of FTEs for providers with 1,000 or more homes only. This data indicates that the median general needs provider has 27.6 homes per FTE and, rounding to conventional thresholds, it has been used to generate broad estimates of numbers of small and micro businesses for the purposes of this assessment.



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