



<b>DATE:</b>	15 <sup>th</sup> September 2025
<b>SUBJECT:</b>	Root Cause Analysis
<b>PURPOSE:</b>	To understand SHDC's Journey to C2 Grading
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## SUMMARY

This report outlines the journey that led South Holland District Council (SHDC) to receive a C2 grading from the Regulator of Social Housing. It provides a detailed analysis of the contributing factors, root causes, and the impact on service delivery. The report also sets out the lessons learned, and the actions being taken to address the issues and improve future performance.

## 1. BACKGROUND

- 1.1 Throughout 2023 and into 2024, SHDC undertook several key activities to prepare for the evolving regulatory landscape:
  - Participated in a Local Government Association (LGA) Peer Challenge focused on social housing management, in anticipation of The Charter for Social Housing Residents: the social housing white paper and the Social Housing (Regulation) Act 2023.
  - Commissioned an external Health Check to assess and report on the effectiveness of the council's landlord function.
  - Conducted self-assessments against the Regulator of Social Housing's Consumer Standards in 2023, 2024, and 2025, demonstrating a commitment to continuous improvement.
- 1.2 In December 2023, South Holland District Council (SHDC) established a Housing Transformation Team following a self-assessment against the draft Consumer Standards. This marked the beginning of a strategic shift in how the council approached its landlord responsibilities and service delivery.
- 1.3 In February 2024, a report was presented to Cabinet proposing a Transformation and Service Improvement Programme, sponsored by the Deputy Chief Executive (Corporate) and S151

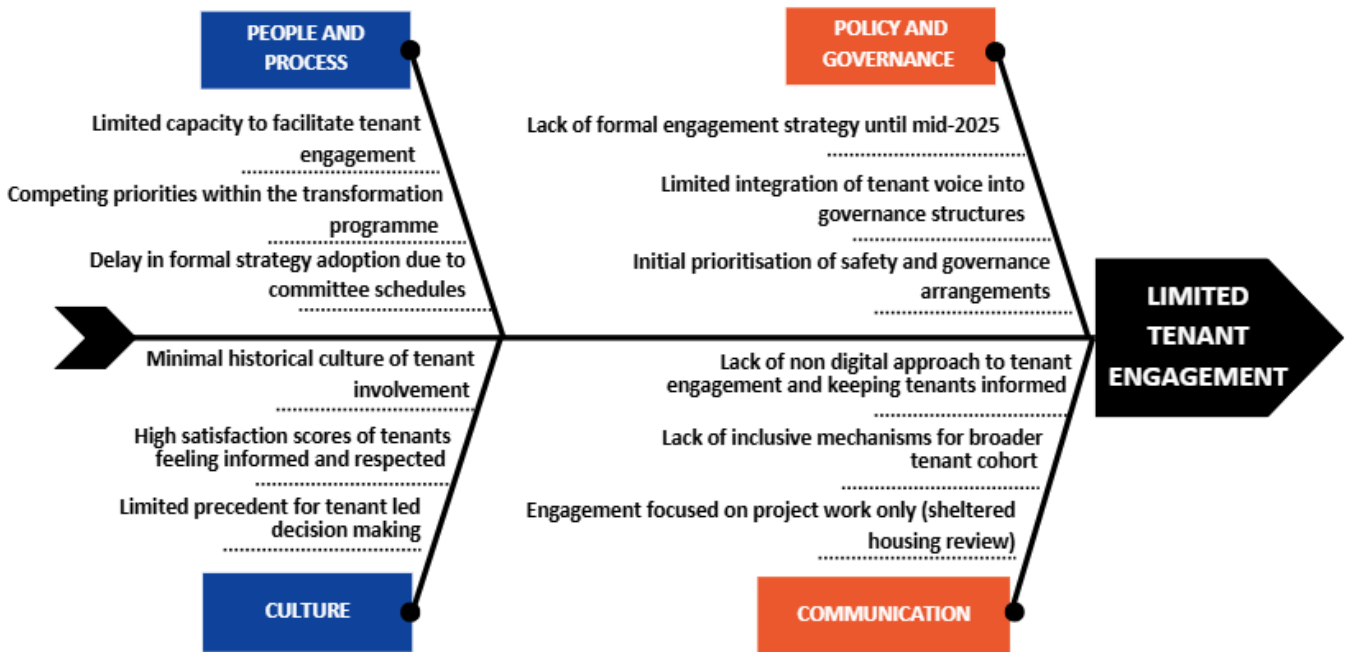
Officer. Cabinet formally adopted the programme, which aimed to address areas of partial or unmet consumer standard expectations identified. To oversee the programme, a Transformation Board was formed, chaired by the Portfolio Holder for Strategic and Operational Housing and comprising a range of Assistant Directors from across the partnership. This board was tasked with monitoring progress and ensuring accountability across service areas.

- 1.4 In October 2024, transformation resources were increased to accelerate the pace of the transformation programme, reflecting the Council's recognition of the importance of compliance with the Consumer Standards.
- 1.5 Following a review of the self-assessment content in January 2025, the Assistant Director – Housing, designated as the Person Responsible for Compliance with the Consumer Standards, concluded that there continued to be no material issues of non-compliance or potential non-compliance that required formal notification to the Regulator of Social Housing.
- 1.6 The 2025 self-assessment identified areas of improvement including:
  - Tenant engagement and scrutiny
  - Stock condition data collection
  - HRA business plan development
  - Producing policies with tenants
  - Tailoring services to tenants needs
  - ASB case management
- 1.7 Despite the proactive measures taken during 2025 such as the establishment of the Tenant Engagement and Influence Strategy: the absence of a formal and embedded tenant engagement mechanism remained. This gap, directly linked to the Transparency Accountability and Influence Standard, was identified by the Regulator of Social Housing as an area of concern. While operational improvements were underway, the lack of structured tenant involvement in decision-making and service design ultimately led to the C2 grading. This report explores the journey to that outcome, the contributing factors, and the corrective actions now being implemented to ensure compliance and rebuild trust with tenants and stakeholders.

## **2. ROOT CAUSE ANALYSIS**

- 2.1 The primary driver behind the C2 grading was due to weaknesses with the Transparency, Accountability and Influence Standard, specifically the absence of a formal, embedded approach to tenant engagement across the whole tenant cohort. While the Council had undertaken meaningful engagement work with sheltered housing tenants to review the service offering in 2024, this did not extend to the wider tenant population.

2.2 The following Fishbone Diagram illustrates the key contributing factors to weak tenant engagement.



Fishbone diagram: Limited Tenant Engagement

2.3 The council had self-identified tenant engagement as a key area for improvement and had begun working with TPAS, national experts in tenant involvement, to co-develop a strategy with tenants and embed new practices. However, at the time of the Regulator’s inspection, the Tenant Engagement Strategy had only just been drafted with tenants, and the new engagement was in its infancy. This timing meant that the Regulator found that there was no formal mechanism for enable effective tenant scrutiny and that we were unable to evidence a range of mechanisms engaging the broader tenant base.

#### 2.4 5 Whys Analysis

- **Why was tenant engagement not across the whole tenant cohort?** Engagement efforts had primarily focused on sheltered housing tenants as part of the sheltered review.
- **Why was engagement limited to sheltered tenants?** The Council had not yet developed or implemented a formal inclusive tenant engagement strategy, and the timing of the sheltered housing review created a natural focus on that cohort.
- **Why was a formal strategy not yet implemented?** Work with TPAS and tenants had been finalised and a draft strategy completed however it had not yet been adopted.
- **Why was the strategy not yet adopted?** A risk-based approach was taken during the early transformation stages, which prioritised governance, safety, and quality. Due to committee scheduling, the strategy was not adopted by the time of inspection.

- **Why was broader engagement not progressed in parallel with governance and safety works?** Capacity constraints and the need to sequence transformation activities meant that foundational compliance and governance work took precedence. Engagement was recognised as important but was scheduled for a later phase to ensure it could be delivered meaningfully and sustainably.

## 2.5 Contributing Factors

- Minimal historical culture of tenant involvement in decision making
- Positive TSM results creating a perception of tenants feeling listened to and involved reducing the urgency to formalise and broaden engagement.
- Focused engagement on sheltered tenants due to a complete service redesign, this also provided an opportunity to test tenant engagement initiatives i.e. focus groups.
- Prioritised the transformation programme on a risk based approach
- Limited capacity to implement engagement initiatives.

## 3. IMPACT ASSESSMENT

- 3.1 The C2 grading issued by the Regulator of Social Housing was acknowledged by the Council as a fair and expected outcome, reflecting known weaknesses in meeting the Transparency, Accountability and Influence Standard. Rather than being viewed solely as a negative, the grading validated the council's own self-assessment and reinforced the importance of the transformation journey already underway. While it did bring increased regulatory scrutiny and highlighted the need to accelerate tenant engagement efforts, the Council remained proud of the grading as it demonstrated honesty, self-awareness, and a proactive stance toward improvement.
- 3.2 The Council had already developed robust plans to address the identified gaps, including the co-creation of a Tenant Engagement Strategy with TPAS and tenants and the establishment of dedicated resource. The grading served as a catalyst to build stronger relationships with tenants, enhance trust, and embed a culture of transparency and influence across the housing service.

## 4. LESSONS LEARNED

- 4.1 Tenant engagement must be embedded across the whole service. Building meaningful relationships with tenants takes time, consistency, and trust. While early engagement with sheltered tenants was valuable, it did not represent the wider tenant experience. The Council has recognised the need for a whole-cohort approach and is now working hard to build those relationships more broadly.
- 4.2 Positive satisfaction scores do not replace formal engagement structures. High TSMs particularly around tenants feeling respected and informed, may have contributed to a perception that tenants felt involved already. However, regulatory standards require inclusive, and demonstrable engagement based on the impact and outcome not just a measurable indicator.

- 4.3 Dedicated resources are important for sustainable engagement. The Council has established a dedicated role to lead tenant engagement and has budgeted for additional capacity to embed and sustain this work going forward. This reflects a shift from project-based activity to long-term operational commitment.
- 4.4 External expertise is valuable but must be integrated into core operations. Working with TPAS provided expert guidance, but the learning and tools must be embedded into the Councils day-to-day service delivery, governance, and culture to be effective.

## **5. ACTION**

- 5.1 In response to the C2 grading, the Council has accelerated its commitment to embedding tenant engagement across the housing service. Recognising that the grading aligned with its own self-assessment, the Council had already laid the groundwork for improvement through the co-development of a Tenant Engagement and Influence Strategy with TPAS and tenants. This strategy, formally adopted in June 2025, sets out a clear plan for inclusive, representative, and sustained tenant involvement. Dedicated resource has been allocated, including a new role focused solely on tenant engagement, and additional capacity has been budgeted to support implementation from 2026.
- 5.2 Since the adoption of the strategy, several key initiatives have been launched to embed tenant voice into service delivery. A new Tenant Forum was established in July 2025, providing a structured platform for ongoing dialogue and influence. The Council has held its first tenant focus groups, hosted the quarterly “Meet the Manager” event, and supported tenants in selecting a logo to identify tenant-approved documents. Tenants have also contributed to reviewing Awaab’s Law letters, shaping landlord strategy survey questions, and supporting to develop policies (Aids and Adaptations and Vulnerable Persons). These activities demonstrate a growing culture of collaboration and transparency. The Council is in the process of launching a dedicated tenant social media channel to further enhance communication, accessibility, and engagement across the tenant community. Additionally, to support non digital access the Council will be posting a hard copy of the 24/25 annual report to all tenants and at the next tenant forum meeting asking tenants their preferences for non-digital materials and information.
- 5.3 The Council will also be integrating engagement practices into governance structures to ensure accountability and visibility. These actions reflect a shift from project-based engagement to a long-term operational commitment, aimed at rebuilding trust, strengthening transparency, and ensuring that tenants are active partners in shaping the services they receive.
- 5.4 In addition to strengthening tenant engagement, the Council has identified and begun addressing several other service improvement areas through its transformation programme. These include improving access to information by developing non-digital communication channels to ensure inclusivity and using tenant census data to better understand tenant needs and inform the development of a Vulnerable Persons Policy.
- 5.5 The Council is also continuing to collect stock condition data, with current coverage exceeding 80%, and is working to improve tracking and analysis to support long-term asset

planning. These initiatives reflect the Council's commitment to delivering a responsive, inclusive, and well-governed housing service beyond the scope of the C2 grading.

- 5.6 The Council adopted a ASB Framework in June 2025 along with appointing a dedicated resource to begin work on the action plan to improve case management and performance reporting.

## **6. STAKEHOLDER FEEDBACK**

- 6.1 Stakeholder feedback has shaped the Council's response to the C2 grading and reaffirming its commitment to improvement. Throughout the Tenant Engagement project, Tenants expressed a desire for more consistent opportunities to influence service delivery. Their feedback highlighted the need for a structured approach that goes beyond satisfaction surveys and ensures meaningful involvement in decision-making. This directly fed into the development of the tenant forum and the mechanisms for involvement that are being developed.
- 6.2 Staff across the housing service recognised the challenges of balancing competing priorities of the transformation programme but welcomed the renewed focus on tenant voice and influence.
- 6.3 Members support the Council's transparent self-assessment process and acknowledged the importance of embedding tenant engagement into governance structures. Members have demonstrated ongoing commitment by actively participating in engagement opportunities, supporting the tenant engagement and influence strategy, and advocating that tenant voice is central coming through on service redesigns and policy developments.
- 6.4 This collective feedback has reinforced the council's direction of travel and informed the corrective actions now being implemented to build trust, improve transparency, and deliver services that reflect tenant needs and aspirations.

## **7. CONCLUSION**

- 7.1 The Council acknowledges that tenant engagement was not prioritised earlier in the transformation journey. However, this was a deliberate and necessary decision. The initial focus was placed on Safety, Quality, and Governance areas with compliance risks and potential harm to tenants. These priorities were aligned with both regulatory expectations and self-assessments.
- 7.2 Tenant engagement was always recognised as a key component of the transformation programme, with work underway to co-develop a strategy and embed new practices. The Regulator's inspection took place one year into a multi-year programme of change, at a point when engagement improvements were still in their infancy. While earlier implementation may have strengthened the Council's position against the Transparency, Accountability and Influence Standard, the Council remains confident that its prioritisation was appropriate given the circumstances and is now fully committed to embedding tenant voice across all aspects of service delivery.