The first inspection reports are now published: what do they tell us?

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Roger Jarman

So, on 24 July, into our inboxes dropped the Regulator of Social Housing's (RSH) first regulatory judgements (RJs) on the performance of two registered providers (RP) – both housing associations – following statutory inspections. The first of their kind. Watford Community Housing Trust[1] (WCHT with 5,200 homes) and Nottingham Community Housing Association[2] (NCHA with 10,500 homes) both secured a C1 grading, meaning both landlords were judged as meeting the outcomes of the Regulator's consumer standards. Both providers should be congratulated on meeting the top rating against all four standards.

In accordance with the regulatory framework in place since 1 April, judgements on the performance of both organisations against the Regulator's economic standards were also updated. In both cases the associations retained their G1 and V1 ratings.

The C1 judgement states *"that overall the landlord is delivering the outcomes of the consumer standards. The landlord has demonstrated that it identifies when issues occur and puts plans in place to remedy and minimise recurrence".*

Consumer ratings today are a different kettle of fish from the verdicts of the Audit Commission in the early 2000s. We are not talking about the delivery of 'excellent'/'three star' services identified by the AC under its inspection regime. Whilst organisations will have the accolade that they are meeting the standards, they will not have the kudos of being able to call themselves 'excellent'. There is even the opportunity for a provider to show it has plans to rectify any deficiencies in its performance. For instance, in the NCHA report, the Regulator notes that the provider *"recognises the need to increase the number of tenants involved in influence and scrutiny activity and was continuing to focus on this".*

The inspection reports provided so far offer scant detail about the quality of the services delivered and do not detail the evidence the Regulator holds that the standards are being met. As we were advised during the development of the new framework, inspection reports are intended to mirror those produced following in-depth assessments (IDAs) in the housing association sector covering the economic standards – governance and financial viability. Consequently, the reports are extremely short and are simply a summary of the inspection findings. The NCHA report runs to just 522 words and the WCHT report is even shorter at 365 words. Far fewer than the words in this blog.

Looking at inspection methods from other sectors gives us alternative reporting models which RSH might seek to emulate. Ofsted, for instance, has relatively short reports following inspections but they can still run to 15 pages or so for a secondary school. There is a template for the inspection findings which promotes consistency in reporting. The RSH may face pressure to revisit its narrative approach as tenants (and other stakeholders) struggle to draw comparisons between the performance of different landlords. Using a report template with clearly defined sections covering different elements of the consumer standards may help[3].

[1] https://www.gov.uk/government/publications/regulatory-judgement-watford-community-housing-trust/watford-community-housing-trust-l4495-regulatory-judgement-24-july-2024
[2] https://www.gov.uk/government/publications/regulatory-judgement-nottingham-community-housing-association-limited/nottingham-community-housing-association-limited-4817-regulatory-judgement-24-july-2024
[3] https://www.gov.uk/government/organisations/ofsted

The Care Quality Commission (CQC)[4] covers a wide range of institutions in the health and care sectors. Understandably the length of Commission inspection reports can vary depending on the type of organisation being assessed. So, typically, an independent care home may have an inspection report that runs to around 12 pages. While the inspection report for a large general hospital could be over 120 pages.

This begs the question: will the inspection reports for large providers (such as Clarion or Notting Hill Genesis) be longer than those generated for smaller landlords? Note that the first inspection reports have reported on the performance of relatively small providers. Blanket positive conclusions about the performance of large providers with significant geographical spread may be challenged by groups of tenants who (for instance) feel that they do not reflect the level of service they receive from their landlord in their area.

Like Ofsted, CQC has developed a template into which specific inspection findings can be grouped. This makes for easier assessments of comparative performance for different providers.

The NCHA and WCHT reports set out how the providers have assured inspectors that the consumer standards have been met. However, there are no links to key public documents such as TSMs. This is perhaps surprising as the Regulator calls for RPs themselves to be open and transparent about their operational activities. To improve transparency and accountability, the RSH could consider publishing up to date TSMs as part of its inspection reports.

Focusing specifically on TSMs, and taking WCHT's satisfaction scores as an example[5], some commentators might be surprised to see the Watford-based provider secure a C1 rating while all its 12 satisfaction scores (bar one) were less than the median score achieved by 196 housing associations in the LOCARLA dataset[6]. This effectively confirms that there will be no clear read across between TSM scores and the ratings that providers will secure following a statutory inspection. Certainly, providers should not be lulled into a false sense of security that below average TSMs will have no impact on their rating against the consumer standards.

WCHT and NCHA were both due a scheduled inspection, having each had IDAs in 2020. In both reports, all four of the consumer standards were subject to assessment by inspectors. Will this approach be repeated for future inspections? The RSH affirms its risk-based approach to regulation. It might be expected that inspections would be more focussed where a document review and the TSMs (for instance) have shown that the inspectors should concentrate on, say, the performance of the repairs service. As the framework for consumer inspections beds down, we may see assessments that are more focussed on service areas where performance has been below par.

[4] https://www.cqc.org.uk/
[5] https://www.wcht.org.uk/our-tenant-satisfaction-measures-report/
[6] https://www.locarla.com/

The judgements for NCHA and WCHT, based on consumer inspections and published on 24 July, can be compared with the judgements delivered earlier in the month for four providers deemed as failing the standards. The RPs – Bristol City Council, Guildford Borough Council, Octavia Housing and Sheffield City Council – were each given a non-compliant C3 consumer rating, which means there are *"serious failings in the landlord delivering the outcomes of the consumer standards and significant improvement is needed"*[7].

All these providers self-referred to the Regulator. Generally, they were judged as failing the Safety and Quality Standard by, for instance, not resolving damp and mould problems in their stock. Also, checks were not implemented consistently by the providers covering, for example, gas and electrical services and fire safety.

Where providers have self-referred, the Regulator will feel confident that a C3 grade can be allocated. Non-compliant grades for local authority housing services will embarrass council leaders and regulatory sanctions could follow to ensure performance improves. In extremis a local authority's access to funding from Homes England or a Mayoral authority might be affected by a C3 rating.

But the impact on a housing association with a C3 rating is likely to be much more damaging. A C3 grading would inevitably call into question the governance of the organisation and may result in a governance downgrade as well as regulatory engagement of one kind or another. Octavia Housing already has G3 and V3 ratings. Allocating a C3 grade in Octavia's case does not have the same implications as where an association is in compliance with the RSH's economic standards. Will the Regulator allocate an association a non-compliant grade for delivery against the consumer standards where it is in compliance with the economic standards? The implications could be massive including downgrades by rating agencies along with negative effects on borrowing rates.

We are now seeing the outputs of the new regime for consumer regulation over seven years since the Grenfell Tower disaster precipitated the wholesale change in state oversight of the social housing sector. A key question arises as the various reports emerge from the RSH about the performance of individual providers against the consumer standards. Will the reports give tenants and other stakeholders the insight they need into the performance of providers? Will the reports make providers more accountable for the services they deliver to their tenants and others? One detail to note is that the RSH reports score on the cusp of 'very difficult to read' for readability[8]. That suggests they are intended more for professionals than the general public.

[7] https://www.insidehousing.co.uk/news/four-social-landlords-fail-regulators-expanded-consumer-standards-87571

[8] Flesch reading ease scores of around 30-33, listed as 'difficult to read' with scores below 30 'very difficult to read'

The RSH is starting to roll out the new regulatory framework for social housing providers just as a new government takes over. Ultimately what will ministers make of the nascent regulatory framework? Will they deem it 'fit for purpose'? We already know that in the health and care sectors the role of the Regulator has been criticised by the new Secretary of State[9]. But given the in-tray that the new housing ministers face, an immediate review of the regulation of social housing providers is unlikely.

In the meantime, providers should recognise (as the RSH concedes) that securing a C1 rating does not mean that services cannot be improved. Local authorities and housing associations, irrespective of the grades they secure following inspections against the consumer standards, should always look to improve the services they deliver to their tenants. Certainly, tenants will expect this of their landlords whatever the grade they receive following an inspection.

[9] https://www.bbc.co.uk/news/articles/cjk3p4jnnl6o

About the author

Roger Jarman is an associate with the Housing Quality Network where he provides consultancy services, leads training programmes and writes on housing regulation and other matters. He is also a non-executive director of two housing organisations. From 1991 until 1999, he was Head of Housing Management at the Housing Corporation and then from 1999 until 2011 he was Head of Housing at the Audit Commission, overseeing the 1,400 housing inspections undertaken by the Commission during that period. He was a member of the team that produced the Cave Review of social housing regulation in 2007. He is leading a range of training and briefing sessions on the new regulatory framework.

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Rockingham House, St Maurice's Road, York, YO31 7JA
Tel: +44 (0)1904 557150 Email: hqn@hqnetwork.co.uk Visit: hqnetwork.co.uk

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