Review of social housing regulation 2024: Part two – consumer standards

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Introduction

This is part two of the HQN review of the activities of the Regulator of Social Housing (RSH) in 2024. This briefing assesses the Regulator's enhanced focus on the revamped consumer standards introduced under the Social Housing (Regulation) Act 2023[1]. Part one[2] focused on the role of the Regulator in evaluating the governance and financial viability of housing associations (or private registered providers – PRPs).

The framework for assessing RP compliance with the Regulator's consumer standards was published in February last year and introduced in April[3]. All registered providers (RPs) are covered by the new consumer standards. This includes both local authorities (LAs) and PRPs. Larger providers with over 1,000 properties are subject to routine inspections every four years and are subject to other provisions that do not apply to smaller RPs. The Regulator does not have the remit to monitor the governance or financial viability of LAs because they are democratically accountable and operate in a financial environment overseen by central government.

The Regulator has been producing annual reports since 2012/13 about its regulation of consumer standards. The last to be published about the operation of the previous regime (pre-April 2024) was issued in July last year. In anticipation of the new proactive focus on consumer regulation the review highlighted the following issues that providers needed to address to ensure compliance. Landlords, according to the Regulator, must:

- Meet all health and safety requirements to keep tenants safe
- Know the condition of the homes they manage
- Handle complaints effectively
- Engage effectively with their tenants
- Meet the required outcomes of the new consumer standards[4].

This review analyses the regulatory judgements reached by the RSH over the period from April to December (inclusive) in 2024. After April last year the Regulator began allocating grades which measure to what extent providers meet the consumer standards set by the RSH (C1 to C4). Accordingly, the Regulator now grades PRPs on both their compliance with the economic and consumer standards. LAs are only graded on their performance against the consumer standards.

[1] https://www.legislation.gov.uk/ukpga/2023/36
[2] https://hqnetwork.co.uk/wp-content/uploads/2025/02/250205-Review-of-social-housing-regulation-2024-part-one-Roger-Jarman.pdf?swcfpc=1
[3] https://www.gov.uk/government/news/rsh-sets-new-standards-to-drive-improvements-in-social-housing
[4] https://www.gov.uk/government/publications/consumer-regulation-review-2023-to-2024

There are four consumer grades:

Grading	Description
C1	The RSH judgement is 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
C2	The RSH judgement is that there are some weaknesses in the landlord delivering the outcomes of the consumer standards and improvement is needed
C3	The RSH judgement is that there are serious failings in the landlord delivering the outcomes of the consumer standards and significant improvement is needed
C4	The RSH judgement is that there are very serious failings in the landlord delivering the outcomes of the consumer standards. The landlord must make fundamental changes so that improved outcomes are delivered

The consumer grades published by the RSH cannot be equated with the verdicts of the Audit Commission (AC) inspections from 2000 to 2010. C1 grades are not the same as the 'excellent' or 'three star' ratings 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'. The C1 ratings from today's regulatory regime are broadly comparable with the 'fair' or 'one star' ratings from the previous inspection framework.

The reports themselves are effectively summaries of the findings of inspectors. There is no detailed evidence about the means by which the standards are met. Instead, inspection reports are akin to the former in-depth assessments (IDAs) for PRPs that covered the economic standards[5].

Alongside the enhanced focus on consumer standards, the RSH has developed a new set of performance indicators (PIs) to measure the performance of providers. The TSMs (Tenant Satisfaction Measures) for all larger RPs were published by the Regulator in November last year. The first set covered performance for the financial year 2023/24[6].

[5] https://hqnetwork.co.uk/wp-content/uploads/2024/08/240801-The-first-inspection-reports-are-now-published-what-do-they-tell-us-Roger-Jarman.pdf?swcfpc=1
[6] https://www.gov.uk/government/news/rsh-publishes-analysis-on-tenant-satisfaction-in-the-social-housing-sector

Regulating against the consumer standards – April to December 2024

In total, 55 RPs were assessed against the consumer standards in the nine months to 31 December 2024 and were graded accordingly. They were all subject to 'narrative regulatory judgements'.

Table one shows the breakdown of the type of regulatory engagement over the nine-month period which resulted in a narrative judgement and an associated consumer grade.

Table one

Type of engagement	LAs	PRPs	Total
Inspection	14	26	40
Responsive engagement	12	1	13
Responsive engagement and inspection		1	1
Stability check		1	1
Total	**26**	**29**	**55**

Statutory inspections have been employed by the RSH since April 2024. For PRPs, inspections are used to assess compliance against both the consumer and economic standards. To assess the economic standards inspections have effectively replaced IDAs. The Regulator inspects LAs against the consumer standards only. Between April and December 2024 almost twice as many PRPs (26) were inspected against the consumer standards as LAs (14).

Responsive engagement is a feature of the RSH's co-regulatory approach which is used where an issue or a potential issue has been identified as affecting a landlord's ability to meet the Regulator's standards. Providers are required to tell the Regulator of any material issues that affect (or may affect) their ability to deliver the outcome of the standards.

Through responsive engagement, the Regulator asks the landlord to provide evidence that it is delivering the relevant outcomes of the standards. Where failures in a landlord's ability to deliver the outcomes of the standards are identified, the RSH asks the landlord to provide evidence that it is making sufficient progress to address those failures.

Twelve LAs were graded against the consumer standards following responsive engagement with the Regulator. By contrast, only one PRP was graded in that way. This was Octavia Housing which was judged as non-compliant against both the consumer standards (C3) and the economic standards (G3 and V3) (see non-compliant providers section).

Industrial Dwellings Society (a PRP) achieved a C2 grading following responsive engagement and an inspection.

One PRP, Nottingham Community HA, achieved a C1 grading following an inspection in July. This grading was confirmed in a 'stability check' published in December. In the past, stability checks have been employed by RSH to assess the financial viability of PRPs. This method of assessment, which uses information gathered from provider regulatory returns, has been extended to cover consumer as well as economic standards.

Table two gives a breakdown of the 55 judgements by type of provider (PRP or LA) and grading (C1 to C4).

Table two

Consumer grading	LAs	PRPs	Total
C1	1	9	**10**
C2	9	17	**26**
C3	14	3	**17**
C4	2	0	**2**
Total	**26**	**29**	**55**

Ten providers were given top grades for their performance against the consumer standards – nine PRPs and one LA.

The majority of LAs (16 out of 26) were non-compliant against the consumer standards and scored either C3 or C4 ratings. By contrast, only three out of 29 PRPs that were rated against the consumer standards were judged as non-compliant.

The reasons for this discrepancy between the gradings secured by the two types of RP are not clear. However, the following factors might explain the difference in the scores:

1 LAs tend to own stock that is more difficult to manage and maintain than RPs. LA housing tends to be older and include house types that are more problematic to manage and keep in good repair (eg, high-rise flats). Tenant satisfaction ratings could suffer as a result.

2 PRPs have been regulated by the RSH for the last 15 years and before that by the Housing Corporation and the TSA (Tenant Services Authority). They were perhaps more prepared for the new focus on consumer standards than LAs which have not been subject to external inspection since the abolition of the Audit Commission in 2010 (the pre-2024 consumer standards did apply to LAs but the standards were not proactively enforced).

3 LAs may have less robust governance structures compared to PRPs. This can result in weaker oversight and accountability mechanisms, making it harder to ensure compliance with standards.

4 Engaging tenants in decision making processes is a key aspect of the RSH standards. LAs may find it more challenging than PRPs to involve tenants meaningfully due to their governance structures and bureaucratic processes.

Table three sets out the providers that secured the highest grading along with the method of assessment and (for PRPs only) their governance grades.

Table three

Provider	Type of provider	Type of assessment	Governance grading
Barnsley MBC	LA	Inspection	N/A
Gentoo Group	PRP	Inspection	G1
Havebury Housing Partnership	PRP	Inspection	G1
North Devon Homes	PRP	Inspection	G1
Nottingham Community HA	PRP	Stability Check	G1
Phoenix Community HA	PRP	Inspection	G2
Saffron HT	PRP	Inspection	G1
Salix Homes Ltd	PRP	Inspection	G1
Walsall Housing Group	PRP	Inspection	G1
Weaver Vale Housing Trust	PRP	Inspection	G1

Of the ten providers that secured the top C1 grading only Barnsley MBC was a local authority. Indeed, this LA's housing service is run at arm's length by Berneslai Homes, an ALMO (arm's length management organisation).

When the LA was inspected in October 2024 an assessment was made against all four consumer standards:

- Safety and Quality
- Transparency, Influence and Accountability

- Neighbourhood and Community
- Tenancy.

The key findings from the inspection were as follows:

- Health and safety: compliance with statutory health and safety requirements
- Quality of homes: effective systems to ensure the safety and quality of homes
- Tenant feedback: wide range of opportunities for tenants to provide feedback
- Partnerships: effective use of partnership opportunities to improve outcomes
- Responsive repairs: timely and effective repairs service
- Antisocial behaviour: proactive measures to tackle antisocial behaviour
- Commitment to improvement: plans in place to address areas for improvement and embed tenant feedback in decision making.

Barnsley MBC is recognised as a high performing council and this would have helped the housing service, alongside the ALMO, achieve the highest grade for meeting the consumer standards. The ALMO's governance arrangements alongside the organisation's sole focus on delivering housing services could also explain the relatively strong performance of the Council compared to other LAs subject to inspection in 2024[7].

PRPs: Consumer and governance grades compared

Table four looks at the relationship between the consumer ratings of PRPs and their governance ratings (where judgements were issued in 2024). In general, it is to be expected that well governed providers would be delivering good quality housing services to their tenants and residents. Those PRPs with high G ratings would therefore be expected to have commensurately high C ratings.

Table four

Consumer/governance grades	Number of PRPs
C1/G1	9
C1/G2	1

[7] https://hqnetwork.co.uk/news/councils-almo-achieves-highest-grading-for-regulators-consumer-standards/?swcfpc=1

Consumer/governance grades	Number of PRPs
C2/G1	11
C2/G2	6
C3/G2	1
C3/G3	2
Total	**29**

In general, the stated hypothesis holds. The 26 PRPs (out of 29) with compliant consumer grades (C1 or C2) also had compliant governance ratings (G1 or G2). The two PRPs with non-compliant consumer grades – Notting Hill Genesis and Octavia Housing – were judged as failing the governance standard too (with G3 scores). Just one PRP was issued a non-compliant C3 but still achieved a G2 rating for governance: Willow Tree Housing Partnership.

Non-compliant providers: Selected case studies

Just two providers (both LAs) were judged as seriously failing to meet the consumer standards. These were Castle Point Borough Council and the London Borough of Newham, both with C4 grades.

Castle Point Borough Council was originally issued with a C3 grading in September 2024 following responsive engagement which had focused on the Transparency, Influence and Accountability (TIA) Standard. Within just three months and following an inspection, the LA was downgraded to C4. The inspection had focused on both the Safety and Quality and TIA Standards. In summary, the RSH's judgement published on 12 December last year identified the following key areas where the provider had failed to meet the Standards:

- Failure to collect TSMs
- Lack of up to date fire safety information and overdue fire risk assessments
- Inadequate systems for repairs and maintenance
- Incomplete stock condition surveys.

London Borough of Newham was issued a C4 grade in October 2024 by the RSH following an inspection of its housing service. The grade indicates very serious failings in delivering the outcomes of the consumer standards. The inspection found significant issues in relation to the Safety and Quality as well as TIA Standards.

Key findings included:

- Electrical safety: over 40% of homes had not had an electrical condition test in over 11 years
- Fire risk assessments: more than 9,000 overdue fire safety actions, with over 8,000 overdue by more than 12 months
- Maintenance of alarms: insufficient evidence of meeting requirements for smoke and carbon monoxide alarms
- Decent Homes Standard: 60% of homes had not been surveyed in the last five years and 20% did not meet modern standards
- Open repairs: around 5,400 repairs were 'open', with almost half (49%) outside target dates
- TIA: limited evidence of sharing performance information with tenants and few opportunities for tenant influence.

The Regulator noted that Newham had shown a willingness to address these issues, but there was insufficient evidence of improvement.

There were fourteen other LAs that were judged as non-complaint with the consumer standards and therefore given C3 grades (see table two). Details about the failings of these providers can be found in the RSH publication assessing the performance of RPs against all the Regulator's standards[8].

The focus here is on the three PRPs that were judged non-compliant with the consumer standards and were issued C3 grades.

Willow Tree Housing Partnership (WTHP) is a relatively small PRP based in the south west of England. It owns and manages 1,500 properties. Following an inspection completed in October 2024 and earlier responsive engagement carried out following a self-referral from WTHP relating to the Rent Standard, the RSH found:

- Around 185 tenancies had been overcharged as a result of errors made in setting rents over a prolonged period
- Limited information on the quality of its homes to assure the Regulator that the provider was meeting the Decent Homes Standard
- Improvement was needed to more proactively identify and manage damp and mould in tenants' homes
- Evidence of weaknesses in the provision of an effective, efficient and timely repairs service
- Economic standards: on inspection WTHP was issued a G2 rating for governance and a V2 rating for financial viability.

[8] https://www.gov.uk/government/publications/regulatory-judgements-and-regulatory-notices

Notting Hill Genesis (NHG) is a large London-based PRP with 67,000 properties in management. Following an inspection in November 2024, the Regulator issued a non-compliant C3 grade to NHG which highlighted the following:

- Health and safety compliance: limited evidence of effective oversight by NHG's board of the provider's compliance with its health and safety obligations
- Fire remediation: substantial backlog of overdue fire remediation actions (some 2,000 in total)
- Repairs backlog: significant backlog in repairs
- Stock condition: only around half of homes had been subject to a stock condition survey in the last five years
- Complaint handling: landlords are required to address complaints fairly, effectively and promptly under the TIA Standard; following inspection the RSH found limited evidence to provide assurance that NHG was achieving this
- Economic standards: on inspection NHG was issued a non-complaint G3 rating for governance and a V2 rating for financial viability.

Octavia Housing is a London-based PRP with 5,000 homes in management. Following an inspection in July 2024 the Regulator issued a non-compliant G3 grade to the provider highlighting the following:

- Fire safety: over 1,200 overdue fire safety remedial actions across 5,000 homes
- Health and safety: lack of evidence that the provider met other health and safety requirements
- Data management: incomplete and inaccurate records for safety inspections
- Board oversight: failure of the board to have appropriate oversight both generally and specifically on meeting the consumer standards
- Economic standards: on inspection Octavia Housing was issued a non-compliant G3 rating for governance and a non-compliant V3 rating for financial viability.

Since the inspection in 2024 Octavia Housing has entered into a partnership arrangement with another provider – Abri[9].

[9] https://www.abri.co.uk/media-hub/abri-completes-partnership-with-octavia

Conclusions

The new proactive consumer regulation framework has been in place for almost a year now. At the time of writing (mid-February 2025), 61 regulatory judgements have been issued focusing on the compliance of providers with the RSH consumer standards. In this briefing, the analysis has centred on the 55 regulatory judgements published between April and December 2024.

There have been a number of criticisms of the new framework for consumer regulation. These particularly focus on the inspection methods:

- Overreliance on securing assurance about the standards achieved by engagement with provider leadership teams – there are few (if any) estate inspections to test service delivery on the ground
- Regulatory judgements are summaries of findings and don't contain evidence setting out the basis on which judgements have been reached
- The reports are written in such a way that they are difficult to understand for lay readers (including tenants)[10].

There are also concerns about whether the RSH has the necessary resources and expertise to effectively implement and enforce the new standards across all RPs. This includes doubts about the RSH's ability to handle the volume of non-compliant providers and agree on improvement plans[11].

One issue up for discussion centres on the use that will be made of the grades that score providers against the consumer standards. In particular, will funding bodies restrict grant aid to providers that are non-compliant with the consumer standards? Either through government direction or otherwise, Homes England and Mayoral authorities may curtail (or stop completely) the funding of providers that only secure C3 or C4 gradings.

Given that LAs are disproportionately represented amongst providers that are non-compliant with the consumer standards, such a policy would be more keenly felt in the local government sector. Adopting this approach could also affect the ability of the sector to help the government achieve the target of constructing 1.5m new homes in the life of this Parliament.

This question (and others) will perhaps be answered as the new framework for regulating providers against the consumer standards matures over the months and years to come.

HQN provides written briefings, consultancy services, training and other resources to help landlords make sense of the new regulatory framework and related changes. For more details about the services available to members on the new regulatory framework please contact Anna Pattison.

[10] https://hqnetwork.co.uk/wp-content/uploads/2024/08/240801-The-first-inspection-reports-are-now-published-what-do-they-tell-us-Roger-Jarman.pdf?swcfpc=1
[11] https://www.anthonycollins.com/insights/ebriefings/its-not-just-the-consumer-standards-that-are-changing/?form=MG0AV3

About the author

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