

## Appendix B

Reflections on the first Consumer Regulatory Judgements

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CT explores the first new consumer regulatory judgements, in search of insights that will assist our clients in preparing their evidence of meeting the new Consumer Standards.

Early days

We are six months into the new regulatory regime for English social housing providers that has introduced proactive regulation and grading of the Consumer Standards. We wanted to take an initial look at the first 34 Regulatory Judgements (RJs) published, 12 (35%) triggered by regulatory engagement and 22 (65%) following from an Inspection (the new In-Depth Assessments).

Introducing proactive regulation of the Consumer Standards has brought local authorities (LAs) into the world of publicly available RJs and C grades. LAs are not regulated by RSH on Governance and Viability and hence have never been inspected or graded on the G and V grades that the larger housing associations (HAs) are accustomed to.

The 34 new grades are for 16 LAs and 18 HAs, which represent 10% and 7% respectively of the expected total number of grades. Clearly this is still very early days, but without extrapolating to the whole sector there are some interesting insights emerging.

Distribution of C1 to C4 grades

The largest share, 38%, of the grades published to-date are the middle C2 grade, with the next largest share (35%) belonging to C3, which indicates "serious failings". 27% have achieved a C1. There have been no C4s so far. The C1 share is perhaps higher than we might have expected from the early smoke signals from the RSH.

Comparing LAs and HAs

The split of grades between LAs and HAs is starkly uneven. No LA has received the top grade of C1, instead 69% have been assigned a C3, indicating that one or more of the four Consumer Standards has not been met. In contrast, half of HAs graded so far have received a C1 with only one receiving a C3.

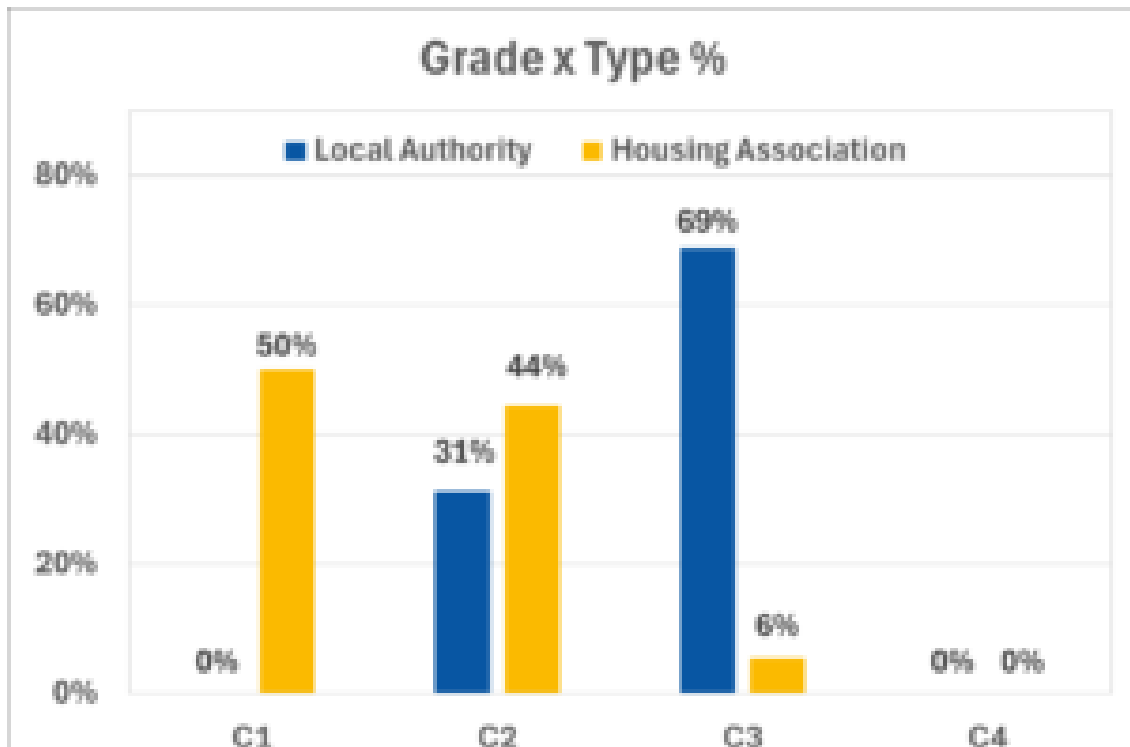


Chart 1: See Appendix for further information.

These early C3s (including the one HA C3) show organisations with significant challenges largely due to incomplete or out-of-date property records, hindering their ability to give the Regulator assurance on the [Safety and Quality Standard](#).

The RSH has also found shortcomings in assurance on the Transparency, Influence and Accountability Standard in the C3 landlords.

These LA results may reflect in part the lack of experience of being proactively regulated by RSH and an unfamiliarity with its language and expected reporting of evidenced assurance. Certainly, we should be cautious about drawing too strong conclusions at this stage about the services received by the residents of all LAs based on just 16 organisations.

Which Consumer Standards are driving the C grades?

We have looked at the RJ narratives of the 25 organisations awarded a C2 or C3 grade so far.

The **Safety and Quality Standard** is cited in all but two (92%) of the RJs.

The [Transparency, Influence, and Accountability Standard](#) follows in frequency, appearing in 13 of the below-C1 grades (52%).

Contrastingly, failure to meet either the Neighbourhood and Communities Standard or the Tenancy Standard have yet to appear as a driver of C2s or C3s.

Key themes – C2s

Echoing the language of G2s, a C2 grade indicates that in the RSH's judgement:

“there are some weaknesses in the landlord delivering the outcomes of the consumer standards and improvement is needed.”

Weaknesses in meeting the **Safety and Quality Standard** are mentioned in 92% of the 13 C2s awarded to date. Weakness in meeting the **Transparency, Influence and Accountability Standard** are cited in 54%. The most common weakness identified are:

- Improvements needed in understanding and monitoring remedial health and safety actions and compliance
- Number of overdue high-risk fire safety remedial actions
- Need for progress in tackling damp and mould
- Coverage and timeliness of stock condition information
- Insufficient progress in stock condition survey programme
- Weaknesses in deliver of an effective, efficient and timely repairs and maintenance service
- Challenges in meeting deadlines for repairs
- Improvements needed in performance reporting of repairs and damp and mould
- Improvements needed in information about diverse needs of its tenants to ensure services deliver fair and equitable outcomes
- Limited meaningful opportunities for tenants to influence and scrutinise strategies, policies and services
- Not consistently responding to complaints in a timely manner
- Limited evidence of processes in place to learn from complaints and use them to improve services

Key themes – C3s

The Regulator issues a C3 grade where it judges there to be:

“serious failings in the landlord delivering the outcomes of the consumer standards and significant improvement is needed.”

The language used in the individual C3 RJs is similar to, but stronger than, that of the C2s.

Its notable that weaknesses in meeting the **Safety and Quality Standard** are mentioned in **all but one** of the 12 C3s awarded to date (92%). Weakness in meeting the **Transparency, Influence and Accountability Standard** are cited in 50%. The most common weakness identified are:

- Incomplete and out-of-date data on health and safety
- Failure to meet health and safety regulations or improve performance
- Outdated or incomplete stock condition data
- Poor data accuracy impeding effective prioritisation of stock investment
- Not meeting timeliness and quality standards for repairs service
- Significant and persistent numbers of outstanding repairs
- Poor or declining tenant engagement

- Inadequate complaint handling

#### Key themes – C1s

In awarding a C1 to nine HAs to date the RSH has concluded that overall, they are:

“delivering the outcomes of the consumer standards [and have] demonstrated that [they] identify when issues occur and put plans in place to remedy and minimise recurrence”.

For the most part the language in a C1 RJ reflects that in the definitions of the Consumer Standards. For example:

- Evidenced assurance of appropriate systems to ensure health and safety of tenants in homes and communal areas
- Have independent, external assurance over health and safety processes and information
- Maintains accurate and up-to-date stock condition information through physical surveys and uses to inform decisions on future stock investment
- Understanding of tall buildings informs risks assessment and mitigation
- Demonstrated learning from performance data to drive improvements
- Delivers an effective, efficient and timely repairs service
- Evidenced opportunities for tenants to be involved and to scrutinise and influence strategies, policies, services and decision making
- Examples provided of improvements made as a result of customer scrutiny
- Provision of accessible performance information to support effective tenant scrutiny
- Accessible complaints handling approach that is publicised to tenants.
- Evidence of learning from complaint types and outcomes to make improvements
- Evidence of treating tenants with fairness and respect
- Evidence of using understanding of diverse needs of tenants in the design of services in order to deliver fair and equitable outcomes

The standard wording of a C1 has sensibly been designed to accommodate the challenges of every day operational delivery. For example, repairs not running 100% to time or complaints not being at zero. Across the nine C1s to date there are numerous examples of organisations demonstrating that they have self-identified issues (for example in the repairs service or around complaint handling) and that they can demonstrate better outcomes for residents arising from the improvement actions taken. Those RJs also often reference the role that tenant engagement and scrutiny has played in designing those action plans.

#### Exploring the C1 / C2 boundary

Scrutiny of the 34 recent RJs suggests that there is a range of performance and outcomes within each C grade, just as they are for the G and V grades.

We have compared the narratives of the nine C1s and the thirteen C2s in order to explore the boundary between the two grades. We are beginning to see how the regulator allows for an organisation that has some room for improvement to nevertheless gain a C1.

Of the nine C1s awarded to date, four mention areas where the organisation has identified room for future improvements. We can see in these C grade narratives that the scale of the gaps are not considered large, that the RSH has confidence that progress is being made, and that the Board is driving a credible improvement plan.

C1 'despite on-a-journey' example language includes:

- Plans in place to seek independent assurance across all statutory compliance activity, including on accuracy, completeness and timeliness
- Taking action to further improve the repairs service
- Plans in place to improve information held about tenants
- Continuing to focus on need to increase the numbers involved in tenant influencing and scrutiny
- Has identified where improvements could be made to tenant engagement and is responding accordingly
- Plans in place to continue to collect and update the tenant information
- Intending to develop a new engagement structure for tenants
- Plans in place to improve both the service to tenants and transparency around performance reporting

By comparison, C2 'definitely on-a-journey' example language indicates the regulator requiring on-going monitoring to gain the lacking assurance that outcomes will improve:

- We [RSH] will engage as improvements are made.
- We will continue to monitor how this approach is being strengthened.
- We will continue to seek assurance that progress is being made and outcomes for tenants are improved.
- We will continue to engage while action is taken action to ensure an accurate and up-to-date understanding of stock condition.
- We will continue to engage while action is taken action complete the gaps in understanding the condition of homes.
- We will continue to seek assurance that repairs service improvements are embedded

Here at CT we will monitor emerging C grades and their associated RJs as the sample size grows and landlords strive to evidence good quality homes and services.

Further resources

- Download [CT'S Consumer regulation self-assessment](#).
- Read Greg Campbell's, Partner at Campbell Tickell's article [What consumer regulation of old teaches us about the new regime](#).

- Catherine Little, Director at Campbell Tickell and Jo Allen, explain the [smaller housing associations' consumer regulation toolkit](#)
- Find out more about our [Inspection Support Services](#).
- Catherine Romney and Sue Harvey explore the reasons behind the recent spate of Regulator for Social Housing (RSH) upgrades in their blog [Regulatory Judgements can go up as well as down!](#)
- Read about the lessons from the first round of inspections [under the new regulatory regime](#).

**To discuss any issues raised in this article please email:**

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Appendix Data Table for Chart 1

Type	C1	C2	C3	C4
Local Authority	0%	31%	69%	0%
Housing Association	50%	44%	6%	0%