



**Response to ODPM Consultation Paper:
Inspection Reform: The Future of Local services Inspection – Issued November
2005**

Background

The Northern Housing Consortium (previously the Northern Consortium of Housing Authorities 1974 - 2002) was established in April 2002. It is an independent non-party political, not for profit organisation working to improve and promote housing services across the North. Its 176 members include Local Authorities, Registered Social Landlords (RSLs), Arms Length Management Organisations (ALMOs) and other organisations involved in housing.

Its members manage almost 90% of social housing in the north, over 1.4 million homes and operate within the three Northern Government Office regions of the North East, North West and Yorkshire & Humberside.

The following details the views of the Northern Housing Consortium on proposed changes outlined in 'Inspection Reform: The Future of Local Services Inspection'. The response will focus on Section 1 of the paper 'The Future Role for Inspection' as we think that this will have the most immediate impact on our members. We will also comment on the aspects within Section 2, 'Establishing the Local Services Inspectorate' that will affect our membership.

For ease of reference, we will frame our response around the specific consultation questions raised

SECTION 1 – The Future Role for Inspection

What should be the principal purposes of the future inspection regime for local services?

How can inspection best support sharper accountability to service users and citizens?

These questions raise an interesting point not fully covered in the text. What is inspection for? The paper talks about potential aims being providing assurance on a range of activities but provide assurance to whom? Is it Government or residents who are the "customers" of the inspection process?

On the assumption that inspection should be aimed at residents, the principal purposes of it should be to ensure the following;

- that the organisation is operating in a fair and equitable manner

- that it manages its resources effectively
- that it strives to improve the services that it provides in terms that are recognisable to the users of those services.

As regards sharper accountability to service users, inspection needs to be a measure of their experience. The suggestion that inspectors have a specific remit to focus on user interests seems the most appropriate, though the way to establish what customers want from the service is to listen to their demands.

What is the most appropriate balance to be struck in terms of future inspection?

In keeping with our previous response on outcomes from the point of view of the customer, their experience is often the culmination of a number of agencies' involvement. The joined-up outcome would therefore be the best option to reflect that experience, though we understand how this may be more problematic for scoping inspections.

To illustrate by example:

The tenant held in the 12 month queue waiting an adaptation to her home, is not interested that the Occupational Therapist has assessed her need on time. The outcome she is looking for is the adaptation.

If the customer is the focus, then the inspection should cover the whole of the adaptations process. This will cause some administrative issues as inspection themes cross boundaries of inspecting bodies, but this is where the 'gatekeeping' role described in Section 2 comes in.

As well as this, however, individual organisations have a duty to provide the best services that they can to their customers. Much of the demonstration of this could be achieved through rigorous self-assessment, though inspection of the organisation/function should be retained. Whether that equates to whole organisation inspection or not depends on the role of the particular housing body.

Inspected housing organisations are split into four groups;

Registered Social Landlords
Arm's Length Management Organisations
Councils with owned and managed housing
Councils fulfilling the strategic role only

The first two are currently inspected with whole organisation inspections and all aspects of the business are covered. The latter two are obviously part of the wider local authority and are inspected by function.

We would suggest that the balance be struck between joined up outcomes and individual services in a wider sense. We support the inspection of housing as a function, though this may mean inspection of individual organisations (ALMOs, RSLs) or parts of the local authority. In either instance, we feel that the relationship between the social housing provider and the local authority should form part of the self-assessment and any inspection.

How should the future inspection regime reflect an increasing focus on collaboration between local partners to secure outcomes via LAAs etc.?

Again, the pertinent issue should be services on the ground. Local Strategic Partnerships (LSP), and partners signing up to Local area Agreements (LAA), should be included as important stakeholders making services deliverable and “joining up” organisations in a strategic way, but the real test of their effectiveness is improved services.

As mentioned above, the services citizens receive are frequently influenced by many agencies and inspection, if looking from the citizens’ point of view, needs to consider how these agencies work together. As gatekeeper of the LSP, the local authority is key to this.

However, we would also suggest that future inspection also take into account collaboration on an informal basis. In the illustration of the disabled adaptation on page 2, the housing provider, social care professionals and equipment suppliers should be working together to provide timely solutions.

Should we move away from a general presumption about programmes of inspection that cover all organisations over a period of time – except in a few specified areas – and more towards inspection triggered by specific evidence of risks and/or poor performance?

We fully understand the principles of strategic regulation and of inspection appropriate to circumstances. However, we do have concerns about inspection triggered by risk, poor performance or customer dissatisfaction.

If there is a move to inspecting only poor performers or using triggers, which will trail poor performance, there is potential to miss the value of inspecting good and excellent performers in terms of:

- Good practice identified to enhance continuous improvement in others.
- Organisations that aspire to be excellent being ‘motivated’ to match or beat those with good results

The value of resources used to inspect the good performers needs to be evaluated. In the past, such inspections have enhanced the knowledge and experience of inspectors, which have subsequently led to changes in thinking and the dissemination of good practice. The danger is that this positive effect of inspection is lost by concentrating on poor performers only.

Inspection has driven up service delivery within the terms that are set for it. This drive is not only the result of a fear of failure. The best organisations strive for 3 stars and can be disappointed if they are “only good”. We have concerns that this aspiration would be removed, leading to more “coasters”.

Our other cause for concern is the triggers themselves. We would comment on the suggested options as follows:

Hard data/ evidence – the issue here is that performance indicators are can openers and take no account of local context or of specific conditions applying at the time. Organisations must be given the opportunity to explain apparent ‘failings’ rather than this being an automatic trigger.

Concerns from delivery partners – this would need to be considered alongside other matters. The danger is that the threat of inspection is used as a weapon in partnership disagreements or contractual disputes.

Users, customers and citizens – in keeping with the user focus, we can see the benefits in this trigger. However, we would need to see how this might be used in practice. Clear definition would be required as to when and how dissatisfaction would trigger inspection.

Concerns about the risk to public funds – no argument with this, though again it would need to be clearly defined when such a risk might act as a trigger.

By Ministers – again, in what circumstances would it be used? It seems to conflict with the double devolution and citizen empowerment messages if inspection is to be carried out by command from the Government.

At the heart of our concerns is the role of inspection and the relationship between inspected and inspectors. The NHC has long argued for a mature relationship with service improvement evolving out of joint working and support from the Audit Commission. A parallel can be drawn with the role of Lead Regulator in the Housing Corporation, who works with housing associations to ensure they are complying with the Corporation's Regulatory Code. There is a policing element to this role, but it also offers support and suggestions to organisations.

Inspection should not be 'a stick to beat errant organisations with' and neither should it be the 'tool of last resort' as seems to be suggested. It could act as a positive influence in a partnership between central government and local bodies, and ultimately with citizens, to improve services for customers.

What part can a programme of randomly sampled, unannounced inspection play in driving up standards or performance across organisations?

We understand the rationale behind this suggestion. Inspection preparation does use significant resources, both in terms of gathering information inspectors need and also to prepare the organisation. There is an argument that this resource could be better deployed improving services for customers.

However, it is whilst preparing, or as a result of their preparation, that many organisations introduce improvements. Inspection certainly focuses the mind on service delivery and how to improve it, although we accept the view that, in the best organisations, continuous improvement is part of the culture.

The question is whether random, unannounced inspections would mean that organisations were always in the state of readiness that currently precedes announced inspection. If this were the case, we could support the principle, provided it is applied across the board. The inspectors' expectations, however, would need to take the random and unannounced nature of the inspection into account.

It would also need to be backed up by a rigorous self-assessment structure, with support offered to organisations in completing annual self-assessment. Here again there is a balance to be struck. Self-assessment must be meaningful, but not so onerous that the burden of inspection is shifted to become the burden of self-inspection.

We should also point out concerns over the logistics of unannounced inspection. Inspection needs resourcing, both in terms of inspectors on the ground, and equipment, rooms and scheduling from the inspected organisation. Even unannounced inspections would need to provide some notice to allow this to be in place.

SECTION 2 – establishing the Local Services Inspectorate

We would welcome views on the defined scope of the local services inspectorate's responsibility for delivering inspection judgements.

We are comfortable with the scope of responsibility as defined.

We would welcome views on whether the local services inspectorate – in common with other inspectorates – should have a general duty in law to co-operate as described.

This must underpin the joint working arrangements and we would expect all inspectorates to not only have a legal duty to co-operate, but also adopt it as a fundamental principle.

Do you agree with our proposal for the gatekeeper role?

In general, it makes sense for the local services inspectorate to be the gatekeeper for all inspection affecting local authorities and associated bodies.

The gatekeeper role for housing associations is interesting. At present, the Audit Commission carries out inspection which forms part of the Housing Corporation Assessment (HCA). If the Local services inspectorate is inspecting homelessness on an area basis, does the gatekeeper role entitle it to involve housing associations operating in the area without reference to the Housing Corporation? Will the inspection form part of the HCA? Our RSL members will need to be clear about the respective roles of each body in the new arrangements.

As regards disagreements between the inspecting inspectorate and the gatekeeper, we would indeed expect them to reach agreement. The Government cannot adopt the approach of inspecting joined-up services and then fail to join up itself.

We would welcome your views on our proposal that the local services inspectorate should have all the Audit commission's current powers to carry out financial and vfm audit of all local government and non-local government bodies as listed.

We accept the case that for continuity, consistency and simplification and agree that all of the Audit Commission's current powers in this area pass to the local services inspectorate.

We would welcome your comments on the local services inspectorate powers regarding national studies

Of the options presented, we favour Option 1. The Audit Commission national studies programme is wide and cross-cutting. Whilst we expect the local services inspectorate to liaise with other inspectorates when devising the programme, we do not see the necessity to mandate agreement. We would like to think that the relationship between the new inspectorates will be mature enough to see the mutual benefit in avoiding overlap.

We do not agree that the Commission should comment only on financial issues when looking at national studies. Its independence and objectivity can be brought to bear when studying the range of functions and we do not see that this should be curtailed.

We would welcome your views on the proposed improvement role for the local services inspectorate – and its limitations

You will note from our earlier comments that we welcome any move that allows for a more supportive role that the local services inspectorate could provide to enable organisations to improve. We note the comments about conflict of interest, but are aware that the Commission has overcome this when using affiliate inspectors (who are not allowed to inspect organisations they have done consultancy work for) and see no reason why the inspectorate should not be able to come to similar arrangements internally.

The limitations of the approach are, in our opinion, based on the perception of the inspectorate. The Audit Commission is seen as policing services in its current guise and the new inspectorate would need to “sell” the idea of an improvement role to organisations. Also, if, in providing improvement services, the inspectorate was duty-bound to report on a case-by-case basis, this may act as a disincentive to organisations.

As regard the funding of such activity, we would of course support the option that provided best value to our members. If the funding were included as part of its inspection activity, this would give the message that it was a new, inclusive service that the inspectorate was providing.

We would welcome initial views, based on your opinions on the future role of inspection, about future funding arrangements

Our initial reaction is to favour Option 3, with grant funded inspection and fee funded audit. We do not think that an aspiration to perform well is driven by an aim to reduce inspection cost, but by a desire to provide a good service. In any case, as we favour at least some proportion of inspection being channelled towards good as well as poor performers, this financial incentive would not be relevant.

Conclusion

We welcome the opportunity to comment on the proposals. We feel that rationalisation of the inspectorates is a logical step, but would expect areas of particular expertise, such as housing, to continue to grow within the new organisation.

We think that the ODPM is right to take the opportunity to examine the future role of inspection and determine the focus of inspections. Our work on the systems thinking pilot with ODPM – “A Systematic Approach to Service Improvement” – confirmed our view that services must be tailored towards the needs of users and this should form the basis of inspection of those services. A joined up approach to inspection should mean that it better reflects the service users’ experience, though the scoring of such inspection would need to take into account the number of organisations involved.

We have concerns about triggered inspection and, in particular, the triggers proposed. We can see the benefits of random, unannounced inspection but would expect some leeway from inspectors to take into account the lack of preparation time afforded to organisations.

The further role of the inspectorate in improvement is a welcome proposal. We have considered this worthwhile for a number of years and are pleased to see it included in the consultation.

Overall, we support the underlying theme of the consultation paper. There is, of course, more work to be done on the mechanics of the operation of the local services inspectorate, to which we will be pleased to contribute on behalf of our members.

Should you require any further information or clarification, please contact Nigel Johnston (Nigel.johnston@northern-consortium.org.uk or tel. 0191 566 1006)

Nigel Johnston
Northern Housing Consortium
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