



Homes &  
Communities  
Agency

# **Regulator of Social Housing Fees statement 2017 – 2020**

October 2017  
[www.gov.uk/hca](http://www.gov.uk/hca)

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# Overview

## Our purpose

Promote a viable, efficient and well-governed social housing sector able to deliver homes that meet a wide range of needs.

## We will achieve this through our four priorities:

1

Ensure we have appropriate understanding of sector level risks

2

Deliver intelligence led regulation

3

Ensure we are forward thinking and responsive to changes in the external operating environment

4

Ensure we are an efficient and effective organisation

## Success will look like this:

- Demonstrable understanding of sector risks that informs an approach that can withstand emerging challenges
- Our analyses contribute to sector's understanding and management of risk
- Significant problems identified and resolved effectively
- Stakeholder confidence in the effectiveness of regulation is consistently strong
- An organisation that continually improves, develops and becomes more effective.

# Introduction

The 2008 Housing and Regeneration Act sets out our fundamental objectives and our remit for each of the objectives. We must regulate in a way that minimises interference and (so far as is possible) is proportionate, consistent, transparent and accountable.

Our role for economic regulation is proactive and involves ongoing monitoring and periodic In Depth Assessments of larger providers. Our role for consumer regulation is reactive and therefore we do not have a role in proactively monitoring providers' performance on consumer standards. We can only use our regulatory and enforcement powers where there has been a breach of a consumer standard (or could be if no action is taken) which has or could cause serious detriment. Further detail on this and how we regulate can be found in our document [Regulating the Standards](#).

## Economic

- to ensure that registered providers of social housing are financially viable and properly managed, and perform their functions efficiently and economically
- to support the provision of social housing sufficient to meet reasonable demands (including by encouraging and promoting private investment in social housing)
- to ensure that value for money is obtained from public investment in social housing
- to ensure that an unreasonable burden is not imposed (directly or indirectly) on public funds, to guard against the misuse of public funds.

## Consumer

- to support the provision of social housing that is well-managed and of appropriate quality
- to ensure that actual or potential tenants of social housing have an appropriate degree of choice and protection
- to ensure that tenants of social housing have the opportunity to be involved in its management and to hold their landlords to account
- to encourage registered providers of social housing to contribute to the environmental, social and economic well-being of the areas in which the housing is situated.

# Our approach

We adopt a risk-based approach, which is informed by a thorough understanding of significant risks for the sector and for individual providers.

We set clear expectations in our regulatory standards that registered providers must meet.

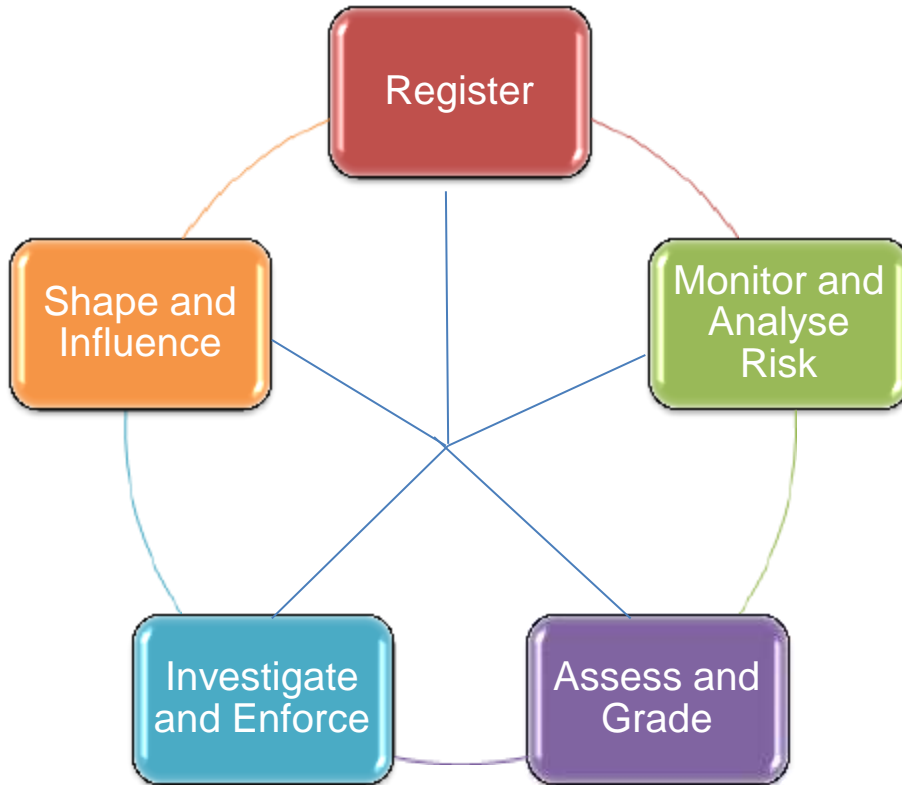
In the event that significant risks do crystallise, we ensure that we are able to act quickly and effectively to mitigate the impact.

We do this in a co-regulatory manner.

## Our regulation

- Board and governing body members are responsible for ensuring that providers' businesses are managed effectively and that providers comply with all regulatory requirements.
- Providers are responsible for demonstrating their compliance to the regulator. We seek assurance from providers as to their management of risks and compliance with the standards.
- Providers are required to communicate with us in a timely manner on material issues and risks.
- Providers must support tenants to hold boards and governing body members to account. They must also support tenants to shape and scrutinise service delivery.

# How we do it



Further detail on our regulatory approach can be found in our [Regulating the Standards](#) document.

## Register

Register and de-register providers

## Monitor and Analyse Risk

Gather intelligence and analyse risk at a sector and sub-sector level to inform our assessment of a registered provider

## Assess and Grade

Analysis of risks and how well registered providers are managing their risks demonstrated through published Regulatory Judgements and pre-empting issues

## Investigate and Enforce

Where a provider is at risk of issues crystallising, securing solutions to resolve the problems

## Shape and Influence

Identify and communicate emerging trends and risks to the sector and maintain confidence of stakeholders

# Priority 1: Ensure we have appropriate understanding of sector level risks

## What does this mean?

It is important that we understand the risks facing the sector in order to promote a viable, efficient and well-governed social housing sector. Achieving this will ensure that:

- stakeholders continue to have confidence in the social housing sector
- the sector continues to have access to finance on competitive terms
- the sector continues to contribute to housing supply.

## How will we do it?

- Undertake analysis to inform our regulatory approach, our understanding of sector risks and emerging challenges facing the sector
- Undertake specific analyses of key issues to promote understanding and encourage effective responses
- Collect and publish high quality sector and sub-sector analyses including [Global Accounts](#), [Quarterly Surveys](#), [Sector Risk Profile](#), [Consumer Regulation Review](#) etc.

- Maintain effective liaison with stakeholders including government, lenders, rating agencies and the sector
- Provide expert confidential input to government in the development of policies that affect the sector
- Publication of articles, speaking engagements.

# Priority 2: Deliver intelligence-led regulation

## What does this mean?

Through the collection of intelligence and analysis of information ensure that we continue to meet our fundamental objectives.

## How will we do it?

- Deliver regulation, proportionate to the complexity and risk of providers
- Prioritise our regulation through collection of intelligence and analysis of key risks
- Publish [regulatory judgements](#) which accurately reflects the assurance we have on a registered provider's identification and management of risks and their compliance with the [standards](#)
- Publish timely [gradings under review](#) where there is emerging evidence that risks may not be appropriately being managed
- Make timely and effective interventions where a provider's viability is or is likely to be at risk
- Maintain an effective back-stop role when tenants are identified as experiencing or at risk of serious detriment caused by a breach of our standards
- Deliver effective registration and de-registration

## Priority 3: Ensure we are forward thinking and responsive to changes in the external operating environment

### What does this mean?

To remain effective regulation needs to be forward thinking and able to adapt to changes in the operating environment. This includes adapting to the impact of government policy, housing market changes, changes in registered providers operating models and priorities.

### How will we do it?

- Evaluate emerging trends and risks
- Ongoing evaluation of our [regulatory framework](#) to ensure it keeps pace with emerging risks
- Continue our dialogue with key stakeholders to ensure we understand and where required provide expert advice on the development of policies that affect the sector
- Further develop our contingency planning in the event of major and/or systemic failures.



# Priority 4: Ensure we are an efficient and effective organisation

## What will we do?

Ensure that we are carrying out our role in the best way possible.

## How will we do it?

- Ensure that we are ready to become a stand-alone Regulator of Social Housing when required by legislation\*

- Make increasing use of automated data analysis

- Invest in our people; through recruitment, training and leadership to ensure we have the right resources, expertise and capability
- Ensure a rigorous focus on enhancing staff skills and learning from our regulatory engagement and casework
- Consult the Fees and Resources Advisory Panel and other regulators to learn and share good practice
- Continue to review our structure and efficient use of resources to demonstrate on-going effectiveness
- Deliver our role whilst capping fee increases at no more than 1% per annum.

\* Timetable is subject to legislation being passed to form a standalone Regulator of Social Housing

# Our measures — How will people know we have delivered our priorities successfully?

In the next six months we will measure these by:

- implementing fee charging from October 2017
- preparing for and being ready for transition to a standalone organisation\*
- updating contingency planning arrangements in light of the new housing administration arrangements
- delivering an expanded data and analysis capacity to enable a more detailed understanding of current and future risk exposures
- continuing to monitor our approach to provider engagement, ensuring that our activity is flexible and tailored to the risk exposures of individual providers
- delivering a revised IT system to manage our intelligence on registered providers
- consulting on a new Value For Money Standard that clarifies and updates expectations
- reviewing and simplifying our de-registration policy and procedures
- developing a range of stakeholder survey and analysis tools to inform our regulatory approach and test its application.

Over the next three years we will continue our work to promote a viable, efficient and well-governed social housing sector able to deliver homes that meet a wide range of needs. We will:

- challenge ourselves to be an efficient and effective regulator while responding to a fast changing external operating environment
- continue to regulate risks to ensure that stakeholders trust and have confidence in our judgements and the management of risks within the sector.
- seek feedback to ensure that our stakeholders trust that we will take action where necessary to ensure confidence in the sector is maintained, and access to finance on competitive terms continues
- build on our existing approach to measuring our successes as we become a standalone regulator\*.

In doing this we will ensure we have flexible capacity to be able to prioritise emerging issues as they arise.

\* Timetable is subject to legislation being passed to form a standalone Regulator of Social Housing

# Fees statement 2017/18

In our decision statement on the introduction of fees we committed to publishing information on our budget each financial year including the split between grant in aid (money provided from our sponsor department Communities and Local Government) and fee revenue, the cost of key functions and the fee level for the year. Our budget and fee level for 2017/18 is set out below.

Fee income will be generated from a mixture of annual fees and initial registration fees. Grant in aid will continue to cover the cost of non-routine regulation including consumer regulation and any registration costs not covered by initial registration fees. We have committed to forming a Fees and Resources Advisory Panel alongside existing stakeholder engagement arrangements, to enable engagement on fees with a range of stakeholders, and provide increased transparency. This work forms part of our business priorities for the year.

## Regulator of Social Housing budget: half year from 1 October 2017 – 31 March 2018

	Staff costs £000	Non-staff costs £000	TOTAL
<b>Direct Regulation Costs</b>	5,954	615	6,569
<b>Corporate support costs</b>			
Finance and performance	32	0	32
Facilities	21	397	418
HR	35	86	121
IT	205	147	352
Other	4	4	8
<i>Sub-total</i>	<b>297</b>	<b>634</b>	<b>931</b>
<b>TOTAL</b>	<b>6,251</b>	<b>1,249</b>	<b>7,500</b>

## Cost allocation to function and fee levels 1 October 2017 – 31 March 2018

Costs by function	Revenue from fees £000	Revenue from Grant in aid £000	Total £000
Register	52	279	331
Assess and grade	4,606	0	4,606
Investigate and enforce	0	971	971
Monitor and analyse	1,110	0	1,110
Shape and influence	482	0	482
<b>TOTAL</b>	<b>6,250</b>	<b>1,250</b>	<b>7,500</b>

	Fee levels 2017/18
Registered providers <1,000 units	£300 flat fee per annum £150 for part year 1 Oct 2017- 31 March 2018
Registered providers >1,000 units	£4.72 per social housing unit
Initial registration fee	£2,500

- Total fee income will increase by a maximum of 1% per annum over the Spending Review period which runs to the end of the 2019/20 financial year.
- The costs in this plan are based on an overall annual budget of £15 million. There is some potential headroom in the above costs to allow for additional recruitment that is planned. Subject to timing, much of the anticipated costs will fall into the second half of the year. Should there be any underspend on fee-funded costs there would be a proportionate refund of the annual fee to providers.
- The corporate support costs are allocated proportionately through each of the functions.

# Budget 2018/19 and fee levels

As part of our commitment on fees we are setting up a Fees Resources and Advisory Panel. The [Terms of Reference](#) and Membership of the Panel can be found on our website.

Fees are being introduced in 2017/18 for the period from 1 October 2017 to 31 March 2018. Feedback on the fees statement will be gathered through the Fees Resources and Advisory Panel. It is important that we understand and have the opportunity to reflect on feedback on the fees statement and that this feeds into the content for future years. Subject to parliamentary process, the regulator is preparing to transition to a stand alone organisation. This may have an impact on how the budget is applied and the costs of the regulator but the maximum fee income below will not change.

In order to allow registered providers to plan for their fee levels, a maximum fee income and indicative fee level is set out below. This is based on our commitment not to increase fees by more than 1% per annum over the Spending Review period which runs to the end of the 2019/20 financial year. The fee per unit below is based on the [Statistical Data Return 2016-17](#) figures.

	Fee levels 2018/19
Maximum total fee income	£12.625m
Registered providers <1,000 units	£300 flat fee per annum
Registered providers >1,000 units	£4.74 per social housing unit
Initial registration fee	£2,500