


Regulator of
Social Housing

A new deal for social housing

Karen Doran
Assistant Director Investigation & Enforcement

31 October, 2018



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2018 so far...

- Regulator of Social Housing – independent ALB
- Future rent settlement
- Green Paper and Review of Regulation
- Value for Money Standard
- Housing Administration
- First full year of fees – 99.9% collection rate



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Our purpose

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

We achieve this by

- 1 Understanding sector level risks
- 2 Deliver intelligence led regulation
- 3 Looking ahead and responding
- 4 Running the organisation well

Success will look like this:

- Significant problems identified and resolved effectively
- Stakeholder confidence in regulation is consistently strong
- We improve, develop and becomes more effective.

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1500	2
2,812,320	7
5% - 63%	
81% - 4.4%	
£20bn	2010
£67bn	2018
2171 (873)	2015 & 2017
	2018
127	
£15m	72%
£4.72	543 - 204 - 77 - 5
1/10/18	

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Current regulatory approach

- Two objectives – one economic and one consumer objective
- Seven standards – three economic and four consumer standards
- Duty to minimise interference and regulate so far as possible in a way that is proportionate, consistent, transparent and accountable
- Commitment to risk based and outcome focused co-regulation
- All local authority social landlords are automatically registered, but only the consumer standards apply to local authorities
- As well as quarterly surveys, stability checks, In Depth Assessments and Reactive Engagement the regulator has a range of statutory intervention powers
- On the whole, non-compliance is addressed by voluntary undertakings
- We ensure we communicate our views on providers compliance in a timely fashion

Current approach to economic regulation seen as highly effective:

- at helping preserve sector's track record in meeting its obligations to creditors;
- 93% of our stakeholders think that the regulator takes the action necessary to ensure confidence in the sector is maintained

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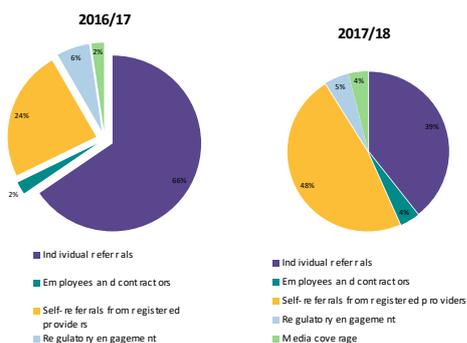
Consumer Regulation

2010 Review of Regulation

- "The role of consumer regulation should be refocused on setting clear service standards for social landlords and addressing serious failures against those standards."
- "Local mechanisms should be used to address routine problems"
- Part of a new framework

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Consumer regulation referrals



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Consumer Regulation review July 2018

- Understand your responsibilities and your stock
- Expectations are the same across all of the consumer standards
- Compliance with the outcomes set out in the consumer standards, including how tenants are listened to, reflects the culture of the organisation and goes to the heart of why registered providers exist and their purpose
- Registered providers have principal responsibility for responding to complaints about their service – systems and culture.

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Green Paper Context

- White Paper 'Fixing our broken housing market' February 2017
- 'Strengthening consumer redress in housing' consultation February 2017
- Grenfell Tower fire tragedy on the 14 June 2017
- Grenfell Tower Public Inquiry terms of reference published in August 2017
- PM commits the Housing Minister to meet with social housing tenants across the country to identify immediate issues facing them
- September 2017 Rt Hon Sajid Javid MP announces a *wide-ranging, top-to-bottom review of the issues facing the sector, the green paper will be the most substantial report of its kind for a generation.*
- Following consultation events with nearly 1,000 social housing tenants and other stakeholders the Green Paper is published in August 2018

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Housing Green Paper and Review of Regulation

- Seeks views on how the role of the regulator should be strengthened to ensure that social landlords provide good quality, safe homes and appropriate services
- Restates the Government's commitment to effective economic regulation of the social housing sector.
- Review of regulation to:
 - Rebalance the relationship between social landlords and tenants
 - Ensure private registered providers are well governed and financially viable
 - Make sure that RSH has effective powers to deliver the first two objectives and has clear lines of accountability to Parliament.
- The relationship between social housing regulation and the Hackett Review

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The Green Paper

Ensuring homes are safe and decent

- commitment to implement Hackitt and asks whether DHS should be updated

Effective resolution of complaints

- improving and speeding up how complaints are resolved

Empowering residents and strengthening the regulator

- seeks views on KPIs, resident engagement and changes to the regulator's objectives, approach to consumer regulation and enforcement powers

Tackling stigma

- celebrating thriving communities and challenging the stereotypes that exist about residents and communities

Supply

- building the homes that we need and providing a spring board to home ownership



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Key propositions for regulation

- Key performance indicators and 'league tables', possibly informing decisions about AHP allocations?
- Stronger regulatory expectations for resident engagement?
- Do the regulator's consumer objectives need to change?
- Should the regulator be able to produce Codes of Practice linked to the consumer standards?
- Reforming the serious detriment threshold for intervention in consumer matters?
- A more proactive approach to consumer regulation linked to the KPIs?
- Should the regulator scrutinise the performance of local authorities as well as PRPs?
- Are changes needed to the regulator's enforcement powers?
- Are measures for LAs to hold ALMOs and TMOs sufficiently robust?
- The regulator is accountable to Parliament, are further steps necessary?

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Regulator's perspective

We welcome the Green Paper and Review of Regulation

- Last review was in 2010 - implemented in 2012
- The Regulatory Framework as a whole was last updated in 2015

Important principles

- It is important that the approach to social housing regulation remains co-regulatory, risk-based and outcome focused – the Green Paper acknowledges this

The review will look at regulation in the round

- The Green Paper is rightly focused on tenants concerns and consumer matters
- The review provides an opportunity to
 - ensure that any changes on the consumer side are consistent with our economic objectives
 - look at whether we need to update our economic regulation to address new and emerging risks and that we can continue to maintain investor confidence

What the regulator is looking for

- It is for Ministers to decide whether our remit needs to change, in the light of responses to the green paper
- At the end of the day, we want to be given a role that is
 - deliverable, and
 - works for tenants, providers and investors

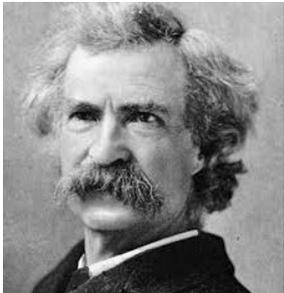


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How Auditors can help prepare?

- Strategic value – a broader view
- Stakeholder expectations
- Understand and test current adequacy and assurance
 - Regulatory and key compliance areas
 - Key risks facing the organisation and sector
- Align current audit coverage and focus
- Using data and emerging trends

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"I like a good story well told."

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Learning from regulation - IDAs

- 174 IDAs completed and gradings published
- Issues identified and resolved include:
 - Adequacy of control framework
 - Adequacy of stress testing, monitoring of triggers, clear mitigation strategies
 - Adequacy/consistency of financial/performance reporting to Board
 - Health & safety statutory compliance
 - Governance of group structures
 - Investment and development approach weaknesses
 - Probity issues



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Learning from regulation – casework

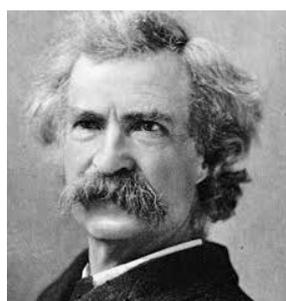
- Poor design and implementation of systems, processes and controls
- Lack of independent assurance on key controls
- Known issues ignored/buried
- Inaccurate data given to boards and audit committees (both deliberate and poor reporting)
- Insufficient / inadequate performance reporting / oversight /challenge
- Poor asset records including properties missing from data bases
- Lack of expert knowledge within the organisation
- Poor supervision of staff carrying out critical functions
- Whistleblowers alerting the regulator to material known H&S issues that had not been notified

1

Co Regulation

- Transparency
- Accountability
- Relationship
- Well run
- Performance and compliance

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"I like a good story well told. That is the reason I am sometimes forced to tell them myself."

Mark Twain

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Thank you!

Questions



Karen Doran
Assistant Director Investigation & Enforcement
T: 020 7874 5844 | M: 07887 633810 | E: karen.doran@rsh.gov.uk
Fry Building | 2 Marsham Street | London SW1P 4DF

Angela Holden
Senior Adviser Investigation & Enforcement
T: 0161 200 6160 | M: 07775 010429 | E: angela.holden@rsh.gov.uk
Level 1A | City Tower | Piccadilly Plaza | Manchester | M1 4BT

www.gov.uk/rsh