



Homes & Communities Agency

The social housing regulator

2nd November 2015

Dear Chair

I apologise for the impersonal nature of this letter, but I thought it important to communicate quickly with the sector. As you may be aware, the ONS announced on Friday 30 October 2015 the outcome of their review of the classification of registered providers of social housing and concluded that they should be classified as public corporations. Reclassification is a statistical change which means that registered providers of social housing will now be categorised as being part of the public sector in the National Accounts.

It is important to understand that the ONS decision does not affect the legal status, ownership or management structures of registered providers and they remain independent bodies run by their boards. The responsibilities of registered providers' board members are unchanged.

Similarly, classification as public corporations does not change any of the regulatory requirements that apply to registered providers. Boards remain responsible for ensuring that registered providers are compliant with the regulatory framework (all current standards still apply), and for all of their liabilities. The regulator's approach to meeting its fundamental objectives as set out in the June 2015 edition of *Regulating the Standards* remains unchanged.

It is also the case that the expectations about what providers need to consider in response to the rent reduction announced in the Summer Budget that I set out in my letter dated 31 July 2015 remain as relevant and important as ever.

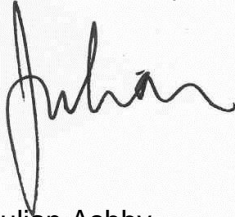
The Government has today published a Written Ministerial Statement ([WMS](#)) and set out that it intends to introduce deregulatory measures through the Housing and Planning Bill, with the aim of restoring registered providers' private sector. However, specific measures have not yet been identified and the Government remains committed to having a regulatory system focused on governance and financial viability of the sector which retains the confidence of lenders. The Government has said that it will work with registered providers, the regulator and other stakeholders in bringing forward any deregulatory measures. For now, the existing legislation and regulatory framework remain in place and providers still need to operate within that

framework. The WMS confirms that the Government have no plans to impose new controls on the sector – including over spending or borrowing.

We are aware of some discussion since the announcement about whether the change means that the government stands behind all of the sector's debt or that the sector will be able to access loans from the public works loan board. Please note that neither of these things are the case.

We will engage with the sector as appropriate as and when any regulatory changes are brought forward. In the meantime, I encourage you to continue the work that you began in the summer to implement the adjustments that you are making to your business plans.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Julian', written over a light grey rectangular background.

Julian Ashby
Chair of the HCA Regulation Committee

CC.
CEOs