



Homes &
Communities
Agency

RESULTS FROM THE 2013 STAKEHOLDER SURVEY OF REGISTERED PROVIDERS

December 2013

1. Introduction

The HCA, through the Social Housing Regulator took responsibility for the regulation of social housing providers from 1 April 2012. At this time we published our revised 'Regulatory Framework for Social Housing from April 2012' setting out our regulatory standards and expectations.

As part of our on-going effort to develop and improve our approach to the regulation of Registered Providers (RPs) we decided to conduct a stakeholder survey to capture feedback on perceptions of our regulatory framework and regulatory approach. The survey focussed on how we conduct our regulation, how well we communicate our core messages and how we can improve in the future.

When we sent out the survey we committed to providing details of findings back to the sector and these are presented here. In this report we set out the results of the survey alongside our response and, where relevant, detail the action we propose to take as a result of the survey findings.

2. Research methodology

The stakeholder survey was sent to RP senior teams during February 2013, using an email link to an online questionnaire. Recipients were invited to either complete the survey themselves or if appropriate to pass it to a suitable officer to complete on their behalf. Participation in the survey was not a formal regulatory requirement but completion was encouraged. RPs were asked to complete the survey only once. In the case of group structures, one survey was completed on behalf of the group.

It is likely that larger and more complex providers engage with the Regulator more regularly and may have a different perspective on certain aspects of the regulatory requirement. In order to take account of this we developed two versions of the survey; a full version for large RPs (1,000+ units) and a shorter version for smaller RPs (less than 1,000 units). Both surveys contained four sections. It is our intention that three of these will be fixed format questions that we will use in future surveys to enable us to monitor trends. These are 'Regulatory Framework', 'Regulatory Approach' and 'Delivery & Practice'. The fourth section focused on the introduction of the new data collection system, NROSH+. This will only appear in this version of the survey. Copies of both surveys can be found in Appendix 1 and 2 of this report.

The survey consisted of closed and open questions to allow collection of quantitative and qualitative data. This approach produces results which will allow year on year comparisons and trend analysis, with the benefit of the additional insight into the collective responses that qualitative data can provide. None of the questions were compulsory and respondents could skip any that they deemed to be either not appropriate to their business or where they did not have/wish to express a view.

3. Responses

In total 885 surveys were sent to either the Chief Executive or the Chair and 370 responses were received. 58% of large RPs and 32% of smaller RPs responded, giving an overall response rate of 41% for the survey.

Table 1 shows the position held by the person completing the survey. In both large and smaller RPs, the largest percentage of responses came from CEOs. However, a much

greater percentage of Board members responded from smaller RPs (30%) compared to the large RPs (3%). ‘Others’ who responded included Company Secretary/Secretary, Clerk to the Trustees/Trustee and Managing Director.

Position of person who completed the survey

Position in organisation	%
Chair/Board	16.2
CEO	51.9
Executive Team member	10.8
Management Team member	13.3
Other	7.8

[Table 1]

Responses were received from a wide selection of the RP population in terms of numbers of units owned and geographical location of units. Stock distribution was uneven, with the largest number of RPs owning in London and the South East (26% and 31% respectively) and the smallest number in the North East and Yorkshire & the Humber (8% and 10%).

Table 2 shows that responses were received from RPs of all sizes. RPs in a group structure provided 44% of responses and individual RPs provided the remaining 56%. A small number of respondents identified themselves as ‘for profit’ providers. A very small number of smaller RP respondents (4) placed themselves in one of the larger ownership categories. This presumably means they are part of a Group structure whose constituent RPs has a combined number of units greater than 1,000.

Number of units owned by respondent RPs

Number of units owned	%
<25	17.3
25-249	21.1
250-999	10.0
1,000-2,499	7.0
2,500-10,000	24.6
>10,000	20.0

[Table 2]

Of the smaller RPs that responded, 63% identified themselves as specialist housing providers compared to 16% of large RPs. Specialisms identified include supported housing, older persons housing, accommodation for rough sleepers and rural housing. Although of the 16% of large RPs identifying themselves as specialists, most went on to state they offer specialist housing alongside their general needs operations.

4. Regulatory Framework

4.1 Understanding of the regulatory approach

This section of the survey aims to establish how well changes to our regulatory approach, the co-regulatory responsibilities of RPs’ boards and the revised Regulatory Framework have been understood by the sector.

Findings showed that the majority of RPs are confident that they understand the changes that have been presented. For all questions relating to understanding of changes to the

regulatory approach and board responsibilities, at least 98% of large RPs and 70% of smaller RPs indicated they were confident of their understanding. This is a very positive outcome and shows how well the sector has adapted to the new regulatory landscape.

Prior to the launch of the revised Regulatory Framework we developed our strategy for stakeholder engagement and communications to include the consultation process for the new regulatory framework. The consultation on the proposed changes included organised regional events and round table meetings with a cross-section of RPs in addition to the consultation document. One of the aims of doing this was to share information with RPs about how proposals and thinking were developing and so give them a reasonable period to prepare for the changes to the regulatory framework and approach in advance of 1 April 2012. As change within the sector has gathered pace we have continued our programme of stakeholder engagement with RPs and other stakeholders to ensure a continuous dialogue is maintained. We hope that this has contributed in part to the confidence the sector now has in its understanding of our requirements and approach as well as their role and responsibilities in relation to the co-regulatory settlement.

Large RPs were also confident that they understand the key areas of regulation. At least 95% of large RPs indicated they understand the economic and consumer standards and the regulation of the consumer standards 'very' or 'fairly' well. Looking at the economic standards in more detail, all responding large RPs indicated they are confident they understand how to achieve compliance with our Governance and Financial Viability requirements. However, while 92% of large RPs are confident they understand how to achieve compliance with our Value for Money (VfM) requirements, they were more likely to choose 'fairly' rather than 'very' confident here.

Smaller RPs were less confident about their understanding of how to achieve compliance and were more likely to indicate they understand the areas of regulation 'fairly' well than 'very' well. Overall at least 62% of smaller RPs were either 'very' or 'fairly' confident they understand the economic standards compared to 72% in respect of the consumer standards.

All RPs were less confident of their understanding of the registration and de-registration criteria and our approach to consents than other areas of regulation. Only 74% of large and 45% of smaller RPs confirmed they understood this 'very' or 'fairly' well. However, the qualitative data here indicates that RPs do not consider this to be an issue as they have no reason to have a detailed knowledge of these areas until such time as one of these events presents itself.

Areas identified by RPs as needing more clarification and where gaps in knowledge were felt to exist were in respect of serious detriment and VfM. When the revised regulatory framework was published a decision was taken to develop the serious detriment policy and operational guidance based on evidence gained from presenting cases. We have recently published our review of consumer regulation considered to date, which should help in clarifying our approach to the sector.

In the case of the enhanced VfM standard, RPs were generally required to make their self-assessment against this standard available to stakeholders by the end of September 2013. These are in the process of being reviewed and in the event that additional assurance is required, providers will be contacted directly. We intentionally set out not to prescribe the format and nature of VfM self-assessments as RPs are best placed to determine how they can demonstrate their compliance. The survey tells us that this approach does introduce an element of concern about our expectations, which some RPs expressed in their comments. However, many also acknowledged that while they would like more clarity they are pleased we have chosen not to impose a preferred methodology.

Large RPs were asked which of our policies and publications have been formally considered by their board. *Table 3* shows that all policies and publications have been considered by the majority of large RPs' boards.

	Yes %	No %	Don't know %
The revised Regulatory Framework	96.4	2.4	1.2
The ' <i>Regulating the Standards</i> ' publication	82.5	14.5	3.0
The <i>Sector Risk Profile</i>	57.2	39.8	3.0
The changes to our regulatory approach	98.8	1.2	0
The changes to their responsibilities in the regulatory process	97.0	2.4	0.6

[Table 3]

A much lesser majority (57%) of large RPs' boards have considered the *Sector Risk Profile* (SRP) than other publications. Co-regulation places boards in the driving seat when it comes to running RPs, with the regulator seeking assurance from them that risks are being managed effectively. So more than ever RP boards need to be aware of the risks and choices they face in meeting their objectives. The SRP aims to promote debate and dialogue about underlying issues and mitigation of risk but nearly 40% of RPs are not using it to facilitate this kind of discussion at board level. We may look to explore the reasons for this and alternative methods RPs are using to drive such discussions in the next survey.

4.2 Sharing Regulatory Information

One aim of the survey was to ascertain which of the current methods we use to disseminate information are considered most useful by the sector. The results told us that no one method stood out in terms of its usefulness but the most popular method for accessing regulatory information is via the HCA website (chosen by 56% of large and 58% of smaller RPs).

We review and upgrade information held on the regulation pages of the website regularly, to ensure it is still useful, current and of appropriate quality. We will continue to ensure that we look to identify if information gaps exist, to ensure all current information, documents and publications remain easily accessible to RPs.

Discussions in routine engagement meetings were identified by 54% of large RPs as an important information channel. In future we will be using a more risk-based approach to our regulatory engagement, leading to less routine regulatory contact for some RPs. We are aware that this will place more emphasis on the quality of our other publications and communication channels to ensure that the sector remains up to date and informed.

The HCA newsletter was also identified as a favoured method for information delivery (chosen by 41% of large RPs and 60% of smaller RPs) and we propose to make better and more regular use of this.

5. Regulatory Approach

This second section of the survey focuses primarily on the regulatory approach and in particular the publications and guidance that are used to communicate the regulatory requirements for RPs.

Among large RPs, awareness of our '*Regulating the Standards*' publication was almost unanimous (99%) with 97% agreeing it was useful in clarifying our approach to regulation, they were also generally familiar with our 8 questions for gaining assurance. Figures were lower for smaller RPs – 66% awareness and 64% usefulness.

Of the large RPs that responded, 64% said they had made changes to how they operate in light of '*Regulating the Standards*', these mainly related to governance, internal use of our 8 questions and gap analysis. It is important to clarify that we do not expect RPs to have made changes to how they operate following the publication, but we were interested to learn how used and useful the publication has been. Through their narrative comments a number of RPs confirmed that they have enhanced their governance practices to ensure that the board are provided with adequate assurances and have the appropriate skills to fully undertake the co-regulatory role. Several RPs mentioned performing internal assessments against the criteria set out in the standards to help them to ensure compliance. A number of RPs indicate they have made changes to their approach to delivering VfM and have made capturing this a higher priority in their business plans.

Suggestions to improve '*Regulating the Standards*' mainly involved requests for greater clarity about serious detriment and VfM and how it will be regulated, though again many acknowledged there were sound reasons not to provide this as detailed above.

Finally, there were requests for a period of regulatory stability to enable the current framework to bed in and become established. The pace of change within the sector where we see increasing levels of diversification and risk and the emergence of new providers means that this is unlikely. However, through our communications and stakeholder engagement, we will seek to ensure that any future change builds on the current framework and our expectations of RPs are clearly articulated.

6. Delivery and Practice

This section of the survey seeks to establish RPs views of the delivery of regulation including their experience of our regulators.

On the whole RPs felt they were mainly being regulated in keeping with our published approach of '*risk based, assurance based and joined up*' regulation. 80% agreed they were regulated in this way all or most of the time. As the survey was completed under a year after our new regulatory framework was published and our new regulatory approach became operational we regard this as acceptable as any new approach takes time to fully bed in.

We have recently launched a new structure for the Regulation Directorate of the HCA. This revised structure sees an increase in the number of senior regulators with regulatory experience and sector knowledge. The aim of this is to ensure we are fully equipped to deal with the pace of change within the sector, its continuing diversification and resultant complexity. The new structure will build on the skills and experience already within the regulator and will facilitate knowledge sharing throughout the regulation teams, which in turn will ensure a consistent approach to the regulation we deliver to RPs.

The survey confirmed that large RPs were broadly supportive of how well their regulator understands the nature and complexity of their business, with 82% agreeing regulators

understand their businesses 'very' or 'fairly' well. 85% agreed that where the regulator requested information, they were clear about what they were being asked to provide and why. Where RPs provided additional information about their response to these questions, some pointed to the change in their relationship with the regulator, in particular a reduced level of contact, possibly being detrimental to how well their business is understood. Others suggested that the continuing growth and complexity of their business required the regulator to have enhanced business knowledge as a result. Finally, there were those who have a specialist area of provision (such as care services), which they felt required similar specialist knowledge from the regulator.

The enhanced capability of the Directorate seeks to address many of these concerns with the structure and management arrangements supporting sharing of experience, knowledge and on-going regulatory intelligence. We will also use the feedback received on the areas where we can improve our knowledge to inform our on-going development programme for regulators.

7. Regulatory publications

This section of the survey seeks to identify which of our publications are considered most useful in terms of understanding the regulatory requirement.

Overall it seems that large and smaller RPs attach value to different publications. Large RPs indicated they found Viability Reports, Regulatory Judgements and the '*Sector Risk Profile*' most useful, while smaller RPs favour the '*Statistical Data Return*'.

We will look further into outputs which appear to be less favourably received and explore ways to make them more useful to the sector in the future. In particular, we will look at the timeliness of publications and will continue to ensure that outputs are produced as soon as possible after data is submitted, whilst ensuring the quality of our statistics are not compromised. It is worth noting though, that all the regulatory publications covered appear to be used by and useful to a large proportion of RPs.

8. NROSH+

NROSH+ was introduced for the 2012 reporting period, in the first instance to collect information for the Statistical Data Return. The survey found that the majority of RPs (82%) felt they were sufficiently well informed about the introduction of NROSH+. Only one third of respondents had called the Referrals and Regulatory Enquiries (RRE) team to get help with a problem, of these the vast majority commented favourably on how their query was handled and the response they received.

Suggestions on how to improve NROSH+ were provided by 16% of respondents, these related to amendments to the NROSH+ data collection system, improving planning and information and recognition of the huge variance in size of RPs. All comments will be considered by the responsible team to help improve the NROSH+ process for RPs.

9. Conclusions

Overall the survey has shown that the RP sector has generally managed the transition to the revised Regulatory Framework and our new approach to regulation very well. Few RPs have concerns about their level of understanding or ability to comply with our regulatory requirements. It has also shown that in general RPs feel they are being regulated appropriately and in a manner consistent with our published approach.

It has raised some issues, which we will need to consider and look to address. These were largely based around areas where we were aware additional work was required, such as guidance on consumer regulation as it relates to serious detriment and clarity on compliance with the Value for Money standard.

It is our intention to run another stakeholder survey during 2014 to take a further temperature check on the impact of our regulation. Exact timing for this will be decided when the timing for the changes to the regulatory framework is established. We would like to extend our thanks to those RPs that took the time to complete the survey as the intelligence and insight that it has provided is valuable.

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