



Homes &  
Communities  
Agency

24 November 2017

Dear Chair

### **ONS reclassification of the housing association sector**

On 15 November, [The Regulation of Social Housing \(Influence of Local Authorities\) \(England\) Regulations 2017](#) completed their passage through the Houses of Parliament. Following this, the Office for National Statistics (ONS) [determined](#) that these regulations removed the last element of public sector control identified in their decision (on 30 October 2015) to classify private registered providers of social housing to the public sector. This means that, as of 16 November 2017, private registered providers' status as private sector non-financial corporations has been restored.

While the ONS's previous decision in October 2015 did not directly impact on registered providers, the recognition of the steps taken by the Government and the regulator to restore the private sector status of private registered providers has been welcome.

The Regulations provide for a six-month period for providers who have local authority nomination arrangements in place for Board membership, and/or a lock on decision-making arrangements, to alter those arrangements to comply with the regulations. At the end of that six-month period, the regulations will take precedence over any arrangements that have not yet been altered. Please be reminded that, as part of the regulator's Governance and Financial Viability Standard, registered providers are required to comply with all relevant legislation and you should seek legal advice as appropriate.

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ONS confirmation of the change to the classification of the sector, taken alongside the recent announcements

- increases to social housing rents will be limited to the Consumer Price Index plus 1% for five years from 2020
- funding for affordable homes will be increased by a further £2 billion,
- the Local Housing Allowance will not be applied to the social rented sector

reinforce government's priority to put in place arrangements that support the housing association sector so that it can continue to deliver homes that meet a range of needs.

You will want to consider and decide whether to alter your plans to meet your strategic objectives and respond to these changes where your priorities in terms of supply are aligned with the priorities that government has articulated. If you increase your development plans in response to these changes, our expectation as regulator is that your risk management frameworks keep pace with changes in your business plan.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Julian Ashby', written in a cursive style.

Julian Ashby  
Chair, HCA Regulation Committee

cc. Chief Executive