

UPDATE TO 'REGULATING THE STANDARDS'

JULY 2014

The following text replaces section 3.6 of 'Regulating the Standards' (January 2014). A new version of the document will be issued following the statutory consultation on changes to the Regulatory Framework.

3.6 Approach to seeking further assurance

The regulator will maintain and monitor a risk assessment for all providers based on standard data provided and will set a regulatory strategy informed by the overall level of risk indicated. The regulatory strategy will identify what engagement a provider should expect from the regulator and those areas where we will be seeking assurance.

If the regulator cannot gain sufficient assurance from this planned engagement or where new adverse information comes to light, we will have additional contact with a provider.

The regulator receives information and allegations from various sources, including complaints, which it may investigate. The aim of any work to seek further assurance will be to ascertain if there is a breach of one of the economic or consumer standards which warrants further regulatory action. Our approach to potential consumer standards breaches is set out in Part B of 'Regulating the Standards'.

To make sure we use our resources to best effect in meeting our statutory objectives, the regulator investigates matters which relate to the economic standards only in the following circumstances:

- where issues relate to the viability of an organisation;
- where the issue, if proven, would affect our regulatory judgement of the organisation;
- where issues, if proven and unaddressed, could have a significant reputational risk for the sector.

In the case of providers which own less than a thousand units we will only investigate where the issue, if proven, would indicate either a failure to comply with the standards or mismanagement which, in both cases, could be sufficient to trigger the use of our statutory powers.

Where we are carrying out work to see further assurance, we will always make a rounded judgement based on all of our knowledge about a provider and seek to act in a proportionate and transparent way.

The possible outcomes from any investigation are:

- enforcement action;
- a downgraded regulatory judgement (for graded providers) or a regulatory notice (for a provider with less than a thousand units);
- further action incorporated into routine regulatory engagement;
- no regulatory action necessary.