



Homes &
Communities
Agency

Consultation on introducing fees for social housing regulation

Decision statement



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March 2017

ISBN: 978-1-4098-5017-5

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Consultation on introducing fees for social housing regulation – decision statement

Introduction

1. The regulator launched a consultation on introducing fees for social housing regulation on 25 November 2016 which sought views on the five principles set out below (Table 1) and other matters in relation to the scheme.
2. The consultation closed on 9 January 2017. In all we received 169 responses. This decision statement sets out our conclusions and provides an overview of the responses to the consultation.

Table 1: Fees principles consulted on

1. A one-off fixed fee should apply to all successful applications for initial registration.
2. The annual fee payable by a registered provider should be set by reference to the number of social housing units owned by that provider.
3. A fixed annual fee should apply to all providers owning fewer than 1,000 units.
4. For groups where the parent is registered, the annual fee should be set at group level rather than for each individual entity on the register.
5. Providers should pay the full cost of the annual fee for the year that they are on the register when they register or de-register.

Consultation conclusion and final principles

3. Whilst some specific aspects of the scheme attracted a range of views, on balance, the proposals were supported by more respondents than those that disagreed with them. However, in light of the feedback we received we have made some adjustments to specific aspects of the scheme.
4. Taking account of the consultation responses we have made the following changes to the operation of the fees scheme:
 - We will delay fees introduction for six months until October 2017 with registered providers only paying 50% of the annual fee for 2017/18. The initial registration fee of £2,500 will remain the same but will only be charged to those who apply to register on or after 1 October
 - We have amended principle 4, which concerns setting the fee at group level, to make the meaning clearer
 - We will introduce a Fees and Resources Advisory Panel alongside our existing stakeholder arrangements
 - Fees for providers with fewer than 60 social housing units will be waived for 2017/18 where a complete de-registration application is made by 1 September 2017 and the application has a reasonable chance of being completed by the end of the financial year

5. The final fees principles are given in Table 2.

Table 2: Final fees principles			
1. A one-off fixed fee should apply to all successful applications for initial registration.			
2. The annual fee payable by a registered provider should be set by reference to the number of social housing units owned by that provider.			
3. A fixed annual fee should apply to all providers owning fewer than 1,000 units.			
4. For groups owning 1,000 social housing units or more where the parent is registered, the annual fee should be set at group level rather than for each individual entity on the register.			
5. Providers should pay the full cost of the annual fee for the year that they are on the register when they register or de-register.			

Overview of responses

6. The range of stakeholders who responded is set out in Table 3 below.

Table 3: Statistics by respondent type

Respondent type	survey monkey	written	both
ALMO	1	1	2
for profit provider	2	0	2
intending provider	1	0	1
LA stock holding	1	0	1
large non-profit provider	69	20	89
small	49	7	56
trade or representative body (including CML)	5	6	11
other	6	1	7
Total	134	35	169

7. The headline responses to the specific consultation questions and further statistics on the support levels in relation to each question are provided in Annex 1. For all of the questions there were significantly more 'yes' than 'no' responses whilst the 'other' responses often offered qualified support.

Analysis of individual questions and our response

8. The main points raised in response to the consultation questions are set out below.

Question	Yes %	No %	Other %	No response %
1. Do you agree with our proposals for those regulatory costs which apply to all providers to be funded by fees?	43	28	24	5

9. Whilst 43% agreed with our proposals, a minority (28%) did not agree with the proposed functions for which fees will be charged. Of those which did not, many did not comment on the split of fees, but on other matters, in particular about the timing of introduction, with 52 respondents (31%), including representative bodies, raising concerns.
10. Of those, most argued for a delay on the basis that early introduction would impact on existing budgets and business planning for 2017/18 and a few respondents argued that greater time is needed to consider and develop the detail of our proposals or to coincide with standalone regulation.
11. The case for charging fees was strongly supported by many respondents and a number, including representative bodies stressed that effective regulation is essential to enable providers to access the investment needed on attractive terms and that introducing fees was the best way of ensuring this continued. A number of providers stated that fees introduction was essential to help maintain the independence and effectiveness of the regulator. Overall, respondents indicated an acceptance of the case for fees, although for some it was a reluctant acceptance.

Our response

12. We will implement fee charging for regulatory costs which apply to all providers. Alternative approaches that some respondents proposed would not be as simple and transparent as the proposed approach.
13. In relation to the minority of respondents that commented on the principle of fee charging, this issue was subject to a discussion document in 2014 to which the majority of respondents were supportive of fee charging. Parliament legislated for the regulator to become fee funded in 2008. The intention to introduce fees was confirmed in the 2013 Spending Review, after which the regulator issued its discussion document on the principles for the fee charging regime in 2014. Since then there have been ongoing discussions with the sector over the potential for fees to be introduced.
14. In recognition of the feedback from some respondents that early introduction would impact on existing budgets and business planning for 2017/18, we will delay introduction of fees to October 2017. Registered providers will therefore only pay 50% of the annual cost for 2017/18 (to a total of £6.25 million) before full fee charging is introduced in 2018/19. The maximum 1% increase in total fee level will apply to the £12.5 million base fee income. This means that the maximum amount to be recovered by fees in 2018/19 will be £12.625 million.

Change to the fees scheme 1: We will delay fees introduction for six months until the 1 October 2017 with registered providers only paying 50% of the annual cost for 2017/18.

Question	Yes %	No %	Other %	No response %
2. Do you agree with our proposed commitments to limiting annual increases in fees overall?	61	17	15	7
3. Do you agree with our proposal to keep regulatory costs to a minimum? What further steps can/should be taken to avoid fee inflation?	66	7	16	11

15. Many responses welcomed the commitment outlined due to the increased certainty this gave providers for budgeting purposes and the proposals were described as sensible.
16. However, some were concerned about the proposed limit of a maximum 1% increase in fees citing the value for money (VFM) culture which the regulator is keen to promote as well as the 1% rent reductions to which registered providers are currently subject.
17. In contrast a number of responses suggested that the regulator should not limit itself on future budget changes and considered that some flexibility on fee levels is essential to ensure that the regulator is appropriately resourced to enable it to continue to provide effective and robust economic regulation.

Our response

18. We will proceed with the proposed 1% per annum cap on total fee income. In relation to keeping our costs to a minimum we have set out additional proposals for our accountability for fee charging and how we use our resources below in relation to question 13.
19. Our main cost is staff salaries at over 80% of our total cost and costs for the regulator are at historically low levels. Allowing for changes in functions, we estimate that costs and staffing levels are around 55% - 60% on a broadly comparative basis since the regulator joined the HCA. To make savings on the base cost would jeopardise the intention to ensure we are appropriately resourced. The 1% cap is a maximum level of increase of total fee income based on the Government's pay envelope and this level of pay restraint has applied to the regulator since 2010.
20. The regulator recognises the importance of VFM and will commit to keep costs (and therefore fees) to the minimum necessary. We agree that the regulator must be transparent and accountable to stakeholders over VFM. We propose to set up a Fees and Resources Advisory Panel to help ensure that resources and therefore fees are set at an appropriate level each year (for more details see question 13).
21. We will also engage with the sector and stakeholders where we propose to make significant changes to the system for regulatory fees. It is not proposed to undertake written consultation on fee levels on an annual basis as a matter of course as we believe this would be disproportionate.
22. We believe that giving certainty for three years, setting up a Fees and Resources Advisory Panel and the statutory requirements on us (both in relation to our fundamental objectives and the basis for fee charging) provides a reasonable degree of certainty on future fee levels.

Question	Yes %	No %	Other %	No response %
4. Do you agree with our proposal for a one-off fixed initial registration fee with part of the costs of registration, including unsuccessful applications, funded through grant-in-aid?	62	11	16	12
5. Do you agree with the proposed initial registration fee level of £2,500?	47	24	15	13

23. There was a high degree of support for a one-off fixed registration fee and nearly half were supportive of the proposed level.

24. Some responses suggested that there should be a range of fees for initial registration depending on the size/nature of the organisation or complexity of registration application.

Our response

25. We will introduce a one-off fixed registration fee of £2,500 for successful registration applicants.

26. Given our statutory objective to encourage provision of affordable housing we do not wish to discourage any providers from registration. The discussion paper consultation asked what level would not deter applicants from registration and we have based our proposals on this. We have not based initial registration fees on size as that does not tend to determine the resource input needed.

27. Nor have we differentiated based on (anticipated) complexity as we consider it is reasonable that organisations intending to register with the regulator have some certainty over the levels of costs they may incur as part of registration. We consider that a fixed initial registration fee covering the minimum costs of registration topped up by grant-in-aid is the most reasonable and proportionate way to achieve this in line with our statutory objectives.

Question	Yes %	No %	Other %	No response %
6. Do you agree it is appropriate that the annual fee should be based on social housing units owned?	60	11	19	10
7. Do you agree with the proposed definition of units as social housing where the private registered provider is the owner?	72	5	11	12

28. Basing the annual fee on social housing units owned was described in the responses as fair, simple, transparent and practical. Some alternatives suggestions included:

- Fees should be directly based on the actual costs of regulating providers
- Annual fee should be linked to complexity, structure, or risk exposure rather than size
- The regulator should apply an additional fee for non-compliant RPs who take up additional regulator time
- Those registered providers who are not G1V1 should pay more

- The annual fee structure should avoid steep cliff edge effect when going from small to larger providers
- Fees should be based on rental income for each provider
- The per unit basis of fee charging should also extend to small providers or there should be a range of different fee levels (see also question 8 below)

29. The proposed definition of units as social housing owned was described as sensible and appropriate given consistency with the Statistical Data Return (SDR) and legislation.

Our response

30. Given the high level of support, we will proceed with charging fees based on the number of social housing units owned as reported in the SDR.

31. The 2014 fees discussion paper evaluated a range of options for calculating the annual fee. A fee based on social housing unit numbers was our preferred option and was supported by over 60% of the sector with a similar number supporting this in the statutory consultation. Unit numbers provide a simple, reliable approach where the fee level is easy to verify and disputes can be minimised.

32. Basing fees on risk or complexity is a subjective matter and may create issues with ensuring fair and consistent treatment of providers. It would also make fee levels unpredictable, as it would if fees were linked to regulatory judgements.

33. The proposal for a flat rate fee for small providers reflects that for all providers with fewer than 1,000 units we carry out the same level of work –an annual review of their finances based on their accounts.

34. Basing fees on rental income would mean that providers with large volumes of stock in high rent areas would be paying higher levels of fee when the costs of regulation are not necessarily higher in those areas.

35. On balance, and taking consultation responses into, we believe that charging a fee per unit based on the number of social housing units owned is the most reasonable, transparent and proportionate approach and supports the objective of achieving simplicity in fee charging.

Question	Yes %	No %	Other %	No response %
8. Do you agree with our proposals for a fixed fee for providers that own fewer than 1,000 units?	56	24	13	7
9. Do you agree with the proposed fixed fee level of £300?	47	26	19	8

36. The majority of the responses, (56%), agreed with the proposal for a fixed fee for providers that own fewer than 1,000 units.

37. Some responses from smaller providers argued that the £300 fee was unfair, disproportionate and discriminatory in relation to very small providers based on affordability and fairness as those with fewer than 60 units would pay more per unit than larger providers.

38. Some argued that small registered providers should pay nothing or a reduced fee and. pointed out that some providers may seek to de-register as a result of fees but questioned the ease with which this might be done.

Our response

39. Subject to a change to facilitate registered providers with fewer than 60 units de-registering, we will implement the fixed fee level of £300 for registered providers with fewer than 1,000 units.

40. Our assessment of the impacts on small providers is documented in our business engagement assessment (Annex 2). However, we carry out the same work, a review of their finances once per annum, for all providers with fewer than 1,000 units. For all providers with over 1,000 units, we undertake significantly more work including the quarterly review of finances, annual stability check and periodic in depth assessment (IDA).

41. If any provider with fewer than 60 social housing units submits a complete de-registration application, or signals an intention to do so we will suspend the fee for the year, subject to receipt of the de-registration application by 1 September 2017. The fee will be waived for the year if the provider demonstrates that it meets the de-registration criteria and the de-registration is effective in the 2017/18 financial year or soon after. We will also explore whether we can make any changes to our de-registration application process to simplify this.

Change to the fees scheme 2: Fees for providers with fewer than 60 social housing units will be waived for 2017/18 where a successful de-registration application is made.

Question	Yes %	No %	Other %	No response %
10. Do you agree with our proposal to charge fees at the group parent level where the parent is registered?	69	4	12	15

42. Responses were highly supportive of the proposal to charge at group level. However, some respondents were unclear how the proposal would be applied in relation to entities with fewer than 1,000 units.

Our response

43. We will charge fees at the group parent level where the parent is registered.

However, it is clear that the principle would benefit from additional clarification. This is because for groups with fewer than 1,000 units a fixed fee of £300 will be charged for each entity on the register as we will carry out the standard review of accounts for each individual entity. **The proposal is that we amend the principle to include the additional text in red below.**

**Change to the fees scheme 3: We have amended principle 4 to include the additional narrative in red:
For groups **owning 1,000 social housing units or more** where the parent is registered, the annual fee should be set at group level rather than for each individual entity on the register.**

Question	Yes %	No %	Other %	No response %
11. Do you agree with our proposed approach to the annual fee when a provider is only on the register for a proportion of the year?	62	8	15	15

44. There was broad support for this principle.

Our response

45. Given that the majority of respondents agreed with our proposed approach principle 5 will remain the same.

Question	Yes %	No %	Other %	No response %
12. Do you agree with the proposed content for the annual fees statement?	60	11	20	10

46. Many responses agreed that our proposals for annual fees statements were adequate. However, many outlined that the regulator needs to go further to demonstrate VFM to fee payers as well as evidencing VFM/efficiency gains and detailing those planned for the future. It was suggested that the regulator should report on KPIs to demonstrate VFM and be transparent about planned expenditure and outcomes.

Our response

47. We will proceed as planned with the annual fees statement. The Fees and Resources Advisory Panel (see question 13) will provide a forum to discuss how we can go further in demonstrating VFM.

Question	Yes %	No %	Other %	No response %
13. Do you agree that existing stakeholder engagement activities are sufficient for once fees are introduced?	51	15	23	11

48. A number of other responses called for a standing body, with sector representation, to be set up to consider the operational effectiveness of the regulator. Accountability and transparency were a key theme from our discussions with stakeholders over the consultation period.

Our response

49. We will introduce a Fees and Resources Advisory Panel alongside our existing stakeholder engagement arrangements to enable engagement on fees with a range of stakeholders. We will do so in such a way as to ensure the independence of the regulator is not fettered or the

confidence of stakeholders such as lenders or ratings agencies diminished. We will set out our approach to establishing the Fees and Resources Advisory Panel in due course

Change to the fees scheme 4: We will introduce a Fees and Resources Advisory Panel alongside our existing stakeholder arrangements.

Question	Yes %	No %	Other %	No response %
14. Do you have any comments on our business engagement assessment including in relation to equality and diversity?	n/a – narrative response			

50. The draft business engagement assessment published alongside the statutory consultation considered the impacts of our proposals on registered providers including in relation to equality and diversity.
51. During the consultation many responses raised concerns about the impact of the £300 fee for the very smallest providers and that the new fee would have a significant impact on already stretched budgets.
52. It was also raised that we need to be more explicit that we have considered the impacts in relation to other providers catering for specific groups beyond BME groups such as LGBT, people with disabilities and older people.

Our response

53. Given the results of the analysis reported in the business engagement assessment we do not consider the proposed fee levels to be unsustainable for even the smallest businesses operating as private registered providers of social housing. The final business engagement assessment is attached at Annex 3 and has been revised to reflect the points above.

Question	Yes %	No %	Other %	No response %
15. Do you agree with the proposed arrangements for invoicing and collection?	62	13	14	11

54. Given the high level of support for this question we propose to proceed with the arrangements outlined for invoicing and collection.

Question	Yes %	No %	Other %	No response %
16. Do you agree with the proposed arrangements for addressing non-payment of fees?	68	5	12	14

55. There were relatively few comments in response. Some expressed concern that a regulatory downgrade may be disproportionate for non-payment unless it led to discovery of wider governance failures with one suggestion to publish names of those who have not paid fees.

Our response

56. The concern about use of regulatory downgrades is noted and publication of the names of those who do not pay will be considered. However, it is not proposed to set out the circumstances in which we would take a particular action as this would depend upon a range of factors in relation to the registered provider's individual circumstances.

Question	Yes %	No %	Other %	No response %
17. Do you agree with the proposals for resolving issues on fees calculations?	72	4	11	14

57. Comments made in relation to this question were widely supportive of the proposed approach.

Our response

58. Given the high level of support for this question we will implement the proposals outlined.

Annex 1: Statistics from responses

Number of responses by support

Question	Yes	No	Other	No response
1. Do you agree with our proposals for those regulatory costs which apply to all providers to be funded by fees?	73	48	40	8
2. Do you agree with our proposed commitments to limiting annual increases in fees overall?	103	28	26	12
3. Do you agree with our proposal to keep regulatory costs to a minimum? What further steps can/should be taken to avoid fee inflation?	112	11	27	19
4. Do you agree with our proposal for a one-off fixed initial registration fee with part of the costs of registration, including unsuccessful applications, funded through grant-in-aid?	104	18	27	20
5. Do you agree with the proposed initial registration fee level of £2,500?	80	41	26	22
6. Do you agree it is appropriate that the annual fee should be based on social housing units owned?	102	18	32	17
7. Do you agree with the proposed definition of units as social housing where the private registered provider is the owner?	122	8	19	20
8. Do you agree with our proposals for a fixed fee for providers that own fewer than 1,000 units?	95	40	22	12
9. Do you agree with the proposed fixed fee level of £300?	80	44	32	13
10. Do you agree with our proposal to charge fees at the group parent level where the parent is registered?	116	7	20	26
11. Do you agree with our proposed approach to the annual fee when a provider is only on the register for a proportion of the year?	105	14	25	25
12. Do you agree with the proposed content for the annual fees statement?	101	18	33	17
13. Do you agree that existing stakeholder engagement activities are sufficient for once fees are introduced?	87	25	39	18
14. Do you have any comments on our business engagement assessment including in relation to equality and diversity?	n/a - narrative response			

15. Do you agree with the proposed arrangements for invoicing and collection?	105	22	23	19
16. Do you agree with the proposed arrangements for addressing non-payment of fees?	115	9	21	24
17. Do you agree with the proposals for resolving issues on fees calculations?	121	7	18	23

Annex 2: Final business engagement assessment

Business Engagement Assessment	
Title of proposal	Introducing fees for social housing regulation
Lead regulator	<i>Homes and Communities Agency – the social housing regulator</i>
Contact for enquiries	<i>Referrals and Regulatory Enquiries team 0300 1234 500 (option 2) consultation@hca.gsi.gov.uk</i>

Date of assessment	<i>March 2017</i>	Stage of assessment	<i>Final</i>
Net Cost to Business (EANCB)	<i>N/A</i>	Commencement date	<i>October 2017</i>
Which area of the UK will be affected by the change(s)?	<i>England</i>	Price and Present value base years	<i>N/A</i>
Does this include implementation of Red Tape Challenge commitments?	<i>No</i>	Is this directly applicable EU or other international legislation?	<i>No</i>

Brief outline of proposed change in regulatory action

1. The regulator is introducing a fee charging regime for registered providers of social housing in line with its statutory powers. Section 117 of the Housing and Regeneration Act 2008 gave the regulator the power to charge a fee for new registrations and an annual fee for continued registration. From October 2017, the costs of regulation will be met partly through grant-in-aid and partly through fees paid by the sector.

Why is the change proposed? Evidence of the current problem?

2. Charging fees for regulation is common in other regulated sectors. The social housing sector is also becoming more complex and diverse and faces higher levels of financial risk, whilst there is growing pressure on public finances. Against this backdrop, the regulator needs to ensure it can maintain the right skill base and capacity to enable effective regulation to continue into the future.
3. We believe it is reasonable to ask providers to contribute towards the costs of regulation. Registered providers of social housing derive a number of benefits from being part of a regulated sector. These include lower borrowing costs and better capital weighting of debt issued by registered providers as well as the comfort stakeholders take from doing business with a regulated organisation.

Which types of businesses will be affected? How many are affected?

4. The regulator will charge a fixed fee of £2,500 in relation to all successful applications for initial registration from October 2017. We would normally expect in the region of 20 such registrations per annum. Potential registered providers which do not in the end go on to the register will not be affected (i.e. those who withdraw their application or whose application is refused).
5. The regulator will charge annual fees to private registered providers of social housing and no other businesses will be affected. On the basis of available current data, at group rather than entity level there are 232 large private registered providers (owning 1,000 units or more) and

1,117 small private registered providers (owning fewer than 1,000 units). Of these, 30 are profit-making providers.

- Existing registered providers are able to de-register provided they satisfy the relevant requirements. Although local authorities are registered providers it is not proposed that they will be charged fees for social housing regulation.

How will the change impact these businesses?

- In developing proposals for how a fee regime should work, the regulator considered carefully what the impact would be on registered providers. A fees discussion paper in 2014 set out the key options in relation to the approach taken to the design of the initial registration fee and annual fee. A number of options were ruled out on the basis of their impact on providers.
- The full discussion on the differential impacts of different options was set out in the discussion paper and is not reproduced here. Following a statutory consultation, published in November 2016, this assessment focuses on implications for registered providers arising out of the regulator's final decisions which are set out in the decision statement.

Impact of charges on registered providers – initial registration charge

- The regulator wishes to ensure that initial registration fees do not deter potential new providers from registering. Some discussion paper responses suggested this could particularly be an issue for small community-led providers or niche providers catering for particular groups. The regulator wants to maintain diversity within the sector as a means of encouraging supply and ensuring choice for tenants, so it is important that such providers are not adversely affected.
- Accordingly, the statutory consultation proposed to minimise the costs of the initial registration fee by not passing on the full costs of carrying out the registration, and instead limiting the initial registration fee to £2,500. In order to keep initial registration fees to this level, the rest of the actual costs of registration would continue to be met through grant-in-aid.
- During the consultation, some concern was still raised about the impact of registration fees on community-led housing organisations. In particular, the National Community Land Trust network said that to apply a registration fee of the scale suggested will be a disproportionate additional burden for which the Community Land Trusts will need to find even more grant funding, and will be a significant deterrent for them considering to register. In addition, the Confederation of Cooperative Housing said that the regulator needed to consider the impact of registration fees on community-led housing organisations and the possibility of waivers/reductions in some cases.
- We consider it is reasonable that organisations intending to register with the regulator have some certainty over the levels of costs they may incur as part of registration and do not believe that £2,500 is an excessive amount for any organisation intending to develop and manage housing. On balance we believe that, a fixed initial registration fee covering the minimum costs of registration, topped up by grant-in-aid, is the most reasonable and proportionate approach and in line with our statutory objectives.

Impact of charges to registered providers – annual fee

- Private registered providers on the register, both profit-making and non-profit, will be required to pay an annual fee to the regulator based on the number of social housing units they own. Local authority registered providers will not be charged fees at all. They are subject only to consumer regulation and these comparatively small costs will continue to be met out of grant-in-aid rather than fees.

14. The regulator's budget for 2017/18 is £15 million and of this 83% of the regulator's costs would be recovered through fees, if we charged for the full year. We have undertaken impacts modelling on the basis of this budget and the results indicate that on the basis of a full years charge:
- for all large providers fees would represent no more than 0.14% of turnover
 - there would be one group charged just under £500,000
 - there would be seven groups charged between £200,000 and £350,000 per annum
 - there would be 27 groups charged between £100,000 and £200,000
 - more than 99.5% of small providers would pay less than 3% of turnover in fees and more than 90% of small providers would pay less than 1% and
 - only one provider would pay more than 5% of turnover
15. In the discussion paper responses some concern was raised about the impacts of the annual fee on BME providers. In particular, some responses said that there could be potential impacts on smaller providers which specifically cater for BME tenants and other minority groups. The regulator separately considered the impact on BME providers¹ (which serves as a broad proxy for the protected characteristic of race) and in the analysis undertaken fees only represented 0.12% of turnover as a maximum for each provider. In addition, the regulator is not currently aware of any proportionate impact on any other protected characteristics other than the general concerns raised about the impacts of fees for the very smallest providers (see below). We will monitor and review this position should any new evidence become available.
16. Overall, given the small proportion of turnover taken up by fees shown by this modelling, we believe that the indicative annual fees should be sustainable for existing providers and should not create any significant impact on services to tenants.

Impact on small businesses

17. It can be seen from the modelling above that fees for small providers with fewer than 1,000 units will make up a higher proportion of their turnover than for larger providers. The regulator recognises the particular benefits which smaller providers can bring to the sector and so the impact on small businesses has been considered carefully. During the consultation some responses raised concerns about the impact of the annual fee for the very smallest providers such as almshouses and smaller community based organisations. A number of responses raised concern that the new fee would have a significant impact on already stretched budgets and some said they would consider de-registration. The regulator recognises this concern and the point that for the very smallest providers the fee has the greater impact on financial budgets. In recognition of this we will waive the annual fee in 2017/18 for those providers with fewer than 60 social housing units who submit a de-registration application before 1 September 2017.
18. It is up to providers to weigh up the costs and benefits of registration with the regulator. Subject to meeting the necessary de-registration requirements providers can de-register. In addition, given the results of the analysis above the regulator does not consider the proposed fee levels to be unsustainable for even the smallest businesses operating as private registered providers of social housing. In the regulator's view it is reasonable to expect all providers to pay if they wish to receive the benefits of being part of a regulated sector. However, we will closely monitor the impact of annual fees on very small providers. Concern was also raised about the impact of the initial registration fee on smaller community-led housing organisations and Community Land Trusts. This is covered above.

¹ For the purposes of this analysis BME providers were identified through their membership of BME National, a collective of over 60 BME housing associations operating within England.

