

## Introduction

This business plan for the Regulator of Social Housing (the regulator) outlines how we will deliver our fundamental objectives over the 2022/23 financial year.

Following publication of the social housing white paper and the subsequent introduction of the Social Housing (Regulation) Bill, our consumer regulation role will expand as our remit in this area becomes proactive. The regulator is preparing to implement proactive consumer regulation once the Bill is enacted, and we have consulted on the new framework of consumer standards that the new legislation will enable. While those changes are being developed, we continue to deliver our purpose and fundamental objectives in line with our current remit and corporate priorities and are working with tenants and registered providers of social housing to develop the new framework and to inform and ensure they are ready for proactive consumer regulation.

### Our purpose

We regulate registered providers of social housing to promote a viable, efficient and well-governed social housing sector able to deliver and maintain homes of appropriate quality that meet a range of needs. We currently do this by carrying out proactive economic regulation of registered providers governance and financial viability and reactive consumer regulation as set out in our fundamental objectives.

### Our fundamental objectives

Parliament has set us the following statutory objectives:

#### **Economic regulation objectives:**

- ensure that registered providers of social housing are financially viable and properly managed, and perform their functions efficiently and economically
- support the provision of social housing sufficient to meet reasonable demands (including by encouraging and promoting private investment in social housing)
- ensure that value for money is obtained from public investment in social housing
- ensure that an unreasonable burden is not imposed (directly or indirectly) on public funds
- guard against the misuse of public funds.

## Consumer regulation objectives:

- support the provision of social housing that is well-managed and of appropriate quality
- ensure that actual or potential tenants of social housing have an appropriate degree of choice and protection
- ensure that tenants of social housing have the opportunity to be involved in its management and to hold their landlords to account
- encourage registered providers of social housing to contribute to the environmental, social and economic wellbeing of the areas in which the housing is situated.

The Social Housing (Regulation) Bill will expand these objectives so that our consumer objectives include safety and transparency.

Our founding legislation also requires that we regulate in a way that minimises interference and, so far as is possible, is proportionate, consistent, transparent and accountable.

## Our priorities

1. As well as our developing proactive consumer regulation, our business plan sets out the activities we plan to carry out in 2022/23 to regulate registered providers of social housing to promote a viable, efficient and well-governed social housing sector able to deliver and maintain homes of appropriate quality that meet a range of needs. We will do this by maintaining our focus on delivering effective, proactive co-regulation of our governance and financial viability standard and the value for money standard. These, along with our investigation and enforcement and proactive rents work, form the bedrock of our regulatory approach. We will keep our overall approach under review and flex to respond to changes in the operating environment if needed.
2. Our ongoing assessment of risks facing the sector will be informed by our data analysis and modelling as well as engagement with stakeholders . We will continue to apply our current consumer remit and powers robustly as set out in our Consumer Regulation Review<sup>1</sup>. We will prepare for implementation of our new consumer remit and at the same time encourage providers to improve their services and engagement with tenants in advance of the new consumer standards being introduced.

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<sup>1</sup> Consumer regulation review 2021 to 2022 - GOV.UK ([www.gov.uk](http://www.gov.uk))

3. We have four corporate priorities which support the delivery of our fundamental objectives. These underpin our 2022/23 business plan, which is summarised further below.



## Business plan 2022/23

### Implementing the regulatory measures in the social housing white paper

4. Implementation of proactive consumer regulation is a priority for the regulator over the period of this plan and beyond. As we take forward our implementation plans, we will work with tenants, landlords and other stakeholders to implement changes to the consumer regulation framework. At the same time, we will continue to focus on and deliver our robust approach to economic regulation and our existing reactive consumer remit.

5. Based on the objectives we have been set by parliament and the new expectations in the white paper, we are seeking to develop consumer regulation to promote safe homes and quality landlord services.
6. Our vision is that landlords maintain tenants' homes so that they are safe and of a decent standard and that landlords provide a quality service. Where things go wrong, complaints are handled effectively, and things are put right. The relationship between tenants and landlords is underpinned by shared expectations of fairness and respect and a shared understanding of their respective rights and responsibilities. Landlords demonstrate that they understand the diverse needs of the communities that they serve, and their services reflect that. Tenants understand, use, and have confidence in the recourse that they have to get problems resolved. Stakeholders have confidence that landlords' commitment to their tenants is underpinned by effective consumer regulation, whether that landlord is a housing association, council, or for-profit provider.
7. The social housing white paper and the provisions of the Social Housing (Regulation) Bill are ambitious and require comprehensive changes to the social housing regulatory framework and a new operating model, as well as the development of a new consumer regulation function.
8. We are developing our proposals on new consumer standards and the operational approach to regulate against them, so that we are ready to consult on them when the Bill has been enacted and we have been directed by the Secretary of State. During 2022/23 we will confirm the outcome of our consultation on the new tenant satisfaction measures (one of the tools which will assist in regulating the consumer standards) as we can do this in advance of legislation. We will also prepare our systems for data collection.
9. While there is much that we will need to consult on in taking forward the proposals, the White Paper sets out the principles that will need to underpin the regime. Like our economic regulation, the new consumer regulation will follow our co-regulatory principles. In advance of the specific consultations, we have already set our initial thinking about our principles and approach to developing consumer regulation<sup>2</sup> and these will continue to inform the development of the new consumer regulation framework.

This means the Boards of housing associations and other private providers of social housing, or Councillors in local authority landlords, are responsible for ensuring that they comply with the outcome focused standards set by the regulator. Building on our model of proactive regulation of our economic standards we will introduce a programme

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<sup>2</sup> Reshaping consumer regulation: our principles and approach - GOV.UK ([www.gov.uk](http://www.gov.uk))

of robust assessments of larger providers to gain assurance that Boards and Councillors have sufficient oversight and control to comply with our new consumer standards.

10. In line with our objectives and duties our approach to regulation will continue to be risk based and proportionate. The retention of those principles reflects the effectiveness of our economic regulation of private registered providers. We consider proactive consumer regulation to be complementary to our existing remit for proactive economic regulation. We will maximise the synergy between consumer regulation and our regulation of providers' governance. A landlord's ability to provide good services to tenants and be responsive to their needs relies on them being well-governed and financially viable.

### **Ensure we have appropriate understanding of sector-level risks**

11. We will ensure we have a good understanding of the risks facing the sector through a range of horizon scanning work, analysis, modelling and forecasting of the regulatory data we collect that supports our engagement and regulatory focus.
12. We will continue to collect regulatory data returns via NROSH+ (our data collection portal) to support our analysis and regulatory engagement.
13. We will continue to publish and communicate sector and sub-sector analyses including the Global Accounts, Statistical Data Return, Quarterly Surveys, the Sector Risk Profile and the Consumer Regulation Review. In addition, we will undertake specific analyses of key issues to promote understanding of, and encourage effective sector responses to, emerging risks.

### **Deliver proportionate, assurance-based co-regulation focused on risk**

14. We will seek to deliver proportionate, assurance-based co-regulation focused on risk in line with our remit across our economic and consumer roles and associated activities.
15. Our (economic) regulatory engagement with larger registered providers (those with more than 1,000 homes, which includes some profit-making providers) is structured around the Quarterly survey, the annual Stability Check and the In Depth Assessment (IDA). We aim to carry out an IDA on all providers with over 1,000 social housing homes at least every four years, and more frequently with providers identified as higher risk or impact.
16. We have identified several distinct groups amongst the larger provider population. These include very large providers with 40,000 or more units, and providers with a high

level of non-social housing activity, primarily market sales but also including facilities management, care, and other activities. These providers would have a significant impact on the sector if they experienced difficulties. Aligned with our risk-based approach, we gather more frequent assurance on their plans and performance through our IDAs. We aim to carry out an IDA on these providers at least every three years, and to engage with their executive teams in the years in between to ensure we have a clear understanding of the way their businesses are developing so we can identify any emerging risks.

17. Our programme of Quarterly surveys, annual Stability Checks and IDAs ensures that our published regulatory judgements reflect our up-to-date views of providers' compliance with the Governance and Financial Viability and Value for Money Standards. In line with our commitment to transparency and the timeliness of our publications we will ensure that our regulatory judgements and other regulatory publications are accessible and disseminated through appropriate media channels.
18. We will also maintain an effective consumer regulation function which responds to referrals by tenants or landlords when there is a breach of our standards and tenants are identified as experiencing, or being at risk of, serious detriment. Where possible, we ensure providers take timely and effective action to resolve the issues and mitigate the risks. More information on our current approach is available in our Regulating the Standards publication.
19. We will maintain the register of providers of social housing through effective registration and de-registration, in line with legislation and our criteria. Being a registered provider is an important and valuable status to have and maintaining the register of providers is a crucial part of delivering our fundamental objectives.
20. We will review the financial statements of small providers and carry out proportionate effective and timely reactive engagement with small, and novel providers through the analysis of regulatory returns or notifications which indicate potential non-compliance.
21. Our value for money regulation plays an important role in a sector where market competition is almost non-existent and where significant amounts of public money, both in historic grants and through ongoing housing benefit payments, has been invested. Transparency is a fundamental part of our approach to regulating value for money, and we publish individual providers' performance against these metrics, alongside the Global accounts on an annual basis. This allows providers and other stakeholders to identify how individual organisations compare to their peers and the sector as a whole.

22. Where we identify potential non-compliance by a provider or where a provider's financial viability is likely to be at risk, we will investigate and will then determine the appropriate regulatory response. We will take a proportionate and effective approach to intervention and to the deployment of our enforcement powers, where relevant.
23. We will review our 2022 SDR and LADR data, and as part of that work we will identify providers whose returns on rents flag as outliers, which might indicate potential non-compliance with the requirements for rents they are charging their tenants. We will engage with those providers, taking regulatory action where appropriate.

### **Ensure we are forward thinking and responsive to changes in the external operating environment**

24. It is important that we understand the external environment and the impact it has across the range of our areas of work. Horizon scanning, engagement with government and other stakeholders and monitoring developments in the external environment all contribute to maintaining our risk based and proportionate approach to regulation. The paragraphs below draw out some of the specific activities we will be undertaking in 2022/23.
25. Just as we would expect providers to understand their environment so will we by continuing to work closely with a wide range of stakeholders to help us understand and keep up with the post-pandemic changes in the economy. As part of this we need to understand what these changes might mean for regulating in an increasingly uncertain world to help support the delivery of our fundamental objectives.
26. Ongoing evaluation of our regulatory framework will ensure that it keeps pace with emerging risks identified by our internal Regulatory Assurance Advisory Panel and changes to the operating environment.
27. We will continue to work closely with DLUHC to inform the implementation of new policies for social housing regulation emerging from the Social Housing White Paper. This will be managed through the consumer regulation programme. We will also continue to work with key stakeholders on the implementation of the new building safety regime, the government's proposals for improving access to redress on housing matters and recommendations from the Grenfell Tower Public Inquiry.
28. We will continue to develop intervention approaches for major and/or systemic failures, building on the work we have undertaken following the implementation of the Housing Administration regime in 2018. We will identify and share lessons from casework and undertake scenario/contingency planning to support our approach.

## Ensure we are an efficient and effective organisation

29. As a public sector body, it is important that we operate in an efficient and effective way. We are accountable to taxpayers and fee payers through our stakeholder sounding board, Fees and Resources Advisory Board and Parliament. This section covers the areas that contribute to this including our people, location strategy and governance.
30. We will continue to review our organisational structure and use of resources to ensure continued effectiveness across the range of our functions which contribute to delivery of our fundamental objectives and maintain confidence in our regulation of the sector. We will seek to deploy our resources as efficiently as possible, maximising our use of technology to support our staff and ways of working and ensuring that we review our structure to make best use of skills. As part of this we will take advantage of the growth in hybrid working and lessons learned during the Covid-19 pandemic.
31. We will develop our capability to effectively regulate the social housing sector through delivery of learning and organisational development activities, including delivering actions to improve our working environment and practices identified through our 2021 staff survey. This will be supported by effective communications and engagement with staff.
32. We will continue to evolve our approach to equality, diversity and inclusion, reviewing and updating our diversity and inclusion strategy and action plan. We will continue to deliver our diversity and inclusion action plan and will review our statutory equality objectives. Further detail is provided in the equality, diversity and inclusion section.
33. We will keep our accommodation needs under review considering our expanded role from the Social Housing White Paper and in response to any changes in working patterns and approaches following lessons learned through the Covid-19 pandemic. Further information is set out in our location strategy section. Our digital strategy will support our operational effectiveness and efficiency by enabling increased use of automated data analysis and more flexible working. We will deliver our actions under the Greening Government Commitments to help reduce or impact on the environment.
34. We will ensure that our corporate strategy and partnership arrangements with DLUHC support delivery of our fundamental objectives. Our Board and its sub-committees are an integral part of effective governance and will continue to provide strategic leadership, help ensure that the regulator acts in a way that is efficient, effective and economic and support the executive team in directing the business to deliver its fundamental objectives over the short and long term.



35. We will ensure that the RSH Accounting Officer discharges her responsibilities, including compliance with the requirements of the Framework Document and Managing Public Money. The AO will also work with her executive group to provide direction on the effective delivery of business plan and the management of associated strategic risks.
  
36. We will liaise with the Fees and Resources Advisory Panel (made up of representatives of registered providers, tenants, lenders and government) on matters relating to organisational priorities, fees and expenditure. We will deliver against our targets for financial and non-financial performance and organisational health indicators.

## Annual budget 2022/23

37. The majority of the funding of the regulator's work is from annual and initial registration fees charged to registered providers. The balance of the funding is grant in aid received from the government. Grant in aid covers the cost of non-routine regulation, local authority rent regulation, work related to the proposed consumer regulation regime and any registration costs not covered by initial registration fees.

38. The regulator's budgeted costs for the year to 31 March 2023 are:

	£'000
Staff costs	19,747
Non-staff costs	4,620
Depreciation	310
<b>Resource sub-total</b>	<b>24,677</b>
Capital	1,050
<b>Budgeted spend</b>	<b>25,727</b>

39. The budgeted Resource costs will be funded by:

	£'000
Fees	14,743
Grant in aid	9,884
Other income	50
<b>Total funding</b>	<b>24,677</b>

40. We have made a commitment that if, in future years, our total fees budget is expected to increase by more than inflation (CPI) or government guidance on public sector pay (whichever is the higher), then we will again set out our proposals to the sector in advance of confirming the indicative fee level in the annual fees statement.

41. Providers with more than 1,000 social housing homes are charged an annual fee based on the number of social housing homes they own. Providers with fewer than 1,000 social housing homes pay a standard annual charge.

## Equality, diversity and inclusion

42. The social housing sector has a relatively large number of tenants with protected characteristics compared to the general population. Our fundamental objectives, the Government's Public Sector Equality Duty, our regulatory powers and the principles of co-regulation combine to help protect those with protected characteristics in social housing.
43. We place equality, diversity and inclusion at the heart of our work, both externally and internally. We published our first set of equality objectives in July 2020, following a statutory consultation. The objectives focus on the point at which we interact with tenants and the public, how we communicate, and our organisational culture. These objectives provided a good foundation to our EDI approach, and we have made good progress against them. We want to push ourselves further on EDI matters and will review and build on our equality objectives in 2022/23.
44. One of the five values we set ourselves when we became a standalone organisation is "We embrace diversity and seek to be an inclusive and supportive organisation". This underpins our work and drives the culture of the organisation. All our staff, led by the Board, Executive and Senior Leadership Team, are committed to diversity and being an inclusive and supportive organisation.
45. In 2021/22 we developed an internal EDI strategy and action plan focusing on recruitment, staff engagement, staff development and good practice. We have representatives at Board and Executive level who provide an equalities challenge function and the delivery of the action plan is fully supported by both the Board and the Executive, who review progress on a quarterly basis. We have delivered and closed some of our actions and will be reviewing the plan in early 2022/23 to build on our successes so far, and to challenge ourselves further.
46. Our focus in the coming year is to build on the strong foundations we have laid. One of the main areas we need to address is representation at senior levels. We will continue to focus on recruitment and development to seek to improve ethnic diversity at senior levels, taking account of staff turnover and vacancy rates. We will also continue to develop our EDI capacity and capability, learning from other organisations, as well as listening to internal feedback through our EDI steering group, staff networks and disability advisory group, to identify further actions we can take.

## Location strategy

47. It is important that our accommodation meets the needs of our organisation and supports the efficient delivery of our objectives. We will ensure that our approach to accommodation is consistent with the wider Government Estates Strategy.
48. Our accommodation strategy has the following objectives:
  - a. Ensure we are able to recruit and retain a high-quality workforce located close to the organisations we regulate
  - b. Enable us to effectively deliver our strategic objectives
  - c. Reflect the needs of stakeholders, including those who provide the majority of our budget through regulatory fees
  - d. Support the Government Estates Strategy, including by ensuring, over time, that the number of staff in London is kept to the minimum required to meet business need
  - e. Make best use of the resources available to us.
49. Our focus is on recruitment to our core offices of Manchester (head office), Leeds and Birmingham; in all of these we co-locate with other government bodies. As part of delivering the outcomes of the Social Housing White Paper and in response to any changes in working patterns following the Covid-19 pandemic, we will continue to keep our accommodation needs under regular review.

## Performance measures and review

50. In order to assess the corporate health of the organisation we measure how we are performing against a range of performance measures.

Category	Measure	2021/22 performance	Proposed target	How measured	Corporate priority
Governance	Number of Board meetings held	10	10 meetings per annum	No of meetings held each (financial) year	Ensure we are an efficient and effective organisation
	% Board member attendance at Board meetings held	100%	90%	Board member attendance recorded in minutes	
Financial	% of annual fees received	100%	99.9%	% of annual fees invoices paid	Ensure we are an efficient and effective organisation
	% of undisputed invoices paid within 30 days	100%	95%	% of undisputed invoices paid	
People	% of staff vacancies	6.1%	Max 10%	Number of BAU vacancies / FTE number of staff x100	Ensure we are an efficient and effective organisation
	% of staff turnover	4.4%	Max 10%	Number of leavers/ headcount x100	
	Annual sick days per head	4.6	4	Number of days off sick/ total number of FTE	

Category	Measure	2021/22 performance	Proposed target	How measured	Corporate priority
	% staff engagement score from staff survey	71%	65%	Staff survey 2021 results (no survey due in 2022/23)	
External perspective <sup>3</sup>	% of stakeholder survey respondents who agree we are meeting our objectives	80%	80%	Stakeholder survey 2022 results	Ensure we are an efficient and effective organisation  Deliver proportionate, assurance-based co-regulation focused on risk
	% of stakeholder survey respondents who find our publications useful	78%	80%		
	% of stakeholder survey respondents who agree we take action to ensure confidence in the sector is maintained	79%	80%		
	% of stakeholder survey respondents who agree that we take appropriate action in response to referrals where RSH finds consumer standards have been breached and tenants, or potential	71%	80%		

<sup>3</sup> In 2021/22 we changed the methodology we use in our stakeholder survey to better reflect best practice, introducing a “neutral” option for respondents in the most recent survey. As a result, the number of respondents who agree with statements in it has reduced. The number of respondents who disagree (or do not find useful) is similar to previous years.

Category	Measure	2021/22 performance	Proposed target	How measured	Corporate priority
	tenants, have been at significant risk of serious detriment				

## Strategic risks

51. The regulator considers strategic risks to be uncertain events that, should they occur, will adversely impact on our ability to deliver the strategic objectives set out in our Corporate plan and thereby to meet our fundamental objectives. We recognise that we have more control over some risks than others, and our controls measures are articulated accordingly. Where risks relate to factors in the external operating environment that we do not have direct control over, we work with our stakeholders to influence and shape thinking through our engagement programme, publications and analyses. Where they relate to internal capacity and capability, we have systems, processes and controls in place that help us to directly control the risks.
52. Strategic risks are reviewed regularly by senior officers through the Risk Review Group, quarterly by Regulation Executive Group and the Audit and Risk Assurance Committee, and twice per annum by Board. The strategic risks considered to be the most significant to the achievement of the RSH objectives are set out in the table below.

Risks to the delivery of the Corporate plan	Controls in place
Stakeholder expectations of our regulation exceed what is deliverable under our existing remit such that the overall legitimacy of the regulator is undermined.	We use our publications and wider communications, together with our stakeholder engagement programme, to raise awareness of our role and remit and the regulatory action that we take. We maintain close working relationships with key stakeholders in government and across the sector, and engage with financial bodies with interest in the sector.
We are not able to keep pace with changes to the structure, diversification and operating environment of the sector and public expectations within our remit, resulting in a failure to effectively:	Our regulatory assurance processes supported by relevant analysis of provider and sector wide data using analytical tools ensure we can respond quickly to changes in the sector.



<ul style="list-style-type: none"> <li>manage the regulatory framework and our operating model</li> <li>regulate more complex housing providers and respond to new models of housing and finance of housing supply</li> </ul>	<p>We keep the Regulatory Framework and our regulatory approach under review to ensure they are fit for purpose.</p>
<p>A viability or governance failure occurs within a social housing provider and we are not able to identify and manage the issue, and/or take appropriate remedial action that is within our powers or objectives</p>	<p>We use our analysis to monitor providers' viability on an ongoing basis. We continue to keep our contingency plans for major financial failures under review, including our Housing Administration framework. Our publications and internal guidance clearly set out our roles and responsibilities for decision making.</p>
<p>We fail to sufficiently resource our workforce, including, over the period of this plan, the additional staff needed to deliver our revised consumer regulation role, and our people do not have the appropriate and necessary skills and knowledge to deliver our strategic objectives</p>	<p>We have an adequately resourced structure which is aligned to our corporate objectives, and an appropriate budget for recruitment and retention. Human resources policies are in place and understood by staff. A performance management system is in place which ensures the golden thread between strategic and personal objectives and emphasises ongoing development within roles. There is a budgeted learning and development plan.</p>
<p>A change in government policy direction of travel in housing or more widely impacts our ability to meet our fundamental economic or consumer objectives</p>	<p>We maintain close working relationships with key stakeholders in government. We undertake horizon scanning and monitor changes to policy which may impact on the sector. We use sector modelling and analysis to identify the potential impacts of new policies, and we will share that modelling with government to feed into policy development.</p>