



Regulator of  
Social Housing

# Directors' remuneration and management costs note

April 2024



OFFICIAL

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## Introduction

1. The Transparency, Influence and Accountability Standard, requires all registered providers to provide tenants with accessible information about their directors' remuneration and management costs.
2. This document sets out information on how directors' remuneration and management costs might be calculated to support consistent reporting between different organisations.
3. Where the document references examples or explanations in the regulator's directions for the preparation of Private Registered Providers (PRPs) accounts, as set out in the Accounting Direction 2022<sup>1</sup>, for consistency Local Authorities may wish to adapt the suggested approach applying their appropriate accounting practices<sup>2</sup>.
4. Adopting the following approach in this note will support transparency to tenants and avoid tenants being presented with similar data calculated on a differing bases by:
  - Aligning the reporting of directors' remuneration and management costs to their financial reporting year end and where relevant on a registered group<sup>3</sup> basis
  - Maintaining consistency with reporting of the metrics required by the Value for Money standard, and audited accounts, (which the examples in this document are based on).

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<sup>1</sup> Accounting Direction 2022.

<sup>2</sup> Local Government Act 2003, CIPFA's Code of Practice on Local Authority Accounting and The Local Authorities (Data Transparency) Code 2015.

<sup>3</sup> Registered providers are defined as being members of a registered group structure if they are subsidiaries or associates of one another within the meaning of those terms as set out in Section 271 of the Housing and Regeneration Act 2008.

## Directors' remuneration and management costs

Measure	<b>The remuneration payable to the highest paid Director<sup>4</sup>, relative to the size of the landlord</b>
Calculation	<p>Remuneration payable to the highest paid Director (excluding pension and National Insurance Contributions) in relation to the period of account.</p> <p><i>Divided by</i></p> <p>Total social housing<sup>5</sup> units owned and/ or managed at period end.</p> <p>(Leasehold units, which for example include Right to Buy and fully stair-cased shared ownership units where the PRP retains the freehold, are excluded from the denominator of this metric).</p>
Further information for PRPs	<p>Refer to the Accounting Direction 2022, Part 2, paragraph 26 which provides details relating to the remuneration of the highest paid Director.</p> <p><b>Small PRPs<sup>6</sup>:</b></p> <p>Remuneration payable to the highest paid Director (where applicable), is equal/equivalent to the reported figure in the audited annual accounts (or independently examined accounts), as reported under Turnover and Operating Expenditure and Notes to the Financial Statements.</p>

<sup>4</sup> For the purposes of this calculation 'Director' means the members of the governing body and the Chief Executive (or equivalent) of the registered provider.

<sup>5</sup> References to 'social housing' in this document has the meaning given in sections 68 and 77 of the Act.

<sup>6</sup> Providers who own and or manage fewer than 1,000 low-cost rental accommodation and low-cost home ownership units combined (for providers in a group, units are measured at a registered group level). Such providers are termed 'small providers' for the purposes of the requirements in this document.

Measure	<b>The aggregate amount of remuneration paid to Directors<sup>7</sup>, relative to the size of the landlord</b>
Calculation	<p>Total aggregate Directors' remuneration including pension and National Insurance contributions, payable to Directors or former Directors in relation to the period of account.</p> <p><i>Divided by</i></p> <p>Total social housing units owned and/ or managed at period end.</p> <p>(Leasehold units, which for example include Right to Buy and fully stair-cased shared ownership units where the PRP retains the freehold, are excluded from the denominator of this metric).</p>
Further information for PRPs	<p>Refer to the Accounting Direction 2022 Part 2, paragraphs 25 and 29 to 33 which sets out an explanation of the aggregate amount of remuneration paid to Directors.</p> <p><b>Small PRPs:</b></p> <p>Total aggregate Directors' remuneration (where applicable), [is equal/equivalent to the] reported figure in the audited annual accounts (or independently examined accounts), as reported under Turnover and Operating Expenditure and Notes to the Financial Statements.</p>

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<sup>7</sup> For the purposes of this calculation "Directors" means the members of the governing body, the Chief Executive (or equivalent) and any other person who is a member of the executive management team, or its equivalent of the registered provider.

Measure	<b>Management costs<sup>8,9</sup> relative to the size of the landlord</b>
Calculation	<p>Total management costs (social housing lettings) in relation to the period of account.</p> <p><i>Divided by</i></p> <p>Total social housing units owned and/ or managed at period end.</p> <p>(Leasehold units, which for example include Right to Buy and fully stair-cased shared ownership units where the PRP retains the freehold, are excluded from the denominator of this metric).</p>
Further information for PRPs	<p>When calculating total management costs that relate to social housing lettings, refer to the Accounting Direction 2022 Part 1: Note B: Particulars of turnover and operating expenditure from social housing lettings or paragraph 35 where the information in Part 1 of the schedule has not been provided because the PRPs is a small provider.</p> <p><b>Small PRPs:</b></p> <p>Total management costs that relate to social housing lettings, (where applicable), [is equal/equivalent to the] reported figure in the audited annual accounts (or independently examined accounts), as reported under Turnover and Operating Expenditure and Notes to the Financial Statements. It should also reflect the amount reported as a component of the Value for Money metric - Headline social housing cost.</p>

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<sup>8</sup> Management costs relating to social housing lettings

<sup>9</sup> Management costs reported as a component of the Value for Money metric, Headline social housing cost as set out in Annex A

## Annex A

### Value for Money - Headline social housing cost per unit calculation (as reported in PRPs statutory accounts)

**Note: Grants related to capitalised major repairs expenditure must be excluded.**

#### ***Measurement of VFM Cost Chain – Economy***

##### **[Management costs**

- + Service charge costs
- + Routine maintenance costs
- + Planned maintenance costs
- + Major repairs expenditure
- + Lease costs
- + Capitalised major repairs expenditure for period
- + Other (social housing letting) costs
- + Charges for support services (Operating expenditure)
- + Development services (Operating expenditure)
- + Community / neighbourhood services (Operating expenditure)
- + Other social housing activities: Other (Operating expenditure)

##### ***Divided by***

Total social housing units owned and/ or managed at period end.

(Social rent general needs housing (excluding Affordable Rent), Affordable Rent general needs housing, social rent supported housing and housing for older people (excluding Affordable Rent), Affordable Rent supported housing and housing for older people, Low-Cost Home Ownership, care homes, other social housing units)

Leasehold units, which for example include Right to Buy and fully stair-cased shared ownership units where the provider retains the freehold, are excluded from the denominator of this metric.



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**RSH regulates private 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 homes that meet a range of needs.**