Regulator of Social Housing

Annual Report and Accounts 2023-24

For the period 1 April 2023 to 31 March 2024

HC 629

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Chair's foreword

I am delighted to present RSH's Annual Report and Accounts for April 2023 to March 2024. It was a highly significant year in which Parliament passed the Social Housing (Regulation) Act 2023 and we prepared to step up and deliver our stronger consumer role.

At the same time, we continued our important work in regulating the financial viability and governance of housing associations and other private registered providers. The financial pressures facing the sector continued to grow and, as a result, landlords' headroom tightened and their capacity to deal with challenges narrowed. Strong financial governance by Boards, in line with our standards, continued to be crucial throughout the year to manage these challenges.

Yet, against this very difficult backdrop the sector invested record amounts to improve tenants' homes. This included building safety works, tackling hazards like damp and mould and making homes more energy efficient. Social landlords also continued to build much-needed new homes and being part of a regulated sector has continued to help them attract private finance to make these investments.

Throughout the year, we used a range of tools to scrutinise landlords' performance across our economic and consumer standards.

We completed our in-depth assessment programme of private registered providers, which served as the foundation for the new integrated inspections that we launched on 1 April 2024. We also continued our stability check programme of all large private registered providers. Our economic gradings reflected the challenging climate and over the course of the year, a number of providers were re-graded for viability.

As well as gearing up for our new proactive consumer role, we continued to hold landlords to account through our responsive remit. We know that most landlords take their responsibilities seriously. They are working hard to listen to tenants more effectively and provide safe and decent homes. But our responsive work also found pockets of poor performance.

In these cases, we found some serious health and safety issues, incomplete and inaccurate data about tenants' homes, and landlords who failed to engage effectively with tenants. Our consumer regulation review for 2023-24 sets out important insights on where things went wrong and what the landlords in question needed to do to put things right, which the sector as a whole can use to improve overall performance.

To help the sector prepare for the introduction of the consumer standards, we published wide-ranging information about our new approach. Central to this were our new consumer standards, which are designed to drive improvements in landlords for the benefit of tenants. We also continued to build our relationships with local authorities, to enable them to be ready for our proactive regulation. We ran pilot inspections, met with councils across the country and held our own series of webinars for senior councillors and officers.

We are extremely grateful for the interest and involvement of tenants (who gave over half the consultation responses), landlords, and other stakeholders. The feedback received was overwhelmingly constructive and positive, and we used it to shape the final outcome.

As we move into the next year, I look forward to working with colleagues on RSH's Board, our staff and the sector as a whole as we regulate to deliver more and better social homes for people who need them.

Bernadette Conroy

Chair of the Regulator of Social Housing

Accounting Officer’s statement

Introduction

This is the 6th annual report of the Regulator of Social Housing and covers the period April 2023 to March 2024.

In 2023/24, we prepared ourselves to deliver a step change in social housing regulation by developing a new stronger and more integrated regulatory regime, enabled by the Social Housing (Regulation) Act 2023. At the same time, we used our existing regulatory framework, tools and powers to drive social landlords to deliver more and better social homes.

Against a changing economic backdrop, the social housing sector continued to face challenging external conditions. This has highlighted the continuing importance of good governance, risk management including financial stress testing, and providing value for money. Throughout the year we engaged closely with the sector to understand the impact of these challenges and how social landlords are responding to them, enabling us to provide appropriate support and to intervene when needed. We will continue to closely monitor the financial position of housing associations and other private registered providers, as well as pushing all social landlords to deliver quality homes and services for current and future tenants.

I am proud of all that we have done over the past year to deliver our purpose and objectives in both carrying out effective regulation and building a new regulatory approach to support our expanded remit. In particular, I would like to express my thanks for the hard work and dedication of all my colleagues at RSH throughout this period.

Delivering effective regulation

We continue to take a co-regulatory and risk-based approach to our regulation so that we focus our resources where they are most needed. Social landlords are responsible for delivering the outcomes in our standards; we expect them to have an open and honest relationship with us and to put things right when they have gone wrong. Where social landlords are unable or unwilling to improve, we take action.

We published our annual sector risk profile, which sets out the risks and issues facing social landlords and their Boards and Councillors. The sector continues to face a difficult operating environment, risks to financial viability have intensified and financial performance has continued to weaken. This has been driven by internal and external pressures, including record and increasing spending on existing homes, and sustained higher interest rates increasing the cost of debt. The impact of these challenges can be seen in our 2023/24 quarterly survey reports, with forecast interest cover continuing to fall. These pressures reinforce the need for social landlords to ensure they are efficient and offer value for money, have a good understanding of the risks they face, and make strategic decisions, aligned to their purpose, about priorities and trade-offs.

Public scrutiny of social housing continued during the year, focusing on both the safety and quality of the homes that tenants live in, and the services that landlords provide to them. Social landlords have invested significantly in improving existing homes in relation to building safety, quality and energy efficiency and this investment will need to continue. The sector will also need to deliver new social housing, in the light of more than a million households on local authority waiting lists.

While the headline rate of inflation fell during the year, tenants continued to face challenges around the cost of living. Rental income was constrained by the 7% rent cap for 2023/24 at the same time as a tight labour market, and contractor failures and supply chain issues have increased costs for landlords.

In March 2024, we completed our in-depth assessment (IDA) programme with large housing associations and other private registered providers ahead of the changes to our regulatory regime. During 2023/24, the IDA programme focused on how individual Boards are delivering their strategic aims and managing their risks effectively, including financial and safety risks. We also continued to examine stock condition information including whether Boards understand and challenge their organisation's approach to stock condition surveys, why it is suitable for its stock characteristics and how it picks up and responds to hazards.

Our annual stability checks saw a further wave of providers regraded from V1 to V2. This reflects the economic challenges the sector continues to face. The stability checks focus on providers' financial resilience and consider changes to their risk profile, including external economic factors beyond their control. The regrades were in line with our expectations and V2 remains a compliant grade.

Regardless of the economic situation, building safety must remain a top priority and ensuring that tenants living in multi-occupied, medium and high-rise buildings are safe from fire safety risks, brings a number of additional responsibilities. In 2023/24 we began collecting and publishing data on a quarterly basis about social landlords' fire remediation of buildings over 11m . This data helps provide an indication of whether social landlords are meeting their obligations for assessing fire safety risk; understand the risks they identify and how to address them; and have plans in place to remediate buildings with life-critical fire safety risks. We continue to carry out follow up engagement with landlords whose returns indicate that they may be an outlier in progressing this work.

We also published a further report about damp and mould in the social housing sector which set out the features of better and weaker responses to damp and mould issues. The findings from our regulation showed that more effective landlords demonstrated strong Board and

Councillor oversight of stock condition, including damp and mould; managed their data well, sharing it across the organisation, including using tenant data from a range of sources; and had clear processes in place for tenants to report problems and looked at a range of measures to treat damp and mould.

We published our annual consumer regulation review which set out the key learning points from our consumer regulation casework over the previous year. It is intended to help stakeholders generally and, in particular, Councillors and housing association Board members, to learn from the experience of others so that they can strengthen their organisations' approaches to meeting the requirements of the consumer standards. We expect landlords to be respectful, transparent and responsive to their tenants' needs and will hold them to account where we find this is not the case. The report emphasised the importance of social landlords meeting health and safety requirements, engaging with tenants effectively and maintaining a tight grip on the quality of the homes they manage. Although our approach to consumer regulation is different from 1 April 2024, the lessons in this report continue to apply. When landlords find a material issue (or a potential one), they must tell us promptly and we will engage constructively as they work to put things right.

Developing an integrated regulatory approach

During 2023/24, we welcomed Royal Assent of the Social Housing (Regulation) Act 2023. This legislation has made important changes to our objectives and powers. These changes have allowed us to put in place a stronger and more integrated regulatory regime from 1 April 2024. We will use this regime to drive improvements in the quality of housing and services in all landlords while continuing to scrutinise the financial viability and governance of housing associations and other private registered providers.

Our approach to regulation centres on our outcome-based standards. These set out the outcomes that landlords must deliver for tenants. Following a consultation, we published revised consumer standards applying to all social landlords, covering health and safety; transparency, influence and accountability; neighbourhood and community; and tenancy. In developing the proposed consumer standards, we were guided by three tests – that our regulation must make a meaningful difference to tenants, that landlords must be able to deliver its expectations, and that we must be able to regulate against it. We were pleased to receive 1,125 responses to our consultation, including more than half from social housing tenants, which helped us to refine and improve our proposals. These revised consumer standards apply to social landlords from 1 April 2024.

Alongside our standards, we published a range of material setting out how we intend to regulate against all our standards, and guidance on our enforcement and other powers. We have also expanded our existing system of grades to include new consumer grades alongside our current governance and viability grades. In developing our new approach, we built on our experience of regulating landlords in relation to our economic standards, particularly our IDA process. We also built on our experience of responding when things have gone wrong in relation to the safety and quality of tenants' homes and the services they receive.

A key element of our new approach is our new regulatory inspections. For housing associations, and other private registered providers, these build on our existing in-depth assessment and include viability, governance and the new consumer standards. For local authorities, the regulatory inspections focus on assessing how well they meet the outcomes in the consumer standards. I would like to thank the many landlords who helped support the development of our new approach through participating in our pilot inspections during 2023/24. These have gone well and have given us assurance that we have developed a model that works.

Inspections are only part of our regulatory toolkit. We will continue to collect and review information about landlords to support our regulatory decision making. This includes data about tenant satisfaction, condition and quality of homes, and rents; and financial information from housing associations and other private registered providers. In addition, we will continue to carry out responsive engagement across the full range of standards with landlords. And we have new and stronger enforcement powers should we need them.

Developing our people

During the year we updated our organisational structure and continued to increase our staff numbers in preparation for our revised remit. Alongside recruiting new staff, we carried out an extensive programme of training for new and existing staff to ensure we have the skills we need to proactively regulate our consumer standards and continue our strong regulation of financial viability and governance.

We maintained our ongoing commitment to supporting the wellbeing of staff so that they can continue to deliver a challenging workload effectively and professionally. We promote and support this through a number of initiatives, activities and corporate approaches. Support provided included First Contact Officers and trained Mental Health First Aiders and an Employee Assistance Programme.

In 2023-24 we published a new set of equality objectives following consultation and continued to deliver against our equality, diversity and inclusion (EDI) strategy and action plan. Our continuing priority is to improve ethnic diversity at senior levels. Our work on EDI is fully supported by the regulator's Board and Executive.

Conclusion

Everyone in the sector has a part to play in achieving more and better social homes. Our new powers, standards and regulatory approach will enable us to deliver even more effective regulation of social landlords and drive them to improve the homes and services they offer for current and future tenants.

Thank you to everyone at RSH, staff and Board, for their hard work and commitment and to our stakeholders for their ongoing engagement and support as we deliver on our objectives.

Fiona MacGregor

Chief Executive

Performance report

This report covers the 2023-24 financial year and the text reflects the position as it was then. Since the year end there have been changes to our operating environment, most significantly our new regulatory regime came into effect from 1 April 2024 and will be reflected in performance reporting for subsequent years. For more details please see our website.

Performance overview

This overview provides information on the Regulator of Social Housing for the period from 1 April 2023 to 31 March 2024. It includes our main objectives and activities, the key risks we faced and our approach to them, and a summary of our performance during the period.

Who we are

We are a statutorily independent regulator, existing as a non-departmental public body, sponsored by the Ministry of Housing, Communities and Local Government (MHCLG). The Regulator of Social Housing (the regulator) regulates 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. The Housing and Regeneration Act (HRA) 2008 sets out our fundamental objectives in relation to economic and consumer regulation, and our remit for each of the objectives.

Our economic objective is:

- to ensure that providers of social housing, who are registered with us, are financially viable and properly managed and perform their functions efficiently, effectively and economically
- to support provision of social housing sufficient to meet reasonable demands (including by encouraging and promoting private investment in social housing)
- to ensure that value for money is obtained from public investment in housing
- to avoid imposing an unreasonable burden (directly or indirectly) on public funds
- to guard against the misuse of public funds.

Our economic remit is proactive, and we actively assess the performance of private registered providers. We have published three economic standards setting out our expectations for registered providers:

- Governance and Financial Viability
- Value for Money
- Rent

Our economic remit extends to all registered providers (including local authority landlords) for the Rent Standard but only to private registered providers of social housing for the Governance and Financial Viability Standard and the Value for Money Standard.

Our consumer objective is:

- to support the provision of social housing that is well-managed and of appropriate quality

- to ensure that actual or potential tenants of social housing have an appropriate degree of choice and protection

- to ensure that tenants of social housing have the opportunity to be involved in its management and hold their landlords to account

- to encourage registered providers to contribute to the environmental, social and economic wellbeing of the areas in which the housing is situated.

Our consumer remit in 2023-24 was reactive. This means that we considered information that we become aware of, including referrals made to us, but did not proactively monitor providers' performance. We had published five consumer standards setting out our expectations for registered providers:

- Home
- Neighbourhood and Community
- Tenancy
- Tenant Involvement and Empowerment
- Tenant Satisfaction Measures

Our consumer remit extends to all registered providers including local authority landlords.

The Social Housing White Paper was published in November 2020 and its recommendations were taken forward by the Social Housing (Regulation) Bill published in June 2022 which received Royal Assent in July 2023.

The Social Housing (Regulation) Act 2023, amended provisions within the HRA to expand our consumer regulation role and required a new consumer regulation framework to be brought into effect. The work to do this was in development for several years and our new role fully came into effect on 1 April 2024.

We must regulate in a way that minimises interference and (so far as is possible) is proportionate, consistent, transparent and accountable. We are accountable to Parliament for the discharge of our fundamental objectives.

Corporate priorities

In the delivery of our statutory role, we have set the following five corporate priorities:

- Deliver proportionate, assurance-based regulation focused on risks to tenants and providers
- Deliver reforms outlined in the Social Housing White Paper and Social Housing (Regulation) Act 2023
- Maintain an evidence-based understanding of sector-level risk appropriate to our fundamental objectives
- Continue to ensure we are forward thinking and responsive to changes in the external operating environment
- Continue to ensure we are an efficient and effective organisation

Our performance in delivering against these priorities during 2023-24 is described on pages 20 to 34. During the year we reviewed and refreshed these as part of our 2024-27 Corporate Plan and will report against our updated priorities in next year's Annual Report and Accounts.

Our values

Our values underpin everything that we do to deliver our purpose and priorities, and drive the culture that we want to work in:

- We are **professional** and **collaborative**, showing respect and courtesy to colleagues and stakeholders
- We embrace **diversity** and seek to be an **inclusive** and supportive organisation
- We are **confident** in our ability to deliver effective and efficient regulation
- We act with **integrity** to reach evidence-based decisions
- We are **agile** and react positively to change

How we regulate

Our primary focus is on promoting a viable, efficient and well-governed social housing sector able to deliver and maintain homes of appropriate quality that meet a range of needs. Our regulatory approach aligns with this by ensuring that we regularly engage with providers to gain assurance about short-term viability issues, and that when we engage in depth, we have a strategic conversation with providers about their risk profile, the quality of their governance, financial strength and approach to value for money.

We take a **co-regulatory approach** as part of our duty to minimise interference and fulfil our fundamental objective to support the provision of social housing and proportionate regulation. This means we expect providers to self-refer when there is a breach, or potential breach, of our standards.

This also means that:

- we regard Board members and Councillors as responsible for ensuring that providers' businesses are managed effectively and that providers comply with all regulatory requirements

- providers must support tenants to shape and scrutinise service delivery and to hold Boards and Councillors to account

- we operate as an assurance-based regulator, seeking assurance from providers about their compliance with the standards. In other words, the responsibility is on providers to demonstrate their compliance to us. Where providers do not supply the requisite assurance, this will be reflected in our judgements.

In regulating registered providers of social housing, we carry out the following activities.

- We **register and de-register providers** of social housing subject to them meeting our eligibility requirements and registration criteria.

- We **maintain a regulatory framework** that keeps pace with the sector's risk profile and supports delivery of our statutory objectives and duties.

- We **gather intelligence** to inform our assessment of a registered provider's compliance with our standards by reviewing their submitted Quarterly Survey returns; carrying out annual stability checks of their business plan and annual accounts; and undertaking periodic In Depth Assessments using a risk-based approach to assess providers' financial strength, risk profile, approach to value for money and their quality of governance.

- We **grade our assessment of provider compliance** with our Governance and Financial Viability Standard and through published regulatory judgements we report how well private registered providers are managing their risks.

- We **investigate cases of potential non-compliance or crystallisation of significant risks**, including where we find evidence of a breach of our consumer standards and that the breach may result in actual or potential serious detriment (which we take to mean serious harm) to tenants, and carry out enforcement to secure solutions.

- We **identify and communicate emerging trends and risks** at a sector and sub-sector level to maintain confidence of stakeholders, such as lenders.

How we are structured

We organise our work through the teams set out below. This structure is kept under review to ensure that it is fit for purpose, and we have a good track record of flexibly deploying resources as necessary to ensure that we continue to meet our strategic objectives. We updated our structure in 2023-24 in preparation for the implementation of our expanded regulatory remit from 1 April 2024. The table below sets out our new structure, which was implemented in September 2023.

Team	Responsibilities
Regulatory Engagement	Delivers consistent and efficient front-line regulation across all the regulatory standards in accordance with our fundamental objectives, registers and deregisters providers and responds to enquiries and referrals.
Investigation and Enforcement	Responsible for reactive regulation and investigation of serious cases of potential non-compliance with the economic regulatory standards in line with our fundamental objectives.
Strategy	Carries out research, provides data analysis for monitoring and forecasting key risks in the sector, engages with government and financial sector stakeholders, develops our policy and strategy and monitors and evaluates our impact.
Finance and Corporate Services	Ensures RSH functions as an organisation by managing corporate governance and compliance functions including finance, performance and risk management, providing colleagues with the systems, equipment, tools and workspaces they need, delivering learning and development activities and providing advice and support on human resources and project and programme management.
Legal Services	Provides advice to our Board, Executive team and colleagues on legal and data protection issues relating to any aspect of RSH's activity, handles requests for information, deals with governance matters, including providing secretarial support to Board and Executive.
CEO office	Provides an effective, co-ordinated and strategic link between the work of the Chief Executive and other senior executives and the range of functions of RSH by delivering internal and external communications and supporting stakeholder engagement.

Key risks and issues

The *Overview of risk management* section (page 53) sets out how we manage risk at the regulator and how our internal controls and governance structures support effective risk management. This is critical to the effective delivery of our fundamental objectives as translated into strategic objectives, corporate priorities and, in turn, business plan targets.

Both the size and type of registered providers that operate within the sector and the range of activities they undertake continue to evolve. There has also been an increased market focus amongst some providers, and in the number of for-profit providers, as well as the rise of non-traditional business models including lease-based organisations.

A key risk for us is that we cannot deal appropriately with a provider because the particular circumstances mean our powers/ remit are inadequate. As it is a long legislative process to change our powers and remit, should it be deemed necessary, this leaves us potentially exposed when the operating environment changes.

We seek to manage this risk by developing and maintaining relationships with Government and sector stakeholders, collaborating with MHCLG through the provision of analysis and feedback on draft legislation, and deploying our enforcement powers to seek compliance and using de-registration powers where appropriate. Furthermore, the Social Housing (Regulation) Act has given us new powers and we started a full review of our strategic risk register in line with our expanded regulatory remit and revised strategic objectives at the end of 2023-24.

Linked to this is the risk that we cannot manage conflicting stakeholder expectations or demands. Social housing continues to have a high profile, due to the media interest arising from high-profile cases of poor conditions in the social housing sector over the last few years, as well as the resulting amendments to the Social Housing Bill in 2022-23 and the publication of three Select Committee inquiry reports into social housing regulation, exempt accommodation and building safety. The completion of the Social Housing (Regulation) Act's passage through the House of Commons solidified the future direction of consumer regulation.

The key to managing this risk is in understanding different stakeholders expectations and being clear on our role and objectives to help others understand what is within our remit and how we approach our regulation. As part of this we sought feedback on our proposals on several elements of our expanded regulatory approach through consultations on our consumer standards, use of powers and fees in 2023-24.

We have a number of ways in which we communicate with stakeholders in addition to consultations, which give us the opportunity to engage in interactive discussions about our approach. These are effective in helping us to influence stakeholder expectations. We engaged with more varied stakeholder groups in our planning and transition to our expanded remit, but we are mindful that the range of stakeholder and the varying, and sometimes competing, views they hold means that we are likely to need to continue to tolerate our level of exposure on this risk.

Failure to implement proactive consumer regulation which is deliverable in line with our fundamental objectives, and which is, and is seen to be, proportionate, fair and consistent is one of our most critical risks. While we have a high level of confidence in the internal controls we have in place, we are not able to control the wider operating environment or the actions of our stakeholders, although we aim to influence where we can, as set out under the stakeholder risk above.

We started an iterative process of consumer regulation inspection pilots in 2022-23 to test our thinking on our new operating approach and help ensure that this works as intended on formal launch of expanded regulation. This continued in 2023-24 with a concurrent focus on developing the capacity and capability to deliver our expanded remit.

The likelihood of both multiple and individual provider failures remained high last year. The wider economic environment remained challenging in 2023-24, with high inflation and interest rates. This increased costs for providers and reduced tenant real incomes, weakening sector finances.

While we cannot control the external environment, we have ensured that our processes, procedures and outputs continue to be fit for purpose and we are able to intervene where appropriate to prevent uncontrolled loss. We also have a good degree of assurance over the financial viability of registered providers through our stability check process.

We are a knowledge-based organisation. Our regulation is based upon the timely and insightful analysis of intelligence and prompt and measured regulatory action. Our success is dependent on recruiting, training and retaining high-quality staff; reduced staff capacity and capability is therefore one of our most critical risks. We have continued to increase capacity and capability in key teams, both to ensure that our structure remains appropriate in the context of developments in the sector's business models and the policy environment, and to prepare ourselves for the implementation of our expanded remit. Staff turnover remains within target levels, and we have to date been able to bring in new skills, knowledge and perspectives while retaining existing expertise.

In addition to our proactive risk management work, we have also had to respond to emerging issues. In 2023-24 this included writing to all registered providers about the risks posed by Reinforced Autoclaved Aerated Concrete (RAAC), which is present in some public buildings constructed between the 1950s and 1980s. While RAAC is not widespread in social housing, ensuring the safety of tenants and residents should be the highest priority for every landlord. We therefore expect landlords to have a good understanding of building safety issues and that they develop proportionate mitigation and remediation plans where required.

We also implemented a new quarterly survey on fire safety remediation of all buildings 11 metres or taller. The survey seeks assurance that landlords are meeting their obligations under the Fire Safety (Regulatory) Order 2005 for assessing fire safety risks associated with buildings over 11m, they understand and know how to address any risks, particularly in relation to cladding, and have planned remedial issues in a timely way.

Going concern

The Housing and Regeneration Act 2008 empowers the regulator to collect registration fees from the social housing sector annually to match expenditure. Grant-in-aid has been approved by MHCLG for the year ending 31 March 2024. For 2023-24, net assets totalling £5.2m were recorded at the end of the financial year, reflecting the net asset position of our pension schemes. We have no outstanding liabilities that threaten our ability to continue.

Since there are no material uncertainties related to events or conditions that cast significant doubt over our ability to continue as a going concern, it is appropriate to adopt a going concern basis for the preparation of our Financial Statements.

Performance summary

In 2023-24 we had a dual focus - the ongoing delivery of effective regulation that supports continuing confidence in the social housing sector, while concurrently preparing for the launch of our extended regulatory remit from 1 April 2024. As part of our core regulatory delivery, we continued with our model of planned engagement, which was structured around the Quarterly Survey, the annual Stability Check and the In-Depth Assessment (IDA). Our differentiated engagement approach enabled us to focus more of our regulatory time on the higher risk organisations and those whose failure would have the most impact on the sector. We concluded our programme of IDAs at the end of 2023-24 as we implemented inspections as part of our expanded regulatory remit from 1 April 2024.

Where appropriate, during the year we took robust and prompt regulatory action. This included downgrading our published regulatory assessments of providers and using our wider enforcement powers such as making statutory appointments to the Boards of failing providers. We continue to work closely with providers who need to take action to ensure continued compliance with our standards or to return them to compliance. Where deemed necessary we have de-registered providers.

We saw higher levels of registration activity in 2023-24, with 102 applications from organisations interested in joining the sector, compared to 80 the previous year. We maintained performance against our service standard for assessing preliminary registration applications at 100%.

The Social Housing (Regulation) Bill received Royal Assent in July 2023. We carried out extensive engagement with Government throughout the progression of the Bill through Parliament to help reflect the emerging changes in the operating environment in its drafting. We also continued our engagement with sector stakeholders on consumer regulation in 2023-24, developing, testing and consulting on the building blocks of proactive consumer regulation, through iterative waves of pilots with different types of providers to refine our thinking, and several consultations on our approach.

In summer 2023 we launched consultations on our revised consumer standards and changes to our fees regime, and a consultation on our use of powers in autumn 2023. We published our revised standards and guidance in February 2024 as part of a wider announcement about reshaping consumer regulation and our new approach. This also included information about how we will regulate, set out in Regulating the Standards, and our inspection plan. We set all this out at the same time, so that tenants, landlords and other stakeholders could see how the elements of our integrated regulation would work together, and to give landlords time to understand the changes before implementation of the new approach in April. Under our revised fees regime, and in line with the expectations of Government for recovery of the costs of regulation, we become fully fee funded from 1 July 2024.

We have welcomed the increased and continuing focus on social housing over the last year, providing evidence for the finances and sustainability of the social housing sector Select Committee inquiry. The Levelling Up, Housing and Communities committee published the inquiry report in May 2024. It reflected the crucial work the regulator does in monitoring the sector's financial viability and scrutinising landlords' exposure to financial risk.

While our size does not require it, we published both our gender pay gap and ethnicity pay gap reports, as we believe it aligns with best practice and promotes transparency in pay across the public sector. The majority of our staff are female, with female staff representing a minimum of 50% of all pay quartiles. The proportion of female staff is higher in the bottom and upper middle pay quartiles of our organisation (74% and 65% respectively), which results in a gender pay gap in favour of male staff, though this has decreased slightly since last year.

We published our third ethnicity pay gap report this year. There has been a slight decrease from 18% to 17% of our workforce being from a minority background, this reduces to 2% in the upper quartile. Work continues to deliver our equality, diversity and inclusion strategy and action plan and a primary focus of the plan now and in future years is our approach to recruitment and how this can help us to improve the diversity of staff at senior levels.

We continued to manage our financial resources effectively and efficiently. We remained within our delegated budget during the year. In accordance with the terms of the fees regime we will provide a rebate to the sector of unspent fee income for the year to 31 March 2024.

Performance analysis

This section provides a summary of how we performed against our business plan, which sets out how we deliver the five corporate priorities (set out on page 11) that support the achievement of our fundamental objectives as set in legislation.

We do not set volume-based performance indicators for most of our regulatory activity, as planned activity must necessarily adapt to the demands of reactive regulatory activity which cannot be readily predicted. We use mechanisms such as service standards and our stakeholder survey as proxy measures for quality. We have referenced these where appropriate in the analysis below. Where we have set performance indicators, we have provided trend information where available. We have set a tolerance of +/- 5% on performance year-on-year; if performance is within +/- 5% of last year's we consider the trend to be static.

Priority 1: Deliver proportionate, assurance-based regulation focused on risks to tenants and providers

Regulating providers with more than 1,000 homes

Our planned regulatory engagement with larger private registered providers (those with more than 1,000 homes) was structured around the Quarterly Survey, the annual stability check and the IDA. This was the last year of the IDA before the implementation of our new inspection-based approach from 1 April 2024. This approach ensured that we have up-to-date information to support our proactive regulation against the economic standards.

We continued to carry out IDAs with larger private registered providers, with timings and the scope of the IDA work based on individual registered provider risk profiles but with all larger providers receiving an IDA at least once every four years. While individual IDAs were tailored to ensure that we focussed on the issues that were most pertinent to a particular provider's risks to compliance, we consistently focussed on how well the Board was delivering its strategic aims and managing its risks effectively. During 2023-24 IDAs focused heavily on the assurance Boards have that their organisations are managing landlord health and safety and building safety risks; and on the quality of stock condition information and how this is being used to ensure that operational and financial plans are keeping tenants' homes well maintained, energy efficient and safe.

For larger, more complex private registered providers, or other private registered providers that may be planning a significant shift in strategy or have recently undergone a merger, we maintained engagement with their executive teams in the years between IDAs, to maintain our understanding of their organisations.

Themes that emerged from our planned engagement with landlords in 2023/24 included continued high levels of investment in their properties to provide safe, quality homes, and the trade-offs this entailed in delivering new homes. Supply chain difficulties and high interest rates continued to put pressure on repairs services and development and contributed to weakened financial performance. Landlords have been working to understand the expectations of the new consumer standards, and the extent to which they meet these. A recurring theme is landlords' awareness of the need for accurate and comprehensive information about both their homes and their customers, and its relevance to both the consumer and economic standards.

We completed the annual stability check programme which is a financially based assessment of providers' updated business plans and annual accounts. It focuses on indicators of financial robustness and considers evidence of any significant changes in risk profile. The programme also includes a check on PRP governance gradings. Of note, during 2023-24 was: the continuing pressure on viability, reduced financial capacity and lower levels of covenant headroom. Weaker financial performance continues to be driven by increased investment in existing stock and exacerbated by higher interest rates. This is reflected in our viability judgements published on the back of the programme. The majority of PRPs (circa 60%) are now at V2.

We completed work on four Quarterly Surveys. These returns provide us with a regular source of information about providers' financial health, in particular their access to cash and their liquidity position. The information submitted through the surveys is critical in alerting us to short-term viability issues. We followed up with several providers and acted where necessary, to ensure that individual providers' viability positions continued to be managed.

In addition to our planned work, we also continued to respond to issues with implications for providers potentially failing to fully meet the expectations of the economic standards as they arose. The challenging economic environment meant that providers' financial viability continued to be a factor in our responsive work, although for fewer cases than in 2022/23. Another trend that continued from the previous year was a material increase in the number of rent related cases. Encouragingly, a large proportion of these continued to be from self-referrals, indicating a growing awareness among providers of the importance of understanding the requirements of the Rent Standard, and of reviewing their rents setting processes and actual rents.

Regulating providers with fewer than 1,000 homes

In addition to our regulation of larger providers we continued to carry out proportionate, effective and timely engagement with providers with fewer than 1,000 homes through the analysis of regulatory returns or notifications and, where the need arises, reactive engagement through the same mechanisms as for larger providers.

Regulatory assurance

We subject all our regulatory judgements to a high level of internal scrutiny, through management assurance, a programme of internal benchmarking reviews as well as sample checks of stability checks.

Case handling

		Service standard	2023-24	2022-23	2021-22	2020-21	Trend
Consumer	Stage 1	5 working days	99%	100%	99%	100%	➔
	Stage 2	20 working days	87%	75%	71%	78%	🡅
	Stage 3	20 working days	94%	91%	87%	92%	➔
Economic		5 working days	83%	85%	80%	85%	➔

We maintained an effective consumer regulation function. Under our old remit, prior to moving to integrated regulation on 1 April 2024, this meant responding when there was a breach of our standards and tenants were considered to have experienced, or were at risk of, serious detriment.

We have a three-stage process for handling consumer regulation referrals. In 2023-24, service standards applied to 508 cases which we considered through that process. Service standards applied to 173 cases that we considered through our economic service standard referrals process. We have seen a slight improvement in performance against two of our service standards; stage 2 and stage 3 consumer standard referrals. This is notable given an increase in the overall workload for the team with a higher number of cases being considered. We monitor trends in referral volumes on an ongoing basis to inform our short- and medium-term resourcing decisions.

Some of the consumer and economic standard referrals considered are complex and may also relate to other business processes within the regulator. Some of the referrals may be linked to more than one of the standards that we regulate against (including the consumer standards). Before we decide to investigate a case, we may carry out detailed initial enquiries, for example to seek further information from the complainant, or we may need to liaise with other operational teams to finalise a response. We may also need to liaise with other operational teams to finalise a response, using existing sources of regulatory intelligence that we hold about the provider the enquiry relates to. On occasions, this may take longer than the 20 working day target, but we always seek to keep complainants updated as we consider their referral.

In 2022-23 we carried out a review of our case handling processes and our service standards for responding to referrals, benchmarking them against other regulatory bodies. Following on from this, in 2023-24 we harmonised our economic and consumer service standards, bringing the response time for stage 2 referrals to 20 working days, in line with comparable organisations.

Addressing developing risks

Through our analysis of developing risks in the sector we have continued to identify potential issues with business models based primarily on the long-term leasing of social housing units.

This prompted proactive engagement with a number of providers during the year, from which we have published a number of regulatory judgements identifying where providers have fallen short of our regulatory standards.

Registering new providers

	Service standard	2023-24	2022-23	2021-22	2020-21	Trend
Preliminary application	15 working days	100%	100%	100%	100%	➔

We ensure that the register is maintained effectively in line with statute by registering new providers and restructured bodies. In 2023-24 we received 102 new registration applications, of which 79 were preliminary applications and 23 detailed applications. We approved three registrations onto the register during the year (one for-profit and two not-for-profit providers). A further 55 applications were cancelled or withdrawn during the year.

Overall, across the year we assessed 100% of preliminary applications within our published 15-day target time.

Stakeholder satisfaction

Our last stakeholder survey straddled the end of 2022-23 and 2023-24. We did not carry out a further survey in 2023-24 as we were working towards the implementation of our expanded regulatory remit. We will be carrying out the next stakeholder survey in 2024-25 once our new operational approach has had a chance to embed and we are in a position to get meaningful feedback on our new role. We will report on this in next year's Annual Report.

We did carry out extensive consultation with stakeholders in 2023-24 in preparation for the launch of our expanded remit and operational approach.

We consulted on a set of new consumer standards. They are a key part of the regulator's new regulatory framework and set the outcomes that landlords must deliver, so that tenants' homes are safe, decent and well maintained, and that tenants receive quality landlord services and are treated with fairness and respect.

We received 1,125 responses to the consultation, which were positive overall. A significant majority of respondents agreed that each of the proposed consumer standards sets the right expectations of landlords. The proportion of respondents agreeing to this ranged from 85% to 89% across the four standards. We published the decision statement and final set of consumer standards on 29 February 2024.

We also consulted on changes to our fee principles and guidance for using enforcement powers (the Statutory Guidance under section 215 of the Housing and Regeneration Act 2008). Feedback for both consultations was supportive of RSH's overall approach.

Priority 2: Deliver reforms outlined in the Social Housing White Paper and Social Housing (Regulation) Act 2023

The Social Housing (Regulation) Act 2023 made important changes to our objectives, powers, including standards setting powers, and our work with other bodies. These changes have seen a lot of work take place to prepare us to undertake stronger and more active regulation of our consumer standards from 1 April 2024.

We have said previously that for our new approach to be successful it must fulfil three tests:

1. It must make a meaningful difference to tenants.
2. Landlords must be able to deliver its expectations.
3. We must be able to regulate against it.

To understand what matters to tenants and so that our regulation can make a meaningful difference, we listened to the views of thousands of social housing tenants. This included attending large-scale events, participating in smaller workshops and meetings with tenants, drawing on the expertise of organisations that represent tenants, and carefully considering the hundreds of responses tenants submitted to our consultations on tenant satisfaction measures (TSMs) and new consumer standards. This extensive engagement has shaped our overall approach and in particular the areas that we will focus on first.

We also engaged extensively with landlords. This deepened our understanding of the sector, the current quality of homes and services, and the challenges landlords face, including the challenges that are specific to local authorities. It also allowed landlords the opportunity to understand our expectations, and to consider how they can show that they are improving outcomes for tenants.

In developing our new approach, we built on our experience of regulating landlords in relation to our economic standards, particularly the IDA process. Our new approach replaces IDAs with inspections, which will extend the same scrutiny we have historically applied to our economic regulation to our new consumer standards.

We have developed an inspection plan for large social landlords. For all landlords, including local authorities, our programmed inspections will look at service outcomes for tenants, and the landlord’s transparency with, and accountability to tenants. For housing associations and other private registered providers, we will look in detail at areas relating to their governance and finances, but all landlords will want to have in place appropriate arrangements so that they can take informed, sensible decisions in the interests of their tenants. We will consider a range of factors when deciding which landlords to inspect at any given time, this includes considering the risks we are concerned about.

To test our approach, we carried out pilot inspections with volunteer landlords, including both housing associations and local authorities. This allowed us to:

- establish the right range of tools to use in inspections so that we can see whether tenants are able to effectively scrutinise their landlord’s performance
- understand which evidence landlords should be providing so that we are able to assess their delivery of the outcomes of the relevant standards
- calibrate our judgements and gradings across a range of different types of landlords.

We engaged extensively with landlords, tenants and other stakeholders in developing and finalising our new consumer standards. We received over a thousand responses to our July 2023 consultation, more than half from tenants and tenant groups. We had clear support for our approach. More information about how we have considered the consultation responses, and the reasons for our decisions, is set out in our consumer standards consultation decision statement.

Our revised and strengthened consumer standards set out what better quality social housing and services, and a stronger relationship between landlords and tenants, should look like in practice. To help landlords deliver the outcomes in our revised consumer standards we published a code of practice, which provides more information about what we are looking for by illustrating specific areas and themes within the standards.

In addition to the work to develop our operational approach and produce all relevant document and guidance for landlords and other stakeholders, we also carried our extensive work internally to prepare the regulator and its staff for the new regulatory remit and approach. This has included reviewing and updating our organisational structure, recruiting, onboarding and inducting 66 new colleagues, and designing and delivering training for all regulators on our expanded remit and operational approach.

Priority 3: Maintain an evidence-based understanding of sector-level risks appropriate to our fundamental objectives

Understanding developments in the sector

In order to effectively regulate it is essential that we understand the risks providers face to ensure that we can promote a viable, efficient and well-governed social housing sector. We achieve this by regularly gathering information from private registered providers, internal work and analysis and our external contacts (including learning from provider engagement and wider stakeholder liaison).

To understand developments in the sector and to ensure we are both visible and accountable to our stakeholders, we carry out an extensive programme of stakeholder engagement. This ranges from a regular series of bilateral meetings with key stakeholders to formal meetings that allow the regulator to engage transparently with the sector, as well as speaking at sector events. To develop the new standards and operational approach required by our expanded remit, we have expanded our stakeholder engagement over the last few years to hear more directly from tenants.

We undertake extensive regular stakeholder engagement, including two formal mechanisms – our statutory Advisory Panel (which has replaced the Sounding Board following the Social Housing (Regulation) Act 2023) and our Fees and Resources Advisory Panel (whose membership and terms of reference were updated for 2023/24).

The Advisory Panel comprises members from across the social housing sector including tenants and landlords. The aim of the panel is to provide information and advice to the regulator on its functions

The Fees and Resources Advisory Panel was comprised of bodies representing private registered providers and key interested parties including lenders and tenant representative bodies and we use this to test propositions for the fee regime. This allowed us to receive direct feedback on issues such as fee levels and the scope of the regime, and to receive constructive challenge and buy in from our fee payers.

The formal mechanisms and our other engagement provide us with an invaluable, real-time insight into developments in the sector and the perceptions of our stakeholders on the effectiveness of our regulatory regime. This insight feeds directly into the strategic decision making of our senior management and Board.

Sharing our analysis and risk assessment

Alongside our engagement, we share the results of our analysis and risk assessment to the sector and to stakeholders in a suite of external publications, including:

- four Quarterly Surveys which include analysis on provider returns in relation to short to medium-term finances
- the Global Accounts which show the aggregate financial performance and strength of the private registered provider sector
- the Sector Risk Profile which identifies for providers and their Boards issues of particular concern
- the Consumer Regulation Review which helps the sector learn from the consumer regulation cases we have considered during the year.

Alongside the Global Accounts we publish an annex called *Value for money metrics and reporting*, which gives an analysis of providers' performance in relation to value for money.

During the year we continued to develop our digital presence, including social media (LinkedIn and X – formerly known as Twitter). Our social media channels help us promote our publications, improve understanding of sector-level risks, and raise awareness of our regulatory interventions.

Priority 4: Continue to ensure we are forward thinking and responsive to changes in the external operating environment

To continue delivering effective regulation we need to be forward thinking and able to adapt to changes in the operating environment. This includes responding to developments in Government policy, housing market changes, and changes in registered providers' operating models and priorities. Our regulatory framework and regulatory standards need to account for any significant changes in the operating environment and we assess their continued relevance regularly to make sure they remain fit for purpose.

Horizon scanning

We have further improved our risk management and horizon scanning approaches, both for sector risk and risks we face. We have developed our data and analysis capacity to enable a more detailed understanding of current and future risk exposures and continued to develop our methodology to evaluate emerging trends in the operational environment. This allows us to maintain levels of assurance across key risk indicators.

We continue to evolve arrangements for monitoring, reviewing and reporting our regulatory assurance to our Board, and ensuring our risk and assurance work across the whole spectrum of our activities aligns to provide senior management with a comprehensive view of risk exposures and flows.

We continue to work with MHCLG to support our horizon scanning activities and to feed into policy formulation through expert analysis of key issues.

Preparations for dealing with failing providers

We continue to keep under review our regulatory preparations to deal with failing providers. Over the course of the year, we have deployed a range of statutory interventions and tested existing resolution processes through case work.

Responding to emerging issues

Following the coroner's November 2022 report into the death of Awaab Ishak in Rochdale, we asked all larger registered providers of social housing to submit evidence about the extent of damp and mould in tenants' homes and their approach to tackling it. We had a response rate of 99%, and on 2 February 2023 we published a short report, Damp and mould in social housing: Initial findings, with our headline conclusions. On 28 June we published our full report setting out how social landlords are tackling of damp and mould in their tenants' homes. The report highlights the features of the strongest and weakest approaches, so that landlords can learn lessons from each other.

We also implemented a new quarterly survey on fire safety remediation of all buildings 11 metres or taller. We collect provider-level information for our own regulatory purposes and building-level data on behalf of the Ministry of Housing, Communities and Local Government (MHCLG) who are already monitoring private sector landlords on a similar basis. The survey seeks assurance that providers are meeting their obligations under the Fire Safety (Regulatory) Order 2005 for assessing fire safety risks associated with the relevant parts of buildings over 11m, that providers understand and know how to address any risks, particularly in relation to cladding, and have plans to remediate issues in a timely way.

Priority 5: Continue to ensure we are an efficient and effective organisation

We have continued to build capacity and capability across the organisation to continue delivering effective regulation.

People

Increasing capacity and capability in key areas in preparation for the implementation of integrated regulation from 1 April 2024 was our main people focus in 2023-24. We had 93 new starters within the period, 27 of which were internal. We reviewed and updated our onboarding and induction processes to ensure they would be suitable for larger volumes of new colleagues. We also designed a training programme to prepare both new and existing colleagues for regulating under our expanded regulatory remit and approach. This was rolled out from October 2023. We continue to encourage applications from a diverse range of candidates and carry out anonymous shortlisting, as well as carrying out interview skills training for recruiting managers. We launched a new recruitment microsite in 2023-24 to support the larger volumes of roles we were recruiting to, and the larger numbers of applicants we were attracting We also encourage applicants to request reasonable adjustments where necessary to promote equality in access to job opportunities at the regulator.

At the start of 2021-22 we launched our first equality, diversity and inclusion strategy and underpinning action plan, which we refreshed in 2022-23. The strategy sets out how we will continue to develop the regulator as a supportive and inclusive environment for all staff in line with our equality objectives. We have made good progress in the delivery of the action plan, securing our ‘Ban the Box’ accreditation, which encourages fair recruitment by removing questions about criminal convictions from initial job applications. Additionally, we have analysed emerging EDI good practice and trends, and implemented learning, development and engagement approaches to further enhance the regulator as a diverse and inclusive employer. Our priority for the coming years continues to be to improve ethnic diversity at senior levels.

We ran our second full staff survey as a standalone organisation in May 2023. We had a response rate of 84% and an overall employee engagement score of 67%. This compares favourably to the Civil Service people survey benchmark but does not quite reach the upper quartile benchmark held by our survey partner, BMG. The score is 4% lower than in 2021, when we ran our previous survey, but this was expected given the 2023 survey fell during a period of significant organisational change.

We carried out follow-up activities within teams and with colleagues in our staff networks based on the scores to draw out areas we wanted to celebrate and build on, and ideas for those we wanted to improve. The lowest scoring area was around pay, which we do not have control over, as we operate within the Government Pay Policy. We also identified areas for improvement on our leadership scores, which we incorporated into the design of our leadership development programme, which we designed and launched in 2023-34.

Staff wellbeing continues to be a priority. We carry out a regular wellbeing survey to gauge colleagues’ mental and physical health, and have a range of measures in place to support staff, including access to resources such as the Headspace app and mental health first aiders. Insufficient staff capacity continues to be one of our key organisational risks and the wellbeing measures we have in place help us support staff and manage this effectively. This was particularly important during 2023/24 as we were balancing core delivery with organisational changes in preparation for the implementation of our expanded regulatory remit from 1 April 2024.

Staff turnover for the year continues to be within our target. We had slightly more leavers in 2023-24 than the previous year, but have been growing our numbers at a more rapid rate, so have not seen much change in staff turnover. There is a balance between retaining expertise and bringing in new perspectives, and the focus for 2023-24 was on bringing in additional capacity and capability, as well as cross-skilling existing staff, as described above.

Our staff sickness rate during the year was higher last year, but not as high as during the pandemic. We had several cases of long-term sickness absence in 2023-24. This has a disproportionate impact on our overall absence levels given the size of the organisation and the methodology for calculating the indicator.

	Target	2023-24	2023-23	2021-22	2020-21	Trend
Staff turnover	Less than 10%	4.0%	3.7%	7.6%	4.4%	→
Staff sickness days[2]	Less than 4	3.9	2.9	4.5	4.6	↑

Systems and IT security

We have continued to demonstrate a high level of operational resilience, continuing with hybrid ways of working in 2023-24. Upgrades to our systems have meant we have been able to continue to support staff development and engagement events, monthly staff briefings and an array of learning events.

We carry out regular engagement with the Cyber Security Information Sharing Partnership, which exchanges cyber threat information in real time to increase awareness of threats and reduce impact on UK infrastructure across the public and private sectors.

[2] Previously sickness was calculated as % of available days. This target is now calculated using the number of sick days divided by the number of staff. This is shown as the number of rolling sick days per employee and has been restated for previous years.

Finance

We are primarily funded through fees paid by private registered providers. During the year, we successfully met our key performance indicator to collect 100% of levied fees. This ensures that all registered providers contribute their fair share to regulation of the sector.

We are committed to paying suppliers promptly to maintain strong relationships with our valued suppliers and support the smooth operation of the regulator. Throughout the year, we consistently outperformed our key performance indicator to pay 95% of undisputed invoices within 30 days of receipt.

	Target	2023-24	2022-23	2021-22	2020-21	Trend
Fee collection	100%	100%	100%	100%	100%	➔
Invoices paid within 30 days	95% - 100%	100%	100%	100%	100%	➔

Response to enquiries

We received 2,506 general enquiries in 2023-24, slightly more than the previous year, and responded to 99% within our target time of five working days for an initial response. We received 3,946 enquiries about our NROSH+ data system, more than double the previous year, and responded to 99% within our target time of five working days. The substantial increase was due to the launch of the new NROSH+ system in April 2023 and a new fire remediation survey in September 2023, both of which generated large numbers of inquiries.

We also dealt with 65 freedom of information requests and seven subject access requests in 2023-24, with a service standard performance of 96%. We responded to all but two of these within the statutory deadline of 20 working days. The two late responses were due to information owner absence and IT issues.

The tables on the next page set out the details. Please note, there are 71 responses against the 65 requests received because more than one exemption was applicable to several of the requests.

Overview of requests	Total
Number of requests received	65
Number of open requests	0
Number of requests processed in full	65
Number of requests responded to within statutory deadlines	62
Number of requests responded to after 20 working days with permissible extension	13
Number of requests responded to after 20 working days – late response	3
Number of requests closed as either invalid/withdrawn or no clarification within 3 months	3
Number of internal review requests	5

Breakdown of responses	Total
Information not held	15
Advice and assistance provided	8
Refused in full – information exempt exc. s21	9
Refused in full – s21 information available by other means	6
Information released in full	23
Information released in part	10

Equality, diversity and inclusion

Compared to the general population, social housing tenants are more likely to share certain protected characteristics. We therefore place equality, diversity and inclusion at the heart of our work, both externally and internally.

We are mindful of our public sector equality duty in the exercise of our functions, and during the year conducted a full equality impact assessment on our new operating model. We also considered equality and diversity, including our public sector equality duty, as part of the development of our new consumer standards, and consulted on a standard requiring registered providers to take action to deliver fair access to, and equitable outcomes of, housing and landlord services for all tenants.

We published our first set of equality objectives in July 2020, following a statutory consultation. The objectives focussed on the point at which we interact with tenants and the public, how we communicate, and our organisational culture. We delivered most of the actions we set ourselves against these objectives in 2022-23 and that same year started to develop a new set of equality objectives with input from our internal EDI Sounding Board, the Executive Team and our Board. We took into consideration: our fundamental objectives; provisions in the Equality Act 2010; the sector we regulate; our regulatory approach; the upcoming changes to our regulatory remit and the progress against our current objectives.

On 19 October 2023 we published a refreshed set of Equality objectives following a public consultation between April to June 2023. We have also published a Decision Statement setting out how we responded to the feedback we received in the consultation. The final objectives we have set ourselves are:

1. We will use our role to help ensure that registered providers better understand the diverse needs of tenants. We will expect registered providers to take action to deliver equitable service outcomes for all

2. We will be respectful and inclusive in our engagement and communication

3. We will provide a supportive and inclusive working environment for all.

One of our equality objectives is to 'provide a supportive and inclusive environment for all' and this is emphasised in one of the five values we set ourselves when we became a standalone organisation, '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.

In 2022-23 we refreshed our 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 reviewed the plan in 2023-24 to build on our successes so far, and to challenge ourselves further. To increase transparency, we will publish the strategy alongside our new equality objectives.

Financial performance

The financial performance of the regulator for the 12-month period ending on 31 March 2024, is presented in the Financial Statements starting on page 76. Costs for regulatory activities covering all private registered providers were funded through annual fees, while initial registration fees covered expenses for successful applications. Costs for local authority regulation, non-routine regulation (including casework by the Investigation and Enforcement team), consumer regulation and any unfunded registration expenses were met through grant-in-aid from our sponsoring department, MHCLG.

Operating expenditure increased by £1.6 million to £24.3 million (compared to £22.7 million in 2022-23) due to:

a. Staff costs of £19.7m (81% of operating expenditure) rose by £1.3 million compared to 2022-23. This increase reflects the need for additional staffing for our expanded consumer regulation responsibilities.

b. Digital service costs of £1.3m increased by £0.2 million. This was due to higher recharges from our digital service provider, Homes England, driven by increased staff numbers, alongside maintenance costs for our new Data Collection System

c. Other corporate service spend of £1.0 m increased by £0.3 million, driven by the rollout of a management and leadership development programmes and recruitment costs associated with the workforce expansion.

d. No grant expenditure in 2023-24, down from £0.7 million in 2022-23. This reduction reflects the one-off grant made in 2022-23 to safeguard social housing tenants at a registered provider, which was fully repaid during 2023-24.

Expenditure remained within MHCLG's authorised limits, with a favourable variance primarily due to staff vacancy savings. A rebate of £1.4 million (reduced from £2.4 million in 2022-23) will be provided to large providers.

	Actual	Delegated Budget	Variance
Resource expenditure Limits[3]	£24.6m	£27.1m	£2.5m favourable
Capital expenditure limit	£0.3m	£0.3m	-

The regulator’s net assets rose to £5.2 million, reflecting the section 167 HRA 2008 regulation reserve of £2.1m and non-current assets of £2.9m.

[3] Resource expenditure limit includes employer pension contributions. Pension service costs, pension administration costs and pension actuarial gains or losses are excluded due to their volatility.

Anti-corruption and anti-bribery measures

We are committed to the effective management and application of public funds in accordance with Managing Public Money. We are also subject to the seven Principles of Public Life – the Nolan Principles – of Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.

The regulator supports the Government’s key objectives to mitigate the risk of financial crime, including fraud, bribery and corruption, and fully supports the Government’s objectives to eradicate modern slavery and human trafficking. We have adopted an Anti-Fraud Policy and Fraud Response Plan. During the period to 31 March 2024, no successful incidents of fraud or material errors were identified, and several external attempts of fraud were prevented.

Human rights

The regulator takes the wellbeing of its staff very seriously. We have a range of practices and policies in place to protect the human rights and welfare of our staff. These include policies on respect at work, raising grievances and whistleblowing. There were no instances of whistleblowing in 2023-24. We have a range of diversity initiatives in place to prevent discrimination, and we work constructively with our recognised trade unions.

Sustainability

We are committed to minimising our environmental impact where it is possible and reasonable to do so while delivering on our fundamental objectives as an organisation. The regulator's principal direct impact on the environment is through staff travel and procurement. We seek to minimise this impact through video conferencing technology to reduce travel need, and the use of Government Buying Standards, which set sustainability criteria for public procurements, where relevant.

2022-23 saw an increase in travel compared to the previous year, and this increased again in 20023-24. This was expected given our staff numbers have been increasing in preparation for the implementation of our expanded regulatory remit from 1 April 2024.

In relation to the Greening Government Commitments (GGC), the information related to our offices in Bristol, Leeds, London and Manchester is reported by the controlling Government department on behalf of all occupiers. At Birmingham, the Government Property Agency (GPA) have chosen to not report at a building-wide level but requested that each occupier discloses their share of the building's sustainability performance data. However, GPA have been unable to provide complete data for the 2023/24 period, so we have chosen not to publish incomplete information while we work with GPA to consider reporting for future periods.

The table below sets out our actions against the specific commitments and targets within the Greening Government Commitments:

Commitment	Targets	Update
A: Mitigating climate change working towards net zero by 2050	**Headline target** Reduce the overall greenhouse gas emissions from a 2017-18 baseline and also reduce direct greenhouse gas emissions from the estate and operations from a 2017-18 baseline.	Reported by controlling Government department for all offices except Birmingham
	Sub targets Government car fleet emissions to be reduced by 25% from baseline.	We do not provide cars to staff.
	Reduce emissions from domestic flights by 30% from baseline.	Flights are used very rarely by a small number of staff where that is the most efficient means of transport.
	Update organisational travel policies so that they require lower carbon options to be considered first as an alternative to each planned flight.	Our policy highlights a preference for low carbon travel.
B: Minimising waste and promoting	**Headline target** Reduce overall amount of waste generated by 15% from baseline.	Reported by controlling Government department for all offices except Birmingham.

Commitment	Targets	Update
resource efficiency	**Sub targets** Reduce the amount of waste going to landfill to less than 5% of overall waste.	For all of our offices, except Birmingham, waste generated is disposed of and reported by the controlling Government department.
	Increase the proportion of waste which is recycled to at least 70% of overall waste.	For all of our offices, waste generated is disposed of and reported by the controlling Government department (except Birmingham where GPA does not report on it).
	Remove consumer single use plastic (CSUP) from the central Government office estate.	For all our offices the vast majority of purchasing is carried out by the controlling Government department. Where we purchase our own stationery, we are minimising the purchase of CSUP with the intention of fully phasing out.
	Measure and report on food waste by 2022, for estates with over 50 FTE and/or over 500m2 floor area offering a food service.	n/a – we do not offer a food service.
	Report on the introduction and implementation of reuse schemes.	We have no specific reuse scheme at present.
	Reduce Government's paper use by at least 50% from a 2017 to 2018 baseline	Use of portable IT encourages less use of paper. RSH already uses recycled paper. We will continue to encourage staff to only print where necessary. We encourage familiarisation with copier functions and promote information about good practice to reduce paper waste. Scanning is the preference and printing on both sides. We do not have a 2017/18 baseline as we did not exist as a standalone organisation at that point. Using 2018/19 as a baseline (our first full year as a standalone organisation) we used 474 A4 reams equivalent (3.2 per FTE) and this year have used 78 reams (0.33 per FTE).[4]

[4] Please note these figures are affected by not having networked printers at two of our offices meaning that printing volumes there are lower than expected. Usage at those offices is also estimated based on paper purchased rather than used. Numbers also do not account for printing carried out at home.

Commitment	Targets	Update
C: Reduce our water use	**Headline target** Reduce water consumption by at least 8% from baseline	Reported by controlling Government department for all offices, except Birmingham
	Sub targets Ensure water consumption is measured	Reported by controlling Government department for all offices, except Birmingham.
	Provide a qualitative assessment to show what is being done to encourage efficient water use	This is primarily done by the controlling Government department for all offices, staff are made aware not to waste water and to make sure taps are turned off and report automatic taps not switching off.
D: Procuring sustainable products and services	**Headline commitment** Continue to buy more sustainable and efficient products and services with the aim of achieving the best long-term overall value for money for society	The Government Buying Standards are embedded in our procurement process. This means we use recommended suppliers whose compliance with sustainability standards has been established. In our own tendering and procurement, we will take account of environmental standards where appropriate to do so.
E: Nature recovery. Making space for thriving plants and wildlife	**Headline commitment** Making space for thriving plants and wildlife. Departments and partner organisations with the greatest potential to improve biodiversity should develop and deliver Nature Recovery Plans (NRPs) for their land, estates, development, and operations.	This is not something that RSH can have direct input into as we do not own land or estates and our remit does not cover activities which could contribute to this.
F: Adapting to climate change	**Headline commitment:** Develop an organisational Climate Change Adaptation Strategy across estates and operations. This headline commitment is broken down into two parts: • Departments should conduct a Climate Change Risk Assessment across their estates and operations to better understand risk and to target areas that need greater resilience.	Our approach to climate change and meeting the GGC is set out in our Environmental Policy Statement. In short, we are committed to taking action where we can to reduce our environmental impact and support delivery of GGC. The nature of our work and structure of our organisation, including our use of office space, is such that we are primarily limited to smaller scale

Commitment	Targets	Update
	• Departments should develop a Climate Change Adaptation Action Plan, including existing or planned actions in response to the risks identified **Sub-targets** Accountability: departments should establish clear lines of accountability for climate adaptation in estates and operations and engage in wider governance and risk structures when appropriate. Transparent reporting: in their Annual Report and Accounts, departments should provide a summary of how they are developing and implementing a climate change Adaptation Strategy for their department. Departments may wish to give a high-level statement and describe specific actions they are undertaking where appropriate.	actions such as aiming to reduce CO2 emissions in travel. Our regulatory remit is set by Government. In due course, the Social Housing (Regulation) Bill proposes to charge us with setting standards relating to energy efficiency in the social housing sector, and we look forward to consulting on how best to deliver that objective.
G: Reducing environmental impacts from Information Communication Technology (ICT) and digital	**Headline commitment** Departments should report on the adoption of the Greening Government: ICT and Digital Services Strategy and associated targets and ensure they provide membership to the Sustainable Technology Advice and Reporting team, who manage and deliver the Greening Government Commitments ICT reporting.	We buy in digital services from Homes England. We have commenced a procurement exercise to move to a new provider. We buy good equipment that provides value for money and lasts. All waste is disposed of in line with Waste Electrical and Electronic Equipment (WEEE) regulations. We provide portable devices to minimise printing for meetings. We are reviewing our approach to information management and storage volumes as data storage is one of the largest sources of our energy usage.

Readers are encouraged to refer to the Department for Environment, Food and Rural Affairs' annual reports on Greening Government Commitments, which provide a comprehensive overview of sustainability progress across the UK Government. These reports are available on the Gov.uk website.

Sustainability performance data

Greenhouse Gas Emissions (scope 3)		2023-24	2022-23	2021-22	2020-21
Non-financial indicators (tonnes CO_2e)	Flights	0.2	0.1	-	-
	Car	3.6	2.1	0.1	0.1
	Rail	20.8	11.9	1.8	-
		24.6	**14.1**	**1.9**	**0.1**
Related energy consumption ('000s km)	Flights	1	1	-	-
	Car	22	10	1	-
	Rail	586	335	51	1
		609	**346**	**52**	**1**
		£'000	£'000	£'000	£'000
Financial indicators	Official business travel	249	138	16	5
		A4 reams equivalent			
Paper consumed	Number	78	66	105	34
	Reams per FTE staff	0.33	0.25	0.6	0.2
		£'000	£'000	£'000	£'000
Financial indicators	Paper procurement	-	-	-	-

The Performance Report has been signed on 21 January 2025

Fiona MacGregor
Accounting Officer

Accountability report

Overview

The Accountability Report is included to meet key accountability requirements to Parliament. It is structured as follows:

- Corporate Governance report – explains the composition and organisation of the regulator's governance structures and how they support the achievement of its objectives.

- Remuneration and staff report – provides detail on remuneration and staff that Parliament and other users see as key to accountability.

- Parliamentary Accountability and Audit report – brings together the key Parliamentary accountability documents.

Corporate governance report

This report explains the composition and organisation of the Regulator of Social Housing's governance and how this supports the achievement of the organisation's objectives. The report comprises individual sections including the Directors' report, the Statement of Accounting Officer's Responsibilities and the Governance Statement.

Directors' report

Board membership during the year was:

- Bernadette Conroy (Chair)
- Jo Boaden, CBE
- Kalpesh Brahmbhatt
- Elizabeth Butler
- Deborah Gregory
- Richard Hughes
- Sukhvinder Kaur-Stubbs
- Fiona MacGregor (Chief Executive)
- Paul Smee[5]
- Geoff Smyth

[5] Paul Smee left the Board in April 2024

With the exception of the Chief Executive, the Chair and the other Board members are collectively referred to in the legislation as appointed members. The appointed members hold and vacate office in accordance with the HRA 2008 and their terms of appointment. Members are appointed for a fixed term, normally for three years in the first instance.

Register of members' interests

The register of members' interests is open for public inspection and can be found on the regulator's website.

Personal data-related incidents

The regulator did not have any significant data breaches requiring notification to the Information Commissioner's Office (ICO) in 2023-24.

Functional standards

We have delivered mandatory actions we identified from our assessment of compliance against the Government's functional standards and received substantial assurance from internal audit on our approach to this in 2022-23. For 2023-24 we embedded responsibility for ongoing management of compliance with functional standards and continuous development into our business plan targets, and continued to review actions identified against the functional standards quarterly.

Auditors

The Comptroller and Auditor General is the statutorily appointed auditor under the provisions of the HRA 2008.

The cost of work performed by the auditors for 2023-24 was £95,000 (2022-23: £85,000).

Statement of Accounting Officer's Responsibilities

Under the HRA 2008, the Secretary of State has directed the Regulator of Social Housing to prepare a statement of accounts for each financial period in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Regulator of Social Housing and of its income and expenditure; Statement of Financial Position; and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the Financial Statements
- prepare the accounts on a going concern basis, and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Accounting Officer of the Regulator of Social Housing is appointed by the sponsoring Department. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Regulator of Social Housing's assets, are set out in *Managing Public Money* published by HM Treasury.

Discharge of Accounting Officer's responsibilities

As the Accounting Officer, I have taken all the necessary steps to make myself aware of any relevant audit information and to establish that the Regulator of Social Housing's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

I confirm that this Annual Report and Accounts as a whole is fair, balanced and understandable. I take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

Governance statement

Role and responsibilities of the Accounting Officer

The regulator's Accounting Officer is personally responsible for safeguarding the public funds for which they have charge; for ensuring propriety, regularity, and value for money in the handling of those public funds; and for the day-to-day operations and management of the regulator. In addition, the Accounting Officer should ensure that the regulator as a whole is run on the basis of the standards, in terms of governance, decision making and financial management that are set out in Box 3.1 of *Managing Public Money*.

The regulator's Accounting Officer's responsibilities to Parliament include:

- signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State

- preparing a Governance Statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the Annual Report and Accounts (and this Governance Statement is provided in satisfaction of this responsibility)

- ensuring that effective procedures for handling complaints about the regulator are established in accordance with *Public Bodies: A Guide for Departments* and that information about this is publicly and easily available

- acting in accordance with the terms of the regulator's Framework Document, *Managing Public Money* and other instructions and guidance issued from time to time by MHCLG, the Treasury and the Cabinet Office

- giving evidence, normally with the Principal Accounting Officer, when summoned before the Public Accounts Committee on the regulator's stewardship of public funds; and

- ensuring that the regulator operates its fee-charging regime consistent with the principles set by the Secretary of State.

The regulator's Accounting Officer is responsible to MHCLG for:

- establishing, in agreement with MHCLG, the regulator's three-year Corporate Plan, the first year of which will be its annual business plan
- providing assurance to MHCLG that the regulator's fundamental objectives are being delivered efficiently and effectively
- demonstrating how the regulator's resources are being used to achieve those objectives, and managing its budgets effectively
- ensuring that timely and high-quality forecasts and monitoring information on performance, finance and risk are provided to MHCLG
- ensuring that MHCLG is notified promptly if over or under spends are likely and that corrective action is taken
- ensuring that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to MHCLG in a timely fashion.

This Governance Statement sets out the governance, management and internal control arrangements that were in place for 2023-24 and up-to-date approval of the Annual Report and Accounts to support the Accounting Officer in discharging these responsibilities.

Governance structure

Corporate Governance in Central Government Departments: Code of Good Practice 2017

In so far as the Code applies, the regulator has applied the principles of the Code which requires that bodies operate according to the principles of good governance in business, leadership, effectiveness, accountability and sustainability.

Board

The Board of the regulator is established by section 80B of the HRA 2008 and transitional provisions within the Legislative Reform Order. It comprises:

- the Chair appointed by the Secretary of State

- between six and ten other members appointed by the Secretary of State, after consultation with the Chair; and

- the Chief Executive appointed by the Board (with the approval of the Secretary of State).

The Chair and the other members referred to above are collectively referred to in the legislation as appointed members. The Chief Executive does not fall into the category of appointed members. The appointed members hold and vacate office in accordance with the HRA and their terms of appointment.

A full list of Board members is detailed in our Directors' report on page 42.

Roles and responsibilities of the Board

The role of the Board is to act within the legislative framework applicable to the regulator, including the regulator's fundamental objectives and powers, and in doing so to:

- provide strategic leadership
- help ensure that the regulator acts in a way that is efficient, effective and economic
- act as an advisory body to support and challenge the Accounting Officer, in particular by providing governance oversight, and supporting the Accounting Officer in discharging the obligations in *Managing Public Money*
- support the senior executive team in directing the business of the regulator with a view to delivering the fundamental objectives of the regulator over the short and long term
- provide a governance function at the level of strategy and oversight, as distinct from an executive management function.

The Board has its own Terms of Reference and Standing Orders, which are available for the public to review.

Board work and performance

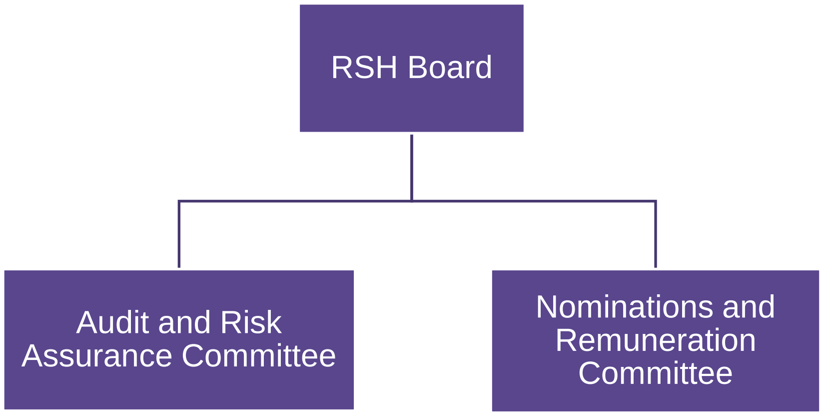
The Board receives regular reports on policy development, performance, risk management, governance, financial information and internal controls, assuring itself of the effectiveness of the regulator's internal control and risk management systems and providing assurance to MHCLG on these systems.

The Board has established and taken forward the strategic aims and objectives of the regulator consistent with its fundamental objectives and in line with the resources framework determined by the Secretary of State and the income raised through fees. Since being established the Board has ensured that the regulator has drawn up and delivers on its corporate and business plans[6]. The Board has had oversight of the regulator's annual budget for approval by MHCLG in relation to grant-in-aid.

[6] RSH corporate and business plans - GOV.UK (www.gov.uk)

The Board receives regular reports providing assurance on the effective running of the organisation and on compliance matters. In 2023-24 the Board also provided a steer and oversight relating to the development of the new consumer regulation regime.

The Board, in accordance with good practice of governance, has sub-committees to which it delegates appropriate responsibilities. This is reflected in the following structure chart.



Board effectiveness

In 2022-23 we commissioned an externally facilitated Board effectiveness review in line with good practice. This was delivered in early 2023-24. The Good Governance Institute (GGI), who carried out the board effectiveness review, summarised their findings as ‘a good, well-performing board that is supported by high quality material designed to give assurance and provide the basis of decision-making and influence on the future direction of what is a radically changing organisation’. The GGI made four recommendations which the Board, its Committees, the Executive team and Legal team addressed in 2023-24.

Audit and Risk Assurance Committee

The role of the Audit and Risk Assurance Committee (ARAC) is to provide independent support and advice to the regulator's Board and Accounting Officer in relation to financial stewardship, financial and narrative reporting and audit, internal controls, and management of key financial and other risks and opportunities. The Committee receives reports on the regulator's strategic risk register, assurance on the management of specific risks, the Financial Statements, internal audit and external audit.

Members of the Committee as at 31 March 2024 were:

- Elizabeth Butler (Chair)
- Kalpesh Brahmbhatt
- Richard Hughes

The Committee meets at least three times annually to formally consider risk and twice to review the draft and final versions of the Annual Report and Accounts. Meetings are also attended by representatives of the NAO, MHCLG and internal audit.

The Committee has its own Terms of Reference and Standing Orders which are available for the public to review.

In 2022-23 the effectiveness of the committee was considered as part of the externally facilitated Board effectiveness review which reported its findings in 2023-24. The headline findings are set out in the section above.

Nominations and Remuneration Committee

The role of the Nominations and Remuneration Committee (NRC) is to provide independent support to the regulator's Board and Accounting Officer. It provides scrutiny, oversight and advice in relation to plans for orderly succession of appointments to the Board and of senior management, incentives and rewards for Board members and senior officials, and the regulator's governance arrangements.

Members of the Committee as at 31 March 2024 were:

- Paul Smee (Chair)
- Jo Boaden
- Bernadette Conroy
- Deborah Gregory

The Committee meets on an ad-hoc basis and has its own Terms of Reference and Standing Orders which are available for the public to review. Matters considered by the Committee in the year included the application of the 2023 pay remit.

Board and Committee attendance

The table below sets out the attendance at Board, ARAC and NRC for the period, followed by the number of times met during that member's tenure.

Member	Board	ARAC	NRC
Jo Boaden	10/10		3/4
Kalpesh Brahmbhatt	9/10	3/4	
Elizabeth Butler	10/10	4/4	
Bernadette Conroy	10/10		4/4
Deborah Gregory	10/10		4/4
Richard Hughes	10/10	3/4	
Sukhvinder Kaur-Stubbs	10/10		
Fiona MacGregor	7/10		
Kirsty Marie-Morris[7]	7/10		
Paul Smee	9/10		3/4
Geoff Smyth	10/10		

[7] Kirsty Marie-Morris joined as a Board apprentice in February 2023 and left in November 2023

Executive Team

Executive Team is the principal executive group for the regulator below Board level for coordinating and implementing strategies, operational policies and procedures.

Executive team is not a formal Committee of the Board and has no formal decision-making power. Individual members of Executive hold formal delegations from the Board of the regulator, but there can be no formal delegations to Executive as an entity. The purpose of Executive is to:

- support the Chief Executive
- support the exercise of formal decision-making powers by individual executive officers
- provide a leadership forum in which the regulator's senior executive officers can discuss and plan the strategic direction and management of the regulator within the parameters set by the Board and the legislative framework.

The Executive team comprised the following officers as at 31 March 2024:

Fiona MacGregor	Chief Executive
Jonathan Walters	Deputy Chief Executive
Harold Brown	Senior Assistant Director of Investigation and Enforcement
Kate Dodsworth	Chief of Regulatory Engagement
Karen Doran8	Director of Regulatory Engagement
Angela Holden9	Director of Regulatory Engagement
Richard Peden	Director of Finance and Corporate Services
Will Perry	Director of Strategy
Emma Tarran	Senior Assistant Director of Legal and Company Secretary

Other officers may be invited to attend all or part of any meeting as and when appropriate.

On an annual basis, members of Executive compile formal Management Assurance Statements considering the application of controls and delegated decision making.

[8] Karen Doran joined the Executive Team on 1 September 2023

[9] Angela Holden Karen Doran joined the Executive Team on 1 September 2023

Delegations

A comprehensive scheme of internal delegations is in place that enables the day-to-day management of the regulator to be shared with the Chief Executive, Executive team members and their staff. The scheme of delegations is kept under review by the Accounting Officer, Executive team and the Board.

Overview of risk management

The regulator has a Risk and Assurance Strategy which aims to ensure that risks to the regulator are identified and managed effectively. Effective risk management is fundamental to providing assurance to the Accounting Officer and the Board that the regulatory framework and approach, along with how the organisation is run as a corporate entity, meets our strategic objectives and corporate priorities. Our risk management approach is based on the Orange Book, which we review at each iteration for any changes to good practice that we can implement in our risk management framework and processes.

The regulator considers strategic risks to be uncertain events that, should they occur, will adversely impact on our ability to deliver our strategic objectives and thereby our ability to meet our fundamental objectives set out in statute. Our most critical risks are set out in our strategic risk register and fall into one or more of the following categories:

- **Change**: programme or project related risks
- **Governance:** poor decision making and other events that impact on our ability to function effectively as an organisation
- **Operational**: poor internal systems and processes resulting in adverse outcomes
- **Policy**: changes in Government policy or administration
- **Resources**: lack or loss of human, IT, financial or other organisational resources
- **Stakeholders**: actions by our stakeholders that impact on our ability to fulfil our objectives.

We review our risk register with risk owners quarterly and started a comprehensive refresh of all our risks at the end of 2023-24 to align with our expanded regulatory remit coming into effect from 1 April 2024. The Executive team discusses the risk register as a minimum quarterly. ARAC considers the risk register three times each year and Board receives a quarterly summary and the risk register in full twice per year.

Each strategic risk has controls in place which support the management of the risk by detecting and preventing it from crystallising or mitigating it should it occur. We have adopted a ‘three lines of defence’ model to provide assurance on the operation of controls. Assurance sources are mapped to each control at three levels:

1. First line (business management)

2. Second line (corporate oversight)
3. Third line (internal audit/ external assurance).

Additionally, we have a Programme and Project Management Framework in place, which supports effective governance and risk management.

Key risks during 2023-24

As in previous years, our key risks related to changes in the sector, stakeholder expectations, how we carry out our regulation and our organisational capacity and capability. These risks are discussed in more detail in the Performance Report on page 15.

Conclusion

I have reviewed evidence from a number of sources and, based on the information I have received, I am satisfied that overall the regulator continued to maintain a sound system of internal control during this reporting period. Key sources of assurance on which I base my conclusion include:

Internal and external audit

An annual programme of internal audit is carried out to provide independent assurance as to the adequacy and effectiveness of the framework of governance, risk management and control as it is operated at the regulator. The 2023-24 programme comprised four reviews: capacity and capability; risk management; consumer regulation pilots and the fees model.

Three of the four reviews concluded Substantial assurance and one concluded Moderate assurance. No actions were raised for the three reviews where we received substantial assurance. The moderate and low priority findings on the capacity and capability audit are in progress and will be completed in 2024-25 year. The overall internal audit conclusion for the year was one of Substantial assurance on the adequacy and effectiveness of the framework of governance, risk management and control as it operated in the regulator. The NAO has undertaken its annual audit and the audit completion report and management letter support my conclusion.

Management Assurance Statements are annual assurance statements to be prepared by members of the Executive team in relation to the operation of controls and delegated decision making. Statements for the reporting year support a conclusion that overall systems of internal control are sound, and that appropriate action is in progress to address any identified development areas. I have also taken account of the regular assurance review and lessons learned work that the regulator undertakes, which takes account of the Strategic Risk Register and the assurance map.

Board and ARAC work and effectiveness

The Board and ARAC have maintained oversight over relevant areas of the regulator's activities including regular in-depth reviews at ARAC of specific topics and the controls and assurance related to individual work areas. Board and ARAC effectiveness reviews have been positive.

Fiona MacGregor
Accounting Officer

Remuneration and staff report

The remuneration and staff report provides detail on the remuneration and pension interests of the regulator's Board and senior staff in addition to staff establishment information.

Remuneration policy

The Regulator of Social Housing determines remuneration levels with reference to independently assessed pay grades for roles dependent on their level of responsibility and the skills and experience they require.

The remuneration policy includes an element of performance-related pay for all members of staff, including the Chief Executive and key managers, which is linked to the achievement of agreed annual performance objectives. Aggregate performance-related payments are capped at 0.5% of payroll costs, with the maximum payment no greater than £600 for the year. Board members are not eligible to receive performance-related pay.

The regulator implements the annual pay remit which is approved by the Secretary of State. The NGC provides independent support to the regulator's Board and Accounting Officer by providing scrutiny, oversight and advice in relation to incentives and rewards for executive Board members and senior officials.

Remuneration Information

Remuneration and pension interests of Board members and the Executive Team for the year ending 31 March 2024:

Board Members' Remuneration (subject to audit)

	Salary, £'000	
	2023-24	2022-23
Jo Boaden	11	11
Kalpesh Brahmbhatt	11	11
Elizabeth Butler	11	11
Bernadette Conroy, Chair	65	65
Simon Dow[10]	0	11
Deborah Gregory	11	11
Richard Hughes	11	11
Sukhvinder Kaur-Stubbs	11	11
Paul Smee	11	11
Geoff Smyth	11	11

The full-year equivalent salary is £11,000 for Board members and £65,000 for the Chair of the Board. Board members do not receive any pension benefits or performance-related pay.

[10] Simon Dow stepped down from RSH's Board on 31 March 2023.

Remuneration of Executive Team (subject to audit)

	Salary, £'000		Bonus, £'000		Pension, £'000		Total, £'000	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Harold Brown, Senior Assistant Director of Investigation & Enforcement	110-115	105-110	0-5	0-5	42	(54)	150-155	50-55
Kate Dodsworth, Chief of Regulatory Engagement	135-140	130-135	0-5	0-5	28	81	165-170	150-155
Karen Doran[11], Director of Regulatory Engagement	70-75	-	0-5	-	42	-	110-115	-
Angela Holden[12], Director of Regulatory Engagement	70-75	-	0-5	-	46	-	115-120	-
Maxine Loftus[13], Director of Regulatory Operations	70-75	115-120	0-5	0-5	2	(52)	75-80	60-65
Fiona MacGregor, Chief Executive	160-165	155-160	0-5	0-5	49	(54)	210-215	100-105
Richard Peden, Director of Finance & Corporate Services	120-125	115-120	0-5	0-5	24	15	145-150	130-135
Will Perry, Director of Strategy	120-125	115-120	0-5	0-5	22	4	140-145	115-120
Emma Tarran, Senior Assistant Director of Legal and Company Secretary	110-115	105-110	0-5	0-5	21	7	130-135	110-115
Jonathan Walters[14], Deputy Chief Executive	160-165	130-135	0-5	0-5	96	(40)	260-265	90-95

There were no benefits-in-kind paid in 2023-24 (2022-23: £nil).

Negative pension figures in 2022-23 reflect pension benefit increases below the inflation rate.

All staff, including the Executive Team, were eligible for non-consolidated performance bonuses ranging from £0 to £600 in 2023-24 (2022-23: £0 to £585).

[11] Karen Doran joined the Executive Team on 1 September 2023. Prior to this, she was employed in a role that did not require disclosure. Her full-year equivalent salary for 2023/24 is in the range of £120,000 to £125,000.

[12] Angela Holden joined the Executive Team on 1 September 2023. Prior to this, she was employed in a role that did not require disclosure. Her full-year equivalent salary for 2023/24 is in the range of £120,000 to £125,000.

[13] Maxine Loftus left RSH on 20 October 2023. Her full-year equivalent salary for 2023/24 was £120,000 to £125,000.

[14] Jonathan Walters' 2023-24 salary includes a temporary additional responsibility payment for duties undertaken during 2022-23.

Executive Team Pension Benefits (subject to audit)

	Annual accrued pension as of 31 March 2024[15] £'000	Real increase in accrued annual pension £'000	Accrued lump sum as of 31 March 2024 £'000	Real increase in accrued lump sum £'000	CETV as of 31 March 2024[16] £'000	CETV as of 31 March 2023 £'000	Real increase in CETV £'000
Harold Brown	55-60	2.5-5	60-65	(2.5)-0	1,077	955	58
Kate Dodsworth	0-5	0-2.5	0	0	48	30	16
Karen Doran[17]	15-20	0-2.5	45-50	5-7.5	385	292	82
Angela Holden[18]	10-15	0-2.5	35-40	5-7.5	226	175	44
Maxine Loftus[19]	50-55	0-2.5	65-70	(5)-(2.5)	1,055	1,017	2
Fiona MacGregor	65-70	2.5-5	65-70	(2.5)-0	1,373	1,226	65
Richard Peden	5-10	0-2.5	25-30	2.5-5	236	169	56
Will Perry	15-20	0-2.5	45-50	2.5-5	336	243	77
Emma Tarran	10-15	0-2.5	35-40	2.5-5	284	207	63
Jonathan Walters	55-60	5-7.5	40-45	2.5-5	941	785	104

Negative numbers are shown in brackets, as their growth was less than inflation during the financial year.

Staff are eligible to participate in either the Homes and Communities Agency Pension Scheme or the City of Westminster Pension Fund, depending on when they joined RSH or its predecessor organisations.

[15] Accrued pension as of 31 March 2024: The accrued pension entitlement represents the annual pension payable upon retirement, based on pensionable service up to 31 March 2024.
[16] Cash Equivalent Transfer Value (CETV) as of 31 March 2024: The CETV is the actuarially assessed capitalised value of a member's pension scheme benefits. It represents the amount transferable to another pension scheme upon leaving. The figures shown reflect the total benefits accrued from all membership, not just from senior service.
[17] Karen Doran joined the Executive Team on 1 September 2023. Comparative values are provided as of 1 September, with increases shown for the period from 1 September 2023 to 31 March 2024.
[18] Angela Holden joined the Executive Team on 1 September 2023. Comparative values are provided as of 1 September, with increases shown for the period from 1 September 2023 to 31 March 2024.
[19] Maxine Loftus's closing pension benefits are shown as of 20 October 2023, when she left RSH.

Termination payments to key managers (subject to audit)

Termination payments to key managers during the period 1 April 2023 to 31 March 2024 were £nil (2022-23: £nil).

Staff costs (subject to audit)

	2023-24			2022-23		
	Permanent	Others	Total	Permanent	Others	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Wages and salaries	14,159	363	14,522	11,590	271	11,861
Social security costs	1,697	40	1,737	1,438	34	1,472
Pension costs	3,310	72	3,382	4,963	50	5,013
Employed staff	**19.166**	**475**	**19,641**	**17,991**	**355**	**18,346**
Seconded staff			75			48
Staff cost			**19,716**			**18,394**

Wages and salaries include £380,000 of non-consolidated payments (2022-23: £64,000), of which £308,000 relates to the one-off £1,500 payment made by the government to non-senior grades among public sector employees.

Other staff relate to staff employed on a fixed-term contract including apprentices.

Staff composition (subject to audit)

The average number of staff employed by the regulator (full-time equivalents) over the course of the period is as follows:

	2023-24	2022-23
Permanent UK staff	225	198
Fixed-term UK staff	8	5
Total	**233**	**203**

The number of staff (full-time equivalents) by salary pay band, using an average for the period, is as follows:

	2023-24	2022-23
£0 - £25,000	2	7
£25,001 - £50,000	84	90
£50,001 - £75,000	108	78
£75,001 - £100,000	27	18
£100,001 - £125,000	8	7
£125,001 - £150,000	2	2
£150,001 - £175,000	2	1
Total	**233**	**203**

Gender

The gender of key managers and employees as of 31 March can be analysed as follows:

	2024	2023
Key managers – Female	5	4
Key managers – Male	4	4
Other employees – Female	167	131
Other employees – Male	97	79
Total	**273**	**218**

Fair pay disclosure (subject to audit)

The annualised remuneration[20], as of 31 March, of the Chief Executive[21], was £165,000 – £170,000 (2022-23: £155,000 – £160,000). Remuneration ranged from £11,000 to £165,000 – £170,000 (2022-23: £11,000 to £155,000 – £160,000).

The following table details the mid-point of the banded remuneration of the Chief Executive, compared to employees at the 25th, median and 75th percentiles as of 31 March:

Year	Disclosure	25th percentile	Median	75th percentile
2023-24	Total remuneration	£50,202	£54,780	£70,205
	Of which, salary	£48,402	£52,980	£68,405
	Pay ratio	**3.3:1**	**3.1:1**	**2.4:1**
2022-23	Total remuneration	£43,229	£50,000	£67,744
	Of which, salary	£42,794	£50,000	£65,459
	Pay ratio	**3.6:1**	**3.2:1**	**2.4:1**

The decrease in the 25th and 50th percentile pay ratios is due to the one-off £1,500 government payment to non-senior public sector workers and the 2023 pay award, which provided a higher percentage increase to lower-paid staff.

The table below outlines the percentage change in salary and bonus from the previous year for both the Chief Executive and the workforce average:

	Salary including allowances	Bonus[22]
Chief Executive	6%	-49%
Workforce average	8%	392%

The increase in workforce average salary reflects the 2023 pay remit of 5% and new roles created as part of the expanded regulatory regime. The Chief Executive's salary increase aligns with the Senior Salaries Review Body's remit, while the workforce bonus rise stems from the one-off non-consolidated £1,500 government payment to non-senior public sector workers.

[20] Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions or the CETV of pensions.
[21] The Chief Executive is the highest paid director.
[22] All staff, including the Chief Executive, were eligible for non-consolidated performance bonuses ranging from £0 to £600 in 2023-24 (2022-23: £0 to £585). Additionally, a one-off payment of £1,500 was issued by the government to non-senior public sector workers, for which the Chief Executive was not eligible.

Exit packages (subject to audit)

We offer compensation when staff agree to leave the organisation in circumstances where the departure provides an opportunity to refresh our skills base and reduce our costs. There were no such exits agreed during the period from 1 April 2023 to 31 March 2024 (2022-23: £nil).

Expenditure on consultancy

The regulator incurred expenditure of £24,000 on consultancy during the period from 1 April 2023 to 31 March 2024 (2022-23: £109,000). Consultancy spend related to an effectiveness review of the regulator’s Board.

Apprenticeship levy

During the period 1 April 2022 to 31 March 2023 the regulator incurred expenditure of £57,000 (2022-23: £44,000) on contributions to the apprenticeship levy to support apprenticeship training and assessment for apprentices.

Off-payroll arrangements

The regulator incurred £nil (2022-23: £nil) in respect of off-payroll engagements during the period 1 April 2023 to 31 March 2024.

Staff policy regarding disabled persons

The regulator is committed to ensuring equality of opportunity for all disabled people who work or apply to work for us. As we make clear in our job application process, we offer disabled people who apply for a post a guaranteed interview, provided they meet the minimum criteria for the post.

In the event that any employee becomes disabled while employed by the regulator, the HR and Corporate Services teams, supported by the regulator’s Occupational Health provider, will make all reasonable and appropriate changes and adjustments to the workplace and working arrangements.

Staff sickness absence and turnover

The regulator’s sickness absence levels remain favourable when compared to public and private sector benchmarks, with an average of 3.9 working days lost per employee during the year (2022-23: 2.9 days).

Annual staff turnover was 4.0%, a slight increase from 3.7% in the previous year (2022-23).

Health and safety

The regulator’s Health and Safety Committee meets quarterly and is chaired by the Director Finance and Corporate Services. No incidents occurred during the period 1 April 2023 to 31 March 2024 that required being reported to the Health and Safety Executive under Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) 2013.

Employee engagement and consultation

We ran our third full staff survey as a standalone organisation in May 2023. We had a response rate of 84% and an overall employee engagement score of 67%. This compares favourably to the Civil Service people survey benchmark but does not quite reach the upper quartile benchmark held by our survey partner, BMG. The score is 4% lower than in 2021, when we ran our previous survey, but this was expected given the 2023 survey fell during a period of significant organisational change.

We carried out follow-up activities within teams and with colleagues in our staff networks based on the scores to draw out areas we wanted to celebrate and build on, and ideas for those we wanted to improve. The lowest scoring area was around pay, which we do not have control over, as we operate within the Government Pay Policy. We also identified areas for improvement on our leadership scores, which we incorporated into the design of our leadership development programme, which we designed and launched in 2023-24.

We also undertook a wellbeing survey to better understand what support could be provided to staff. This provides assurance that overall staff were content with the measures the organisation has put in place to support them.

Trade union relationships

The regulator formally recognises three trade unions – PCS, Unison and Unite – with whom it consults over pay, policies and procedures, working conditions, etc. Regular meetings take place between management and elected union representatives, called Joint Negotiation and Consultation Committee meetings, on a cycle of approximately six weeks.

As a public sector body with more than 49 full-time equivalent employees, the regulator is required to make the following disclosures regarding trade union facility time:

Relevant union officials

Number of employees who were relevant union officials during the relevant period	5
Full-time equivalent employee number	5

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1-50%	5
51-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£14,179
Total pay bill	£19,716,000
% of total pay bill spent on facility time	0.07%

Paid trade union activities

Time spent on trade union activities as a percentage of the total paid facility time hours	1%

Parliamentary accountability and audit report

The parliamentary accountability and audit report provides the parliamentary accountability disclosures, covering regularity of expenditure, fees and charges and remote contingent liabilities, and includes the Certificate and Report of the Comptroller and Auditor General.

Regularity of expenditure (subject to audit)

During the period from 1 April 2023 to 31 March 2024, the regulator had no losses, special payments or gifts. In 2022-23, there was a special grant payment of £670,000.

Fees and charges (subject to audit)

The regulator introduced fees from 1 October 2017 following a statutory consultation in 2016. The regulator has a Fees and Resources Advisory Panel alongside existing stakeholder engagement arrangements, as an advisory body to the regulator.

There are five fees principles which, following consultation, were approved by the then Secretary of State for Housing, Communities and Local Government:

- A one-off fixed fee should apply to all successful applications for initial registration.
- The annual fee payable by a registered provider should be set by reference to the number of social housing units owned by that provider.
- A fixed annual fee should apply to all providers owning fewer than 1,000 units.
- 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.
- 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.

Fees for 2023-24:

Fee	Amount
Initial registration fee charged to those who successfully register	£2,500
Annual registration fee for (small) registered providers with less than 1,000 units	£300 flat fee
Annual registration fee for (large) registered providers with 1,000 units or more	£5.40 per unit

Annual fees are used to cover the costs associated with the regulation of all registered providers. Initial registration fees offset the expenses related to processing registration applications, but only for those applications that result in successful registration. The costs of local authority regulation, non-routine regulation (such as casework carried out by the Investigation and Enforcement team), consumer regulation and any additional registration-related expenses not covered by initial fees are funded through grant-in-aid.

In cases where annual fee-funded costs are underspent, a proportionate rebate is provided to larger providers (those with over 1,000 social housing units). For 2023-24, the total rebate issued to larger providers will amount to £1.4 million.

Annual fees	2023-24	2022-23
	£'000	£'000
Total invoices	15,195	14,734
Fee-funded costs for the period	13,779	12,371
Fee rebate to larger providers	1,416	2,363

Changes for 2024-25

With the expansion of the regulatory regime, including the introduction of fees for Local Authority Registered Providers, the annual registration fees for 2024-25 have been set at £31.6 million. This increase ensures the regulator has sufficient resources to fulfil its expanded remit effectively.

Remote contingent liabilities (subject to audit)

The regulator is required to disclose each of its material remote contingent liabilities, and where practical, estimate the financial effect.

Within the normal course of business, the regulator has made statutory appointments to some Boards of registered providers under section 269 of the HRA 2008; the regulator sometimes provides indemnities to appointees. It is not possible to quantify this remote contingent liability due to its nature and absence of any claim under past indemnities issued.

The regulator is subject to legal challenge within its normal course of business. If the regulator were to lose a legal case, it may lead to the obligation to pay another party's legal costs and / or damages. It is not practicable to quantify such contingent liabilities at the reporting date.

The regulator does not have any other material remote contingent liabilities.

The Accountability Report has been signed on 21 January 2025.

Fiona MacGregor
Accounting Officer

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Regulator of Social Housing for the year ended 31 March 2024 under the Housing and Regeneration Act 2008.

The financial statements comprise the Regulator of Social Housing's:

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Regulator of Social Housing's affairs as at 31 March 2024 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the Regulator of Social Housing in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Regulator of Social Housing’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Regulator of Social Housing's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Chief Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Regulator of Social Housing is adopted in consideration of the requirements set out in HM Treasury’s Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Annual Report but does not include the financial statements and my auditor’s certificate thereon. The Chief Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Housing and Regeneration Act 2008.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in Accordance with Secretary of State directions made under the Housing and Regeneration Act 2008.
- the information given in the Performance and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of Regulator of Social Housing and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the Regulator of Social Housing or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within Regulator of Social Housing from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view in accordance with Secretary of State directions issued under the Housing and Regeneration Act 2008;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Secretary of State directions issued under the Housing and Regeneration Act 2008; and
- assessing the Regulator of Social Housing's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Regulator of Social Housing will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Housing and Regeneration Act 2008.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Regulator of Social Housing's accounting policies, key performance indicators and performance incentives.
- inquired of management, and those charged with governance, including obtaining and reviewing supporting documentation relating to the Regulator of Social Housing's policies and procedures on:
- identifying, evaluating and complying with laws and regulations;
- detecting and responding to the risks of fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Regulator of Social Housing's controls relating to the Regulator of Social Housing's compliance with the Housing and Regeneration Act 2008 and Managing Public Money;
- inquired of management, and those charged with governance whether:
- they were aware of any instances of non-compliance with laws and regulations;
- they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team and the relevant external specialists, including pensions experts regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Regulator of Social Housing for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Regulator of Social Housing's framework of authority and other legal and regulatory frameworks in which the Regulator of Social Housing operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Regulator of Social Housing. The key laws and regulations I considered in this context included

Housing and Regeneration Act 2008, Managing Public Money, employment law and pensions legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies **24 January 2025**

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Financial Statements

Statement of Comprehensive Net Expenditure

Year ended 31 March 2024

	Note	2023-24 £'000	2022-23 £'000
Operating income:			
Registered provider fee income	4.1	(13,786)	(12,391)
Other income	4.2	(720)	(37)
		(14,506)	**(12,428)**
Operating expenditure:			
Staff costs	2	19,716	18,394
Registered provider grant	3	-	670
Purchase of goods and services	3	4,322	3,468
Depreciation charges	3	224	174
		24,262	**22,706**
Net operating expenditure		**9,756**	**10,278**
Interest income		(100)	(38)
Pension net finance costs	14(d)	(663)	73
Net expenditure for the period		**8,993**	**10,313**
Other comprehensive net expenditure:			
Actuarial (gain)/loss from pension fund	14(e)	362	(6,736)
Total comprehensive expenditure for the period		**9,355**	**3,577**

Statement of Financial Position

As at 31 March 2024

	Note	2024 £'000	2023 £'000
Non-current assets:			
Pension assets	14(a)	1,928	1,280
Property, plant and equipment	5	176	33
Intangible assets	6	646	678
Right-of-use assets	7	149	211
		2,899	**2,202**
Current assets:			
Trade and other receivables	9	243	64
Cash and cash equivalents	8	8,056	13,514
		8,299	**13,578**
Total assets		**11,198**	**15,780**
Current liabilities:			
Registered provider fee rebate	10	(3,780)	(2,367)
Registered provider deferred fees	10	(443)	(8,090)
Trade and other payables	10	(1,716)	(1,899)
		(5,939)	**(12,356)**
Total assets less current liabilities		**5,259**	**3,424**
Non-current liabilities:			
Lease liabilities	10	(59)	(140)
Assets less liabilities		**5,200**	**3,284**
Reserves:			
Income and expenditure reserve	SoCTE	3,068	1,252
Regulation reserve	SoCTE	2,132	2,032
Taxpayers' equity		**5,200**	**3,284**

The notes on pages 80 to 104 form part of these accounts.

Fiona MacGregor
Accounting Officer
21 January 2025

Statement of Cash Flows

Year ended 31 March 2024

	Note	2023-24 £'000	2022-23 £'000
Net cash (outflow) / inflow from operating activities		**(16,197)**	**(8,029)**
Cash flows from investing activities:			
Purchase of non-financial assets[23]		(550)	(414)
Interest received		100	38
Net cash (outflow) from investing activities		**(450)**	**(376)**
Cash flows from financing activities:			
Grant-in-aid from sponsor department	SoCTE	11,271	8,459
Repayment of leasing liabilities	7.1	(82)	(67)
Net cash inflow from financing activities		**11,189**	**8,392**
Increase in cash and cash equivalents in the period		**(5,458)**	**(13)**
Cash and cash equivalents at 1 April	8	13,514	13,527
Cash and cash equivalents at 31 March	8	**8,056**	**13,514**

Reconciliation of net operating expenditure to net cash flow from operating activities:

	Note	2023-24 £'000	2022-23 £'000
Net operating expenditure	SoCNE	(9,756)	(10,278)
Amortisation	3	107	2
Depreciation and loss on disposal	3	117	172
Lease interest	7.1	2	2
Pension costs	14(d)	3,386	5,017
Employer contributions to pension	14(f)	(3,733)	(3,313)
(Increase)/Decrease in trade and other receivables		(179)	105
Increase in trade and other current liabilities		(6,141)	264
Net cash (outflow) / inflow from operating activities		**(16,197)**	**(8,029)**

[23] £276,000 of fixed asset additions recognised in 2022-23 were paid in 2023-24

Statement of Changes in Taxpayers' Equity

Year ended 31 March 2024

	Note	General reserve £'000	Regulation reserve £'000	Total £'000
Balance at 31 March 2022		**(3,592)**	**1,994**	**(1,598)**
Grant-in-aid from sponsor department		8,459	-	8,459
Net income/(expenditure)	SoCNE	(10,351)	38	(10,313)
Actuarial gain/(loss) from pension fund	14(e)	6,736	-	6,736
Balance at 31 March 2023		**1,252**	**2,032**	**3,284**
Grant-in-aid from sponsor department		11,271	-	11,271
Net income/(expenditure)	SoCNE	(9,093)	100	(8,993)
Actuarial gain/(loss) from pension fund	14(e)	(362)	-	(362)
Balance at 31 March 2024		**3,068**	**2,132**	**5,200**

Notes to the Financial Statements

1. Accounting policies

These financial statements have been prepared under the direction issued by the Secretary of State in accordance with Section 100C of the Housing and Regeneration Act 2008 (HRA 2008) and in line with the Government's Financial Reporting Manual (FReM) issued by HM Treasury.

The accounting policies outlined in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where FReM permits a choice of accounting policy, we have selected the policy most appropriate to our circumstances to ensure a true and fair view. The policies adopted by the regulator are detailed below and have been applied consistently to items deemed material to the accounts.

1.01 Accounting convention

The financial statements have been prepared under the historical cost convention, with adjustments for the revaluation of intangible assets (where material). Where there are indications of impairment, an impairment review is conducted, and assets are written down to the lower of their carrying amount or recoverable amount, in accordance with IAS 36 and FReM.

1.02 Property, plant and equipment (PPE)

PPE is stated at historical cost less accumulated depreciation and any impairment in value, serving as a proxy for fair value. PPE consists entirely of IT equipment, primarily staff laptops.

Assets are capitalised if the cost of a single asset, or group of assets, exceeds £5,000. Depreciation is charged evenly over the estimated useful life of three years, based on cost and less estimated residual value.

1.03 Intangible assets

Intangible assets consist of the development costs for the Data Collection System, an electronic platform used by registered providers to submit information to the regulator.

In line with the Government Financial Reporting Manual (FReM), intangible assets are typically valued at depreciated replacement cost. However, as of March 2024, the depreciated replacement cost did not differ significantly from the depreciated historical cost. Therefore, the regulator has adopted the depreciated historical cost as a practical approach for valuation.

Assets are capitalised when the cost exceeds £5,000. The expected useful life of the DCS is aligned with its system support contract. As of 31 March 2024, the remaining amortisation period for the DCS is six years.

1.04 Leases

The regulator applies IFRS 16 to recognise leases that convey the right to control and use an identified asset. For these, a right-of-use (RoU) asset and corresponding lease liability are recognised. The RoU asset is depreciated over the lease term, and the lease liability is reduced as payments are made.

Exemptions

Short-term leases (12 months or less) and low-value assets are expensed on a straight-line basis over the lease term. Most of the regulator's office leases do not qualify under IFRS 16 due to the landlord's right to substitute the office space. These costs are expensed as incurred.

Measurement

RoU assets and liabilities are initially measured at the present value of future lease payments, discounted using HM Treasury's rates. Adjustments are made for direct costs, prepayments, incentives, and restoration costs.

Subsequent measurement

RoU assets are measured using the cost model, accounting for market adjustments like rent reviews. The assets are typically shorter-lived than the underlying asset, making cost an appropriate proxy for value in accordance with the FReM.

1.05 Registered providers' fees

Income from registered providers is recognised over the period to which it relates. Amounts received for future periods are deferred and released in accordance with IFRS 15 Revenue from Contracts with Customers, as adapted by FReM. Income is proportional to the cost of regulating registered providers.

Refer to Note 4.1 for further disclosures on revenue from contracts with customers.

1.06 Funding

The regulator's activities are partly funded by grant-in-aid from MHCLG for specified types of expenditure. Grant-in-aid is treated as financing and credited in full to the income and expenditure reserve, as it represents a contribution from a controlling party. Net expenditure for the period is transferred to this reserve

1.07 Pension costs

The regulator accounts for pension costs in accordance with IAS 19 Employee Benefits. Employees participate in either:

- The Homes and Communities Agency Pension Scheme
- The City of Westminster Pension Fund, which is part of the Local Government Pension Scheme

Both are multi-employer defined benefit schemes. Plan assets are measured at fair value, and liabilities are measured on an actuarial basis, discounted to present value. The net value of each scheme is recognised in the Statement of Financial Position. Actuarial gains and losses are recognised fully in taxpayers' equity.

1.08 Holiday accrual

Employee holiday entitlement is accrued at the end of the financial period based on each employee's outstanding leave balance, in accordance with IAS 19 Employee Benefits.

1.09 Value added tax

The regulator's activities are outside the scope of VAT. Consequently, output tax does not apply, and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the appropriate expenditure category or included in the capitalised cost of assets.

1.10 Receivables

Receivables are recognised at fair value, less a provision for impairment where applicable. Impairment provisions are made where there is evidence that amounts due may not be fully recoverable.

1.11 Regulation reserve

The regulation reserve comprises surplus property transferred to the regulator under section 167 of the HRA 2008 (and previous legislation). Surplus property may be transferred to other non-profit registered providers under criteria determined by the regulator, typically to resolve serious problem cases. In some instances, this may include direct financial assistance.

1.12 Accounting estimates

The value of the regulator's defined benefit pension assets and liabilities is based on assessments by independent qualified actuaries. These assessments use actuarial assumptions related to inflation rates, salary growth, discount rates, and mortality. Any difference between these estimates and actual outcomes is reflected in future periods' taxpayers' equity.

1.13 Segmental reporting

In compliance with IFRS 8 Operating Segments, the regulator has one reportable operating segment, based on internal reports reviewed by the Chief Executive. As such, no detailed segmental analysis is prepared.

1.14 Changes in accounting policy

The regulator has assessed, in line with IAS 8, whether any changes in IFRS or FReM could affect the financial statements or impact future periods. No significant changes are anticipated that would materially affect the financial statements.

1.15 Housing Finance Corporation Ltd

The regulator holds one £1 nominal value share in The Housing Finance Corporation Ltd (THFC), held under a Declaration of Trust. THFC is a community benefit society that provides funding to regulated housing associations through institutional investors.

1.16 Domicile status and nature

The regulator’s registered office is in Manchester, England, and its operations are limited to England.

The Regulator of Social Housing regulates for a viable, efficient, and well governed social housing sector able to deliver quality homes and services for current and future tenants.

We are a statutorily independent regulator, existing as a non-departmental public body, sponsored by MHCLG.

2. Staff costs

	2023-24 £'000	2022-23 £'000
Total staff costs charged to net expenditure comprise:		
Wages and salaries	14,522	11,861
Social security costs	1,737	1,472
Pension costs	3,382	5,013
Secondments	75	48
Total staff costs	**19,716**	**18,394**

The increase in wages and salaries is primarily due to headcount growth, this increase aligns with the regulator's expansion for proactive consumer regulation. Wages and salaries include £380,000 of non-consolidated payments (2022-23: £64,000), of which £308,000 relates to the one-off £1,500 payment made by the government to non-senior grades among public sector employees.

Pension costs, as determined by IAS 19 pension accounting standards, have shown volatility. In 2023-24, pension costs were £347,000 lower than the employer pension contributions (2022-23: £1,704,000 higher). Further details on pensions can be found in Note 14.

The regulator did not employ agency or temporary staff during the financial year.

Further details, including the average number of staff employed, staff numbers by pay band, and exit payments, can be found in the Accountability Report.

3. Other expenditure

		2023-24	2022-23
		£'000	£'000
Registered provider grant:		**-**	**670**
Purchase of goods and services:			
Digital services		1,304	1,050
Other central corporate services[24]		997	692
Office rent under operating leases[25]		733	666
Legal and Professional fees		691	752
Travel and subsistence		249	138
External audit		95	85
Other		253	85
Total goods and services		**4,322**	**3,468**
Non-cash items:			
Depreciation (PPE)	5	55	111
Amortisation	6	107	2
Depreciation (RoU)	7	62	61
Total non-cash items		**224**	**174**
Total		**4,546**	**4,312**

The overall increase in expenditure for the year is primarily driven by a rise in staff headcount, as many costs, such as digital services, scale with the number of staff. This increase aligns with the regulator's expansion for proactive consumer regulation. Additional factors contributing to higher spending include the development of the new Data Collection System, rent increases and the normalisation of travel and subsistence expenses following the COVID-19 pandemic.

[24]Other central corporate services: other includes human resources, facilities management, office service charges and rates, finance and internal audit.

[25]The regulator has no contingent rents or sublease payments. The office rent under operating leases includes rent for the Manchester, London, Bristol and Birmingham offices. The Leeds office contract meets IFRS 16's lease definition thereby creating a right-of-use asset which is depreciated.

4. Income

4.1 Revenue from Contracts with Customers

The regulator recognises income from registration fees in accordance with IFRS 15 Revenue from Contracts with Customers, as adapted by the FReM. Revenue arises from contracts with private registered providers of social housing under Section 117 of the Housing and Regeneration Act 2008.

Identification of performance obligations

The regulator has determined its performance obligations for each contract type as follows:

- Initial registration fee – relates to the provider's initial registration on the Register of Social Housing.
- Annual registration fee – relates to the provider's continued registration on the Register of Social Housing and covers the cost of regulating the social housing sector.

Determination of when performance obligations are satisfied

The performance obligation for the initial registration fee is satisfied upon the provider's acceptance onto the Register of Social Housing. At this point, the fee becomes payable within 30 days and is recognised as an asset by the regulator.

The performance obligation for annual registration fees is satisfied over time, as the fees are used to regulate the social housing sector. Annual registration fees for the period 1 April to 31 March are invoiced in advance, typically in March, with payment due within 30 days.

Fee Structure

Registration fees are set annually for the period 1 April to 31 March and vary based on the number of social housing units owned by each private registered provider:

Fee	Fee level 2023-24
Initial registration fee	£2,500
Annual registration fee for (small) registered providers with less than 1,000 units	£300 flat fee
Annual registration fee for (large) registered providers with 1,000 units or more	£5.40 per unit

Contracts do not entail a financing component.

Allocation of transaction price to performance obligations

Initial registration fee income is recognised at the point of registration.

Annual registration fee income is recognised as regulation costs are incurred. Any unspent annual fees are rebated to large providers. No rebate is provided to small providers or for initial registration fees, as costs are proportionate to the fee charged.

The rebate due to registered providers for unspent 2022/23 and 2023/24 annual fees is recorded as a liability in the Statement of Financial Position. The 2022/23 rebate was settled in June 2024, and the 2023/24 rebate will be settled in March 2025.

Contract income

The regulator recognised the following registered provider fee income:

	2023-24	**2022-23**
	£'000	£'000
Initial registration fee	7	20
Annual registration fee	13,779	12,371
	13,786	**12,391**

Contract balances

As of 31 March 2024, there were £3,000 (2022-23: £3,000) of initial registration fees due but not received.

The regulator had the following balances for annual registration fees:

	Registered provider fee rebate £'000	Registered provider deferred fees £'000
As at 31 March 2022	**(2,289)**	**(8,505)**
Rebate paid back	2,285	-
Payment of historic fees	-	-
2022-23 fees	-	(6,229)
Income recognised	-	12,371
Transfer unspent fees to rebate	(2,363)	2,363
Prepayment of 2023/24 fees	-	(8,090)
As at 31 March 2023	**(2,367)**	**(8,090)**
Rebate paid back	3	-
2022-24 fees	-	(7,105)
Income recognised	-	13,779
Transfer unspent fees to rebate	(1,416)	1,416
Prepayment of 2024/25 fees	-	(443)
As at 31 March 2024	**(3,780)**	**(443)**

As of 31 March 2024, there were £2,000 of outstanding annual registration fees (31 March 2023: £2,000), with a full provision made for amounts overdue by more than three months.

4.2 Other income

	2023-24 £'000	2022-23 £'000
Grant repayment	670	-
The Housing Finance Corporation Ltd director fee	19	17
Affordable Housing Finance Plc director fee	19	17
Digital Apprenticeship Service	12	3
	720	**37**

Grant Repayment

The £670,000 grant repayment relates to a special grant provided to a registered provider in 2022/23. The grant was intended for short-term support to safeguard the interests of social housing tenants. The registered provider repaid the grant in full during 2023/24.

Director Fees

Director fees represent income from an employee of the regulator who serves as a director of both The Housing Finance Corporation Ltd and Affordable Housing Finance Plc. These fees amounted to £19,000 in 2023/24 (2022/23: £17,000).

Digital Apprenticeship Service

Income from the Digital Apprenticeship Service relates to funds received to cover apprentice training services. This income is recognised at the same time the associated training expenses are incurred, in line with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.

5. Property, plant and equipment

PPE primarily consists of IT equipment, mainly staff laptops. Additions during the 2023/24 financial year reflect the acquisition of additional laptops to support new staff members.

	2024 £'000	2023 £'000
Cost:		
At 1 April	419	406
Additions	198	13
As at 31 March	**617**	**419**
Depreciation:		
At 1 April	386	275
Charged in period	55	111
As at 31 March	**441**	**386**
Carrying value as at 31 March	**176**	**33**

6. Intangible assets

Intangible assets represent development costs for the Data Collection System (NROSH+), a digital platform that enables registered providers to submit information to the regulator. The disposal in 2023/24 relates to the decommissioning of the old Data Collection System.

	2024 £'000	2023 £'000
Cost:		
At 1 April	927	249
Additions	75	678
Disposals	(249)	-
As at 31 March	**753**	**927**
Amortisation:		
At 1 April	249	247
Charged in period	107	2
Disposals	(249)	-
As at 31 March	**107**	**249**
Carrying value as at 31 March	**646**	**678**

7. Right-of-use assets

In accordance with IFRS 16 Leases, a lease is defined as a contract that conveys the right to control the use of an identified asset. The regulator's lease contract for its Leeds office meets this definition, resulting in the recognition of a right-of-use asset and corresponding lease liability.

The regulator's other office leases do not meet this criterion, as the landlord retains the substantive right to substitute the space. As a result, no right-of-use assets or lease liabilities are recognised for these offices.

	2024 £'000	2023 £'000
Cost:		
At 1 April (initial adoption of IFRS 16)	272	228
Additions	-	44
As at 31 March	**272**	**272**
Depreciation:		
At 1 April	61	0
Charged in period	62	61
As at 31 March	**123**	**61**
Carrying value as at 31 March	**149**	**211**

The carrying value of the right-of-use asset for the Leeds office has decreased from £211,000 in 2023 to £149,000 in 2024 due to the depreciation charged during the year.

7.1 Lease disclosures

	2024 £'000	2023 £'000
Elements in statement of comprehensive net expenditure		
Rates and services expenses not included in the lease liability	59	48
Interest expense on lease	2	2
Maturity analysis lease obligations		
1 year	67	67
2 - 5 years	60	143
Less interest element	(2)	(3)
Present value of lease obligations	**125**	**207**
Total cash outflow for leases	**82**	**67**

8. Cash and cash equivalents

	2024	2023
	£'000	£'000
Opening balance	13,514	13,527
Net change in cash balances	(5,458)	(13)
Cash balances on 31 March	**8,056**	**13,514**
The following cash balances on 31 March were held:		
General bank account	5,925	11,482
Section 167 bank account	2,131	2,032
Cash at bank	**8,056**	**13,514**

The regulator's cash balances are held within the Government Banking service. The section 167 bank account holds regulation reserve cash detailed in Note 1.11.

9. Trade and other receivables

Amounts falling due within one year	2024	2023
	£'000	£'000
Prepayments	239	59
Registered provider initial fees	3	3
Employee loans	1	2
	243	**64**

There are no amounts falling due after more than one year.

10. Trade other payables

	Note	2024 £'000	2023 £'000
Amounts falling due within one year:			
Employee holiday balance		670	581
Accruals		469	756
Taxation and social security		501	383
Trade payables		9	112
Lease liability		67	67
		1,716	**1,899**
Registered provider deferred fees	4.1	443	8,090
Registered provider fee rebate	4.1	3,780	2,367
Total current payables		**5,939**	**12,356**
Amounts falling due after more than one year:			
Lease liability		59	140
Total trade payables and other liabilities		**5,998**	**12,496**

11. Commitments under leases

The regulator occupies five office locations across England, with signed agreements in place for all offices except Manchester. Office agreements are with other public bodies, such as the Government Property Agency, and vary in duration, ranging from a rolling basis to August 2026.

The anticipated office costs (including VAT), excluding the Manchester office due to the absence of a signed contractual commitment, are set out below:

	2024 £'000	2023 £'000
Payable within 1 year	474	673
Payable later than 1 year and not later than 5 years	346	800
	820	**1,473**

The expected cost for the Manchester office is £125,000 for the first six months of 2024/25. It is anticipated that the regulator will relocate to another office thereafter.

12. Other financial commitments

The regulator has entered contracts for the provision of the following outsourced services:

- Digital services provided by Homes England (rolling agreement).
- Support for the Data Collection System (NROSH+) by Softwire Technology (contracted until May 2030 including extension periods).
- Financial services provided by MHCLG (rolling agreement).

The anticipated costs (including VAT) under these contracts, assuming the rolling contracts are in place for one financial year, are set out below:

	2024 £'000	2023 £'000
Payable within 1 year	1,532	1,326
Payable later than 1 year and not later than 5 years	619	584
Payable over 5 years	205	365
	2,356	**2,275**

13. Related-party transactions

The regulator is a non-departmental public body sponsored by the Ministry of Housing, Communities and Local Government (MHCLG), which is considered a related party. During the year, the regulator had material transactions with MHCLG, primarily through grant-in-aid payments. Additionally, the regulator engaged in transactions with Homes England, which provides digital services, with MHCLG acting as the parent department for both entities.

The regulator also conducted various material transactions with other government departments and central government bodies, most notably with the Government Property Agency, primarily related to office rent and service charges.

No Board member, key management personnel or other related parties have undertaken any material transactions with the regulator during the reporting period.

14. Pensions

The regulator's employees may participate in one of the following contributory pension schemes depending on their employment start date:

- The Homes and Communities Agency Pension Scheme (HCAPS)
- The City of Westminster Pension Fund – part of the Local Government Pension Scheme (LGPS)

Both schemes are multi-employer defined benefit schemes as described in paragraph 7 of IAS 19, Employee Benefits. These are career average schemes with historic final salary benefits that are no longer open to accrual. New employees can only participate in the HCAPS career average scheme. Further details on the funding arrangements for these schemes are provided in Note (l) below.

Homes England, as the principal employer of HCAPS, leads the monitoring of HCAPS and manages the relationship with the trustees. The HCAPS trustees regularly review the scheme's investment portfolio, including liability hedging strategies to align with the scheme's liabilities.

The City of Westminster is the administering authority for the City of Westminster Pension Fund, managing the scheme on behalf of all participating employers, including the regulator. The Pension Fund Committee, to which the City of Westminster has delegated decision-making authority, is responsible for all aspects of investment activity. This committee sets the investment strategy and strategic asset allocation, considering the scheme's liabilities and associated risks.

Valuations of the regulator's assets and liabilities in each scheme as of 31 March 2024 have been prepared in accordance with IAS 19, with the results disclosed in Note (a) below. Note (b) details the key assumptions used by each scheme's actuaries in preparing these valuations.

McCloud Judgement

In December 2018, the Court of Appeal found that the transitional protections introduced to the judicial and firefighters' schemes during the 2015 public service pension reforms discriminated based on age. The UK Government has acknowledged that this ruling (commonly referred to as the McCloud judgment) has implications for the LGPS. On 13 May 2021, the UK Government issued a written ministerial statement outlining proposals to address the specific discrimination in the LGPS. An allowance for the McCloud judgment was incorporated into the accounting valuation of the regulator's LGPS in March 2020. The judgment does not affect HCAPS.

Virgin Media Case

In October 2023, the High Court and Court of Appeal delivered judgments in the Virgin Media (VM) litigation, addressing amendments to private sector pension schemes and the requirement for section 37 certificates under the Pensions Act 1995.

HM Treasury (HMT) has confirmed that amendments to public service schemes like the LGPS are made via primary legislation or regulations. The absence of section 37 certificates does not invalidate such legislation unless explicitly declared void by a court ruling.

The LGPS remains unaffected by the VM ruling, and benefits continue to be administered in line with current scheme regulations. As a private sector scheme, HCAPS is reviewing the potential implications of the VM litigation.

The regulator continues to monitor developments, liaising with HCAPS trustees and adhering to any guidance issued by HMT.

a. Pension (liabilities) / assets

	HCAPS £'000	LGPS £'000	Total £'000
31 March 2023:			
Fair value of employer assets	18,109	42,373	60,482
Present value of funded liabilities	(16,829)	(31,411)	(48,240)
Net surplus / (deficit)	**1,280**	**10,962**	**12,242**
Impact of asset ceiling	-	(10,962)	(10,962)
Adjusted net surplus / (deficit)	**1,280**	**-**	**1,280**
31 March 2024:			
Fair value of employer assets	18,067	49,119	67,186
Present value of funded liabilities	(16,139)	(31,872)	(48,011)
Net surplus / (deficit)	**1,928**	**17,247**	**19,175**
Impact of asset ceiling		(17,247)	(17,247)
Adjusted net surplus / (deficit)	**1,928**	**-**	**1,928**

The LGPS scheme has reported an asset ceiling restriction, which limits the recognition of further increases in net pension assets as per IAS 19, paragraph 64. This ceiling is determined by the maximum benefit obtainable through a refund or reduction in employer contributions. Details of the asset ceiling movements are provided in Note 14(h).

b. Actuarial assumptions

Financial assumptions:

	31 March 2024		31 March 2023	
	HCAPS	**LGPS**	**HCAPS**	**LGPS**
Inflation (CPI)	2.80%	2.75%	2.85%	2.95%
Pension increases	2.80%	2.75%	2.90%	2.95%
Salary increases	3.30%	3.75%	3.35%	3.95%
Discount rate	4.90%	4.85%	4.80%	4.75%

Mortality assumptions at 65:

	31 March 2024		31 March 2023	
	HCAPS	**LGPS**	**HCAPS**	**LGPS**
Male – retiring today	22.2	22.0	23.0	22.1
Male – retiring in 20 years	23.1	23.4	24.3	23.6
Female – retiring today	23.8	25.5	24.3	25.6
Female – retiring in 20 years	25.6	26.0	25.8	26.2

c. Fair value of employer assets

			31 March 2024	31 March 2023
	HCAPS	LGPS	Total	Total
	£'000	£'000	£'000	£'000
Equities - quoted	3,783	30,496	34,279	30,935
Equities – unquoted	-	4	4	4
Debt – quoted	7,858	5,768	13,626	14,056
Debt – unquoted	-	2,330	2,330	1,058
Real estate - quoted	1,180	1,820	3,000	3,130
Real estate – unquoted	-	1,052	1,052	898
Investment fund – quoted	4,346	886	5,232	5,603
Infrastructure - unquoted	-	6,567	6,567	3,527
Cash & cash equivalents	900	196	1,096	1,271
	18,067	**49,119**	**67,186**	**60,482**

d. Charge to net expenditure

			2023-24	2022-23
	HCAPS	LGPS	Total	Total
	£'000	£'000	£'000	£'000
Amounts charged to net operating expenditure:				
Current service costs	2,454	816	3,270	4,914
Expenses	116	-	116	103
	2,570	**816**	**3,386**	**5,017**
Amounts charged to finance costs:				
Interest charged to liabilities	805	1,511	2,316	1,900
Expected return on assets	(942)	(2,037)	(2,979)	(1,827)
	(137)	**(526)**	**(663)**	**73**
Recognised in SoCNE	**2,433**	**290**	**2,723**	**5,090**

LGPS current service costs includes an allowance for administration expenses.

e. Amounts recognised in income and expenditure reserve

	HCAPS	LGPS	2023-24 Total	2022-23 Total
	£'000	£'000	£'000	£'000
Actuarial losses / (gains)	**(412)**	**774**	**362**	**(6,736)**

f. Reconciliation of fair value of employer assets

	HCAPS	LGPS	2023-24 Total	2022-23 Total
	£'000	£'000	£'000	£'000
Fair value of employer assets at 1 April	**18,109**	**42,373**	**60,482**	**64,249**
Expected return on assets	942	2,037	2,979	1,827
Contributions by member	600	342	942	806
Contributions by employer	2,669	1,064	3,733	3,313
Actuarial gains / (losses)	(4,001)	3,666	(335)	(9,222)
Expenses	(116)	-	(116)	(103)
Insurance premiums for risk benefits	(20)	-	(20)	(16)
Benefits paid	(116)	(363)	(479)	(372)
Fair value of employer assets at 31 March	**18,067**	**49,119**	**67,186**	**60,482**

g. Reconciliation of fair value of employer liabilities

	HCAPS	LGPS	2022-23 Total	2022-23 Total
	£'000	£'000	£'000	£'000
Defined benefit obligation at 1 April	**16,829**	**31,411**	**48,240**	**67,928**
Current service cost	2,454	816	3,270	4,914
Interest costs	805	1,511	2,316	1,900
Contributions by members	600	342	942	806
Insurance premiums for risk benefits	(20)	-	(20)	(16)
Actuarial losses/(gains) – demographic	(1,060)	(167)	(1,227)	(9,329)
Actuarial losses/(gains) – financial	(582)	(2,338)	(2,920)	(30,267)
Actuarial losses/(gains) – experience	(2,771)	660	(2,111)	12,676
Benefits paid	(116)	(363)	(479)	(372)
Defined benefit obligations at 31 March	**16,139**	**31,872**	**48,011**	**48,240**

h. Reconciliation of asset ceiling

	HCAPS	LGPS	2023-24 Total	2022-23 Total
	£'000	£'000	£'000	£'000
Asset ceiling at 1 April	**-**	10,962	10,962	**-**
Actuarial movements	-	6,285	6,285	10,962
Asset ceiling at 31 March	**-**	**17,247**	**17,247**	**10,962**

i. Sensitivity analysis as at 31 March 2024

The primary assumptions used in calculating the defined benefit obligation are discount rate; inflation increases; salary increases; and mortality expectations. The assumptions used are detailed in Note 14 (b) above.

The assumptions are determined by independent professional actuaries whose work is compliant with Technical Accounting Standard 100: Principles for Technical Actuarial Work as issued by the Financial Reporting Council. IAS 19 sets out the principles underlying the setting of assumptions, that they should be based on the best estimate of future experience.

The defined benefit obligation has the following sensitivities to the assumptions used:

Adjustment to discount rate	**+0.25%**	**Current**	**-0.25%**
	£'000	£'000	£'000
Present value of total obligation	45,405	48,011	50,672
Movement	(2,606)		2,661

Adjustment to inflation	**+0.25%**	**Current**	**-0.25%**
	£'000	£'000	£'000
Present value of total obligation	50,456	48,011	45,607
Movement	2,445		(2,404)

Adjustment to salary increase	**+0.25%**	**Current**	**-0.25%**
	£'000	£'000	£'000
Present value of total obligation	48,459	48,011	47,571
Movement	448		(440)

Adjustment to life expectancy	**+1 year**	**Current**	**-1 year**
	£'000	£'000	£'000
Present value of total obligation	49,572	48,011	46,376
Movement	1,561		-1,635

j. Expected future cash flows

The expected employer pension contribution for the year to 31 March 2025 is:

	HCAPS £'000	LGPS £'000	Total £'000
Expected employer contribution	2,083	972	3,055

k. Maturity profile of the defined benefit obligation

The weighted average duration of the defined benefit obligation is approximately 17 years for HCAPS as a whole scheme and 21 years for the regulator's section of the LGPS.

l. Funding arrangements

Contribution rates for each scheme are reviewed at least every three years following a full actuarial valuation. The funding strategy for each scheme aims to achieve a fully funded position, with an acceptable level of risk determined by the schemes' trustees.

HCAPS is a multi-employer scheme that does not operate on a segregated basis. Therefore, the assets and liabilities are not separately identified for individual participating employers. Benefit obligations are estimated using the Projected Unit Credit Method. There are no formal arrangements in place for the allocation of a deficit or surplus on the wind-up of the plan or the regulator's withdrawal from the plan. Under both scenarios, exit debts could become payable under Section 75 of the Pensions Act 1995.

Assets and liabilities for all employers in LGPS funds are identifiable on an individual employer basis. However, the allocation of assets to the regulator's section of the fund is notional, as the assets are held within the City of Westminster Pension Fund. The LGPS does not have minimum funding requirements or specific winding-up provisions. On withdrawal from the scheme, any deficit is calculated by the administering authority and must be settled by the withdrawing employer. In the case of a surplus, it would be for the fund to determine whether any refund is provided to the employer. However, in practice, such refunds are highly unlikely as surpluses are typically retained within the fund to ensure its long-term sustainability and meet future liabilities.

HCAPS employs asset-liability matching strategies to hedge interest and inflation risks through liability-driven investments and derivatives, while LGPS does not use an explicit asset-liability matching strategy.

As both schemes are multi-employer, there is a risk of orphan liabilities, where employers leave the scheme with insufficient assets to cover their pension obligations. In such cases, the remaining employers may bear the shortfall if it is not covered by the exiting employer.

15. Financial instruments and related risks

In accordance with the Government Financial Reporting Manual and IFRS 7, the regulator's accounts must disclose material financial instrument risks. These risks primarily arise from exposure to credit, market and liquidity risks.

Credit risk

The regulator is exposed to credit risk primarily through Trade and Other Receivables, where there is a risk that counterparties may fail to settle outstanding amounts when due. As outlined in Note 9, these balances are not considered to pose a significant credit risk due to the nature of the regulator's counterparties and historical recovery rates.

Market risk

The regulator holds deposits within the Government Banking Service, which provides a secure environment for public sector deposits. Market risk primarily arises from the regulator's pension schemes, as detailed in Note 14.

Liquidity risk

Liquidity risk arises from the regulator's need to manage cash flows to meet its obligations as they fall due. The regulator receives regulation fee funding at the start of the financial year, which is expended throughout the year. Surplus funds are maintained in instant access accounts, ensuring sufficient liquidity to meet short-term operational needs. As of 31 March 2024, the regulator held £8,056,000 in cash and cash equivalents (31 March 2023: £13,514,000). Liquidity risk is not considered significant due to the regulator's robust cash flow management and access to instant funds.

16. Events after the reporting period

On 1 October 2024, the regulator transferred active staff pension benefits from the Homes and Communities Agency Pension Scheme (HCAPS) to the Civil Service Pension Scheme (CSPS). The CSPS is accounted for as a defined contribution scheme but operates as a multi-employer defined benefit scheme. The regulator entered into a Deferred Debt Agreement (DDA) with HCAPS. Under the DDA, the regulator ceases to make regular employer contributions to HCAPS but retains responsibility for any future funding shortfalls. As a result of this arrangement, the IAS 19 pension surplus related to HCAPS, valued at £1,928k as of 31 March 2024, will not be recognised from 1 October 2024, as there is no mechanism for the regulator to benefit from the surplus.

There have been no other significant events after the reporting period date requiring disclosure.

The Accounting Officer authorises these Financial Statements for issue on the date certified by the Comptroller and Auditor General.

Accounts direction

REGULATOR OF SOCIAL HOUSING

ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE WITH THE CONSENT OF THE TREASURY, IN ACCORDANCE WITH SECTION 100C OF THE HOUSING AND REGENERATION ACT 2008.

1. The annual Financial Statements of the Regulator of Social Housing (hereafter in this accounts direction referred to as “the Regulator”) shall give a true and fair view of the income and expenditure, cash flows for the year and the state of affairs at the year end. Subject to this requirement, the Financial Statements for 2018/19 and for subsequent years shall be prepared in accordance with:

    (a) the accounting and disclosure requirements given in Managing Public Money and in the *Government Financial Reporting Manual* issued by the Treasury (“the FReM”) as amended or augmented from time to time;

    (b) any other relevant guidance that the Treasury may issue from time to time;

    (c) any other specific disclosure requirements of the Secretary of State;

    insofar as these requirements are appropriate to the Regulator and are in force for the year for which the Financial Statements are prepared, and except where agreed otherwise with the Secretary of State and the Treasury, in which case the exception shall be described in the notes to the Financial Statements.

2. This direction shall be reproduced as an appendix to the Financial Statements.

3. This direction replaces all previously issued directions.

Signed by authority of the Secretary of State for the Ministry for Housing, Communities and Local Government

Robert Jenrick.

Secretary of State for the Ministry for Housing, Communities and Local Government

Date: 25 September 2019

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