

**Report for: Homes Policy Development Group**

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| Date of Meeting:     | 26 September 2023  |
| Subject:             | The consultation on changes to the fees regime operated by the Regulator for Social Housing  |
| Cabinet Member:      | Cllr Simon Clist   |
| Responsible Officer: | Simon Newcombe – Corporate Manager for Public Health, Regulation and Housing   |
| Exempt:              | None<br><br>which are Exempt from publication under paragraph 3, Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) |
| Wards Affected:      | All  |
| Enclosures:          | None   |

**Section 1 – Summary and Recommendation(s)**

Report on the consultation published by the Regulator for Social Housing regarding proposed changes to the fees regime. If adopted, the Council, as a Registered Provider of Social Housing, will be required to make a payment, based on the numbers of homes in the housing stock. This will represent a significant change due to the fact that up until now, local authorities have not been required to make any payments to the regulator in support of the regulatory function.

**Recommendation(s):**

**This report for noting, and for Members to contact the Responsible Officer if they would like their views on the proposed changes to the fee-charging regime reflected in the corporate response to the consultation.**

## **Section 2 – Report**

### **1.0 Introduction**

- 1.1 Following the fire at Grenfell Tower in 2017, there was an impetus to improve standards in social housing and to put tenants at the heart of the work of social landlords.
- 1.2 Since then, there have been a series of changes to the regulation of social housing and the Social Housing (Regulation) Act 2023 (the Act), which was implemented in July, has strengthened the role of the Regulator of Social Housing (the RSH). It will also give tenants more powers and improved access to redress. The aim is to introduce a new, pro-active, consumer-led regulation regime focussed on meeting the needs of tenants. There will be regular inspections of Registered Providers (RPs), such as Mid Devon Housing (MDH), to check that they are meeting the new requirements, as set out in the regulatory standards, which are being strengthened; and the RSH will have additional powers to intervene if these are not being met.
- 1.3 The Act also gives the RSH new powers associated with the ability to charge fees to fund its new, enhanced role. The aim, as stated, relating to the consultation, is to “ensure that the regulator has adequate resources, skills and capacity to meet its objectives.”
- 1.4 In section 1 of the consultation, there is also reference to the need for the RSH to ensure that their fees principles align with the new powers arising from the Act; and to its expanded remit of proactive consumer regulation, noting that there is a need for expanded resources to deliver this.

### **2.0 The Consultation**

- 2.1 The consultation is available to view on the GOV.UK website and was published on 5 September 2023.
- 2.2 The consultation offers stakeholders including RPs such as MDH an opportunity to comment on the proposals relating to the revised fee regime and to engage with the RSH about this. However, any individual or other organisation, can make a response in their own right, should they feel moved to do so.
- 2.3 The consultation states that the revision of the fee regime is informed by an aim to balance a number of requirements. These include ensuring that there is sufficient income to enable the regulator to carry out its role effectively and to charge providers on a fair and transparent basis. In 4.25 of the narrative in the consultation, there is a note that one of the requirements driving the revision is to secure sufficient income to enable the regulator to carry out its role

effectively.

- 2.4 The consultation sets out a number of proposed fee principles relating to the new regime:
  - 2.4.1 A fixed fee applies to all applications for initial registration
  - 2.4.2 The annual fee payable by a registered provider is set by reference to the number of social housing units owned by that provider
  - 2.4.3 A fixed fee should apply to all providers owning fewer than 1,000 units
  - 2.4.4 For groups owning 1,000 social housing units or more where the parent is a private registered provider, the annual fee should be set at group level rather than for each individual entity on the register
  - 2.4.5 Providers must pay the full cost of the annual fee for the year that they are on the register when they register or de-register
  - 2.4.6 The regulator will publish information annually on its costs and fees
- 2.5 The consultation is being made in line with the requirement in section 117(8) of the Housing and Regeneration Act 2008 that in preparing (or revising) the principles the regulator shall consult persons appearing to the regulator to represent the interests of fee-payers.
- 2.6 The principle which will have the biggest impact on budgets for MDH is that numbered 2.4.2 above. This is because there are further proposals to charge local authority registered providers (those with more than 1,000 social housing units) an annual fee on the grounds that it will be used to recoup the share of the costs attributable to local authorities. This fee will be calculated on the basis of the number of social housing units each has. The proposed fee levels for large local authority providers, such as MDH, is £7- £8 per unit. The RSH states that they anticipate that they will be in a position to confirm their fee levels for 2024-25 to RPs in spring 2024. Up until now, MDH has not been required to pay any fees to the RSH.
- 2.7 The consultation makes it clear that the RSH wishes to deliver some certainty regarding the level of the fees payable by individual RPs. It states that the principals are designed to ensure that the level of fee should be practicable, reliable and stable to facilitate effective budgeting.
- 2.8 The consultation also notes that the proposals are designed to ensure that the level of fee is simple to calculate and to charge, in order to make the scheme as transparent as possible, and to keep costs of operating it as simple as possible.
- 2.9 The proposals are also designed to ensure that private RPs do not pay for the regulation of local authority registered providers, such as MDH, or the reverse; that the fee income matches the costs incurred, or which are likely to be incurred, in the performance of the regulator's functions; and that the level of

fee takes into account the level of benefit that RPs receive from being part of a regulated sector.

2.10 It is proposed that the new fees regime will commence on 1 July 2024.

2.11 The proposals made in the consultation relate to England only.

2.12 The consultation contains 9 consultation questions and Officers will work with the Cabinet Member for Homes to agree a response to these. If any Member of the Homes Policy Development Group (PDG) wishes to make a contribution to this response, please contact the Responsible Officer.

2.13 The deadline for responses is 31 October 2023, meaning that the consultation will last for 8 weeks from 5 September 2023.

### **3.0 Implications of the proposed change to the funding regime operated by the Regulator for Social Housing**

3.1 The HRA had 2918 properties in management at the end of August 2023. Therefore, the total fee to be paid to the RSH with effect from 1 July 2024 is likely to be in the range of £20,426 to £23,344 should the RSH levy a fee of £7 to £8 per unit, as suggested in the consultation.

3.2 As a new mandated fee, an estimated provision based on the above will need to be made in the setting the Housing Revenue Account (HRA) budget for 2024/25.

### **4.0 Recommendation**

4.1 The following recommendation is made:

That the Policy Development Group notes the report and that Members contact the Responsible Officer if they would like their views on the proposed changes to the fee-charging regime reflected in the corporate response to the consultation.

### **Financial Implications**

The landlord service is funded through the Housing Revenue Account (HRA) which is a ring-fenced account. The main income into this account is derived from the rent paid by tenants, and the HRA must balance. Once there is some certainty regarding the level of fees to be charged by the RSH, a specific budget within the HRA will be agreed to ensure that there are funds available to meet this new burden.

### **Legal Implications**

The Social Housing (Regulation) Act 2023 has received Royal Assent in July 2023. The provisions of the Act are designed to strengthen the regulatory framework for

social housing and to introduce a new proactive, consumer-led regulation regime focussed on meeting the needs of tenants. The RSH has also issued in July 2023 a consultation on the new regulatory standards for social housing which RPs will be expected to achieve from April 2024. This consultation is also available on the GOV.UK website and closes on 17 October 2023.

### **Risk Assessment**

The RSH regulates social housing and the new legislation has conveyed on it the power to change the fee regime which funds it. Failure to deliver compliance with any part of the regulatory framework may result in action being taken by the regulator and this could include a fine. However, failure to meet the requirements of the regulatory standards and/ or to pay the fees required by the regulator, could also result in reputational risks and a loss of confidence in MDH locally and nationally as a landlord which achieves our own vision: “Mid Devon Housing (MDH) is a sustainable, local authority housing service which supports our communities by providing safe, decent affordable homes for local people. We put our tenants at the heart of everything we do, working as a responsible landlord to fully meet the requirements and standards expected of us”.

### **Impact on Climate Change**

No direct impact arising from the consultation or this report.

### **Equalities Impact Assessment**

The regulatory framework currently includes the Tenant Involvement and Empowerment Standard and, in line with the provisions of this, RPs are required to treat all tenants with fairness and respect; and also to demonstrate that they understand the different needs of their tenants, including in relation to the equality strands and tenants with additional support needs.

Officers working in MDH have training in support of this and are mindful that the Public Sector Equality Duty applies in the discharge of their duties. Work has started to refresh the information held on tenants in MDH records and, to this end, diversity information will be sought at most contacts starting once teams have been briefed.

### **Relationship to Corporate Plan**

Related aims in the Corporate Plan include “Deliver more affordable housing and greater numbers of social rented homes” and “Support and grow active tenancy engagement.”

## **Section 3 – Statutory Officer sign-off/mandatory checks**

**Statutory Officer:** Andrew Jarrett

Agreed by or on behalf of the Section 151

**Date:** 12 September 2023

**Statutory Officer:** Maria De Leburne

Agreed on behalf of the Monitoring Officer

**Date:** 12 September 2023

**Chief Officer:** Stephen Walford

Agreed by or on behalf of the Chief Executive/Corporate Director

**Date:** 12 September 2023

**Performance and risk:** Dr Steve Carr

Agreed on behalf of the Corporate Performance & Improvement Manager

**Date:** 14/09/2023

**Cabinet member notified:** Yes. Cllr Simon Clist. 07/09/2023

#### **Section 4 - Contact Details and Background Papers**

**Contact:** Mrs Claire Fry, Operations Manager for Housing Management Services

Email: cfry@middevon.gov.uk

Telephone: 01884 255255 (via call-back)

#### **Background papers:**

The consultation relating to the proposed change to the fees regime associated with the regulation of social housing can be found here:

[Consultation on changes to our fees regime \(accessible version\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/consultation-on-changes-to-our-fees-regime-accessible-version)

A guide to regulation of Registered Providers:

[A guide to regulation of registered providers - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/a-guide-to-regulation-of-registered-providers)

The consultation relating to the new regulatory standards for social housing can be found here and it should be noted that it has been proposed by the RSH that the Transparency, Influence and Accountability Standard should be the one relating to tenant involvement going forward:

[Consumer standards consultation - what we are proposing and how to have your say - Summary \(accessible version\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/consultation-on-consumer-standards-what-we-are-proposing-and-how-to-have-your-say-summary-accessible-version)