

Regulation

The Housing Corporation has regulatory functions which will not automatically transfer to Communities England. Implementation is subject to further consideration.

Current arrangements

Housing Corporation regulatory responsibilities include the registration of housing associations (as RSLs), the regulation of their governance arrangements and management of existing housing association stock. Inspection of RSLs was transferred to the Audit Commission in 2003. The Housing Act 2004 introduced the ability of the Housing Corporation to grant fund non registered bodies, such as for-profit developers, for the provision of affordable housing.

Performance of local authority social housing provision either direct or through Arms Length Management Organisations (ALMOs) has a different regulatory regime. ALMOs that receive additional funding are subject to regular inspection from the Audit Commission, whilst local authorities that directly manage their housing are subject to the local authority performance management system under Best Value legislation. This includes a duty to deliver best value, including undertaking reviews, reporting on Best Value Performance Indicators, and being subject to inspection and assessment by the Audit Commission – both through individual housing inspection events and through the Comprehensive Performance Assessment.

The Cave Review

The Cave Review argued that it would be beneficial to have a single regulator and single system of regulation for all social housing providers (both owners and managers), i.e. RSLs, local authorities, ALMOs and private sector. This would allow clear comparison of services and standards of provision across the social housing domain, and similar regulatory requirements for all providers. The Review argued that the regulator should be statutorily independent (with a Board of Directors appointed by Government) and not part of Communities England. It recommended that all providers should have a new statutory duty to engage constructively with local authorities in respect of their convening and place shaping function, e.g. by local partnerships and agreements, whose terms should be mutually agreed.

Government's Proposals

To establish in statute an independent social housing regulator with a focus on core housing functions only. Views are sought as to whether the regulator should be:

- Located within the Audit Commission, which has implementation advantages but a primary focus on the public sector; or
- Stand-alone, building on current Housing Corporation regulatory functions, an option considered likely to command greater confidence from the private sector.