

## **RSH consultation on fees**

[Consultation on fees - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

**Do you agree with our proposed approach to settling initial registration fees, set out in paragraphs 5.1-5.7 of our consultation document?**

**Agree**

Disagree

Comments –

We support the proposal to charge initial registration fees at the point of application, as opposed to upon successful registration.

As the Regulator will now be required to become fully funded through fees paid by Registered Providers, to continue the current model of registration fees would mean that, in effect, unsuccessful applications would be paid for by the current group of Registered Providers. It is only fair that prospective Registered Providers pay for their own applications.

The proposal to introduce a two-stage registration process, where a prospective provider completes a preliminary application followed by a detailed application, is also something that we support. By splitting the associated application fees into £500 and £2,500 payments respectively, this reduces the risk of paying a significant amount of money only to be unsuccessful. We hope that the preliminary application process will support applicants so they can submit their detailed application with a relatively high level of confidence it will be successful.

Our primary concern with the overall impact of the new approach would be that the additional financial burdens may be perceived as a barrier to registration, and greater numbers of housing providers may decide not to register with the Regulator or to de-register. This would run counter to our hopes for the Regulator to play a critical role in a high-quality, well-regulated social housing sector, as more housing providers and larger proportions of our social housing stock would fall outside of the purview of the Regulator. We hope, therefore, that the Regulator makes sure to regularly monitor the proportion of housing providers and the social housing stock that are managed by fully Registered Providers and review this approach accordingly.

**Do you agree with our proposed approach to settling annual fees for large private registered providers, set out in paragraphs 6.3-6.4 of our consultation document?**

**Agree**

Disagree

Comments –

We acknowledge that Registered Providers will be required to pay for any additional resourcing requirements at the Regulator, given the government's position that the Regulator will now need to be entirely funded through fees. As large Private Registered Providers (PRPs) are already required to pay annual fees to the Regulator, the proposed changes will be less of a sudden change than it will be for Local Authority Registered Providers (LARPs), but it will still be a significant increase in Regulator costs.

One of the larger PRPs in our membership, who operate exclusively in the North, will see their regulatory fees increase by more than £160,000 per year under the proposals. This must also be viewed in the context of Registered Providers being expected to deliver on numerous long-term priorities simultaneously and at substantial expense, including building safety, decarbonising our stock, an updated Decent Homes Standard and building new homes. Each additional financial burden placed upon providers makes the delivery of each of these important priorities more difficult.

One further concern is the lack of consideration given to variations in rent levels between different regions when calculating proposed Regulator fees. The consultation document notes that general needs rents are, on average, £98.05 per week for Private Registered Providers (PRP) across England. Rents levels are, however, not uniform across the country with substantial regional variations.

Across the North, rent levels are lower: with average weekly PRP rents in the three Northern regions being between 11-16% cheaper than the English average (table below).

	Private Registered Provider (PRP) rents (£/week)	Difference between English and regional figure (PRP rents) (£/week)	As a percentage of English average
England	£98.05	N/A	N/A
North East	£82.23	£15.82	16%
North West	£85.57	£12.48	13%
Yorkshire & Humber	£87.43	£10.62	11%

While the proposed changes to annual fees are calculated on a ‘per social housing unit’ basis, the proposed fee levels pay no attention to these regional discrepancies in per property rental income, and therefore the real financial capacity of providers. The proposals instead simply place a proportionately larger economic burden on housing providers in the North. If the proposed Regulator fees were adjusted for regional rent variations, the same PRP used as an example previously would pay around £56,000 less each year.

**Do you agree with our proposed approach to setting annual fees for large local authority registered providers, set out in paragraphs 6.5 - 6.8(opens in new window) of our consultation document?**

Agree

Disagree

Comments –

Local authority budgets are under significant pressure across the country, including in the North. Since 2010, spending on housing services in local authorities across the North has already fallen by 53%, compared to 34% across England as a whole.

For one of the largest Local Authority Registered Providers (LARP) in the North, the proposed fees would require the authority to find somewhere in the region of an additional £420,000 from within their Housing Revenue Account (HRA). This is a fee equal to the costs of several members of full-time staff working on other important housing priorities and activities - such as administering home repairs, stock investment and supporting vulnerable residents. This is

clearly a significant and sudden increase given that the charge would have been zero previously, and risks reducing housing services capacity even further at a time when areas such as housing officer patch sizes and responsive repairs service levels are key focuses of the housing sector.

Additional funding from central government to ease this new burden for LARPs should be considered appropriate, to minimise the risk of important housing services being further eroded.

The consultation document also notes that the Regulator will be building up staffing capacity incrementally. As a result, the Regulator’s staffing costs (which will be recouped through fees) will increase to the required level gradually, whereas the fees paid by Registered Providers will rise to the full amount immediately. The proposed approach claims that any fees paid that go unspent will be refunded to Registered Providers, but it is unlikely that LARPs will be able to use any refunded fees for productive uses, as they cannot be relied upon for budgetary purposes.

As an alternative approach, rather than refunding any unspent fees, the Regulator could look to introduce the new charging regime for LARPs incrementally, setting out a steadily increasing level of fees over the next several years. This would make the transition from zero annual regulatory fee to the significant fees listed above more manageable for providers, and ensure that any difference between the funding required by the Regulator and the fees paid by LARPs can be used productively at the authority.

On a similar note to our response to the question on large Private Registered Providers (PRPs), it is important to note that there are also significant regional variances in rents set by LARPs.

The consultation document notes that general needs rents are, on average, £89.53 per week for Local Authority Registered Providers (LARPs) across England. Rents levels are, however, not uniform across the country with substantial regional variations. Across the North, rent levels are lower: with average weekly LARP rents between 13-16% cheaper in the three Northern regions (table below).

While the proposed changes to annual fees are calculated on a ‘per social housing unit’ basis, the proposed fee levels pay no attention to these regional discrepancies in per property rental income and therefore the real financial capacity of providers. If the proposed regulator fees were adjusted for regional rent variations, then the LARP used as an example earlier would pay approximately £67,000 a year less in Regulator fees.

	<b>Average Local Authority Registered Provider (LARP) rents (£/week)</b>	<b>Difference between English and regional figure (LARP rents) (£/week)</b>	<b>As a percentage of English average</b>
<b>England</b>	£89.53	N/A	N/A
<b>North East</b>	£76.59	£12.94	14%
<b>North West</b>	£77.83	£11.70	13%
<b>Yorkshire &amp; Humber</b>	£75.55	£13.98	16%

**Do you agree with our proposed approach to setting annual fees for small private registered providers, set out in paragraphs 6.9 - 6.12([opens in new window](#)) of our consultation document?**

**Agree**

Disagree

Comments –

It is fair that small private registered providers contribute to the costs of their consumer regulation through the annual flat fee. If this cost were not covered by small private registered providers themselves, this be another additional financial burden on the larger providers who will already see significantly larger increases in their regulatory fees under these proposals.

**Do you agree with our proposed approach to setting annual fees for small local authority registered providers, set out in paragraphs 6.13 - 6.15([opens in new window](#)) of our consultation document?**

**Agree**

Disagree

Comments –

It would be unfair to charge small Local Authority Registered Providers an additional charge when they will not receive the proactive regulatory engagement that the additional revenue is intended to cover. Excluding them from annual fees is a fair approach.

**Do you agree with our proposed approach to setting annual fees for groups where the parent is a private registered provider set out in paragraphs 6.16 - 6.17([opens in new window](#)) of our consultation document?**

**Agree**

Disagree

Comments –

**Do you agree with our proposals for publishing information annually on our costs and fees, set out in paragraphs 7.1 - 7.3([opens in new window](#)) of our consultation document?**

**Agree**

Disagree

Comments –

We believe that no longer publishing a separate fees statement is sensible, as long as all relevant information on fees is provided between the Regulator's Annual Report and Accounts, and the annual fees guidance.

It is important to stress that every pound spent on regulator fees by Registered Providers is a pound not spent on tenants and their homes. It is therefore only right for transparency and scrutiny purposes that the Regulator provides regular information on how income from fees is spent. It is also right that the Regulator seeks to provide value for money for Registered Providers and tenants, and to minimise duplicated work as this proposal aims to do.

**Do you agree with our proposed approach to continuing the Fees and Resources Advisory Panel, set out in paragraph 7.4 (opens in new window) of our consultation document?**

Agree

Disagree

Comments –

We welcome all opportunities for our members to engage with the Regulator. Due to the increased engagement with the Regulator that Local Authority Registered Providers (LARPs) will have going forward, we agree with the proposal to expand the membership of the Fees and Resources Advisory Panel to include LARPs.

**Do you have any comments on our business engagement assessment or the impact of our proposals on equality and diversity?**

We have no comments to make on the impact of the proposals on equality and diversity.

We welcome the opportunity to engage with the Regulator on the new fees regime from 1 July 2024. We would be happy to speak directly with the Regulator around the issues or to facilitate discussions between the Regulator and our members. Our membership is comprised of housing associations, local authorities and ALMOs who collectively own and manage 9 out of 10 social homes in the North, including all Local Authority Registered Providers in the North.

Submitted by Tom Kennedy, Policy and Public Affairs Manager – [tom.kennedy@northern-consortium.org.uk](mailto:tom.kennedy@northern-consortium.org.uk)