



CALL FOR EVIDENCE: REVIEW OF SOCIAL HOUSING REGULATION

Issued 6 November 2018

ICAEW welcomes the opportunity to comment on the call for evidence on the *Review of Social Housing Regulation* published by Ministry of Housing, Communities & Local Government on 14 August 2018 copy of which is available from this [link](#).

This response reflects consultation with ICAEW's Business Law Committee and its Social Housing sub-Committee which includes representatives from public practice and registered housing providers. The Business Law Committee is responsible for ICAEW's policy on social housing issues and related submissions to regulators and other external bodies

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KEY POINTS

1. We are commenting from the general perspective of our members as accountants and auditors employed in, or providing services to, the sector and we are therefore making some general comments rather than seeking to answer the detailed questions raised.

PRIVATE SECTOR CLASSIFICATION

2. Government deregulated aspects of the social housing regime through regulations in 2017 and thereby contributed to relevant private sector housing associations no longer being classified as being in the public sector (with the resultant impact on the government balance sheet).
3. If Government increases regulation of the sector following this review, it should consider the possible impact of any change for the purpose of the national accounts and other ONS economic statistics.

DISCLOSURE REQUIREMENTS

4. The Green Paper referred to in the consultation raised the possibility of the Regulator publishing key performance indicators to enable residents to compare performance (perhaps akin to a league table of social housing providers).
5. If this proposal is to be pursued, we would urge Government (i) not to impose additional disclosure requirements to the accounting requirements for housing associations for the purpose; and (ii) to exercise caution in making comparison on the basis of only selected figures from annual accounts.
6. It is important that the main purpose of annual accounts (broadly to show a true and fair view of the financial position of the relevant association) is not undermined by inclusion of extraneous information that contributes to 'clutter' and that those using annual accounts understand the purpose for which they are prepared (and any comfort to be derived from them having been audited, including the related use of estimates and concepts of materiality).
7. There is a considerable danger that Government and others might seek to place false reliance on the level of accuracy of extraneous information published within financial statements audited to the materiality level set for annual accounts as a whole.