

Social housing providers continue to comply with regulatory standards following regrades from RSH



Today (15 November 2022) the Regulator of Social Housing published the first substantial set of results of its annual stability checks for private registered providers owning more than 1,000 homes.

The stability checks focus on providers' financial resilience and consider changes to their risk profile, including external economic factors beyond their control.

All 27 providers whose results have been published today comply with the financial viability standard and 19 have been regraded from V1 to V2. The V2 grades reflect the regulator's judgement that these providers have the financial capacity to deal with a reasonable range of risks which need to be managed to ensure continued financial stability.

The 2022 stability checks are based on data submitted by providers in June 2022. The results published today are in line with the regulator's expectations and reflect challenging conditions across the economy. Higher inflation and borrowing costs, as well as a weakening housing market, are putting greater pressure on providers' financial headroom as they continue to invest in new homes and carry out safety, decarbonisation and repair works.

RSH is aware that some providers are considering their strategic priorities and are re-working plans to take account of more recent economic changes. RSH expects that strategic decisions made by providers' Boards will be reflected in future data submissions.

RSH will continue to publish the results of its stability checks for all large private registered providers over the next few months. In keeping with the wider economic environment, the regulator expects to publish a number of regraded V2 judgements for providers during this process.

Jonathan Walters, Deputy Chief Executive of RSH, said:

The results of our first round of stability checks reflect the significant economic challenges facing the sector.

Against this backdrop, we have seen a substantial number of providers moving to V2 grades. These providers continue to comply with our financial viability standard and the sector remains in a strong financial position overall.

It is crucial that all providers maintain a strategic approach to risk management and focus on their key objectives: investing in new and existing homes and providing quality services for their tenants.

1. RSH regulates over 200 private registered providers with more than 1,000 homes and carries out stability checks on these providers annually.
 - Stability checks look at the financial information providers have submitted and consider whether each provider's current viability grade is consistent with the information contained in their regulatory returns.
 - In doing this, the regulator focusses on indicators of financial robustness and evidence of any significant changes in risk profile.
 - Where the provider's grade is unchanged as a result of the stability check, the regulator publishes a strapline regulatory judgement. Where it considers that a provider's current grade is inconsistent with their regulatory returns, the regulator will change their grading and publish a narrative RJ.
 - Once published, the grading will be reviewed at a subsequent in-depth assessment or stability check.
2. The stability check judgements published since October 2022 are based on Financial Forecast Returns submitted in June 2022. RSH is aware that some providers are considering their strategic priorities and are re-working plans to take account of more recent economic changes. RSH expects that strategic decisions made by Boards will be reflected in future returns.
3. Providers with a V1 grade for financial viability meet the regulator's viability requirements and have the financial capacity to deal with a wide range of adverse scenarios. Providers with a V2 grading also meet RSH's viability requirements, with the financial capacity to deal with a reasonable range of adverse scenarios but need to manage material risks to ensure continued compliance. V3 and V4 are non-compliant grades.

4. The regulator issued judgements for 27 providers. 19 were regraded from V1 to V2, while 2 retained their V2 grades and 6 retained their V1 grades.
5. The full results of the first set of RSH's stability checks for 2022 are set out in the table on the [Regulatory judgements and notices, and gradings under review page](#).
6. More information about how RSH regulates, including its process for annual stability checks, can be found in [Regulating the Standards](#).
7. For press office contact details, see our [Media enquiries page](#). For general queries, please email enquiries@rsh.gov.uk or call 0300 124 5225.
8. The Regulator of Social Housing promotes a viable, efficient and well-governed social housing sector able to deliver and maintain homes of appropriate quality that meet a range of needs. It does this by undertaking robust economic regulation focusing on governance, financial viability and value for money that maintains lender confidence and protects the taxpayer. It also sets consumer standards and may take action if these standards are breached and there is a significant risk of serious detriment to tenants or potential tenants.

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1. 15 November 2022

The press notice was updated to clarify that 19 providers were regraded from V1 to V2 for financial viability.

2. 15 November 2022

First published.