

CIRCULAR

Validation of performance reporting systems

October 2007

08/07

This Circular is for the attention of:

All Registered Social Landlords owning and/or managing more than 2,500 units of social housing stock.

Relevant legislation:

N/A

Regulation and/or policy requirements

Housing Corporation Regulatory Code and Guidance

Housing Corporation Performance Indicator suite (as revised in 2006)

Framework for the Validation of Performance Indicators

This Circular replaces:

Circular 06/04: External validation of performance reporting systems of housing associations (August 2004)

Note: 'Housing association' is used as a generic term for registered social landlords. 'Corporation' means Housing Corporation.

1. Background

The Housing Corporation introduced a new suite of Performance Indicators (PIs) in 2006, which reduced the numbers of PIs against which associations are obliged to report. Also in 2006, the Corporation carried out an evaluation of the first round of validations. This concluded that associations generally found the need for validation a useful one, but had concerns as to the resources required to carry out validations. Finally, the 2006 Elton Review of Regulatory and Compliance Requirements for RSLs made specific recommendations to the Corporation to look at reducing the burden of complying with this requirement. As a result of these factors we have reviewed our expectations as set out below.

2. Corporation expectations

- By 31 March 2008, housing associations should agree with their regulatory contact a timetable for carrying out the validation of their performance reporting systems. The validation should be carried out no later than 12 months after the association carries out a STATUS survey (using the new STATUS survey to be published in October 2007);

- Newly registered housing associations should agree to carry out their first validation no later than 12 months after carrying out their first STATUS survey;
- Associations should advise the Housing Corporation of the results of validation in their subsequent Self Assessment Compliance Statement;
- Where systems are deemed to be non-compliant, these systems should be re-validated within 12 months;
- Housing associations' boards must have confidence that their organisation has robust performance management systems. They can use their internal audit function to carry out the validation, or a service provider external to the organisation;
- If there is a requirement to re-validate (e.g. because of a merger, or installation of a new computer system), then re-validation can be carried out by an association's internal audit section.

3. Assessing compliance

- We will expect housing associations to certify they have met the requirements of this Circular;
- Where our risk assessment indicates a housing association may not be complying or the impact of non-

compliance is particularly high we will undertake a more detailed review in accordance with our normal regulatory engagement.

4. Enquiries about this Circular should be directed to:

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