



Memorandum of Understanding

February 2007

Housing Corporation Audit Commission

Memorandum of Understanding

Introduction

This is the third Memorandum of Understanding (MoU) between the Housing Corporation and the Audit Commission since the Commission took over responsibility for the inspection of registered social landlords (generally known as housing associations or HAs) in April 2003. The MoU sets out how the two organisations work together in regulating and inspecting housing associations. It summarises, at a strategic level, our arrangements for the management of our respective roles and responsibilities, and the key principles that underpin our relationship. This revision has been prompted by the review, chaired by Sir Les Elton, of the regulatory and compliance requirements of Registered Social Landlords (RSLs) published in April 2006.

Respective Roles

The Corporation is the principal regulator for HAs. It has a statutory role in overseeing their governance, financial viability and management of performance. The Corporation is strongly reliant on the inspection process to inform key parts of its regulatory judgement, particularly in respect of the delivery of housing services.

The Corporation is also the main source of public grant funding for the provision of affordable housing for rent or for sale, both to HAs under section 18 of the Housing Act 1996 and to other, non-registered bodies, under section 27A of the same Act.

The Commission has a wide role to play across a number of sectors. In the housing sector it is the statutory inspector of the housing services of local authorities, ALMOs and HAs. It is therefore the key contributor to the regulatory assessment of the service delivery performance of HAs. The Commission also inspects the strategic and enabling functions of local authorities, including their work with housing associations, and other local and regional bodies; specifically it also inspects the provision of Supporting People services by local authorities.

Both organisations are statutory non-departmental public bodies and both are sponsored by Communities and Local Government.

Aims and objectives

The Corporation and the Commission share a commitment to driving performance improvement and increased efficiency within the housing association (HA) sector. We aim to get the best from our resources by ensuring that our efforts are complementary, by better targeting of our work and by working in partnership. The expected outcomes are that:

1. Regulation and inspection should be effective in driving service improvement to HA residents both across the HA sector as a whole, and at individual HAs as they are regulated and inspected;

2. The efficient use of the limited resources available to the Corporation and the Commission is embedded in the design of our working arrangements;
3. Inspection provides a consistent and accurate assessment of service delivery;
4. Inspection reflects the service delivery issues which are important to residents;
5. Regulation, and the contribution of inspection to regulation, provides assurance to government and the taxpayer that HA service delivery is efficient and effective.

To support the MoU an annual work plan will also be published which will set out how we are working together to achieve these outcomes. Further detailed operational guidance which will set out the day to day arrangements for implementing our work together will also be available.

Ensuring that regulation and inspection are risk based

The principal attribute of the working arrangements is that they are designed to be risk-based. The objective is to systematically address the risk of failure of HAs to meet the regulatory requirements set out in the Regulatory Code to provide good-quality, well-managed, value for money services, which are responsive to the expectations of their residents, and which indicate a commitment to co-operation with local authorities and other stakeholders in meeting housing need.

As the range of organisations which provide social housing continues to grow and diversify, the Corporation and the Commission will work together to enhance the existing systems and develop new approaches that will lead to continued improvements in the quality of services to residents, support the Corporation's role as regulator and the Commission's role as statutory inspector of social housing.

In order to meet these responsibilities we will:

1. Keep our approaches for achieving this under regular review;
2. Discuss any relevant changes to our frameworks for regulating and inspecting housing associations as early as possible and prior to any public consultation;
3. Issue, where appropriate, joint guidance at both a strategic and operational level;
4. Adopt a systematic approach to the management of data and information collection, with the aim of eliminating duplication and ensuring open arrangements for information sharing between us;
5. Work together on national value for money studies and other joint work;
6. Undertake public consultation with the social housing sector and other stakeholders; and
7. Continue to develop a co-ordinated view of risk to assist us in targeting our respective resources.

This will ensure that both organisations develop a common understanding of each other's responsibilities and the impact of their work on their respective activities. It will also provide an opportunity to bring relevant matters to the attention of Communities and Local Government, the National Housing Federation and other key stakeholders, as well as HAs themselves.

Our overall approach is to protect the interests of tenants and tax-payers whilst striving to reduce the requirements placed on HAs.

How we will work together at a strategic level

The Corporation and the Commission will have Board level discussions to look at the effectiveness of our partnership arrangements, the delivery of the national work programme, and the overall scope and operation of the inspection and regulation frameworks in the context of national policy.

At officer level, we will monitor the development and progress of our partnership by quarterly meetings at national and local level. The Commission's Chief Inspector of Housing and the Corporation's Director of Regulation will review relationships and policy, agree the annual inspection programme and monitor progress on the annual joint programme of work and the operational guidance.

At local level, the Commission's Heads of Housing and the Corporation's Field Directors will meet to develop and monitor HA inspection and other joint work.

How we will work with others:

Engagement with the housing sector on inspection

The Commission has set up an Inspection Sounding Board whose purpose is to give feedback to the Commission on how housing inspection can drive the improvement of the services delivered to the diverse range of communities in social housing by a broad range of housing organisations. It will also provide a forum for information and consultation on proposed changes in inspection methodology and guidance. Membership includes the Corporation, representatives of inspected bodies, including HAs, and other relevant stakeholders including the NHF and the Local Government Association.

Engagement with the housing sector on regulation

The Corporation has set up a Regulatory Review Group whose purpose is to give feedback to the Corporation's Board on how regulation can secure a well governed, well managed and viable HA sector. It will also provide a forum for information and consultation on proposed changes to its regulatory approach and regulatory requirements, and feedback on the operation of the regulatory system. Membership will include the Commission, representatives of Communities and Local Government, HAs and the NHF.

Engagement with residents

The Corporation and the Commission are committed to promoting the involvement of residents in providing feedback to HAs on their performance. We will work together to develop and disseminate new approaches either in our respective working practices or in the working practices of landlords which better involve residents in the design and delivery of housing services.