

Rt Hon John Healey MP



HOUSE OF COMMONS

LONDON SW1A 0AA

Andy Rose
Chief Executive, Homes and Communities Agency
Fry Building
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30th September 2015

Dear Andy

On Thursday last week, registered providers and their boards were asked to decide on one of the biggest changes their organisations have ever faced. They are having to consider the deal the National Housing Federation has offered to government ministers to extend 'Right to Buy' discounts to housing association tenants.

And ministers have given all housing associations until Friday this week – just six working days – to examine: the commitment required; undertake the due diligence with necessary financial and legal advice; assess the consequences for their business plan, financial viability and stock management; consult with tenants; fully brief their board; and convene their directors or trustees to take this profound decision. This is clearly a completely unrealistic and unreasonable demand for ministers to make of independent bodies.

It raises very serious questions over whether such decision-taking – or the commitments that housing associations may make – can be considered sound.

As regulator for the sector, with a remit which includes ensuring good governance, the HCA must take a view on this and I am writing to ask that you confirm publicly before Friday whether or not any decision to sign-up to the voluntary deal in these circumstances will be judged by the HCA as soundly-based and any housing associations doing so will be guaranteed that their governance will not be called into question by the regulator.

If you are unable to do this, then I urge you to step in and ensure that the timetable is extended so that any decisions on this agreement can be properly considered by those you regulate.

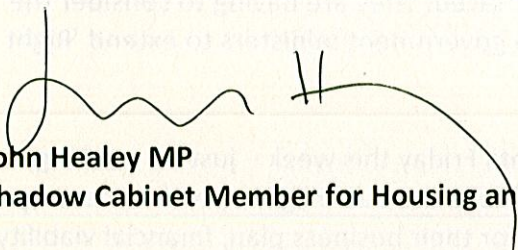
No doubt you will want to take into account the fact that registered providers should, at least, each be securing proper and thorough legal and financial advice given that your 'Governance and Financial Viability Standard' (April 2015) sets out a range of principles that they should follow – for instance that registered providers should ensure their long term viability by "carrying out detailed and robust stress testing against identified risks" (2.5(b)), and that before taking on new liabilities they must ensure "they understand and manage the likely impact on current and future business" (2.5(c)).

This is a highly complex strategic decision for registered providers, with far-reaching consequences for their businesses and their tenants. No doubt you will also want to take into account the time that will be required for them to be able to discuss the implications with their local authority partners.

Of course this is difficult for housing associations to do, as the full detail of the offer is not yet clear – and the detail of the alternative statutory plan from government is even less so. And without knowing the detail of the alternative that would be set out in legislation and made clear through parliamentary scrutiny, it is unclear to me how providers can fairly assess the current offer. I would be interested to receive confirmation of your view on this point.

I look forward to hearing from you urgently on these matters.

Yours sincerely



John Healey MP
Shadow Cabinet Member for Housing and Planning

CC: Julian Ashby, Chair Regulation Committee