

Definitions of ownership

A research report for the
Housing Corporation by

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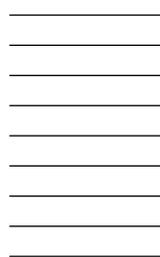
Phase IV: The Group RSR

Definitions of Ownership

PHASE IV: THE GROUP RSR

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Executive summary

METHODOLOGY

The project was undertaken in two stages:

- Firstly conceptual issues were addressed with Housing Corporation officials. Fundamentals such as a definition of a group and what data are actually required by the Corporation at group level were discussed and agreed.
- Secondly, the practical issues were tested via a highly consultative approach that was taken within each stage of the research process. Housing association group structures were given the opportunity at every stage to comment on the content and clarity of a Group RSR and Guidance Notes.

CONCEPTUAL ISSUES

Administering a group RSR: the fundamentals

- The initial definition of a group used during the research was based on only one aspect of the Housing Act 1996 provisions (Section 60) — that is, the parent having the power to appoint and remove Board members of other subsidiary organisations.
- Information would be required about all unregistered subsidiaries. The Housing Corporation did not need to look at the outcomes of unregistered subsidiary activity, as they do with registered organisations, but they did need to look at the impact of the activities on the group as a whole.
- Performance information would be collected via individual RSRs and not on a group-wide basis. A Group RSR would focus solely on regulation and not on performance. It was therefore not an aim of the Housing Corporation to produce group wide performance indicators.
- The five-percent materiality threshold would be applied on a cumulative basis in the group return. This would ensure that information

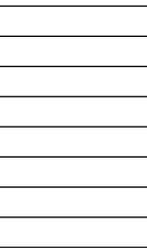
was captured for all non-stock related services provided for external organisations or individuals and would show the impact they had on a group as a whole.

Census of groups

- Discrepancies were highlighted between the consistency of information provided in Section One of the RSR and the reality of the housing association sector. Inconsistencies generally occurred because the clarity of definitions between subsidiary and associate organisations were imprecise which in turn amounted to housing associations providing inconsistent subjectively formed information.
- Definitions of a group structure, subsidiary and associate organisations yielded more accurate reporting of group membership as the consultation process developed.
- A concrete list of group structures at any given time proved impossible. This was because of the: weaknesses in existing information; fact that the project did not (nor attempted to) achieve 100% coverage; and, fluid nature and number of the population of group structures as a whole.

Housing association group structures

- The principle role of the parent was generally strategic direction and leadership, and the provision of corporate services. More than half of the parent bodies were asset holding although exclusively so in only two cases.
- Although the most common type of control mechanism was at Board level, ownership or control of ownership was also a significant method of influence. In some cases combinations of different mechanisms were exercisable within a group. This indicated that the definition of a group based on control at Board level could be too narrow to act as an effective trigger to reporting in the way intended.



- Because the number of unregistered subsidiaries was much greater than indicated by information provided in Section One of the RSR, the average size of groups was larger than originally anticipated in terms of organisational membership.

Internal data management

- The research highlighted that the majority of the groups held their housing based data both centrally and individually and it was shown that the amalgamation or disaggregation of data as required by the Group RSR would not be difficult in most cases. Although there may be some short-term implications, they generally highlighted a lack of a group approach and consistency in some cases rather than an inability to deliver group-wide data.
- Data about non-housing activities and services provided by groups could also be provided fairly easily as the vast majority of respondents held these data centrally or both centrally and individually.
- With regard to the consistency and the standardisation of data, it became apparent that there were some groups with outstanding internal issues. Although problems would be likely in the first year that a Group RSR was introduced and should therefore be expected in this event, the problems identified tended to be individual to specific groups and could be addressed in the short-term. Therefore, in the longer-term the resulting group data would be sufficiently consistent and correct to serve the Housing Corporation's needs.

PRACTICAL ISSUES

Definition of a group and its member organisations for a group RSR

- The definition of a group structure was expanded during the course of the research in line with the fuller text of the 1996 Housing Act (S.60) to include ownership of share capital rather than group structures being defined purely by control at Board level.

- Definitions of different types of group member organisations such as joint ventures were also included. A fully inclusive return and Guidance Notes should ensure a greater accuracy of data.

The draft group RSR and data assembly

- Using the same approach to data collection as the RSR 2002 would minimise the burden of the Group RSR. However, almost all issues raised in making the distinctions required for reporting in the draft Group RSR flowed from those in the RSR 2002 approach at the individual level.
- In the Group RSR context, the only new issue was the need to provide better guidance on reporting ownership and management functions where these were split between the group and external organisations.
- Distinctions made about rent levels and their link to the distinction made between social and non-social housing caused problems when defining social housing.

Rented and leased housing owned and managed by the group

- Overall there were relatively few identified problems providing data for the new draft Group RSR. Where problems were identified they were by and large definitional and could be overcome with clearer guidance.
- It is important to make groups aware that under a standardised approach to data collection some subjective decisions are required. Again, clarification of definitions and general guidance should go some way to facilitating the correct subjective decisions being made.
- The production of accurate supported housing data are the most difficult to provide. Difficulties arise in the main because of the poor quality of data supplied by managing agents. Groups will need to work hard alongside their managing agents to provide the data required accurately for the Group RSR.

- The vast majority of groups said they were able to provide the data requested for Part Two (non-social housing stock) without difficulty. The percentage of gross turnover and gross capital employed requested for Part Two were also viewed as unproblematic in practice. Finance departments were identified as being able to easily provide the information.
- The need for the Housing Corporation to review its approach to and data needs with respect to leased housing was evident from the lack of clarity and applicability of the approach to the wide range of intermediate tenure arrangements, Right to Buy and Right to Acquire sales, and leasehold management activities.
- The inclusion of unregistered subsidiaries' activities in the Group RSR did not impact greatly on the overall numbers but were particularly relevant to internal management arrangements. Therefore, their data was minimal and had little impact on the overall burden of the exercise but their inclusion was important in a group-wide view.

Other group-wide information requested

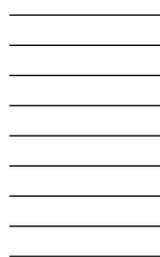
- Part Three was only a small additional burden to those who completed the form. However, this is likely to change in the future as groups continue to diversify. Even then, the provision of information for this Part was seen as unproblematic.
- Although the information captured in Part Three was minimal, it did capture information about unregistered subsidiary activity that had not been available in the past.
- The approach taken in Part Three required clarifying: to include management functions undertaken but not with respect to the actual management of tenancies; and, to include activities reported in Part Two within the overall 5% threshold trigger to reporting other activities.
- Overall, groups had few problems providing

information about paid staff and governing body members. The main issue raised related to the change in ethnic monitoring codes in line with new Census codes. This meant that housing associations would have to send out ethnic monitoring forms to all their staff again, if they had not already done so, which for larger groups was seen as quite a task and could impact on the 2002 data returned.

- Part Five, which asked for information about parent and subsidiary organisations, was found to be successful in clarifying reporting requirements under a group-wide approach. However, the general consensus was that the part would be more appropriately positioned at the beginning of the form rather than at the end. This Part could then serve the purpose of providing a checklist to the data provided.

Overall impressions, uses and added value

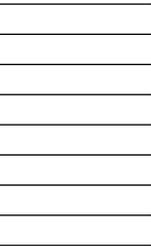
- Despite the fact that groups had identified a range of issues that required clarification to ensure consistency, the overall response to the draft Group RSR from respondents had been very positive and supported the introduction of a Group RSR in 2002.
- The resulting data did reflect the range and scale of activities on a group-wide basis, particularly when viewed alongside individual RSRs. This meant that it would provide the Housing Corporation with the body of data that they required. Again, this supported the introduction of a Group RSR in 2002.
- Because the resulting data would be used internally by groups as well as by the Housing Corporation, this indicated an element of added value, further supporting the introduction of a Group RSR in 2002.
- Anticipated internal uses were diverse but relevant and could be further facilitated by the Housing Corporation, particularly with respect to benchmarking.
- A number of groups would prefer a more detailed approach to group-wide data but



instead of, rather than as well as the individual RSR.

Other relevant issues

- Groups called for an extended deadline for completion of a Group RSR. This would most appropriately be extended by one month to the 30 June although in the first year of introduction this may be different.
- Groups expressed a preference for an electronic Group RSR. A paper form would be viewed as a backward step.
- Incorporation of a number of formatting issues would facilitate the ease of completing both the individual and a Group RSR.
- Groups challenged the Housing Corporation to investigate ways in which they can ease the burden of information further both at the individual and group level.
- Some groups called on the Housing Corporation to take a holistic regulatory approach to housing association group structures rather than the current approach of regulating individual members of the group separately.



1. Introduction

Since 1998 the Cambridge Centre for Housing and Planning Research (formerly the Property Research Unit) at Cambridge University has been funded to undertake an on-going research programme on behalf of the Housing Corporation which has aimed to ensure that the data returned in the Regulatory and Statistical Return (RSR) are not only accurate but are also appropriate to both the operational realities of housing associations and the needs of the regulator. This on-going series of research projects has become known more widely as the Definitions of Ownership project. Whilst each phase had its own distinct aims and objectives, each has built on the findings of previous phases. As a result of Phases I to III, a new look RSR that takes a different approach to data collection had been designed, tested and adopted by the Housing Corporation, to take effect from 2002 when each individual housing association would be required to complete it. Nevertheless, the project remained on-going. In the fourth phase of the research the focus switched specifically to housing association group structures and developing an overarching Group RSR.

Whilst there have been a wider range of publications that have focused on housing association group structures, the vast majority had been concerned with groups from an accounting or constitutional perspective. At the same time the Housing Corporation's approach to groups had been piecemeal and reflected the same business and good practice perspective. Consequently, it was necessary for this project to find solutions, in an RSR context, to a number of outstanding conceptual issues.

1.1 BACKGROUND TO THE PROJECT

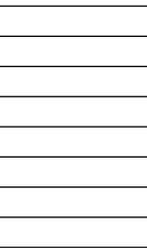
Just as each phase before had resulted from findings in earlier phases, Phase IV sought to address issues about group structures raised during the earlier phases that had not been addressed because of the homogenous approach to individual housing associations that is implicit in the regulatory and therefore RSR approach. Therefore, Phases I to III provided the background to the Phase IV project.

1.1.1 Definitions of ownership: phase I

The first Phase questioned *Is What We Ask For What We Get* (Marshall, D et al. Housing Corporation. 1998), and examined problems associated with completing Parts L and O in the RSR, investigating if the data returned by housing associations were indeed the data that had been requested. The findings identified a number of concerns and assumptions held by housing associations that resulted in inconsistent and inaccurate data. This provided evidence on a wide range of problems associated with completing the form and identified some more fundamental questions about the basis on which some of the information was recorded. As a result of the project, changes were made to the form and particularly to the Guidance Notes to help housing associations provide the required information more effectively. At the same time, the RSR was computerised and consistency and other checks were built in which both helped quality control and made the form more user friendly.

1.1.2 Definitions of ownership: phase II

The second Phase aimed to explore the concerns and assumptions that had been identified, addressing more fundamental questions about the definition of ownership used as the basis of reporting. It was important to ensure that the Housing Corporation's regulatory data requirements matched the operational realities of housing associations whilst minimising the perceived burden of data collection for housing associations. Based on extensive research with housing associations into their tenurial and management arrangements, internal data management and the scale and diversity of their activities then and anticipated in the future, a need to modify the definition of ownership became apparent, as did the need to change the basis of data collected and restructure the form to improve the flow of information. Notably, however, in line with the findings and the basis of the Corporation's regulatory approach as set out in the *Performance Standards* (Housing Corporation.



1997), ownership remained the basis of reporting. Housing associations in group structures had emerged as distinct to all other types of housing association during the research. This was because often the operational realities of ownership and management within group structures did not fit easily into the individual model — the autonomy of ownership at the subsidiary level was often not recognised or felt to be of importance at group level. In these cases, constituent housing associations tended to view all stock as owned and managed by the group, therefore, importance rested with the responsibility of management and not ownership. As a result, the addition of a new Part was recommended to disentangle group relationships and ensure that data returned elsewhere in the form were transparent. This would also ensure that the RSR statistical series would not continue to be skewed by the ownership and management structures operating within group structures.

1.1.3 Definitions of ownership: phase III

The third Phase concentrated on operationalising the proposals of the previous two Phases by administering the recommended new approach in a Shadow RSR to a range of housing associations and comparing the data returned with that returned on the actual RSR in 2000. An evaluation of the quality of the output and an assessment of the impact on the statistical series was performed. Qualitative feedback was received at the RSR Symposium and via a questionnaire, face to face and telephone interviews. Analysis proved the Shadow RSR to be easier and clearer to complete at the individual level, resulting in more accurate data.

The position of groups was an integral yet distinct consideration of the continuing project in the third Phase. Following discussions with housing associations at the RSR Symposium and with the Housing Corporation, it was decided that an extra Part would not yield sufficient information to make the group position transparent. Instead, we asked parent housing associations to complete an additional Shadow RSR (drafted as an individual RSR form) as an overarching group return containing amalgamated data from its constituent housing associations.

Findings highlighted difficulties in completing the Shadow RSR on a group basis resulting from the complexity of relationships within the groups, the way in which information was requested, and the omission of unregistered subsidiaries' data. It therefore remained problematic for groups to reflect the true nature of their activities and attributes without a tailored approach. In particular the Shadow RSR Guidance Notes were not specially rewritten to apply to the overarching group approach and it became obvious that Guidance Notes would need to address the specifics of group structures more directly. Whilst an overarching group approach was welcomed, the overarching Shadow RSR had not worked for groups for three main reasons:

- Those providing group-wide data needed special Guidance Notes;
- Not all group housing associations were prepared to do the additional work to test for changes — so that very few filled in the form completely; and,
- Those who felt they were only a group in name ('unregistered' groups) were not interested in the exercise.

1.2 THE RESEARCH: DEFINITIONS OF OWNERSHIP PHASE IV: GROUP STRUCTURES

On the group issue, Phase III had been successful in at least clarifying what the most important problems were. These included: how to define a group so that those who should be expected to complete a Group RSR could be readily identified; how to account for the wide range of ownership patterns within groups; how to take account of unregistered subsidiaries; and, the need for specific definitions and guidance in filling out the group return. Phase IV aimed to resolve these problems in order to enable the application of a reduced RSR to housing association group structures as a whole.

1.2.1 The objective of the project

The objective of Phase IV was to achieve consistent, accurate and transparent statistical information about group structures and their activities as a whole.

1.2.2 The relevance of the project

The project was of particular relevance for two main reasons. Firstly, the importance of group structures had been growing year on year in terms of the number and size of registered groups and of the increasing role of groups which had many of the same attributes, but had no formally registered parent body. Secondly, there was a wide range of new policies that required a clear understanding of group structure operations if they were to be effectively monitored. In particular, *Regulating a Diverse Sector: The Housing Corporation's policy* (Housing Corporation, 2000) applied to both groups as a whole (including both registered and unregistered organisations) and each individual housing association within the group (para. 30). The policy went on to state that the RSR would be used to monitor this regulatory policy (para. 33).

1.2.3 The problem

The problem is fundamentally that the RSR approach to data collection was based on the Corporation's regulatory approach that applied to housing associations individually. It follows that the RSR was devised around a two pronged categorisation of stock — that which was owned and/or managed within each organisation and that where other organisations were involved in either management or ownership terms.

However, for group structures there were three rather than two elements: ownership and management within the individual organisation; ownership and management across organisations within the group; and, ownership and management that operated across the group boundary to other non-group organisations. This position was then complicated by three factors:

- i) Even among 'registered' groups (i.e. those who perceive that they should be regulated as a group), ownership patterns varied across the spectrum from the parent owning everything to the parent owning nothing. Between the extremes there were many different models of ownership and management relations;
- ii) There appeared to be a significant number of

housing associations that were operating on a group basis but which had no registered parent body and which were reluctant to be categorised or regulated as housing association group structures in the absence of registration. Without a definition of a group, however, it was difficult to challenge this view. Determining the true population of housing association group structures and enforcing completion of a Group RSR would prove problematic unless a definition could be devised for the purposes of administering the Group RSR as a regulatory requirement; and,

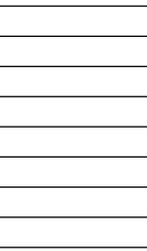
- iii) Many of the groups included unregistered subsidiaries. The Housing Corporation and the DTLR were to some extent, encouraging associations to set up such subsidiaries, increasing the complexity of monitoring and regulation. In groups where there were some registered and some unregistered subsidiaries the picture provided in the overarching Shadow RSR was incomplete. *Regulating a diverse sector* (Housing Corporation. 2000), together with the detailed definition of social housing implied that the Corporation would wish to know about unregistered subsidiaries. The regulator's right to demand information about unregistered organisations that were not subject to the regulatory regime had, however, been questioned by housing associations.

Therefore, in order to administer a Group RSR the Housing Corporation would need to know:

- what the definitive list of group structures is and what will determine inclusion in the future;
- who, within the group structure does what; and,
- who knows about what is being done and could therefore effectively complete a Group RSR?

1.2.4 The approach

Core to the research was the continuation of the consultative principles that had informed the development of the RSR 2002 in Phases I to III. This ensured that the views of housing



associations and the needs of the Housing Corporation were fully considered when making our recommendations and a balanced outcome was achieved. This project depended on a greater input from Housing Corporation officers because their determinations about fundamental issues would be relevant to completion of a Group RSR as a regulatory requirement. As a result, the methodology was rolling but had two distinct stages, the first of which aimed to resolve the identified conceptual problems and the second which was practical in its application of a draft Group RSR. The methodology is discussed in detail in Chapter 2.

During the research process we had regard to the five main principles of good regulation reported by the Better Regulation Task Force: transparency; accountability; proportionality; consistency; and, targeting. This was important to reflect the Housing Corporation's regulatory objectives as set out in *The way forward: Our approach to regulation* (Housing Corporation, 2002).

1.3 THE REPORT

The structure of the final report first and foremost reflects the fact that the project was focused not only on the practicalities and feasibility of a Group RSR but also on resolving a number of fundamental conceptual issues. The initial chapters present our findings on the conceptual issues. Later chapters then discuss evaluation of the practical aspects of a Group RSR and the achievability of consistent, correct and transparent statistical information about group structures as a whole.

Section one

The question and approach

Chapter 2 provides a detailed account of the methodology.

Section two

The findings: conceptual issues

Chapter 3 provides a summary of the conceptual problems that were faced at the outset of the research. It reviews the relevant policy and source documentation about groups on which a starting

position for the project could be based. It identifies our initial solutions to the outstanding conceptual problems that were then tested throughout the research process.

Chapter 4 examines the population of groups to which a Group RSR would be applied and identifies outstanding issues for the Housing Corporation in compiling a true census of groups.

Chapter 5 explores how groups and their constituent member organisations operate on a group basis in terms of control, autonomy, their respective activities and how these have been structured, and, internal definitions of a group.

Chapter 6 describes how data are managed within group structures and the implications of this for the success of a Group RSR.

Section three

The findings: practicalities

Chapter 7 evaluates the appropriateness of the initial draft definition of a group and makes recommendations accordingly.

Chapter 8 assesses the achievability of accurate and meaningful data on a group basis with respect to the basic determinations demanded by the approach to reporting in the draft RSR that would underpin the accuracy of the data returned.

Chapters 9 and 10 evaluate the ability of groups to provide accurate information about housing activities, other services, staff and board members on a group basis in the draft Group RSR and the implications for a resulting Group RSR database. Issues with the draft return and guidance identified during the research and our recommendations in response to these for the format of both the Group RSR and in turn the RSR 2002 on which it is based, are provided.

Chapter 11 evaluates the extent to which the Group RSR exercise will provide a resource to group structures that can be used internally for other uses, thereby indicating the potential added value to the exercise which would be an additional burden.

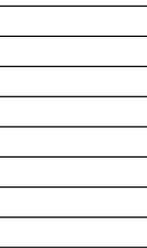
Chapter 12 highlights other relevant issues raised by groups during the research that require consideration by the Housing Corporation.

Section four
Conclusions and recommendations

Chapter 13 draws together the findings from each chapter and outlines the implications for the Housing Corporation, housing association group structures and the introduction of a developing Group RSR.

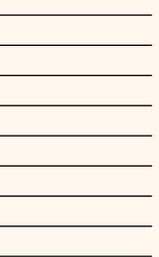
Chapter 14 outlines our recommendations resulting from the research for the Housing Corporation, housing association group structures and the Group RSR.

The annexes provide contextual data from the research and copies of the research tools used during the project including the second draft Group RSR used in the final interview and consultation stages.



Section one

The question and approach



2. Methodology

Just as the findings of earlier phases of the Definitions of Ownership project informed the aims of this project, the consultative principles of the earlier phases were adopted in our approach. This was necessary to ensure that the views of housing association group structures themselves were incorporated into any resulting Group RSR that they would be required to complete. It was also important in Phase IV because a number of conceptual problems about group structures needed to be resolved before the project could start to address its objective.

2.1 THE APPROACH

The project was approached in two stages. The aim of the first stage was to resolve the conceptual problems identified in Phase III, as it would not be possible to apply a Group RSR effectively in the remaining project until the conceptual basis of the exercise had been put in place. The second stage aimed to test the practical aspects of a Group RSR to ensure the objective of consistent, accurate and transparent statistical data would indeed be the result of the recommendations made in this report. Within each stage there were, however, a number of distinct methodological elements to the approach taken.

2.2 STAGE ONE: CONCEPTUAL ISSUES

In the first stage it was important to determine the following:

- a definition of a group for the purposes of completing a Group RSR;
- a list of groups in line with this definition (i.e. the population of housing association group structures);
- the scale and nature of the data required by the Housing Corporation;
- the inclusion of unregistered subsidiary data and the basis on which the regulator could demand this; and,
- how groups work in terms of their control mechanisms, the way activities are structured and internal data management.

There were four elements in the first stage of the research:

- i) A literature and policy review

A position paper was written summarising all relevant previous research and policy documentation about group structures. It made particular reference to a useable definition of a housing association group structure, the Housing Corporation’s regulatory approach to housing association group structures including the position in relation to unregistered subsidiaries, and how groups worked. It was used as a research tool in the first stage of the research, testing the researchers understanding of groups, providing a basis for discussions with the Housing Corporation and providing a baseline for the Scoping Questionnaire sent to group structures.

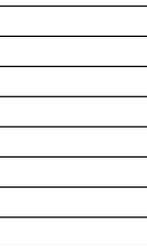
- ii) Discussions with the Housing Corporation

The findings of the position paper were discussed with Housing Corporation officers in order to clarify outstanding issues about their regulatory approach to groups. Discussions were also important as decisions would then provide preliminary answers to the conceptual problems identified in earlier phases of the research that could be put to the test in the remaining project. As a result, a definition of a group structure for the purposes of the first draft Group RSR was agreed. So too was the justification for and the way in which, unregistered subsidiary data would be included in the overall group-wide approach.

The initial position, the outcome of resulting discussions and the consequent developing position are discussed in detail in Chapter 3.

- iii) Determining the population of housing association group structures

Based on the definition of a group agreed with the Housing Corporation, a comprehensive list of groups was drawn up for the purposes of the project. This was done in collaboration with both the Housing Corporation and the Audit



Commission. As part of the research project *Group Dynamics: group structures and registered social landlords* (Audit Commission, 2001) which was being undertaken on behalf of the Housing Corporation, the Audit Commission had constructed a list of all housing associations and unregistered organisations that it believed formed part of housing association group structure arrangements. This information was taken from a number of sources: Section One of the 2000 RSR; the Corporation's registry information; and, housing associations' annual accounts for 2000.

A resulting list of groups was agreed upon which, included the parent, registered subsidiaries, unregistered subsidiaries and associated organisations within each arrangement. A number of small housing associations that had almshouse charities as subsidiary bodies were then excluded from the Phase IV project list because the Housing Corporation had stated that they were only interested in regulating groups with over 250 units in ownership. Despite earlier estimates from the Housing Corporation of around 70 housing association group structures, this initial list of housing association group structure organisations amounted to almost 200. This meant that it would not be possible to include all groups throughout the entire project as had been originally proposed.

Basic characteristics of the original project sample:

Source: Section One of the RSR/accounts/registry (2000).

Type: Groups with more than 250 units in ownership/management.

Total: 198 identified housing association group structure arrangements.

The resulting list not only provided us with a sample of groups for the purposes of the project but its detail allowed us to test its accuracy with the aim of producing a definitive list of groups to the Housing Corporation at the end of the project. This, however, became problematic and an analysis of the population of housing association group structures is discussed in detail in Chapter 4.

iv) Scoping Questionnaire

Once these fundamentals had been determined, a short Scoping Questionnaire (see Annex A) was developed that was addressed to 35 group structure housing associations. The Scoping Questionnaire sought to ascertain how group structures defined themselves and their constituent member organisations, how each operated as a group, how information was

Table 2.1: The final scoping sample: number and typology of groups responding

Housing association by type:	Corporation investment region of registration				Total groups
	London	South	Central	North	
Asset holding parent	8	4	3	5	20
Non-asset holding parent	1	5	3	4	13
Total	9	9	6	9	33
Of which:					
General	2	4	5	5	16
General/supported	2	1	1	1	5
General/supported/SO	1				1
General/supported/HO	1				1
General/supported/LSVT		1		1	2
General/supported/LCHO	1				1
Large general/supported	1				1
General/large supported				1	1
Large general/supported/HO	1				1
Supported		2		1	3
Sheltered/HO		1			1
Total groups	9	9	6	9	33

managed within groups and whether information requested at group level would be readily accessible. At this stage of the research process we did not require groups to look at a Group RSR form. It was envisaged that the results would inform the drafting of a Group RSR for the second stage.

The researchers completed the front sheet of the questionnaire with the individual composition of each group structure (extracted from our group list). The groups were asked to check this information and amend accordingly. This fed into our analysis of the list of groups (Chapter 4).

Originally the research team had proposed to send a Scoping Questionnaire to each individual group. However, since the group structure list was more than double the original estimated size, it was decided to send the questionnaire out to a sample of 35 group structures.

A wide range of typologies of housing association group structure arrangements were required in order to identify what similarities or differences occurred between them. The sample of 35 groups were selected using a variety of factors: asset/non-asset holding parents; large and small groups (stock in ownership and management); complexity of the mix of member organisations; inclusion of LSVT housing associations, BME housing associations, general needs / supported housing / shared ownership housing associations and other diverse organisations; and a geographical spread. The sample also aimed to draw heavily from the sample of groups that had completed the Shadow RSR in the previous year. By revisiting a proportion of the groups targeted in the previous research and taking them back to basics with data collection as the point of reference rather than that of completing an unsuitable form, we could test whether those groups who had raised problems with utilising an overarching Shadow RSR last time would experience the same difficulties.

Following extensive chasing, 33 out of the 35 group structures completed the Scoping Questionnaire. The characteristics of the resulting sample are summarised in Table 2.1 above. The relevant findings are discussed in Chapter 5.

2.3 STAGE TWO: PRACTICALITIES OF COMPLETING A GROUP RSR

Five elements made up the second stage:

- i) Discussions with Housing Corporation officers;
- ii) Two draft versions of the Group RSR and its accompanying Guidance Notes (Annex B);
- iii) The administration of an Evaluation Form (Annex C);
- iv) Round table in-depth interviews with a sub set of housing association group structures (Annex D);
- v) Consultation and invitation to comment to all housing association group structures via Housing Corporation Lead regulators.

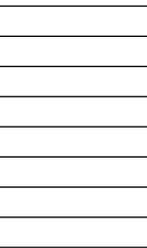
The first draft Group RSR was made available to view and/or download from the Dataspring website at the time that Evaluation Forms were sent to the 198 groups on our total sample list. Based on feedback from the evaluation stage, a re-drafted return was then used during the interview and consultation process and was made available on both the Dataspring and the Forvus websites. A copy of the second draft Group RSR is attached at Annex B.

- i) Further discussions with Housing Corporation officers

Discussions with Housing Corporation officers were on-going during stage two of the research. The need to clarify further aspects of the Corporation's approach to regulating groups was demanded by issues raised by housing associations during the scoping, evaluation, interview, and consultation exercises.

- ii) Evaluation Form

All of the 198 group structures that were identified in stage one were sent an Evaluation Form to complete. In an accompanying letter the groups were requested to send the form back to the researchers with a brief explanation if the organisation did not consider itself to be part of a housing association group structure. For those that were groups, we again asked them to self certify the composition of the group in order to analyse our list of groups further.



The main aim of the evaluation exercise was, however, to collect information and comments from the Evaluation Form that would then be used to inform the developing Group RSR and its relative appropriateness. At this stage we did not require the completion of a return. Instead we asked the groups to read the Guidance Notes and the draft return, work through it in a theoretical exercise and then answer our questions accordingly. The questions asked aimed to evaluate the achievability of accurate, consistent and transparent data and identify any anticipated difficulties so that they could be addressed within the on-going project. A copy of the Evaluation Form is included at Annex C.

Seventy-four Evaluation Forms were completed by organisations that had certified themselves as housing association group structures. This equated to a response rate of 38%, helped by extensive telephone chasing for completed forms. However, a further 18 Evaluation Forms were sent back, nine of which were identified as not belonging to a group structure and nine of which simply chose not to complete the form.

Analysis of the Evaluation Form responses informed the second draft of the Group RSR and Guidance Notes that were used in both the interview and the consultation exercises.

iii) Round table interviews

The main aim of the round table exercise was to ensure the feasibility of the draft Group RSR and identify any practical difficulties in providing group-wide data in the way requested. By groups actually completing all Parts of the form together with members of the research team, it was hoped that any issues relating to the categorisation of stock within either social housing or non-social housing categories, the recording of other activities and providing group-wide staffing figures would be identified and resolved. Any outstanding problems would be explored further with Housing Corporation officers.

Fifteen group structures were selected for in-depth round table interviews. The 15 were chosen to provide a mix of groups that had volunteered during an earlier stage of the research process, taken part in the scoping exercise, taken part in the evaluation exercise, or had not previously been involved in the research. Within this it was desirable to achieve a mix of typologies in terms of size, structure and activities. The resulting sample is outlined in Table 2.3. Of these:

- Four groups had only completed a Scoping Questionnaire;
- Five groups had only completed an Evaluation Form;
- Five groups had completed both the Scoping Questionnaire and Evaluation Form; and,

Table 2.2: The final evaluation sample: number and typology of groups responding

Housing association by type:	Corporation investment region of registration				Total groups
	London	South	Central	North	
Asset holding parent	12	11	10	13	46
Non asset holding parent	3	13	8	4	28
Total	15	24	18	17	74
Of which:					
General	1	2			3
General/supported	1	2	4	1	8
General/supported/HO	6	10	9	11	36
General/supported/LSVT		2		1	3
General/HO	6	7	2	2	17
General LSVT	1		1	1	3
Supported		1	1		2
General/supported/LSVT/HO				1	1
General/supported/BME			1		1
Total groups	15	24	18	17	74

- One group had not been involved in the research process at any earlier stage.

A letter was sent to all 15 groups asking them to prepare as much as possible for the interview. This involved the housing associations reading the draft Group RSR and its accompanying Guidance Notes and identifying what data would be required from them on the day to facilitate the completion of the return as far as possible.

The letter requested that a representative from each subsidiary and the parent body be present at the interview and if possible a person from the finance department. By meeting with all of these people around the table at one time it was hoped that the interviews would be comprehensive on a group basis. A copy of the interview outline is included in Annex D for reference.

In each interview a draft Group RSR form was completed using, in the majority of cases, data taken from the RSR 2001 for housing associations plus additional data for unregistered organisations where relevant. Because the approach to data collection in the RSR 2001 differed to the new approach taken by the RSR 2002 and hence the Group RSR, a transfer of data sheet was provided where required (see Annex D). In one case the data were taken from an overarching Shadow RSR that had been completed for the research team in the previous year. In this case the existing data were dismantled and additional data for unregistered

subsidiaries (not requested in the Shadow RSR) were incorporated.

The interviews were generally very successful in identifying outstanding issues with both the return and the guidance (including issues that would impact on the individual RSR 2002 approach). However, despite the intentions of the researchers, in some cases the right people to undertake the exercise were not around every table or data from unregistered subsidiaries was missing. As a result, the quality of the output varied dramatically between interviews.

iv) The Housing Corporation consultation process

At the same time that the interviews were taking place, Housing Corporation Lead Regulation Officers in each regional office wrote to the group structures registered with them, inviting them to comment on the second draft Group RSR in response to four key questions:

- Can you provide the data requested in Parts One to Five easily and accurately?
- Are the return and accompanying Guidance Notes clear?
- Will you find the resulting data useful for internal decision making?
- Are there any other aspects of the return and notes or the approach taken that you would like to provide comments on?

The aim of the consultation exercise was

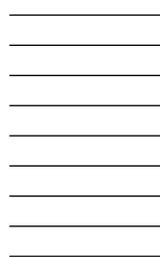


Table 2.3: The interview sample: number and typology of groups participating

Housing association by type:	Corporation region of regulation				Total groups
	London	South	Central	North	
Asset holding parent	2		1	1	4
Non asset holding parent	1	4	3	3	11
Total	3	4	4	4	15
Of which:					
General	1	1	1	1	4
General/supported			1		1
General/supported/HO	1	1		1	3
General/supported/LSVT				1	1
General/HO	1	2	1	1	5
General LSVT			1		1
Total groups	3	4	4	4	15

Table 2.4: The final consultation sample: number and typology of groups responding

Housing association by type:	Corporation region of registration				Total groups
	London	South	Central	North	
Asset holding parent	10	1	7	8	26
Non asset holding parent	1	1	1	2	5
Total	11	2	8	10	31
Of which:					
General/supported	1				1
General/supported/HO	7	2	8	7	24
General/supported/HO/LSVT				2	2
General/HO	3				3
General LSVT				1	1
Total groups	11	2	8	10	31

essentially two-fold. Firstly, it provided an opportunity for all groups to comment on the second draft of the Group RSR that would otherwise only be considered with 15 groups during the interview stage. In addition, it was hoped that the administration of the consultation via Lead Regulators would encourage some group structures that had not previously participated in the research to give us their views. Secondly, as part of the on-going aim to compile a definitive list of groups to whom a Group RSR would be applied, it was hoped that the sample of groups held by the lead regulators would provide us with accurate and up to date information against which the list devised at the outset of the project could be evaluated. All responses were sent back, via the Housing Corporation, to the research team for analysis.

Letters were sent to 97 housing association group structures (including four of the groups interviewed). Of these, 31 groups responded (one of which had been interviewed). The resulting typology of respondents is summarised in Table 2.4. Notably, 10 of these groups had not participated in any of the earlier stages.

2.4 PRESENTATION OF THE ANALYSIS AND RESULTS

An interim report was presented to the Housing Corporation at the end of each stage of the research. The two interim reports were effectively source documents, reporting on the findings of each stage and the individual elements of the

stages. As a result, the structure of the interim reports reflected the research approach with each element building on the next.

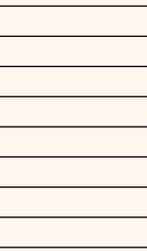
In this final report the results from all elements of the research approach have been brought together and analysed as one body of findings wherever possible. The structure of this report therefore reflects the focus of the research and not necessarily the methodology undertaken.

2.5 METHODOLOGY: SUMMARY

- Conceptual issues were addressed with Housing Corporation officials. Fundamentals such as a definition of a group and what data are actually required by the Corporation at group level were discussed and finalised.
- A highly consultative approach was taken within each stage of the research process. Group housing associations were given the opportunity at every stage to comment on the content and clarity of draft Group RSRs and Guidance Notes.

Section two

The findings: conceptual issues



3. Administering a Group RSR: the fundamentals

This chapter outlines the project's starting position with respect to a number of conceptual issues that had to be addressed before a Group RSR could be administered and the initial solutions that were evaluated throughout the second stage of the research. As completion of the Housing Corporation's RSR is a regulatory requirement, it was necessary to resolve these problems in line with the Corporation's regulatory approach. However, whilst these issues were not necessarily complex, regulatory policy documents and relevant legislation was either absent or not sufficiently clear. Certainly at the time of undertaking the research, group structures were becoming increasingly important for the Housing Corporation in general regulatory terms than had perhaps been the case in the past.

The three main fundamental issues that it was necessary to address in these terms were:

- i The Housing Corporation's developing approach to the regulation of groups and its data needs;
- ii The definition of a group; and,
- iii The inclusion of unregistered subsidiaries.

3.1 THE HOUSING CORPORATION'S DEVELOPING APPROACH TO THE REGULATION OF HOUSING ASSOCIATION GROUP STRUCTURES AND ITS DATA NEEDS

Our understanding of the Housing Corporation's approach to regulating groups at June 2001 resulted from a review of published Housing Corporation Circulars, other relevant documentation, legislation and more up to date information provided to the researchers in discussions with Housing Corporation officers.

3.1.1 The Housing Corporation's developing approach

Overall the regulatory framework, within which group structures have been monitored by the Housing Corporation had been focused very heavily on risk and had changed between 1994 and 2001:

- In 1994 the Housing Corporation stipulated that the registered parent association, in any newly created group structure, should be *'able to control the activities of its registered subsidiaries'*, and *'must be legally capable of supporting or securing support for the financial obligations of any registered subsidiary in the event of any risk of default'* (Housing Corporation 28/94). It was also a requirement that any non-registered subsidiary would not put any publicly funded assets or tenants of registered subsidiaries at risk. Therefore, control of and other responsibilities with respect to all subsidiaries rested firmly on the parent body's shoulders.
- Because the Housing Act 1996 gave the Housing Corporation stronger regulatory powers over the housing association sector, a number of changes to the Corporation's approach were introduced following its introduction. One change facilitated the monitoring of group structures by introducing measures leading to more transparency. Housing associations were required to be explicit about their relationships with other housing associations and unregistered organisations within the annual RSR and their annual accounts. However two main amendments to the previous approach came about under this Act that implicitly separated control from responsibility and risk management. First, parent associations were *'no longer required to be legally capable of supporting their registered subsidiaries, although [were] expected to support each registered subsidiary if legally capable of doing so'* (NFHA, 1996). This is in contrast with unregistered subsidiaries whereby housing associations were advised that *'control by a parent, even 100 percent control, does not make it liable for its subsidiary's debts or other obligations'* (Reading, J. NHF, (2000)). Second, each housing association within a group was now expected to be financially viable on a stand-alone basis (NFHA, 1996). However, overall control of subsidiary organisations remained with the parent.

- Because increasing diversity within the sector became a pressing policy issue, the Housing Corporation introduced a rule change in August 1998: *'a group was created of a parent/subsidiary relationship between two or more housing associations with ownership remaining at the subsidiary level. This means that one party [usually the parent] will have ultimate control over the others'* (Housing Corporation, 1998).
- In good practice guidance on the legal and governance arrangements and operating procedures between a parent housing association and its unregistered subsidiaries, it was stated that *'a group has no legal personality distinct from its members, and the group name must be no more than a convenient shorthand for describing the parent and its subsidiaries'* (Housing Corporation, 1999).
- The NHF chief executive Jim Coulter, quoted in an article for Inside Housing, argued that the definition of diversification and the complex issues of group structures were becoming increasingly complicated. He worried that the Housing Corporation might define a whole group as diversifying when only one landlord within the group was over the [5% materiality] threshold (Inside Housing, 15/10/99).
- By 2000, with encouragement in *The Housing Green Paper* (DETR, 2000), subsidiaries were expected to be able to retain autonomy over management and service delivery. This left control of the board as the only necessary parent role. It also highlighted that there was a need for *'clear regulatory arrangements to govern the potentially complex and sizeable group structures that present greater risks as regulatory rescue becomes more difficult'* (Housing Corporation, 2000).
- In *Regulating a diverse sector*, the Housing Corporation stated that the policy applied to both housing association groups as a whole (including both registered and unregistered organisations) and each individual housing association within a group. It went on to state

that the RSR would be used to monitor this policy (Housing Corporation, 2000. Paras. 30 and 33).

Over this seven-year period, greater accountability and risk had been placed with subsidiary associations although overall strategic and financial control had remained with the parent. However, the movement in policy away from the group and on to the individual had been reversed to some extent by the diversity agenda which brought with it greater risks. Although the Housing Corporation continued to apply regulation largely at the individual level, as the risks involved in expansions into diverse activities became greater and more difficult to assess, they had put a policy in place which enabled them to regulate group structures as a whole and in particular look at the materiality of their operations.

3.1.2 The Housing Corporation's data needs

In order to gain sufficient transparency to take a group-wide view, the Housing Corporation required consistent and accurate information about group structures and their activities as a whole. To actually regulate group structures' performance rather than diversity would require a heavier burden of information on the sector and the development of specific group-wide performance indicators against which a housing association group structure's performance could be measured in a meaningful way.

The literature review had identified a number of issues relevant to the type of data required. First, in line with the vigorous regulatory approach taken with respect to individual housing associations (including those in group structures), accountability for the level of risk carried remained at this level. Therefore, the Corporation's data needs remained greatest at the individual level. However, to take a group-wide view of diversity, it was important that accurate data about the scale of and types of activities undertaken within group structures as a whole were available. We therefore asked the Housing Corporation to confirm whether their intention was to regulate performance or to monitor (not measure) diversity.

The Corporation confirmed that performance information would continue to be collected via individual RSR forms and not on a group-wide basis. They needed a Group RSR that was not focused on performance. Because the Housing Corporation did not aim to produce group-wide performance indicators, only basic information would be required, therefore allowing the researchers an opportunity to minimise the burden of the additional exercise to groups.

3.2 APPROACH TO UNREGISTERED SUBSIDIARIES

Overarching Shadow RSR forms that had been completed by groups had yielded relatively meaningless data in some cases because only data for registered subsidiaries had been requested. It became evident, however, that unless data from unregistered subsidiaries was also included, it would not be possible to achieve a meaningful picture of a group's activities as a whole.

Although the Housing Corporation had never asked for statistical information about unregistered subsidiaries via the RSR before, the diversity policy had provided the impetus for change. It had becoming increasingly important for the Housing Corporation to know about unregistered subsidiaries as they were growing in number and were considered to be a potential risk to the survival and management as well as the ethos of housing associations. The Housing Corporation had stated that so long as over half (51%) of a housing association's business was in the social housing sector then the requirement for social housing to be its core function was maintained (Housing Corporation, 2000). Therefore, because of the increase in unregistered activities there was a need for the regulator, as the protector of public funds, to be informed of non-social housing activities.

Whether the Housing Corporation needed to know about all unregistered subsidiaries and their activities, or just those that were material to a group's diversity was, however, not totally clear from either policy or preliminary discussions with Housing Corporation officers. Consequently, we considered two approaches to monitoring diversity at group level and the resulting quality of the statistical series:

- The first position, the individual approach to group diversity, would mean that every group member organisation would be included in the amalgamated group data, regardless of the scale or type of activities undertaken or their registration status. The 5% materiality threshold would then be applied cumulatively at the group level; and,
- In the second position, the 5% materiality threshold would be applied to all unregistered subsidiary organisations individually. Therefore, a Group RSR would operate on the basis of the parent identifying the overall materiality of the unregistered subsidiary to the group as a whole. The parent would, in turn, be required to certify whether the non-social activities undertaken by unregistered organisations accounted for more or less than five percent of the activities of the group as a whole. In cases where non-social activities accounted for more than five percent of gross turnover or capital employed over the year, the parent would be required to include data about that unregistered subsidiary along with amalgamated data about registered organisations. Where non-social activities accounted for less than five percent of gross turnover or capital employed over the year, the parent would not be required to include data about that unregistered subsidiary along with amalgamated data about registered organisations.

The relative outputs of the two approaches were explored. On a statistical basis the second approach appeared to be flawed in cases where there was more than one unregistered subsidiary within the group. For example, one large housing association group structure that had assisted us during Phase III had a large amount of stock in ownership and management, and a mix of subsidiary and associate organisations of which 17 were unregistered subsidiaries. Under the second approach, if the unregistered subsidiaries' individual activities accounted for just 1% of gross turnover or capital employed by the group in a year, then the parent would not be required to include these organisations within the amalgamated group data. However, collectively they would account for 17% of the group's

activity. Effectively there would be a significant proportion of information missing from the overall group picture provided in an overarching RSR. In the case of this group, missing data from unregistered housing associations would be proportionately substantial, impacting on the effective regulation of the group as a whole.

In light of this and in order to achieve the project’s objectives of transparent, accurate and consistent data about group structures, the required approach to constructing group-wide data that would be meaningful to the regulatory approach with respect to unregistered subsidiaries needed to be determined by the Housing Corporation. There were two fundamental questions:

- In light of the need for data relating to the regulation of activities rather than the performance of those activities, would the Housing Corporation require the inclusion of unregistered subsidiary data?

The Housing Corporation confirmed that they would require information from unregistered subsidiaries. This was because although they did not need to look at the outcomes of unregistered subsidiary activity, as they did with registered organisations, they did need to look at the impact of the activities on the group as a whole.

- Would the 5% materiality threshold be applied on a collective basis or on an individual basis to trigger reporting of specific unregistered subsidiaries?

The Housing Corporation clarified the fact that it would be necessary to apply the five percent threshold in line with the first, cumulative basis in the Group RSR. This would ensure that information was captured for all non-stock related services and would show the impact they had on the group as a whole.

3.3 DEFINITION OF A GROUP FOR THE PURPOSES OF THE RSR

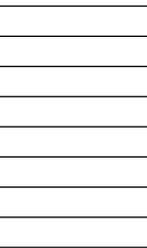
In order for accurate regulation of a group to take place it would first be necessary to establish a sound definition of a group structure, without

which it would be impossible to apply a sample to a Group RSR. To put it simply, if we did not know what actually constituted a group structure in regulatory terms; how could a Group RSR be effectively administered by the regulator? Furthermore, we had established that within the regulatory process both registered and unregistered subsidiaries would be recognised as a whole in order to obtain a group-wide picture. Therefore, agreeing a sound definition of a housing association group structure was paramount before proceeding with the construction of a Group RSR.

What had become apparent during earlier phases of the research was the sheer variety of groups in terms of their compositions and the complexities of inter-group relationships that operated within group structures. Indeed, it had become evident that the presence of a housing association parent body actually registered as such with the Housing Corporation was an inconclusive test to apply. This was because previous research had found that a separate registered parent body was not necessarily an element of many of the organisations found to be operating on a group basis.

Our starting point to devising a definition of a group was the most basic description used by the Housing Corporation: *‘where there is a parent and subsidiary, including associate associations’* (Housing Corporation, 1998).

In our review of the Housing Corporation’s approach to regulating groups we had established that the defining requirement for a group to exist was that one organisation could control another. So what was necessary was an element of control and to know with whom that control rested within each group. For example, in the case of one group in the earlier research, the group parent controlled three subsidiaries and one of these had a subsidiary of its own which was not viewed as part of the overall group structure. However, on investigation, ultimate control of all subsidiaries did effectively lie with the parent as a result of cascading control via the boards of its subsidiaries and therefore downwards to their subsidiaries. This is a particularly relevant example because it shows



that control of the decision making process at board level was an important defining factor. However, as within control structures, our policy review had shown that there were varying degrees of autonomy at the subsidiary level. Indeed, as the Housing Corporation's regulatory approach dictates, autonomy is an important goal of a subsidiary in terms of management and service delivery. Nevertheless earlier research had shown that whilst some subsidiaries were fully integrated into the group, others had retained very much their own individual identity.

Some group structures followed the broad model of a non-asset-holding parent with two or three asset holding subsidiaries. This had certainly been the case over recent years. Between 1994 and 1999, 35 group structures registered with the Housing Corporation and of these 23 had adopted the non-asset holding parent model (NHF, 1999). Others, and it seemed an increasingly larger proportion, were expanding to the extent that it was difficult to ascertain who was owning and managing what. Often these structures were historical and had developed over time in a changing regulatory environment. In other cases structures were dictated by the re-structuring of activities to allow specialist management of discrete areas of housing activity or re-structuring on a geographical basis.

In light of the complexities of group structures, it was no surprise that no one had previously come up with an all-encompassing definition that would be effective in an RSR context. D.Mullins, who had carried out research for the Housing Corporation to *'explore the impacts of inter-organisational partnerships between registered social landlords'*, supplied a definition extracted from personal communication which, was somewhat unsatisfactory for our purposes: *'a group of organisations consisting of a parent undertaking and its subsidiary undertaking or undertakings'* (Mullins, D (2000) Housing Corporation). It did not define a parent or subsidiary undertakings and gave no indication of the importance of overall control nor helped us to define the direction of control. Mullins did go on to say that *'parents must have a degree of control over subsidiaries'* (ibid) although to what 'degree' was not specified.

J. Reading, while carrying out research for the NHF and Housing Corporation created a 'working definition' of a group: *'A group structure consists of a parent body which (at present) must be a registered social landlord, and a number of subsidiaries which may be registered social landlords or other bodies not registered with the Housing Corporation'* (Reading, J (2000) NHF). Reading went on to say that *'joining a group means giving the 'parent' or 'holding' organisation overall control'* (ibid).

Reading through secondary research, policy documents and tracing the powers of the regulatory body over the past years, one defining aspect had become extremely clear: that of control. It could be said that a group structure existed where one housing association had control over the board of one or more other organisations. It was not, however, legally required to support its subsidiaries, which should remain as autonomous as possible.

However, this simplistic approach begged the question of what was meant by control? How would we define the controlling party and how much control should that party (usually the parent) exert? For subsidiaries, control was defined in Section 60 of the Housing Act 1996. Here 'control' means a majority shareholding or the ability to appoint or remove the subsidiary's board members. By implication, this definition placed overall strategic control with the parent, controlling the board at subsidiary level. Surely then this meant that the parent could, if it wished, take control of any aspect of a subsidiary's activities thereby placing the level of a subsidiary's autonomy in the parents hands? The question of semi-autonomy is also raised by Reading, *'Can a subsidiary (or anything else for that matter) be semi-autonomous? It seems like a bit of a contradiction in terms'* (NHF, 2000). Depending on what you read, or which housing associations you talk to, a parent may have overall control of the group including appointing subsidiary board members, or may have little hands on control giving the power to appoint to the individual subsidiary housing association. Nevertheless, ignoring the philosophical debates that could be had about control, the 1996 Housing Act did provide the basis of a suitable

definition that could be turned on its head to relate to groups rather than subsidiaries. It was particularly suitable because it identified two methods of control executable by the parent that were easily quantifiable.

Against the wider background of information and debates on control, this definition was discussed with the Housing Corporation and its suitability was tested against two fundamental issues:

- Ideally a tight definition of a ‘group’ would be provided which could be used in the RSR. This would provide the basis of a sample and assist those housing associations who are not entirely sure if their housing association structure fits within a group structure model to apply themselves to a Group RSR.
- Clarification of definitions relating to group structures within the Guidance Notes was generally required in both the RSR 2002 and any resulting Group RSR. This would include instruction to either include or exclude associate members as opposed to subsidiaries of the group.

Discussions with the Housing Corporation concluded that a group would initially be defined in line with only one aspect of the provisions of Section 60 of the 1996 Housing Act which defines groups in terms of subsidiary bodies — that is, the parent having the power to appoint and remove board members of subsidiary organisations.

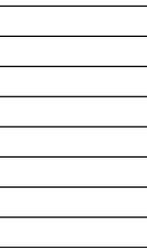
It follows that on the basis of the 1996 Housing Act approach; because a control relationship would not exist between a parent housing

association and associated organisations, they would be excluded from reporting at the group level. Control applied only to the board members of subsidiary organisations, whether registered with the Housing Corporation or not.

3.4 THE FUNDAMENTALS: SUMMARY

For the purposes of a draft Group RSR it was decided that:

- Initially a group would be defined in line with only one aspect of Section 60 of the Housing Act 1996 — that is, the parent having the power to appoint and remove board members of subsidiary organisations.
- Information would be required about all unregistered subsidiaries. The Housing Corporation did not need to look at the outcomes of unregistered subsidiary activity, as they do with registered organisations, but they did need to look at the impact of the activities on the group as a whole.
- Performance information would continue to be collected only via individual RSRs and not on a group-wide basis. The Group RSR would focus solely on regulation and not on performance. It was therefore not an aim of the Housing Corporation to produce group-wide performance indicators.
- The five-percent materiality threshold would be applied on a cumulative basis in a Group RSR. This would ensure that information was captured for all relevant activities and would show the impact they have on a group as a whole.



4. Census of groups

The regulation of housing association group structures depends on there being an accurate list of groups held by the Housing Corporation. As highlighted in Chapter 3, a definition of a group against which compliance could be enforced was demanded before a return could be effectively administered. Only then could a census of groups take place and a population of groups be identified to whom an RSR could be applied with a degree of regulatory compulsion. For this reason, one of the aims of the original brief was to devise a definitive list of group structures operating in the sector in the absence of any reliable existing source for this information.

This chapter therefore discusses our approach to compiling a definitive list of housing association group structures, our findings and the outstanding problems.

4.1 THE PROBLEM

Despite the agreement with the Housing Corporation of a draft definition of a housing association group structure at the beginning of the project and the good rate of coverage that the project achieved during its consultations with groups, the aim was not fully achieved. Rather in attempting to devise a census of groups, we had identified obstacles that the Housing Corporation would need to resolve in the short-term.

In short, compiling a comprehensive list of groups was problematic in the context of the research for four main reasons:

- i) The draft sample of groups compiled in collaboration with the Housing Corporation and Audit Commission contained more than double the estimated number originally provided by the Housing Corporation during Phase III of the research. It was not, therefore, possible to certify the accuracy of the existing list without contacting every group individually;
- ii) The draft sample of groups was based on data provided as at 31 March 2000. Because the

structure and number of groups within the sector was changing quickly, to be accurate, it required updating to at least 2001;

- iii) Within the Housing Corporation it was not possible to source information based at 2001 that was both comprehensive and reliable because these data had never been assembled in this way before; and,
- iv) It was not possible to compel those groups on the list to certify their status as a group structure and its membership without expanding the project.

4.2 THE RESEARCH TOOLS: LISTS OF GROUPS

Used as research tools, the project has referred to three lists of groups devised from information provided by housing associations to the Housing Corporation.

- List one was based on 2000 data, and provided the core sample used during the scoping and evaluation phases.
- List two was compiled from 2001 data, and was intended to provide an update to list one.
- List three was compiled from the list of groups held by Housing Corporation lead regulation officers and was used during the consultation phase.

The three lists of groups utilised for the purposes of the research and our findings and observations about each are outlined below:

4.2.1 List one: compiled in May 2001

This was the project core sample list and was agreed in collaboration with the Housing Corporation. It was compiled from a combination of registry (RSR Section One 2000) and accounts information. In Part B of Section One of the RSR, housing associations list organisations with which they are associated and in each case certify them as either a parent, subsidiary or associated organisation. No definitions of parent, subsidiary or associate are provided and so the

categorisation of the status of each organisation had been a largely subjective one. Nevertheless Part B allowed us not only to compile a list of groups but also their constituent member organisations and the status of each with respect to the group's parent. A number of smaller groups that were largely associations of almshouse charities were excluded because the Housing Corporation's regulatory focus was on those groups that held over 250 units in ownership and management.

Basic composition of list one:

- Total groups: 198
- Total parent housing associations: 198 (identified as parents)
- Total registered subsidiaries: 207
- Total unregistered subsidiaries: 285
- Total associates: 157

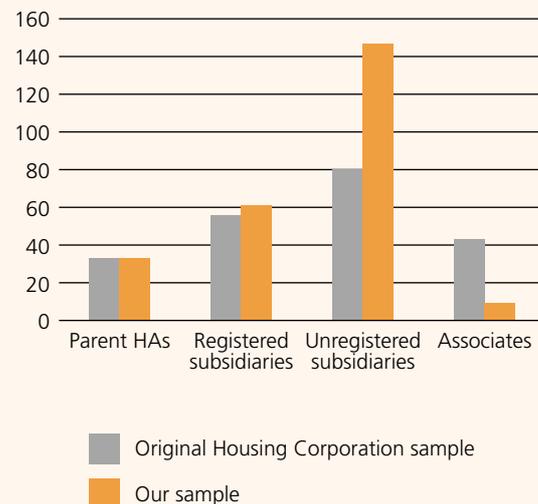
Validation via the scoping exercise

From this original list, 33 groups completed a Scoping Questionnaire and were asked to self certify the members of their group structure. We gave them the option of identifying the parent, registered and unregistered subsidiaries, but not associates. All organisations identified as associates in Section One of the RSR had been pre-entered as unregistered subsidiaries. The reason was to test the reliability of the list, as we wanted to assess if and how groups would include associates in light of the new definition of a group. The resulting information was compared with list one and substantial discrepancies were identified in the numbers of unregistered subsidiaries and associates (as self certified). Figure 4.1 shows the result of this comparison:

The discrepancies indicated problems with the consistency of information in Section One of the RSR. Therefore, before Section One data from the RSR could provide a reliable account of housing association group structure organisations, definitions would be required to clarify the distinction between a subsidiary and associate organisation.

The vast majority of those originally categorised as associates in list one, were certified as unregistered subsidiaries in the Scoping

Figure 4.1 Differences between List One and the scoping sample



Questionnaire. Although it could be argued that these differences were a product of the approach taken, we had contacted each group where a change had occurred. The findings had been confirmed:

Of the 33 Scoping Questionnaires returned nine were returned with information indicating that the group composition data that we had been provided with in list one was incorrect. The reasons for discrepancies were queried directly with each group involved.

Generally the discrepancies were the result of subjective determinations about the status of group member organisations in Section One of the RSR.

Out of the nine groups for which discrepancies on their composition forms were apparent five main areas of confusion arose:

- Three groups were concerned about the treatment of subsidiaries of subsidiaries;
- Two groups were concerned about the treatment of joint ventures;
- Two groups raised questions over the accuracy of information provided from the RSR 2000; and,

- Two groups raised questions over the treatment of dormant subsidiaries within the RSR.

Subsidiaries of subsidiaries, joint venture or jointly owned subsidiaries and dormant subsidiaries had been categorised as associate organisations in Section One of the RSR. In all cases, however, the parent could exercise control at board level, thereby defining these organisations as subsidiaries and not associates. Control with respect to joint ventures was a more tenuous link but they could be defined as subsidiaries *per se* in a group RSR approach.

Notably, subsidiary organisations had been included in list one that had never been heard of before in the case of two groups. This raised further concerns about the accuracy of information on list one and the sources from where the list was assembled.

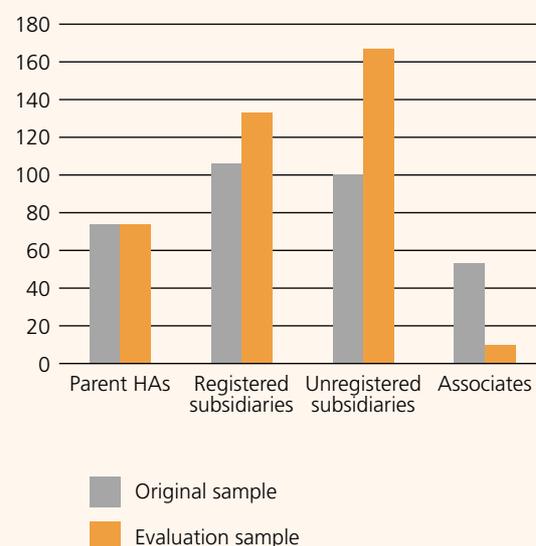
Discrepancies had also resulted from the fact that the information used to compile list one was already dated in the case of some groups. For example, one group had since acquired/created 10 new unregistered subsidiaries (including two joint ventures).

Validation via the evaluation exercise

In the next stage of the research, 74 groups selected from list one completed an Evaluation Form where again, we asked them to self certify the constituent members of the group structure and the status of each member organisation.

Figure 4.2 shows that, as in the Scoping Questionnaire response, the main discrepancy was between the number of unregistered subsidiaries and associate organisations. However, it should be noted that groups had self certified their status slightly more accurately than in the scoping exercise, possibly because the respondents were able to access a draft copy of the Group RSR and Guidance Notes containing the definition of a group structure. The requirement for definitions of 'subsidiary' and 'associate' in Section One of the RSR and any Group RSR remained evident.

Figure 4.2 Comparisons between List One and the evaluation sample



Along with the 74 completed Evaluation Forms we also had contact with nine housing associations who were included in list one as group parents but proved not to be operating as a group structure when the definition of a group as stated on the draft Group RSR was applied to their relationships with other organisations. The reasons for their declassification as groups were three-fold:

- Four housing associations only had relationships with independent companies, there was no element of control;
- Two housing associations had previously had subsidiaries but these had now been wound up or had merged with the lead housing associations' operations i.e. there were no parent — child relationships; and,
- Two housing associations managed associations of housing co-operatives/YMCAs. This was undertaken by contract as managing agent only.

4.2.2 List two: compiled in November/ December 2001

It was anticipated that list two would provide a double check against list one and provide a more up to date list to work with. The second list of groups was compiled from Section One of the

RSR 2001. Although the researchers were aware that the list supplied by the Housing Corporation would not include subsidiaries of subsidiaries, the discrepancies between lists one and two were bigger than this.

	List one	List two
Parent housing associations	198	127
Registered subsidiaries	207	207
Unregistered subsidiaries	285	179
Associates	157	73

Unfortunately not only did list two have subsidiaries of subsidiaries missing, but a comparison with the project information showed that list two was unreliable for other reasons. Groups that had previously self certified their group status during the project were missing and other organisations appeared on the list that we had agreed were not groups via direct discussions. To summarise these discrepancies:

- Total missing from list two: 87 groups (which appeared on list one);
- Thirty-two of these also appeared as groups on our self certified project sample but not on list two;
- We had confirmed two of the list two sample as not groups; and,
- List two also had 12 extra groups listed. Notably, these were all almshouse organisations that had previously been excluded from list one as they had less than 250 units in ownership and management.

4.2.3 List three: compiled in December 2001

It was expected that list three, as the list used by lead regulation officers, would provide a definitive check to use in the final assessment of the population of groups. It should be noted that only groups with more than 250 units in management and ownership have a Lead Regulator.

List three: All groups to whom consultation letters were sent

Total groups: 97 (This figure excludes 11 groups to whom letters were not sent because they were being personally consulted in the interviews)

NB. Unfortunately the list contained only group names so no breakdown of member organisation was available for comparison.

As the list only included 97 groups (108 including the interview sample) there were concerns that the list was not comprehensive. Comparisons showed that all but one of the groups had, however, featured in list one (the most comprehensive) and the Project List (the most accurate). Another weakness as a research tool was that list three was too narrow to be a comparator even if it had provided a wider population of groups because of the absence of membership information.

4.3 THE PROJECT LIST

During the research, the project team had compiled its own list from direct contact with groups during the research process. This was used to make comparisons with lists one to three, and evaluate their accuracy. The basis of the project list was list one, which was tested through the scoping and Evaluation Form stages had showed that the categorisation of associate was incorrectly used by housing associations when reporting in Section One of the RSR. Therefore we found that the vast majority of organisations listed as associates on lists one and two were in fact subsidiaries, registered and unregistered, of group structures in the project list.

Table 4.1 provides a profile of the certified list of groups in comparison to list one. Although we had identified 113 groups in total, we were only able to confirm the full membership in 99 cases because there were 14 groups who we only had the group name information for. It should be noted that the evaluation stage allowed us to confirm or exclude a significant number of groups on list one. By the end of the research process we had confirmed the group status of 122 organisations (62% of the groups on list one). As mentioned, of these 113 were groups and nine had proved not to be. This left 76 unconfirmed and a maximum potential population of 189 groups. Interestingly and perhaps co-incidentally, the Audit Commission, which used the same core sample, identified only 189 groups in their

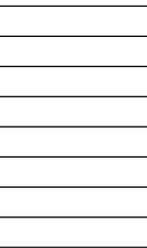


Table 4.1: Comparison between list one and the project list

	List one	Project list
Number of groups	198	113
Of those, where a comparison between the number of groups certified with member information was possible:		
Parent housing associations	99	99
Registered subsidiaries	139	161
Unregistered subsidiaries	172	293
Associates	91	14
Groups identified but no member information	0	14
Not groups	0	9

publication, *Group Dynamics: Group Structures and Registered Social Landlords* (Audit Commission, 2001). However, at least two of these did not feature anywhere on the project list or list one.

4.4 A DEFINITIVE LIST OF GROUPS?

It was not possible to fulfil one of the aims of the project, providing a census of groups, without expanding the project significantly to contact every group on the list. Even then, over the six months that we were in direct contact with groups, some merged, changed their identities or membership, had been created or had disappeared. The population of group structures is therefore a more fluid number than the population of housing associations as a whole.

An aim had been to find a source of information already provided by housing associations to the Housing Corporation, from which a true sample of groups for the purposes of administering a Group RSR could be assembled. The most obvious source appeared to be Section One of the RSR.

However, the lack of definitions in Section One of the RSR had resulted in inconsistent and unreliable information. It therefore became

apparent that not only did the following terms require defining in Section One of the RSR:

- Housing association group structure;
- Parent;
- Subsidiary;
- Associate;
- Subsidiary of a subsidiary;

but that these definitions must be consistent with those used in the Group RSR.

It was not immediately clear whether it would be possible to use definitions devised purely for the administration of a Group RSR in Section One of the RSR. This was because Section One informs the public register of housing associations, a public legal document. Fortunately, however, the Housing Corporation confirmed that it would be possible to make the definitions consistent, particularly as the definitions are based on the legal provisions within which the Housing Corporation operates.

4.5 RECOMMENDATIONS

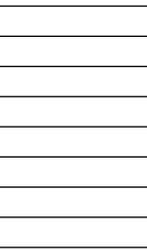
- Clear definitions of the following terms and guidance of how they should be applied to groups with different constitutional structures should be provided in the Group RSR:

Housing association group structure;
Parent;
Subsidiary;
Associate; and,
Subsidiary of a subsidiary.

- The same definitions and guidance should be incorporated into Section One of the individual RSR.
- Once the definitions are incorporated, the information provided in Section One of the RSR should provide a more consistent and accurate basis for an annual census of groups to which a Group RSR could be administered in subsequent years.

4.6 THE GROUP LIST: SUMMARY

- Discrepancies were highlighted between the consistency of information provided in Section One of the RSR and the reality of the housing association sector. Inconsistencies generally occurred because of the absence of definitions and distinctions between subsidiary and associate organisations.
- Definitions of a group structure, subsidiary and associate organisations yielded more accurate reporting as the consultation process developed.
- A concrete list of group structures at any given time proved impossible. This was because of the weaknesses in existing RSR Section One information, the fact that 100% coverage was not (nor had aimed to be) achieved by the project and, the fluid nature and number of the population of group structures as a whole.



5. Housing association group structures

Before drafting a Group RSR it was important to ensure that the draft definition of a group was appropriate and that the researchers had a clear picture of housing association group structures and their operational realities, including the role of member organisations and the way that control is actually exercised. This initial analysis was based on the findings of a Scoping Questionnaire (Annex A) to which 33 group structures of varying typologies responded (see Chapter 2).

5.1 THE PARENT

Before looking at the group as a whole, it was important to clarify the role of the parent within a diverse sample of groups to ensure that our understanding from secondary sources and the earlier research had not been narrowed by their own respective samples. The draft definition of a group agreed upon depended on control exercisable by the parent at the board level of its subsidiaries, regardless of whether this control was actually exercised on a day to day basis or

not. It was therefore important for us to locate where control lay within groups and how it was exercised to evaluate whether the definition was appropriate and would produce an accurate sample.

5.1.1 The functions of the parent within the group

Although parent housing associations described their roles in different levels of detail, it was clear that in the vast majority of cases the principal function of the parent was strategic. In this context the strategic role included not only the provision of strategic direction and leadership, but also the provision of corporate services. These are essentially services provided centrally by the parent to all group members. Corporate services typically included finance, human resources, information technology, office services, development services (including architectural services) and legal services. Notably, in a third of the groups staff were employed centrally by the parent. In some cases groups had specified these services in detail (shown in Table 5.1). As the

Table 5.1: Parent bodies: function in relation to the rest of the group

Functions:	Number of groups responding
Total groups	33
No answer/no active subsidiaries	3
Of the remaining 30 groups:	
Strategic direction and leadership	15
Central corporate functions/strategic services	11
Specified services:	
Finance/accounting/financial stability	15
Human resources	10
Information technology	7
Business planning/support/marketing	7
Property management and maintenance	6
Development and architectural services	5
Appoints board of subsidiaries/governance	5
Fully operational/all services	4
Secretarial /administration	3
Monitors performance and implementation of policies/ central research and development	3
Legal services	1
Office services	1

Note: in some cases the groups provided detailed answers listing their functions whereas in other cases only a statement summarising the function was made.

table shows, other examples of corporate services included, maintenance, marketing and a property management role. Integral to the strategic role was the appointment of board members of subsidiary organisations, as would be expected given the requirement of this level of ‘control’ to operate within an association of organisations before they would be defined as belonging to a group structure.

A small number of groups had defined the parent’s role purely in relation to property ownership and management functions. However, other groups had also specifically stated this role as part of the strategic function. This was considered important because the ownership of all or the vast majority of the group’s assets by the parent was viewed as supporting the financial role that is undertaken by the parent body and provided overall financial stability to the group’s organisations as a whole.

5.1.2 Control over subsidiaries

It was clear that the most common type of control that parent housing associations could exercise over their subsidiary organisations was a general right to appoint and remove board members. Table 5.2. shows that the vast majority of groups generally defined their control in these terms. However, the detail of this type of control indicated that there were three methods of controlling subsidiaries at board level:

- i) The power to appoint and remove board members and shareholders in all circumstances;
- ii) Reserve powers to flood or control the board in defined circumstances (otherwise generally independent); and,
- iii) Common board (shared board) with the subsidiary.

Although this was consistent with the draft definition of a group, other methods of control that would not necessarily be applied to the draft definition were specified. In a significant minority of the groups, control was exercised via ownership or control of ownership, again manifested in three ways:

- i) Where the parent was the majority or sole shareholder (wholly owned companies);
- ii) Where the parent controlled the appointment of shareholders; and,
- iii) Where the parent acted as Corporate Trustee.

The power to approve all group-wide policies and strategies and approve the business plans and budgets of subsidiaries on this basis was also viewed as the parent’s controlling function by a number of groups but only in isolation of control of the board or ownership in one case.

So, although in the vast majority of cases the draft definition of a group would be directly applicable, the results showed that it would not necessarily be sufficiently comprehensive to apply

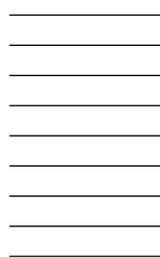


Table 5.2: Control of subsidiary organisations

Methods of control (total groups: 33)	Number of groups with this type of control over subsidiaries
Appointment and removal of board members/trustees/directors (including reserve powers to flood the board)	27
Shares same board members with the subsidiary (common board)	5
Owns 100% of share capital (sole shareholder) or is majority shareholder	8
Controls the appointment of shareholders	3
Corporate trustee	2
Approves group-wide policies and strategies, and approves individual business plans and budgets.	8
Employs all staff	1
No active subsidiaries (no response)	2

Note: In some groups different methods of control were exercised over different subsidiary organisations and so the total exceeds 33.

to all groups. Further, as Table 5.2. indicates, within groups the method of control varied with respect to different subsidiaries, largely for historical reasons. As a result, subsidiaries within the same group were technically subject to different forms of control under the same parent although the day to day outcome was generally the same. This indicated a number of weaknesses in the draft definition of a group: it was purely concerned with control of board membership and so where ownership was the key method of control, groups could slip through the net; and, it would be difficult to apply consistently to groups that exercised a combination of methods of control over their respective subsidiary organisations.

5.2 THE SUBSIDIARIES

As discussed in Chapter 4, when asked to certify the status of member organisations in line with the definition of a group provided, the results were very different to the information provided in Section One of the RSR, particularly in terms of unregistered subsidiary and associate organisations. Organisations re-categorised as unregistered subsidiaries during the research had been included as associates in Section One of the RSR because they were: subsidiaries of subsidiaries; joint venture companies, dormant or because the group had not previously acknowledged itself as a group in the absence of a definition.

This re-categorisation resulted in much bigger immediate housing association group structure families of organisations in terms of parent-child and sibling relationships between organisations. It also meant that it was possible to assess the diversity of activities of subsidiary organisations more accurately than before. Notably, within the 33 groups we identified 241 member organisations: 33 parent organisations (although not all registered with the Housing Corporation in this specific capacity), 61 registered subsidiaries and 147 unregistered subsidiaries. The average size of a group was therefore seven member organisations, with around two registered subsidiaries and five unregistered subsidiaries. This average would be greater, however, if account were taken of the fact that five groups

had no registered subsidiaries other than the parent and two groups had no unregistered subsidiaries. By implication, there were twice as many organisations that were not subject to individual regulation by the Housing Corporation within housing association groups as those that were registered, indicating further the importance of taking a group-wide view. However, the activities undertaken by unregistered subsidiaries and in particular, their importance to the group's activities as a whole provided a stronger impetus to the importance of a group-wide view than mere numbers.

5.2.1 Activities and role of subsidiary organisations

Of the 33 groups specifically surveyed, we found that unregistered subsidiaries were much more likely to be dormant and/or have never operated than their registered counterparts — 30% compared with 3% respectively. This meant that the gap between the numbers of active registered and unregistered subsidiaries was narrower than initially indicated — 59 compared with 103 respectively — although the number of active unregistered subsidiaries remained significantly greater than of the housing associations.

Table 5.3. summarises the descriptions of subsidiaries' activities as provided by the 33 parent housing associations. Notably, of those that were active, more unregistered subsidiaries were described as undertaking what we have called 'full housing association activities'. As a proportion of all active subsidiaries in the sample, however, this position is reversed somewhat with 41% of registered compared with only 27% of unregistered subsidiaries undertaking 'full housing association activities'. In addition to activities being specifically described in this way, we had also included subsidiaries undertaking a combination of social and non-social housing activities or meeting a mix of needs or demands for different housing tenures.

In the majority of cases and almost three-quarters of active unregistered subsidiaries, descriptions of activities were more specifically focused on discrete areas of housing association activity. In the case of registered subsidiaries this reflected the trend towards specialisation over the past

Table 5.3: Activities undertaken by subsidiary organisations

Activities undertaken by:	Registered subsidiaries	Unregistered subsidiaries
Full housing association activities: mix of general needs/supported/leased housing and LCHO — social and non social activities	24	28
Non social/charitable or non-grant funded housing activities only	3	4
Supported or special needs housing only and care services	12	13
LSVT	5	4
BME	2	1
Shared ownership and leasehold management only	8	3
Co-op	1	1
Development and regeneration only	2	7
Property/facilities management services	–	4
Commercial property	–	3
Tenant services/day centres	1	2
Charitable grants to tenants and local communities	1	2
Finance/funding vehicles	–	4
Maintenance and landscaping only	–	3
Computer software development	–	1
Mutual society	–	1
Scotland	–	2
Unspecified and operational	–	20
Dormant	2	44
Total subsidiaries	61	147

decade that had been identified by analysis of the RSR statistical series (Marshall, D. Dataspring. 2001). In particular, the provision of supported and non-rented housing was identified in this analysis, reflected directly in our findings. Notable observations on the activities of registered and unregistered subsidiaries were:

- Whilst a similar number of subsidiaries provided care and support, the activities undertaken by unregistered subsidiaries were more likely to be the provision or management of nursing homes or domiciliary care services (non-social housing activities);
- Some unregistered subsidiaries’ activities had been integral to a large-scale transfer of stock into the sector;
- The management activities undertaken by unregistered subsidiaries were much more diverse and provided a better indication of the extent to which groups do or are able to engage with organisations outside of the sector;
- Only unregistered subsidiaries were

undertaking purely commercial enterprises, although in all cases the group and housing associations benefited not only in terms of finance but also in terms of services such as maintenance, landscaping, development and IT; and,

- Only two of the groups had unregistered subsidiaries that operated only in Scotland.

Subsidiaries that provide services only to group members

Because the group-wide approach aimed to establish the extent to which groups as a whole interact with external organisations, it was important to establish the extent to which subsidiaries served a specific purpose by providing services only to group members.

In fact, Table 5.4. shows that almost three times as many groups stated that all of their registered subsidiaries were providing services to external organisations than was the case with respect to unregistered subsidiaries. In the case of both

Table 5.4: Subsidiaries that provide services only to group members

	Registered subsidiaries		Unregistered subsidiaries	
	No. groups	No.subsidiaries	No.groups	No. subsidiaries
Specific: Do provide services only to group members and own tenants.	4	15	16	75
Mix: Some subsidiaries provide services only to group members, others provide services externally	4	5*	5	–
External: Subsidiaries provide services to external organisations (in addition to group members)	18	39	6	28
Dormant subsidiaries only/ dormant subsidiaries	2	2	4	44
No registered/unregistered subsidiaries	5	–	2	–
Total groups	33	61	33	147

* Unspecified split in subsidiaries' activities by one group with 5 registered subsidiaries.

registered and unregistered subsidiaries the number of groups that had a mix of subsidiaries that were providing services only to group members, with those that provided services both to the group and external organisations was almost the same. Where groups had unregistered subsidiaries, this mix often included dormant subsidiaries too.

Table 5.4. shows that the pattern of distribution of subsidiaries by customer reflects the overall group position. Groups were more likely to only have unregistered subsidiaries that provided services only to group members. However, Table 5.5. shows that less than half of the groups with registered subsidiaries that provided services only to group members had created subsidiaries specifically for this purpose.

Where groups had unregistered subsidiaries providing services specifically to group members, the vast majority had created their unregistered subsidiaries specifically for this purpose. In cases where subsidiaries had not been set up to serve only group members, the reasons were historical — the subsidiaries had existed prior to the formation of the group or prior to an LSVT entered into by a group member.

To explore the activities of group subsidiaries further we asked parent organisations whether they had or had created any subsidiary (registered and/or unregistered) to provide non-core social housing activities. The aim was to measure the extent to which subsidiaries, particularly unregistered subsidiaries activities would impact on the group-wide data returned. In particular, it would largely be this that would determine the

Table 5.5: Subsidiaries created specifically to provide services only to group members

	Registered subsidiaries	Unregistered subsidiaries
Yes: created specifically for this purpose	3	15
No: not created specifically for this purpose despite group specific service provision.	4	3
Mix: some subsidiaries created specifically for this purpose.	1	1
Unknown	–	2
Total groups with subsidiaries providing services only to group members	8	21

Table 5.6: Groups that had or had created subsidiaries to provide non-core social housing activities

	Registered subsidiaries	Unregistered subsidiaries
Yes	9	18
No	17*	11
Dormant subsidiaries only	2	2
No registered/unregistered subsidiaries	5	2
Total groups	33	33

* Five groups do not undertake any non-core social housing activities.

need to provide more detailed information under a 5% of gross turnover or capital employed threshold test to reporting as taken in Part D of the individual RSR 2002.

Table 5.6. shows that because the majority of groups had or had created unregistered subsidiaries to provide non-core social housing activities, the inclusion of unregistered subsidiary data in a group-wide approach would provide a body of data not available elsewhere.

Of the nine groups that reportedly had or had created registered subsidiaries to provide non-core social housing, four referred to subsidiaries undertaking shared ownership, low cost home ownership and leasehold activities that are now viewed as core activities. This is in line with the Housing Corporation’s requirement for housing associations’ core activities to be social housing. Provision of care management and services was the focus of registered subsidiaries in three groups. Ultimately, the activities of registered subsidiaries were often a combination of social and non-social housing activities.

We asked groups to explain why they had chosen to create a separate body to undertake non-social activities where this had been the case (Table 5.7). In the case of registered subsidiaries the reasons were largely historical because a separate non-charitable body had been created in the past to undertake non-charitable activities. In the case of those undertaking low cost home and shared

ownership activities, this view has changed but these non-charitable subsidiaries may now also be undertaking market rent and keyworker housing activities or a range of other non-social housing activities too. Four responses summarise the reasons for separate organisations; separate registered subsidiaries had been created to:

- ‘create better focus and flexibility’;
- ‘keep riskier activities at arms length from [the group’s] main core business’;
- ‘give [the registered subsidiary] greater freedom of action ... profits made by [the registered subsidiary] will be channelled back into the group’; and
- ‘focus/local accountability/cost containment’.

The non-social housing activities undertaken by the groups that had or had created unregistered subsidiaries for this purpose were more varied and more specific at the individual subsidiary level than in the case of registered subsidiaries. Nevertheless, there was a large overlap in the activities undertaken by registered and unregistered subsidiaries which was particularly relevant in an RSR context.

Unregistered subsidiaries undertaking non-social housing activities were most likely to be providing market rented housing, care and domiciliary care services or be BES companies. Unregistered subsidiaries created to provide non-core services were most likely to have been created as a separate organisation to create a distinct business unit for non-social housing activities within the group (Table 5.7).

Table 5.7: Reason for creating unregistered subsidiaries specifically for non-core activities

	No. groups
To create a distinct business unit	13
To create a commercial profit making company	2
To separate out ‘care’ from ‘housing’	1
To separate off HR issues	1
Funding vehicle/registered charity	1
Total groups	18

Amongst those groups that had formed unregistered subsidiaries to create a distinct business unit, almost a quarter had done so to create a separate brand or identity in the market place. In one case the group highlighted the fact that this was important in order to distance the end product from its core activities,

'[the unregistered subsidiary] was created separately to maintain distance from social housing for what is a prestigious (i.e. expensive) up-market private residential care and nursing scheme'.

In two cases the distinct business unit was created to deliver financially ring fenced business plans for non-core housing activity. In one case where the subsidiary is a commercial profit making company, the group explained that profits generated were used to support the registered subsidiary.

Autonomy of subsidiaries

Chapter 3 established that since the introduction of the 1996 Housing Act, subsidiary organisations, particularly those registered with the Housing Corporation, were expected to exert some degree of autonomy within the overall control mechanisms in the group. This begged the question of whether a group-wide approach would be appropriate if subsidiary organisations were in fact operating as largely separate business entities to the group as a whole. We therefore explored the extent of autonomy exercised by subsidiary organisations.

We asked the 28 groups that had registered subsidiaries to describe the extent of the autonomy that their registered subsidiaries had retained (Table 5.8). Of these, only two groups said that their subsidiaries had no autonomy. In the vast majority of cases, subsidiaries were accredited autonomy over varying aspects of their operations although overall financial matters and strategy were approved or determined by the parent. Consequently, subsidiaries could generally be defined as operationally autonomous within an overall strategic framework in line with our findings in Chapter 3. In two cases where autonomy was stated as full, the group went on to state that this is theoretical because in reality the subsidiaries have identical board members to the parent and hence *'tow the group line'*. Notably, in three cases autonomy was defined by contractual agreements that regulate the relationships of group members within agreed 'best practice' policies and business plan.

We then asked the 31 groups that had unregistered subsidiaries to explain how the extent of the autonomy that their unregistered subsidiaries had differed to that of registered subsidiaries. Table 5.9. shows that in more than half of the groups with active unregistered subsidiaries the extent of autonomy was the same with respect to both registered and unregistered organisations. Within this, one group stated that although legally their unregistered subsidiaries have less autonomy than registered subsidiaries, in practice they are autonomous to the same extent. In another case the group noted that no distinction in autonomy is made on the basis of whether subsidiaries are registered or unregistered,

Table 5.8: Extent of autonomy retained by registered subsidiaries

Extent of autonomy:	Number of groups
None: merely legally and financially separate entities	2
Total: subject to control of the board	6
Defined: subject to service level / procedure agreements	3
Operationally: subject to overall group strategy (control of board, business plan approval, central services)	14
No answer	1
Dormant subsidiaries only	2
No registered subsidiaries	5
Total groups	33

Table 5.9: How the extent of autonomy of unregistered subsidiaries differed to that of registered subsidiaries

Extent of autonomy:	Number of groups
Same: as registered subsidiaries	14
Mix: some less and some as autonomous as registered subsidiaries	1
Operationally: subject to contractual agreements	1
Less reporting/bureaucracy in unregistered operations	1
None: except being a separate legal entity	4
No answer	3
No registered subsidiaries	3
No unregistered subsidiaries	2
Only dormant unregistered subsidiaries	4
Total groups	33

‘the level of autonomy of stock owning subsidiaries differs from non-stock owning subsidiaries’.

Of those groups that did not have any registered subsidiaries, two groups provided details about the autonomy of their unregistered subsidiaries. In one case, a group with 11 unregistered subsidiaries, only one had any degree of autonomy. This subsidiary operated in Scotland and had, *‘sufficient autonomy to satisfy Scottish Homes registration requirements’*. The second group, which had five unregistered subsidiaries explained that except for one BME housing association that is largely autonomous, they have very little autonomy.

5.3 OWNERSHIP AND MANAGEMENT OF STOCK

In trying to achieve an approach to data collection that would yield meaningful data reflecting the operational realities of housing associations, group housing associations had been identified as distinct from others. This was because sometimes-complex internal ownership and management relationships between housing association and non-housing association group members often blurred findings of the snapshot of data returned in the RSR. In evaluating an appropriate group-wide approach to data collection that would provide a clearer picture of operations on a group basis, it was important to explore how groups structured ownership and management of stock across the members of groups and why. We asked the 33 groups to

provide us with this breakdown.

Table 5.10. shows that in more than half of the groups, the parent association was stock holding. Further, in two cases where groups had active subsidiaries, all assets were vested in the parent.

In cases where the parent was not stock holding, structures differed between those where assets were only vested in registered subsidiaries and those where assets were distributed across both registered and unregistered subsidiaries. In the majority of the groups, stock was owned by both the parent and subsidiary organisations although in a number of these cases the majority of stock was held by the parent.

Four broad factors had influenced ownership structures:

- i) historical reasons: policy, law, retention of stock owned prior to formation of the group;
- ii) financial: to provide an asset base, avoid tax liabilities;
- iii) distinction: between organisations subject to charitable and non-charitable rules / separate out grant and non-grant funded stock; and,
- iv) focus: client types, housing activities, geographical location of stock.

In groups where the stock was vested only in registered subsidiaries, ownership structures had largely been influenced by charitable and financial factors. Where stock was owned by unregistered as well as registered subsidiaries, ownership

structures largely reflected historical, activity based and geographic based elements of the group's overall activities. Where both the parent and subsidiaries owned stock, all of these factors had operated to produce the overall structure of ownership. It should be noted, however, that in seven groups the parent held the vast majority of stock and ownership of small numbers of or specific types of units had remained with or had been transferred to subsidiaries for specific reasons in five cases:

- stock owned in Scotland;
- charitable assets with charitable housing associations (parent non-charitable);
- BES stock;
- BME housing association; and,
- asset holding status to housing association.

Table 5.10. also shows that parent housing associations were responsible for the management of all stock in more groups than responsible for the ownership of all stock. Indeed, whereas only two groups with active subsidiaries had all assets vested in the parent, the parent body was responsible for the management of all

stock in nine groups with active subsidiaries, almost a third. Notably, parent bodies were most likely to be responsible for the management of all stock where the stock was owned by both parent and subsidiary organisations. In only one case did a parent manage but not own.

Of the 22 groups where management of stock was not undertaken exclusively by the parent, management structures reflected three main factors:

- i) the profile of ownership;
- ii) the type or location of stock; and,
- iii) charitable rules.

In almost two thirds of the groups, profiles of ownership and management of group stock across group member organisations were the result of restructuring that had taken place at either the time when the group was formed or subsequently. Notably, restructuring had been most likely to have occurred in groups that subsequently owned stock at both the parent and subsidiary levels.

Table 5.10: Ownership and management structures

Stock owned by:	No. of groups	Stock managed by:	No. of groups	Ownership and/or management restructured?	No. of groups
Parent	4	Parent	4	No	4
Registered subsidiaries	5	• follows ownership	2	Yes	1
		• by activity	2	No	1
		• only by the charitable HA	1	Yes	1
				No	1
Subsidiaries	7	• by activity/location	4	Yes	4
		• follows ownership	1	In progress	1
		• as owned except non-social	1	Yes	1
		• by parent	1	Yes	1
Mix of parent and subsidiaries	17	• follows ownership	6	Yes	4
		• parent manages all stock	6	No	2
				Yes	3
				No	3
		• by activity/location	5	Yes	4
				No	1
Total groups	33		33		33

The impetus for restructuring was largely based on three fundamental considerations: managing the risk that housing associations are exposed to; achieving better economies of scale; and financially based issues. Sometimes all of these factors had resulted in changes, as exemplified in the reasons three groups gave for past restructuring:

'Stock was structured in this way to accommodate a transfer, for reasons of scale and economy, to support a new business by providing a secure financial base, to ensure that expertise is concentrated and to develop [the unregistered subsidiary's] brand';

'The parent has transferred stock to both subsidiaries to (a) make them financially stable and (b) rationalise management arrangements'; and,

'Reasons: economies of scale through specialisation in particular housing management areas coupled with geographical concentration of management of general needs stock'.

Risk management had largely resulted in the creation of separate subsidiary organisations in which non-grant funded and non-core assets had been vested. In such cases there was not a direct link between ownership and management, as the management of these activities was often undertaken by the parent or mainstream group housing associations on behalf of their child/sibling subsidiaries.

Economies of scale had largely resulted in the geographical restructuring of stock that was viewed as a practical change. The restructuring of stock by activity had, however, been undertaken as much to capitalise on or develop the housing management expertise of specific organisations as it had been for achieving economies of scale specifically. In one case the group's stock had been restructured geographically in line with a requirement made by the DTLR before they would give approval for a LSVT to take place.

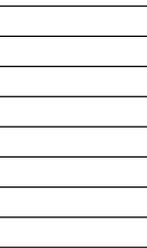
In four cases stock had been transferred to existing or newly formed subsidiaries in order to

provide them with an asset base. In all but one case the aim was financial stability but in the remaining group this had been done to give the housing association subsidiary asset holding status in line with the Housing Corporation's funding requirements. Conversely, one group had transferred stock from a subsidiary to the parent *'to enable [the subsidiary] to be made 'dormant' given managing less than 50 properties'*. Finally, in two cases stock had been transferred to a charitable subsidiary, *'mainly done to offset the effect of the withdrawal of corporation tax relief'*.

Amongst groups that had not consciously restructured the ownership or management of stock, a change in profile had nevertheless often taken place. Some groups were structured on the basis of distinct business streams that had resulted both from an internal transfer of activities and from the practice of placing new stock or management activities with existing subsidiaries that already had an area of management expertise. So, for example, all new shared ownership and leasehold activity would be vested into a subsidiary already undertaking exclusively shared ownership and leasehold activities for historic reasons. In other cases, as new areas of activity had been introduced into a group, new subsidiaries had been formed for this purpose. As an example,

'Only additional stock acquired. [subsidiary 1] has stock transferred only in [LA area]; [subsidiary 2] has all shared ownership stock; [subsidiary 3] has the bedspaces at the Foyer'.

Although our enquiries with groups were with respect to the restructuring of the ownership and management of stock owned within the group, three groups had highlighted the fact that the employment of staff had been restructured. In these cases, when the group was formed all staff had been transferred to the new parent company. In line with this, the management of stock was viewed as restructured, because all front-line management was then viewed as undertaken by the parent.



5.4 DETERMINING RENT AND SERVICE CHARGE LEVELS

Previous Definitions of Ownership research projects had found that most of the inaccuracies in the RSR were caused by the way that rent levels and service charges are reported and the accountability for these to the Housing Corporation. In particular, housing associations often omitted stock from the return because although they owned it, they did not determine the rents charged. A managing agent did this. Indeed, the second project found that in half of cases where stock was managed by another organisation, rent levels and service charges were set by the managing not owning organisation.

Because housing associations in group structures were often required to apply rent levels and service charges determined by a top-down, group-wide rent policy, they too had raised concerns about the line of accountability for figures provided in the RSR. Those concerns had been one of the trigger factors that had led groups to call for a group-wide approach to reporting instead of the individual housing association approach in the RSR.

Whilst we had already determined that the Housing Corporation did not need detailed group-wide performance information at the time of the research, in light of the fundamental nature of rent setting to the individual RSR approach, we sought to determine who in groups decides on rent and service charge levels more accurately.

Table 5.11 Who in the group decides on rent and service charge levels?

Decided by:	Number of groups
Parent	11*
Subsidiaries	9
Jointly	6
Mix	5
Only dormant subsidiaries	2
Total groups	33

* In five cases the parent owns all stock.

As Table 5.11. shows, the results substantiated those of the earlier research that had surveyed a smaller sample of group housing associations. In just less than a third of the groups, rent and service charge levels were decided by individual subsidiaries. In most cases the parent body decided the levels or had to approve those proposed by subsidiary organisations within the group's overall business plan.

5.5 IMPLICATIONS FOR A GROUP RSR

The fact that control mechanisms other than the appointment and removal of board members operated not only between groups but also within groups had indicated that the initial draft definition would be too narrow to achieve a truly group-wide view and an accurate census of groups.

Under a clear definition of a group and its constituent organisations, the population of groups would be greater and the size of groups in terms of organisational membership would become larger than was originally anticipated at the beginning of the project. The increase in scale resulted in an increase in importance of group structures within the sector, providing a greater impetus for the Housing Corporation to be aware of the full range of activities undertaken on a group-wide basis.

The greater than expected number of unregistered subsidiaries and the fact that they were often undertaking what would be viewed as core housing association activity indicated that a group-wide view would indeed yield a different view of activity to an amalgamation of RSR information returned by registered subsidiaries and would be proportional to the Housing Corporation's need to know about the activities of unregistered subsidiaries. Additionally, the fact that unregistered subsidiaries did provide services to external as well as group organisations could increase the level of risk of their activities to the group as a whole. A group-wide view would provide information that would not be easily transparent from other sources.

The fact that the extent of autonomy of unregistered subsidiaries was largely the same as

that retained by their registered counterparts further supported the validity of taking a group-wide view of activities.

Therefore, where housing association group structures included unregistered organisations, the burden of an additional return would be justified to a large extent by our findings subject to the requirement that the resulting data will actually be used by the Housing Corporation. More over, structures of ownership and management required internal relationships to be contextualised outside of the standard individual RSR approach, even in those groups that did not have unregistered member organisations.

A small number of groups had consisted of one operational housing association (parent) with only dormant subsidiaries. Only in these cases would the burden of an additional return be disproportionate to the value of the resulting data. In fact, the data would duplicate that returned in the individual RSR. In these cases an approach of certified exemption would be appropriate. This would enable the census of housing association group structures via the Group RSR to be inclusive, transparent and accurate whilst being proportional.

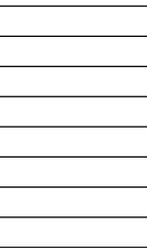
5.6 RECOMMENDATIONS

- We recommend the introduction of a group-wide RSR. This is mainly because the large number of unregistered subsidiaries, the fact that their ownership and management activities were often core housing association activities; that they were engaging with external organisations; and, the extent of their autonomy was largely the same as registered subsidiaries, all supported the new group-wide form.

5.7 HOUSING ASSOCIATION GROUP STRUCTURES: SUMMARY

Based on a sample of 33 housing association group structures:

- The principle role of the parent was strategic direction and leadership, and the provision of corporate services. More than half of the parent bodies were asset holding although exclusively so in only two cases.
- Although the most common type of control mechanism was at board level, ownership or control of ownership was also a significant method of influence. In some cases combinations of different mechanisms were exercisable within the group. This indicated that the initial draft definition of a group could be too narrow to act as an effective trigger to reporting in the way intended.
- Because the number of unregistered subsidiaries was much greater than indicated by information provided in Section One of the RSR, the average size of groups was larger than originally anticipated.



6. Internal data management

The findings outlined in *Definitions of Ownership Phase III: The Shadow RSR* (Marshall, D et al, (2000) Housing Corporation) showed that some of the groups that had taken part in this earlier stage of the research had returned inaccurate and inconsistent or incomplete data as a result of internal data management. The principle reasons had been:

- Inconsistent interpretation of definitions applied to data in different organisations of the group, particularly with respect to ownership and management; and,
- A number of practically independent housing associations operating under group umbrellas that had never assembled data on this basis before could not easily access data from all housing associations.

It was therefore important to establish an understanding of how data are managed within group structures. Only then would we be able to assess the potential for accurate and consistent data from a Group RSR. It was also important in order to assess the potential impact that requesting information in an additional RSR would have on groups.

It was also important to find out if data held individually by members of a group could be amalgamated at group level for the purposes of the RSR. Similarly, we also wanted to know if data held centrally could be disaggregated to show the activities of the individual members of a group. As standardisation of data on a group-wide basis would be demanded by a Group RSR, it was important to find out if this would cause any problems to the groups and finally, we needed to know if groups kept information on other activities/services so that they could report on them under a materiality approach.

The findings discussed in this chapter are based on the information received from 90 different groups throughout the research process. Enquiries in the Scoping Questionnaire, the Evaluation Form and the interviews aimed to answer three key questions:

- How are data managed across group structures?
- How consistent/ accurate would the data at individual level be and in turn how consistent/ accurate would the resulting data set be?
- What data are easily available?

It should be noted that inconsistent information provided by different members of staff at different points in the research within the groups that were consulted reflected a lack of a corporate approach or history of thinking as a group.

6.1 DATA MANAGEMENT

During Phase III, the groups that had completed an overarching Shadow RSR had displayed a diverse range of approaches to data management on a group basis. It was not possible to assume that amalgamated group data existed or that it was easily available from a centralised system. We therefore aimed to establish the extent to which data are centralised and where they are not, how easy it would be to amalgamate data on a group-wide basis. In the event that the Corporation would want information about a subset of the group's member organisations, we also wanted to measure the extent to which centralised data could be disaggregated.

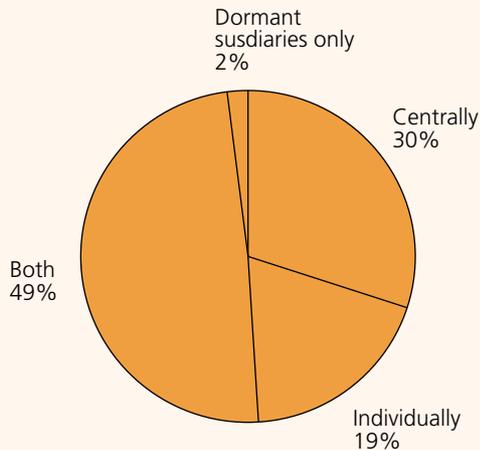
As a general point, three groups indicated that it would take them some time to re-configure their databases to be able to provide the information requested in the draft Group RSR. They made the following comments:

'We need around five months notice for re-categorising of properties. Financial data may also be difficult to provide for similar reasons';

'Generally we need as long a lead in time as possible to set up databases and retrieve some information'; and,

'The group RSR return will create a huge administrative task. This is because a large amount of data collection will be involved in putting the stock information together'.

Figure 6.1 How housing management information is held within groups



6.1.1 How housing management data are held

Figure 6.1 shows that the vast majority of the groups we consulted held the relevant housing management data both centrally and individually, while over a quarter held it centrally. Indeed, only a relatively small amount only held data individually.

In total, 28 of the 90 groups held information systems centrally with the parent. Forty-eight of the groups held data both centrally and individually. Generally each subsidiary held and maintained their own information. By virtue of group-wide IT systems the data were also available in a central place although normally as discrete areas of a larger database. In most groups a support and management role was provided by the parent to member organisations in the context of IT, data management and completing regulatory and other returns.

It should be noted that of these, two groups had stated different answers on both the Evaluation Form and the Scoping Questionnaire. For example, one group who said their data were held centrally on the Scoping Questionnaire, stated on the Evaluation Form that they were held individually. However, it transpired that in the case of both groups that gave these different answers, different individuals had completed the Evaluation Form and the Scoping Questionnaire.

A further two groups who completed the Evaluation Form had ticked all three answers (centrally, individually and both) to this particular question, although one of them had previously stated that it was held centrally on the Scoping Questionnaire. For the purposes of figure 6.1, these inconsistencies have been included in the figure representing those who held their information systems both centrally and individually.

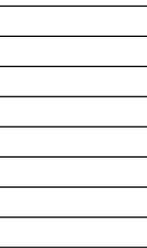
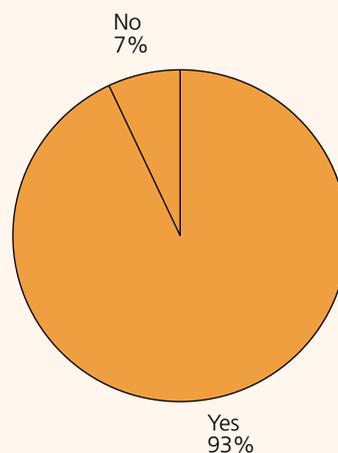
Data were held only individually with the subsidiaries in the case of 15 groups.

6.1.2 Potential for amalgamating individually held data

Where data were held only individually it was important to assess the ability of these groups to collate the requested data for each subsidiary and amalgamate it at a group level. Of the 15 groups that had stated data were only held individually, 14 had indicated the ease of providing amalgamated data.

Figure 6.2 shows that of these 14 groups, for the vast majority it would be easy for them to amalgamate their data. Only one group stated that it would not be easy, *‘Creating group data from the two systems will be a manual exercise. What will probably happen is that both housing associations will fill out their individual returns*

Figure 6.2 Would it be easy to amalgamate data held individually?



and then someone would amalgamate the two forms internally. Producing the percentage of gross turnover and percentage of capital employed figures for the group is concerning'.

Of the 48 groups who held data both centrally and individually, 31 indicated how easy it would be to amalgamate data held individually. Of these, 29 said that it would be easy, one of which said that it would only be easy until 2002, as after that date, the group structure would become more complicated. Of the remaining two groups, one group said they would not find amalgamation easy because although they could amalgamate registered subsidiary stock, they could not do the same for their unregistered subsidiaries. Similarly, the other group explained that they were unaware of the type and numbers of stock that at least one of their unregistered subsidiaries held and therefore would find this task particularly difficult. They were not sure at the point of interview whether they would be able to resolve this problem because the unregistered subsidiaries were jointly owned companies who effectively operated independently.

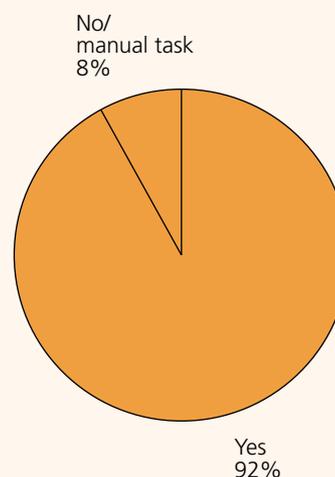
6.1.3 Potential for disaggregating centralised data

It was also important to assess how easy it would be for those groups who managed all data centrally to disaggregate it in order to extract data for each registered and unregistered subsidiary separately. Twenty-six of the 28 groups that held their information only centrally indicated whether it would be easy to extract these data.

Figure 6.3 shows that of these 26 groups the vast majority could easily disaggregate centralised data.

Of these, one group that had initially stated that it would be easy to extract these data, later stated that this was not applicable to them. The probable reason for this inconsistency was that different people had completed the Evaluation Form and the Scoping Questionnaire. Conversely, one group who had stated in the scoping stage of the research that this did not apply to them, later said that it was possible to carry out this task and unlike the previous examples, the same

Figure 6.3 Would it be easy to disaggregate centralised data?



person had completed both questionnaires. No reason was given for the change in answer even though the wording of the question was almost identical.

Only two groups of the 26 would not easily be able to extract data. This was because disaggregation would be a manual task and therefore, as one had noted, this could prove to be a difficult task.

Thirty-nine of the 48 groups that had stated information systems were held both centrally and individually, indicated whether they would find it easy to extract information about their subsidiaries from a central system. All of them said that they would find this easy except for one group who later realised that this would in fact be very difficult for them. It transpired from our interview that they had very little information on some of their unregistered subsidiaries and were unsure of how they could resolve this.

6.2 CONSISTENCY AND STANDARDISATION OF DATA

To evaluate the potential for inconsistencies and inaccuracies during the round-table interviews we aimed to ensure that each group member organisation recorded their stock in the same way. We were also aware that non-housing association organisations would not necessarily

have the same level of detailed information as housing associations. We therefore needed to assess the extent to which the standardisation of data across all group member organisations would pose problems. This question was particularly important because findings from the previous research (Marshall D, et al. Housing Corporation, 2000) had highlighted that within one group structure organisation one subsidiary was reporting all stock as owned and managed by themselves, while another subsidiary within the group reported all the stock that it actually owned as managed by them and owned by the parent organisation.

6.2.1 Consistency

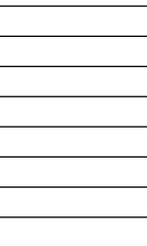
Ten out of the 15 group structures interviewed were in no doubt that the ownership and management of their stock was defined and recorded in the same way across all member organisations. The remaining five highlighted various internal issues that could impact on the consistency of reporting:

- One group noted that in the past, one of its subsidiaries had recorded stock as owned incorrectly which had led to double counting in the individual RSR. With respect to another subsidiary that operated in Scotland, the parent owns some of the stock that it manages (in Scotland). This means that part of the Scottish stock has been reported to the Housing Corporation and part has been reported to Scottish Homes. Because the group would be required to include all stock as owned within the group, stock never previously recorded in a RSR would be required. The group anticipated problems, *'consistency of data completion may therefore be a problem'* because the Scottish subsidiary's data had been constructed in line with Scottish Home's reporting requirements and definitions;
- One group (that prefers not to see itself as a group structure because its subsidiaries came about from historical factors and not specifically to create a group structure, although for the purposes of the Group RSR they had been identified as a group) had a

subsidiary for which they knew nothing about, *'We do our own RSR and [they] do their own which has nothing to do with us'*;

- One group admitted that even though all members of the group used the same database system there were inconsistencies, *'there is no distinction between general needs and supported or self-contained and shared housing in a consistent way — we all distinguish individually within the same system but not consistently, e.g. scheme classification codes differ'*. This group later said that they would be able to resolve these problems once they had sorted out their internal systems for the purposes of the new individual RSR. However, this highlighted the fact that inconsistencies are likely to arise, even on centralised systems, wherever more than one person is entering data or where reporting procedures are not clearly defined;
- One group structure was confident that each subsidiary was recording ownership and management information in the same way, *'we take the individual data and amalgamate so there should be no data inconsistency'*. However, it transpired later, while working through the Group RSR that subsidiaries had recorded the ownership and management of stock differently within the 2001 RSR; and,
- Finally, one group said, *'we do have an issue with who owns and manages stock but we are changing that around. We have identified it as an issue and are dealing with it'*. It is therefore likely that consistent data would be achievable in the near future.

Because issues of consistency were raised by a third of those interviewed, it follows that potentially a third of Group RSR data could be inconsistently devised and therefore be incorrect. Further, all but one of these inconsistencies related to registered subsidiaries, indicating ongoing issues in the RSR 2002 exercise. Later, however, after actually completing a Group RSR the majority of groups indicated that they would be able to resolve these problems in the long-term. Problems with consistent data would therefore be short-term.



6.2.2 Standardised data

The vast majority, 12 of the 15 group structure organisations said they would have no problems in providing the data requested for all member organisations; indeed two group structures had already standardised all their group information with all groups providing information on the same basis and in the same level of detail. However, of these one group said that, *'once the RSR has been done for the individual members we will be ok — the problem is the individual returns'*.

Of the three remaining organisations:

- One said that they were aiming for standardisation so it *'ought to be ok'*;
- Similarly another said that some of their subsidiaries would have a few problems because, *'we are trying to sort ourselves out'*; and,
- Finally, the organisation which preferred not to consider itself part of a group said *'understanding ownership in the same way is not a problem but getting all the data onto one system is not going to happen. All the financial data goes onto one system (the group's)'*.

Therefore, apart from this last group, the remainder of our interview sample indicated that although there would be implications in the short-term, while these groups worked towards standardisation, there were no specific long-term problems that could not be resolved.

6.3 INFORMATION ABOUT OTHER ACTIVITIES/SERVICES

Because the Housing Corporation required sufficient information to provide a picture of a group's full range of activities and their relative scale and importance, it would be necessary to request information about activities other than the ownership and management of housing. However, in Phases II and III of the research, we had already concluded that in order for the burden of providing this additional information to

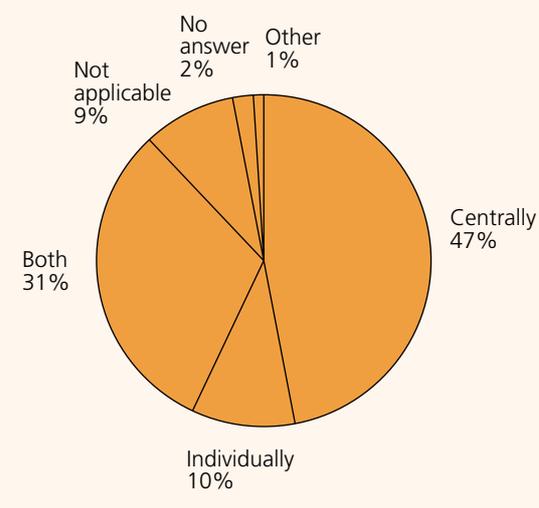
be minimised, the requirement to report would be proportional to the Housing Corporation's materiality approach to *Regulating a diverse sector* (Housing Corporation, 2000). In the same way as Part D in the RSR 2002, the Group RSR would require groups to record information about non-social and other activities and services if; when combined they accounted for more than five percent of the group's overall gross turnover and/or they were activities in which the group had collectively used more than five percent of its gross capital during the year.

This body of data would be a particularly important aspect of the Group RSR because it would potentially contain information about unregistered subsidiaries that could be significant at the group level but absent in the individual RSR approach. Indeed, reporting at group level would produce a very different profile to that returned in individual RSR returns because services provided within the group, including corporate services would not be included. It was therefore important to assess how and whether this information was recorded internally.

Eighty-nine groups provided us with information about data collected on other activities. Of these, 41 held these data centrally, and 28 groups held non-housing data both individually and centrally.

Only eight groups held this information at the

Figure 6.4 How information on non-housing activities is held



individual subsidiary level. Interestingly, three groups who had initially said on the Scoping Questionnaire that they held these data both individually and centrally or just centrally, went on to state on the Evaluation Form that they held these data individually. The Evaluation Form is likely to be the most accurate response as mentioned previously, it was accompanied by a draft Group RSR that defined the information required, although the lack of consistency of responses coincided with the fact that different individuals completed the Evaluation and Scoping Questionnaires.

A further eight groups had said that this was either not applicable to them or had failed to answer the question. Four of these stated that they did not provide any other relevant services. One group who said it was not applicable to them on the Scoping Questionnaire, later stated on the Evaluation Form that these data were held centrally. Again, a different person completed each questionnaire, as was the case for the majority of the inconsistencies between the sources for this analysis. This group was included as retaining their information centrally for the purposes of the research. There were three groups, however, that provided different answers on the Scoping Questionnaire and the Evaluation Form but no reason had been established for the inconsistency. These groups have been included as holding these data both individually and centrally.

Two groups had ticked all three answers on the Evaluation Form (centrally, individually and both) and for the purposes of this research, were included as retaining this information both centrally and individually. One had previously stated on the Scoping Questionnaire that they held these data centrally, *'but depending on the amount of detail required, the subsidiaries may need to be contacted'*. This indicated that the level of detail held individually was above the information held centrally i.e. two levels of information available at central and individual level.

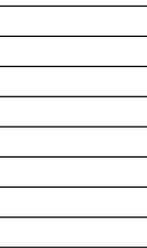
One group responded differently by stating, *'The answer to the above would change if the group changed. Don't think one can be specific about this'*.

6.4 RECOMMENDATIONS

The research identified inconsistencies and difficulties that existed in the reporting and data management systems of housing association group structures, particularly those that continue to use individually maintained IT systems. We therefore recommend that the Housing Corporation assist groups and support the Group RSR exercise, if adopted, by exploring and disseminating good practice in this area. This not only applies to IT hard and software system models, but also in terms of reporting procedures and reporting requirements.

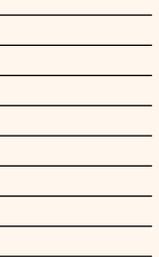
6.5 INTERNAL DATA MANAGEMENT: SUMMARY

- The majority of the groups held their housing based data both centrally and individually and the amalgamation or disaggregation of data as required by the Group RSR would not be difficult in most cases. Although there may be some short-term implications, they generally highlighted a lack of a group approach and consistency in some cases rather than an inability to deliver group-wide data *per se*.
- Data about other activities and services provided by groups could also be provided fairly easily as the vast majority of respondents held these data centrally or both centrally and individually.
- With regard to the consistency and the standardisation of data, it became apparent that there were some groups with outstanding internal issues. Although problems would be likely in the first year that a Group RSR was introduced and should therefore be expected in this event, the problems identified tended to be individual to specific groups and could be addressed in the short-term. There was no reason to believe that in the longer-term, the resulting group data would not be sufficiently consistent and correct to serve the Housing Corporation's needs.



Section three

The findings: practicalities



7. Definition of a group and its member organisations for a Group RSR

For the purposes of the RSR an appropriate definition of a housing association group structure arrangement and definitions of parent, subsidiary and associate were important for two reasons:

- to enforce administration of a Group RSR (see Chapter 3); and
- to provide a sample and ensure consistency with the individual RSR statistical series (see Chapter 4).

Because these definitions were so fundamental to the exercise, it was important to ensure that any definition used in a Group RSR would produce the required result.

This chapter discusses the development of these definitions throughout the research process in relation to the operational realities of housing association group structure arrangements and the Housing Corporation’s needs. Based on this, recommended definitions for use in a Group RSR are then provided.

7.1 EVALUATION OF THE DRAFT DEFINITION OF A HOUSING ASSOCIATION GROUP STRUCTURE ARRANGEMENT

Consequently, we asked all group structures to apply themselves to the draft definition of a group that had been devised in collaboration with the Housing Corporation in the first stage of the research (Chapter 3). The draft definition used in the first draft of the Group RSR read:

‘For the purposes of the RSR (Group), housing associations are defined as being members of a group structure arrangement in line with the Housing Act 1996 where: ‘One housing association (the parent) has the power to appoint and remove board members of the controlling body of another organisation’.

The definition had been kept as simple as possible so as to capture the control relationships that the regulator was interested in without

excluding any by over-prescription.

A total of 88 housing association group structure arrangements gave us their views on this initial draft definition in response to scoping and evaluation questions.

Table 7.1 shows that almost all of the groups had agreed completely or to some extent with the definition. Significantly, three-quarters agreed totally with the definition (a third of all groups in our sample). Further comments made by these groups largely reaffirmed their positive response, confirming that this was the basis of their own group structure or control mechanisms or contextualising the extent of agreement with comments ranging from ‘agree with it entirely’ to ‘acceptable’ and ‘satisfactory’. Two other comments indicated that the definition was a very solid starting point:

‘It’s fine as far as it goes. I think any other definition may have difficulty in applying to all types of group structures’, and,

‘Short but succinct definition. All else will follow from this’.

However, a further 21% of the groups had agreed but only subject to two areas of concern:

- i) Further clarification of the existing definition; or,
- ii) Expanding the definition to include other control arrangements.

7.1.1 Clarifying the draft definition

The main area of concern related to the appointment and removal of board members and use of the term ‘controlling body’.

Two groups noted that the definition did not distinguish between total and partial control of board composition:

‘Definition may need qualifying — our rules

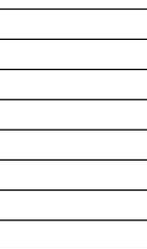


Table 7.1 The extent to which groups agreed with the initial draft definition of a group

Groups that agreed with the draft definition:		Groups already using the same definition of a group internally?	
Agree	66 (75%)	Yes	55 (63%)
		No, but...	5 (6%)
		No definition	4 (5%)
		Yes	1 (1%)
		Don't know	1 (1%)
Agree, but...	18 (21%)	Yes	4 (5%)
		No, but...	10 (11%)
		No definition	1 (1%)
		Yes	1 (1%)
		Other	2 (2%)
Disagree	1 (1%)	No: use a different definition	1 (1%)
Don't know	3 (3%)	Don't know	3 (3%)
Total groups	88 (100%)	Total groups	88 (100%)

state "a majority of board members shall always be capable of appointment by a notice". Therefore the definition given suggested the parent appoints the full board'.

In fact, the definition had been drafted in a way intended to overcome this assumption. Whilst it was not desirable to make the definition more prescriptive in this way, it was apparent that some guidance to the definition would be demanded.

More specifically, two groups had found use of the term 'controlling body' unclear. Whereas one felt that the definition would benefit from a further note on whose controlling body is referred to i.e. the subsidiary, the other did not think the term should be used at all:

'The reference to controlling body is confusing. We suggest, 'one housing association (the parent) has the power to appoint and remove board members of another body (the subsidiary)'.

However, the draft definition had been sourced from the Housing Act 1996 and it remained an aim to keep the spirit and wherever possible, the language of the legislation. This was not only to ensure it was relevant to the housing sector but also relevant to the Housing Corporation. Indeed, the use of the 1996 Housing Act was supported

although a need to clarify how groups with different constitutional and organisational structures would apply themselves to this very broad definition demanded exemplification and guidance:

'It makes sense to use a definition that already exists in the relevant legislation. However, further explanation of whether subsidiaries of subsidiaries should be included might be useful'.

Clarification was specifically demanded with respect to the inclusion of:

- unregistered subsidiaries;
- subsidiaries of subsidiaries; and
- subsidiaries operating outside of England.

7.1.2 Expanding the draft definition

Although 14 of the groups had agreed with the definition, they nevertheless felt it was too narrow. They were concerned that it may not be applicable to members of a group where other mechanisms gave control to the parent. In particular, they equally highlighted the fact that the definition did not apply to total ownership or majority shareholding and it excluded organisations jointly owned with non-group organisations.

This was not surprising in light of our findings that although the most common type of control was at board level, control was also exercised via ownership or control of ownership (Chapter 5). In addition, we had not only identified a number of ‘joint venture’ subsidiaries, but in anticipation of future Private Finance Initiative (PFI) ventures, comments indicated that the number of jointly owned and joint venture subsidiaries were likely to continue to grow, for example:

‘Helpful to keep as simple as defined — would meet our situation now, however, once we go down the route of PFI joint ventures, the statement may not be true and an added sentence may be required to cover such set ups’.

Indeed, the overall response from the groups was very constructive and sought to ensure that the definition would be effective in encompassing the whole group. As one group explained,

‘The complexity of group structures does not stop at subsidiaries. There are many other forms of structures in which diverse activities can take place, would not be captured by the new RSR. The Group RSR should also require disclosure of investment in other ventures, as well as in subsidiaries’.

During the research only one group was resistant to including information about jointly owned subsidiaries. They had a 50% shareholding in two commercial companies with whom they did not share any reporting tools or databases. As they explained,

‘We operate as a very hands off group, with a great deal of autonomy for individual partners/subsidiaries ... Whilst we understand the logic of your needing a context for regulating diversity, these organisations see themselves as virtually independent ... We are concerned that it will be difficult to justify asking them for their private internal data in order to report it to a body by whom they are not regulated’.

The narrowness of the draft definition was why the one group had disagreed with it. Their view was that the definition should be more broadly

defined to include, ‘other things that signify membership of a group — consolidation of accounts and shared ownership’. This group had stated that, regardless of whether the parent has the power to appoint or dismiss a subsidiary’s board members, they consider, ‘as a subsidiary and part of the group whose accounts form part of the group’s consolidated accounts’.

7.1.3 Implications for the draft definition of a group

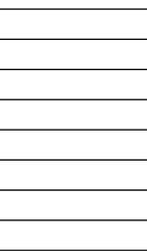
In its initial draft format, the definition was not sufficiently inclusive to act as a trigger to reporting in the way intended i.e. a group-wide basis. It was clearly important that shareholding be included in the definition of a group for the Group RSR. The reference to ‘majority shareholding’ in Section 60 of the Housing Act 1996 had been left out with the aim of a simple, very broad definition that could be widely applied. Incorporation of a reference to majority shareholding in the definition used in the second draft Group RSR resolved all but one concern and area for likely omissions in data in later responses — the treatment of joint ventures — because a majority shareholding was not necessarily applicable to these organisations.

7.2 INTERNAL DEFINITIONS OF A GROUP

Although 84 of the 88 groups (96%) had agreed totally or in principle with the initial draft definition of a group, only 74 of these used the same definition internally. Further, whilst 66 of the 88 groups had fully agreed with the draft RSR definition, only 60 of these already used the same definition internally (Table 7.1). Interestingly, one of the groups that had totally agreed with the draft Group RSR definition of a group had nevertheless stated that they used a totally different definition internally.

Conversely, although 21% of the groups had agreed with the initial draft Group RSR definition of a group but subject to other considerations, those that had stated that they used the same definition internally but subject to other considerations were not necessarily the same 21%.

Notably, of those groups agreeing totally or to some extent with the draft definition:



- five did not have an internal definition but had agreed with the draft definition;
- five had agreed with the draft definition although their internal definitions were wider, including more than one mechanism of control;
- two had agreed with our definition but only used diagrams or charts to define their groups internally;
- five had used the same definition but phrased in different terminology or with more detailed qualification to the way in which Board members were appointed;
- one had agreed with the draft definition subject to concerns had a technical definition for VAT purposes internally but otherwise *'recognise[d] rather than define[d] the group'*; and,
- one group that had agreed with the definition but subject to concerns was in the process of redefining a group internally.

In the three cases where groups used a totally different definition internally, their definitions followed accounting rules and because these changed from time to time, the definition was an elastic one.

These findings not only supported the need to clarify and expand the initial definition to include other mechanisms of control, but also highlighted the fact that a number of groups had not actually given the status of their group and its membership much thought. This last point is of concern in light of Principles 2 and 3 of the Housing Corporation's new *Regulatory Code* (Housing Corporation, 2001).

7.3 DEFINITIONS OF PARENT, SUBSIDIARY AND ASSOCIATE

Before drafting the Group RSR and its accompanying Guidance Notes, we had asked 31 groups with active subsidiaries what their understanding of the terms used in Section One of the current RSR was and whether they thought the terms were defined appropriately. Specifically the questions related to the terms of:

- parent;

- subsidiary; and,
- associate.

By exploring this in the scoping exercise we aimed to identify appropriate definitions and guidance to use in the draft Group RSR. This was a trick question to some extent, however, because Section One of the RSR and the accompanying Guidance Notes did not include definitions to these terms. The very fact that only two groups had noticed that there were no definitions highlighted two issues. It served to further support our concerns about the subjective nature in which group member and associated organisations were accounted for in Section One of the RSR. Indeed, 10 groups had actually stated that the terms were *'defined correctly'*. It therefore also served to re-iterate the fact that a significant number of people central to the RSR process do not read the relevant definitions and guidance provided. This remains a weak link in the consistency of data returned in the RSR. In the case of the Group RSR, however, correct and consistent information returned in Section One of the RSR would be important because of the role it would play in providing a sample for the administration of the return.

To support this process and the correct application of the definition of a group, it had become apparent that we needed to provide definitions and guidance that was consistent in all RSRs.

It was particularly important to ensure that associated organisations were clearly distinguished from subsidiaries. Of the 31 groups, six considered the distinction very blurred and the research more generally had shown that this distinction was being incorrectly made (Chapter 4). In addition, the definitions and guidance would also need to clarify how the following specific organisations should be included:

- Jointly owned/joint venture/PFI joint venture companies;
- Subsidiaries of subsidiaries; and,
- Dormant companies.

Parent and subsidiary organisations were generally distinguished and defined in terms of

control. The parent exerted the control or had the potential to, and the subsidiary being a body subject to the parent’s control.

In the case of associates, they were distinguished in a wider context, as the groups explained:

- *‘Associate where there is no consolidation of accounts’;*
- *‘Relationship between group members where they are neither parent or subsidiary’;*
- *‘Same as subsidiary but would also include subsidiaries of subsidiaries’;*
- *‘Federation-type set-ups / more federal approach’;*
- *‘Operates as part of the group but not subject to formal control’;*
- *‘They may have common interests but no structural control’;* and,
- *‘A company in which you have an equity interest and partial control but do not fully control’.*

Notably, many of these approaches would result in the categorisation of joint ventures as associates.

7.4 WHAT THE HOUSING CORPORATION WANTED

7.4.1 Definition of a group

Because some parent housing associations looked to shareholding and other mechanisms to define control, we needed to clarify exactly which organisations the Housing Corporation expected to be part of the overall group-wide view in a Group RSR in terms of control and a definition of a group.

The Housing Corporation agreed that a definition adopted from the 1996 Housing Act would continue to be the trigger used to define a group for reporting purposes. However, they agreed that:

- A fuller definition should be provided on this basis to include control by ownership;
- To legitimise the definition, reference should be provided on this basis to include control by ownership;
- To legitimise the definition, reference should

- be made to where the definition derives;
- Guidance on how to apply the definition would be included in the accompanying Guidance Notes;
- To support compliance, the Front Page of the Group RSR and Guidance Notes should contain a Corporation statement as follows:
- This form has been issued to housing associations that the Housing Corporation consider to be group structures for the following reasons (with examples); and,
- A fuller one-page statement should be prepared by the Housing Corporation and sent out with the return re-iterating the criteria on which a group had been defined with examples of how different types of groups would fit into this definition in terms of control mechanisms.

7.4.2 Definitions of and inclusion of different types of group member organisations

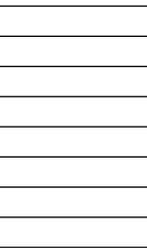
To facilitate the correct inclusion of subsidiaries in the group-wide approach as required by the Housing Corporation, it was agreed that in the second draft Group RSR an additional Part would be included in which groups would list all member organisations by type. This would serve to ensure that all relevant group data were included and contextualised, as a check to groups when reporting and to provide a context to the resulting data. It would also facilitate cross referencing to Section One of the RSRs Long and Short.

With respect to the different types of subsidiaries identified during the research:

a) Dormant subsidiaries:

The Housing Corporation clarified the fact that they view dormant subsidiaries as part of the group, regardless of whether they were trading or not and therefore would want to know about them in a group return even if they were not relevant in data terms:

- Housing associations would be given the opportunity to identify dormant subsidiaries in a Part listing all group member organisations.



Because there were a number of ‘ghost groups’ that consisted of only one housing association/parent with only dormant subsidiaries, the implication was a straight duplication of the data returned in the individual RSR. In order to remain proportional in these cases, it was deemed appropriate to include an exemption statement on the Group RSR to indicate that the correct group-wide data could be found in one individual RSR.

- The Housing Corporation agreed that it was appropriate to allow self-exemption for those groups where this was the case in the form of a tick-box on the front of the Group RSR. Nevertheless they would remain part of the overall sample of groups.

b) Subsidiaries of subsidiaries:

Because in some groups these were viewed internally as subsidiaries and in others they were viewed as associates, their categorisation in a group-wide approach required clarification.

- The Housing Corporation agreed that they would be viewed by them as subsidiaries for the purposes of a Group RSR approach because of the idea of cascading control, regardless of their registration status. To clarify this, however, they would be included separately as subsidiaries of subsidiaries in a Part listing all group member organisations.

c) Jointly owned subsidiaries:

Despite expansion of the definition of a group to include control by majority shareholding, jointly owned and joint venture subsidiaries technically remained outside of the group. This was because in these cases control was shared with another organisation and could not be attributed to a single parent housing association.

- The Housing Corporation confirmed that in line with the overall group-wide view, they were interested in all control relationships that the parent had with other organisations even where the parent did not have the sole power to control the board or majority shareholding.

- Where subsidiaries were jointly owned, the Housing Corporation wanted them to be included in the returns of all owning organisations with no amendment to the core definition to facilitate this.
- To clarify this, further guidance to the definitions of a group and subsidiary would be required.
- To further facilitate the correct incorporation of data from jointly owned subsidiaries, they should be included separately in a Part listing all group member organisations. To make the relationship to the group more transparent, the identity of the co-owning organisation would also be included at this point in the return.

7.5 RECOMMENDATIONS FOR A GROUP RSR

7.5.1 Definition of a housing association group structure arrangement

For the purposes of a group RSR, we recommend that the following definition is applied:

For the purposes of the RSR, housing associations are defined as being members of a group structure under the terms of Section 60 of the Housing Act 1996 where:

One housing association (the parent) owns more than half of the nominal value of the share capital in another organisation OR has the power to appoint or remove all or some of the board members of the governing body of another organisation.

We recommend that the correct application of this definition to the range of different group structure arrangements should be supported by guidance to the definition and exemplification.

7.5.2 Definitions of parent, subsidiary and associated organisations

Using the same source and approach to defining member organisations as used to define a group for consistency, we recommend the following definitions be incorporated into the Group RSR:

a) Recommended definition of a parent body

For the purposes of the RSR, housing associations are defined as parent bodies where:

The housing association (the parent) owns more than half of the nominal value of the shared capital in another organisation OR has the power to appoint or remove all or some of the board members of the governing body of another organisation.

b) Recommended definition of a subsidiary organisation

For the purposes of the RSR, an organisation should be included as a subsidiary organisation if:

More than half of the nominal value of its share capital is owned by another organisation OR another organisation has the power to appoint or remove all or some of the board members of its governing body.

Subsidiaries of subsidiaries: Where a subsidiary has a subsidiary of its own, they should be included as subsidiaries of the parent body of the group as a whole. This is because by virtue of ownership and/or control over its own subsidiaries at board level, the parent effectively controls any subsidiaries that are in turn controlled by the subsidiary's board, i.e. the ownership/control test is intended to cascade downwards in its application.

c) Recommended definition of an associated organisation

For the purposes of the RSR, an organisation should be included as an associate organisation where:

The parent body or one of its subsidiaries owns less than half of the value of its share capital OR does not have the power to appoint or remove any board members of its governing body.

Jointly owned subsidiaries: These should be included as wholly owned subsidiaries of the parent body, regardless of whether the co-

owning organisation is a group member or not. You must, however, provide details about the co-owning organisations separately.

To clarify application of these definitions, further guidance and exemplification should be included in the RSR process that would include the treatment of subsidiaries of the group.

7.5.3 Consistency of definitions

To ensure that the group-wide approach in the Group RSR is consistent with that taken in other RSRs, we recommend that these definitions should also be applied to Section One of the RSRs Short and Long.

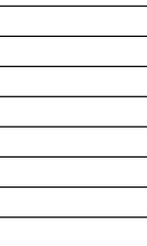
7.5.4 Clarification

To further clarify the inclusion of group member organisations, we recommend that the Group RSR should include a part that individually identifies each organisation and its status within the group. For this purpose, subsidiaries of subsidiaries, jointly owned, and dormant subsidiaries, would be identified separately.

If a Group RSR were adopted, the Housing Corporation should aim to incorporate this approach into Section One of the RSR, including the on-line facility.

7.6 DEFINITION OF A GROUP AND ITS MEMBER ORGANISATIONS FOR A GROUP RSR: SUMMARY

- The definition of a group structure was expanded to include share capital rather than group structures being defined purely by control.
- Definitions of parent, subsidiary and associate organisations were stated separately within the Guidance Notes with the aim of eliminating the misinterpretation of terminology.
- Definitions of different types of group member organisations such as joint ventures were included. A fully inclusive form and Guidance Notes should ensure a greater accuracy of data.



8. The draft Group RSR and data assembly

This chapter provides an outline of the developing draft Group RSR and examines problems relating to the basic approach it took to data collection and difficulties in making the fundamental distinctions within group-wide data on which the approach is based. The analysis is based on findings from the practical exercise undertaken by 15 groups.

Chapters 9 and 10 then go on to identify problems that a larger sample of groups experienced or anticipated when completing the draft Group RSR and our response to those difficulties.

8.1 THE DRAFT GROUP RSR AND GUIDANCE NOTES

Because data at a group level are at odds with the data resulting from the individual approach to data collection taken by the RSR, groups had impacted most notably on the RSR statistical series in terms of data relating to the ownership and management of stock and staff employed. This resulted from the fact that it is these functions that are often centrally co-ordinated within a group structure. Further more, because the Housing Corporation's approach to regulating groups was embryonic at the time of the research it was agreed that a baseline of data that would reflect the scale and diversity of activities at the group level and contextualise information provided in individual RSR forms returned by group housing associations would be sufficient to meet their needs. It was therefore agreed that the Group RSR would aim to collect the basic information about the ownership and management activities of the group and the staff that it employs (Chapter 3).

This approach was also appropriate because the research undertaken up to that time had showed that these data would be achievable in principle. Certainly during the trial of the Shadow RSR as a group return, providing detailed management information about stock in ownership and/or management on a group basis was more problematic, particularly where groups were very

geographically diverse as this entailed substantial additional work.

It was also appropriate that the Group RSR would use the same format to data collection as the RSR 2002 because the results of the overarching Shadow RSR had indicated that this was desirable. The burden of reporting was minimised by the fact that the raw data assembled by housing association organisations for individual returns could be utilised with a small amount of analysis, in the group return. Because specific guidance notes had not been provided for the overarching exercise there had been confusion over the need to re-analyse data in order to strip out internal management and ownership relationships to achieve a group-wide view of ownership and management. The draft Group RSR was, however, accompanied by appropriate guidance to clarify this position. The overarching Shadow RSR had not requested data from unregistered subsidiaries but the Group RSR would and so it had remained difficult to anticipate what the overall additional burden would be to housing association group structures.

8.1.1 Draft one: evaluation draft

On this basis an initial Group RSR was drafted to include four statistical parts that adopted the same basic format to data collection found in the new look RSR 2002 (Parts A, B, D and P). As the 2002 approach had been tested and adopted, it not only provided the basis of the Group RSR but also ensured consistency and comparability of results which in turn would enhance the contextualisation of individual RSR data returned from individual group housing associations. Only the column headings and instructions on the draft Group RSR differed to the corresponding parts in the RSR 2002 but this resulted in three main differences in the basic data returned:

- data were asked for on a group-wide basis;
- information was required about the activities of unregistered subsidiaries; and,
- a different viewpoint was taken because the draft Group RSR was not interested in inter-

group relationships but in relationships with organisations outside of the group.

The first draft Group RSR consisted of:

- Part One: Social housing rental stock and leased housing: owned within the group or managed by the group on behalf of others;
- Part Two: Non-social housing rental stock: owned within the group or managed by the group on behalf of others;
- Part Three: Other services provided by the group; and,
- Part Four: Paid staff and Governing Body members.

The Guidance Notes were re-drafted to apply specifically to the draft Group RSR. Wherever it had been necessary to seek clarification from the Housing Corporation on outstanding issues, the results of our queries were incorporated into the notes, in this case it had been the findings of the Scoping Questionnaire that had raised questions that included, amongst others, requirement to include stock owned by a group but located outside England, treatment of subsidiaries of subsidiaries, jointly owned and dormant subsidiaries.

8.1.2 Draft two: interview and consultation draft (Annex D)

Three main changes to the first draft were made as a result of comments received during the evaluation exercise. These were:

- i) The definition of a group was expanded to include shareholding, bringing this firmly in line with the Housing Act 1996 S.60;
- ii) An additional Part (Part Five) was included. It required groups to list all group member organisations and certify the status of their membership. This included less transparent members such as, subsidiaries of subsidiaries, joint venture companies and dormant subsidiaries. The intention was not only to provide a checklist to the data but also to provide further clarity on the fact that all group member organisations were required to be included regardless of their status; and,

- iii) The new Part Five was linked to the front page by inclusion of a number of tick boxes that aimed to ensure that all relevant organisations' data were included and where they were not, housing associations were required to declare this to the Housing Corporation and provide reasons in an 'Additional Comments' section. This approach also provided the opportunity for parent housing associations with no active subsidiaries to indicate so.

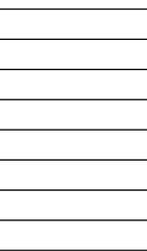
A number of instructions and definitions provided in the Guidance Notes were also amended in response to issues raised during the evaluation stage. These are discussed in Chapters 9 and 10.

8.2 THE FUNDAMENTALS

In line with the RSR 2002 approach, the draft Group RSR required group structures to determine three things with respect to the housing stock they owned and managed. The outcome of the following three basic questions determined how stock would be reported in Parts One and Two:

- i) Owned or managed? Is it owned freehold or on a lease of 21 years original term by a member organisation? If yes, stock were recorded as owned by the group, all other stock would be recorded as managed.
- ii) Management responsibility? If owned by the group, was it managed by a member organisation? If yes, stock were recorded as owned and directly managed by the group, all other stock would be recorded as owned but managed by a non-group housing association, LA or 'other' organisation.
- iii) Social or non-social housing? Is stock in ownership and management social or non-social housing? If stock was social, it would be included in Part One and non-social stock in Part Two.

The problems experienced by group housing associations when making these determinations were largely the same as those identified in Phase III and the resulting individual RSR 2002 approach



that had been adopted. Although the rent restructuring framework had caused a new problem, only one other was a problem unique to the group-wide approach.

8.2.1 Determining and reporting ownership

Ownership is important because it provides a clear line of accountability for the Housing Corporation in regulatory terms and therefore is the basis of reporting on the performance of stock in the individual RSR approach. However, although the same definition of ownership was used to define ownership in the draft Group RSR, the draft Group RSR wanted to know about stock owned by member organisations within a group, regardless of the identity of the actual owning organisation. This was because the draft Group RSR was not interested in internal ownership and management relationships — the draft Group RSR wanted to know about the stock owned within the group and whether it was managed by a group organisation regardless of whether that was the actual owner (owned and directly managed) or whether it was managed by an external organisation (owned but not managed).

The vast majority of the 15 group structures interviewed said there would be no problem determining whether stock was owned or managed by the group. Indeed, 10 groups stated that internal definitions had already been brought in line with the revised definition of ownership so that this determination would be easily achievable based on existing internal data. Elsewhere there were plans to introduce ownership and management flags on housing management data in the near future.

Only two groups experienced problems in distinguishing between ownership and management.

The first raised *'an issue related to supported housing'*. Here the group received SHMG but did not account for the rent on the SHMG properties. As a result they felt that there was *'a grey area where the management responsibility is split ... ultimately we do have responsibility but our view is that we do not manage it — the managing agents manage it'*. Previous research had found this common but not consistently so as to

support the case to move to a management approach to reporting. In effect, the RSR doesn't care about accounting practices, it is a simple determination. Therefore, the group would be responsible for reporting these supported housing units as owned by them but managed by a non-group organisation. The concern was not of significance to the draft Group RSR because as long as the units were included in this way, an accurate picture of group-wide activity would be achieved. However, it should be noted that the concern reflected those that had originally brought about the definition of ownership research programme and the tensions that result from an approach whereby accountability and responsibility for reporting are based on ownership. Nevertheless, as ownership had been found the preferable approach as the basis of reporting rather than management, these tensions would persist throughout the RSR exercise generally and were not unique to the draft Group RSR.

The second group experienced difficulties because their management functions were split. Here the day to day management of a tenancy was divorced from maintenance, repair and other structural management functions that had been retained by the group. Without clarification, it was not clear to them whether such units should be recorded as managed by another organisation whilst the repair and maintenance activity would be included as an additional activity in Part Three. The intention of the RSR was to capture all elements of management activity. In the Group RSR, where management functions were split internally, stock should be reported as owned and directly managed because the group provides all activities in respect of the property. Where the day to day management was undertaken by an external organisation but the maintenance function retained by the group, it should be recorded as owned by the group but managed by a non-group organisation in Parts One and Two. The group separately in Part Three should then account for the maintenance activity undertaken.

Whilst the practice of retaining a maintenance function separately from the day to day management of tenancies is not unique to group structures, in light of the growing centralisation

of services it is more likely to occur within groups. Certainly there was a need to clarify the way in which a split in activities should be accounted for in the Guidance Notes to both the draft Group RSR and the RSR 2002.

8.2.2 Information about stock owned but not managed by the group

Where stock was not directly managed, earlier research had shown that the owning organisation most often depended on managing agents to provide information about this stock for the purposes of the RSR. This was found to be the most problematic part of the RSR exercise at the individual level because obtaining accurate data proved difficult, particularly within the time scale available. This in turn resulted in concerns about the impact of possibly inaccurate data on a housing association’s overall performance profile. As a result, and the fact that ownership continued to determine responsibility for reporting, we found that housing associations often provided incorrect information in or omitted stock from their individual returns.

In the context of the draft Group RSR we had not expected this to form an equally onerous area of reporting because only a baseline of stock figures by housing activity were required, it was not interested in rent levels, vacancy rates, etc. It would be logical to assume that an owning organisation would be aware of the scale and types of stock managed on their behalf even if they did not collect further housing management information.

Nevertheless, out of the 15 groups only four said it would be relatively easy to obtain the required information even though in the vast majority of cases, existing management agreements often stipulated a requirement for agents to report to the owning organisation on an annual or quarterly basis. Three of the 15 groups said it would be easy because they only had a small amount of stock that was managed by agents outside the group. Therefore it was not too problematic. The fourth said it would be easy because their agencies had a duty to provide the required information but added that *‘it is a painstaking exercise’*.

The remaining 11 groups all expressed concern about the accuracy of data provided by external organisations. Although each gave specific answers relating to their own group, there were five main points of concern:

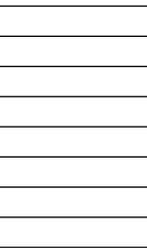
- i) It is a manual task and we have to rely on individuals to provide the information;
- ii) Supported housing information is difficult to obtain from external organisations; getting the information is hard and is low priority for them. The data may be unreliable;
- iii) It is not easy to obtain information from outside agencies. It does not come back on a timely basis and because we have so many it is a big exercise to co-ordinate all the responses;
- iv) We probably end up recording only 20 percent of supported housing information which obscures performance; and,
- v) The flow of information from managing agents is usually bad.

One group structure found it difficult to obtain information from a District Council, which manages one of their subsidiary’s stock, *‘the local authority treat it as if it is part of their own stock and so all the data are set up differently with them — they have no understanding of our reporting needs’*.

The overwhelming response to this question, whether obtaining information was easy or not, was the fact that the information received from external organisations, particularly supported housing managing agents, was generally seen to be unreliable.

This would clearly impact on the accuracy of data provided within the Group RSR but to no greater extent than in individual RSRs. It follows that in this respect, the Group RSR data would be as accurate as the individual RSR data from which it is taken.

In reality, however, it is important to reiterate that because the draft Group RSR only requested data about absolute stock numbers and not the performance of this stock it was expected that any housing association or organisation would have a record of this stock on their own internal



systems. If not then concerns about accountability should be raised, certainly in light of Principle Three of the new *Regulatory Code* (Housing Corporation, 2002). Importantly, the practical exercise showed that housing associations had projected problems experienced at the individual RSR level onto their expectations of the Group RSR experience unfoundedly.

8.2.3 The social/non-social housing distinction

The social and non-social distinction had been tested in the Shadow RSR and proved to be successful because it resulted in more accurate data resulting largely from the inclusion of non-social housing units previously omitted. As the group-wide approach demanded the inclusion of unregistered subsidiary data it was important to ensure this determination was as successfully achieved in the draft Group RSR.

The detailed definition of social housing used in the Group RSR was based on a combination of classifications by funding and purpose. Stock that had received some element of subsidy, defined very broadly, would be included as social housing. Other stock was defined as social housing because of the client group they served and the way in which they were let. Only stock that had not received subsidy and did not serve a social purpose by client group or rent levels such as market rented or keyworker accommodation (employer controlled), would be included as non-social housing stock.

Because unregistered subsidiary data had never been requested before, an overall increase in stock numbers was an expected outcome. Further, there had been an underlying assumption that the inclusion of unregistered subsidiary housing stock would increase stock numbers particularly under the non-social housing category thus reflecting to a greater extent the activities of groups as a whole. Our review of unregistered subsidiary's activities had supported this although the fact that unregistered subsidiaries were also responsible for social housing too meant that the ability to make this distinction and not assume that all unregistered stock was non-social was important to any resulting Group RSR database (Chapter 5).

Of the 15 groups interviewed, only four had no difficulties determining whether their stock was social or non-social housing, and three of these had no non-social housing stock at all.

Of those groups that did have non-social housing that raised concerns, two referred to uncertainty caused by the fact that there were different definitions of social housing being used by the Housing Corporation in policy documents. The Housing Corporation's *Regulating a Diverse Sector* (Housing Corporation, 2000. Part I, page 3) and *Rent Influencing Regime* (Housing Corporation, 2001. Appendix A, page 25) policy documents took a different approach to the draft Group RSR and RSR 2002. Although they used the same 'definition':

'homes for letting or low cost home ownership and associated amenities and services, for people whose personal circumstances make it difficult for them to meet their housing needs in the open market',

they went on to list examples of social housing activities rather than providing further guidance on how to actually define housing as social, such as the definition of subsidy found in the RSR definition. Notably the policy and RSR definitions gave contradictory information on the categorisation of permanently dual registered nursing homes. The policy guidance excluded it from non-social housing whereas the RSR guidance included it as non-social housing.

The greatest concern, however, related to the fact that groups, for the purposes of the rent-restructuring framework had been required to categorise their stock into mainstream social rented housing and non-social rented housing. This was because the framework only applied to mainstream social rental housing and associations were expected to have an initial plan to produce target rents by 2012 on this stock in place by April 2002. Whilst it would be expected that this forced categorisation would facilitate the RSR distinction because of a clearly defined separation of stock on internal systems, the following categories of social housing were specifically exempted from the rent restructuring regime (Housing Corporation, 2001. Paragraphs 3.1–3.4):

- Temporary social housing/short-life leasing schemes for homeless families;
- Private Finance Initiative schemes involving social housing;
- Management contracts of publicly owned housing for rent;
- Home Office contracted accommodation for asylum seekers;
- Residential care homes (under Part I of the 1984 Registered Homes Act);
- Shared ownership and low cost home ownership schemes; and,
- Accommodation for workers in key public services at below market rents.

All of these categories would, however, continue to be included as social housing in the RSR approach.

The two groups that had raised concerns about these contradictions did so in relation to the impact on reporting of rents in the RSR, which would in turn impact on group-wide data. This was because in the RSR 2002 only stock included in Part A (Part One of the Group RSR) under the definition of social housing is carried forward to the rents Parts but this would include the social housing stock exempted from rent restructuring. Groups were, however, reluctant to include exempted housing as social housing in the RSR, particularly some PFI and keyworker schemes. This would in turn impact on the Group RSR data because most groups expected to be able to merely transpose the figures returned in the RSRs of registered subsidiaries, amalgamate them with minimal re-working and then add in data from unregistered subsidiaries. Indeed, the shared format with the RSR was intended to facilitate this approach in order to minimise the additional burden as far as possible.

Along similar lines, one group had specifically stated that they had no problems making the distinction because of rent restructuring although they had excluded the exempted social housing stock on internal information systems from the coding system that would provide this distinction. This raised questions of accuracy in the RSR context.

In fact, apart from one problematic keyworker

scheme that was not housing association controlled but had received social housing relevant subsidy, all concerns related to inclusion of rents in the rents parts of the RSR 2002, particularly sub-market but higher than social rents. Indeed, one group called for clarification on this matter and suggested that social housing should be determined by what stock is subject to the RPI+0.5% maximum annual rent increase rule.

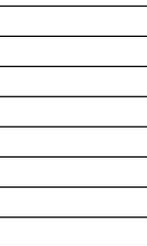
In terms of clarification, one group felt foyers could be incorrectly included as student accommodation under non-social housing and asked for clarification on this point in the Guidance Notes.

These findings highlighted the general pre-occupation with performance indicators that runs through the RSR process and will in turn impact on the Group RSR. There is a general blindness that the RSR is interested in management information on a broader range of stock for the assessment of overall performance and risk by the regulator.

8.3 IMPLICATIONS

The Group RSR data will inherit any inaccuracies made in the individual RSR approach because of the shared format but no major new problems were created by taking a group-wide approach. The RSR data have never been expected to be 100% accurate because of the high level of standardisation demanded by a single approach to a diverse range of housing association organisations and their intricacies. The Group RSR, in terms of the basic categorisations, will be no more or less accurate than the individual data.

There are however, implications from our findings for the individual RSR. This is because of the shared approach between the two forms. Virtually all the recommendations for the draft Group RSR will also need to be incorporated into the individual RSR to retain consistency between the two.



8.4 WHAT THE HOUSING CORPORATION WANT AND RECOMMENDATIONS

All of the following recommendations apply to both the individual and Group RSR approaches in light of their common approach to data collection:

8.4.1 Clarification of management

Because the Housing Corporation want to know about responsibility for the day to day management of tenancies as well as the ownership of stock, there was a need to clarify the way in which stock should be reported where the wider overall housing management function was split.

We recommend that for the purposes of Parts One, Two and Three (Parts A, B and D in the RSR 2002), management is defined in the accompanying Guidance Notes as follows:

Management

You are required to record a property as managed by you if you are responsible for the day to day management of the tenancy. At its most basic this includes the letting and termination of tenancies and the collection of rents. If you are merely responsible for the maintenance of the property or the provision of care for example, you should not define yourself as the managing organisation.

8.4.2 Facilitating accuracy of data

We recommend that the Housing Corporation collaborate with the National Housing Federation (NHF), Local Government Association (LGA) and other relevant representative bodies to develop mechanisms, such as a proforma and shared definitions, for consistent and accurate reporting by managing organisations for the purposes of the RSR.

It should be noted that this remained an outstanding recommendation from the earlier research.

8.4.3 Consistency

There was no need to change the guidance on social housing used in the RSR to that used in policy documents because the Housing Corporation did not view the RSR as a policy exercise *per se*. Standard definitions are applied in the RSR to achieve consistency of reporting across a diverse sector.

Nevertheless, we recommend that the contradiction with respect to permanently dual registered nursing homes between policy and RSR social housing guidance be resolved.

We also recommend that the Housing Corporation should aim to utilise policy definitions in the RSR wherever possible because in reality decisions made on a day to day basis by housing associations (guided by the policy framework within which they operate) do impact on the RSR data returned.

8.5 THE GROUP RSR: SUMMARY

- Using the same approach to data collection as the RSR 2002 would minimise the burden of the Group RSR. However, almost all issues raised in making the distinctions required for reporting in the draft Group RSR flow from those in the RSR 2002 approach at the individual level.
- In the Group RSR context, the only new issue was the need to provide better guidance on reporting ownership and management functions where these are split between the group and external organisations.
- Distinctions made about rent levels and their link to the distinction made between social and non-social housing caused problems when defining social housing.

9. Rented and leased housing owned and managed by the group

In line with the outline of the draft Group RSR provided in Chapter 8, groups would be required to account for all stock owned and/or managed within the group in Parts One and/or Two. Except for different column headings, these Parts shared the same format to data collection as Parts A and B of the RSR 2002: the ownership and management matrices. Social housing and all leased housing were requested in Part One while Part Two requested information about non-social housing. Within each, groups were required to report stock separately in terms of ownership (at the group-wide level) or management (on behalf of external organisations).

In line with the objective to achieve accurate and transparent statistical information about group structures and their activities as a whole it was important to evaluate the approach and the data likely to result from the draft Group RSR.

It was also important to evaluate the extent to which the value of the resulting data to the Housing Corporation would be proportional to the additional burden on groups.

Because of this, questions relating to the feasibility of providing the data requested were raised with housing associations in group structures in all four consultative stages.

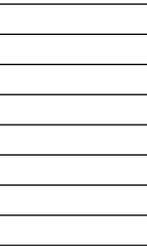
This chapter discusses our findings with respect to the reporting of stock owned and managed by groups in Parts One and Two. It should be noted, however, that it became apparent during the round table interviews that this assessment was most accurately made when groups actually had to construct the data requested. Therefore, whilst our evaluation of the achievability of the draft Group RSR draws from information provided by 101 group structures that gave their views in one or more of the consultative stages, because of the practical nature of the exercise, the majority of specific issues are drawn from the experiences of the 15 groups that were interviewed and had actually completed the second draft Group RSR (Annex B).

9.1 THE GROUP RSR DATA: GENERAL OBSERVATIONS

The most problematic issue in the practical exercise was providing the detailed breakdown of stock by type of housing activity. This was because in almost all cases the groups had used 2001 RSR data for housing associations and had added unregistered subsidiary data on to this where applicable. The RSR 2001 did, however, take a different approach to reporting than the RSR 2002 on which the Group return was based. The RSR 2001 requested total numbers of stock by property type. This meant that the relevant data from the 2001 RSR had to be amalgamated to provide overall totals and then broken down into the categories required.

This was not a simple process (the methodology used for transferring these data is included in Annex D), but it was effective in highlighting new areas of analysis or data that had not been previously required in the RSR exercise. Because of this, the vast majority of issues raised were short-term and caused by the change in approach to data collection. Of greatest importance was the fact that most issues were not unique to the group-wide approach. The issues discussed in this chapter were largely as relevant to the drafting of the final RSR 2002 as any future Group RSR because of their common approaches. Indeed, an added value of the project had been its direct input into the on-going development of the individual RSR 2002.

As Chapter 8 highlighted, the approach to data collection in Parts One and Two of the draft Group RSR required groups to divide the stock that they owned and managed into social and non-social housing. Then within each Part they were required to distinguish between stock owned within the group and stock managed by the group on behalf of non-group organisations. Problems experienced by groups when making these distinctions on a group-wide basis were largely the same as those experienced by individual housing associations when completing



the RSR 2002. Parts One and Two, however, then went on to categorise stock by housing activity.

In this chapter difficulties in providing the data and points that required clarification relevant to the future success of both RSRs are identified and recommendations for clarification are made for each part and constituent category of stock where required. Notably, many of the points of clarification had been incorporated into the RSR 2002 before the end of the group project.

9.1.1 Issues relating to both Parts One and Two

We received a number of comments that related equally to Parts One and Two during the four stages of the research.

One group queried where they would include housing under development within the matrices. In fact, only stock where completion of works or transfer is complete, has been passed to housing management and is ready for letting is required. This was already clearly stated in the Guidance Notes to Parts One and Two (notes 2.f and 2.e. respectively).

A number of groups asked for cross-referencing between the individual RSR and Group RSR to ease the transfer of data for parent bodies and registered subsidiaries. There were concerns however, that this may lead to a reliance on cross referencing and result in groups not viewing the Group RSR as a distinct exercise that required a slightly different approach to these data. Therefore, we do not recommend that cross-referencing is made in the body of the Guidance Notes although we do recommend that a guide on how the Group RSR should relate to individual data accompany a Group RSR if administered.

Parts One and Two generally: clarification required in the Guidance Notes

Two groups that had unregistered subsidiaries with stock in Scotland queried whether this stock should be included in the draft Group RSR. In light of the issue of dual regulation we queried this point with the Housing Corporation for clarification. They confirmed that because all subsidiaries should be

included, **all** stock owned and managed by the group should be included in the draft Group RSR. This would include stock owned and managed outside of the UK as well as that in Scotland, Wales and Ireland. In line with this we included the following statement in the 'General instructions' to the second draft Group RSR:

'You must include the relevant statistical data for ALL stock owned and/or managed within your group, regardless of whether the owning or managing organisation is registered with the Housing Corporation or not. This INCLUDES both subsidiaries operating outside of England and the stock that they are responsible for owning and/or managing'.

9.2 SOCIAL HOUSING RENTAL STOCK: PART ONE

In Part One there were four basic categories of rented housing with sub-categories in each to further clarify the categorisation of stock:

- i General needs housing:
 - General needs
 - Keyworker (housing association controlled)
- ii Sheltered housing:
 - General needs sheltered housing
 - Supported sheltered housing
- iii Supported housing:
 - Unregistered
 - Residential Care Homes Part I
 - Stock provided for asylum seekers
 - Stock receiving floating or move on support
 - Other supported rented housing
- iv Staff accommodation

9.2.1 Part One: general ability of groups to provide data easily and accurately

The vast majority of the 101 groups said that on the whole they would be able to provide the data easily and accurately. During the practical exercise most of the difficulties in supplying data were group specific and certainly did not apply to all groups.

As in the RSR 2002, problems were caused by a range of ‘odd units’ that were particularly difficult to classify. Indeed, earlier research had shown that housing associations often spent a hugely disproportionate amount of time in the overall RSR exercise trying to determine how to include only a handful of units. It would not, however, be appropriate to cater for every possible arrangement in the guidance to the RSR approach. Not only would this make the guidance even more unwieldy but also over-prescription could inevitably cause further deliberations. Instead, it is important for the Housing Corporation to make housing associations and groups understand that under a standardised approach to data collection some subjective decisions are inevitably required within the framework of guidance provided. It has never been expected that the resulting RSR or Group RSR data would be literally accurate with respect to every single unit owned or managed within the sector. However, more general clarification is required in the case of some wider areas of activities that could facilitate the right subjective decisions being made (see below).

Many of the interviewed groups that used the data from their RSR 2001 to complete the draft Group RSR found mistakes either with stock numbers or with the classification of stock. Had the group exercise not taken place, these mistakes would not have come to light. Interestingly, issues raised because of the exercise would be rectified in time for the individual RSR 2002 which would, in-turn result in more accurate group-wide data in a Group RSR.

Just over half of the group structures interviewed were not able to provide their supported housing data in the way requested in the draft Group RSR. Difficulties largely resulted from the poor quality of data provided by managing agents (Chapter 7) and the uncertainty of how supported housing is used with respect to the categories of supported housing included in Part One.

In the Group RSR context, a major concern that impacted on the data provided in interviews was the lack of knowledge that some groups had about their subsidiaries’ stock, both registered and particularly unregistered. This generally

related to the fact that these data had not been requested before although one large group structure was particularly resistant to including information about a large joint venture subsidiary organisation because this information was considered to be commercially sensitive.

Part One generally: clarification required in the Guidance Notes

How to categorise stock that is void at the time of reporting:

One group had noted that because the guidance instructed groups to include void stock as it would have been included if the last tenant was still living there, stock previously let to a tenant receiving floating support would be included as supported housing when in fact it would be re-let as general needs. In order to account for this eventuality, particularly in the individual RSR 2002 where this would impact on rents, we recommend the addition of the following statement to guidance note 1.e in Part One:

‘If, however, the last tenant was receiving floating support and the property will be let on a general needs basis at the end of the void period, please include as general needs’.

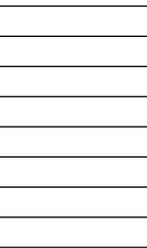
Specific difficulties and recommended clarification or changes are discussed below.

9.2.2 General needs social housing rental stock (lines 1 to 3)

Line 1 – General needs housing

Issues about the provision of data for general needs stock came from the interviews only. Issues raised relating to the provision of general needs social housing data included:

- At the time of the interview, one group that did not have problems supplying the total figures for general needs was unable to say what type of organisations managed units that they owned but were not managed within the group;



- Two groups could not make the total figure for general needs rental stock add up. It was discovered during the practical process that this was largely because they had completed their RSR 2001 incorrectly from where these data were taken; and,
- One group could only provide subsidiary data for one out of seven stock holding subsidiaries (only registered subsidiary data was available by virtue of a completed RSR 2001). Nobody attending the interview knew how much or what type of stock was held by their unregistered subsidiaries although they acknowledged that one had health worker and student housing so they would impact on overall stock figures in the group-wide approach. This group remained reluctant to include these figures in the longer-term and in the case of their joint venture organisations had contacted the Housing Corporation directly on the matter of appropriate use of regulatory powers with respect to unregistered organisations.

Line 1 — General needs housing: clarification required in the Guidance Notes

Only one point of clarification that specifically related to recording general needs was raised. The question was whether social housing that was used as temporary housing for asylum seekers but not under NASS should be recorded as general needs or 'asylum seekers' under supported housing.

In order to clarify this, the guidance note relevant to 'asylum seekers' was changed in the second draft Group RSR (and RSR 2002) to include:

'In line 9, only include stock provided for asylum seekers that are receiving a supported style of housing management, as defined in the glossary. If asylum seekers are not receiving support, the units they occupy should be included as general needs rented housing in line 1'.

The guidance was similarly expanded in

relation to refugees. The definition of 'general needs' was not, however, changed. To cater for every eventuality in every bit of guidance would be unfeasible. If this was the query then it could be assumed that the guidance to 'asylum seeker' would be referred to in addition to the definition of general needs.

Line 2 — Keyworker accommodation (housing association controlled):

Chapter 8 highlighted the fact that some groups find their keyworker accommodation (housing association controlled) difficult to reconcile with the definition of social housing, further clarified in Part One by its separate categorisation as social housing in the matrices under general needs housing.

Only six out of the 15 groups interviewed did have housing association controlled keyworker accommodation. An additional two were planning to have some in the near future and stated that they would have no difficulties classifying them into either housing association controlled for Part One or employer controlled for Part Two.

Of the six groups that had keyworker accommodation (housing association controlled) only one had a problem identifying the units for the purpose of reporting them separately in the matrices. This was because internally the units were known as sub-market rental stock and keyworker was not a term that they used. At that time, therefore, it was not possible to extract this information from internal systems easily. Nevertheless, as these units were owned by their registered subsidiaries, they would be required to report in this way in the individual RSR and so, in reality, the data should in-turn be available for inclusion in a Group RSR.

9.2.3 Sheltered housing (lines 4 to 6)

No comments were received via the Evaluation Form or through the consultation process that indicated the groups would actually experience difficulties providing information about sheltered accommodation.

One group did, however, query the use of the general needs/ supported housing categorisations of sheltered housing in Part One in light of the forthcoming 'Supporting People' framework. The group explained that they had sheltered housing that, under the terms of the definitions provided, would be categorised as 'general needs' for the purposes of the RSR. However, some of this housing had been classified as supported housing under the *Supporting People* (DETR, 2000) framework even though the warden does not provide intensive care.

This tension reflects the inherent difficulty of collecting information on an annual, snapshot basis, in a rapidly changing policy area. In reality, because the Group RSR was drafted to apply at 31 March 2002, before Supporting People is fully introduced, it seeks to provide the Housing Corporation with the relevant data that it requires in light of policy that is operating on that day wherever possible. It is necessarily never a forward view of activity because this would be conjecture. However, the comment highlights the fact that the categorisations of 'supported housing' and the terminology used in the Group RSR would need to adapt to the Supporting People regime in the future, but in order to respond to new policy and not anticipate it.

In the vast majority of the 15 groups interviewed, providing information about sheltered accommodation was not difficult and those interviewed preferred the general needs/supported split. Nevertheless:

- One group found the term 'general needs sheltered' confusing in line 4 of the return. They suggested the word 'needs' should be deleted so that it would read 'general sheltered housing'. This was actually the wording on the Shadow RSR and the earlier research process had actually showed 'general needs' to be clearer than 'general'; and,
- One group could not provide details of how their sheltered accommodation was managed by another to categorise it as general needs or supported from their RSR 2001 data.

Sheltered housing: clarification required in the Guidance Notes

Clarification was demanded on two issues:

i) Clarification in the definition

The first group had noted that the reference to category 2.5. sheltered housing in the second paragraph of the definition provided in the Glossary was inappropriate and they felt that 'category 2.5.' should be defined.

Earlier research had found that because housing associations used different terminology to refer to different arrangements, it was desirable to only use clearly defined terms in the guidance to the return. The use of 'category 2.5.' to exemplify in this way is an example of bad practice to some extent. However, the definition later goes on to provide a list of terminology that is viewed as one and the same as category 2.5. Further, the term category 2.5 sheltered housing is then defined under the definition of supported housing.

Because of this existing further clarification, it was not deemed necessary to further define this term at this point in the Guidance Notes.

ii) Clarification on potential dual categorisation

The second group had queried whether sheltered housing that was also registered under Part I of the Registered Care Homes Act should be included as supported sheltered housing in line 5 or under supported housing in line 8 (Residential care homes Part I).

Our queries with the Housing Corporation clarified that wherever housing was RCH registered it should always be recorded as registered supported housing for the purposes of the RSR generally.

In order to clarify this, the following note was added to guidance on sheltered housing (Part One):

‘Exclude any sheltered housing that is registered under Part I of the Registered Care Homes Act 1984. This should be included in line 8.’

9.2.4 Supported housing rental stock (lines 7 to 12)

As discussed in Chapter 8, a significant number of groups thought that they would experience difficulties sub-categorising the supported housing stock that they owned but was managed by an external organisation due to the inadequacy of data provided by managing agents. This was a problem inherited by the Group RSR that resulted from a wider RSR approach to data collection based on ownership.

In line with this, supported housing during the practical exercise, particularly units managed by outside organisations, proved the most elusive figures to obtain for Part One of the Group RSR.

Only four out of the 15 groups had no problems providing supported housing figures by sub-category. Amongst the 11 that had experienced difficulties, floating support was identified as the sub-category causing the main area of concern.

Line 10 – Floating or move-on support

Floating or move on support had been a contentious issue throughout the Definitions of Ownership research. This was primarily because housing associations viewed this stock as general needs regardless of the delivery of floating support on a long- or short-term basis; the stock never leaves the general needs area of internal databases and so is difficult to identify during reporting. Indeed, it has been argued that because it is the person that receives support and this support is not tied to the property, the accommodation should be recorded under general needs. However, because the Housing Corporation needed to track supported housing funding dedicated to floating support (for rent purposes in the individual RSR), units receiving floating support were required to be categorised as supported. The Group RSR had therefore inherited this approach.

Four key issues relating to floating support were highlighted which reflected those discussed in the earlier research:

‘We do not know the number of floating or move on support. Last year we recorded 39 that was probably wrong. We will need to ask our supported housing managers how much support is provided. We do ask this information from supported housing agencies that manage on our behalf but we do not ask this information for supported housing that we own and directly manage’;

‘We have never been able to record floating support before as the tenancies change — data is not held in this way. We will not change our systems to encompass floating support. As it stands the group works out which are general needs [receiving floating support] and then puts a note on the RSR to say that some are floating support. Will not change our system as it will skew our rents’;

‘We have no method to deal with floating support on our systems, i.e. cannot identify from the IT system. Annually we have to send the RSR around different departments to gather specific information which is not directly obtainable via the IT system. Floating support is asked for in this way’; and,

‘Floating support is difficult because we can’t keep changing the coding plus it mucks other things up. It would be difficult to identify regardless of whether it was classed as general needs or supported housing. It stays in our general needs stock. There are lots of possible indicators that we could use but if general needs units receive floating support we only change the rent area into supported housing’.

This position reiterates findings on the individual RSR. The findings showed that floating support and its categorisation as supported housing for the purposes of the RSR is likely to continue to be an area where the accuracy of the data provided remains questionable.

Floating support: clarification required in the Guidance Notes

Two housing associations had noted in the evaluation round that while the definition of floating support stated that the support would at some point ‘float off’ as the tenant ceased to require it, this would not always be the case in practice. Both had clients or sheltered schemes where there was no expectation that the support would cease to be required. In these cases the housing units would return to general needs categorisation only at the point at which the tenant moved. In order to reflect this the guidance in the second draft Group RSR (and RSR 2002) was expanded to state:

‘There must be an expectation that the support for some or all of the residents will float off and move to other properties as those residents cease to require the support. At this point, or if the resident moves, the property reverts back to general needs’.

9.2.5 Staff accommodation (line 15)

There were generally no problems anticipated or experienced in providing the number of staff or warden units on a group-wide basis. Notably, however, one group did question if they would be able to identify whether the stock that they managed on behalf of non-group organisations included housing for staff or wardens.

Staff accommodation: clarification required in the Guidance Notes

One point of clarification was called for. The definition had stated that this was ‘any self contained accommodation provided as a requirement of the post’. One group had noted that the reference to self contained was misleading because it inferred that all staff accommodation was self contained whereas they provided other forms of accommodation for staff. Accordingly, the reference to ‘self contained’ was deleted.

9.3 PART TWO: NON-SOCIAL RENTAL HOUSING STOCK

Part Two of the Group RSR asked for data relating to non-social housing stock and completed the picture of a group’s overall rented housing management activity. As in Part One, non-social rented housing owned and managed were required to be recorded by the following non-social housing activities:

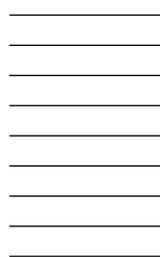
- i) General housing
- ii) Keyworker accommodation (employer controlled)
- iii) Student accommodation
- iv) Specialist housing
- v) Market rented housing
- vi) Other non-social housing

Again, the breakdown by category was intended to facilitate more accurate categorisations of stock as non-social housing, in addition to providing a more accurate reflection of the scale and range of activities undertaken.

One point to note is that guidance to the categories was not as specific as in Part One. Within the framework of what is clearly defined as non-social housing, housing associations are left to make some subjective decisions. This approach was taken in the RSR 2002 in light of the increasingly wide range of non-social housing initiatives being undertaken by housing associations. Within groups it was anticipated that this range of activities would be greater because of the inclusion of unregistered subsidiary data. Basically, because no detailed information is requested about non-social housing, as long as the scale of activity is accurately reflected in Part Two overall, then the aim of Part Two is achieved.

There were also two additional columns in Part Two that required groups to provide the percentage of gross turnover and the percentage of capital employed in any of the individual activities listed that were relevant in terms of stock owned:

- Column J: Percentage of your group’s gross turnover of these activities



- Column K: Percentage of your group's gross capital employed in any activity

As in Part One, groups were asked to comment on the ease of provision of data about owned and managed stock and, specifically, how easy it would be to provide the percentage of gross turnover or gross capital employed by the group in their non-social housing activities. Again, as in Part One, the majority of issues relating to this Part were identified when completing the form during the interview process and therefore many responses relate to the experiences of the 15 interviewed group structures, 12 of which had non-social housing that they included in Part Two.

9.3.1 Part Two: general ability of groups to provide data easily and accurately

Generally, providing stock information for Part Two was found to be unproblematic. The vast majority of the 101 groups that responded indicated that they would be able to provide these data easily and accurately. In most cases this was because their non-social housing stock was minimal and therefore the impact of data on this Part was small or it was a very clearly defined area of activity within the overall group approach.

Where problems were identified they reiterated on-going issues about current data management (demanding manual extraction of specific unit types), difficulties obtaining information from managing agents and the fact that RSR 2001 data were used as a benchmark in responses. These problems applied to the whole form and to housing associations in general and were not unique to either Part Two or the group-wide approach. In the case of Part Two specifically:

- Four groups expressed concern about obtaining data for Part Two in their Evaluation Form responses. Of these, one had also taken part in the interview process. Interestingly, on their Evaluation Form this group had stated that it would be difficult to obtain the data requested in Part Two because their information systems *'are not integrated to those used by non-group organisations and the changing nature of information means currency of data is difficult to achieve'*.

Nevertheless, when it came to completing Part Two in the practical exercise this group had no difficulties in providing the data requested. Therefore, in this case perceived difficulties when responding to the Evaluation Form were unfounded.

Of the three remaining groups one expressed concern about collecting data from managing agents, another said they have no field on their data base that will distinguish this stock and it will have to be manually extracted. Finally one group commented that it would be difficult but gave no further explanation as to why;

- Six groups anticipated difficulties in providing information about non-social housing stock that the group does not own but manages on behalf of organisations outside of their group structure on the Evaluation Form. Three groups were concerned that their management information systems were not set up to extract the information required and it would therefore be a manual exercise. One group that was also interviewed stated on their Evaluation Form that it would be difficult to obtain data that was managed by a subsidiary but owned by non-group organisations. They said that there might be certain information that they could possibly have difficulty in obtaining in order to complete Part Two. However, when interviewed this particular problem did not arise. Although not all the figures for Part Two were available on the interview day it was stated that it would not be a problem when completing the form 'for real' in 2002; and,
- One group queried the inclusion of unregistered subsidiary information, 'such stock is managed by an unregistered subsidiary and as such it will not form part of the RSR'. However, the decision to include information held by unregistered subsidiaries had been taken by the Housing Corporation as part of their policy on regulating a diverse sector. This same group stated that it would be difficult to obtain the information requested but did not expand their answer.

Generally, there were few problems in the percentage of gross turnover or capital employed. One group expressed concern that the figures would not be audited at the time of completion while another uses different accounting policies within the group. Because of this, completing Part Two was seen to be problematic.

Part Two generally: clarification required in the Guidance Notes

A small number of groups undertook what was referred to as ‘facilities management’ on a relatively significant scale. This activity largely related to what would be categorised as non-social housing. Facilities management is, in fact, a product of a split in the overall management function between management of a property and management of a tenancy (discussed in Chapter 8). The group is responsible for repairs, maintenance and services to communal areas whereas another organisation is responsible for the letting and termination of tenancies and the collection of rents or vice versa. This is a popular model in PFI arrangements and in particular, keyworker, student and residential care homes.

Two groups would have included this activity in Part Two as social housing managed on behalf of others. Indeed, one of these asked that a new category be included in Part Two for ‘facilities management’. The second noted that without a definition of management it would not be possible to accurately record the three elements of their housing management activities:

- *‘providing care and support for people, e.g. care workers in a supported scheme;*
- *providing housing management, where we have a landlord/tenant relationship with the tenant; and,*
- *providing repairs, maintenance and services to the property’.*

In fact, as discussed in Chapter 8, facilities management should be recorded in Part Three and not Part Two and hence a separate category in Part Two was not appropriate.

However, in line with Chapter 8, the situation demanded a definition of management for the purposes of Parts One and Two of the form (that should also be adopted in Part A and B of the RSR 2002). A definition is recommended in Chapter 8.

Specific difficulties and recommended clarification or changes with respect to the individual categories of stock are discussed below.

9.3.2 Line 1 – general housing

Whilst there were no issues raised in the practical exercise, no specific guidance had been provided to explain what should be included in ‘general housing’. The term was one being used at the time the RSR 2002 was tested as the Shadow RSR to refer to ‘general needs’ housing that was not social housing and was not let at a market rent i.e. any housing not let at a market rent that was not keyworker, student or specialist housing.

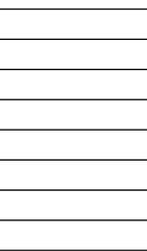
However, a number of groups had queried whether this would include owner occupied/ leased housing and one group had simply asked what the term meant.

In fact all leased housing should be included in Part One and the queries with respect to leased housing related to a lack of clarity in the guidance to leased housing that is discussed below (see 9.4).

Because the RSR 2002 will act as an on-going research tool in its first year of introduction and the Group RSR would share its approach, the decision not to include a definition of general housing in the first year remained appropriate and would apply to a Group RSR too. This was because the stock returned in this category and that of ‘other non-social housing’ will be analysed to assess how stock had been categorised during the exercise between the two. Further clarification may then be provided in the RSR for 2003.

9.3.3 Line 2 – keyworker accommodation (employer controlled)

The only difficulties anticipated or experienced with respect to non-social keyworker



accommodation related to the initial distinction of this stock from that categorised as housing association controlled in Part One. This issue has been discussed in Chapter 8.

9.3.4 Line 3 – student accommodation

No difficulties were anticipated or experienced in providing information about student housing.

One group thought that it might be necessary to provide further clarification to ensure that groups do not include foyers under the category of student housing. Because funding is largely the difference between the two, the distinction between foyer and student housing should become evident at the time when groups make the distinction between stock that is social and non-social before breaking this down by category. In collaboration with the Housing Corporation it was decided that the value of further clarification on this point would not outweigh expansion of the Guidance Notes and there may indeed, be ‘foyer’-type schemes funded by non-social sources. Therefore no change was recommended.

9.3.5 Line 4 – specialist housing

Although there were no technical difficulties in providing these data, some groups were concerned that the accompanying guidance was very specific and could exclude stock that they would logically want to include in this category. In this case they would include PFI stock developed for adolescents but they queried whether the category limited itself to registered housing.

The relevant guidance note stated that nursing and care homes registered under Part II or permanently dual registered under Parts I and II of the Registered Care Homes Act 1984 should be included in this category in Part Two. This was not intended to be an exclusive statement but was intended to distinguish between non-social care homes and those only registered under Part I that should be included as social housing.

9.3.6 Line 5 – market rented housing

Again there were generally no problems providing

data on a group-wide basis for market rent activity, as it was largely a discrete area of activity within the groups. Where the data were not available for unregistered subsidiaries in the practical exercise, groups confirmed that it could be assembled to meet the requirements of a Group RSR if made a regulatory requirement.

Only one group had been reluctant to include their non-social sub-market and market rent housing properties in Part Two because they apply housing benefit ceilings to these and therefore they consider them to be social housing rents (low demand area).

Further clarification with respect to leased housing was identified via a query raised in relation to market rented properties. In this case a flexible tenure model was used in which the purchaser paid a market not social rent on the proportion of equity retained within the group. Although the group felt that they did not fit easily into shared ownership, they acknowledged that they not necessarily fit into the market rent category in light of the overall approach. In fact this stock should be reported as leased housing, discussed in further detail below (see 9.4).

Market rent housing: clarification required in the Guidance Notes

One group felt that the definition of market rented housing provided in the glossary could be open to misinterpretation. In the first draft Group RSR it stated that these were, ‘properties let on assured shorthold tenancies where the rent is comparable to privately rented properties in the location and there is no subsidy from the housing association or any other party’. The group felt that groups applying this definition to their stock could view housing benefit as a subsidy and as a result, where housing benefit was being received by tenants they could be excluded.

To clarify this position, the following statement was added to the definition:

‘Housing benefit payments should not be viewed as a subsidy in this context’.

9.3.7 Columns J and K – percentage of group’s gross turnover and capital employed

In both the evaluation and interview exercises, groups were specifically asked if it would be possible to work out the percentage of the group’s gross turnover of these activities and the percentage of the group’s gross capital employed in any activity where applicable.

Importantly, of the 12 groups that actually completed the second draft Group RSR and had non-social housing in Part Two, 10 said that providing this data would not be a problem. Although most did not have it to hand during the exercise they confirmed that they had discussed this with their finance departments and the information would be available on a group-wide basis if required for a Group RSR.

Of the remaining two, one was a newly formed group, which stated:

‘There is an issue about getting gross turnover and gross capital employed figures for the group. Each subsidiary prepares individual accounts. One subsidiary is audited in May while the other is audited in August. This means that the information will not be there in May.’

A further and more significant complication was that accounting policies were not standardised across all of the subsidiaries’ individual accounts. To measure capital employed, one used a housing costs measurement while the second used valuation of fixed assets. This had implications for their ability to complete the group form accurately and also to complete the individual RSR consistently across registered members.

Where groups had expressed concerns about the achievability of the data, there were two issues:

- Three groups believed that their accounts departments would not hold information this way. As a result, one group stressed that this would be a manual exercise; and,
- As in the case of the interviewed group, one said that the percentages would be estimates because the proposed deadline of the draft

Group RSR (same as RSR 2002) would not tie in with their year end accounts.

When the issue of unaudited information was discussed with the Housing Corporation and the likelihood that it may later prove inaccurate, the Housing Corporation was not concerned. Because diversity is actually measured through audited accounts and the RSR information is for monitoring the scale and diversity of this activity, these data are not required to be 100% accurate.

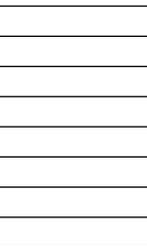
Columns J and K: clarification required in the Guidance Notes

Because our findings had shown that these data had been confirmed as available where finance departments had been consulted on the issue, we recommend the addition to the definitions of Gross Capital Employed and Gross Turnover in the Glossary of: ‘Please refer to your financial department for information on Gross Capital/ Turnover’.

To indicate that unaudited information is acceptable and will not be challenged, we recommend the following clarification in the relevant guidance to columns J and K:

‘Please note, we do not expect this information to be audited. Please provide the most accurate breakdown of [gross capital employed/gross turnover] available from your financial department at the time of completing the return. The Housing Corporation will actually measure the diversity of your group’s activities via your consolidated accounts and not the Group RSR.’

Four groups questioned the additional burden of having to provide these figures for any activity recorded in Part Two. In light of this, two groups had asked if there could be some mechanism whereby they would only have to provide the financial information if the activity proved material; one adding it should be a 10% threshold. Indeed, one of the groups that we had interviewed had actually thought that they would not have to complete these columns if the activity amounted to less than 5% (as in Part Three). They too, disagreed with this approach, and



asked if they could have a tick box for these extra columns to say that the activities are less than 5% if they prove to be so, providing actual figures only in cases where the 5% threshold was breached.

In fact, the approach taken in the draft Group RSR was consistent with the Housing Corporation's policy on diversity. A group is viewed as diverse if more than 5% of its activities are non-social housing activities. The approach is therefore a cumulative one when assessing diversity on an activity by activity basis. Whilst it is not a role of the Group RSR to measure diversity (more appropriately the accounts), it will be used to monitor the range and scale of activities undertaken by groups. By requesting this financial information about non-social housing, the relative importance of the activity is established. The suggested approach would, therefore not be consistent with policy or the overall aim of a Group RSR.

9.4 LEASED HOUSING

Groups were required to include all leased housing in a distinct section within Part One. Leased housing was included in Part One because of the shared format of the matrices with the RSR 2002. In the individual form it is included in Part A because it is only stock in Part A for which more detailed information is requested in later parts. The approach therefore complements the signposting function that Part A is intended to provide. Because the scale of the draft Group RSR was drastically reduced, the role of Part One in this context is unimportant. Nevertheless, the same format remains desirable for consistency across the RSR and Group RSR data sets.

Within the Leased Housing subset in Part One of the draft Group RSR, there were two distinct categories of leased housing with further sub-categories in each:

- i) Dwellings where the purchaser has not acquired 100% of the equity
 - LSE
 - Shared ownership
 - Other

- ii) Dwellings where the purchaser has acquired 100% of the equity
 - LSE
 - Shared ownership
 - Other

The provision of data for leased housing in the practical exercise highlighted issues requiring clarification that would impact on the accuracy of the resulting dataset if unresolved. In the main these resulted from the fact that the data requested about the leased housing that groups own and manage is very narrow and does not embrace the diversity of initiatives and models of shared ownership, low cost home ownership and leasehold management, particularly that relating to properties disposed of under the Right to Buy and Right to Acquire schemes, that housing associations are increasing becoming involved in as a result of the large scale transfer of ex-local authority stock into the sector. Although, many of the issues could be resolved within the Guidance Notes and as such were on the whole not too concerning, the need for the Housing Corporation to reassess their data needs in relation to leased housing became obvious.

Two groups in the practical exercise had raised issues about including what they viewed as non-social models of shared ownership in Part One that is concerned with social housing. One had PSE units as opposed to LSE units and one had stock on which the purchaser paid a market rent on the outstanding element of equity retained by the group. In fact this is why the additional categories of 'other' had been added to the matrices in the RSR 2002 approach adopted by the Group RSR. However, these serve as examples of why the Corporation needs to review its approach to leased housing.

Leased housing generally: clarification required

- i) One group found the distinction between lines 16–19 (purchaser has not acquired 100% of the equity) and 20–23 (purchaser has acquired 100% of the equity) unclear:

'It is very unclear that [lines 20–23] is trying to capture residual freehold properties/flats. It

looks like shared ownership only — our RTB is all on residual freehold but it is not clear to put it in 'other'. On shared ownership the aim is to dispose of the freehold but we have never aimed to dispose of the freehold on flats. Need to make 20–23 clear that you should only include properties where you have disposed of 100% equity but have retained the freehold. This could be worth a mention on the form as 'Include in lines 20–22 ... acquired 100% of the equity but the housing association retains the freehold'.

In line with this the title to lines 20–22 was expanded to provide further clarification:

'Include all dwellings in lines 20–22 where the purchaser has acquired 100% of the equity but the freehold interest has been retained by another party',

This amendment would account for situations where the residual freehold is retained by an organisation for which the group manages as well as interests retained by the group itself.

ii) Two groups stated that they were unsure whether to include all the leased housing they have ever had (cumulatively) or to record just the properties that have been sold in that year. In the RSR 2001 they had not provided a cumulative figure even though, as in the Group RSR this was the intention.

As the relevant guidance in the draft Group RSR already instructed groups to report ALL stock, this showed that the groups had projected assumptions made in the RSR 2001 onto the group-wide exercise without reading the Guidance Notes provided in both cases. For this reason we did not think it was necessary to add to the guidance.

Again, only the practical exercise raised issues about the feasibility of providing these data.

9.4.1 Dwellings where the purchaser has not acquired 100% of the equity

Generally there were no problems providing details about shared ownership, LSE and 'other'

where the purchaser had not acquired 100% of the equity and where the group owns the stock. However, one interviewed group was not able to provide the breakdown between the categories at the time of the interview for leased housing managed on behalf of others. They say this will be a 'huge task'.

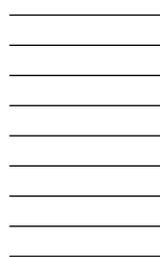
As already touched upon, there were a number of arrangements that groups felt did not fit easily into the category of shared ownership housing as it was traditionally defined within the guidance. For example:

- Properties where the purchaser has acquired a proportion of the equity but does not have the right to staircase their ownership to 100% and does not pay a rent on the outstanding proportion of equity retained by the group; and,
- Other examples where a rent is paid but the maximum equity share is capped below 100%. Some properties are capped at 70%, others at 95%.

Leased housing where the purchaser had not acquired 100% of the equity: Clarification required in the Guidance Notes

To clarify the fact that all shared equity arrangements should be included in lines 16 to 19, we recommended that the following statement was added to the definition of shared ownership in the Glossary of the second draft Group RSR (and RSR 2002):

'In other models such as Leasehold Schemes for the Elderly and tailored variants aimed at keeping shared ownership housing within the stock of affordable dwellings in an area (common in rural areas), the potential maximum share that the lessee(s) may acquire is limited, i.e. they may only be able to staircase their share of ownership to 80%, there can be no 100% disposal of the property by the social landlord'.



9.4.2 Dwellings where the purchaser has acquired 100% of the equity

Of those where the group retained the residual freehold interest or managed residual interests in properties on behalf of others, many issues were raised which highlighted the need for greater clarity within the Guidance Notes for leased housing. Of the 10 groups that asked questions about the inclusion of this stock, many issues were group specific and would not necessarily apply to other group structure organisations, these were:

- One group could supply the figures for those that had staircased to 100% but could not provide a breakdown by category. They would aim to do this by March. Figures given from their RSR 2001 by a subsidiary were identified as questionable during the interview.
- Another group could not supply the figures for those properties in which they retained a freehold interest. Nevertheless, they were sure these data would be on their database and could therefore provide it in March. However, they did state that *'generally leasehold is a bit tricky and each year mistakes could be made simply by leaving some out'*. It transpired during the interview process that a subsidiary that completes the RSR (Short) had not included a joint management company that owned 25 leased flats and six that were rented. These had not been reported in the RSR 2001 simply because the subsidiary had not known where they should go.
- The inclusion of properties sold under Right to Buy provisions was not clear in a number of cases. Indeed, these units had largely been omitted under the previous RSR approach because the relevant Part had been viewed narrowly as shared ownership and LSE only.

Leased housing where the purchaser has acquired 100% of the equity: clarification required in the Guidance Notes

i) The category of LSE in this context was questioned during the practical exercise. This was because it is not technically possible to

purchase 100% of the equity under LSE.

Accordingly, we recommend the deletion of the category of LSE from line 21 in both the Group RSR and RSR 2002.

ii) To ensure that Right to Buy leasehold properties are included, we recommend specific reference to them in note 17.a.

9.5 IMPACT OF INCLUDING UNREGISTERED SUBSIDIARIES

Because unregistered subsidiary figures had not been asked for before we expected the stock numbers recorded, particularly in Part Two to increase. It was, however, difficult to assess the extent to which this would actually be the case because not all groups had provided us with data about their unregistered subsidiary's activities. Indeed, although we were advised in all but one case that the data would be easily obtained for a Group RSR if required by the Housing Corporation, it tended to be the stock of the larger, more active and stock holding unregistered subsidiaries that was not available for analysis during the research.

A third of the 12 groups that recorded stock in Part Two included stock owned and managed by unregistered subsidiaries. The amount of stock actually included was proportionally small.

At the time of the exercise, this indicated that in terms of stock numbers, unregistered non-social housing stock would not impact greatly on the overall group position of registered subsidiaries. But as indicated earlier, this will be subject to change over time as groups diversify into the future.

The practical exercise showed, however, that unregistered subsidiaries' management activities within group structures would have a bigger impact on the resulting data. Certainly, at the time of the research it appeared that the greatest immediate value of the RSR exercise on a group-wide basis would be the stripping out of internal management relationships from data about stock owned and managed within the group.

9.6 IMPLICATIONS FOR A GROUP RSR

Considering the draft Group RSR was new, there were relatively few problems identified and very few that could not be overcome with clearer guidance. Indeed, the four stage consultation process highlighted that perceived difficulties in providing data were largely unfounded when it came to taking part in the practical exercise and filling out a draft Group RSR.

Supported housing information continued to be the main area of concern for obtaining accurate information. Housing associations will have to work hard alongside their managing agents in order to obtain the correct information for the RSR. This problem applies to the RSR process as a whole and was not unique to the Group RSR.

Leased housing also caused some problems on the group form. Many of the issues were definitional and could therefore be rectified with clearer guidance. Again, the problems would apply to the RSR process generally and were not unique to the group-wide approach. However, we urge the Housing Corporation to review their data needs in relation to this growing and diversifying area of activity. Certainly flexible and intermediate tenures have become more important in current policy guiding the way in which housing needs should be met in the future.

Generally, providing information about non-social housing stock in Part Two was found to be unproblematic and in most cases finance departments would be able to apportion a percentage of gross turnover or capital employed to each non-social housing category.

The practical exercise showed that the increase in the burden of information requested was not significant. This was primarily because the impact of data collected from unregistered subsidiaries was generally found to be small and in almost every case would be unproblematic to collect.

In the reporting of stock owned and managed on a group-wide basis, we identified only two problems unique to the group-wide approach:

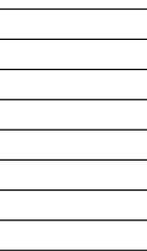
- One group remained resistant to including

stock about joint venture companies because this was perceived as commercially sensitive information and did not form part of the group's housing management data; and,

- One newly formed group continued to apply different accounting measures in individual subsidiaries that would make consistent financial information in Part Two difficult to achieve.

9.7 RENTED AND LEASED HOUSING OWNED AND MANAGED BY THE GROUP: SUMMARY

- Overall there were relatively few identified problems providing data for the new draft Group RSR. Where problems were identified they were by and large definitional and could be overcome with clearer guidance.
- It is important to make housing associations aware that under a standardised approach to data collection some subjective decisions are required. Again, clarification of definitions and general guidance should go some way to facilitating the correct subjective decisions are made.
- The production of accurate supported housing data are the most difficult to provide. Difficulties arise in the main because of the poor quality of data supplied by managing agents. Housing associations will need to work hard alongside their managing agents to provide the data required accurately for the RSR.
- The vast majority of groups said they were able to provide the data requested for Part Two non-social housing stock without difficulty. The percentages of gross turnover and gross capital employed, requested in Part Two, were also viewed as unproblematic. Finance departments were identified as being able to easily provide the information.
- The provision of accurate data for leased housing did, however, raise some fundamental issues. This was because of the diverse arrangements now found within leasehold schemes. Data needs for leasehold



arrangements such as low cost home ownership, leasehold management and right to buy/acquire schemes will need to be addressed by the Housing Corporation to enable the clarification of the actual data that are to be recorded under leased housing.

- New data requirements resulting from the recording of unregistered subsidiary activity were generally found to be minimal and did not disproportionately impact on the burden of information requested.

10. Other group-wide information requested

Unlike Parts One and Two, Parts Three, Four and Five were not stock based. They were relevant to an overall view of group activities, however, for the following reasons:

- To capture the wider range of activities and services provided by the group (Part Three). Based on the range of activities undertaken by unregistered subsidiaries, it was considered important to allow groups to reflect these where they were material;
- To rationalise staff and board member information provided in individual RSRs (Part Four). This was because the research had shown that staff were often centrally employed and board members were often common to more than one group organisation; and,
- To clarify all elements of a group expected to be included in figures reported on a group-wide basis (Part Five).

In short, they were the remaining areas of data or information considered sufficiently important and different in a group-wide approach to be of significance to the aims of the project. Importantly, they were also areas where data were not available from other sources without some further analysis based on qualitative investigation which would make it of relevance to a Lead Regulator.

10.1 PART THREE: OTHER SERVICES PROVIDED BY THE GROUP

Part Three of the draft Group RSR asked groups to account for all services or non-unit related activities that formed an important part of their overall business profile. It mirrored Part D of the RSR 2002 which had been incorporated into the new approach in response to the fact that a number of housing associations felt that because the RSR had previously only been interested in unit numbers, often other data in the return such as staff were uncontextualised. In addition the wider range of their activities and the added

value they provided was not identified in the earlier unit based approach.

In line with this, Part Three was interested in any services and/or activities that were not intrinsic to the group's role as landlord with respect to the stock included in Parts One and Two. Instead, the information provided in Part Three, when combined with the housing activities reported in Parts One and Two, would reflect the fuller diversity of a groups' activity as a whole and the extent to which activities other than housing management were becoming increasingly important.

The approach taken in Part Three was two-tier. First a question asked:

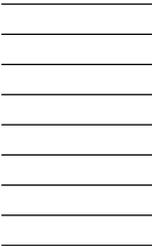
'Question Three: Did your group provide services between 1 April 2001 and 31 March 2002 that you have not included in Parts One and Two?'

Even if groups did answer yes, to minimise the burden of the additional Part, they were only required to list these activities separately if:

'...when combined they accounted for more than 5% of your groups' overall gross turnover and/or if combined they were activities in which your group collectively used more than 5% of your gross capital during the year to 31 March 2002'.

In the case of groups, the Part was only interested in services provided to housing associations and other organisations outside of the group, it was not interested in services provided by group members to each other internally.

If these activities did account for more than 5%, then groups would be required to specify the full range of activities by listing activities separately (if not included in one of the seven areas of activities pre-entered on the Part), and for each activity specified, provide:



- Column 1: Percentage of the group's gross turnover.
- Column 2: Percentage of the group's gross capital used.

And then in columns three to five, indicate to whom the services are provided by ticking one of three options:

Services provided to:

- Column 3: Own tenants and residents of the local community.
- Column 4: Housing associations outside of your group structure.
- Column 5: Other organisations.

Groups were asked to comment about Part Three in all four consultative stages.

Although the majority of groups had indicated that they would be able to extract the relevant information about services undertaken by individual subsidiaries easily (Chapter 6), obtaining the actual percentage of gross turnover or capital employed was perceived as a greater burden (as already discussed in relation to Columns J and K in Part Two, see Chapter 9).

The majority of groups that responded would not be completing Part Three if a Group RSR was introduced in 2002. However, as Chapter 5 showed, many are already undertaking diverse activities and as these activities continue to grow, the likelihood of groups having to complete Part Three in the future may increase.

All but one of the 15 groups that actually completed a draft Group RSR did provide services that had not already been captured in Parts One and Two. However, of these only two provided services which at the time of the research accounted for more than 5% of the group's overall gross turnover and/or when combined were activities in which the group collectively used more than 5% of its gross capital during the year. Of the two groups completing Part Three, one could provide the percentage figures on the day (5.3% gross turnover and 0% capital employed) while the other could not, although would be able to for the real exercise.

It is interesting to note that Part Three did not yield as much specific information as the researchers had originally anticipated. In fact, it was found that the information provided in Part Three of the group form was very different to that which would be returned in individual RSRs in April 2002, particularly those of parent bodies undertaking the central corporate services on behalf of the group. This was because, whereas the individual RSR would capture internal services provided by the parent to its members and between sibling subsidiaries, the Group RSR was only interested, by default of its approach, in those services provided by the group to external organisations and individuals. However, as indicated by the groups that we interviewed and comments received via questionnaires, growing unregistered subsidiary activities are likely to yield a greater amount of information in Part Three in the future.

Indeed, changing opinion through the consultative process, from initial Scoping Questionnaire with no draft Group RSR to practical exercise showed that many groups' initial concerns about the burden of this additional information were unfounded. The following example illustrates this:

One group that answered 'not applicable' on the Scoping Questionnaire went on to answer a similar question on the Evaluation Form by responding:

'It may be difficult to determine whether other services provided by the group as in Part Three collectively account for more than 5% of the group's gross turnover or gross capital employed. This doesn't seem to me a pragmatic way of establishing a materiality approach'.

This group was also interviewed and again answered differently:

'I don't think when combined it would come above 5%. We would get the figures from the finance department but they would not be audited'.

By the time of the interview and when working through the form it was clear that the figures

could be obtained easily from the finance department should the group ever exceed 5%.

Part Three was seen to be clear in its requirements and unproblematic for those completing it. Certainly, at the time of the research the burden of information requested in Part Three was minimal and generally proved unproblematic to provide. Even where groups stated that this Part would be completed in the future as they continue to diversify, it was generally thought to be relatively easy to complete. Interestingly one group, that did undertake activities but that did not exceed the 5% threshold to reporting said they found it ‘odd’ that they were not asked to complete Part Three regardless of whether it met the 5% threshold or not. Although not wishing to add to the information requested they felt that if the purpose of the group form was to show group-wide activity and increase transparency then they were still unable to show all of their activity because they did not reach the 5% threshold.

Of the remaining groups, although not providing enough external services to exceed the 5% reporting threshold, many said that they planned to diversify more in the future and they would certainly expect to have to complete Part Three in forthcoming years. Indeed one group structure said,

‘In the future the group will be completing this Part, this is the whole reason we set up the group structure so we could set up non-housing activity based subsidiaries, such as the subsidiary we have for regeneration’.

10.1.1 Impact of unregistered subsidiary data

The services provided by the first group to complete Part Three in the practical exercise would not have appeared on the individual RSR form because the services were provided by unregistered subsidiaries. Similarly, although we did not have the percentage of either gross turnover or gross capital employed, all the activities recorded by the second group were undertaken by unregistered subsidiary organisations, information that would previously have been ignored.

10.1.2 Outstanding issues

Issues raised more generally about the relationships between Parts One and Two and Part Three and the call for a definition of ‘management’ so that ‘facilities’ management (applicable in Part Three) could be differentiated from tenancy management (applicable in Parts One and Two), had highlighted a flaw in the approach that would require clarification.

In addition, questions about the appropriateness of the 5% threshold measure had led to concerns that the approach did not truly reflect the Housing Corporation’s materiality approach to non-social housing. There were therefore two issues requiring clarification:

Part Three: clarification required in the Guidance Notes

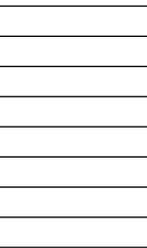
i) Distinction in activities reported in Parts One and Two from Part Three

By establishing that Part One and Two were interested only in the management of ‘tenancies’ where the management function was split, it followed that the outstanding management activity would be included in Part Three to achieve the overall view of activities that the new RSR 2002 approach aimed to achieve (adopted in the draft Group RSR).

However, the guidance to Part Three was originally drafted to instruct groups to only include services in Part Three that were not related to the stock reported in Parts One and Two. There was therefore a contradiction.

Following discussions with the Housing Corporation, it was agreed that Part Three should include the additional activities undertaken in respect of properties recorded as owned by the group but managed by a non-group organisation in Parts One and Two. In order to clarify this we recommend the following changes to the Part and relevant guidance:

We recommend that the instruction in the Part should now read,



'Other services and activities are those that can not be quantified in terms of unit numbers and/or are not intrinsic to the role of landlord with respect to the properties recorded by the group in Parts One and Two.'

We also recommend that the accompanying guidance note 1 should provide further clarification:

'Include those services that are provided to the stock reported in Parts One and Two that are not intrinsic to the landlord function e.g. you may own a property that is managed by another organisation on a day to day basis, but for which you remain responsible for the management and repair function only.'

ii) The 5% test to reporting

The 5% materiality test set out in the Housing Corporation's diversity policy applied to all non-social housing activities. Notably, the draft Group RSR asked groups to apply the test only in Part Three. However, when combined with the non-social housing activities reported in Part Two, more groups would have been required to list further activities in Part Three.

Following discussions with the Housing Corporation it was confirmed that the 5% test to reporting in Part Three should take activities reported in Part Two into account. Certainly the format of Part Two already facilitated this because the same percentages of gross turnover and capital employed were requested.

In order to clarify this wider approach, we recommended the following changes to the question in Part Three:

'...complete Part Three if:
when combined they accounted for more than 5% of your group's gross turnover and/or if combined they are activities in which the group used more than 5% of its gross capital during the year to 31 March 2002;
or
When they are combined with the non-social housing activities reported in Part B, they accounted for more than 5% of your group's

gross turnover and/or they are activities in which the group used more than 5% of its gross capital during the year to 31 March 2002.'

10.2 PART FOUR: PAID STAFF AND GOVERNING BODY MEMBERS

A Part on staff and board members had been included in the draft Group RSR because earlier research (and subsequent research in Chapter 5) had shown that staff were often employed centrally, skewing individual RSR data. In addition, because of control at board level, board members were often shared

Part Four requested information about staff and governing body members in the same format as the RSR:

- 4.1 FTE staff by employment function
- 4.2 Paid staff by ethnic origin
- 4.3 Governing body members by ethnic origin
- 4.4 Gender of paid staff
- 4.5 Paid staff with a disability

The difference, however, was that the draft Group RSR asked for this information on a global basis i.e. all staff employed on a group-wide basis — as a check to the position in individual returns. In line with this, the draft Group RSR also required common board members to be stripped out of the group-wide view so that any double counting on the individual RSR would be eliminated.

Generally, there were few identified problems with supplying figures for paid staff and Governing Body members on a group-wide basis. The main issue was the change in ethnic monitoring categories in line with the Census. Although only two groups specifically said they did not know about the change, it may take a complete year before all groups (and housing associations) have monitored all staff in line with the new categories.

10.2.1 Number of paid staff employed by the group as a whole

Generally, providing FTE staff numbers on a group

basis was not anticipated to cause any problems. Sixty-seven groups that completed the Evaluation Form said providing staff information as a group would be easy (five were subsequently interviewed) and 14 of the 15 interviewed groups also said it would not cause any problems. There were no comments received about Part Four via the consultation exercise.

Comments noted on the Evaluation Form were generally positive saying that either staff were employed by the parent and figures would therefore be easy to provide at group level or that these data could easily be collated to provide a group-wide figure without double counting. Only three Evaluation Form respondents provided comments raising concern and only one was actually about the provision of data required. This group stated that the split between some of the categories may cause them difficulties. This was because at present not all group members are on the same payroll system.

Of those interviewed, seven out of 15 provided their staff figures for categorisation on the day. However, one of these did not incorporate staff employed by an unregistered subsidiary because its staff had not been categorised by employment function. This would, however, be possible in the future.

Seven did not have the actual figures in the interview but confirmed that there would be no problems providing them for real as the information was held centrally with Human Resources departments. The one remaining group, who had been unable to provide any unregistered figures throughout the interview said *'our unregistered subsidiaries complicate things — we have no centralised system for dealing with staff'*. When asked if they could complete this section, they answered *'most probably not'*. It should be noted, however, that this group was particularly resistant to including unregistered subsidiary data full stop.

10.2.2 Ethnicity of paid staff

Generally, providing the ethnicity of paid staff would not be a problematic exercise and was generally viewed as straightforward. However, the

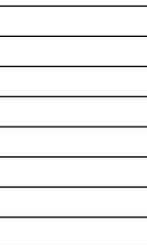
draft Group RSR used a new set of ethnic codes, recently changed in line with the 2001 Census. For the vast majority of those completing the form this would mean that a fresh internal ethnic monitoring exercise would need to take place to provide a breakdown using the new codes. In some cases this would be a large exercise. For example:

- One group provided a comment about this on the Evaluation Form:
'This requires a questionnaire to all (over 400) staff — because of the new categories, but we have already laid plans for doing so in good time';
- Conversely two groups that were interviewed said they were totally unaware that the codes had changed. Both stated that the Housing Corporation should have made them aware of this, as the same codes would be used in the individual RSR 2002. However, both said that they would be able to provide the new information in time for the end of March 2002;
- A further nine groups said that they would need to send out monitoring forms to all staff to complete. All said this would be done by March; and,
- Three groups had already carried out a new ethnic monitoring exercise using the new codes and would have no difficulty supplying the figures.

It should be noted that all groups captured ethnic monitoring at the point of recruitment and all but one group retained this information anonymously. Therefore sending out new ethnic monitoring forms would be the only way to capture this information.

Two groups stated that they would be updating their ethnic monitoring systems anyway, but specifically in line with new BME strategies rather than in response to the RSR.

It is significant that the majority of groups that we had interviewed were not aware that the ethnic monitoring codes for the RSR had changed



so dramatically and only the practical exercise had brought this to their attention. This would have implications for the RSR exercise as a whole in 2002.

10.2.3 Ethnic monitoring of the group's governing body members

Issues raised in relation to the new ethnic codes applied equally, if not more so, to Governing Body members.

Two of the groups interviewed provided further comments on the ethnic monitoring of Governing Body members:

'We get people's opinions on the ethnicity of the governors as they probably won't have the guts to ask them'; and,

'The problem is that board members generally don't answer questions — they reply 'prefer not to answer' and therefore are recorded as not known'.

All interviewed groups realised that they only needed to count each board member once, thereby stripping out dual board members. However, one group said, *'it will be a pain to do but it is possible'*. Conversely another said that the person who would collate their Group RSR *'thinks group'* and would automatically not double count individual board members.

Ethnicity of staff and board members: clarification required in the Guidance Notes

i) Non disclosure of ethnicity

The fact that all non-specific responses to ethnic monitoring were necessarily included, as 'Not Known' was felt inappropriate because there is an important distinction between undisclosed and not known information. This is particularly the case in ethnic monitoring because 'not known' infers that the monitoring had not taken place, whereas undisclosed shows that it has but the information was not made available by the individual.

To clarify this, we recommend that an additional category entitled 'Undisclosed' should be included in Parts 4.2 and 4.3. of a Group RSR and the corresponding part of the RSR 2002.

ii) New ethnic monitoring codes

Because groups and housing associations may not have been aware of the need to undertake or have not undertaken internal ethnic monitoring under the new codes, we raised this issue with the Housing Corporation. They were understanding and stated that they would write a note stating that groups/housing associations should do their best to complete the breakdown from existing information. To support this, we recommend that the guidance be amended to state:

'Please use the new ethnic origin codes from CORE as the basis for the classifications. These are shown in the Glossary under ethnic origin codes.

If your reporting systems do not accept the new codes, please try to complete the questions as best as you can but provide an explanatory note.'

10.2.4 Gender and disability of paid staff

These data were highly achievable. Only one group made a comment in relation to supplying figures about gender and disabilities of paid staff:

'The parent asks for this information but the subsidiary does not, it may come out of the restructuring exercise. They [the subsidiary] ask for information about who is registered disabled and not who considers themselves disabled'.

10.3 PART FIVE: PARENT AND SUBSIDIARY ORGANISATIONS

Part Five was introduced in the second draft of the Group RSR to clarify the need for groups to include data from subsidiaries of subsidiaries and jointly owned/joint venture companies within their overall group-wide data. It also enabled

groups to account for dormant subsidiaries that would not impact on the data but nevertheless formed part of the group.

In Part Five, groups were required to list all member organisations of the group in the following categories:

- 5.1 Parent.
- 5.2 Registered subsidiaries (please include jointly owned subsidiaries, subsidiaries of subsidiaries and excluded subsidiary organisations' details separately).
- 5.3 Unregistered subsidiaries (please include jointly owned subsidiaries, subsidiaries of subsidiaries and excluded subsidiary organisations' details separately).
- 5.4 Jointly owned subsidiaries and joint venture organisations.
- 5.5 Subsidiaries of subsidiaries.
- 5.6 Subsidiaries excluded from reporting (e.g. dormant subsidiaries).

This was linked to a certification on the Front Page of the return which sought to further clarify the way that groups had and should report on a group-basis. This instructed groups to tick Yes/No tick boxes next to the following statements:

- Relevant data from all group member organisations included
- Dormant subsidiary data excluded
- Data from active subsidiaries excluded

As the Part was added to the second draft Group RSR we only received feedback about the Part during the practical exercise and consultation exercise. The vast majority of responses were, however, raised when groups were actually completing the return with the researchers.

Feedback during the practical exercise showed that Part Five, subject to some formatting issues, was successful in clarifying the reporting requirements under a group-wide approach. However, there was general consensus that this would be most appropriate as Part One. This was because the information provided in the Part would function as a checklist and context to the data submitted, not only for those using it but also for those constructing it.

Groups did call for the detailed information about parent bodies and registered subsidiaries provided in Part One of the RSR to feed into Part Five so that any duplication of effort be minimised. In this context, one group stated:

'A list of Housing Corporation registration numbers would suffice'.

In the case of 5.2. and 5.3, however, some groups had misread the instructions to include jointly owned subsidiaries, subsidiaries of subsidiaries and excluded subsidiary organisations' details rather than the way intended which was to include them separately.

Groups had also expressed a concern that the tick boxes on the front page appeared to give them the option of including or excluding group members rather than certifying inclusion.

These issues were discussed with the Housing Corporation. It was agreed that:

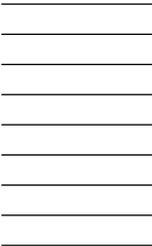
- Part Five should become Part One and if a Group RSR is introduced and it should go on-line in 2003 so that common information can be shared with the individual RSR; and,
- The front page would be re-drafted using the Inland Revenue's Self-Assessment return as a model of good practice.

We therefore recommend that these issues be incorporated into a final Group RSR to ensure that the Housing Corporation do indeed get the data that they are requesting.

Part five: clarification required

Because it had not been obviously apparent that subsidiaries of subsidiaries, jointly owned organisations and excluded organisations should be included separately in the return, we recommend a change to:

'...(please exclude jointly owned subsidiaries, subsidiaries of subsidiaries and excluded subsidiary organisations' details from this section, they should be recorded separately in sections 5.4., 5.5. and 5.6.).'



10.4 OTHER GROUP-WIDE INFORMATION REQUESTED: SUMMARY

- Providing information in Part Three was a small part of the exercise for only a small number of the groups that completed the draft return. Although this is likely to be a more significant element of the exercise in the future as groups continue to diversify, even then the provision of information for this Part was seen as unproblematic.
- Although at the time of the research, information captured in Part Three was minimal, it was however, capturing information about unregistered subsidiary activity that in the past had been ignored.
- Clarification that information provided in Part Three could relate to properties included as owned in Parts One and Two was required. Similarly, clarification that the 5% materiality test to reporting should also take Part Two into account was required.
- Overall there were few problems in providing information relating to paid staff and Governing Body members. The main issue raised related to the change in ethnic monitoring codes in line with new Census codes. This meant that housing associations would have to send out ethnic monitoring forms to all their staff again, if they had not already done so, which for larger housing associations was seen as quite a task to achieve before March 2002.
- Part Five, which asked for information about parent and subsidiary organisations, was found to be successful in clarifying the reporting requirements of a group-wide approach. However, the general consensus was that it would be more appropriately positioned at the beginning of the form rather than at the end. This Part could then serve the purpose of providing a checklist of what follows in the form for all stakeholders.

11. Overall impressions, uses and added value

The overall objective of the research was to produce an approach to data collection that would provide consistent and correct data about the range and scale of activities undertaken by housing association group structures as a whole.

The Definitions of Ownership research had found that one of the biggest criticisms of the RSR's approach to data collection was that it resulted in data that was of little relevance to the internal management of housing associations. Testing of the new approach introduced in the 2002 RSR showed that the data returned were not only more meaningful to the regulator, but because they reflected operational realities more accurately, these data could be utilised internally by housing associations themselves. As a result, an element of added value for housing associations was introduced into the RSR exercise, albeit a small one.

Similarly, in addition to producing meaningful data about housing association group structures as a whole for the regulator, it was important to measure any potential added value for groups themselves, particularly as this would be a new and additional regulatory burden. As earlier research had shown, to be of value to any party, the resulting data must reflect operational realities.

This chapter reviews overall impressions of the Group RSR and our findings about the appropriateness of the data returned and the potential for its wider use.

11.1 OVERALL IMPRESSIONS

The majority of groups responding during the four consultative stages gave a positive response to the introduction of the draft Group RSR, although only a small number of the respondents had completed it. In the relatively small number of cases where groups were resistant, this resistance was quite strong.

11.1.1 The range of positive responses

The specific comments given could be categorised into two themes:

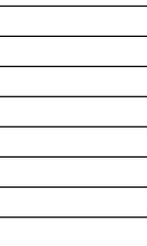
a) The Group RSR

The four quotes below summarise the range of positive comments made in relation to the introduction of a Group RSR *per se*. Whilst there was some concern about an increase in burden, as long as the data are used constructively then there was much support:

- *'Pleased Housing Corporation looking into Group RSR';*
- *'Hope the Group RSR will assist the Housing Corporation to understand more accurately the nature of our business';*
- *'Any document that requires us to clearly define ownership and the relationships within the group is welcome for internal purposes';* and,
- *'Please make sure the information collected is relevant i.e. don't collect it if it isn't used. Please don't encourage them to ask questions that create work if they aren't going to make use of the answers, this is an overhead to housing associations'. It is interesting to note that this group was reasonably small with only one unregistered subsidiary and therefore they may have had less resources than some of the larger group structures responding.*

b) The new RSR approach

A larger number of groups made positive comments about the approach that the draft Group RSR took to data collection — adopted from the new look RSR for 2002. The comments therefore served as an endorsement of the RSR 2002 approach. The following examples of comments summarise the main changes in the RSR approach: clarified Guidance Notes; a change in focus from unit type to type of housing activity — general needs and supported housing; and, standardised definitions of ownership:



- *'We cannot see how the form and the notes could be easily improved. We do think it is right that they should be as close as possible to the ordinary RSR. It is difficult to [know] for certain if the form is lucid until one has actually completed it, but it does appear to be as clear as it gets';*
- *'Clear guidance notes' and 'Guidance Notes clear — acid test is completing';*
- *'Major improvement in simplifying classification between shared, general and supported. The new definitions will make reconciliations much easier';*
- *'Pleased the breakdown between self contained and shared has gone — caused all of the confusion'; and,*
- *'Good — no different definitions of ownership for supported / general needs'.*

Notably, it was very positive to receive feedback about the clarity of the Guidance Notes because specific guidance for groups had been absent during the Shadow exercise in the earlier research and so they had been tested for the very first time in this project.

11.1.2 The range of negative comments

There were a few negative comments from groups. One group said that the data provided would *'not be meaningful'* and that they did *'not support the creation of a Group RSR'*. This group took part in the initial scoping phase of the research, but because of their strong feelings about the implementation of a Group RSR, declined to take part in further stages. Other negative comments tended to focus on one of two aspects of the RSR: the additional burden of completing an additional RSR and the approach taken to data collection:

a) Additional burden of a Group RSR

The criticisms were:

- *'Group RSR will create a huge administrative task. This is because a large amount of data*

collation will be involved in putting the stock information together';

- *'The existing RSRs are complex and difficult to complete by the current deadline and the introduction of a Group RSR would be seen as an unwelcome and unwarranted additional burden'. This group went on to say that they hoped the Group RSR would be beneficial to the regulator and to the group in some way; and,*
- *'Whilst the information requested for the proposed Group RSR should not prove to be too difficult to obtain it will undoubtedly provide an additional burden — especially in terms of data for units managed by organisations outside of the group structure'.*

b) Criticisms of the approach

These included:

- *'The merging of units with bedspaces into stock figures renders comparisons between housing associations fairly meaningless and also acts as a block on subsequent checking of the data so that inaccuracies are likely to go undetected'. The previous research, however, had showed that this merging of bedspaces and units into general needs and supported categories more accurately reflected the way in which stock was recorded by the majority of housing associations surveyed;*
- *'As the new RSR does not seek to understand why housing associations are using group structures, comparisons between groups could be rendered meaningless...however, these issues may be more appropriately picked up by risk analysis'; and,*
- This group also went onto say that information on other activities could be in the form of a separate document which would *'perhaps request information about other services and the other capital allocation and turnover figures'*. They also suggested that the return could *'also focus on the nature, rationale and extent of the group structures [that] housing associations have in place'*.

11.2 SCALE AND DIVERSITY OF ACTIVITIES REFLECTED?

During the interview stage of the research, we asked our sample of 15 group structures whether the Group RSR data resulting from the practical exercise did reflect the scale and diversity of their activities (including unregistered subsidiaries).

All but one said that by and large, the completed form did reflect the scale of their group's activities.

The one group that did not feel that this was the case had not been able to provide data about jointly owned unregistered subsidiaries that they had not viewed as relevant to the Group RSR exercise. Indeed they explained that in light of the draft Group RSR's requirement that all jointly owned subsidiaries be included,

'we don't know what the scale of the group's activities are! It is hard to tell. We think it is going to be quite a culture shock ... we see our structure as a discreet unit — not a group structure'.

Interestingly, comments made by other groups suggested that more information should be requested in the Group RSR. Half of the groups were concerned that a full reflection of their activities had not been provided because they were not required to list their other services in Part Three. This was because these activities had not been reported because the five percent of gross turnover or capital employed threshold was not exceeded at the overall group level, regardless of how significant they were to the group itself on a day to day basis.

One group pointed out that the services that members of the group provide to each other would not be reflected in the Group RSR because it was only interested in activities and services provided to external individuals and organisations. The fact that this would be captured in individual RSRs had not been anticipated until pointed out by the researchers.

Another group thought that a true reflection of the scale and diversity of activities would require

groups to show the extent of the geographical diversity of their operations. Whilst the group would not wish to provide a full breakdown of stock as in Part O of the individual RSR, they thought that it may be interesting to ask how many Local Authorities or Housing Corporation investment regions a group operated in as an indication.

A fourth group was concerned that the return did not give a full picture of its activities because of the absence of development information.

11.3 USEFUL DATA FOR INTERNAL DECISION MAKING?

In both the practical and consultation exercises we asked groups if they anticipated being able to utilise the resulting data for internal decision making or other internal purposes. In addition to the 15 groups in the practical exercise, 20 groups responded to this question during the consultation, providing us with feedback from 35 groups.

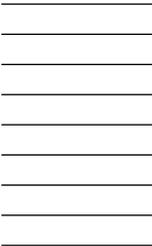
The vast majority of groups said they would be able to utilise the resulting data in some way, although only two groups said that they would use it for internal decision making. One further group said that they could possibly use the data for internal decision making although, *'it is only really the ethnicity that does not already feature in our annual accounts'.*

11.4 ANTICIPATED INTERNAL USES OF THE RESULTING DATA

Notably, although the vast majority of the groups did not expect the resulting group data to be used for internal decision making, the vast majority did expect to utilise these data in some way.

Only three groups said that they would not use the resulting data internally. Comments made by these did, however, indicate that this position could change in the future:

'The group will not use the data internally as the structure of the group is not complex at present. As the group grows, this may be



interesting to see things at a group level. There is no usefulness for tenants’;

‘The data probably won’t be used for anything else. Pls go on the intranet system and are used internally but this data is not like that. It would only be used if the group went through another merger’; and,

‘The group has no use for the RSR (Group) data! It has never been asked for by the boards because nobody has attempted it before’.

One respondent said that RSRs are useful vehicles to gather data about their group and the data may be used, but they tended to look at this type of overall data on a monthly basis rather than a yearly one.

In total, 17 groups provided us with examples of how these data may be used. More than one use was anticipated by one group. The anticipated uses could be categorised into three areas of data utilisation, as outlined below:

a) Business uses

Eight of the 15 groups anticipated using the resulting data for what we have broadly termed ‘business uses’:

- Three groups suggested that the resulting data may prove useful for monitoring group performance. Of these, one group said, *‘It will be useful to measure year on year the growth of activities within the group structure’*, and a second said, *‘It will be a valuable tool for letting us look at the performance of the group’*;
- Two groups anticipated using the data as a source of management information. One said, *‘We group up owning bodies inside the group and we group owning bodies outside the group but we do no breakdown management like you do. This is good — we would use the management information’*. The second said that as they are compiled on a consolidated group-wide basis, these data would add to the data available to management;

- One group responded that, *‘the chief executive is always asking for group data. He will use it for presentations etc. It’s an easy place to get group statistics from’*;
- One group said they would utilise the data for the local authority and for bids, however, they also said that, *‘It is just a pity performance is not included’*; and,
- One group that had initially said that they would have absolutely no use for this data as it had never been asked for by anyone before, then went on to say that it would, *‘probably be interesting to the group board but only once’*.

b) Headline information

Five groups anticipated using the resulting data for what we have broadly termed ‘headline information’:

- One group suggested that it may be useful for headline information, and went on to state that, *‘It will be useful to have a single source of information — so yes we would use it internally’*;
- Three of the groups said that they would be able to utilise the data in their annual reports and other internal reports. One of these also added that, *‘If we could download it into excel we could manipulate the data for our own use — for reports’*; and,
- One group said that although they, *‘don’t actually envisage being asked for ‘group’ data, this may provide useful basic information about the group for [the group’s] web site’*.

c) Benchmarking

In total, five groups referred to benchmarking uses, one of which said that whilst they could use the information for benchmarking, it would a much more useful source to compare the individual forms internally.

Another group said that if the Group RSR data were published by the Housing Corporation, it

would allow them to access a more appropriate benchmarking group and with this they would welcome the new return, although it would have no immediate 'added value' for them.

One group said they would use the amalgamated data as part of Northern Housing Association Group (NORHAG). This group also said it would be of a great deal of use as an internal document.

11.5 A SINGLE, CONSOLIDATED GROUP RSR?

Significantly, four groups stated that a Group RSR would be of no real added value unless it covered all of the same areas as the individual RSR 2002. These groups requested that the Group RSR should therefore be expanded to replace the individual RSR:

- *'[The group] has expressed concern that housing associations are regulated on an individual basis and not on a group wide basis. We had hoped that the form might take account of this and include all aspects of the current RSR not just stock data. We would therefore recommend that individual RSRs be replaced with one Group RSR where applicable';*
- *'Hope that the group form would be expanded rather than keeping the individual';*
- *'Would like just one RSR —obviously the rents have to be individual'; and,*
- *'One consolidated group form would be much better'.*

11.6 IMPLICATIONS

Three factors appeared evident from these findings:

- i) The overall reaction to the draft Group RSR was a positive one and its common format with the RSR 2002 was popular;
- ii) The vast majority of groups that had actually completed the return felt that it did reflect the scale and range of their activities. This view

was further enhanced when the additional body of contextual information provided in individual RSRs was considered too; and,

- iii) Although not necessarily directly for decision making purposes, the vast majority of groups that had actually completed the draft Group RSR had identified internal uses for the resulting data that broadened the value of the exercise to all stakeholders.

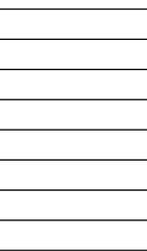
In light of the small number of issues identified in earlier chapters that applied only to the Group RSR, these factors show that the approach taken did achieve the overall objective of the project. As such the introduction of a Group RSR was endorsed.

11.7 RECOMMENDATIONS

- Whilst there may be some problems in the first year, we recommend the introduction of a Group RSR for 2002 that would adopt the approach taken in the draft Group RSR subject only to recommended clarification.
- We recommend that the Housing Corporation publicises the availability of the resulting data set and encourages internal uses, including benchmarking, wherever possible.
- We also recommend that the Housing Corporation regularly reviews its data needs with respect to housing association group structures and utilises the Group RSR to fulfil these needs wherever possible to ensure a consistent approach.

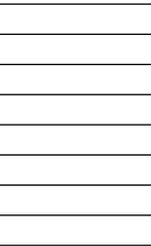
11.8 OVERALL IMPRESSIONS, USES AND ADDED VALUE: SUMMARY

- Despite the fact that groups had identified a range of issues that required clarification to ensure consistency (see earlier chapters), the overall response to the draft Group RSR had been very positive and supported the introduction of a Group RSR in 2002.
- The fact that the resulting data did reflect the range and scale of activities on a group-wide basis, particularly when viewed alongside



individual RSRs meant that it would provide the Housing Corporation with the body of data that they required. Again, this supported the introduction of a Group RSR in 2002.

- Because the resulting data would be used internally by groups as well as by the Housing Corporation, this indicated an element of added value, further supporting the introduction of a Group RSR in 2002.
- Anticipated internal uses were diverse but relevant and could be further facilitated by the Housing Corporation, particularly with respect to benchmarking.
- A number of groups would prefer a more detailed approach to group-wide data but instead of, rather than as well as, the individual RSR.



12. Other relevant issues

Through all four consultative stages of the research the groups taking part were asked to provide any additional comments that they felt were relevant to completing a Group RSR. Overall, 47 group structures provided the research team with extra comments that they felt were important in this context. Whilst the vast majority have been incorporated into the overall analysis of the research findings already discussed, comments in three areas relevant to the group and individual RSR process remained outstanding and warranted further consideration:

- i) Issues with the deadline for the Group RSR;
- ii) Issues with the electronic RSR; and,
- iii) Comments to the Housing Corporation.

12.1 A GROUP RSR: APPROPRIATE DEADLINE

Thirteen groups challenged the proposed deadline for completion and return of a Group RSR. The draft Group RSR had incorporated the same deadline on the front of the return as the individual RSR. Three groups were happy to keep the same deadline although one added the proviso that *'Forvus make changes to the individual and group forms'*.

Of the remaining 10 groups, nine all expressed a preference for an extended deadline for the Group RSR, ranging from two to four weeks where specified. The end of June was specifically requested by six groups and was certainly the preferred date during the interview process. An extended deadline was considered appropriate in light of the additional burden and the fact that individual RSRs required for registered subsidiaries, from where data for the Group RSR would be assembled, would not be completed before this date. However, the groups did not want the deadline extended beyond the end of June because they were concerned that the RSR process would drag on unduly.

One of these groups also suggested that completion of the Group RSR should be, 'optional in its first year to allow system changes to be made and tested'.

Finally, one group suggested that the Group RSR should be something completed only every five years. They saw the, *'Group RSR as being one of the more difficult things we will have to do as part of the RSR, largely because we will be collating information from multiple sources of which we have minimal knowledge in terms of data structure and so forth'*. This group, however, as mentioned in previous chapters, would prefer not to see themselves as a group structure at all and were particularly reluctant to provide data about unregistered subsidiaries. Therefore, their comments were directly linked to the fact that they had very little knowledge about some of the group's activities and disagreed with the Group RSR on the principle of inappropriate use of regulatory powers with respect to unregistered subsidiaries.

12.2 ISSUES WITH THE ELECTRONIC RSR

Relevant comments made in relation to the electronic RSR were threefold:

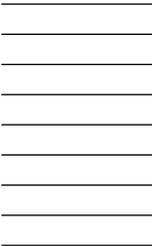
12.2.1 An electronic Group RSR

The fact that if introduced, groups generally called for the Group RSR to be available on CD rather than in paper form, was an endorsement of the electronic RSR; the electronic format is preferred and has been successful in facilitating the overall RSR process. However, this statement is made subject to the issues raised below.

12.2.2 Issues with the electronic RSR

The vast majority of comments related to the formatting of the electronic RSR rather than its administration. Suggestions included:

- It would be helpful if page numbers were included. As one group that already centrally co-ordinates the completion of individual RSRs explained, *'the form is invariably printed off, split up and passed around the group for completion'*;
- It would be clearer if the guidance for each Part started on a fresh page;



- It would be helpful in Parts One and Two (Parts A and B on the RSR 2002) to have line numbers repeated on the right hand side of the page; and,
- It would be very helpful if there was a pop-up help facility on each field that would provide the relevant guidance in each case.

In relation to the individual RSR specifically, one group felt the electronic RSR could facilitate the process further if it automatically calculated the Performance Indicator information in Part Q from fields elsewhere in the return.

In terms of the administration of the electronic RSR to date (individual RSR), late validation queries were considered particularly annoying and caused concern in the Group RSR context because these queries would in-turn impact on the data provided in a Group RSR if adopted. As one group explained,

'We need feedback/queries more promptly than has been the case in the past which has undermined both the relevance and value of completing the RSR'.

Whilst these last two comments were made with direct reference to experiences of the individual RSR, they would be highly relevant to a Group RSR if administered electronically.

12.2.3 Data collection by the Housing Corporation: easing the burden

Although the electronic RSR was introduced to facilitate the RSR process for all parties involved, two groups felt that the Housing Corporation should go further and share a greater proportion of the RSR burden. Both felt that groups (and housing associations) should be able to download the basic data from information systems onto the Housing Corporation's web site. At this point the Housing Corporation would, 'pull it together', to extract the specific variables that they required.

12.3 A GROUP RSR: COMMENTS FOR FURTHER CONSIDERATION BY THE HOUSING CORPORATION

As discussed in Chapter 6, a number of groups supported the completion of a full rather than the reduced draft Group RSR instead of, and not in addition to, individual RSRs. However, the reduced approach had been taken on the basis of proportionality; to apply a fuller return to groups would imply that the Housing Corporation would use these detailed and comprehensive data to regulate performance and compliance. At the time of undertaking the research, however, the Housing Corporation's need for data was not at this detailed level. Nevertheless, in any internal debates on taking a wider rather than individual approach to regulation, the following comments are relevant:

- One group who had stated that they would like one consolidated Group RSR, also said, *'we invite the Housing Corporation to make it clear the concept of group compliance over and above the individual associations';*
- Another group made a similar comment about the regulation of group structures, *'[The group] would like to discuss with the Housing Corporation revised arrangements for regulating group structures in order to reduce the considerable bureaucracy and cost of the parent arrangements for regulating each housing association completely separately';* and,
- One group said they thought it might be interesting to see what the Housing Corporation's thoughts were in terms of publishing the resulting data for the purposes of benchmarking. This group also said it would be interesting to see headline summaries rather than Performance Indicators.

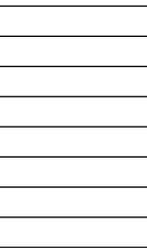
12.4 RECOMMENDATIONS

- If adopted, we recommend that a Group RSR should be administered at the same time as the individual RSR, but with a deadline for completion by 30 June (Group RSR) rather than 31 May (individual RSR).

- If introduced in 2002, however, we recommend that in this first year only the Group RSR should be administered separately in light of the new demands of the new RSR 2002 approach and the need to construct data from unregistered subsidiaries on a consistent basis.
- We recommend that the Group RSR be administered electronically, which again implies that if introduced in 2002, it should be administered separately to the RSR 2002.
- We recommend that issues relating to the format of the electronic RSR and resulting validation queries be discussed with Forvus. In addition, the Housing Corporation should constantly review ways in which it can simplify and facilitate data collection.
- In light of the growing importance of housing association group structures within the sector, we recommend that the Housing Corporation reviews its regulatory approach and clarifies this with respect to groups. This review should include internal uses of data that would result from a fuller Group RSR approach.

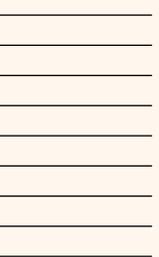
12.5 OTHER RELEVANT ISSUES: SUMMARY

- Groups called for an extended deadline for completion of a Group RSR. This would most appropriately be extended by one month to the 30 June although in the first year of introduction this may be different.
- Groups expressed a preference for an electronic Group RSR. A paper form would be viewed as a backward step.
- Incorporation of a number of formatting issues would facilitate the ease of completing both the individual and a Group RSR.
- Groups challenged the Housing Corporation to investigate ways in which they can ease the burden of information further.
- Some groups called on the Housing Corporation to take a holistic regulatory approach to housing association group structures rather than the current approach of regulating individual members of the group separately.



Section four

Conclusions and recommendations



13. Summary

The project was undertaken in two stages:

- First conceptual issues were addressed with Housing Corporation officials. Fundamentals such as a definition of a group and what data are actually required by the Corporation at group level were discussed and agreed.
- Secondly, the practical issues were tested. A highly consultative approach was taken within each stage of the research process. Housing association group structures were given the opportunity, at every stage, to comment on the content and clarity of the Group RSR and its Guidance Notes.

Administering a Group RSR: the fundamentals

- A group was initially defined in line with the Housing Act 1996 provisions (S. 60) — that is, the parent having the power to appoint and remove board members of other subsidiary organisations.
- Information would be required about all unregistered subsidiaries. The Housing Corporation did not need to look at the outcomes of unregistered subsidiary activity, as they do with registered organisations, but they did need to look at the impact of their activities on the group as a whole.
- Performance information would continue to be collected via individual RSRs and not on a group-wide basis. A Group RSR would focus solely on regulation and not on performance. It was therefore not an aim of the Housing Corporation to produce group-wide performance indicators.

Census of groups

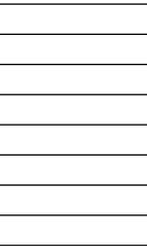
- Discrepancies were highlighted between the consistency of information provided in Section One of the RSR and the reality of the housing association sector. Inconsistencies generally occurred because the clarity of definitions between subsidiary and associate

organisations were imprecise which in turn amounted to housing associations providing inconsistent and subjectively determined information.

- Definitions of a group structure, subsidiary and associate organisations, yielded more accurate reporting of group membership as the consultation process developed.
- A concrete list of group structures at any given time proved impossible. This was because of: weaknesses in existing information; the fact that the project did not (nor had intended to) achieve 100% coverage; and, the fluid nature and number of the population of group structures.

Housing association group structures

- The principle role of the parent was strategic direction and leadership, including the provision of corporate services. More than half of the parent bodies were asset holding although exclusively so in only two groups in the survey.
- Although the most common type of control mechanism was at board level, ownership or control of ownership was also a significant method of influence. In some cases combinations of different mechanisms were exercised within a group. This indicated that a definition of a group based on control at board level could be too narrow to act as an effective trigger to reporting in the inclusive way intended.
- Because the number of unregistered subsidiaries was much greater than indicated by information provided in Section One of the RSR, the average size of groups in terms of organisational membership was larger than originally anticipated.



Internal data management

- The research highlighted that the majority of the groups held their housing based data both centrally and individually and it was shown that the amalgamation or disaggregation of data as required by the Group RSR would not be difficult in most cases. Although there may be some short-term problems, they generally highlighted a lack of a group approach and consistency rather than an inability to deliver group-wide data.
- Data about the wider range of activities and services provided by groups could also be provided fairly easily as the vast majority of respondents held these data centrally or both centrally and individually.
- With regard to the consistency and the standardisation of data, it became apparent that there were some groups with outstanding internal issues. Although problems would be likely in the first year that a Group RSR was introduced and should therefore be expected in this event, the problems identified tended to be specific to individual groups and could be addressed quickly. Therefore, in the longer-term the resulting group data would be sufficiently consistent and correct to serve the Housing Corporation's needs.

Definition of a group and its member organisations for a Group RSR

- The definition of a group structure was expanded during the course of the research process in line with the fuller text of the 1996 Housing Act (S.60) to include ownership of share capital rather than group structures being defined purely by control at board level.
- Definitions of different types of group member organisations, such as joint ventures, were also included. A fully inclusive return and Guidance Notes ensured a greater accuracy of data.

The draft Group RSR and data assembly

- Using the same approach to data collection as the RSR 2002 would minimise the burden of the Group RSR. Notably, almost all issues raised in making the distinctions required for reporting in the draft Group RSR flowed from those in the RSR 2002 approach at the individual level.
- In the Group RSR context, the only new issue was the need to provide better guidance on reporting ownership and management functions where these were split between the group and external organisations.
- Rent levels and their link to the distinction made between social and non-social housing caused problems when defining social housing.

Rented and leased housing owned and managed by the group

- Overall there were relatively few identified problems in providing data for the new draft Group RSR. Where problems were identified they were by and large definitional and could be overcome with clearer guidance.
- It is important to make groups aware that under a standardised approach to data collection some subjective decisions are required. Again, clarification of definitions and general guidance should go some way to ensuring that the correct subjective decisions are being made.
- Accurate supported housing data are the most difficult to provide. Difficulties arise in the main because of the poor quality of data supplied by managing agents. Groups will need to work hard alongside their managing agents to provide the data required accurately for the Group RSR.
- The vast majority of groups said they were able to provide the data requested for Part Two (non-social housing) without difficulty. The percentage of gross turnover and gross capital employed requested for Part Two were

also unproblematic in practice as finance departments were identified as being able to easily provide the information.

- The need for the Housing Corporation to review its approach to and data needs with respect to leased housing was evident from the lack of clarity and applicability of the approach to the wide range of intermediate tenure arrangements, Right to Buy and Right to Acquire sales, and leasehold management activities.
- The inclusion of unregistered subsidiaries activities in the Group RSR did not impact greatly on the overall numbers but were particularly relevant to internal management arrangements. Therefore, their data was minimal and had little impact on the overall burden of the exercise but their inclusion was important in a group-wide view.

Other group-wide information requested

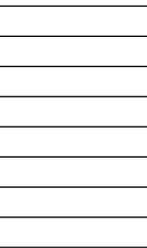
- Part Three was only a small additional burden to those who completed the draft return. However, this is likely to change in the future as groups continue to diversify. Even then, the provision of information for this Part was seen as unproblematic.
- Although the information captured in Part Three was minimal, it did capture information about unregistered subsidiary activity that had not been available in the past.
- The approach taken in Part Three required clarifying: to include management functions undertaken but not with respect to the actual management of tenancies; and, to include activities reported in Part Two (other activities) within the overall 5% threshold trigger to reporting.
- Overall, groups had few problems providing information about paid staff and Governing Body members. The main issue raised related to the change in ethnic monitoring codes in line with new Census codes. This meant that housing associations would have to send out ethnic monitoring forms to all their staff

again, if they had not already done so, which for larger groups was seen as quite a task and could impact on the 2002 data returned.

- Part Five, which asked for information about parent and subsidiary organisations, was found to be successful in clarifying reporting requirements under a group-wide approach. However, by general consensus, it was found to be most appropriately positioned at the beginning of the form rather than at the end. This Part could then serve the purpose of providing a checklist to the data provided.

Overall impressions, uses and added value

- Despite the fact that groups had identified a range of issues that required clarification to ensure consistency (see earlier chapters), the overall response to the draft Group RSR from respondents had been very positive and supported the introduction of a Group RSR in 2002.
- The resulting data did reflect the range and scale of activities on a group-wide basis, particularly when viewed alongside individual RSRs. This meant that it would provide the Housing Corporation with the body of data that they required. Again, this supported the introduction of a Group RSR in 2002.
- Because the resulting data would be used internally by groups as well as by the Housing Corporation, this indicated an element of added value, further supporting the introduction of a Group RSR in 2002.
- Anticipated internal uses were diverse but relevant and could be further facilitated by the Housing Corporation, particularly with respect to benchmarking.
- A number of groups would prefer a more detailed approach to group-wide data but instead of, rather than as well as, the individual RSR.



Other relevant issues

- Groups called for an extended deadline for completion of a Group RSR. This would most appropriately be extended by one month to the 30 June although in the first year of introduction this may be different.
- Groups expressed a preference for an electronic Group RSR. A paper form would be viewed as a backward step.
- Incorporation of a number of formatting issues would facilitate the ease of completing both the individual and a Group RSR.
- Groups challenged the Housing Corporation to investigate ways in which they can ease the burden of information further both at the individual and group level.
- Some groups called on the Housing Corporation to take a holistic regulatory approach to housing association group structures rather than the current approach of regulating individual members of the group separately.

14. Recommendations

The overall objective of Phase IV of the Definitions of Ownership research was to achieve consistent, accurate and transparent statistical information about group structures and their activities as a whole.

Having established the nature of the Housing Corporation's data needs with respect to groups; only basic information to provide a transparent account of the scale, range and importance of activities on a group-wide basis; a draft Group RSR was tested through consultation and in practice.

Based on the findings from this research process we make the following recommendations:

14.1 INTRODUCTION OF A GROUP RSR

Recommendation one

Whilst there may be some problems in the first year, we recommend the introduction of a Group RSR for 2002 that would adopt the approach taken in the draft Group RSR subject only to suggested clarification.

This is on the basis of a number of factors. The new group-wide return was supported because it provided a unique data set not available elsewhere. This was because it included information about unregistered subsidiaries. There were a large number of unregistered subsidiaries; their ownership and management activities were often core housing association activities; they were engaging with external organisations; and, the extent of their autonomy was largely the same as registered subsidiaries. The approach is therefore proportional to the resulting data and the Housing Corporation's needs. The fact that often complex internal arrangements are simplified is also important for transparency.

14.2 ADMINISTERING A GROUP RSR

Recommendation two

A different deadline

If adopted, we recommend that a Group RSR should be administered at the same time as the individual RSR, but with a deadline for completion by 30 June (Group RSR) rather than 31 May (individual RSR).

This will minimise the additional burden by allowing groups to construct data for housing associations and then utilise these data for use in a Group RSR to which a small amount of re-analysis can be undertaken and unregistered subsidiary data added in.

Recommendation three

A different approach for 2002

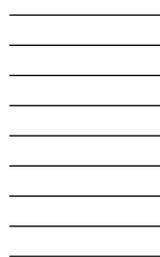
If introduced in 2002, we recommend that in this first year only the Group RSR should be administered separately in light of the new demands of the new RSR 2002 approach and the need to construct data from unregistered subsidiaries on a consistent basis.

The findings showed that virtually all of the problems anticipated in constructing data for the Group RSR were the result of the new approach to data collection taken in the individual RSR 2002 that is shared with the group return. We therefore feel it prudent to allow housing associations to make the new determinations demanded by the RSR 2002 approach in the individual exercise first before considering the group position. For this reason, in 2002 only the Group RSR should be viewed as an entirely separate exercise to minimise the impact.

Recommendation four

An electronic group RSR

We recommend that the Group RSR be administered electronically, which again implies that if introduced in 2002, it should be administered separately to the RSR 2002.



14.3 THE SUPPORTING ROLE OF THE HOUSING CORPORATION

Recommendation five

Facilitating the collection of data from managing agents

We recommend that the Housing Corporation collaborate with the NHF, LGA and other relevant representative bodies to develop mechanisms, such as a proforma and shared definitions, for consistent and accurate reporting by managing organisations for the purposes of the RSR.

This would facilitate the accuracy of the data returned during the RSR process and some of the difficulties currently experienced. In turn, this would make the RSR process a more positive one. It should be noted that this remained an outstanding recommendation from the earlier research.

Recommendation six

Promoting and supporting use of the data

We recommend that the Housing Corporation publicises the availability of the resulting data set and encourages internal uses that groups may adopt, including benchmarking, wherever possible. In addition, the Housing Corporation should constantly review ways in which it can simplify and facilitate data collection.

Groups anticipated utilising the resulting data internally. It is important that internal uses are facilitated so that some added value is enjoyed by groups.

Recommendation seven

Supporting good practice in data management

We recommend that the Housing Corporation assist groups and support the Group RSR exercise, if adopted, by exploring and disseminating good practice in the area of internal data management on a group-wide basis. This not only applies to IT hard and software system models, but also to reporting procedures and requirements.

This is relevant because the research identified inconsistencies and difficulties that existed in the

reporting and data management systems of housing association group structures, particularly those that continue to use individually maintained IT systems.

14.4 KEEPING A GROUP RSR RELEVANT

Recommendation eight

The need to have a clear approach

We recommend that the Housing Corporation reviews its regulatory approach and clarifies this with respect to groups. This review should include its own internal uses of data that would result from a fuller Group RSR approach.

This is particularly important in light of the growing importance of housing association group structures within the sector and their own calls for the regulatory focus to be raised to the group rather than the individual level. It is also important in terms of transparency under the new Regulatory Code.

Recommendation nine

The need to constantly review data needs

We recommend that the Housing Corporation regularly reviews its data needs with respect to housing association group structures and utilises the Group RSR to fulfil these needs wherever possible to ensure a consistent approach.

This recommendation is made again in response to the fact that the Housing Corporation's approach to housing association group structures was still largely embryonic at the time that the research was undertaken and to ensure that if it is introduced, the benefits of the Group RSR, on balance, outweigh the burdens.

14.5 STANDARDISATION OF DEFINITIONS

Recommendation ten

Consistent use of policy definitions

We recommend that the Housing Corporation should aim to utilise policy definitions in the RSR wherever possible because the findings show that decisions made on a day to day basis by housing associations (guided by the policy framework within which they operate) do impact on the RSR data returned.

Confusion such as the contradictory categorisation of registered care homes between policy and RSR definitions impact on the accuracy of the data returned. In reality, stock is as likely to be categorised by policy distinctions such as those made in the rent restructuring framework, as by management activity.

Recommendation eleven

Consistency of definitions

We recommend that the definitions of a group, parent, subsidiary and other constituent bodies should also be applied to Section One of the RSR Short and Long. This is to ensure that the group-wide approach in the Group RSR is consistent with that taken in other RSRs and to provide the relevant sampling framework for both the Group RSR and Lead Regulators.

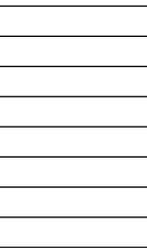
Once the definitions are incorporated, in subsequent years the information provided in Section One of the RSR should provide a more consistent and accurate basis for an annual census of groups to which a Group RSR would be administered.

Recommendation twelve

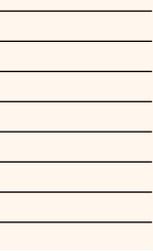
Clarification

We recommend that the Group RSR should include a part that individually identifies each organisation and its status within the group, further to clarify which group member organisations are included. For this purpose, subsidiaries of subsidiaries, jointly owned, and dormant subsidiaries, should be identified separately.

If a Group RSR were adopted, the Housing Corporation should aim to incorporate this approach into Section One of the RSR, including the on-line facility.



Annexes



A. Scoping Questionnaire

[This is the text of the Scoping Questionnaire.]

Under the Housing Corporation's policy *Regulating a diverse sector* it has been recognised that much of the activity performed within a group structure is not captured within the Regulatory and Statistical Return. As housing associations diversify into non housing activities it is now necessary to capture this missing data not only for regulatory purposes but also to enable group structures to accurately benchmark their performance.

The purpose of this questionnaire is to find out how your group structure operates and how easy it would be for your group to complete an overarching RSR form. This will not replace the individual RSR form you currently complete but will act to complement existing information given by those housing associations who are part of a group structure.

Please attempt to answer all questions. If you need more space to answer or have any further comments please continue on a separate sheet.

NAME OF GROUP:

A Registered subsidiaries

- 1 How many registered subsidiaries are there in your group structure?
 - a) What types of subsidiaries are these, do they serve a specific purpose within the group?
 - b) How much autonomy is retained by the subsidiary?
 - c) Are any of these subsidiaries specialist?

B Unregistered subsidiaries

- 2 How many unregistered subsidiaries belong to your group?
 - a) What types of subsidiaries are these, do they serve a specific purpose to the group?

C The role of the parent

- 3 Is the parent asset or non asset holding?
 - a) What function does the parent have in relation to the rest of the group?
 - b) What control does the parent have over its subsidiaries? For example it may appoint board members not only at group level but at subsidiary level too, or it may take control of all financial services.
 - c) Who is responsible for the ownership of stock?
 - d) Who is responsible for the management of stock?

D The decision making process

- 4 Who in the group decides on rent setting and service charges?
 - a) Are the group information systems set up individually with the RSL, or centrally with the parent?
 - b) Would it be relatively easy to extract subsidiary information from the group, if data is held centrally by the parent? This aspect is particularly important when it comes to finding out the ownership and management relationships within the group for completing an overarching group RSR.
 - c) Where figures are amalgamated at group level how easy would it be to extract information for each registered and unregistered subsidiary separately?

E Diversification

- 5 The Housing Corporation would like to be able to collect data from your group which cumulatively accounts for more than 5% of gross turnover or gross capital employed for non housing related activities. Could you tell us:
- a) What types of other services or non housing related activities your group provides?
 - b) Would it be relatively easy to work out the percentage of gross turnover or gross capital employed on these services overall and for each individual body?
 - c) Is this information held centrally by the parent or would the information need to be requested from the individual registered RSLs and/or unregistered subsidiaries?

F Guidance

- 6 The guidance notes which accompany the current RSR are specific to individual RSLs. Is there any particular guidance you would like to aid your completion of a overarching group form?

Thank you for taking the time to complete this questionnaire. If you have any queries please don't hesitate to contact:

Please return to:

B. Second draft Group RSR and Guidance Notes

Regulatory and Statistical Return (Group)

For 31st March 2002

Draft

29/10/01

This form has been issued to RSLs that the Housing Corporation consider to be controlling bodies of a RSL Group Structure Arrangement. For the purposes of the RSR (Group), RSLs are defined as being members of a group structure under the terms of Section 60 of the Housing Act 1996, where:

'One RSL (the parent) owns more than half the equity in another organisation or has the power to appoint or remove board members of the controlling body of another organisation'.

The RSR (Group) demands a group-wide approach to reporting, viewing ALL of the organisations within the group as one consolidated entity. It requires information about ALL group member organisations, both those that are registered with the Housing Corporation and those that are not.

This return should be completed as at 31st March 2002.

It is essential that it is completed and returned by 31st May 2002. Failure to return by this date will be taken to indicate that your Group does not comply with our regulatory standards.

Please refer to the accompanying guidance notes when completing this return.

Group name	
Name and address of Parent Registered Social Landlord	Date of governing body meeting at which return was or will be considered
	HC Registration Number
	Lead HC Region
Postcode	Period covered by return 31st March 2002

Please tick appropriately:

Relevant data from all group member organisations included	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Dormant subsidiary data excluded	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Data from active subsidiaries excluded	<input type="checkbox"/> Yes	<input type="checkbox"/> No

I hereby certify for and on behalf of the Group that the information provided in this return is, to the best of our knowledge and belief, an accurate and fair representation of the affairs of this Group.

Position (Chairperson or other authorised officer of the Governing Body)	Signed
E-mail address	Date
Group contact telephone number	Group contact name

- Please ensure that in Part Five you provide details of all group member organisations whose activities have been included in or excluded from this form and their relationship to the Parent RSL.
- Comments should be returned with this form in the space provided at the back of this form. Please use additional pages and attach them to this return if required.

RSR (Group) Version 1

DRAFT



THE HOUSING CORPORATION

Regulatory and Statistical Return (Group) - Draft 29/10/01

For 31st March 2002

HC Registration No

Helpline 020 7627 5117

Part One - Social Housing Rental Stock and Leased Housing: owned within the group or

Part One provides an overall picture of the group's overall activity relating to owned or managed stock to which the definition of Social Housing applies.

All Social Housing stock owned within
Include stock owned by all members of the unregistered subsidiaries. Include all stock (original term).

‡ Residential Care Homes are defined as those homes only registered under Part I of the 1984 Registered Homes Act.
* Staff/warden accommodation should only be included in line 15.

Activity/stock type		Stock owned by group members and directly managed within the group	Stock owned by group outside of your group
			Non group RSL
General needs rented housing ⁷		Column A	Column B
Units/Bedspaces	1 General needs rented housing	<input type="text"/>	<input type="text"/>
	2 Keyworker accommodation (RSL controlled) ⁸	<input type="text"/>	<input type="text"/>
	3 Total general needs rented housing (lines 1+2)	<input type="text"/>	<input type="text"/>
Sheltered rented housing ⁹			
Units/Bedspaces	4 General needs sheltered housing	<input type="text"/>	<input type="text"/>
	5 Supported sheltered housing	<input type="text"/>	<input type="text"/>
	6 Total sheltered rented housing (lines 4+5)	<input type="text"/>	<input type="text"/>
Supported rented housing ¹⁰			
Units/Bedspaces	7 Unregistered ¹¹	<input type="text"/>	<input type="text"/>
	8 Residential Care Homes Part I ‡ ¹¹	<input type="text"/>	<input type="text"/>
	9 Stock provided for asylum seekers ¹²	<input type="text"/>	<input type="text"/>
	10 Stock receiving floating or move on support ¹³	<input type="text"/>	<input type="text"/>
	11 Other supported rented housing	<input type="text"/>	<input type="text"/>
	12 Total supported rented housing (lines 7-11)	<input type="text"/>	<input type="text"/>
Total general needs and supported rented stock			
	13 Total general needs housing (Total lines 3+4)	<input type="text"/>	<input type="text"/>
	14 Total supported housing (Total lines 5+12)	<input type="text"/>	<input type="text"/>
Staff/warden accommodation ¹⁴			
	15 Total units/bedspaces*	<input type="text"/>	<input type="text"/>
Leased housing ¹⁵			
Include all dwellings in lines 16 to 18 where the purchaser has not acquired 100% of			
	16 LSE	<input type="text"/>	<input type="text"/>
	17 Shared ownership	<input type="text"/>	<input type="text"/>
	18 Other	<input type="text"/>	<input type="text"/>
	19 Total leased (<100%)	<input type="text"/>	<input type="text"/>
Include all dwellings in lines 20 to 22 where the purchaser has acquired 100% of equity ¹⁷			
	20 LSE	<input type="text"/>	<input type="text"/>
	21 Shared ownership	<input type="text"/>	<input type="text"/>
	22 Other	<input type="text"/>	<input type="text"/>
	23 Total leased (100%)	<input type="text"/>	<input type="text"/>

Note: Parts One and Two are mutually exclusive. There should be no duplication. Please record all units owned and managed in either

Regulatory and Statistical Return (Group) - Draft 29/10/01

For 31st March 2002

HC Registration No

Helpline 020 7627 5117

managed by the group on behalf of others at 31st March 2002

your group: 1-3

group combined – parent and both registered and owned on a freehold basis or on a lease of 21 years or more

Other managed social housing: 4-6

Include stock that your group does not own but manages on behalf of organisations that do not form part of your group. Include stock managed by you under agreement or on a lease of less than 21 years (original term).

members but managed by organisations structure arrangement

Total stock owned by your group

Stock managed on behalf of others

Total stock managed on behalf of others

LA Other Cols A+B+C+D Non group RSL LA Other Cols F+G+H

Column C Column D Column E Column F Column G Column H Column I

--	--	--	--	--	--	--

equity ¹⁶

Parts One or Two.

Part Two - Non Social Housing Rental Stock: owned within the group or managed by the group

Part Two completes the picture of a group's overall housing activity. Columns J and K provide an indication of the materiality of these non core housing activities at the group level rather than the individual level.

‡Nursing homes that are registered under Part II of the Registered Homes Act 1984 and permanently dual registered homes registered under Parts I and II of the Act should be included in this figure.

All non Social Housing stock owned within your
Include stock owned by all members of the group registered and unregistered subsidiaries. Include all on a lease of 21 years or more (original term) regard-

Activity/stock type	Stock owned by group members and directly managed within the group	Stock owned by group members but organisations outside of your group arrangement
---------------------	--	--

Non group RSL LA

Units/Bedspaces	Column A	Column B	Column C
1 General housing			
2 Keyworker accommodation (employer controlled) ⁷			
3 Student accommodation ⁸			
4 Specialist housing ^{‡9}			
5 Market rented units/bedspaces ¹⁰			
6 Other non social housing			
7 Total Non Social Housing Units/Bedspaces (lines 1 to 6)			

Note: Parts One and Two are mutually exclusive. There should be no duplication. Please record all units owned and managed in **either** Parts One

Regulatory and Statistical Return (Group) - Draft 29/10/01

For 31st March 2002

HC Registration No

Helpline 020 7627 5117

on behalf of others at 31st March 2002

group: 1-3 combined – parent and both stock owned on a freehold basis or less of how it was funded.		Other managed stock: 3-4 Include stock that your group does not own but manages on behalf of organisations that do not form part of your group. Include stock managed under agreement or on a lease of less than 21 years (original term).			Please indicate the percentage of gross turnover of these activities. 5	Please indicate the percentage of gross capital employed in any activity 6	
managed by structure	Total stock owned by your group	Stock managed on behalf of others			Total stock managed on behalf of others	% of your group's gross turnover	% of your group's gross capital employed
Other	Cols A+B+C+D	Non group RSL	LA	Other	Cols F+G+H		
Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

or Two.

Part Three - Other services provided by the group

Question Three: Did your group provide any services between 1st April 2001 and 31st March 2002 that you have not included in Parts One or Two?¹⁻⁵

- Yes** Please cross and complete Part Three if required to do so
- No** Please cross and go to Part Four

Please list activities separately below if when combined they accounted for more than 5% of your groups overall gross turnover and/or if combined they are activities in which your group collectively used more than 5% of your gross capital during the year to 31st March 2002.

Other services are those activities that can not be quantified in terms of unit numbers¹. Examples of such activities have been included below:

Services: ⁶	% of group's gross turnover ²	% of group's gross capital used	Services provided to: ⁵ Please tick to indicate the type of organisation that services are provided to		
			Own tenants and residents of the local community	RSLs outside of your group structure ³	Other organisations
	Column 1	Column 2	Column 3	Column 4	Column 5
Maintenance and improvements ^{6a}					
Development services ^{6b}					
Financial services ^{6c}					
Domiciliary care services ^{6d}					
Training and employment ^{6e}					
Homelessness services ^{6f}					
Resettlement/Outreach ^{6g}					
Other: please specify below					
Total % of gross turnover of services					
Total % of gross capital used in providing					

Part Four - Paid staff and governing body members

Question Four: Did any members of your group employ staff on 31st March 2002? ¹

Yes Please cross and complete Parts 4.1 to 4.5 **No** Please cross and complete Part 4.3 only

In this Part we are interested to know about the total number of FTE and paid staff employed by the group as a whole. Where subsidiaries employ staff independently of each other, please provide combined numbers.

4.1 How many paid staff did your group as a whole employ at 31st March 2002? ²⁻⁹

	Full-time equivalent staff posts
1 Staff engaged in managing or maintaining housing stock ⁴	
2 Staff engaged in developing or selling housing stock ⁵	
3 Staff providing central administrative services ⁶	
4 Staff providing care ⁷	
5 Staff providing other housing service ⁸	
6 Staff providing other services (not housing or care services) ⁹	
7 Total full-time equivalent paid staff (lines 1 to 6)	

4.2 Numbers of paid staff in post within the group as a whole: ethnic origin at 31st March 2002 ¹⁰

	Number of paid staff
8 White: British	
9 White: Irish	
10 White: Other	
11 Mixed: White and Black Caribbean	
12 Mixed: White and Black African	
13 Mixed: White and Asian	
14 Mixed: Other	
15 Asian/Asian British: Indian	
16 Asian/Asian British: Pakistani	
17 Asian/Asian British: Bangladeshi	
18 Asian/Asian British: Other	
19 Black/Black British: Caribbean	
20 Black/Black British: African	
21 Black/Black British: Other	
22 Chinese	
23 Other	
24 Not known	
25 Total number of paid staff (lines 8 to 24)	

4.3 Equal opportunities: Governing body members. Please complete the following for all governing body members (including co-optees) across the group as a whole at 31st March 2002 ¹⁰

	Number of members
26 White: British	<input type="text"/>
27 White: Irish	<input type="text"/>
28 White: Other	<input type="text"/>
29 Mixed: White and Black Caribbean	<input type="text"/>
30 Mixed: White and Black African	<input type="text"/>
31 Mixed: White and Asian	<input type="text"/>
32 Mixed: Other	<input type="text"/>
33 Asian/Asian British: Indian	<input type="text"/>
34 Asian/Asian British: Pakistani	<input type="text"/>
35 Asian/Asian British: Bangladeshi	<input type="text"/>
36 Asian/Asian British: Other	<input type="text"/>
37 Black/Black British: Caribbean	<input type="text"/>
38 Black/Black British: African	<input type="text"/>
39 Black/Black British: Other	<input type="text"/>
40 Chinese	<input type="text"/>
41 Other	<input type="text"/>
42 Not known	<input type="text"/>
43 Total number of governing body members (lines 26 to 42)	<input type="text"/>

4.4 Gender of paid staff ¹¹

	Number of paid staff
44 Female	<input type="text"/>
45 Male	<input type="text"/>
46 Total staff	<input type="text"/>

4.5 Disability ¹²

	Number of paid staff
47 How many of the staff in line 25 consider themselves to have a disability?	<input type="text"/>

HC Registration No

Helpline 020 7627 5117

Part Five - Parent and Subsidiary Organisations

Question Five: Did you provide any information in Parts One, Two, Three or Four? 1-3

Yes Please cross and complete Part Five **No** If No, please cross

Please provide details below of all group member organisations whose activities have been included in or excluded from this form and their relationship to the Parent RSL.

As this return is intended to capture statistical information on a group wide basis, it is expected that all group members should be included. If you have not included information about any group member organisation you must provide details about excluded organisations in Part Five and explain why they have been excluded on the Additional Comments page provided and return this with your form.

5.1 Parent

Name

Charitable? **Yes** **No**

Registration numbers (if applicable)

Housing Corporation

Registrar of Friendly Societies

Charity Commission

Registrar of Companies

5.2 Registered Subsidiaries (please include jointly owned subsidiaries, subsidiaries of subsidiaries and excluded subsidiary organisations' details separately).

Name

Charitable? **Yes** **No**

Registration numbers (if applicable)

Housing Corporation

Registrar of Friendly Societies

Charity Commission

Registrar of Companies

Name

Charitable? **Yes** **No**

Registration numbers (if applicable)

Housing Corporation

Registrar of Friendly Societies

Charity Commission

Registrar of Companies

HC Registration No

Helpline 020 7627 5117

Name

Charitable? Yes No

Registration numbers (if applicable)

Housing Corporation

Registrar of Friendly Societies

Charity Commission

Registrar of Companies

Name

Charitable? Yes No

Registration numbers (if applicable)

Housing Corporation

Registrar of Friendly Societies

Charity Commission

Registrar of Companies

Name

Charitable? Yes No

Registration numbers (if applicable)

Housing Corporation

Registrar of Friendly Societies

Charity Commission

Registrar of Companies

5.3 Unregistered Subsidiaries (please include jointly owned subsidiaries, subsidiaries of subsidiaries and excluded subsidiary organisations' details separately).

Name

Charitable? Yes No

Registration numbers (if applicable)

Registrar of Friendly Societies

Charity Commission

Registrar of Companies

Regulatory and Statistical Return (Group) - Draft 29/10/01

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Name

Charitable? Yes No

Registration numbers (if applicable)

Registrar of Friendly Societies

Charity Commission

Registrar of Companies

Name

Charitable? Yes No

Registration numbers (if applicable)

Registrar of Friendly Societies

Charity Commission

Registrar of Companies

Name

Charitable? Yes No

Registration numbers (if applicable)

Registrar of Friendly Societies

Charity Commission

Registrar of Companies

Name

Charitable? Yes No

Registration numbers (if applicable)

Registrar of Friendly Societies

Charity Commission

Registrar of Companies

Name

Charitable? Yes No

Registration numbers (if applicable)

Registrar of Friendly Societies

Charity Commission

Registrar of Companies

HC Registration No

Helpline 020 7627 5117

5.4 Jointly Owned Subsidiaries and Joint Venture Organisations ⁴

Name

Charitable? **Yes** **No**

Registration numbers (if applicable)

Housing Corporation

Registrar of Friendly Societies

Charity Commission

Registrar of Companies

Jointly owned with (name of organisation):

HC registration number?

Name

Charitable? **Yes** **No**

Registration numbers (if applicable)

Housing Corporation

Registrar of Friendly Societies

Charity Commission

Registrar of Companies

Jointly owned with (name of organisation):

HC registration number?

Name

Charitable? **Yes** **No**

Registration numbers (if applicable)

Housing Corporation

Registrar of Friendly Societies

Charity Commission

Registrar of Companies

Jointly owned with (name of organisation):

HC registration number?

HC Registration No

Helpline 020 7627 5117

5.5 Subsidiaries of Subsidiaries ⁵

Name	<input type="text"/>
Charitable?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Registration numbers (if applicable)	
Housing Corporation	<input type="text"/>
Registrar of Friendly Societies	<input type="text"/>
Charity Commission	<input type="text"/>
Registrar of Companies	<input type="text"/>
Subsidiary of (name of organisation):	<input type="text"/>
HC registration number?	<input type="text"/>

Name	<input type="text"/>
Charitable?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Registration numbers (if applicable)	
Housing Corporation	<input type="text"/>
Registrar of Friendly Societies	<input type="text"/>
Charity Commission	<input type="text"/>
Registrar of Companies	<input type="text"/>
Subsidiary of (name of organisation):	<input type="text"/>
HC registration number?	<input type="text"/>

Name	<input type="text"/>
Charitable?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Registration numbers (if applicable)	
Housing Corporation	<input type="text"/>
Registrar of Friendly Societies	<input type="text"/>
Charity Commission	<input type="text"/>
Registrar of Companies	<input type="text"/>
Subsidiary of (name of organisation):	<input type="text"/>
HC registration number?	<input type="text"/>

HC Registration No

Helpline 020 7627 5117

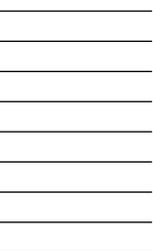
5.6 Subsidiaries Excluded From Reporting (e.g. dormant subsidiaries) ⁶

Name	<input type="text"/>
Charitable?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Registration numbers (if applicable)	
Housing Corporation	<input type="text"/>
Registrar of Friendly Societies	<input type="text"/>
Charity Commission	<input type="text"/>
Registrar of Companies	<input type="text"/>
Dormant?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Name	<input type="text"/>
Charitable?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Registration numbers (if applicable)	
Housing Corporation	<input type="text"/>
Registrar of Friendly Societies	<input type="text"/>
Charity Commission	<input type="text"/>
Registrar of Companies	<input type="text"/>
Dormant?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Name	<input type="text"/>
Charitable?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Registration numbers (if applicable)	
Housing Corporation	<input type="text"/>
Registrar of Friendly Societies	<input type="text"/>
Charity Commission	<input type="text"/>
Registrar of Companies	<input type="text"/>
Dormant?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Name	<input type="text"/>
Charitable?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Registration numbers (if applicable)	
Housing Corporation	<input type="text"/>
Registrar of Friendly Societies	<input type="text"/>
Charity Commission	<input type="text"/>
Registrar of Companies	<input type="text"/>
Jointly owned with (name of organisation):	<input type="text"/>
HC registration number?	<input type="text"/>
Dormant?	<input type="checkbox"/> Yes <input type="checkbox"/> No



RSR 2002 Guidance Notes (Group)
 Filling in the Group Regulatory and Statistical Return

Draft
 31/10/01

This return

The aim of the RSR (Group) is to achieve consistent, accurate and transparent statistical information about group structures and their activities as a whole. An overarching Group RSR is important for two main reasons: the number of group structures and their relative importance within the sector continues to grow; and, a wide range of new policies require a clear understanding of group structure operations if they are to be effectively monitored.

The RSR (Group) takes a different approach to the RSR (Long) and RSR (Short) in two main ways:

- **It is an overarching form so it requires the parent to include information about every member organisation within the group – both registered and unregistered subsidiaries; and,**
- **In order to minimise the additional burden, the information requested has been streamlined. The RSR (Group) requires basic information at group level that is not available from the amalgamation of data returned in individual RSR returns.**

NB: Completion of the RSR (Group) does NOT replace the regulatory requirement for each Registered Social Landlord to complete an individual RSR (Long or Short). It is an additional regulatory requirement on the Parent RSL that will complement the existing RSR information.

For the purposes of this return, a group structure arrangement is defined in line with S.60 of the Housing Act 1996 as one in which:

'One RSL (the parent) owns more than half the equity in another organisation or has the power to appoint and remove board members of the controlling body of another organisation'.

You are required to complete this return because the Housing Corporation have identified you as the parent RSL of a group structure arrangement in line with the definition above. If you disagree with this categorisation, please contact your HC Regional Office (or lead office) for further advise.

For the purposes of the RSR (Group) subsidiaries of your subsidiary organisations are viewed as subsidiaries and not associates of the group because of the implied cascading power of control. You are therefore required to include full data from these organisations as part of your overall Group data.

Jointly owned organisations should be included in the return as if they are fully owned by your group regardless of whether the co-owning organisation is a group member or not. Therefore you are required to include full data from these organisations where applicable as part of your overall Group data returned. You must, however, provide details about the co-owning organisations separately in Part Five.

If you had subsidiaries that were dormant during the whole period 1 April 2001 to 31 March 2002 you may exclude these organisations from the overall Group data returned. However, if you do decide to exclude any subsidiary for this reason, whether registered or not, you must indicate so on the front of the return and provide full details about any excluded organisations separately in Part Five.

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RSR 2002 Guidance Notes (Group) - Draft 31/10/01 Filling in the group regulatory and statistical return

General instructions

This RSR is concerned with the year ended 31 March 2002. Guidance about completing the return is provided in this booklet. This contains detailed explanations and definitions about the information required.

The return is divided into five parts labelled One to Five.

Parts One and Two should be completed in all cases by all groups.

Parts Three, Four and Five are preceded by a simple question that should be answered by placing a cross in the box next to the correct answer. If the answer is YES, you are asked to complete the part of the return that follows. If the answer is NO, you do not need to complete the part of the return that follows, and you are asked to proceed to the next question.

You must answer questions Three, Four and Five.

You must include the relevant statistical data for ALL stock owned and/or managed within your group, regardless of whether the owning or managing organisation is registered with the Housing Corporation or not. This INCLUDES both subsidiaries operating outside of England and the stock that they are responsible for owning and/or managing.

If you have any comments on the design or contents, please enclose a note with your return.

Thank you for taking the trouble to complete this form.

Please read the following before completing the return:

- Where dates or figures are required, the return contains instructions on what to provide. The numbers at the end of questions refer you to the guidance notes for more detailed explanation. If you need to give a more detailed answer, please put this information in the box entitled 'Additional Comments' at the end of the return.
- If there is insufficient space on the return to complete the information, please use separate sheets and attach them to the completed return.
- You are welcome to provide us with details of any particular successes or difficulties that you have experienced during the year covered by this return. This is not a requirement however.
- The completed return should be considered at a meeting of your governing body and signed by an authorised officer of the governing body. If there is not a suitable meeting before 31st May 2002, we will accept a form signed by an officer with delegated authority.
- Please check the information carefully. The Corporation will take a very serious view of any RSL that knowingly misrepresents itself or misleads us when completing the return. Failure to complete the return and submit it by 31st May 2002 will be taken to indicate that your RSL does not comply with our regulatory requirements and may have an adverse effect on any future funding requests to the Corporation.

The Glossary

Asylum Seekers and Refugees

'Asylum seekers' are people seeking asylum in the United Kingdom who have applied to the Home Secretary for leave to remain, but whose application the Home Office has not yet determined.

'NASS': National Asylum Support Service.

'Refugees' are people who have leave to remain in this country, and who are therefore entitled to consideration for housing and benefits as other people.

Floating Support or Move-on Support

During the period that a resident living in general needs stock receives floating or move-on support (where the nature and intensity of the support fully meets all three requirements), their home is designated as supported housing.

The floating support service is defined as 'support services that fall within the definition of support housing but are administered to residents living in self contained, general needs accommodation'. This includes support services provided under specific programmes such as the Rough Sleepers Initiative. There must be an expectation that the support for some or all of the residents will float off and move to other properties if those residents cease to require the support. At this point or if the resident moves, then the property reverts back to general needs.

General Needs Social Housing

General needs housing covers the bulk of housing stock for rent. This is stock for which no additional support arrangements have been designated for the residents. It includes both self contained and shared housing. Where additional support is offered as a matter of course to all residents of certain properties, you should identify this stock as 'supported housing' (see definition of supported housing). Sometimes, individual residents of general needs properties have specific requirements for additional short or long term management support. Such arrangements are often described as 'floating support' but 'temporary' and 'move on' support may also be delivered using this model. Where such arrangements are in operation, you should count the property within the definition of supported housing. If the circumstances of the resident changes, or the resident moves, then the property would normally revert to a general needs unit without support.

Governing Body

The term 'governing body' refers to your trustees, board or committee of management.

Gross Capital

We define capital as any fixed asset, excluding investments and office premises, which are:

- a directly employed in the business of the organisation; and
- b held at the balance sheet date at the value shown in the balance sheet (after depreciation but before deducting SHG and other public grants) or;
- c held at valuation where a valuation has been used.

The fixed assets employed will depend on the size of the RSL and its accounting conventions (for example, the basis of valuation and depreciation practices).

Please refer to your financial department for information about Gross Capital.

Group Structures

The definition of a group is: where one RSL (the parent) owns more than half of the equity in another organisation or has the power to appoint and remove board members of the controlling body of another organisation.

Gross Turnover

Gross turnover includes ALL income inclusive of grants and funding received from both public and private sources. The Housing Corporation adopts the Statement of Recommended Practice (SORP) definition of turnover.

Please refer to your financial department for information on Gross Turnover.

Keyworkers

Workers in key public services (for example nurses) providing that the rent is below that prevailing in the market for similar accommodation, and the RSL has the power to control the letting, management and termination of the tenancies. If these elements are controlled by the employer include in Part 2 as non Social Housing.

Ethnic origin codes

Ethnic origin	CORE codes	Annual return classifications
White	British Irish Other	White: British White: Irish White: other
Mixed	White and black Caribbean White and black African White and Asian Other	Mixed: white and black Caribbean Mixed: white and black African Mixed: white and Asian Mixed: other
Asian/Asian British	Indian Pakistani Bangladeshi Other	Asian/Asian British: Indian Asian/Asian British: Pakistani Asian/Asian British: Bangladeshi Asian/Asian British: other
Black/black British	Caribbean African Other	Black/black British: Caribbean Black/black British: African Black/black British: other
Chinese/other	Chinese Other	Chinese Other ethnic group

Leasehold

Where this term is used in this form it means all types of leasehold housing. This is all forms of leasehold where the RSL retains some proportion of the equity, e.g. in shared ownership where less than 100% of the equity has been purchased and leasehold schemes for the elderly (where the leaseholder owns the full lease but not all the equity). It also includes all property leased on a long lease (a lease of 99 years or more original term). Here the purchaser of the lease has full rights over the property transferred by lease but the RSL retains an interest in the property linked to their position as the residual freeholder. This generally applies to flats or other forms of construction where there are common areas and facilities. The freeholder retains the responsibility for maintaining these common areas and services, the financial costs of which can be transferred to leaseholders in line with the terms of the original lease.

Leasehold Schemes for the Elderly

Leasehold for the elderly schemes provide sheltered accommodation for sale on a leasehold basis for people who are 55 or over. Where the scheme is ADP or LASHG funded the sales are on a shared ownership basis with a restriction on staircasing.

Market Rented Housing

Properties let on assured shorthold tenancies where the rent is comparable to privately rented properties in the location and there is no subsidy from the RSL or any other party. Housing benefit payments should not be viewed as a subsidy in this context

Non Self Contained Housing

This is accommodation where there is more than one occupant with their own separate tenancy or licence (excluding joint tenancies). The building or scheme contains single or shared rooms that lack exclusive use of bath/shower, WC or cooking

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facilities. For the purposes of this form, take the number of non-self contained units/bedspaces to be the number of occupants with their own occupancy agreements. Thus a family sharing a room in a women's refuge would count as one unit; whereas two unconnected people sharing a room designed for sharing in a drug rehabilitation project would count as two units. Non self contained housing can be either general needs or supported housing depending on whether it falls within the definition of supported housing given below.

Non Social Housing

Stock to which the definition of Social Housing does not apply. This includes: housing developed without public subsidy that is not intended to provide social housing; housing provided for workers in key public services (keyworkers) where the RSL does not have power to control the letting, management and termination of tenancies; registered nursing homes registered only under Part II of the Registered Homes Act 1984 or dual registered under Parts I and II of the 1984 Act (specialist housing); market rented homes; and, student accommodation.

Registered Care Homes

See clarification of supported housing (3c)

Self Contained Unit

A dwelling designed to allow a household exclusive use of a shower or bath, inside WC and kitchen facilities. Some self contained units, especially flats, may benefit from common services such as a central boiler for heating and/or hot water. It may be difficult, in some sheltered or supported housing, to draw the line between self contained and non-self contained accommodation. In these circumstances, it is necessary to take a view on the primary purpose behind the design. For example, if only rudimentary cooking facilities such as a hotplate are provided, on the assumption that residents' meals will be prepared elsewhere, then this is probably non-self contained rather than a self contained unit.

Shared Ownership

A programme whereby people who are unable to obtain full mortgages share the cost of purchase with a registered social landlord. This is achieved by the landlord transferring rights over the property to the applicant by lease. The applicant (lessee) and the social landlord each pay a part of the purchase price, the lessee(s) making mortgage payments to a bank or building society on the share purchased and paying an affordable rent to the social landlord on the social landlord's remaining share. The term shared ownership applies to any scheme where a proportion of ownership may be purchased. Conventionally, lessee(s) have the option to 'staircase' their stake of ownership in a property by purchasing further shares from the social landlord. For instance, if the initial share was 25%, they may buy another 25% from the social landlord to bring their joint share of the equity up to 50%. The lessee(s) may eventually acquire 100% of the equity, giving them full ownership of the

property. The social landlord would record this as 100% disposal of the property.

In other models such as Leasehold Schemes for the Elderly and tailored variants aimed at keeping shared ownership housing within the stock of affordable dwellings in an area (common in rural areas), the potential maximum share that the lessee(s) may acquire is limited, i.e. they may only be able to staircase their share of ownership to 80%, there can be no 100% disposal of the property by the social landlord.

Sheltered Housing

Properties should be defined as sheltered only if they are intended for older people and have an alarm system and warden support. If they do not have warden support or an alarm then they are not sheltered, even if they are designed for older people and have communal facilities such as a common room, laundry room or guest room. Such properties should be counted simply as general needs and not sheltered housing at all.

The minimum requirement to meet the definition of sheltered housing is that it must have an alarm system and a visiting if not residential warden. The support can be provided by staff who are not formally designated as wardens, but who provide similar services. The following guidance will help to decide whether properties should be identified as sheltered and where they are, whether they should be recorded as general needs or supported sheltered housing in the RSR. Generally, if housing is sheltered but does not fall into category 2.5 or above sheltered housing, it should be counted as general needs housing.

General Needs Sheltered Housing The majority of category 1 and 2 sheltered housing is classified as general needs because the traditional role of the warden does not meet all of the three conditions outlined in the definition of supported housing. To qualify as supported housing, the RSL would need to provide a written undertaking to residents to ensure the provision of intensive housing management (and care services if appropriate), and to provide or contract to provide for residents' support needs as agreed, planned and reviewed with them. Care and support services outside the terms of the occupancy over which the RSL has no direct control would not be adequate to meet the definition of supported housing.

Supported Sheltered Housing This is sheltered housing for older people in which the RSL has taken responsibility for the direct or indirect provision of care and support. This type of housing is characteristically referred to using a range of terminology such as: category 2.5 (or above); extra care housing; very sheltered housing; or, housing for the frail elderly. It is housing designed for people who have high support and personal care needs where intensive care is provided. The accommodation generally includes a range of communal facilities and additional amenities such as special bathrooms, sluice rooms, etc. All individual dwellings and communal facilities are accessible for wheelchair users. The relevant features are defined in greater detail in the Housing Corporation's 'Scheme Development Standards (August 2000)', pages 16-19.

Social Housing

‘Homes for letting or low cost home ownership and associated amenities and services, for people whose personal circumstances make it difficult for them to meet their housing needs in the open market’.

Associations constantly innovate and develop new services. With this caveat we include the following types of housing provision within the description:

- 1 housing which has received public subsidy, i.e. housing that has:
 - been developed with grants or loans (or other public subsidy, as defined in Housing Corporation grant determinations for social housing Grant (SHG), and includes free or discounted land) from the Housing Corporation, local authorities or the DETR for the development or re-habitation of housing stock;
 - been developed with donations from private companies in lieu of land as part of an agreement under S106 of the Town and Country Planning Act 1990;
 - has works done to it funded by Housing Association Grant (HAG) or SHG;
 - or
 - received or is receiving Supported Housing Management Grant
 - or
 - Revenue Deficit Grant or Move-on Allowance;
- 2 housing which has been transferred to an RSL from a public sector landlord (as defined in S63 of the Housing Act 1996);
- 3 housing developed with charitable or other funds (other than commercial loans) from private sources intended to provide social housing, for example stock built or purchased before government grant was available;
- 4 housing falling within the definitions of Temporary Social Housing or Temporary Market Rented Housing;
- 5 other short life leasing schemes for homeless families and similar activities which aim to tackle homelessness;
- 6 Private Finance Initiative (PFI) schemes involving the ownership or management of social housing;
- 7 management contracts of publicly owned housing for rent (including local authorities, Housing Action Trusts, government departments and other RSLs);
- 8 asylum seeker Home Office contracted accommodation;
- 9 shared ownership and low-cost home ownership schemes;
- 10 workers in key public services (for example nurses) (providing that the rent is below that prevailing in the market for similar accommodation, and the RSL has the power to control the letting, management and termination of the tenancies);
- 11 Residential care homes (registered under Part I of the 1984 Registered Homes Act only).

It excludes non social housing:

- market-rented schemes;
- student accommodation;
- keyworker accommodation where the employer has control of lettings or the termination of tenancies;
- Registered nursing homes (including those that are registered under Part II or permanently dual registered under Parts I and II respectively of the 1984 Registered Homes Act).

Please use this description of social housing when categorising stock in Sections 2 and 3 of the RSR.

Staff/ Warden Accommodation

Any accommodation provided as a requirement of the post and/or where staff are required to be on call. Rent may or may not be charged. Occupancy is dependent on the staff contract. Examples are: wardens; sleeping night staff; sleep-over rooms in hostels.

Supported Housing

The term 'RSL supported housing' will apply where an individual holds a registered social landlord tenancy at the same time as receiving support, including intensive or supportive housing management, provided by an RSL, under the terms of a formal undertaking. So, three conditions must be met before housing is determined to be supported rather than general needs:

- 1 An RSL must have a landlord/tenant relationship with the individual receiving support.
- 2 The level of housing support provided must be over and above that which would generally be provided by an RSL managing general needs housing.
- 3 An RSL must have formally taken on responsibilities for providing the housing related support to the resident(s) concerned, either directly or indirectly through a formal relationship with another organisation or voluntary body.

All housing in receipt of additional SHG or SHMG should be categorised as supported housing. Not all supported housing, however, is eligible for SHMG.

Circular R1 - 11/99 defines supported housing (as outlined below) by services provided, rather than the physical properties of the building. It co-exists with built form definitions (such as those of sheltered housing), which are necessary for purposes other than data collection, such as the Corporation's capital investment programmes.

For Guidance:

- a **Categories 1 and 2 sheltered housing:** As the traditional role of the warden does not meet all of the 3 conditions outlined above, to qualify as supported housing the RSL would need to provide a written undertaking to residents to ensure the provision of intensive housing management (and care services if appropriate), and to provide or contract to provide for residents' support needs as agreed, planned and reviewed with them. Care and support services outside the terms of the occupancy over which the RSL has no direct control would not be adequate to meet the definition of supported housing.

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The majority of category 1 and 2 sheltered housing will therefore continue to be classified as general needs sheltered housing.

- b **Category 2.5 or extra care sheltered housing:** These terms are sometimes taken to describe sheltered housing for older people in which the RSL has taken responsibility for the direct or indirect provision of care and support. This type of sheltered housing would normally merit classification as supported sheltered housing.
- c **Registered homes:** Care homes registered under Part I of the Registered Homes Act 1984 fall within the scope of the definition of social housing and the definition of supported housing.

Registration under Part II of the Registered Homes Act 1984 takes projects out of the scope of the definition of social housing and, therefore, supported housing.

Permanently dual-registered homes, those registered under Parts I and II, are not included in the definition of social housing, and are therefore not included as supported housing.

- d **Care provided by other agencies:** The provision of care or other services to a resident by another agency is not in itself grounds for classification of their home as supported housing.

Therefore domiciliary care provided to the resident in the community, or a sheltered block for which the RSL has no direct responsibility, would not on its own result in classification as supported housing.

- e **Night shelters:** The form of tenure provided in night shelters is the key to qualifying as supported housing. There must be a landlord/tenant relationship (including licences) in order to qualify as supported housing; if there is no written occupancy at all, the night shelter is not considered to be social housing and hence is not supported housing.

- f **Floating or move on support:** The floating support service is defined as 'support services that fall within the definition of supported housing but are administered to residents living in self contained, general needs accommodation'. This includes support services provided under specific programmes such as the Rough Sleepers Initiative. There must be an expectation that the support for some or all of the residents will float off and move to other properties if those residents cease to require the support. At this point or if the resident moves, the property can revert back to general needs. If the expectation is that the tenant will move to another property when their support needs subsist or in order to be provided with a general needs assured tenancy, this is permanently supported housing (where the nature and intensity of the support fully meets all three requirements) and not floating support.

Tenant

A tenant is someone who lives in a property belonging to a group member organisation and holds either a tenancy, lease or a licence.

The relationship between Parts One, Two and Three

In **Part One** we are interested to know about all of the social housing stock that collectively your group owns and manages.

This includes all stock owned within the group by member organisations and also all stock managed by group members that is not owned within the group. A definition of social housing can be found in the Glossary.

All supported housing (as defined in the Glossary) should be included in Part One, as should all leased housing where a member of the group retains a freehold interest.

In **Part Two** we are interested to know about other housing stock that is owned within the group by member organisations or managed on behalf of non-group organisations. This includes any housing that is not considered to be social housing. A definition of non social housing can be found in the Glossary.

Examples of Non Social Housing Stock

- market renting (other than Temporary Market Rented Housing)
- housing for students
- housing for key workers where the employer controls lettings / tenancies
- homes that RSLs manage for other organisations which are not RSLs and would not be social housing if they were owned by RSLs
- specialist housing, for example nursing homes registered under Part II or Parts I and II of the Registered Homes Act 1984.

Although members within your group may choose to manage other housing in the same way as that defined as social housing, for the purposes of the RSR, please include this stock as non-social housing.

Together Parts One and Two should include all of the stock that was owned within the group and/or managed on behalf of non-group organisations at 31st March 2002.

It is important that the stock that your group owns and manages is reported in **either** Part One OR Part Two. These Parts are intended to be mutually exclusive.

Part Three provides your group with the opportunity to record **other services and/or activities** that cannot be quantified in Parts One and Two in terms of unit numbers. Basic details about those activities that are collectively significant enough to account for more than 5% of your group's overall gross turnover will provide contextual information and an indication of the diversity and wider role of your activity. For a definition of gross turnover and gross capital please see the Glossary.

Together Parts One, Two and Three should provide an overall profile of all business streams important to your group as a whole.

1 Part One: Social Housing Rental Stock and Leased Housing: owned within the group or managed by the group on behalf of others at 31st March 2002

Purpose of the question: This Part acts as a census of all social housing rental stock owned by group members within the group and managed on behalf of any group members that do not form part of your group. It also

requests information about **leasehold properties** that members of your group retain interest in, or manage on behalf of non-group members. Combined, this information provides an overall picture of your group's social housing management activity. It also provides a context for information gathered in registered subsidiaries' individual RSR forms.

This information will also provide us with a picture of the extent of the housing management commitment undertaken by members of your group on properties that have been sold under initiatives and other leasehold management activities in respect of properties which are not owned within the group.

Question One: At 31st March 2002 did your group:

- own any rented housing to which the definition of social housing applied;
- manage any social housing for rent that was owned by an organisation or individual that does not form part of your group; or,
- retain an interest in or manage any leased housing?

See Glossary for definitions of General Needs, Sheltered, Supported, and Leased Housing.

Please provide all figures for self contained and shared housing bedspaces combined.

All dedicated staff accommodation should only be included in Part One, line 15.

Owned rental stock to which the definition of Social Housing applies:

Because the aim of this return is to capture information about your group's activities as a whole, we require you to view all of the member organisations within your group structure as part of a single entity. In line with this approach, ownership and direct management is defined at the group level rather than at the individual member level. Please provide information about all stock owned within the group in line with the definitions below. Stock should be considered to be directly managed if it is both owned and managed by a group member organisation. This applies even if the managing group member is not the owning group member as long as both organisations belong to the same group structure.

- 1 Please **include** in Columns A-E, lines 1-15 (see table 1.1):

- a Owned stock held freehold, or held on a lease of 21 years or more (original term) by a group member or organisation.
- b Stock for which a lease of less than 21 years (original term) has been granted to a non-group member organisation.
- c All general needs, sheltered and supported rental stock that is owned within your group, including all self contained and hostel/ shared housing stock, that is social housing. Include all stock that your group owns, even if they are managed by another body outside the group such as another registered social landlord, a local authority, a voluntary agency, or any other agency/organisation/individual.
- d Include only stock to which the definition of social housing applies (see definition of social housing in the Glossary). This should include any units transferred from local authorities through voluntary transfer.
- e Include all units/bedspaces/tenancies (used interchangeably here), regardless of whether or not they are occupied on 31st March 2002. If a property is vacant on 31st March, please include it as it would have been included if the last tenant was still living there. If, however, the last tenant was receiving floating support and the property will be let on a general needs basis at the end of the void period, please include as general needs.
- f Any units occupied by wardens or other resident staff.
- g All housing owned by registered and unregistered subsidiary organisations.

Please indicate the number of units/bedspaces that are owned within the group (Columns A to D) and are managed within the group or by a registered social landlord that is not a group member, local authority or some other managing agent.

- 2 Please **exclude** from Columns A-E, lines 1-15:
- a Social housing managed within your group but not owned by a group member on a freehold basis or stock held by a group member on a lease of less than 21 years (original term). These should be included as managed on behalf of others in Columns F-I.
 - b Stock that a group member has disposed of to a non-group member organisation on a lease of 21 years or more (original term).
 - c All stock to which the definition of social housing does not apply should be included in Part Two.

Table 1.1. Rental Stock: Inclusion of stock as owned or managed

Include as owned in columns A to E	Include as managed in columns F to I
Stock owned freehold that has not been leased to another party on any terms	Stock owned freehold that has been leased to a non-group organisation for a period of 21 years or more (original term).
Stock owned freehold that has been leased to a non-group organisation for a period of less than 21 years (original term).	Stock held on a lease of less than 21 years (original term) where the freehold is held by a non-group organisation.
Stock held on a lease of 21 years or more (original term) where the freehold is held by a non-group organisation.	Stock that is managed under the terms of a management agreement or contract on behalf of a non-group organisation

- d All 'shared ownership' dwellings, where a group member still owns any share. These should be counted as leased housing in lines 16–19.
- e All dwellings developed for sale but **not yet sold**.
- f All sites that have not yet been developed, new properties which are under construction and any buildings acquired in a form in which they cannot be let, such as disused hospitals, warehouses which have to be converted etc. These should only be included if the works are complete and the properties have been handed over for letting.
- g Social landlords which are **Registered Charities** should exclude investment properties.

Owned leased housing:

- 3 Please **include** in Columns A-E, lines 16-23 (see table 1.2. below):
 - a All stock in which members of your group have retained an interest as the freeholder.
 - b In lines 16 to 19 this includes all property where the purchaser has the right to staircase their ownership of equity over time but has not yet staircased to 100% or the maximum share, i.e. under shared ownership or LSE schemes.
 - c In lines 20 to 23 this includes all property where the occupier has purchased a long lease with full rights to the property but where a member of your group retains the freehold interest i.e. residual freeholder responsibilities for flats.

Other managed Social Housing Stock

Because the aim of this return is to capture information about your group's activities as a whole, we require you to view all of the member organisations within your group structure as part of a single entity. In line with this approach, stock should only be defined as managed on behalf of another organisation where the stock is owned by an organisation that does not form part of your group structure arrangement.

- 4 Please **include** in Columns F-I, lines 1-15 (see table 1.1. on page 7):
 - a All general needs, sheltered and supported housing

units/bedspaces which a member of your group manages but are owned by an organisation or individual that does not form part of your group.

- b All properties held by members of your group on leases of less than 21 years (original term). Please consider the original terms of the lease not the period remaining until expiry. Include temporary social housing, where the lease term is less than 21 years (original).
- c All properties managed under a **Management Agreement** or contract between the property owner where this is not a member of your group and a member of your group, including Housing Associations as Managing Agents (HAMA) schemes.
- d All stock for which a member of your group has an agreement to manage, even if the management of that unit is undertaken by another organisation in line with arrangements made by you in your management capacity.
- e Please ensure that you put stock in the column of the actual owners of that stock in Columns F to H and not any intermediaries. In some cases there may be more than one intermediary between you and the owner.

Local Authority (Column G) relates specifically to the Housing Department of a local authority.

Other local authority departments, such as Social Services and Education, should be counted under **other** (Column H), along with unregistered social landlords, central government departments and other agencies such as British Rail, British Coal, Forestry Commission, National Rivers Authority, British Waterways Board, Health Trusts etc.

- 5 Please **exclude** (Columns F-I, lines 1-15):
 - a Those properties that are owned freehold by a group member or for which a member of your group holds a lease of 21 years or more (original term), and have counted as owned elsewhere in Parts A or B.
 - b Shared ownership properties counted in leased housing in Part A, lines 16–19.
 - c Schemes, estates, blocks of flats etc where some or all of the properties have been sold and your groups responsibility is confined to management of common areas. These should be included in lines 20-23.

Table 1.2. Leased Housing: Inclusion of stock as owned or managed

Include as owned	Include as managed
In columns A to E lines 16-19	In columns F to I lines 16-19
All stock where the purchaser has not purchased 100% of the equity and a group member organisation retains an equity interest as freeholder of the property.	Stock managed where the purchaser has not purchased 100% of the equity but a non-group member organisation retains an equity interest as freeholder of the property.
In columns A to E lines 20-23	In columns F to I lines 20-23
All properties that have been fully disposed of on a long lease of 99 years or more (original term) but to which a group member organisation has retained residual freeholder responsibilities.	Management of residual freeholder responsibilities with respect to properties where the reversionary freehold interest is retained by a non-group member organisation.

Other Managed: Leased Housing

6 This question is intended to record the management activities of group structures where they manage residual freehold responsibilities of properties that they do not own as freeholder. You should also include shared ownership and leasehold schemes for the elderly in which your group does not own any share, i.e. all properties managed by the group for which a non-group organisation retains the interest as the freeholder.

Include in Columns F to H any dwellings that were owned by non-group organisations but managed by members of your group (see table 1.2.). Again, please ensure that you identify the actual owners in Columns F to H (see note 4 above) and not any intermediaries.

General Needs Social Housing

7 General needs housing covers the bulk of housing stock for rent. This is stock for which no additional support arrangements have been designated for the residents. It includes both self contained and shared housing. Where additional support is offered as a matter of course to all residents of certain properties, you should identify this stock as 'supported housing' (see definition of supported housing).

Sometimes, individual residents of general needs properties have specific requirements for additional short or long term management support. Such arrangements are often described as 'floating support' but 'temporary' and 'move on' support may also be delivered using this model. Where such arrangements are in operation, you should count the property within the definition of supported housing. If the circumstances of the resident changes, or the resident moves, then the property would normally revert to a general needs unit without support.

Do not include staff/warden accommodation. This should be included separately only in line 15.

Keyworkers (RSL controlled)

8 This is any rented housing for workers in key public services (for example nurses). It is defined as social housing providing that the rent is below that prevailing in the market for similar accommodation, and the RSL has the power to control the letting, management and termination of the tenancies. If these elements are controlled by the employer include in Part B.

Sheltered Rented Housing

9 Sheltered housing has been included separately in Part One for two reasons. Firstly, to provide an opportunity to reflect the true nature of the stock that you manage. Secondly, because there are different types of sheltered housing which can fall within the definitions of general needs or supported housing.

Please see Glossary for full definitions of Sheltered Housing.

'General Needs Sheltered Housing' refers to your general sheltered housing where a warden performs a traditional supporting role.

'Supported Sheltered Housing' refers to your sheltered housing where the warden performs an extended role that falls under the definition of supported housing.

Do not include staff/warden accommodation. This should be included separately only in line 15.

Supported Rented Housing

10 **Include** all supported housing as defined in the Glossary, both shared and self contained. Do not include warden or staff accommodation, it should be included as staff/warden accommodation separately in line 15.

Please refer to the definition of supported housing in the Glossary and to note 1 above for a definition of ownership. Do not include property which falls outside the Corporation's definition of supported housing, e.g. do not include nursing homes, care or welfare activities which are not set within supported housing. This housing should be reported in Part B as specialist housing.

Registration

11 Only stock requested under Part I of the Registered Homes Act 1984 should be included in Part One. Nursing homes (registered under Part II of the 1984 Act) and permanently dual registered stock (registered under Parts I and II of the Act) should be reported in Part Two, under specialist housing.

If you are uncertain if any of your sheltered or supported housing stock is registered under Part I of the Registered Homes Act 1984, please contact the relevant social services department.

Asylum Seekers

12 This is accommodation for people seeking asylum in the United Kingdom who have applied to the Home Secretary for leave to remain, but whose application has not yet been decided by the Home Office. Only include stock provided for asylum seekers in line 9 that are receiving a supported style of housing management as defined in the Glossary. If asylum seekers are not receiving support, the units that they occupy should be included as general needs rented housing in line 1.

'Refugees' are people who have leave to remain in this country. Please include these units/bedspaces in line 11: Other supported rented housing or in line 1: General needs rented housing if they are not receiving support.

Floating or Move-on Support

13 During the period that a resident living in general needs stock receives floating or move-on support (where the nature and intensity of the support fully meets all three requirements), their home is designated as supported housing.

The floating support service is defined as 'support services that fall within the definition of supported housing but are administered to residents living in self contained, general needs accommodation'. This includes support services provided under specific programmes such as the Rough

Sleepers Initiative. There must be an expectation that the support for some or all of the residents can float off and move to other properties if those residents cease to require the support. At this point or if the resident moves, the property reverts back to general needs.

If the expectation is that the tenant will move to another property when their support needs subsist or in order to be provided with a general needs assured tenancy; this is permanently supported housing (where the nature and intensity of the support fully meets all three requirements) and not floating support.

Staff/ Warden Rented Accommodation

- 14 Any accommodation provided as a requirement of the post and/or where staff are required to be on call. Rent may or may not be charged. Occupancy is dependent on the staff contract. Examples are: wardens; sleeping night staff; sleep-over rooms in hostels.

Leased Housing

- 15 Please **include** all shared ownership, leasehold schemes for the elderly and other low cost home ownership properties owned by members of your group (where the purchaser has not acquired 100% of the equity) or managed by your group on behalf of other organisations that do not form part of your group.

Also **include** those properties where the purchaser has acquired 100% of the equity but in which a group member has retained the freehold interest.

Less than 100% of equity transferred

- 16 In lines 16 - 19 please:
- Include all dwellings sold by group members under all shared ownership arrangements where the purchaser has not yet acquired 100% of the equity.
 - Exclude all dwellings where the purchaser has acquired 100% of the equity, even if a member of your group retains some responsibility for providing common services - for example, a service agreement on a block of flats covering all owners.

100% of equity transferred but freehold retained

- 17 Please include in lines 20 - 23 any dwellings on which a member of your group has sold 100% of the equity under a leasehold agreement of 99 years or more, but has retained freehold responsibilities.
- Include all properties on which freehold responsibilities have been retained whether the leasehold has been sold through shared ownership arrangements or outright sale (including Right to Buy).
 - Please consider only the original term of the lease, not the period remaining until expiry. That is to say, record all properties sold on 99 year leases, for example, regardless of whether the individual leases still have 99 years or less to run.

2 Part Two: Non Social Housing Rental Stock: owned within the group or managed by the group on behalf of others at 31st March 2002

Purpose of the question: This Part acts as a census of housing stock owned by group members within the group or managed by group members on behalf of organisations that do not form part of your group to which the definition of social housing does not apply. **This should include all stock that has not been reported in Part One.** This information provides a context for information gathered in registered subsidiaries individual RSR forms. The information will also provide us with a picture of the extent of the diversity of the housing management commitment undertaken by RSLs.

Question Two: At 31st March 2002 did your group:

- own any rented housing stock to which the definition of social housing did NOT apply; or
- manage any non-social housing that was owned by an organisation or individual that does not form part of your group?

NB. In columns A to I all figures provided should include self contained units and shared housing bedspaces combined.

Stock to which the definition of Social Housing does NOT Apply:

Because the aim of this return is to capture information about your group's activities as a whole, we require you to view all of the member organisations within your group structure as part of a single entity. In line with this approach, ownership and direct management is defined at the group level rather than at the individual member level. Please provide information about all stock owned within the group in line with the definitions below. Stock should be considered to be directly managed if it is both owned and managed by a group member organisation. This applies even if the managing group member is not the owning group member as long as both organisations belong to the same group structure.

- Please **Include** in Columns A-E, lines 1-7 (see table 1.1. on page 7):
 - Stock that is owned where a member of the group owns the freehold, or a lease of 21 years or more (original term).
 - All rental stock that is owned within your group structure, including all self contained and hostel/shared housing stock, to which the definition of social housing does NOT apply, i.e. stock not included in Part One. Include the stock as owned by your group, even if they are managed by another body outside of the group such as a voluntary agency or other registered social landlord.
 - Include all units / bedspaces / tenancies (used interchangeably), regardless of whether or not they are occupied on 31st March 2002. If a property is vacant on 31st March 2002, please include it as it would have been included if the last tenant was still living there.

d All housing owned by registered and unregistered subsidiary organisations.

Please indicate the number of units/bedspaces that are owned within the group (Columns A to D) and which are managed within the group or by a registered social landlord that is not a group member or some other managing agent.

2 Please **exclude** (Columns A-E, lines 1-7):

- a Non social housing stock managed within your group but not owned by a group member on a freehold basis or on a lease of less than 21 years (original term): These should be included as managed on behalf of others in Columns F-I.
- b Stock that a group member has disposed of to a non-group member organisation on a lease of 21 years or more (original term).
- c All stock that is social housing should be included in Part One.
- d All dwellings developed for sale but **not yet sold**.
- e All sites that have not yet been developed, new properties which are under construction and any buildings acquired in a form in which they cannot be let, such as disused hospitals, warehouses which have to be converted etc. These should only be included if the works are complete and the properties have been handed over for letting.
- f Social landlords which are **Registered Charities** should exclude investment properties.
- g Any units designated to be occupied by wardens or other resident staff. These should be included in Part One.

Other Managed Stock

Because the aim of this return is to capture information about your group's activities as a whole, we require you to view all of the member organisations within your group structure as part of a single entity. In line with this approach, stock should only be defined as managed on behalf of another organisation where the stock is owned by an organisation that does not form part of your group structure arrangement.

- 3 Please **include** in Columns F-I, lines 1-7 (see table 1.1. on page 7):
 - a All **non** social housing units/bedspaces that a member of your group manages but which are owned by an organisation or individual that does not form part of your group.
 - b All properties held by members of your group on leases of less than 21 years (original term). Please consider the original term of the lease not the period remaining until expiry.
 - c All properties managed under a **Management Agreement** or contract between the property owner where this is not a member of your group and a member of your group structure.
 - d All properties where a member of your group has a management agreement or lease of less than 21 years with an individual or organisation who in turn has a management agreement with or lease from the owner. In some cases, there may be more than one intermediary between you and the owner.

Please ensure that you identify the actual owners in Columns F to H and not any intermediaries.

Local Authority (Column G) relates specifically to the Housing Department of a local authority.

Other local authority departments, such as Social Services and Education, should be counted under **Other** (Column H), along with unregistered social landlords, central government departments and other agencies such as British Rail, British Coal, Forestry Commission, National Rivers Authority, British Waterways Board, Health Trusts etc.

4 Please **exclude** (Columns F-I, lines 1-7):

- a Those properties which your group owns and has counted as owned in Parts One or Two.
- b All leased housing which should be counted in Part One.
- c Schemes, estates, blocks of flats etc where some or all of the properties have been sold and your groups responsibility is confined to management of common areas. These should be included in Part One.
- d Properties held on long leases of 21 years or more (original term). These should be included as owned.

Please ensure that you identify the actual owners in Columns F to H and not any intermediaries.

Local Authority (Column G) relates specifically to the Housing Department of a local authority.

Other local authority departments, such as Social Services and Education, should be counted under **Other** (Column H), along with unregistered social landlords, central government departments and other agencies such as British Rail, British Coal, Forestry Commission, National Rivers Authority, British Waterways Board, Health Trusts etc. Please ensure that you identify the actual owners in Columns F to H and not any intermediaries.

Gross Capital

- 5 We define capital as any fixed asset, excluding investments and office premises, which are:
 - a directly employed in the business of the organisation; and
 - b held at the balance sheet date at the value shown in the balance sheet (after depreciation but before deducting SHG and other public grants) or;
 - c held at valuation where a valuation has been used.

The fixed assets employed will depend on the size of the group and its accounting conventions (for example, the basis of valuation and depreciation practices).

Please refer to your financial department for information about Gross Capital.

Gross Turnover

- 6 Gross Turnover includes ALL income inclusive of grants and funding received from both public and private sources. The Housing Corporation adopts the Statement of Recommended Practice (SORP) definition of turnover.

Please refer to your financial department for information on Gross Turnover.

Keyworker Accommodation (employer controlled).

- 7 Accommodation designed for workers where the employer determines the level of rent charged, the letting criteria, and the termination of the tenancies.

Student Accommodation

- 8 Accommodation intended to house students.

Specialist Housing

- 9 Nursing homes (registered under Part II of the Registered Homes Act 1984) and permanently dual registered homes (registered under Parts I and II of the 1984 Act) should be reported as specialist housing. If you are uncertain if any of your stock is registered under Part II of the Registered Homes Act 1984 or dual registered under the 1984 Act, please contact the relevant social services department.

Supported housing stock registered under Part I only of the Registered Homes Act 1984 should be included only in Part One.

Stock let at Market Rents

- 10 Please **include** all housing owned and managed by group member organisations that is let at market rents. A market rent is a rent level that a tenant in the private rented sector would expect to pay. Market rent housing is not limited to the same restrictions of tenant type in terms of allocations as social housing is.

3 Part Three: Other services provided by the group

Purpose of the question: This Part asks each group to account for all services or non-unit related activities that form an important part of their overall business profile. Here we are interested in any services and activities that are not intrinsic to your role as landlord with respect to the stock included in Parts One and Two. The information provided in Part Three, combined with the housing activities included in Parts One and Two, reflects the fuller diversity of your group's activity as a whole and the extent to which activities other than housing management are becoming increasingly important. It also provides a broader context for information provided in your registered subsidiaries' individual RSR forms and information such as FTE paid staff posts.

Question Three: Did your group provide any services, or undertake any activities between 1st April 2001 and 31st March 2002 that you have not included in Parts One or Two?

You are only required to report on services/activities separately if when all services/activities are combined they accounted for more than 5% of your group's gross turnover or group's gross capital used over the year 1st April 2001 to 31st March 2002.

For a definition of gross turnover and gross capital please refer to the Glossary.

- 1 This Part aims to capture information on non-stock related services that are not included elsewhere in this RSR. Part Three is only interested in services/activities that your group provided for stock neither owned nor managed by a member organisation and, therefore, for which the group serves no landlord function.

- 2 Gross turnover includes all income inclusive of grants and funding received from both public and private sources.

- 3 Please complete Part Three on the following basis:

- You should include all services provided by the group to non-group organisations or individuals if collectively the services accounted for more than 5% of the group's overall gross turnover or gross capital used.
 - If a service is provided to a RSL outside of the group structure it should be reported in column 4.
- 4 Services reported in this Part are for the past 12 month period, from **1st April 2001 to 31st March 2002**, and should not be on a snapshot basis.

- 5 Services recorded here may be provided for your own tenants, provided they are non-stock related i.e. they should not relate directly to the stock reported in Parts One and Two.

- 6 The following examples are common services/activities provided by the sector to other organisations:

The term 'services' indicates that, for example, your development department is providing services for stock which is not being developed for ownership by a member organisation of your group structure.

- a **Maintenance and improvements.** The group carries out work to properties owned by non-group organisations.
- b **Development services.** The group provides the development expertise to develop property on behalf non-group organisations.
- c **Financial services.** Initiatives or financial services aimed at meeting the objectives of combating financial exclusion. Examples would include, credit unions, or insurance with rent schemes.
- d **Domiciliary care services.** Domiciliary care services are personal care services provided to people in their own homes who by reason of illness, infirmity or disability are unable to provide it for themselves without assistance.
- e **Training and employment.** Initiatives or services which would assist the group's tenant's or the wider community to access or sustain training or employment. Examples would include labour and construction schemes, IT training or advisory services.
- f **Homelessness services.** Services provided to people who are either homeless, or in danger of becoming so. These services would be provided over and above either the general needs or supported housing management functions.

They may be initiatives commissioned by other agencies or authorities and established by a member of your group or groups individually, or within a partnership arrangement. Examples would include advice, translation, or support services specifically aimed at meeting the needs of homeless people.

- g **Resettlement/ Outreach.** Initiatives or services intended to assist specific client groups or homeless people with accessing specialist services, or with obtaining or sustaining their tenancies. These services would be over and above core housing management functions.

4 Part Four: Paid staff and governing body members

Purpose of the question: *In this Part we want to know about all paid staff employed by your group and members of the governing body. This includes vacant posts, temporary posts and any other arrangement where someone is paid, regardless of the number of hours they work. Please report on the basis of full time equivalent staff posts calculated on a 35 hour week. This will ensure consistency of reporting across all groups and comparability with your registered subsidiaries individual RSR forms.*

Question Four: Did any member of your group employ staff on 31st March 2002?

Because the aim of this return is to capture information about your group's activities as a whole, we require you to view all of the member organisations within your group structure as part of a single entity. In line with this approach, the employment of staff is defined at the group level rather than at the individual member level. Please provide information about all staff employed within the group regardless of whether they are jointly employed by member organisations or whether they operate in respect of stock belonging to more than one of your member organisations.

- 1 Where staff are jointly employed by a group member organisation and a non-group member organisation, they should be recorded as paid staff of the organisation with whom they have the contract only.

4.1 Paid Staff: Function

- 2 Please calculate the number of full time equivalent staff posts (including fixed term posts or temporary posts), even if they were vacant at 31st March 2002. Please calculate this on the basis of a full time 35 hour week (excluding lunch breaks) e.g. Part time staff working 21 hours are therefore 0.6 FTE. Use the number of contracted hours and do not include overtime. There is no hourly threshold below which staff should be excluded, calculate all hours worked. If staff work longer than a 35 hour week, please calculate FTE staff on a pro rata basis.
- 3 The jobs of some staff may overlap between several functions. Please allocate them to the **predominant function**, even if this does mean glossing over significant areas of their work. Your answers should cover all grades of staff. The term management, for instance, is used here to describe the social landlord's responsibilities towards its stock, not an employee's responsibility for colleagues, resources or policy.
- 4 Include under **staff engaged in managing or maintaining stock** (line 1) staff supporting all aspects of work arising from your groups ownership or management of rental stock – e.g. housing policy and research; allocations; rent collection; financial administration including rent accounting; dealing with

applications for tenancy, Right to Buy (RTB) and voluntary sales. Homebuy (HBYI), etc; advising on housing benefit; administering or carrying out building maintenance or repairs; administering management contracts; wardens, caretakers, cleaners, etc.

- 5 Include under **staff engaged in developing or selling housing stock** (line 2) all staff involved in commissioning and administering contracts for building or purchasing stock for rent or sale, financial administration of sales and development, applying for SHG/HAG or other funding, managing shared ownership properties, etc. **Exclude** work on RTB, voluntary sales, HBYI etc. Since these schemes are targeted on existing tenants and therefore arise out of the management of rental stock.
- 6 **Include** under **staff providing central administrative services** (line 3) staff providing financial and personnel services, internal audit, etc.
- 7 **Include** staff engaged in the provision of **care** to residents of supported housing (line 4)
- 8 **Include** in line 5 staff engaged in the provision of care or housing services but not counted in the above categories.
- 9 **Include** in line 6 staff providing other services such as those who work in RSL shops, creches, or are gym instructors.

4.2 & 4.3 Numbers of Paid Staff in Post and Governing Body Members: Ethnic Origin (at 31st March 2002)

- 10 Please use the new ethnic origin codes from CORE as the basis for the classifications. These are shown in the Glossary under Ethnic Origin Codes.

4.4 Gender of Paid Staff

- 11 Please provide a breakdown of the paid staff in line 25 by gender.

4.5 Disability

- 12 Please answer the question on the basis of how many of your staff consider themselves to have a disability.

5 Part Five: Parent and Subsidiary Organisations

Purpose of the question: *This Part provides a context to the group wide information provided by you in other Parts and defines the member organisations of your group structure. It will also be used in conjunction with information provided in the individual RSR returns of the parent and registered subsidiary bodies.*

Question Five: Did you provide any information in Parts One, Two, Three and/or Four?

- 1 Include information about all group member organisations that have been included in the group wide statistical information provided in this return.
- 2 If a group member organisation was dormant during the whole period 1 April 2001 to 31 March 2002 then you may exclude them from the group-wide statistical information

provided. If you have decided to exclude such organisations then you must provide full details about each dormant organisation separately in Part 5.6.

- 3 If you have excluded any other group member organisations from the group wide statistics provided, you must explain why on the Additional Comments page provided and return this with your form. Failure to do so could result in further investigation by the Housing Corporation.
- 4 Organisations that are jointly owned with non-group organisations may have been included in your group wide data because you are requested to include data in this return from all active subsidiaries that form part of your group structure arrangement i.e. where you have the majority shareholding or where you control the board. To enable these data to be cross-referenced, please provide details about jointly owned organisations or joint venture vehicles separately in Part 5.4. including the name of the organisation/s with whom ownership is shared.
- 5 Because the treatment of subsidiaries of subsidiaries varies widely between different group structures we want you to provide details about subsidiary organisations of the parent RSL's subsidiaries separately in Part 5.5.
- 6 In Part 5.6. you must provide details about all organisations that formed a part of your group at 31 March 2001 but who do not feature in the data returned. Dormant organisations may be excluded. If a non-dormant organisation has been excluded then you must provide an explanation of why on the Additional Comments page and return this with your completed return.

C. Evaluation Form

[This is the text of the Evaluation Form.]

A draft RSR (Group) and accompanying Guidance Notes have been posted on the Dataspring website at: www.dataspring.org.uk.

We do NOT want you to complete this RSR. We DO want you to take a look at the form and Guidance Notes and consider what difficulties you might experience when completing the form in light of your group's organisational structure and the data that we are requesting. Then we would like you to answer the questions in this Evaluation Form and return it to us in the pre-paid envelope provided by 1 October 2001. Your comments will be taken into account when redrafting the group RSR.

The RSR (Group) differs to the individual RSR form in three distinct ways:

- It is shorter and therefore minimises the additional burden of information.
- It applies only to housing association group structure arrangements but requires information about all organisations that form a part of your group structure, both those that are registered with the Housing Corporation and those that are not. For the purposes of the RSR (Group), housing associations are defined as being members of a group structure arrangement in line with the Housing Act 1996, where: *'One housing association (the parent) has the power to appoint and remove board members of the controlling body of another organisation'*.
- It requires a group wide approach to reporting, viewing all of the organisations within the group as one consolidated entity. Therefore, ownership questions apply to the whole group, regardless of which organisation, within the group, actually owns the stock. Management, on the other hand, only applies to stock managed on behalf of non-group housing associations and other organisations.

THE EVALUATION FORM

Please attempt to answer all questions. Please circle your answer. Any additional information about why you have responded in a particular way will be extremely useful to the researchers when interpreting the final results. Please continue in the Additional Comments section and then on a separate sheet if necessary.

This is your opportunity to influence the design and content of the RSR (Group) that will be introduced in 2002. Please make sure you look at the form and read the Guidance Notes posted on the web site when completing this Evaluation Form.

If you do not wish to provide us with your views, please return the Evaluation Form with page two completed in the pre-paid envelope provided. This will ensure that the researchers do not contact you in pursuit of a fuller response.

If you do not consider your arrangement to be a group structure and therefore do not expect to be required to complete a RSR (Group) by the Housing Corporation, please provide us with basic details explaining why this is the case on the Evaluation Form and return it to us in the pre-paid envelope provided.

NB. If you have any difficulties accessing the website or any queries about the questions in this form, please do not hesitate to contact Fiona Lyall Grant or Dawn Marshall on 01223 337113. Alternatively, email us at: fjl25@cam.ac.uk.

Contact name:
Contact telephone number:
Contact email:

Please provide us with basic details about all group member organisations:

Composition of your group structure

If you need more space please continue on a separate sheet.

Group name:
Parent body:
Registered subsidiaries:
Unregistered subsidiaries:
Comments:

If possible, please enclose a group structure diagram with your completed Evaluation Form in the envelope provided. Thank you.

A Definition of a Group Structure

A.1 On the front sheet of this evaluation form and on the front of the Guidance Notes you will find the definition of a group structure to be used to trigger reporting in a RSR (Group). Do you agree with this definition?

Agree / Disagree / Don't know

Comments:

A.2 Does your group use a different definition?

Yes / No / Don't know

If Yes, please state below:

B Reporting data on a group basis

The Group RSR requests information on the basis of recording all member organisations as one single entity, and requests information for both ownership at the group level and management activity with respect to activities undertaken outside of the group structure. In order to ensure that data requested in this way can be provided, we need to know how your group's information systems are organised.

B.1 How are your information systems set up?

Centrally with the parent

Yes / No

Individually at subsidiary level

Yes / No

Both centrally and individually

Yes / No

Other (please specify)

Comments:

B.2 Where data are not collected centrally, is it possible to extract the information requested in the return from individual subsidiaries and amalgamate it at group level?
Yes / No / Don't know
Comments:

B.3 Where data are collected centrally, is it possible to extract information for each registered and unregistered subsidiary separately?
Yes / No / Don't know
Comments:

C Part One: Social housing rental stock

Part One asks your group to provide information about the social housing rental stock that is owned by your group whether directly managed within the group or not. It also asks for information about stock that is managed by the group but is owned by other organisations outside your group structure.

C.1 How easy will it be to obtain information about stock that is owned by the group but managed by non-group organisations outside of the group?
Easy / Difficult / Don't know
Comments:

C.2. The form asks you to provide data relating to stock which your group does not own but manages on behalf of other organisations that do not form part of your group structure. How easy will it be to provide this information?
Easy / Difficult / Don't know
Comments:

D Part Two: Non-social housing rental stock

Part Two completes the picture of your group's overall housing activity by asking about the ownership and management of non-social housing stock. The percentage of gross turnover or gross capital employed by your group in undertaking these non-social housing activities is also requested.

D.1 How easy will it be to obtain the information about non social housing stock that is owned by the group but managed by a non-group organisation outside of the group?
Easy / Difficult / Don't know
Comments:

D.2 The RSR (Group) also asks you to provide data relating to non social housing stock that your group does not own but manages on behalf of other organisations that do not form part of your group structure. How easy will it be to obtain this information?
Easy / Difficult / Don't know
Comments:

D.3 The final section of Part Two asks you to record the percentage of gross turnover or gross capital employed by the group in these non social housing activities. How easy will this be?
a) Stock owned by the group
Easy / Difficult / Don't know

b) Stock managed on behalf of a non-group organisation

Easy / Difficult / Don't know

Comments:

E Part Three: Other services provided by the group

Part Three asks you to provide information about any services or non-unit related activities that your group is engaged in. This part aims to capture the full diversity and materiality of the operational realities of group structures, as services other than housing management become increasingly important to the business profile of the housing association sector. It also contextualises information provided about staffing levels in Part Four.

This part asks for information about all services separately if when combined they account for 5% or more of your group's total gross turnover or capital employed over the year.

- E.1 Is information about non-housing based activities held centrally with the parent or would the information need to be requested from individual registered housing associations and/or unregistered subsidiaries?

Information held centrally

Yes / No

Information would have to be requested

Yes / No

A combination of both

Yes / No

Other (please specify)

Comments:

- E.2 How easy will it be to breakdown data held on information systems about different activities in order to report under this materiality approach on a group basis?

Easy / Difficult / Don't know

Comments:

F Part Four: Paid staff and governing body members

Part Four requests information on the numbers of staff employed by the group as a whole. Information is requested about all staff employed within the group including those that are jointly employed by member organisations or whether they operate in respect of stock belonging to more than one of the member organisations.

- F.1. How easy will it be to provide information about the number of paid staff on a group basis?

Easy / Difficult / Don't know

Comments:

- F.2 Part Four also requests information about the group's governing body members. How easy will it be to provide information about board members on a group wide basis?

Easy / Difficult / Don't know

Comments:

G Definitions and guidance

The RSR (Group) and Guidance Notes have been produced to give clarity and precise definitions to aid the accurate completion of the form.

G.1 Are there any data requested in the form that you anticipate difficulties in providing accurately?
Yes / No / Don't know
Details:

G.2 Do you feel the Guidance Notes are:
Clear / Unclear / Don't know
If you feel certain areas of guidance need further clarification please provide further details below:

G.3 Is there any wording or terminology used in the form or Guidance Notes that you found difficult to understand or misleading?
Yes / No / Don't know
Details:

Many thanks for taking the time to complete this Evaluation Form. If you have any further comments please continue on a separate sheet and attach to the back.

If you have any queries please do not hesitate to contact Fiona Lyall Grant or Dawn Marshall on 01223 337113. Alternatively, email us at fjl25@cam.ac.uk.

Additional comments:

D. Interview outline and transfer of data guidance

[This is the text of the interview outline and transfer of data guidance.]

INTERVIEW OUTLINE

Interviewers to complete Sections A and B prior to the interview where possible from information provided in the scoping questionnaire and evaluation form. Discuss to ensure that information is current and correct at the start of the session.

A The group

Group name:

Parent name:

Registered subsidiaries:

Unregistered subsidiaries:

Registered associates:

Unregistered associates:

B Data availability

- 1 Are information systems held centrally by the parent, individually with the subsidiaries or both centrally and individually?
Centrally / Individually / Both
Comments:
- 2 If information systems are set up centrally will it be possible to extract information requested in the Group return about registered and unregistered subsidiaries separately?
Yes / No
Comments:
- 3 If information systems are set up individually with the subsidiaries will it be possible to extract the information requested in the Group return and amalgamate it at group level?
Yes / No
Comments:
- 4 Where external organisations manage stock on behalf of group member organisations will it be relatively easy to obtain the information required in order to complete the Group RSR form? If no, why not?
Yes / No
Comments:

C Data consistency

This section aims to ensure that all group members record stock in the same way.

- 1 Do all registered subsidiaries record their ownership and management relationships on the same basis within their individual RSR forms? If not, why not — explain differences.

- 2 Will standardisation of data collection cause any particular problems for any group members? If yes, details.
- 3 Do you anticipate any difficulty determining whether stock is social or non-social? If yes, details?
- 4 Do you anticipate any difficulties determining whether stock is owned or managed by the group? details?

We would like to work through the form with you in order to identify any problems you may have in amalgamating data for which the definition of social housing applies on a group wide basis.

D Part One: Social housing rental stock and leased housing

Part One asks the group to provide information relating to owned and managed stock to which the definition of social housing applies. It is the same as the RSR 2002, although all stock should be recorded as owned by the 'group' or managed on behalf of non-group organisations. Therefore internal management arrangements become irrelevant.

Issues raised from completing Part One — particularly if the group identified problems with either extracting data from central information systems or if they identified difficulties in amalgamating data at group level:

- 1 Are there any categories in Part One where difficulties are experienced in providing relevant data:
 - a) Stock owned by group members and directly managed within the group — details
 - b) Stock owned by group members but managed by others outside the group — details
 - c) Stock your group manages on behalf of other organisations outside of the group — details
 - d) Categorisation of stock by type of activity — details — distinction between general needs and supported housing?
- 2 Do the guidance notes to Part One require clarification or expanding in order to prevent or resolve these difficulties? Details
- 3 How many and what type of units have been included that do not feature in the individual RSR data?

E Part Two: Non-social housing rental stock

Part Two asks the Group to provide data about non-social housing stock owned within the group or managed on behalf of other organisations who do not form part of your group.

- 1 Are there any categories in Part Two where difficulties are experienced in providing relevant data:
 - a) Stock owned by group members and directly managed within the group — details
 - b) Stock owned by group members but managed by others outside the group — details
 - c) Stock your group manages on behalf of other organisations outside of the group — details
 - d) Categorisation of stock by type of activity — details
 - e) The percentage of the group's overall gross turnover and gross capital employed in each non-social housing activity — details
- 2 Do the guidance notes to Part Two require clarification or expanding in order to prevent or resolve these difficulties? Details
- 3 How many and what type of units have been included that do not feature in the individual RSR data?

F Part Three: Other services provided by the group

Part Three asks the group to list non-housing activities separately if when combined they accounted for more than 5% of the group's overall gross turnover and/or if combined they are activities in which your group collectively used more than 5% of its gross capital over the year. This Part aims to capture a fuller picture of the diversity and materiality of the operational realities of your group structure.

- 1 Are there any difficulties experienced in providing this information — details
- 2 Do the guidance notes to Part Three require clarification or expanding in order to prevent or resolve these difficulties?
- 3 What activities have been included?
- 4 How many and what type of activities have been included that would not feature in the individual RSR data due to the inclusion of the activities of unregistered subsidiaries?

G Part Four: Paid staff and governing body members

Information is requested about the numbers by function, ethnicity, disability status and gender of staff employed within the group and the ethnicity of all governing body members across the group as a whole.

Are any difficulties experienced in providing information about:

- 1 The number of FTE staff on a group-wide basis and their employment functions? — details
- 2 The number of paid staff by ethnicity? — details
- 3 The number of governing body members by ethnicity? — details
- 4 The gender of paid staff? — details
- 5 The number of paid staff with a disability? — details
- 6 Where is this information held within the group?
- 7 Do the guidance notes to Part Four require clarification or expanding in order to prevent or resolve these difficulties?
- 8 How many staff or governing members have been included that do not feature in the individual RSR data?

H Definitions and guidance

- 1 Having worked through the form and Guidance Notes for the form, are there any instructions or definitions which you feel still require further clarification that have not been discussed already? If yes, details?
- 2 Is there any terminology used within the form or guidance that you consider is open to misinterpretation?

I Overall impressions and impact on the group

- 1 Does the format and basis of reporting in the RSR (Group) reflect the scale of your group’s activities? If not, why not?
- 2 Do you anticipate being able to utilise these data constructed to complete the RSR (Group) for internal decision making? If not, why not? Would the data be used internally for any other reason?
- 3 Do you have any comments that you feel will improve the RSR (Group) and the resulting data? Details.
- 4 Any other comments?

TRANSFER OF DATA FROM RSR 2001 TO DRAFT GROUP RSR 2002

Note:

- Because the RSR 2001 deals with totals of stock by property type rather than type of housing activity and because there is no distinction between social and non-social housing there is no automatic transfer of data from one return to the other.
- Data for all unregistered subsidiary organisations should be added to the RSR 2001 data, which is only available for registered subsidiary and parent organisations.
- The view of ownership and management in the group form differs to that taken in the individual RSR 2001 form. Therefore data relating to the management of stock owned by group member organisation and that managed on behalf of others may change to how it is entered into the RSR 2001.
- F7 and F8 in the RSR 2001 provide a management breakdown of stock owned but should only be used as a reference point because of the difference in approach.

To use RSR 2001 data for registered subsidiaries to complete the form it is necessary to calculate the following:

Parts One and Two – Total rental stock owned by the group (including staff units) =

(Registered subsidiaries: B4 (line 14) + F1 (line 6)) + (stock owned by unregistered subsidiaries)

This figure should then be broken down into the categories on the Group RSR 2002 in the following way:

Part One: Staff units

Number of staff units in Part One line 15 column E =

(Registered subsidiaries: B4 (line 14 column 1) + F1 (line 5)) + (staff units owned by unregistered subsidiaries)

Who manages these staff units? — columns A to D

Part One: General needs units**Number of General Needs Units in Part One line 13:**

At this point it is necessary to distinguish between general needs and 'supported housing' and then between social and non-social housing.

Breakdown:

(B4 total – staff – B8 = total self contained rental stock (check to make sure that the very sheltered units entered into B5 line 16 are included in B8 and if not also subtract these units)) + (F1 line 1 + any units in 'other' that are not supported) = **total general stock for Parts One + Two owned by registered subsidiaries/parent**

From this subtract any stock that falls into the non-social housing categories in Part Two.

This leaves your total general needs social rental stock for Part One which should then be broken down by type and any unregistered subsidiaries' data added in.

General needs sheltered housing (Part One line 4, column E) = (B5 line 15 + F3 line 13) + unregistered subsidiary stock

Who manages these sheltered housing units? line 4, columns A to D

Total general needs social housing stock – general needs sheltered housing units = Part One, line 3 column E (not including unregistered subsidiary stock).

Are any of these units **housing association controlled keyworker units** or does your unregistered subsidiaries own any housing association controlled keyworker accommodation units? If so enter into line 2, column E.

The remaining **general needs units** plus any unregistered subsidiary general needs units should be entered into line 1, column E.

Who manages these keyworker/general needs units? lines 1 & 2, columns A to D.

Part One: Supported housing**Total supported housing owned in Part One line 14, column E =**

(B8 (line 23)) + (F1 lines 2+3+any supported units in line 4) + (supported/specialist housing owned by unregistered subsidiaries) = total supported and specialist housing owned by the group

Total supported and specialist housing owned by the group – any 'specialist housing that is non-social housing = Part One line 14, column E (total supported housing)

Breakdown:

Supported sheltered housing, Part One line 5 column E =

B5 line 16 + F3 line 12 + any unregistered subsidiary supported sheltered housing

Total leased (<100%) Part One line 19 column E =

(K1 line 3 columns 1 + 2) + unregistered subsidiary stock

Of which **LSE** in line 16 column E =

K1 line 3 column 2 + unregistered subsidiary stock

Managed by: K2 column 2 + unregistered subsidiary stock = columns A to D

Of which **shared ownership** in line 17 column E =

K1 line 3 column 1 + unregistered subsidiary stock

Managed by: K2 column 1 + unregistered stock = columns A to D

Total leased (100%) Part One line 23 column E =

K3 + unregistered stock

Managed by? columns A to D

Part One: Managed leased housing

Total leased housing (<100%) Part One Column I line 19 =

(K5 line 19 columns 1 + 2 + 3) + unregistered subsidiary management activity

NB. Check there are no residual freehold management activities in K5.

Breakdown:

LSE managed on behalf of others =

(K5 line 19 column 2) + unregistered

Management breakdown in K5 lines 16, 17 and 18 + unregistered subsidiaries = line 16 columns F to H

Shared ownership managed on behalf of others =

(K5 line 19 column 1) + unregistered

Management breakdown in K5 lines 16, 17 and 18 + unregistered subsidiaries = line 16 columns F to H

Other managed on behalf of others =

(K5 line 19 column 3) + unregistered

Management breakdown in K5 lines 16, 17 and 18 + unregistered subsidiaries = line 16 columns F to H

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Glossary

BES	Business Expansion Scheme
BME	Black and minority ethnic
DTLR	Department for Transport, Local Government and the Regions
HO	Home ownership
LCHO	Low cost home ownership
LGA	Local Government Association
LSE	Leasehold Schemes for the Elderly
LSVT	Large Scale Voluntary Transfer housing association
NFHA	National Federation of Housing Associations (now NHF)
NHF	National Housing Federation
NORHAG	Northern Housing Association Group
PFI	Private Finance Initiative
PSE	Private Schemes for the Elderly
RSR	Regulatory and Statistical Return

