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Classification announcement: “Private registered providers” of social housing in England

Date: 30 October 2015

Coverage: England **Theme:** National Accounts

1. Introduction

As announced in the [September 2015 classifications Forward Work Plan](#), the ONS has undertaken a review of the statistical classification of “Private registered providers” of social housing in England (PRPs).

The review was undertaken to establish whether PRPs should continue to be recorded as Private Non-Financial Corporations (S.11) in ONS economic statistics or if the recording should change following legislative and regulatory changes brought about through the Housing and Regeneration Act 2008 (HRA 2008). Additionally, the review ensures that the statistical treatment is consistent with the latest international guidance in the 2010 European System of Accounts (ESA 2010), which entered force in September 2014. Please note that this assessment was taken solely on the basis of current legislation, namely the HRA 2008.

It should be noted that “private registered providers” is the official term for these bodies, where the “registered” in the name refers to registration with the Homes and Communities Agency (HCA). Use of the word “private” in this context does not prejudice or otherwise impact the statistical classification decision. The more common term “housing associations” refers to non-profit bodies that provide social housing. Many housing associations will be registered with HCA and so be PRPs, however, some housing associations are not registered with the HCA and these bodies are therefore outside of the scope of this review. Conversely, there are some for-profit housing bodies that are registered with the HCA and so as PRPs are covered by the review.

2. Conclusion

ONS has concluded that PRPs are public, market producers and as such they will be reclassified to the Public Non-Financial Corporations (S.11001) sub-sector for the purpose of national accounts and other ONS economic statistics. This classification applies with effect from 22 July 2008; the date of enforcement of the HRA 2008.

3. Assessment process

This conclusion was reached in accordance with our [published classification procedures](#). Specifically, the ONS National Accounts Classifications Committee (NACC), which consists of ONS experts in National Accounts, considered the classification of PRPs in the context of international rules laid out in the ESA 2010 and the accompanying Manual on Government Deficit and Debt 2014 (MGDD 2014). NACC’s assessment and recommendation, described in this document, was then reviewed and approved by the ONS Director of National Accounts and Economic Statistics.

The key conclusions reached in the assessment were:

- that the Homes and Communities Agency (HCA) should remain classified to the Central Government (S.1311) sub-sector. Reasoning is as follows:

1. the HCA meets the conditions set out in ESA 2010 necessary to be classified as an institutional unit by incurring liabilities and holding assets, entering into contracts and exhibiting sufficient decision making autonomy
 2. the HCA is subject to public sector control in accordance with control indicators described in ESA 2010, Chapter 20.309. Specific control indicators include: HM Government's ability to appoint and remove all board members and key personnel, HM Government's role in approving all funding to HCA
 3. given the above, and its function as a regulator, the pre-existing classification of HCA as a Central Government unit remains accurate
- that all PRPs should be considered as institutional units as they have the ability to incur liabilities and hold assets on their own account, enter into contracts and exhibit sufficient decision making autonomy
 - that all PRPs are subject to public sector control in accordance with the control indicators outlined in ESA 2010, Chapter 2.39 and MGDD 2014 I.2.3,17 (applying to most PRPs as they are not-for-profit organisations), and ESA 2010, Chapter 20.309 and MGDD 2014 I.2.3,15 (applying to for-profit PRPs). Reasoning for this includes:
 1. HM Government consent powers over, and power to set conditions on, disposals of social housing assets (exercised through the HCA under section 172-178 of the HRA 2008)
 2. HM Government powers to direct the use of disposal proceeds (exercised through the HCA under sections 177-178 of the HRA 2008)
 3. HM Government consent powers over disposals of housing stock following a registered provider's de-registration with the HCA (exercised through the HCA under section 186 of the HRA 2008)
 4. HM Government consent powers over the voluntary winding-up, dissolution, and restructuring of a registered provider (exercised through the HCA under section 160-166 of the HRA 2008)
 5. HM Government powers over the management of a registered provider, in particular the power of the HCA to appoint managers and officers to the provider (exercised through the HCA under sections 151-157, 246-252, 261(3) and 269 of the HRA 2008)

Points 1-5 indicate government control under ESA 2010 control indicators for "provisions of enabling instruments"/"special regulations", while point 5 is also evidence of control relating to the "appointment of officers"/"government control of the appointment and removal of key personnel" control indicators. As a result PRPs should be re-classified in the public sector

- that registered providers meet the prescribed conditions detailed in ESA 2010 Chapters 2 and 20 to be classified as market producers *en masse*. In making this judgement, NACC stated that there is sufficient evidence to suggest that registered providers are charging economically significant prices in accordance with ESA 2010 20.23

3. Implementation in ONS statistics

ONS estimates that implementing the classification will lead to an added £60 billion in public sector net debt. This is a very approximate initial estimate. In the Public Sector Finances bulletin, scheduled for release on 20 November 2015, ONS will provide further information on the impacts of this classification decision on both public sector net debt and net borrowing.

This reclassification will be incorporated in economic statistics as quickly as practical. When making decisions around the date of implementation of classification decisions ONS takes into account the complexity of the change (including the sourcing and quality assurance of data), the impact on the headline

statistical measures and existing priorities. It is not always possible at the point of classification to be able to provide firm implementation dates, but as a broad indication:

- Public Sector Finances aim to implement the reclassification early in 2016, ahead of the Budget 2016 announcement
- Public Sector Employment statistics aim to implement the reclassification in early 2016
- The National Accounts will aim to implement the reclassification in the 2017 Blue Book.

4. Further information

The ONS website provides further context and explanation, including a [brief introduction to classification decisions](#) and an [overview of the classifications process and control indicators](#).

Questions on the classifications process and this decision can be directed to media.relations@ons.gsi.gov.uk

Background notes

1. Follow us on www.twitter.com/statisticsONS and www.facebook.com/statisticsONS
2. More information about National Accounts Classifications can be found on the ONS website <http://www.ons.gov.uk/ons/guide-method/classifications/na-classifications/index.html>
3. National Statistics are produced to high professional standards set out in the Code of Practice for Official Statistics. They undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference.

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