A Review of the Registered Provider Application Process

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Community Led Homes

Contents

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Front cover image: Marmalade Lane by enabling developer TOWN. Photography Credit: David Butler

Introduction

UK Cohousing Network, funded via Community Led Homes, commissioned this project to review and reflect upon the experience of around 28 community organisations who have undertaken part or all of the journey to becoming a Registered Provider (RP) of social housing. We wanted the project to be carried out in the spirit of continuous improvement and to build upon strengths, whilst acknowledging any difficult findings within that light.

We asked the researcher to review each point along the user-journey from the viewpoint of community organisations, advisers, the Regulator of Social Housing (RSH), and investment partners. We wanted to capture the issues and challenges from the perspectives of users and advisers through their comments, observations, examples, and recommendations. Our hope is that the findings emerging from this research have led to recommendations which, if implemented, will enable future applications for Registered Provider status to be successful.

The research has been carried out under some constraints, with short windows to engage and recruit interviewees and turn around the surveys. The work has also been dependent upon access to completed reports returned from community organisations, not all of which were available within the timeframe of the research. However, despite these factors, the available information has been sufficient to identify common themes and concerns, and to make recommendations to Community Led Homes partners for the provision of future support and funding.

The next step will be to invite representatives of Community Led Homes partners, researchers, a sample of participants, and other experts to digest the findings and work together to determine the way forward.

Executive Summary

- The majority of participants considered that the process for becoming a Registered Provider (RP) is complex and challenging for small organisations.

- The Regulator of Social Housing (RSH) has made it clear that the purpose of regulation is to set standards for landlords of publicly funded rented homes and to hold landlords to account for any breaches of these standards. Because it is as important to protect one tenant as it is to protect many, the demands of registration and the standards set for landlord services are no less for a small organisation than they are for a large one.

- The main difference in the regulation of large and small organisations is in the way compliance is monitored. For a large organisation, the regime is a combination of self-assessment by the RP and on-site inspection by the RSH. For a small organisation, the principle is co-regulation is based on self-assessment by the RP and visits from the RSH in the event of a breach.

- For organisations that chose to apply to become an RP a 'chicken and egg' paradox was mentioned several times by Community Led Housing (CLH) organisations and is explicitly recognised by the RSH. By 'chicken and egg' participants referred to conflicts in the sequencing of key events; for example, the condition by a lender that the applicant for a loan should be an RP and the condition by the RSH that an applicant for registration should have a firm loan offer.

- Respondents had different views on the purpose of registration. For some, it was primarily about access to capital grant while retaining control over their assets while, for others, it was primarily about becoming a competent long-term landlord. For some, there was a sense that, following registration, maintaining RP status would involve the relatively limited task of completing annual returns; for others, there was a keen sense that, at worst, should a breach occur and not be successfully remedied, regulatory intervention could see them forced to merge with a larger RP.

- There were different views about the best ways to support community groups through the RP process. Several participants felt that pre-application support is important in helping groups decide whether to become an RP and to become RP ready if the decision is made to go down that route. Several participants also felt that, once organisations have begun the RP process, expert advice is key in ensuring a successful outcome.

- There was a consensus that organisations are best supported by community groups and Technical Advisers who have experience of the RP application process, and that learning is shared with the Community Led Housing (CLH) sector.

- The majority of organisations that participated in this research found the RP process time consuming and complicated. Many of the organisations did not achieve RP status during the grant period. Reasons for this include delays caused by the pandemic, difficulties securing land, the time taken to become RP ready, misunderstanding the Stage 1 application process, difficulties in fielding queries from the Regulator, and lack of resourcing to work on the application.

- The key factors identified as contributing to a successful application include being supported by a Board with the relevant skills and experience; strong governance and financial management; having good data management systems in place; capacity within the organisation to work on the application; being supported by those with experience of the RP process; and keeping the application simple.

- Revenue grant provided through the Community Housing Fund enabled CLH organisations to be advised on the RP registration process on the basis that many CLH organisations are unable to self-fund this work. If community led housing is valued for its contribution to the supply of new homes nationally, continued grant funding for such advice on what is one of the most important decisions CLH organisations will take will be an important factor.

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Recommendations from the independent research team

These are recommendations by an independent research team for Community Led Homes partners to consider and respond to. Advice to groups considering applying for RP status is addressed specifically in the appendices, followed by advice from the regulator.

- As part of understanding why they might want to become an RP, community groups should be fully aware of the demands involved in registration and regulation.

- That groups should seek to become RPs because they wish to become excellent landlords rather than, more narrowly, because they wish to access capital grant. Registration and regulation would thereby be embraced as a means to an end, rather than a price to be paid.

- That greater clarity is provided to CLH organisations of the nature, sequencing, and interdependence of the planning, legal and financing pre-requisites to registration in order to avoid 'chicken and egg' situations. Case studies of CLH organisations who have navigated this process should be made available as guidance.

- That the practical alternative of partnering with an existing RP (amenable to partnering with community groups) should be encouraged if groups find the risks and responsibilities of becoming a Registered Provider too daunting.   However, at the moment, coverage of the country by RPs open to working in partnership with community groups is patchy. The CLH sector should consider raising awareness of good practice in these types of partnerships to ensure it is on the table as an option for both existing RPs and community organisations to consider.

- That the CLH sector identifies a number of small, community-based RPs and specialist Technical Advisers with proven track records of the demands of registration and regulation. These RPs and Technical Advisers would form a nationally available panel to provide support to organisations considering becoming RPs, enabling them to reach an informed decision, and supporting those who decide to go down the RP route. If applicants are to receive meaningful, well-informed guidance on the application process it should be from those with extensive knowledge and extensive experience, rather than groups or advisers who might have only worked on one application or are themselves new to the process.

- That the CLH sector should enable community-led RPs to obtain external evaluation of their performance as landlords, much like Housemark does in the RP sector. This would ensure that self-assessments through the principle of co-regulation are independently verified and robust. [Housemark is owned by the National Housing Federation and the Chartered Institute for Housing].

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- The CLH sector should argue for continued funding to enable community organisations to access expertise from advisers experienced in navigating the RP application process. With deeper and wider awareness of success factors related to the RP application process amongst advisers and CLH organisations, it is likely that time/cost of application will become more efficient and smoother year on year.

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Section 1: Context of the Review

If a CLH organisation would like to provide affordable rented housing (typically at between 60% and 80% of market rents), they will usually need capital grants to reduce their development costs. These capital grants can amount to over £100,000 per dwelling and are available mainly through Homes England's Affordable Homes Programme. In order to access this programme, a group will either need to be an RP or to work in partnership with an RP (most commonly where the community group would acquire the freehold of the homes and the partner RP would be granted a long-term lease).

The other way a CLH organisation could provide affordable rented homes is by acquiring them from a developer which builds them as a planning condition (under a Section 106 Agreement). AHP grant cannot be used in these circumstances which means that the landlord need not be an RP. However, many local authorities require the landlords of such homes to be RPs, in order to provide them with the assurance of future management quality. In this scenario, the CLH organisation would therefore need to become an RP or to work in partnership with one as previously described.

If a community group would like to provide affordable housing for sale (such as shared ownership), it does not need to be an RP to access Homes England's AHP but will need to be an Investment Partner or work in partnership with one.

It is unlikely that a CLH organisation could afford to develop affordable rented homes without grant because the sums are so large, generally well beyond the range of charitable giving. Becoming an RP or partnering with one are therefore the two alternative routes.

£380,000 of funding was available through the Community Housing Fund for CLH organisations wishing to apply for RP status. The programme was a rolling programme open for grant applications of up to £10,000 from mid-February 2019. Grantees were required to have spent their grant within 12 months of their offer letter, or by the end of March 2021. The funder then agreed to extend the programme by 6 months to

September 2021, recognising the impact that the Covid Pandemic had on community organisations' capacity to undertake the work required to submit their applications to the Regulator.

So far, 28 CLH organisations have undertaken the journey to becoming an RP with support from the 'Becoming a Registered Provider and Investment Partner' grant programme.

Organisations in receipt of funding were required to submit an end-of-grant report. Although 19 organisations submitted reports, just 5 have been successful in gaining RP status within the required timeframe. Reasons for this include the length of time taken to

go through the process and delays caused by the pandemic. One organisation decided not to progress.
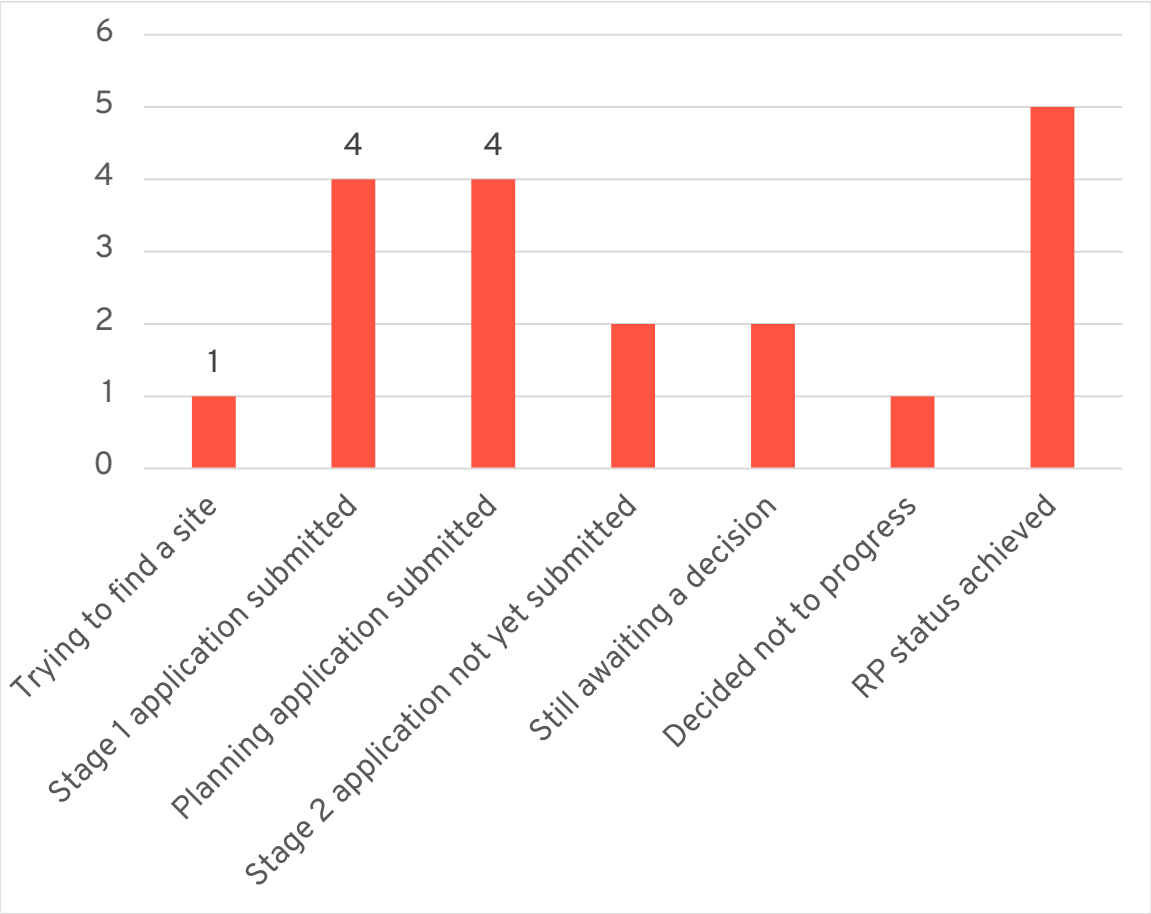

Figure 1: point in RP journey

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Section 2: The Review

2.1 Project aim

This project explores the experiences of CLH organisations and Technical Advisers of the RP application process, particularly the support and advice received, perceptions of success factors and challenges encountered. The aim is to identify patterns of experience and success factors that might lead to a conclusion that good practice has emerged, particularly in the case of CLH organisations that have successfully completed the journey.

2.2 Project objectives

- To map commonalities and differences in the experiences of groups who have undertaken the journey to become an RP.

- To try and identify good practice in advice and support provided along the journey to becoming an RP.

- To disseminate good practice.

2.3 Project approach and design

A stakeholder model was adopted involving interactive and qualitative processes (Hansen 2005). The review is mixed methods and draws on both primary and secondary sources of data. This supports data triangulation which strengthens the credibility of findings.

2.4 Methodology

2.4.1 Data collection methods

The review draws on multiple sources of data, both primary and secondary, including:

- Secondary data. The review draws on CLH organisations' final project reports.

- Semi-structured interviews. Interviews were conducted with key stakeholders. Interviews were conducted via telephone or online. The interviews were semistructured and followed a pre-specified schedule. Questions were open-ended which allowed the discussion to be flexible and enabled interviewees the freedom to express their views in their own terms. Interviews were recorded.

- Personal communications from stakeholders with the researcher.

2.4.2 Sampling

A purposeful and opportunistic sampling strategy was employed to identify and select key stakeholders to interview. These included:

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- Community groups. Criteria for selection included:

- Point of journey

- Access to detailed feedback from the Regulator to those community led housing organisations who submitted a detailed application

- Urban/rural

- Project size

- Groups who received support from an adviser

- Groups with no adviser

- Key stakeholders:

- Advisers to the CLH organisations included in the sample.

- The Regulator of Social Housing

- Homes England

- Interested Others.

Summary of interviewees:

Sample	No. interviewed
Representatives from CLH organisations with experience of the RP application process	7
Technical Adviser	6
Interested Other	3
Regulator	1
Personal communication from Homes England	1

2.4.3 Data analysis

Interviews were audio-recorded, and transcribed. The analysis was conducted using 'bottom up' inductive coding and followed the process of 'thematic induction' as described by Braun and Clarke (2006). This involved attributing codes to segments of the data, and after the first phase of analysis, clustering them into coherent themes. The themes

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identified partly reflect the interview schedule themes as well as unanticipated ones. This process generated five top-level themes. The findings related to each theme are reported in the following section.

In order to ensure anonymity, participant quotes have been coded. Org_ followed by a number has been used to denote a representative from a community-led housing organisation; TA_ followed by a number denotes a Technical Adviser; Int_Other followed by a number denotes an Interested Other; Reg_ followed by a number denotes the Regulator.

When discussing the findings of the review the report uses the acronyms RP for Registered Provider, and CLH for community-led housing.

Section 3: Findings

This section presents the findings in relation to each of the five overall themes:

- The benefits of applying for RP status

- The risks associated with becoming an RP

- The RP application experience

- Sources of support

- Perceived factors contributing to success

3.1 The benefits of applying for Registered Provider status

3.1.1 Access to funding.

The majority of participants cited access to Homes England funding as the key benefit to achieving RP status. As one Technical Adviser stated:

"I think the opportunity is obvious … You're joining an exclusive club which can bid for Homes England capital and I think that's a huge incentive for a lot of people. I think a lot of local authorities try to encourage people to get registered in order that they get more subsidy from government towards housing benefit on those schemes, I think those are the kinds of incentives that are still there."

TA_2

One person also felt that becoming an RP would make it easier to access 'conventional funding because of the rigours of the governance requirements' (Org_4). This group has been awarded funding by local authorities which they can only draw down once RP status is secured.

The view of one Technical Adviser was that although the application process is difficult, if groups are serious about CLH then the RP route is the only one available because:

"I can't see where else people are going to get the sums that Homes England provide in capital. So, if there are other ways of funding this kind of stuff, that's fine. But generally, I don't see that there are many other ways of funding this at scale."

TA_1

3.1.2 Expanding into housing

A number of existing community led organisations have taken the decision to develop a housing arm as part of their existing portfolio of work, and are providing housing for specific groups of people, for example, housing for young people who have left care:

"[Our] charity has taken the decision to go into houses, building houses. And so we now have a subsidiary, which is a community land trust."

Org_7

One participant described how their organisation had merged with another which already owned a small number of properties managed by an RP. The RP charged 'a high percentage for those properties as far as management fees were concerned'. For this community organisation, gaining RP status will give them the opportunity to embed their charity ethos, 'of the community having the power and the strength to do things for themselves' with their aspirations to develop housing. For these organisations, working in partnership is their Plan B.

Another group was keeping their options open and while becoming an RP is their preferred option for developing homes 'we're reluctantly thinking that actually partnering with a housing association might be in our best interest because they already again have those systems in place to be able to easily apply for the funding. (Org_1)

Similarly, one group was also working with an existing RP as a backup plan. In this case, the original RP was supporting the group through their RP application process but will step in and act as RP if the group's application is unsuccessful. (Org_5)

For a few organisations the decision to become an RP was not because of 'any grand ambition to be a housing provider' (ORG_3) but because there was no other option for them to achieve their aims as this participant explains:

"Ultimately, we became an RP in order to further that one particular programme, that was the reason. We couldn't find anyone else to partner with. So, it wasn't any grand ambition to be a housing provider ... if we could have found a different way of doing it, we'd have probably gone down a different route. But we did try three years of fruitless search."

Org_3

In this instance, they were advised to set up a subsidiary, an approach that seems to be becoming increasingly popular where a new entity is established. Although they were eventually successful, Org_3 felt that this approach works best where 'you have a nice boxed off project'. Moreover, the organisation that developed this approach had the finance in place when they started. They also benefitted from the involvement of professional housing people whereas, for Org_3's organisation:

"Our approach was always slightly different. And to be fair, we probably ought to have been slightly more pragmatic. We could have described things in different ways ... It would just

make life a lot easier for other people to be able to buy into it. But we were a bit too evangelical about the whole [housing] model and its uniqueness that we weren't willing to compromise on anything really when it came to describing how the model worked."

The recommendation to keep things simple is discussed further in the section below, 'Success factors'.

Another group described how it had always had an aspiration to work with RPs to develop 'schemes of different kinds' but 'this has not materialised into repeated interest and an actual success on the ground for new projects' (Org_6). However, the interest is 'patchy at best' which means that, although there is a lot of RP activity in the area, they all have their own focus. The hub is now exploring whether there is an opportunity to provide community groups with services through a new, standalone CLH organisation as an RP. Initial findings from a review they commissioned suggest that there is a lack of willingness of providers to work with the kinds of community projects they're familiar with (Org_6).

The above comments resonate with the perspectives and experience of one Technical Adviser who reflects that the reasons some CLH organisations are seeking RP status are because they have long term ambitions, are experienced in asset ownership, and see this as something they want to do more of; see it as part of their fundamental business model. Others choose the RP route because it can be difficult for some rural groups to find a partner who wants to work in their area and so they 'reluctantly look at the RP option'.

3.1.3 Wanting to retain control

Linked to the idea of CLH organisations being able to develop their desired model of housing as an RP is a view that gaining RP status will enable them to retain control over their assets. There is a strong sense that this will be lost through other routes such as working in partnership with a housing association that, for example, might require a 125-year lease on the properties. Comments included:

"We have ambitions to become a provider of social housing across our work area, which will extend to a large number of separate projects. We wanted something that would give us control over that process and in particular we wanted all of the turnover, including the management fees, to stay on in our area. The alternative for us, obviously involving a housing association, would have meant that some control would slip away, but also some part of the proceeds which would go away."

Org_5

"It's about asset-locking the wealth within the community itself. The problem is about the RP. They're not based in [the local area], their staff are based in [another area]. The money from the housing doesn't stay within this community … If you can asset-lock the wealth in the community, it's there forever and it pays for the services that are around it … As an RP you can employ locally, you can invest locally, it can be local contractors, it's all local led and that's the key thing for us."

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Org_2

One Technical Adviser (TA_5) commented that there are different levels of partnership available and they would also encourage CLH organisations to work with an existing housing association for a number of reasons: to learn from them; to have people from the RP on their board; and to use them for the management of properties or maintenance contracts. Indeed Int_Other_1 described the partnership route as being 'the simpler model' but that they 'wanted create affordable new homes for rent, and we wanted to continue to handle the rent, own the buildings and act as landlord to the tenants' which is why they decided to become an RP. TA_5 echoed this sentiment when he went on to say that one of the areas that would be explored with an organisation is whether:

"There is any point in helping an existing housing association to develop more properties. You're the one that's going to go down the whole route of doing all the community consultation, trying to acquire the land, trying to find something good to do with it, and then at the end of the day, you're handing it all over to a housing association. You're effectively ceding control over it. It's not an asset on your balance sheet, so it's just never really struck me as a very worthwhile or enticing - having any meaningful impact beyond just receiving that ground rent."

TA_5

3.1.4 Accountability, credibility and having a voice

For some participants, the regulatory requirements that come with RP status were perceived as something positive and highly valuable to the CLH organisation because 'there's an external body that's going to look at what we're providing for our tenants, and we have to be accountable for public money' (Org_1).

In addition, there was a perception among some CLH organisations that going through the application process is valuable because it has strengthened organisational capacity:

"It bolstered the charity and made us better. We've implemented policies and processes and reinforced our financial capacity."

Org_3

"We've developed our board, the way we run meetings, and the structure of the organisation is better. We have a senior management team, we have weekly board updates, and everything is on Google Drive so everyone can access all the documents, keep track of everything using a spreadsheet."

Org_4

Some would argue that the processes described above should be in place regardless of whether the CLH organisation has RP status or not.

Related to this was the view from one participant that increasing numbers of CLTs gaining RP status will enable the movement to build up a critical mass and start 'becoming a voice in our right and have a slightly different model of permanently affordable housing' (Org_4). For some CLH organisations it's also important that their residents have a voice:

"Providing that opportunity for people to develop, take ownership of their own properties and their own communities, and also look at opportunities for them to be part of the housing model. So, you know that maintenance management, those types of roles."

Org_7

The benefit of having a voice in the CLH movement only really makes sense if that voice is regarded as credible and the two seem to go hand-in-hand. Becoming an RP enables CLH organisations to be 'at the table' with other housing associations, and being an RP gives them the necessary credibility for their voice to be heard. Int_Other_1 explains:

"Once every three months, we sit around the table with all the other housing associations that operate in our borough, some with tens of thousands of homes, and there are we with our half dozen. But we're there as an equal partner in those discussions."

He added that they have been approached by their local authority with a number of development opportunities which he feels would not 'have come our way if we hadn't been in good shape'. He felt that they did not fully appreciate that RP status would bring these benefits, but he also thinks they were 'a bit naive in terms of the ongoing responsibilities which came our way' in terms of the policies towards tenants and the landlord responsibilities.

3.2 The risks associated with becoming a Registered Provider

Some advisers interviewed considered that the main risks associated with becoming an RP are meeting the standards for governance, the legislation around managing an RP, capital build risks (the delays in timescales of building and the escalation of costs) and managing ongoing finances.

Although regulatory requirements are considerable this does not seem to have been a concern or regarded as a risk by some of the groups interviewed (though this does not mean that it was not a concern for others who decided not to go down the RP route). Rather it is regarded is something that has to be done 'like your tax return. It's a pain but you have to do it' (Org_4). Additional comments included:

"We didn't really sort of consider that to be a risky process. Really the opposite. We felt that that would give us more stability in our scheme. So, no, I wouldn't say that we felt it was risky."

Org_1

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"We didn't really focus on the downsides of risk. We were fortunate that from a standing start, we managed to attract some really good people onto the board. So, we got a retired chief exec of a local housing association who came on board and basically gave us some credibility and bolstered our understanding of all things an RP and the Regulator.

Org_3

Both the above participants were setting up a subsidiary as an RP, but the view was the same for another CLH organisation that already owned property and was working with funders and councils:

"There was nothing that we saw in the requirements or the standards or the code of governance that was a surprise or a problem. None of the actual nuts and bolts were a surprise."

Org_5

The funding available to CLH organisations once they achieve RP status is clearly a big pull, as discussed above; so much so that there is a danger that CLH organisations have their eyes on the prize to such an extent that the risks are not fully appreciated. TA_1 felt that:

"The risks, I think people generally are happy to swallow those and the hard work when you can dangle the carrot of 'you're going to get a significant amount of capital finance to help with build costs. And actually, at the end of the day, the alternative is how else are you going to finance this? People rarely have an answer at that point. So, I think it's kind of the only game in town for a lot of housing bodies who want to do this and do this at scale, not just building, say, one or two units."

A further risk highlighted by Technical Advisers was the ability of the Regulator to step in and, ultimately, enable a CLH RP to be taken over if there is a breach in the standards. This was not a risk identified by the participants because they saw that the Regulator takes a light-touch approach to RPs with less than 1,000 units, proactive engagement with them being 'minimal' (Reg_1). Such RPs are required to submit a short annual return with their accounts, state whether anything has materially changed related to the financial viability of the organisation and self-report any potential breaches in the regulatory standards. For very small organisations the likelihood of the Regulator engaging with them unless they self-report non-compliance or there are tenant complaints is very low. As the Regulator explained:

"That's why the registration process is the same for everybody, because regardless of size, at the point of registration, you have to demonstrate that the board has adequate skills and control mechanisms in place to demonstrate compliance with the standards."

However, some Technical Advisers felt that it is critical that the risk from the Regulator should not be downplayed:

"If you're a really small provider, the Regulator is not thinking, how do we engage lots of our resources to support this really small provider in sorting its problems out. They're

thinking, right, where's the accelerator pedal here to a transfer of engagements? They're thinking of closing it down and transferring it into a larger group structure. So, it's in the best interests of organisations to be aware of any issues and to quickly self report and to quickly address any problems rather than think that nobody's going to notice."

TA_3

"It is a significant commitment, probably more than anyone anticipates at the start of this: the seriousness of what you're getting into being a regulated activity and the obligations that fall upon you of having to have your accounts organised in a certain way, of having to have certain information in your accounts, of having to meet all the different standards and evidencing those on a regular basis of reporting back to the Regulator."

TA_1

For one interviewee the risks associated with a large development were too great for them to take on themselves. They chose to work in partnership with a housing association that will handle the management side such as providing a 24-hour telephone service; something that is beyond the capacity of the organisation. While TA_1 felt that gaining RP status for CLH organisations was definitely achievable, TA_4 felt that community groups should not take on the workload involved in self-delivery, or the risk. His view was that:

"We shouldn't be asking communities to do any of these things, even development. I think that what we should really be aiming for as a movement is to get housing associations to develop for communities and not expect them to become experts in development and handle finance and viability and housing management."

One risk cited by a few participants was the possibility of losing permanent affordability[1]:

"One of the things we're passionate about is avoiding any right to buy in any of our properties. That continues to be a concern."

Org_4

This was echoed by a Technical Adviser:

"The government sets what your rents and rent increases are. I know you can go to the Regulator and tell them that this would put us out of business and try and get a dispensation, but organisations have to know that this is something that might happen."

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[1] As context, two exemptions from various forms of right to buy have been negotiated by the CLH sector ie exemption from the Voluntary Right to Buy, and from the Right to Shared Ownership.
VRtB: See 'exemptions' on pages 31 and 32:
https://researchbriefings.files.parliament.uk/documents/CBP-7224/CBP-7224.pdf.
RtSO: See item 2.3, bullet points 2 and 6: https://www.gov.uk/government/publications/right-to-shared-ownership-initial-guidance-for-registered-providers/rightto-shared-ownership-initial-guidance-for-registered-providers

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Indeed, financial viability was a risk highlighted by several participants. The above Technical Adviser commented that it can be very hard to prove the 'robustness of the finances' particularly in the north east because, while build costs are similar nationwide, house prices and rents are much lower there:

"So if you're doing housing for rent and you're borrowing money, you're potentially getting very close to the viability levels … That's likely to be challenged and pushed at."

TA_2

3.3 The Registered Provider application experience

Most CLH organisations found the experience of going through the RP application process difficult. The process was described as 'exhausting', 'tortuous', 'complex', 'incredibly painful', 'unstructured' and 'challenging' for a variety of different reasons which are considered below. This section also explores the argument for simplifying the RP application process for CLH organisations.

3.3.1 Understanding the application process

A few CLH organisations spent considerable time and effort in completing the preliminary application without fully understanding the process beforehand. For example, it was not always appreciated that, for the preliminary application stage, while the Regulator does not require a lot of information, a group needs to have a site and funding in place before a detailed application will be considered. This resulted in failed applications at the preliminary stage and in wasted time and energy. In contrast, others found the preliminary application much more straightforward and 'pretty easy' (Org_3; Org_4).

The relative ease with which some CLH organisations are able to go through the preliminary application stage may depend in part on whether being a housing provider is something they already do or whether it is a sea change in the way that they operate (TA_2):

"I think it's incredibly challenging for most community organisations, largely because of the level of information they have to put together. Most of the ones I work with aren't already managing housing so, therefore, you know, they're needing to find the resources from other places and needing to use staff resources that are not at the moment housing related. So they're trying to squeeze more out of generic resources to find the time, the expertise, to put all of this together so that they can embark on a housing development."

Org_3 described the process as 'a learning curve', particularly learning how to make the application process work for CLH groups:

"Trying to make things add up in a way that's acceptable [to the Regulator] was a challenge. We have a building which is worth next to nothing but it's perfect for us because it works. It works beautifully. There aren't that many other uses for it. So, they're going to

get something where something is brand new and there isn't a market for it. Nobody else does supported housing for [specific group], there isn't a market so how do you get a market rent assessment? We paid for three different market rent assessments from different RICS valuers, none of which hit the mark... And I think having some way of getting around those sorts of things would be useful."

The feeling from both groups and TAs is that, while the Regulator requires proof that the model will work, the application process is unable to accommodate different models of housing. This means that it is extremely difficult to provide the Regulator with the information it requires to make a judgement about whether to grant RP status or not:

"You know, I was providing them with a report that said that because of legislation that came in 1996, then you can compare this with that ... That doesn't fundamentally alter the way that we deliver our service or the way we built our buildings or the financial model. But without that, those few paragraphs in the report, the application wouldn't have gone through, and that to me just seems ludicrous."

Org-3

3.3.2 Time taken

The time taken to understand the process, bring all the information together and complete the application was brought up by several participants, particularly as, in the majority of cases, the work was carried out by volunteers:

"Most of the time that you're putting in, nearly all of it apart from the grants that we get, is on a voluntary basis. Hours and hours and hours. A huge amount of time has gone into this project. And so that's another consideration, really, if it's somebody who's in a paid role that's extremely different from someone doing this in a voluntary capacity."

Org_1

For this CLH organisation it took almost three years so far, 'even though we've been working our socks off' once the decision had been made to go down the RP route, and nine months before this 'doing the research find the correct sort of vehicle to allow us to do what we wanted to do in our community. (Org_1)

Another commented that it took 'hundreds and hundreds of hours' (Org_4). They added that:

"The time that you spend on it is directly proportional to the time that you haven't spent on your governance previously."

Org_4

Org_5's team worked on the application every week for 14 months from the day after submission of the full application pack which took them three months to produce. He added:

"There were nine separate requests for additional information, some of which were second requests on a change to something we'd already changed once as the case officer thought of something else … Each request goes for analysis. It comes back again, and then we start on the next. Which is a bonkers way of doing anything, because by the time you're halfway through, much of the year is gone and some of the data is out of date."

This point about the Regulator asking and responding to issues question by question was mentioned several times by participants and adds to the lengthy timescales. Int_Other_2 talks about a CLH organisation where the application process has been in progress for over eighteen months, where there has been a lot of 'backwards and forwards' and where the Regulator keeps asking for more information but the requests 'come in dribs and drabs' (Int_Other_2).

Once the feedback has been received, it can take a lot of time for CLH organisations to make sense of what is being asked. To the layperson with no housing background:

"It's gobbledygook. So, you've got to obviously try and pick what they're telling you. You know, it's talking about stuff that, you know, we probably don't have any knowledge of or understanding about. Like the setting of the values and the calculations for the ventilators and all of those sort of things, you know, those are the sorts of things that we're having to learn about and understand."

Org_7

Org_4 describes the second stage process as 'incredibly painful' and 'arduous'. It took them three months to put the application together which involved them 'ferreting around and going back 10 years through the minutes to find evidence of various things and having all the minutes either printed out which we didn't have or in a Google drive' (Org_4). They add:

"For the bits of our organisation, we've managed quite well, it's all been OK. And the bits which are difficult are when you can't find where a decision has been minuted. It's that sort of thing and getting all your policies sorted out, there are things you really need to be doing anyway to run an organisation well."

This level of information required to secure RP status was regarded by some as excessive. For example, the Regulator requires that the minute is provided in order to evidence decisions made which TA_6 describes as 'a ridiculous level of detail for an emerging organisation to be asked to provide' (TA_6). As TA_4 commented, some groups are more comfortable with dealing with bureaucracy and the technicalities while for others the process can be 'more tortuous'. There is also a danger that 'the length of time it takes means that there's a risk the organisation runs out of people and energy and commitment of volunteers (TA_5). The difficulty for CLH organisations in meeting certain requirements was also touched on by the Regulator who picked up on the challenge of evidencing the governance side, an effective board, where decisions have been made, and whether they have considered all the risks associated with becoming an RP. Addressing the point about the back-and-forth nature of the communication he made it clear that this is a necessary

part of the process, and that without the required information and the assurance they need they will not be able to grant CLH organisations RP status:

"At the detailed stage, the initial assessment is always reviewed in its totality. So all the evidence that is provided and then we feed that back. If they respond and it's not what we're looking for, if we're not happy with what's been provided then we will go back to them… If someone's provided some evidence and it doesn't meet the whole criteria or it doesn't satisfy that query, then we'll go back to them. That's I think the only case where it might be piecemeal… The back and forth will be over an area where the case officer believes that to be fundamental to the application."

Reg_1

The challenge of ensuring that the Regulator has the information they require was also talked about by one of the Technical Advisers. She highlighted the particular challenges

CLH organisations have around being able to articulate the financial model in a way that

is flexible and usable for themselves as well as being able to provide the levels of complexity the Regulator requires. She added:

"I do not think housing cash flows are that complicated. But by the time you've been asked to multi-stress test against multiple variants and things like that, I think it's quite challenging for a lot of community organisations."

TA_2

3.3.3 Guidance

While the challenge of meeting the criteria required is acknowledged by both Technical Advisers and Organisations, there is no agreement about whether or how the process should be changed for CLH organisations that are interested in gaining RP status. A lot of participants felt that, while there is guidance available, it could be improved to make it easier for CLH organisations to understand. As one person said:

"If you're starting out, sometimes you don't even understand what the advice is because you know, it's talking in a language that you don't understand."

Org_7

Several interviewees felt that the preliminary stage needs to be 'more understandable and friendly' as 'you need to be a technocrat to answer the questions' (TA_4). One participant observed:

"This idea of becoming an investment partner first and then to go to the Registered Provider, it's very confusing to the layperson. I would say I did read through gallons and gallons of information, but that doesn't actually help you. You really need a sort of crib

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sheet because of the very specific language which isn't a language you would normally use… it's extremely hard to understand. You need an expert to decipher it."

Org_1

Another stated:

"The RP process is completely unstructured, completely confusing. There's no sensation of guidance. There's the feeling that you have to come up with the stuff and then have it rejected and try again. It's grown to suit large organisations that have done this before, have all those skills and probably know the individuals involved."

Org_5

This point was also brought up by a Technical Adviser who considered that some of the guidance for CLH organisations is particularly lacking around supported housing where there is intensive housing management and higher rent. Guidance is based on a custom and practice model and what has gone before rather than there being a set of rules which you can follow (hence the importance of the 1996 legislation mentioned above). For her this makes it:

"Exceptionally difficult for organisations where they're coming into this new and trying to get their heads around the actual ways in which the rent assessment for housing with intensive housing management is carried out. So doing a market rent assessment is far more complicated. It's incredibly difficult to find a surveyor who will do it. So, a lot of organisations are on the bandwagon of going to people like Savills and paying five grand for it. But even then, it's not necessarily acceptable to the Regulator. It's all very, very complicated stuff around supported housing, and I think it could do with the Regulator coming out with some clear guidance."

TA_2

In addition to a view that the guidance could be improved, some interviewees considered that it might be helpful if there could be some 'flex in that standard document to actually sort of represent what you wanted' (Org_7). Simplifying the form itself could also help 'to avoid sitting there scratching your head and thinking 'have I answered this correctly'? (TA_4)

3.3.4 Proportionality

The issue of proportionality was mentioned a number of times by several interviewees. There exists a feeling among some that the respondents that the amount of information demanded and the level of detail required is disproportionate to the size of the CLH organisation (Int_Other_3). The majority of applicants are planning an extremely small number of homes. The Reports show (see Figure 2) that seven of the nineteen respondents aiming to develop ten homes or fewer. As described above, there is some criticism of the RP process, i.e. that there is no alternative route to becoming an RP for small or micro-

organisations. Six CLH organisations are planning to develop between 20 and 65 homes. Three of the CLH organisations are planning a significantly bigger portfolio of work with one planning to develop 120 homes, and two aiming to build 200 homes each.
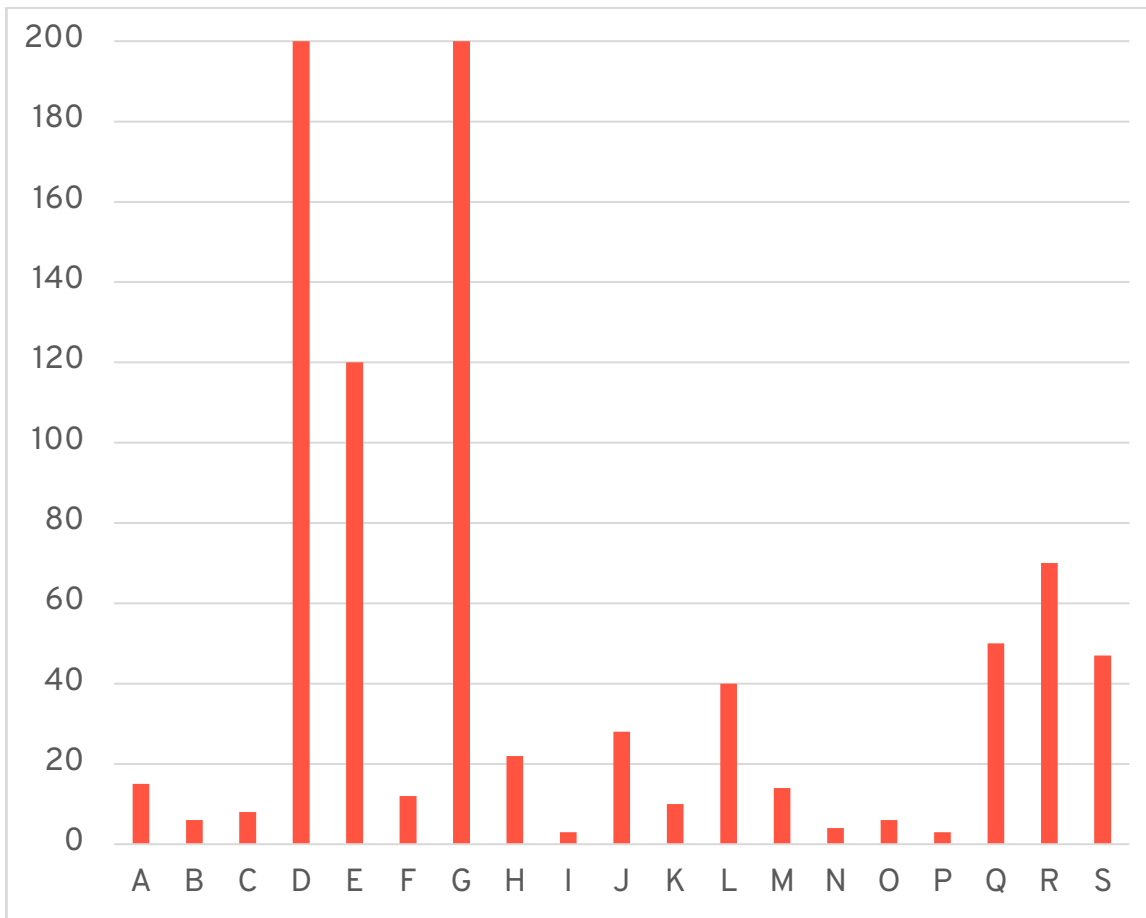

Figure 2: Number of homes projects hope to create

Given the length of time the process can take, a quicker decision could prevent developments from being put at risk and slow down the delivery of affordable housing

(TA_6). One TA felt that it is unreasonable for the Regulator to require CLH organisations to answer questions on how they are going to manage the properties prior to them being funded and built, and considered that the Regulator has 'bureaucratised the process to the point of making it impossible' (TA_6). He suggested a two-stage registration process where CLH organisations are registered and then asked to conduct a health check around their management arrangements six months after completion of their development. TA_5 also suggested that 'a basic, abbreviated procedure for small organisations would obviously help', something that would 'suit micro-level organisations', because there is 'a massive difference between having ten units and 1000 units' and currently the Regulator 'is trying to regulate a very large organisation and a very tiny organisation by the same principles'. He said he 'honestly thinks that the process is designed to force people into going down the partnership route' (TA_6).

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In contrast, there was also the opinion that the process should not have to adapt to accommodate CLH organisations because:

"The registration process is designed to protect the interests of the people that live in publicly funded housing and the interests of the taxpayer… Access to public funds and protecting the interests of social housing tenants requires a fairly high bar entry point into that process."

TA_3

Additional comments included:

"It's quite rightly a rigorous process. It's in nobody's interest for an organisation that is a bit wobbly to achieve RP status because that could damage the community housing movement as a whole. I have no problem with the hoops that the Regulator asks you to jump through. It's a process not to be taken lightly."

Int_other_1

"For another Adviser, their view is that the Regulator requires information from organisations about what they should be doing anyway, in which case the process should not be too time-consuming. You should have good management accounts. You should have a conflict of interest policy. A procurement policy should be applied."

Org_3

From the Regulator's perspective:

"It's difficult for us not to ask the questions that we ask. We have that legal obligation to make sure that an organisation is capable of running itself. They need to be able to demonstrate that as part of the registration process. We do take a risk-based approach to applicants, but we still need to see that there are governance arrangements in place, to have our checks and balances, and that there is a clear financial plan. That business model, which is often relying on grants - can it still be delivered if you're unable to rent a property for a year? And when you talk about small numbers, eight units, six units, even twelve units, if you don't have income from one of your properties for six months is it still viable?"

The risk associated with CLH organisations being coached or receiving too much support was also highlighted by TA_4

I could see that if some groups were basically helped too much so that they weren't really across the process, then I could see that they could potentially get into trouble because they weren't really taking full responsibility for the process.

In addition, as TA_1 stated, in the light of the Grenfell disaster, that:

"It's very hard to push back and say regulation is a bad thing … And we are the sector that would also turn around and complain about rogue landlords and people providing poor

quality housing. And that's what we've got to guard against, I think, in the community led housing world."

TA_1

TA_3 asserted that the application process should remain the same because it is important that the governing bodies of CLH organisations seeking to become RPs are able to demonstrate that they understand their responsibilities. He continued:

"That bar exists for a really good reason. So no, I do not think the process should be watered down, simplified or that we should be bottle-fed the answers that we need. What the sector needs to do is develop more of an awareness within the people advising of what excellence looks like."

TA_3

The support available to CLH organisations is explored in more detail below in Section 3.4.

3.3.5 Chicken and egg

The phrase 'chicken and egg' was used a few times by both groups and TAs to describe the RP application process, and the phrase 'catch-22' was utilised by one participant and in one of the reports. In order to be able to progress with an RP application, the CLH organisation has to demonstrate that they have a legal interest in the land or property they want to develop, or that planning has been approved. At the same time, RP status is a requirement for grant funding for rented tenure homes. It is not a requirement for grant funding for shared ownership tenure homes. A representative from Homes England explained:

"Homes England is able to invite, receive, assess and allocate Affordable Housing Programme 21-26 funding to a provider prior to them securing RP status The offer of funding will be dependent upon the provider securing RP status within the timescale of the programme and the agreed milestone dates for the delivery of the scheme.

The contract and payments will only be triggered once RP status has been secured.

If a provider is bidding directly to Homes England, they will also need to secure Investment Partner status prior to getting into a contract"

Homes England representative (in a personal communication)

Most CLH organisations were not in a position to claim a legal interest before receiving Homes England funding, which created a 'chicken and egg process, which stops an organisation from being able to go forward' (TA_6).

Further comments from the interviews included:

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"There was all that wretched chicken and egg thing. You know, we couldn't get RP status unless we had the funding, and we couldn't get the funding without RP status. So, it was really a catch-22 … Everything is there to favour the people with deep pockets."

Org_4

"That's an issue that I've gone back to the council with and said, we're always going to have this problem unless you help us out with some sort of bridging loan or something like that because obviously, Homes England money wouldn't be forthcoming straight away."

Org_2

"The way the funding works, the main disadvantage we have is not having the accessible funds to be able to quickly come in and put down a deposit; we're disadvantaged by builders and cash buyers, having money to be able to come in and buy that plot of land without any problem."

Org_1

The challenge of securing land is also described in several of the Reports. One organisation writes that the local Council will object to their planning application as they are not an RP. For another the acquisition of land is proving difficult and without the land they are unable to achieve RP status.

The Guidance 'Becoming a registered provider – information for intending applications' (December 2020) also makes reference to the chicken and egg conundrum, stating:

> 4.22   By the detailed application stage we expect to see that progress has been made towards becoming a provider. In particular, we need to be satisfied that the funding on which the applicant is relying will be forthcoming at the time it is required, and that the applicant can meet the terms on which it is provided. We expect any required planning permission to have been obtained.
>
> 4.23   We appreciate that applicants will be making progress on a number of fronts at the same time as progressing their application for registration. We appreciate too that it can be a 'chicken and egg' [researcher's emphasis] situation, that there is understandable reluctance to confirm a loan or perhaps offer a lease until a CLH organisation is registered. Nonetheless, we cannot register an applicant unless we are satisfied that it has a realisable business proposition and that the assumptions upon which it is based are reliable and robust.
> (https://www.gov.uk/government/publications/register-and-deregister-as-a-provider-of-social-housing/becoming-a-registered-provider-information-forintending-applicants)

3.3.6 Access to, and feedback from, the Regulator

Although the application process was acknowledged as being time-consuming by all participants, the experience with the case officer at the Regulator seems to vary. The terms

of the Housing and Regeneration Act mean that the Regulator is legally prevented from guiding or coaching an applicant to registration which accounts in part for the back-and-forth nature of communication with the Regulator outlined above. Reg_1 describes the relationship as 'a cold regulatory approach'. He elaborated:

"So, we cannot be seen to tell an organisation how to run their business. We've got to toe that line… We can comment on evidence that has been provided, whether it is good evidence or bad evidence… In respect of contact, every application that comes in either the prelim stage or the detailed application stage is assigned their own case officer. And that individual case officer will review evidence and feedback like the system related whether this is good evidence to support application or maybe if it's not good enough evidence and will ask for additional information."

One participant had regular contact with their case officer. They were developing an unusual project and the Regulator was able to give them:

"A roadmap. They told us how much flexibility they had, but they also outlined the areas where there was no flexibility at all. But our experience was that he was bending over backwards to help us, and we were just too dim to listen to what it was and actually give him just that one piece of information he wanted. Instead, we get inundated with a lot more stuff. And if we just follow his instructions to the letter, we probably got through with, well, with less work for us, less trauma for him and a bit quicker."

Org_3

"I think it's been entirely smooth so far. There's been no difficulty. He sent us questions. We've sent the answers back. We've had a couple of queries. He answered them straight away."

Org_4

For others, trying to speak to someone directly made the application process 'extremely difficult' (Org_1). Moreover, the Regulator is not allowed to coach which makes it:

"Dreadfully difficult to decipher and to work out from what they've sent you, what their actual issue is … It would be helpful to be able to query things at times, particularly where you're into very difficult things about supported housing. A lot of our members want to work with homeless people, people with disabilities, people with addiction issues and that's not a straightforward process."

TA_2

For one Technical Adviser, it is a lack of understanding of community-led housing on the part of the Regulator which leads them to ask irrelevant questions about applications from CLH groups. Their suggestion is that the Regulator could have a small number of people who deal with these applications and build up a knowledge-base of different approaches to community led housing.

Moreover, everything has to be completed online which 'doesn't work for everyone' and 'the person-to-person information is much more accessible, much more of a community way of doing things' (Org_1).

"It's not so much about the effort required to produce a set of documents, right? It's this sensation that you don't know whether what you're doing is what's required. There's no guide. There's no feedback."

Org_5

3.4 Sources of support

As discussed above the application process has its challenges. The Regulator has published guidance on the registration process which also identifies some common pitfalls and areas of concern. There is a relationship between the applicant and the case officer but, as outlined, the support the Regulator is able to give to applicants is clearly delineated. Given that CLH organisations find the application process challenging sources of support are important and may make the difference between a successful and unsuccessful application.

Of the 19 organisations that received funding to access advice from a Technical Adviser, only five successfully went through the process and gained RP status. Organisations describe in the reports how important the grant was for them to be able to access guidance, and there are a number of possible reasons why more applications were not successful.

3.4.1 Pre-application support

One interviewee also talked about the importance for her of speaking to both those in favour of the RP process and those not in favour in order to 'build up the picture through speaking to people… There are some very compelling arguments for and against. So, you have to sort of find your own pathway through it, really' (Org_1). Pre- RP application guidance was also discussed by a number of interviewees. Before embarking on the journey to become an RP, both CLH organisations and advisers highlighted the importance of an exploratory phase of work in order to clarify the vision, aims and objectives of the project, and discuss the options available to deliver the project 'in the best, most efficient way' (TA_4).

For TA_4, there are key questions for CLH organisations to consider at this exploratory, preapplication stage including the capacity of their board and their appetite for risk and responsibility. He felt strongly that the pros and cons of being an RP need to be fully explained, particularly the actual workload involved in self-delivering and the risk: 'Both of those things are massive'. This is reiterated by TA_5 who stated that CLH organisations also have to think about the long-term sustainability of those arrangements. Int_other_1 was of the same opinion and said that it is important to 'ponder carefully on whether this [the RP process] is right for you'. He added that CLH organisations must be prepared to answer lots of questions, and it is also important they are fully aware that this is not 'a one-off' and that they are signing up for an ongoing regulatory regime which:

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"Despite the best efforts of the Regulator… is designed for much, much larger organisations. It might feel that the proportionality is not quite there yet, but most of the things that the Regulator is asking for… are things we should be doing anyway."

Int_Other_1

These things include how CLH organisations engage with tenants, how property management is handled, and how to demonstrate value for money. Several of the reports also highlight differences in those organisations which could be described as RP ready, i.e. have the necessary systems, policies and processes in place, and those which needed to become RP ready before being able to submit an application. The different starting points of organisations is likely to be one reason why organisations are at different stages of the RP journey after the same amount of time.

TA_3 asserted that in supporting groups to reach a decision:

"It is absolutely critical that the sector doesn't take a one-model approach to every single scheme. In certain situations, becoming a Registered Provider may well be the right approach for a particular group. In other circumstances, partnering with an existing Registered Provider might be the right approach. In other circumstances, having nothing to do with the Registered Provider environment and public funding might be the right approach. And so, it's absolutely critical that advisers have that awareness and understanding across all of the range of options."

Several interviewees echoed the above comment and considered it essential that CLH organisations are aware of the options available to them for developing affordable housing in the community. Aside from the RP route, the other main pathway to community housing development is by partnering with another RP. Int_Other_1 considers that smaller, possibly rural CLTs planning one development should seriously consider finding a 'friendly housing association' to partner with, rather than doing it all themselves. He also feels that it is important that community led RPs are robust so that they do not 'just fade away' which would 'damage us all'.

3.4.2 Support during the application process

Although the options available to groups to deliver community led housing, including gaining RP status, are covered in the Technical Adviser training course, there is a view among a number of Advisers that:

"This is stuff you can't learn by sitting in a training course. It's stuff you can learn by shadowing someone who's done it, or by doing it yourself and learning the mistakes yourself and then understanding it."

TA_1

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Findings from the interviews suggest that the RP application process could be made smoother if support from Technical Advisers is standardised and if those providing the advice have prior experience of supporting CLH organisations through the process.

Org_7 commented:

"At the stage where we resubmitted there wasn't really a lot of support out there … We're all learning as we go along. And I suppose it's how do we get that repository to share that because obviously every application is the same, but every application is different … What we've reflected on since is that we needed to find some better support or some different support that actually had been through the journey and that could help us."

Org_7 was looking for another organisation that was one step ahead but could not find the support they felt they required and so they decided to 'take a punt' and submit an application. They did this and have received feedback which they have found useful in helping to further develop their application. She added that she encouraged others to submit an application even if they do not feel that they are ready 'because at least you get the feedback, so you know where your gaps are'. She did recognise that this is probably not the best approach and felt that some pre-application support would be extremely beneficial.

A number of interview participants also cited the importance of being able to talk to other CLH organisations that have RP knowledge and/or experience, and the importance of nurturing good relationships with other CLH organisations in order to be able to learn from their experiences is referred to by both advisers and CLH organisations (TA_4; TA_5; Org_1: Org_5; Int_Other_1). TA_1 also suggested that enabling more organisations to go down the RP route is about:

"Sharing learning from organisations that have been through it and linking people up with advisers who've been through it and making sure people get in touch with advisers who know what they're doing. Which is why I don't mind talking to people about it and helping people because I just think it is so technical and almost another world."

TA_1

Int_Other 1 was mentioned by a few participants as providing extremely valuable advice which they offer not as a Technical Adviser but 'in solidarity as a way of putting something back into the movement after the support we received from others' (Int_Other_1). A few of the reports also mention the support received from an RP and one describes how their recent experience of the process meant that they could explain the requirements of the Regulator, how they integrated the regulatory standards into their governance framework, and how they communicated with the Regulator throughout the application process.

This pro-bono support is important given that most CLH organisations are heavily reliant on volunteers and are not in a position to pay people for the work that needs to be carried out. Several of the CLH organisations spoke about key individuals who had gone above and

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beyond in the support that they had been able to provide in getting CLH organisations through the process. Comments included:

"We had an architect who was probably the most useful person we had all through this process. And he did all that pro bono. He liked what it was we were doing. He was really engaged. He was fantastic. He used his networks to find us support from people who were equally socially engaged. All the support of getting the planning, dealing with objections, dealing with conditions, all that sort of stuff was done free of charge by people that we didn't know before we started."

Org_3

"We've had and still have people who are advising us, you know, without any cost attached. We've been extremely lucky."

Org_1

"We've got a really good treasurer now and we've also got two people who are advising us. One is doing the development appraisal, the other is doing the cash flow, and he will also help us with a share offer in future. So, we've got we got people around us now who have a lot of expertise in community, in the sort of thing that we're doing."

Org_4

Org_3 describes how they received lots of moral support which 'is not to be sniffed at because there were plenty of opportunities for us to just throw in the towel and give up … There were times we wobbled and having people tell us that we were doing well and should stick at it was important … It wasn't always getting the solution we wanted, but there was lots of lots of moral support. And that's as I say, that's not to be sniffed at.

"The reassurance side of it is important, because, you know, you do leap into the unknown a little bit."

Org_1

The above observations highlighted the importance of support beyond that which is provided by Technical Advisers.

In addition to the above, respondents also reported drawing on a variety of sources:

- **NCLTN.** A source of information including someone to talk to, materials to support policy and procedure development.

- **Basecamp.** A few of the participants had put out call-outs for information or requests for help on Basecamp.

- **Technical Adviser**. A number of participants had employed the services of a Technical Adviser to support them through the application process. One described the experience as 'learning together'.

3.5 Perceived factors contributing to success

In addition to the importance of ensuring CLH organisations have the right support in place as discussed above, the factors below were identified as contributing to a successful application.

3.5.1 An experienced Board

The importance of a strong and experienced Board was cited by the majority of participants as being critical to success and most CLH organisations have tried to make sure that they have the skills they need on the Board including capital build skills and financial management skills. When asked about the key factors contributing to a successful application, one participant responded without hesitation:

"It's the board, the commitment and competency of the board is the first thing. The networks we've built up around us and the fact that we can almost always call on somebody who will give us the answer and tell us why … We had real experts who understood community led housing and CLTs in particular … Having the ability to be responsive is critical."

Org_4

The above organisation has someone with financial experience, someone with housing development and management experience, a lawyer, and someone with housing association experience. She adds 'These people have made a massive difference to us' (Org_4). As Advisers, they can help CLH organisations find templates, support them in working through issues that need to be addressed and suggest where improvements to applications need to be made. But:

"If their actual capacity at board level and at staff level isn't high enough to be able to address that quickly, it becomes very difficult to develop a good application."

TA_2

Another Adviser added:

"It is really vital that you have a well-engaged board. And I think if you want to push this at pace you also need a project manager who leads this, as well as an Adviser because the adviser can pull in a lot of the information … But it's not just about developing all the information for the application, it's also about managing a capital build or a refurb alongside it which is why you need a project manager."

TA_1

A further consideration the above Technical Adviser referred to is that the Board has to review all the policies needed as part of the application process:

"Because you have to show the minutes to the Regulator and mark them as approved by the board. So the board has to go through it all and agree that they are happy with it all. So that's not for everyone, wanting to be part of a board that is suddenly scaling up that level of scrutiny and detail."

TA_1

One CLH organisation was advised to find someone with financial gravitas to join their Board. They were supported to find someone with those skills, and they were introduced to a senior person in a large corporation. He says, 'we would never have found this person without that help'. They also have someone from a legal background, someone from a charity background, a senior person from one of the utilities. He says 'It was this team that got us through the registration process. The importance is stressed of having someone supporting and advising you who has been through the application process and understands. It is also important to have someone not just from a housing association background but also from a community led housing background.

"Someone who has a breadth of understanding and information … with expert knowledge to call on … I suppose the advice and deciphering."

Org_1

Good data management is also important because the application process will create a lot of paperwork and having a way of collecting that online in some sort of shared folder is extremely useful:

"Ensuring all decisions are minuted so that the evidence can be submitted to the Regulator. Special board meetings were essential to discussions around how to identify and manage risk, for example the risk of becoming insolvent, key areas of concern for the Regulator."

Org_4

Linked to this is having someone on the Board who has the capacity to communicate with the Regulator. A good point is to match the person, the board director with whatever agency you're talking about so they can use the right language and convey confidence in what we're doing.

Being supported by an inexperienced Board is therefore a challenge. The Board of Org_4, for example, is made up of members of the charity (which has taken the decision to build houses through a subsidiary). It is a community led Board which she described as 'not strong' but aiming is to stay close to their ethos of the community: 'having the power and the strength to do things for themselves… we learn, and we develop and we grow the community… also recognize what we can do for ourselves to work with the community and make a difference in the community'.

3.5.2 Clarity, simplicity, staying focused

For TA_2 coming up with a simple, straightforward project was important:

"Whatever your ambitions are, do one thing. If you've got 15 different housing projects somewhere in your brain or in your development plan, remove 14 of them otherwise you're adding unnecessary layers of complexity. It's important as an organisation to be really clear about what project you want to do, you're absolutely about doing it and it doesn't change. Keep it simple."

Int_Other_1 also stated that simplicity is an important key to success, and that, even if a CLH organisation is looking to develop four projects, apply for one. Once RP status is gained it is in place for future developments, otherwise 'it'll just give you more questions and headaches'. Clarity of purpose is also important (TA_5). Org_3 did not compromise on the idea even though it would have made the journey to achieving RP status significantly less challenging. However, for them it was less about achieving RP status and more about trying to find a solution to a problem:

"It was about us being able to have an opportunity to deliver better quality accommodation for a group of people who we knew and who we knew got a bad rap from the market. I suppose that that was it, and I was staying true. True to that, not just me, but the rest of the staff as well. You know, people were working late at night and on weekends to try and pull stuff together. And that wasn't because we paid some huge amounts of money. It was because they became engaged in the whole idea that this is really quite important."

Org_3

Section 4: Conclusion

This review shows that there is a clear desire from a number of CLH groups to expand their work programme into housing while others which are already involved in housing see RP status as a way of creating opportunities for providing much-needed homes and retaining control over their assets. For the majority of the interviewees, access to funding was regarded as a key benefit to achieving RP status to the extent that, for a few, the regulatory risks associated with being an RP were considered insubstantial. This is a complacent assumption on which to enter a long-term regulatory regime. As this report has highlighted, the Regulator can, and will, step when they need to.[2]

Some interviewees referred to a 'chicken and egg' problem with registration which one of the reports describes as a 'catch-22 situation'. In order to be registered, CLH groups need to secure planning consent, a legal interest in the proposed site, and offers of the requisite development finance. However, some of these may themselves be conditional on registration. The Regulator recognises this, even referring specifically to 'chicken and egg'[3] in its guidance. Further work on how this conundrum can be resolved would be valuable. If, for example, a local planning authority (LPA) requires a group to be registered before entering into a Section 106 Agreement, confirmation from the Regulator that the application process is in hand might provide the LPA with sufficient assurance. Conversely, the Regulator might be willing to register a group on assurance from the LPA that the draft of a Section 106 has been agreed and will be completed on registration. Alternatively, an applicant may misunderstand 'securing a legal interest' with needing to acquire a site pre-registration when an Option Agreement would suffice and be far less costly.

The RP application process was regarded by the majority of review participants as complex and challenging. A number of Advisers observed that the Stage 1 application process should be straightforward, but it was misunderstood by a number of groups. Perspectives on whether and how the process could be made easier for CLH organisations were varied. Some felt that the number of questions asked, and the level of information required is excessive and that there should be a shorter, simplified registration process for CLH organisations. While this could potentially speed up the process of registration, some CLH

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[2] Eldonian Community Based Housing Association provides a recent example of how the Regulator is prepared to intervene in the running of a small, community-based RP. ECBHA was registered in 1985 and is a non-charitable CBS registered with the FCA and based in Liverpool. It owns or manages 394 units comprising 346 general needs social housing units, 36 units of homes for older people and 12 units of local cost home ownership. The Regulator has made three statutory appointments to the board to help resolve governance failures - largely arising from the RP's failure to alert the Regulator to breaches of its Standards. This is the regulatory judgement: https://www.gov.uk/government/publications/regulatory-judgement-eldonian-community-based-housingassociation-limited/regulatory-notice-eldonian-community-based-housing-association-limited-19-july-2021. This is a recent example. Further research could be carried out to ascertain the number of community led organisations subject to regulatory action.

[3] https://www.gov.uk/government/publications/register-and-de-register-as-a-provider-of-social-housing/becoming-a-registeredprovider-information-for-intending-applicants; item 4.23.

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organisations might fail to achieve a sufficiently high quality of landlord services, regardless of RP status.

The findings show that in order to stand the best chance of achieving a successful outcome, CLH organisations need good external advice as well as the support of a committed and capable board. Given their remit, many groups are keen that there should be strong representation from the people they house on their Boards. The difficulty here is that if the group is made up of people from a non-housing background, they are unlikely to have that knowledge and experience to draw on. While it is important that groups have a supportive and experienced Board it is also important that groups are not helped too much because it may prevent them from being across the process. Secondly, turning to the external advice, the guidance developed by the Regulator is not geared towards community-based groups. A key question to consider is whether it is the responsibility of the Regulator to develop supporting documents and resources designed specifically to guide CLH groups through the process, or whether the onus falls on CLH groups to ensure they are in full knowledge, as far as possible, of the RP process. If this is the case, what role can the movement and other groups play in providing this? The findings show that there is patchy support within the CLH movement; support that relies on word-ofmouth and certain CLH organisations becoming known within the movement as sources of guidance and advice. It would be worth exploring how the knowledge and skills that are out there could be harnessed in a more systematic and formalised way.

These findings should be generalised with caution because the sample size is small. However, there would seem to be stumbling blocks at even the preliminary application stage which is meant to be reasonably straightforward. The likelihood of a CLH organisation dropping out of the process seems to be higher if the Board is inexperienced, if there is too much dependence on volunteers and/or there is no independent, expert advice. The regulatory regime will become tougher as customer accountability is strengthened in the wake of the Grenfell reviews. Is there a greater role for the community-led housing sector could play in ensuring that groups and CLH organisations are fully aware of the process, through training and resourcing; extending the support that has already been provided? This question is addressed in the Recommendations.

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Section 5: Appendices

Appendix 1

Advice to groups considering applying for RP status

As part of the interviews, participants were asked what single piece of advice they would give to a CLH organisation considering applying for RP status. Below is a summary of what they said:

- Be prepared for how long the process will take.

- Understand what the Regulator can and can't do to support you during the process.

- Develop a strong Board with the skills that you will need, particularly finance. Have a treasurer who's really committed and understands the model is able to ask questions: If you want to go down that route, make sure you've built or are able to build a pretty broad coalition of people who can come on as board members with lots of energy and time and enthusiasm.

- Try and match someone from the Board with the agency that you are talking to: So, they can use the right language and convey confidence in what you're doing.

- Keep good records and store everything digitally. Understand that the Regulator will need to see evidence of certain decisions made through minutes.

- Make sure there's nothing in your minutes that can be misunderstood:

  - Make sure that you've noted everything properly. You don't have to note all the discussion, but you absolutely have to note decisions.

- Have a way of making decisions quickly, between board meetings.

- Pay attention to your reserves and your cash:

  - You have to do a five-year cash flow. That is very tricky when you're a tiny organisation with no money, figuring out how you're going to get through the next five years.

- Consider your long term aims:

  - Are you just trying to build a couple of units? If that's all you ever want to do, then it's probably not worth looking at gaining RP status. But if you see yourselves as a catalyst for more incremental change within your community

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and incremental acquisition of housing and other assets, and you feel that you can grow to keep doing that, then you should look at RP status.

- Get your project right and make sure you really need to do it, and the simpler and more straightforward you can make it, the better.

- Consider the impact on workload and your organisational capacity. Take a good, hard look at your organisation and think hard about how much work will be involved in getting your group RP ready. If you're seriously considering applying for RP status: Go and visit some people who've been down this route, learn from them and make very good friends with them and take them lots of biscuits because they're the kind of people that you're going to need to cling on to. What you need is someone at the end of the phone when you're filling something that you can ring up and say, 'I've done this and this. Does this look right' or 'I've hit this brick wall? I've no idea what the Regulator means by this'.

- Be prepared for conflict with the local community:

  o No matter the amount of community consultation there may well be a group of local residents who, for example, do not like the idea of a piece of, what they deemed, green land, what others might have deemed brownfield sites on their doorstep, turning into more housing.

- Understand that you will need to be flexible to meet the requirements of external bodies.

- Ask yourselves, 'Do you want the ongoing potential risk that exists in relation to being registered, which ultimately is that the Regulator can use its regulatory powers against the organisation and that politicians regularly change the role of the Regulator'?

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Appendix 2

Is there evidence of intent to provide social housing?

4.19 Although we are able to register organisations that are not yet, but are intending to become, providers of social housing we have to be satisfied that their plans are realisable. A statement of intent or a theoretical business model without evidence that it is achievable is not sufficient.

4.20 Applying at the right time is often key to providing assurance of intent. By the preliminary application stage, we expect the applicant to be able to provide evidence either of existing housing that is to become social housing or of financial provision for leasing, buying or developing new social housing.

4.21 In assessing the application we will want to know what assurance the board has that its plan is realistic. How is the board satisfied that the funding will be available, that local authority support can be relied on, and that it will be able to lease property on terms that sustain rents at below-market levels?

4.22 By the detailed application stage we expect to see that progress has been made towards becoming a provider. In particular, we need to be satisfied that the funding on which the applicant is relying will be forthcoming at the time it is required, and that the applicant can meet the terms on which it is provided. We expect any required planning permission to have been obtained.

4.23 We appreciate that applicants will be making progress on a number of fronts at the same time as progressing their application for registration. We appreciate too that it can be a 'chicken and egg' situation, that there is understandable reluctance to confirm a loan or perhaps offer a lease until an organisation is registered. Nonetheless, we cannot register an applicant unless we are satisfied that it has a realisable business proposition and that the assumptions upon which it is based are reliable and robust.

4.24 In most circumstances the plan should show the applicant becoming a provider of social housing within 12 months of registration. An applicant that is an intending provider will be required to commit to key milestones and a date by which it expects to become a landlord of social housing. If during the 12 months, we are not satisfied by progress we are likely to propose compulsory de-registration.

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Community led housing is a way that people and communities can come together to solve their own housing challenges and provide high quality and affordable homes. The homes are managed or owned by the community in the way they want.

Community Led Homes is run by four leading community led housing organisations: Confederation of Co-operative Housing, Locality, Community Land Trust Network and UK Cohousing.

We have come together to make it easier for communities to access support and build a lasting movement. Register to hear all the news about events, training and funding:

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