

What you need to know about the ONS assessment of RSL classification



In October 2015 the Office for National Statistics (ONS) [announced](#) that private registered providers (PRPs) of social housing in England were to be reclassified for public spending purposes.

Classification determines where each type of body sits in the national accounts and in economic statistics.

Since 1988, housing associations have been treated as 'private non-financial corporations'. Reclassification moved English housing associations into the public sector for accounting purposes, as 'public non-financial corporations' like council housing. This means their income, expenditure and borrowing are included in the public finances, although control over them remains the responsibility of individual organisations.

On 29 March 2016 the [ONS work plan](#) for the year revealed that a similar assessment of registered providers of social housing in Scotland, Wales and Northern Ireland will be carried out between October and December.

What has been the impact in England?

The initial concern was that reclassification might mean the Treasury intervening to control housing

organisations' borrowing which could affect the supply of new homes. However, UK Government officials quickly assured the housing sector that there was no intention to change the way that they work or to restrict borrowing.

The UK Government is currently in the process of producing measures aimed at persuading the ONS to reverse its decision and allow PRPs in England to continue working as before.

What would reclassification mean for Scotland?

If reclassification were to take place, and there were no action by devolved administrations, in the longer term the Treasury might decide to take more control of housing association borrowing. However, based on experience in England, it is likely to prefer devolved administrations to take steps that will result in the ONS changing its decision.

It is also in the interest of the Scottish Government to ensure that housing providers continue to be able to fund new developments, especially given recent commitments to significantly increase the supply of new affordable homes.

Fact: 73% of all social sector homes completed in Scotland in 2014/15 were built by housing associations.

CIH Scotland position

Given the decision to reclassify PRPs in England, it is highly likely that a similar decision will be made for social housing providers operating across the rest of the UK. The ONS is only concerned with the status of social housing providers' finances in the national accounts and its remit does not include wider issues like the regulation of the sector. However, the unintended consequences could be complex and the impact potentially significant if swift action is not taken to ensure that social housing providers maintain their current level of financial independence. We would therefore encourage the Scottish Government and devolved administrations in Wales and Northern Ireland to consider the options for responding to reclassification, in conjunction with housing professionals, in advance of the ONS decision.