Housing Associations Enews - Spring 2022

Welcome to our first tax and accounting enews for the housing association sector.

You may not have heard of us before so first let us introduce ourselves. We are Morris Crocker, chartered accountants and auditors, and specialise in providing tax, accounting and auditing services to the housing sector. It's something we've been doing for over 30 years.

We are pleased to bring you our newsletter for housing associations. Its aim is to keep you informed on tax, accounting and other key issues of interest. We have included links where appropriate for more information.

If you would like to find out more about us please visit our housing association **webpage** or contact me on the details below if you have any questions on any of the matters mentioned in this enews.

With kind regards

Stuart Mackie
Director
s.mackie@morriscrocker.co.uk **Tel: 023 9248 4356**

For more details about our accounting and auditing services, please visit our **website**

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2022 Accounting Direction

The government has issued The Accounting Direction for Private Registered Providers of Social Housing 2022. This sets out the basis and standards under which the accounts must be prepared by the housing provider.

The new rules are effective for accounting periods on or after 1 January 2022 and supersede the requirement of the 2019 Direction. Whilst the 2019 Direction continues to apply to accounts for periods beginning before 1 January 2022, earlier adaption of this Direction is encouraged.

For most associations' accounts the changes are fairly minimal and focus on guidance supporting segmental reporting requirements. They also remove any direction in relation to the Disposal Proceeds Fund which ceased to exist from 2020.

Accounting Direction for Social Housing Providers – from January 2022 guidance can be found **here**

The Energy Crisis

The National Housing Federation (NHF) has written to the government to seek urgent clarification and support for housing associations in the light of the current energy crisis. The NHF has identified two main issues:

- The requirement for targeted financial support for housing associations that covers the expected rise in energy bills for households not protected by the energy price cap, so that they are afforded similar protection and support as domestic energy customers.
- Guidance on the legal implications of ending contracts for housing associations who have them in place with Russian owned energy suppliers and are looking to terminate their relationship.

The NHF would like to hear from its members on what affect the energy crisis is having and what steps your organisation is taking to mitigate risks. You can email their members relations team at **eam@housing.org.uk**

The Household Support Fund

In last month's Spring Statement, the Chancellor announced an increase to the Household Support Fund from £500 million to £1 billion from April 2022.

The Fund was launched last October for struggling households to get through winter amid the cost of living crisis, and followed the cut to the £20 a week Universal Credit uplift.

Councils in England will receive the extra funding to primarily support households with the cost of essentials, although they have flexibility to best address local needs.

Other measures announced by the Chancellor to "help people now" was the 5p per litre cut to fuel duty and that homeowners will no longer have to pay VAT on installing energy efficiency measures in their home.

More Government Support for Social Housing Tenants

The government has announced new legislation to toughen up the regulation of social housing, give residents a stronger voice and drive up standards.

The package of measures includes naming and shaming landlords who fail to meet acceptable living standards and enabling tenants to have their say on how to improve the quality of social housing through the Resident Panel.

In its Levelling Up White Paper, the government committed to halve the number of non-decent rented homes by 2030, improving the quality of housing as the country builds back better.

Details of the new rules can be found in the government's press release **here**

RSH Value for Money Report

In February 2022 the Regulator of Social Housing (RSH) published its annual report on value for money in the sector.

Value for money is a key regulatory standard that requires private registered providers to clearly articulate their strategic objectives and to annually report on their performance against a suite of measures defined by the regulator, as well as their own objectives.

The report highlights the challenges that the pandemic posed for the sector in 2020-2021, Key findings include:

- Reinvestment in existing stock and new supply by registered providers dropped to £9.5 billion in 2021, compared to £12.2 billion the year before.
- Reinvestment in new and existing social housing stock was 5.8% of the total value of existing stock, compared to 7.2% in 2019-20.

- Works to existing social properties decreased from £1.9bn in 2020 to £1.6bn in 2021.
- The sector's gross debt increased by 3.4% to £85.9bn compared to the previous year.
- The median headline social housing cost metric also fell to £3,730 per unit, 2.7% lower than in 2020.

The Value for Money report follows the release of the RSH quarterly survey for Q3 2021. This provides a more recent overview of the sector's financial health and investment forecasts for 2022. It showed that the sector secured £3.3 billion of funding and that it is already delivering capital investment programmes to catch up on works that were delayed by the pandemic.

National Insurance Increase Reminder

From 6 April 2022 the rates of National Insurance Contributions (NICs) for employers, employees and the self employed increased by 1.25%. This rise will provide extra funding for health and social care and will become a separate levy from 2023/23 when NIC rates will return to their 2020/21 levels.

The starting thresholds for employee and employer NICs has also increased. Employees will be liable to 13.25% NICs between £190 and £967 a week (£50,270 a year) and employers NICs at 15.05% will start at £175 a week. (There is no ceiling for employers.)

HMRC is asking employers to include a message for employees on all payslips between 6 April 2022 and 5 April 2023 to explain that their increased National Insurance contributions are being used to meet health and social care costs. They instructed that the payslip message should read '1.25% uplift in NIC funds NHS, health & social care'.

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Visit our website

Tel: 023 9248 4356
Fax: 023 9249 8163

morris crocker chartered accountants