

From the Executive Director of Resources,  
David R J Smith FCCA, FCA, CPFA

Mr Clive Betts MP  
Chair, Levelling Up, Housing & Communities Committee

09 February 2022

Dear Mr Betts

### **Social Housing: 'Perfect Storm' could spell Auditor Shortage**

This letter is sent to you collectively from the Finance Directors, or equivalents, at seven Housing Associations in the North East and Yorkshire. We acknowledge that your Committee's inquiry into the quality and regulation of Social Housing is no longer accepting evidence but the recent emergence of an auditor shortage is a topic we would want you to consider.

The trade publication Social Housing ran the headline '*Perfect Storm*' could spell Auditor Shortage in its online February edition, released last week. The article highlights the shortage, and thus difficulty, in Housing Associations attracting tenders for external audit services. In recent months, three of our Housing Associations signing this letter received no bids from External Audit firms with others understandably nervous ahead of upcoming retender exercises. A fear that is compounded when we read that only 9% of Local Authority audits had been completed ahead of their filing deadline of the end of September for financial year 2020-21.

In the Housing Sector a majority, if not all, of our banking covenants depend upon statements being laid on or before 30 September. With more than £86bn of funds now invested in the sector, likely to grow to £100bn by 2024, this represents a significant concern nationally and is, we feel, something to be considered at Parliamentary level. In particular, we highlight what may be the unintended consequence of more associations being classified as Public Interest Entities, the increased regulation in place for the audit of such and the parallel BEIS Inquiry looking at 'Restoring trust in audit and corporate governance' where firms are opting to exit audit and provide higher margin consulting services to their clients instead.

We ask that the concerns we have, where funding agreements may well be breached, be included in the deliberations of your extended inquiry.

As well as the Clerk to the Committee, copies of this letter go to Fiona MacGregor, the Regulator for Social Housing and John Butler at the National Housing Federation.

Great people, providing great homes and great customer experiences across our rural communities

Yours sincerely



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Executive Director of Resources  
**Broadacres Housing Association**  
Northallerton, North Yorkshire



Alan Smith  
Executive Director of Investment, Growth  
and Performance  
**Believe Housing Association**  
Seaham, County Durham



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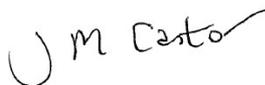
Peter Lenehan  
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Sean Brodie  
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