In a recent article in Inside Housing, interim chair of the Regulator of Social Housing Simon Dow set out the key issues currently exorcising his organisation. Value for Money may have come third in his list, behind service standards and Brexit, but it was the subject he devoted the majority of his article to. We would do well to take the hint I think: right now, the regulator still sees value for money as a critical means to an end.

His clarity will be welcomed by a sector still coming to terms with the new Standard which came into force in April 2018. The article’s timing was deliberate, landing in the month the majority of providers start to prepare their annual accounts for financial year end. And it carefully balanced useful reminders about the purpose of the standard, with one or two thinly veiled warnings.

Make no mistake, the “proportionate approach” of year one of the standard is a thing of the past. Back then there was a recognition that providers were still familiarising themselves with the new reality. Don’t expect such benefit of the doubt to be exercised in year two.

“Now that a year has passed, it is important that boards have assurance that they are meeting all of the requirements of the new standard,” he wrote.

The majority of providers were praised for reporting their performance against the regulator’s seven new financial metrics in their annual accounts. We know only too well through our work with providers that the new standard is all about transparency, and by providing an accurate picture of how they were doing these providers were helping meaningful comparisons to be made across the sector.

But some organisations had not calculated the metrics on the same basis as everyone else. The regulator couldn’t have been clearer – don’t expect leniency this year.

The first year of reporting against the new standard has also delivered some real insights. We now know, for example, that providers in the same groupings – LSVTs, London-based organisations, supported housing providers – have significantly different stories to tell when it comes to value for money. That underlies the critical importance of understanding your own context and cost drivers.

The data also revealed, not surprisingly, that overall costs were up, operating margins were down (a result of the rent cut) while reinvestment was up. Again, this will prove useful for the government, and for all of us, to have concrete data on these issues.

I don’t expect the second year of reporting to deliver 100% compliance from all providers. The sector has not universally got to grips with the new standard, and I’ve no doubt the regulator will again have to issue warning letters (or worse) to non-compliers.

To get there, we still need to see greater understanding of the full range of internal and external reporting requirements of the new standard. A culture shift is required to truly embed and apply the standard’s three Es – economy, efficiency and effectiveness – into all areas of activity.

At the operational and strategic level, all providers need to understand exactly how their resources and assets are used across the organisation. And ultimately, we need a consistent focus across the sector on optimising the financial return from our assets. And where we are not doing this we have to be constantly asking: why not?

We are working with providers to support them to comply with the requirements of the new standard. And we are telling them the RSH’s interim chair couldn’t have been clearer: we want you to grapple with these key questions; to demonstrate how you are deploying your assets and resources to deliver on your objectives. As organisations with sometimes intangible social purpose, that won’t always be straightforward. At least we now have a clear framework within which to do so.