

22 February 2019

Dear Director/CEO

We are aware that many RSLs are considering the risk that Brexit presents to their continuing ability to deliver for their tenants and others who rely on the services they provide. You may be giving further consideration to this given the possibility of a no-deal Brexit. Late last year the Bank of England set out a range of scenarios to illustrate the potential impact upon key economic variables of withdrawal from the European Union. Some of these scenarios indicate the potential for key variables such as the rate of inflation and interest rates to show greater volatility than they have in the recent past.

Regulatory Standard 3 requires each Registered Social Landlord (RSL) to manage its resources to ensure its financial well-being.

Each RSL, when monitoring and assessing its present and future compliance with Regulatory Standard 3, should take account of this potential for greater volatility in the assumptions that underpin financial forecasts. sensitivity analysis, scenario planning and business planning. Where an RSL identifies a serious risk to its stability or viability in the course of its business planning it should inform us in accordance with our guidance on Notifiable Events. We continue to monitor and assess the risks arising from this issue.

Ian Brennan
Director of Regulation