

Regulation of Housing Associations in Wales

**Frequently Asked Questions
TPAS Cymru Fact Sheet**

Who Regulates Housing Associations in Wales?

The Welsh Government has powers to regulate registered social landlords registered in Wales, which are more commonly known as 'housing associations'. The Regulation Framework applies to housing associations registered and regulated by the Welsh Ministers under Part 1 of the Housing Act 1996.

A Housing Regulation Team undertakes regulation activity on their behalf. The team is part of the Welsh Government's Housing Division.

The work of the Regulation Team is overseen by the Regulatory Board for Wales, with support from members of the Tenant Advisory Panel.

Why are Housing Associations in Wales regulated?

The Regulation Team works to:

- Protect the interests of current and future tenants and other service users
- Ensure good quality social housing, in terms of the Welsh Housing Quality Standard, services which meet tenants' needs, value for money, and financial viability
- Maintain the confidence of funders to ensure that housing associations can continue to attract private finance at competitive rates to build and improve affordable homes for people in housing need

- Regulation sets out the expectations to be met by housing associations, developing them to meet changing circumstances. It aims to ensure that they are met and, if not, that appropriate remedial action is taken, through formal intervention if necessary.

The regulation of housing associations is important. It helps ensure that tenants, potential tenants, and people who use services, get a fair deal. It protects them from poor or failing landlords and provides ways in which they can influence the way that associations work. It also encourages the continuous improvement of services.

More generally, a good regulatory framework helps to protect taxpayers by safeguarding the public funding invested in housing associations. It also gives lenders, such as banks and building societies, the confidence to provide loans to finance new homes and to improve existing homes.

How does Regulation work?

The approach is guided by the Regulatory Framework for Housing Associations Registered in Wales, which is underpinned by the commitment to put tenants at the heart of regulation.

The ultimate purpose of the Regulatory Framework is to ensure that housing associations provide good quality homes and services to tenants and others who use their services. It does this by ensuring that each association is:

- Well governed - led effectively and well managed by boards, executives, staff, tenants and partners, who work

together to make and implement business decisions

- Financially viable - has the money to meet current and future business commitments and effectively manages its finances.
- Delivering high quality services - providing services that meet people's needs and expectations and compare well with the quality of services delivered by other associations

A key feature of the regulation is a co-regulation approach where the Regulation Team will develop a strong working relationship with housing associations based on openness, trust and challenge so that they can fully understand each association and how it operates. That said, the prime role of the Regulation Team is to develop a robust, objective and independent view of associations.

The benefits of this relationship will include:

- Regular contact and communication with housing association boards, staff, tenants, service users, and partner organisations.
- A full and rounded understanding of a housing association and its local activities, risks, priorities and circumstances.
- Early identification of actual or potential risks.
- A proactive approach which allows issues and problems to be tackled at an early stage and prevents things getting worse.
- Timely support and sharing of good practice which helps to ensure continuous improvement.

WG have published "Delivery outcomes" (standards of performance) that they expect landlords to meet. These are detailed in the Regulatory Framework and

have been agreed with the sector and Community Housing Cymru, which represents housing associations. The delivery outcomes provide a framework for assessment of performance and for housing associations to carry out regular self evaluation their own strengths and areas for improvement.

What is Self Evaluation?

All housing associations are expected to carry out regular self evaluation which evaluates their performance on service delivery, governance, and finance, and proposes improvement action.

The Welsh Ministers expect housing associations to publish their self evaluation in a way that is readily accessible to tenants.

Self evaluation is the core evidence used in the regulatory assessment/opinion. A robust, evidence based, challenging self evaluation is therefore an important element of the Regulatory Framework.

There is no set format for self evaluation. Each housing association may tailor its approach to meet its own needs and those of its tenants, service users and partners. However, an effective self evaluation should:

- Have a strong focus on the needs and aspirations of tenants and service users.
- Provide clear evidence of involvement from tenants and service users in checking and agreeing the conclusions of self assessments.
- Be owned and driven by an association's Board.

- Have a strong element of challenge from both inside and outside the association.
- Be a fundamental and integral part of the association's business planning, not merely something done to meet the requirements of the regulation framework
- Be based on clear and solid evidence.

Working closely and effectively with tenants and people who use services to assess the outcome(s) of those services is a fundamental part of self evaluation. Housing associations are expected to demonstrate this.

What powers does the Regulation Team have?

Given that Housing associations have a clear commitment to providing quality homes and services, it is expected they will act voluntarily to address any matters of concern identified through regulatory activity and enhanced monitoring by the Regulation Team. However, should this not be the case, the Regulation Team have delegated authority under Welsh Ministers powers to intervene, to require appropriate action to be taken. These powers are contained in the Housing Act 1996.

The powers exist as a further safeguard to the interests of tenants and others. By way of examples, powers could include:

- Appointing an interim manager.
- Commissioning additional inspections to obtain evidence
- Issuing an enforcement notice which requires action to be taken to address a problem within a specified timescale

- A financial penalty if an association fails to comply with requirements imposed on it by an enforcement notice
- Requiring the merger of a housing association with another association
- Restricting certain dealings of an association during an inquiry.

The circumstances in which particular intervention powers would be used depend on the matter(s) in question.

The Regulation Team's response will always be tailored to the specific situation and circumstances.

What is a Regulatory Assessment/Opinion?

On an annual basis the Regulation Team will produce an assessment/opinion of for each Association. The assessment is based on a wide range of information that is collected during regulation activity. It is used to build a rounded picture of individual housing associations.

The core evidence for the annual regulatory assessment is provided by a housing association's self evaluation. This is combined with other information on each association obtained from a wide variety of sources.

Information collected will include **"hard"** information, from formal sources, and **"soft"** information, from regular contact with housing associations and their tenants, staff, service users and external partners. Both are important to a full assessment.

"Hard" information could include:

- Financial information, such as management accounts, statutory accounts, private finance returns and 30 year forecasts
- Other external judgements and reviews, such as external audit opinions and management letters, reports by the Public Service Ombudsman for Wales, reviews by lenders, such as banks and building societies, and recognised accreditations, such as Investors in People
- Evidence from specific evaluations, audits, and reviews by, for example, the Welsh Government or Auditor General for Wales
- Published, sector-wide performance information and statistics

“Soft” information includes information, comments and views obtained from:

- Ongoing contact with the Boards of housing associations, their staff, tenants and service users, members of the local community, and from other organisations, such as local authorities and contractors working with housing associations
- Contact with representative bodies in the housing association sector and others, such as the Welsh Language Board and the Welsh Local Government Association
- Contact with other departments in the Welsh Government
- Contact with lenders

A variety of methods is used to ensure that the experience and perspective of tenants and service users is fully understood. These include on-site listening and observation, surveys, reviewing information provided by associations to tenants and service users.

Complaints made by tenants and service users are considered.

This assessment forms the basis of a published Regulatory Opinion report produced by Welsh Government for each Housing Association. Associations are expected to inform tenants and service users of its publication via their usual channels of communication.

How can you find out if a Housing Association is meeting regulatory expectations?

Housing Associations are expected to inform tenants and service users of its Regulatory Opinion report publication via their usual channels of communication and they should be easily available in full on the Associations website.

Each report is also published on the Welsh Government’s website for the public to view.

<http://gov.wales/topics/housing-and-regeneration/services-and-support/regulation/regulatory-assessments/?lang=en>