



Llywodraeth Cymru  
Welsh Government

Welsh Government  
Consultation Document

# Consultation on new Regulatory Statuses and Standards for The Regulatory Framework for Housing Associations Registered in Wales.

Date of issue: 13 July 2021  
Action required: 25 August 2021

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.  
This document is also available in Welsh.

**Overview**

This consultation is seeking your views on proposed changes to *The Regulatory Framework for Housing Associations Registered in Wales*. These are:

- The draft Regulatory Statutes
- The draft Regulatory Standards

**How to respond**

Please respond on this consultation by answering the questions at the end of this document. Responses can be submitted in a number of ways.

Email: [HousingRegulation@gov.wales](mailto:HousingRegulation@gov.wales)

Post: Housing Regulation Team  
Housing Safety Regulation & Standards  
Ground Floor, North Core  
Welsh Government  
Cathays Park  
Cardiff  
CF10 3NQ

When responding, please state whether you are responding as an individual or are representing the views of an organisation.

**Further information and related documents**

**Large print, Braille and alternative language versions of this document are available on request.**

**Contact details**

Housing Regulation Team  
Housing Safety Regulation & Standards  
Ground Floor, North Core  
Welsh Government  
Cathays Park  
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CF10 3NQ

[HousingRegulation@gov.wales](mailto:HousingRegulation@gov.wales)

## UK General Data Protection Regulation (UK GDPR)

The Welsh Government will be data controller for any personal data you provide as part of your response to the consultation. Welsh Ministers have statutory powers they will rely on to process this personal data which will enable them to make informed decisions about how they exercise their public functions. Any response you send us will be seen in full by Welsh Government staff dealing with the issues which this consultation is about or planning future consultations. Where the Welsh Government undertakes further analysis of consultation responses then this work may be commissioned to be carried out by an accredited third party (e.g. a research organisation or a consultancy company). Any such work will only be undertaken under contract. Welsh Government's standard terms and conditions for such contracts set out strict requirements for the processing and safekeeping of personal data.

In order to show that the consultation was carried out properly, the Welsh Government intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response. If you do not want your name or address published, please tell us this in writing when you send your response. We will then redact them before publishing.

You should also be aware of our responsibilities under Freedom of Information legislation.

If your details are published as part of the consultation response then these published reports will be retained indefinitely. Any of your data held otherwise by Welsh Government will be kept for no more than three years.

### Your rights

Under the data protection legislation, you have the right:

- to be informed of the personal data holds about you and to access it
- to require us to rectify inaccuracies in that data
- to (in certain circumstances) object to or restrict processing
- for (in certain circumstances) your data to be 'erased'
- to (in certain circumstances) data portability
- to lodge a complaint with the Information Commissioner's Office (ICO) who is our independent regulator for data protection.

For further details about the information the Welsh Government holds and its use, or if you want to exercise your rights under the GDPR, please see contact details below:

Data Protection Officer:  
Welsh Government  
Cathays Park  
CARDIFF  
CF10 3NQ

e-mail:  
[Data.ProtectionOfficer@gov.wales](mailto:Data.ProtectionOfficer@gov.wales)

The contact details for the Information Commissioner's Office are:

Wycliffe House  
Water Lane  
Wilmslow  
Cheshire  
SK9 5AF

Tel: 01625 545 745 or  
0303 123 1113  
Website: <https://ico.org.uk/>

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## Chapter 1: Introduction

- 1.1 *The Regulatory Framework for Housing Associations Registered in Wales* has been in operation since January 2017 and applies to Registered Social Landlords (RSLs). At the point of introduction, it was agreed the Framework would be independently reviewed after the first year of operation.
- 1.2 An initial review therefore took place early 2018 and led to revised performance standards being published in October 2018. The revisions were minor in nature, for clarification. This next review was due in the summer of 2020, this was delayed due to the covid-19 pandemic.
- 1.3 Prior to commissioning the review, officials discussed the framework with the sector. This included engaging with the Regulatory Advisory Group (RAG), which includes representative bodies of tenants, registered social landlords, local housing authorities and other stakeholders. This led to the formation of a framework review working group made up of RAG members and enabled officials to agree the scope of the review with the sector.
- 1.4 The review focused on:
  - Proposed changes to the regulatory judgement dimensions of Governance (including services) and Financial Viability
  - The scope and clarity of the performance standards
  - The regulator's role in setting expectations about equality, diversity and inclusion
- 1.5 Once the scope of the review had been defined, an online survey and series of workshops were carried out. This enabled stakeholders to shape and influence the draft statuses and standards set out in this consultation.

## Chapter 2: Draft Regulatory Statuses

2.1 The table below proposes how the regulator could describe, in future, the judgements given to RSLs against each of the two regulatory dimensions (Governance and Financial Viability).

Judgement		
Compliant	Green	The association meets the regulatory standards and will receive routine regulatory oversight.
	Yellow	The association partially meets the regulatory standards and has the potential to be able to achieve the required improvements with increased regulatory oversight.
Non-compliant	Amber	The association partially meets the regulatory standards and is unlikely to be able to achieve the required improvements without regulatory intervention.
	Red	The association partially or wholly does not meet the regulatory standards and it is necessary for the regulator to take statutory action.

2.2 The terms ‘regulatory oversight’, ‘regulatory intervention’ and ‘statutory action’ will be clearly explained in the new framework document however a summary of each is included below for information.

### Routine regulatory oversight

Routine regulatory oversight means regular routine check-ins with an association including reviewing progress of the association’s improvement plan.

### Increased regulatory oversight

Increased regulatory oversight may involve, as well as more frequent check-ins, a focus on specific issues of concern. For example, concerns identified in relation to the nature or level of improvement required.

### Regulatory intervention

Regulatory intervention means that the Regulator will work closely with an association to develop an improvement plan that addresses the specific material concerns underlying the amber judgement.

### Statutory action

Statutory action means that regulatory powers are likely to be used to require specific action to be taken.

## Chapter 3: Draft Regulatory Standards

- 3.1 The table below sets out suggested 'Standards of Performance' (to be known as Regulatory Standards). Any associated rules are set by the Welsh Ministers in accordance with Section 33A of the Housing Act 1996. Any statutory guidance will be issued under Section 33B of the 1996 Act and will be consulted upon in accordance with section 33C of that Act. It is intended that any advisory guidance will be provided separately.
- 3.2 The Regulatory Standards are the standards, expressed as outcomes, which RSLs are required to comply with. In reaching a regulatory judgement, the regulator will assess the extent to which the RSL can demonstrate that the outcomes are met. How RSLs achieve the outcomes is for them to determine.
- 3.3 The revised approach to the standards follows feedback during the review. The existing regime was considered potentially confusing and unhelpful as some of the "guidance points" could be viewed as outcomes and some as "how things should be done", so overly prescriptive. With the outcomes now being part of the standard itself, rather than guidance, the standard is clear and unambiguous, without being prescriptive.
- 3.4 The current standards are at Annex B for easy reference. Feedback was clear that the revised standards should be outcomes focussed, that the repetition in the current standards was unhelpful, and that outcomes for tenants do not get same attention as other measures (for example governance and finance). These issues have been addressed in the draft standards which are now outcome focussed and give a greater prominence to tenant involvement.

Ref	Regulatory Standards
RS1	<p><b>The organisation has effective strategic leadership and governance arrangements which enable it to achieve its purpose and objectives</b></p> <p>The social landlord:</p> <ul style="list-style-type: none"> <li>• Has a strategy<sup>1</sup> which reflects its vision, culture and values and sets out how the organisation will achieve its core purpose as a social landlord</li> <li>• Complies with its own governing documents and meets the requirements of an appropriate Code of Governance</li> <li>• Sets measurable commitments in relation to equality, diversity and inclusion (including anti-racism) and reflects the diversity of the communities in which it works across all areas of the business</li> <li>• Has a diverse Board with the skills and knowledge required to be effective</li> <li>• Makes logical decisions based on clear, good quality information which includes assessment of risk and, where appropriate, the views of tenants</li> <li>• Enables tenants to influence strategic decision making</li> <li>• Complies with all relevant legislation, regulatory requirements and statutory guidance and communicates in a timely manner with the regulator, including on material issues that relate to actual or potential non-compliance</li> </ul>
RS2	<p><b>Robust risk management and assurance arrangements are in place</b></p> <p>The social landlord:</p> <ul style="list-style-type: none"> <li>• Has an effective framework for risk management, internal controls and assurance that enables it to successfully identify and manage existing and emerging risks which threaten delivery of its strategy or compliance with legislative or regulatory requirements</li> <li>• Does not put social housing assets or tenants at undue risk</li> <li>• Maintains accessible and up-to-date business continuity, contingency and disaster recovery plans</li> </ul>
RS3	<p><b>High quality services are delivered to tenants</b></p> <p>The social landlord:</p> <ul style="list-style-type: none"> <li>• Keeps tenants safe in their homes and promptly identifies and corrects any under-performance or non-compliance on landlord health and safety matters</li> <li>• Delivers services which meet the diverse needs of tenants</li> <li>• Achieves and maintains high levels of tenant satisfaction with services</li> </ul>
RS4	<p><b>Tenants are able to influence the design and delivery of services in ways that are appropriate for them and the organisation</b></p> <p>The social landlord:</p> <ul style="list-style-type: none"> <li>• Enables tenants to understand the organisation’s approach to tenant involvement and the ways they can get involved, including how the organisation will listen to, and act on, tenants’ concerns and issues</li> <li>• Provides opportunities for tenants to be involved, can demonstrate that tenants are satisfied with them and can demonstrate the difference involvement is making</li> </ul>

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<sup>1</sup> The term strategy is used here – individual RSLs may use other terms such as business plan or corporate plan



	<ul style="list-style-type: none"> <li>• Can demonstrate diverse tenant views and expectations inform the development and review of housing and related services, and the response to any under-performance</li> </ul>
<b>RS5</b>	<p><b>Rents and service charges are affordable for current and future tenants</b></p> <p>The social landlord:</p> <ul style="list-style-type: none"> <li>• Ensures all applicable rules and statutory guidance (including the current rent agreement) are complied with.</li> </ul>
<b>RS6</b>	<p><b>The organisation has a strategic approach to value for money which informs all its plans and activities</b></p> <p>The social landlord:</p> <ul style="list-style-type: none"> <li>• Determines its strategic approach to value for money, can demonstrate how the approach relates to its social purpose, and makes strategic and operational decisions in line with it</li> <li>• Can demonstrate to stakeholders, including tenants, that it achieves value for money in delivering its strategy and services</li> </ul>
<b>RS7</b>	<p><b>Financial planning and management is robust and effective</b></p> <p>The social landlord:</p> <ul style="list-style-type: none"> <li>• Sets financial plans which enable it to deliver its strategy and achieve its social purpose, and there is appropriate reporting to the Board against these plans</li> <li>• Is financially viable in the short, medium and longer-term, and maintains sufficient funding and liquidity to support this</li> <li>• Monitors, reports on and complies with all covenants it has agreed with funders</li> <li>• Identifies and effectively manages risks to the delivery of financial plans</li> <li>• Has an effective treasury management strategy and associated processes</li> </ul>
<b>RS8</b>	<p><b>Assets and liabilities are well managed</b></p> <p>The social landlord:</p> <ul style="list-style-type: none"> <li>• Has an accurate and up to date understanding of its assets and liabilities</li> <li>• Maximises the use of assets to achieve its social purpose and the objectives of the organisation</li> <li>• Uses accurate information about assets and liabilities to inform strategic and financial decisions</li> </ul>
<b>RS9</b>	<p><b>The organisation provides high quality accommodation</b></p> <p>The social landlord:</p> <ul style="list-style-type: none"> <li>• Ensures publicly funded homes meet all applicable standards, rules and statutory guidance issued in connection with quality of accommodation, including the current Welsh Housing Quality Standard</li> </ul>

## **Annex A: Consultation Response Form**

### **Consultation Response Form**

Your name:

Organisation (if applicable):

Are you a landlord?

Are you a tenant?

Other?

email / telephone number:

Your address:

**Regulatory Statuses and Standards for The Regulatory Framework for Housing Associations Registered in Wales: Consultation questions.**

<b>Q1.</b> Are the revised <b>Regulatory (Judgement) Statuses</b> easy to understand in relation to an RSLs regulatory performance?	Please Tick	
	Yes	No
Please include here any comments you may have to explain your answer:		

<b>Q2.</b> Are the revised <b>Regulatory Standards</b> easy to understand in relation to an RSLs regulatory performance?	Please Tick	
	Yes	No
Please include here any comments you may have to explain your answer and also any other comments you may have about the standards:		

<b>Q3.</b> Do you agree the revised <b>Regulatory Standards</b> provide for tenants to have an appropriate level of influence and involvement?	Please Tick	
	Yes	No
Please include here any comments you may have to explain your answer:		

<b>Q4.</b> Do the range of outcomes in the revised <b>Regulatory Standards</b> reflect an appropriate range of RSL activities?	Please tick	
	Yes	No
Please include here any comments you may have to explain your answer:		

<b>Q5.</b> Do you agree with the expectations set in relation to equality, diversity and inclusion (included in RS1)?	Please Tick	
	Yes	No
Please include here any comments you may have to explain your answer:		
Empty space for comments		

Responses to consultations are likely to be made public, on the internet or in a report. If you would prefer your response to remain anonymous, please tick here:

## Annex B: Current Performance Standards

Ref	Performance Standard	Guidance
PS.1	<b>Effective Board and executive management with a clear and ambitious vision for the Registered Social Landlord</b>	<ul style="list-style-type: none"> <li>▪ Sets a clear vision and values for the organisation which deliver and progress the core purpose of the business</li> <li>▪ Governance arrangements establish and maintain clear roles, responsibilities and accountabilities for the board, chair and chief executive and ensure appropriate probity arrangements are in place</li> <li>▪ Complies with governing documents including adopting, and complying with, an appropriate code of governance</li> <li>▪ Adheres to all relevant law</li> </ul>
PS.2	<b>Effective and appropriate tenant involvement and high quality and improving services</b>	<ul style="list-style-type: none"> <li>▪ Demonstrates how tenants are effectively involved in strategic decision making and shaping services in ways appropriate for tenants and the organisation</li> <li>▪ Meets all applicable statutory requirements providing for the health and safety of the occupants in the home</li> </ul>
PS.3	<b>Comprehensive assessment of the business impacts of current and emerging risks, including new business and development opportunities, with robust risk management arrangements</b>	<ul style="list-style-type: none"> <li>▪ Safeguards taxpayers interests and the reputation of the sector and protects social housing assets</li> <li>▪ Assessment of capacity to take on new business and development opportunities is robust</li> <li>▪ Carries out detailed and robust stress testing of financial plans against a range of scenarios, identifying appropriate mitigation strategies</li> <li>▪ Before taking on any new liabilities, ensures obligations are fully understood and demonstrates consideration of how the likely impact on current and future business and regulatory compliance will be managed</li> </ul>
PS.4	<b>Clearly evidenced self evaluation and statement of compliance</b>	<ul style="list-style-type: none"> <li>• Compliance with Circular 02/15 - Core Principles of self evaluation for use by Housing Associations Registered in Wales, or any subsequent guidance which replaces this Circular</li> </ul>

<b>PS.5</b>	<b>A track record of achieving positive outcomes, responding appropriately to new challenges and performance issues</b>	<ul style="list-style-type: none"> <li>▪ Demonstrates how the board assures itself of current performance, including tenant satisfaction, and drives continuous improvement</li> <li>▪ Demonstrates how lettings make the best use of available housing, compatible with the core purpose of the Registered Social Landlord</li> </ul>
<b>PS.6</b>	<b>Delivering value for money in all areas of the business</b>	<ul style="list-style-type: none"> <li>▪ Demonstrates a strategic approach to and delivery of value for money across the business in operational costs and charges to tenants and service users</li> </ul>
<b>PS.7</b>	<b>Compliance with regulatory requirements, statutory and other guidance</b>	<ul style="list-style-type: none"> <li>▪ Communicates in a timely manner with the regulator on material issues that relate to non-compliance</li> <li>▪ Adheres to all regulatory requirements</li> </ul>
<b>PS.8</b>	<b>A financial plan which delivers and supports the business plan and effective monitoring of financial performance</b>	<ul style="list-style-type: none"> <li>▪ Ensures that the organisation is financially sound</li> <li>▪ Effective systems and controls are in place to monitor and accurately report delivery of the Registered Social Landlords plans</li> <li>▪ Monitors, reports on and complies with all covenants</li> </ul>
<b>PS.9</b>	<b>Effective management of treasury operations ensuring sufficient liquidity at all times</b>	<ul style="list-style-type: none"> <li>▪ Ensures sufficient funding is available to deliver the business plan</li> <li>▪ Ensures financial forecasts are based on appropriate and reasonable assumptions</li> </ul>
<b>PS.10</b>	<b>A clear understanding of liabilities and asset performance</b>	<ul style="list-style-type: none"> <li>▪ Maintains a thorough, accurate and up to date record of assets and liabilities including all liabilities which have recourse to social housing assets</li> <li>▪ Data on the financial and social performance of assets is accurate and used to inform investment decisions</li> <li>▪ Ensures data on the condition of their assets is up to date and is able to demonstrate consideration of the short and long term costs of maintenance, repair and renewal</li> <li>▪ Ensures that publicly funded homes meet the required standards of design and the Welsh Housing Quality Standard</li> </ul>