

Cynulliad Cenedlaethol Cymru / National Assembly for Wales  
Y Pwyllgor Cyfrifon Cyhoeddus / Public Accounts Committee  
Ymchwiliad i drefn reoleiddio Cymdeithasau Tai / Inquiry into Regulatory oversight of Housing Associations  
Ymateb gan TPAS Cymru / Evidence from TPAS Cymru

### **About Us:**

TPAS Cymru works to improve the lives of social housing tenants in both housing and community matters, by promoting effective participation of tenants with their landlords and with other partners in issues that affect them. We have supported social housing tenants and landlords in Wales for over 25 years and have a strong track record in developing effective participation through training, support, practical projects and policy development.

### **This Response is based on:**

- Our experience of working with tenants and tenants groups and listening to their views.
- Our observations and dialogue with our members and partners within the HA sector
- Our membership of the Regulatory Advisory Group
- Our work to improve partnerships between tenants and residents and their Housing Association landlords and other partners.

TPAS Cymru welcomes the opportunity to respond to the Public Accounts Committee Inquiry into Regulatory Oversight of Housing Associations and we have responded to each of the terms of reference as set out in the consultation paper;

1. **The effectiveness of the current Regulatory Framework for Housing Associations Registered in Wales?**

1.1 The current Regulatory Framework for Housing Associations (HAs) Registered in Wales has evolved and developed since its inception. Welsh Government has worked with the housing sector, including tenant organisations such as ourselves, to continually develop and improve the framework to ensure it operates effectively to protect tenants and investment in Welsh Housing Associations.

1.2 Changes within the last 12–18 months including the establishment of an independent Regulatory Board (RBW) and a reinvigorated Regulatory Advisory Group (RAG) have been positive moves. As members of the RAG, we have seen an improvement in openness, dialogue and communication between the housing sector and Welsh Government which is helping focus the work of the Regulation Team. This is strengthening the co-regulatory approach and thus supporting HAs to provide quality homes and services to their tenants.

1.3 Published outputs from the regulation team have changed to much shorter ‘exceptions based’ Opinion Reports and there are some doubts as to the value of this information in enabling Tenants to see clearly how their landlord is performing. The current reports do not appear to be widely used or relied upon by Tenants.

1.4 In the interests of openness and transparency there are other outputs from regulation, such as individual landlord self evaluations, which could be disseminated more widely. A suggestion would be that landlords are encouraged to ensure this information is advertised and made more widely available to their tenants and other local stakeholders.

1.5 The framework continues to evolve and develop and we are supportive that the principles underpinning the Regulatory Framework continue to be the right ones i.e. that Tenants should be at the heart of regulation; that individual housing associations should be responsible for their own actions; that regulation should be open, transparent, consistent and proportionate; and that regulation is founded on co-regulation.

1.6 The proposed revised approach to regulation, to include a focus on continuous improvement and a clear Regulator’s ‘judgement’ are welcomed.

This new approach will need to be adequately resourced to ensure the Regulation Team have the capacity to deliver the changed framework. The team will also need the capacity to engage directly with tenants and stakeholders at a local level to gather relevant intelligence and evidence as part of each HAs regulatory process.

## **2. The effectiveness and quality of governance arrangements?**

2.1 Without having an in-depth knowledge of each HA in Wales it is difficult for us to make a blanket statement about the effectiveness and quality of governance arrangements across the country. However, in general terms we have observed consideration and work undertaken by boards and senior management teams to improve governance over the last couple of years. We're aware that the quality and effectiveness of boards seems to be improving and frameworks for good governance including CHC Cymru's 'Code of Governance' appear well understood within the sector.

2.2 There has been a general shift in the sector towards more inclusive and rigorous recruitment methods to help strengthen governance by widening skills and diversity at board level.

2.3 Whilst many boards display a strong commitment to tenant involvement at board level how meaningful and successful that is in practise seems to vary. Boards need to explore opportunities to develop clear and direct links between their tenants and the work of the board. This could include engaging with tenants at strategic level as well as offering opportunities for effective challenge of landlord performance and decision making such as through tenant scrutiny.

2.4 Involvement of tenants in governance need not always directly translate into board membership: if tenants feel they may have stronger voice and to challenge and hold their landlord to account from outside of the board then this approach needs to be made available to them.

### **3. Whether the current regulatory regime is effective in managing and mitigating sector wide risks?**

3.1 Housing associations face an increasing range of risks in delivering their objectives and managing their businesses. Boards are expected to consider the extent to which their strategies and business plans could cope with threats, including changes in the economy, housing policy and related areas including welfare, health and social care.

3.2 The current regulatory regime appears to be well focussed to respond to risks faced by the sector and the regulator plays a significant role in identifying potential sector wide risks including producing a paper specifically on this. The document produced is useful for the sector, stakeholders and tenants, helping them to identify and prepare for broader risks.

3.3 The identification and sharing of new and emerging risks is also covered by a regular agenda item at the Regulatory Advisory Group meetings.

3.4 TPAS Cymru's experience is that tenants can provide useful evidence and information regarding some potential local and service risks faced by their landlord. It may be useful for the regulation team to ensure they dedicate sufficient capacity to enable them to engage directly with tenants and stakeholders at a local level. This would provide them with an opportunity to discuss any particular risks identified by them as part of the regulatory process.

3.5 More openness by the regulation team, where possible, would be welcomed in terms of the sharing of lessons learnt relating to managing and mitigating risks e.g. how failure to manage risks by HAs is resolved by boards and how regulatory interventions by the regulation team have protected tenants. This would help to demonstrate the effectiveness of regulation and provide reassurance to tenants.

3.6 The proposed revised approach to regulation, including clear standards and 'judgements', should place a continued emphasis on risk and the HAs

ability to manage particular risks facing their organisation to protect tenants and investment in Welsh HAs.

#### **4. The effectiveness of the co-regulatory approach in practice?**

4.1 TPAS Cymru believe that Co-regulation remains a key element of the regulatory framework and we therefore support the retaining of this focus. In a co-regulatory environment, honest, robust self evaluation is essential and offers mutual benefits. This approach raises expectations that individual HAs assess their own performance honestly and challenge themselves to drive their own continuous improvement.

4.2 Where co-regulation appears to be working well is where HAs see self-evaluation as being fundamental to their organisation's performance management and not just part of the regulatory framework.

4.3 Some HAs appear to have devoted considerable resources to self evaluation with boards also ensuring tenants are engaged in the process and provided with the opportunity to reflect on the health and performance of the Association. However, it is not clear if all HAs enable tenants to be engaged in self evaluation ensuring it is a reliable view of the Association's performance; this is despite of clear guidance from the regulation team for them to do so.

4.4 Effective self evaluation is one of the ways in which a Housing Association can be accountable to tenants, service users and other stakeholders by publishing an evaluation of their health and performance in a way that is readily accessible to tenants. Many individual self evaluations are not made openly and easily available by HAs in a range of accessible formats. This lack of openness limits the opportunities for tenants to challenge or validate their landlord's performance which would ultimately provide mutual benefit for all.

#### **5. The remuneration of senior executives of housing associations?**

5.1 As independent organisations the remuneration of senior executives of HAs is a matter for each HA board. However in the spirit of openness it is TPAS Cymru's observation that there is a need for HAs to have clear, transparent and published policy rationale for setting senior executive pay. This could include a published policy by a HA that states what the market position and rationale is for senior executive pay decisions. Boards also need to be experienced, trained and advised about remuneration.

5.2 Remuneration of senior executives should focus on whether HAs and their tenants are getting the best possible value for money and return from their senior executives' investment.

**TPAS Cymru – January 2017**