

Public Accounts Committee Inquiry into the Regulatory Oversight of Housing Associations

Response to the Report of the Public Accounts Committee August 2017

I am writing on behalf of the Regulatory Board for Wales (RBW) to respond to the Report of the Public Accounts Committee into the Regulatory Oversight of Housing Associations.

The RBW welcomes the Report's finding that "governance and regulation within the housing sector to be working well enough for housing associations to be granted more autonomy" and that "the new Regulatory Judgements are a step in the right direction" and the Public Accounts Committee view that housing associations "should do more to be open and transparent in their decisionmaking".

The RBW supports and welcomes the Public Accounts Committee's fifteen recommendations.

With reference to Recommendation 2, the RBW is pleased to confirm that we will include in our annual reports information on the skills and capacity of the Regulatory Team.

In relation to Recommendation 3, we will consider the issue of further openness and transparency this year with the intention of providing a summary of specific areas of challenge to the regulation team in our Annual Report and, where issues are not confidential in nature in our published summaries of our quarterly Board meetings.

Rather than responding individually to the recommendations, I am, in this response, keen to set out the RBW's response to key themes within the inquiry report.

Assurances provided to housing association tenants should apply to all social housing tenants

As set out in our submission to the Committee, the Regulatory Board is committed to ensuring that the Regulatory Framework's key principle of tenants being at the heart of regulation is a reality.

A number of the Committee's recommendations reference the importance of providing assistance to tenants to hold their landlords to account. As a key issue of principle, the Regulatory Board believes that assurances provided to the tenants of housing associations should apply to all social housing tenants, including local authority tenants.

We warmly welcome the Committee's vision of the availability of clear and comparable data sets to assist tenants in determining and challenging the position and policies of their Housing Association. The Board would like to see relevant data being available to all tenants of social housing – housing association and local authority tenants.

The Board similarly welcomes the priority given by the Committee to ensuring that tenants' views are adequately captured. Our arrangements with TPAS Cymru to capture the views of housing association tenants are being very actively monitored by the Making it Work Group which is chaired by myself as Regulatory Board chair. The Regulatory Board is highly committed to ensuring that these arrangements are effective in hearing the tenants' voice. The Board, however, remains very conscious that such assurance is not available to all tenants of social landlords. In the interests of fairness and a level playing field, the provision in respect of quality of landlord services should be expanded to cover local authority tenants.

The Board also welcomes the Committee's prioritisation of tenant scrutiny of housing association performance. We believe that the opportunity to undertake such scrutiny should also be available to tenants of local authorities.

The key important of good governance

The importance of good governance was a key theme of the Regulatory Board's submission to the Committee and prompted the Board's decision to prioritise an early review of governance within housing associations. The review is progressing under the leadership of a steering group, chaired by a member of the regulatory board and involving sector and stakeholder representatives. Close liaison with Community Housing Cymru is key to the review approach and the review findings will inform CHC's review of its Code of Governance. The review of governance will be completed by the end of March 2018.

Diversification

The Regulatory Board agrees that diversification brings potential benefits as well as risks. As independent organisations, we believe that decisions re diversification are the sole responsibility of autonomous housing association boards. However, there is a key role for regulation, through ongoing regulatory engagement, in ensuring good governance around those decisions, in particular, gaining assurance that housing associations understand the risks of such decisions and have the skills needed to take robust decisions.

The Board welcomes the Committee's recommendation that a review be undertaken of current levels of diversification and proposes, in the interests of openness, that up to date information on levels of diversification within the housing association sector should form a regular part of our Annual Report to the Cabinet Secretary. The Board has a particular interest in the impacts of diversification on tenants and will seek to ensure that this is considered as part of continuous regulatory assessment.

Independent input to the review of the Regulatory Framework

The effectiveness of the application of the Regulatory Framework will be the subject of review in the New Year. The Board will be very actively involved in that Review and, to ensure its robustness, have agreed that the Review should include independent objective input reporting directly to the Regulatory Board.

Helen White
Chair
Regulatory Board for Wales