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Mr. David Rees AM
Chair, External Affairs and Additional Legislation Committee
National Assembly for Wales
Cardiff Bay
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CF99 1NA

Dear Mr. Rees,

Regulation of Registered Social Landlords (Wales) Bill

Many thanks for taking the time to write to me to seek clarity on a number of issues in relation to the Regulation of Registered Social Landlords (Wales) Bill.

It is sensible to deal first with your query around the 24 per cent figure in relation to local authority membership of Registered Social Landlord (RSL) boards. It might perhaps be useful for you to seek clarity with the Welsh Government on their choice of 24 percent as a cap, but it probably stems from conclusions reached by ONS in May 2016, where,

- any public sector share-holding in a body that is above 50% indicates that the unit to which the shares relate is public - as is clearly set-out in paragraph 1.2.3.13 (3) of the 2016 Manual on Government Deficit and Debt (MGDD 2016)
- a public sector share-holding of 25% or more (but below 50%), which would allow the public party to block a special resolution (as defined through the Companies Act (2006)) , gives the public party *significant influence* over important aspects of corporate policy and this indicates a degree of public control over the unit. *However*, it was concluded that such a holding and the capabilities thereby conferred under the Companies Act rules on special resolutions, is not public control on its own (i.e. in the absence of other elements of control).
- A public sector share-holding below 25% of the company would not in its own right indicate public sector control as this would not grant blocking (effective veto) of special resolutions.

It is important to be clear that the above assume an absence of any other controls; if there are other public sector controls they may lead to a public classification (either individually or together) regardless of the equity holding of the public sector.

The second matter you wish to gain clarity on relates to whether a local authority Councillor who had been appointed in a personal capacity, rather than in their capacity as a local authority representative,

would be considered to be a public sector appointee. In an instance such as this, the Councillor would be considered to be a public sector appointee for the purpose of our classification assessment.

The third and final matter you wish to gain clarity on relates to the view of ONS in dealing with amendments to the Bill before it receives Royal Assent. I can confirm that ONS will not provide further classifications advice until the Bill receives Royal Assent. This means we would not be able to review the classification of Welsh RSLs prior to the final vote of the whole Assembly on the Bill.

However, it would likely be useful for your Committee Clerks to have a fuller understanding of the relevant classifications guidance and its application in determining the classification of Welsh RSLs.

Following discussions with your Clerks, we agree it would be useful to provide a workshop to the Clerks on the relevant guidance and its application, most likely in February. This workshop would allow ONS to discuss the guidance generally, along with its application to specific questions such as those addressed earlier in this letter (for example, local authority share-holding and board membership).

I trust this provides the clarity you require, and look forward to hearing if the workshop for Committee Clerks would be helpful to proceedings.

Many thanks again.

Yours sincerely,

David Beckett

Head of Economic Statistics Classifications Branch