

**Regulatory Framework**

**Background**

Welsh Government has published the revised regulatory framework. The regulatory framework applies to those social landlords registered and regulated by the Welsh Ministers under Part 1 of the Housing Act 1996.

The publication of this framework follows work undertaken with housing associations and CHC last year. This publication now completes the documentation to support the revised framework, which will be piloted for a year.

The revised framework has a focus on good governance and financial viability. This will include how the Board is assured that its primary responsibility of ensuring the effective running of the association is discharged fully.

**What are the key principles of the new framework?**

* Tenants at the heart of regulation.
* The Regulatory Board for Wales (RBW): The RBW is an advisory board established by Welsh Government to oversee the operation of the regulatory framework.
* Co-regulation: This continues to act as the principle upon which the approach to regulation is based.

**What will be the approach of the regulator?**

The regulatory focus will concentrate on strategic risks and business viability issues.

* Proportionate: risk based, not one size fits all.
* Transparent and open: encourage sharing of information and being clear about how decisions are made.
* Consistent: ensure consistency across the regulatory judgements.
* Promote continuous improvement and learning: using insight and challenge to help associations to improve and support the sector as a whole.

**What is different about the new approach?**

**Performance standards replace delivery outcomes:** The new framework has a strong focus on the ‘business breakers’ within an organisation, including financial viability and governance. This has meant that the delivery outcomes have been replaced with a set of performance standards. The performance standards identify the core elements of a strong organisation and focus regulatory focus upwards to the Board, executive and the viability of the organisation, and away from operational level decision making. Alongside each performance standard is a short narrative which sets out some more guidance on how that standard should be interpreted. The regulator will use the performance standards to make a judgement on the organisation’s capacity to improve.

**An annual statement of compliance:** A statement written by the board which sets out if it is satisfied or assured it meets all of the performance standards. Associations should ensure that they have an evidence base to support their annual statement of compliance. The regulator has a template compliance statement which can be used by associations should they wish.

**A clear regulatory judgement:** Regulatory judgments will be published at least annually for each housing association in Wales. This will include a judgement of each housing association’s ‘capacity to improve’ on governance and financial viability. Regulatory judgements will now include a co-regulation judgment level on governance (including service quality) and on financial viability. This judgement is based on the new performance standards.

**Self-evaluation:** Regular self-evaluations should continue to be undertaken and should be accessible to tenants.

**What information will the regulator use to develop its judgement about a housing association?**

The assessment will be based on the housing association meeting the performance standards. In cases where the performance standard is not met, there must be credible, achievable and time bound plans in place to manage and improve their performance and comply.

The regulatory will publish a co-regulatory status level for governance and financial viability as part of the regulatory judgement.

The key evidence to inform the regulator will be the compliance statement and the self-evaluation triangulated against information from a variety of sources.

**When will the new framework be implemented?**

The full framework is now in place and is being used by the regulator. In effect many housing associations have been using this new approach since January 2017 and the introduction of the new approach to regulatory judgements.

**Will there be a review?**

The framework is being piloted for one year. There will be a review and CHC encourages members to feed back their views on the framework during the course of this first year of implementation.

Please send views and comments on the new framework to [Clarissa-Corbisiero-Peters@chcymru.org.uk](mailto:Clarissa-Corbisiero-Peters@chcymru.org.uk)

**Community Housing Cymru  
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