Interim Evaluation of the Regulatory Framework for Housing Associations in Wales

Bob Smith, Pauline Card and Jacqui Campbell
Cardiff University & Shelter Cymru
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Purpose of the Research

To provide information for the Regulatory Board for Wales (RBW) about the process by which the Regulatory Framework for Housing Associations registered in Wales has been implemented – and to provide an early indication of its impact.
Objectives of the Research

- Effectiveness of the implementation of principles and key elements
- How far has working together been achieved?
- Sufficiency of Welsh Government resources
- Communication and use of Self-Assessments, FVJs and HARAs
- Value of FVJs and HARAs to other stakeholders
- Effective communication of HARAs
- Value of future regulatory engagement categories
- Nature and timing of regulatory re-assessment
- How far is regulation informing positive practice?
- Are RBW and TAP achieving their objectives?
- Contribution of key national stakeholders
- How can the Regulatory Framework be developed and improved?
Research Methods

- Documentary analysis
- Interviews with key informants (17)
- On-line survey of housing association chief executives (37)
- On-line survey of housing association Board chairpersons (30+)
- Focus groups (CML Cymru, CHC Regulation Network, Tenant Advisory Panel)
- Housing association in-depth case studies (3)
Research Findings
Principles underpinning Housing Association Regulation in Wales

- Service users should be at the heart of regulation
- Individual housing associations are required to take full responsibility for their own actions and ways in which they operate
- Regulatory Framework based on close working relationships
- High level of support for the view that the main elements of the regulatory framework provide a robust platform for regulation BUT
- Strong consensus that several aspects of the Framework require amendment
- Concerns that aspects of working relationships are highly variable and in some cases need to be improved
Principles in Practice: Findings

- High level of support for the view that the main elements of the Regulatory Framework provide a robust platform for regulation BUT:
- Concerns that aspects of working relationships and communication at different levels are highly variable and in some cases need to be improved
- Strong consensus that several aspects of the Framework require amendment
The Approach to Regulation

- Is it transparent and open?
- Is it proportionate?
- Is it consistent?
- Is it promoting learning and improvement?
- Is it collaborative (co-regulation)?
Welsh Government Resources for Regulation

- Are the Welsh Government resources for regulation sufficient?
- Issues of staff changes and staffing responsibilities
- The regional portfolios
- Capacity, skills and deployment of resources
Key Elements of the Regulatory Framework

- Delivery Outcomes
- Self Assessment
- Working with service users
- Relationship management
- Working with stakeholders

- Housing Association Regulatory Assessment (HARA)
- Regulatory engagement
- Regulatory Board for Wales (RBW)
- Tenant Advisory Panel (TAP)
Delivery Outcomes

- The move to outcomes (rather than outputs or activities) is widely supported.
- Delivery outcomes (and demonstration points) were endorsed by the housing association sector – as providing a structure for self assessment – but less support for how they are being applied in practice.
- No clear, consistent and shared understanding of the concept of delivery outcomes.
- Strong view that some are not really outcomes at all.
- At the level of the demonstration points (which underpin delivery outcomes) there is a view that there are too many and that these are too prescriptive.
- Lack of flexibility and consistency in seeking the evidence base to demonstrate achievement of delivery outcomes.
Self Assessment

- Self assessment seen as fundamental to any housing association – not just part of the Regulatory Framework.
- Those produced to date have been of variable quality – some are not particularly robust, have a weak evidence base; some need to be more self critical (and association Boards more challenging).
- In seeking to build a baseline database Welsh Government Housing Regulation Team have put in significant work with individual associations (beyond the role of the critical friend?) – taking resources away from other elements of the Framework.
Working with Service Users

- Housing associations in Wales engaging with tenants and service users in a number of different ways
- Evidence from research focus groups (albeit limited) suggests tenants find it difficult to distinguish between broad issues of participation and engagement and their specific involvement in regulation
- Some associations may need to do more at a strategic level if they are to ensure service users are at the heart of regulation
Effective relationship management (development of relationships between the Housing Regulation Team and individual housing associations) seen as a critical element of the Regulatory Framework.

Overall, housing association sector in Wales keen to see regulation as a collaborative venture, and one that is proactive rather than reactive.

So far the approach to relationship management has been variable and in practice it’s rather a mixed picture (some relationships are very good, some much less so).

The research has identified examples of very positive and productive relationship management – but also evidence of very limited and inconsistent relationship management.

In some cases delivering effective relationship management is proving difficult – not least because of resource constraints, staff changes and the ways in which available resources are being deployed (conflicts with delivery of HARA programme).
Working with Stakeholders

- Housing associations in Wales engaging with stakeholders in various ways (stakeholder surveys, face-to-face meetings etc.)
- A few associations disappointed that little account taken of evidence of stakeholder engagement in HARA process
- Examples of good practice – but some associations need to do more in terms of stakeholder engagement
The Housing Association Regulatory Assessment (HARA): The Process

- The programme of HARAs is proving very resource intensive – and seen as distorting the use of resources within the Housing Regulation Team and reinforcing a degree of disconnect between the Regulator and the housing association sector.
- There is a degree of surprise within parts of the housing association sector in Wales that the approach to regulatory assessment has become more inspection and audit based than was anticipated – with an emphasis on compliance.
- Views that the HARA is not always focusing on the right issues (and that significant parts of the business of individual associations are outside the scope of the Regulatory Framework).
- Concerns that insufficient care taken in the programming of individual HARA visits.
- Danger that the current approach to regulatory assessment is undermining the key principles of proportionality and consistency.
Housing Association Regulatory Assessments (HARAs): The Outputs

- Value of published HARA is seen as questionable (bland, insufficiently strategic, need to be clearer and more focused)
- FVJs seen as a fair reflection of the financial strength of housing associations – but also rather bland and could be tailored more closely to individual associations
- Little evidence that HARA reports or FVJs are widely used or relied upon by service users or other stakeholders (little external impact)
- Detailed (confidential) conclusions documents – some concerns that these were being used to feedback to associations already acknowledged limitations, and that insufficient regard given to the progress and ambition made by individual associations
Future Regulatory Engagement

- There is a widespread view that the use of “high”, “medium” and “low” future regulatory engagement is neither informative nor helpful.
- The tendency for most associations (so far) to be classified as “medium” is seen as counter intuitive.
- There is a lack of transparency as to what the assessment actually means in practice.
- When should reassessment take place? Different views (e.g. every 2-3 years, reassessment to be risk-based, stronger reliance on relationship management).
The Regulatory Board for Wales

- Perceived to have worked relatively well in holding the Regulator to account
- A view that the RBW needs to raise its external profile
- Needs to be more strategic and to do more in its wider role of considering the broader issues facing the housing association sector (welfare reform, managing risk, changing nature of funding/borrowing etc.)
- Differing views on membership of RBW: support for increasing the level of independent membership, unclear as to why two tenant focused organisations are on the Board (but not formally any housing association tenants), mixed views as to whether stakeholder members should be paid officers or elected members
The Tenant Advisory Panel (TAP)

- General perception is that it is working quite well (and that there is a strong commitment from individual members to ensuring regulation is tenant focused)
- TAP provides a valuable consumer focus on regulation
- Acknowledged problems of recruitment in some regions of Wales
- Mixed views as to whether TAP should be formally represented on RBW
- Needs to raise its profile with housing association sector (and tenants)
- Limited resources – which makes achieving a higher profile difficult
Conclusions and Issues for the Future

- **Principles**
  - Focus: more risk-based, greater emphasis on governance and finance
  - Learning lessons from regulation - promoting sector-wide positive practice
  - The deployment of Welsh Government resources
  - Communication, collaboration and trust

- **Delivery Outcomes**
  - Self assessment
  - Relationship management
  - HARA process and outputs
  - Regulatory engagement
  - Future assessment
  - RBW and TAP
  - Looking forward: research into action
CHC’s Response

Three priorities

• Reaffirm Co-regulation principles

• Build skills and capacity within the team

• HARA approach

Process

• Communication strategy

• Resurrect RAG

• More learning and knowledge transfer
And finally…………

- Where Next
- 3 Regional Seminars
- Action Plan
- Strategic Plan to Board 25th
  - 3 Groups to respond
  - Terms of Reference/Membership
  - Events in September