



Regulation of Registered Social Landlords (Wales) Bill

May 2018



The Regulation of Registered Social Landlords (Wales) Bill

The National Assembly for Wales unanimously passed The Regulation of Registered Social Landlords (Wales) Bill on Tuesday 8th May 2018. The Bill is intended to reverse the ONS' decision in September 2016 to classify Welsh housing associations as public sector for the purposes of national accounts, by amending or removing the government controls identified by the ONS. The Bill is expected to received Royal Assent and become an Act in June 2018, with the enactment to follow later in the summer.

What changes will the Act make?

1. Disposal consents

The Bill removes requirements for Welsh Ministers to consent to the disposal of land by a Registered Social Landlord, or former Registered Social Landlord. The existing consents regime will be replaced by a notification requirement, which Welsh Government are in the process of developing. Any notifications regime will not contain powers for Welsh Government to prevent disposals transactions, but Welsh Government will retain a monitoring role through the regulatory framework.

CHC are working closely with Welsh Government and the Regulatory Advisory Group on future arrangements; these will be confirmed prior to the enactment of the legislation in the summer.

2. Power to direct the permitted use of disposals proceeds

The Bill removes requirements on Registered Social Landlords to show separately in their accounts those funds raised through sale proceeds (i.e. The Disposal Proceeds Fund). Welsh Ministers will no longer have powers to direct the use of sums.

The Bill allows for transitional arrangements to be put in place to direct the use of any existing sums in disposals proceeds funds.

3. Constitutional changes, arrangements, restructuring and dissolution

The Bill removes requirements for Welsh Ministers to consent to certain constitutional changes, arrangements, restructures and dissolutions of RSLs. The existing consents regime will be replaced by a notification requirement, which Welsh Government are in the process of developing. Any notifications regime will not contain powers for Welsh Government to prevent disposals transactions, but Welsh Government will retain a monitoring role through the regulatory framework.



Section 4 of the Bill requires that upon presenting a notification of amalgamation or other structural changes, housing associations must also provide Ministers with a statement about the consultation carried out with tenants before passing the resolution to which the notification relates.

CHC are working closely with Welsh Government and the Regulatory Advisory Group on future notification arrangements; these will be confirmed prior to the enactment of the legislation in the summer.

4. Regulatory powers – enforcement

The Bill changes the threshold under which Welsh Ministers can take certain specific enforcement action against a housing association under the Regulatory Framework. Any Statutory Intervention under the framework will now be linked to situations whereby a housing association has failed to comply with a requirement imposed by, or under, an enactment, as opposed to the current threshold of misconduct or mismanagement.

5. Reducing Local Authority influence on housing associations

The Bill makes provision to:

- Limit reserved places for local authority appointees on any housing association board to a maximum of 24% of the total number of Board members
- Require that any resolution of the Board will not require more than 75% of votes cast to be passed
- Remove any requirement for local authority appointees to be present to achieve a quorate meeting
- Remove any controlling voting or any other rights of consent which a local authority or local authority appointees currently have, including as a member of the Board or as a shareholder of the housing association
- Remove voting rights of a local authority as a member of the housing association

These provisions will override any existing rights for local authorities to nominate Board places whether arising through the rule or contracts of a housing association.

What happens next?

Once the Bill receives Royal Assent, the ONS will carry out a further review of the classification status of Welsh housing associations. The ONS has



previously indicated that the Bill as first drafted would be sufficient to return housing associations to the private sector.

CHC will be working closely with Welsh Government on the future provisions that the legislation will bring forward, including notification requirements. We will continue to work closely with members through our Strategic Delivery Groups to influence this work, and communicate with members upon the announcement of the ONS' decision once it is confirmed.