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# The Regulatory Framework For Housing Associations Registered in Wales

(This Regulatory Framework applies to those housing associations registered and regulated by the Welsh Ministers under Part 1 of the Housing Act 1996)

2 December 2011

## Definitions

For the purposes of the Regulatory Framework:

- “Delivery outcomes” mean the standards of performance made under section 33A of the Housing Act 1996 (as amended by the Housing (Wales) Measure 2011);
- “Housing association” and “association” mean a registered social landlord;
- “Registered social landlord” (RSL) means a Welsh body registered with the Welsh Ministers under Part 1 of the Housing Act 1996;
- “Measure” means the Housing (Wales) Measure 2011;
- “Landlord” means a registered social landlord;
- “Service user” means someone who uses the services of a housing association, other than a tenant. It might include, for example, leaseholders, shared owners and users of support services;
- “the 1996 Act” means the Housing Act 1996;
- “Welsh Government” means the body set up under section 45 of the Government of Wales Act 2006 (“the 2006 Act”); and
- “Welsh Ministers” means the Welsh Ministers appointed under section 48 of the 2006 Act. Under Part 1 of the Housing Act 1996, the Welsh Ministers register and regulate registered social landlords.

Further information on the regulation of, and the regulatory framework for, housing associations is available from:

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# Contents

1. Introduction	1
2. Principles of the framework	3
3. The approach to regulation	6
4. Key features of the Framework	8
Delivery outcomes	9
Self assessment	9
Regulatory assessment	10
Financial Viability Judgement	11
Regulatory assessment report	12
Regulatory and enforcement powers	12
Publication of Financial Viability Judgements and Regulatory Assessment Reports	13
Appendix 1: The legal basis for regulation	14
Appendix 2: Effective self assessment	15
Appendix 3: Delivery outcomes	18
Appendix 4: Financial viability judgement process	22





# 1. Introduction

1.1 The Review of Affordable Housing in Wales (June 2008) recommended the development of a new Regulatory Framework for housing associations. The Welsh Ministers, housing organisations, and tenants' organisations have developed it together.

1.2 Housing associations provide affordable homes for thousands of people and a wide range of other services to meet their housing and related needs. This Regulatory Framework applies to housing associations registered with the Welsh Ministers.

1.3 The Regulatory Framework describes the principles, approach to regulation and its main features. It also explains how housing associations are assessed. The Regulatory Framework contains new "Delivery Outcomes" to be met by housing associations in connection with their functions relating to the provision of housing, and matters relating to their governance and financial management.

1.4 The Regulatory Framework is issued under sections 33A, 33B and the Welsh Ministers' functions under Part 1 of the Housing Act (see Appendix 1).

1.5 The Regulatory Framework replaces, the Regulatory Code for Housing Associations Registered in Wales (March 2006) with effect from 2 December 2011.

## What is "regulation"?

1.6 Regulation sets out the expectations to be met by housing associations, developing them to meet changing circumstances. It aims to ensure that they are met and, if not, that appropriate remedial action is taken, through formal intervention if necessary.


1.7 The regulation of housing associations is important. It helps ensure that tenants, potential tenants, and people who use services, get a fair deal. It protects them from poor or failing landlords and provides ways in which they can influence the way that associations work. It also encourages the continuous improvement of services.

1.8 More generally, a good regulatory framework helps to protect taxpayers by safeguarding the public funding invested in housing associations. It also gives lenders, such as banks and building societies, the confidence to provide loans to finance new homes and to improve existing homes. The legal basis for the regulation of housing associations is set out in Appendix 1.

## The purpose of the Regulatory Framework

1.9 The ultimate purpose of the Regulatory Framework is to ensure that housing associations provide good quality homes and services to tenants and others who use their services. It does this by ensuring that each association is:

- Well governed - led effectively and well managed by boards, executives, staff, tenants and partners, who work together to make and implement business decisions.

- 
- Financially viable - has the money to meet current and future business commitments and effectively manages its finances.
  - Delivering high quality services - providing services that meet people's needs and expectations and compare well with the quality of services delivered by other associations.

1.10 The Regulatory Framework is the means by which the Welsh Ministers assess each housing association, its work and the way it runs its business.

### **Who regulates Housing Associations?**

1.11 The Welsh Ministers regulate housing associations. A Housing Regulation Team has been established to undertake regulation activity on their behalf. The team is part of the Welsh Government's Housing Division.



## 2. Principles of the Regulatory Framework

2.1 There are three main principles behind the Regulatory Framework.

First, tenants are at its heart. The goal of the Regulatory Framework is that tenants and their families have decent, affordable, homes and receive high quality services. Second, housing associations are required to take full responsibility for their actions and the way they operate. Third, the Regulatory Framework is based on close working relationships between the Welsh Ministers, housing associations, their tenants and service users, and their key partners.

2.2 The Regulatory Framework puts tenants at its heart by:

- Ensuring that housing associations work with their tenants and people who use their services in planning, and assessing the quality of, services.
- Providing information that allows tenants and others to compare the performance of their housing association to that of others.
- Ensuring that the Welsh Ministers take account of the views of tenants and service users.

2.3 Housing associations are required to take full responsibility for their actions and the way they operate. This is achieved by making housing associations accountable to their tenants, to people who use their services, to those who lend them money, and to other organisations that play a vital role in meeting local housing needs, such as local authorities.

### Putting tenants at the heart of regulation

2.4 There are a number of ways in which tenants and other service users can find out about, get involved in and influence the work and decisions of regulation. They can:

- Take part in the assessments of their landlord and its services.
- Help the Welsh Ministers to gain a good understanding of their landlord.
- Use information from the assessments to ask questions about their landlord's work and services.
- Contribute to the work of the Welsh Ministers by taking part in quality testing of services; for example, "mystery shopper" exercises and surveys.
- Provide information and insight to members of the Tenant Advisory Panel, or even become a member of the Panel.

2.5 The Regulatory Framework places clear expectations on housing associations. The views of tenants and people who use services make a vital contribution to the Welsh Ministers' assessment of whether housing associations are meeting those expectations.

2.6 The Regulatory Board for Wales and the Tenant Advisory Panel play a vital role in the Framework.

## The Regulatory Board for Wales

2.7 The Regulatory Board for Wales is an advisory board set up by the Welsh Government to oversee the operation of the Regulatory Framework. It also reports on the way in which the Housing Regulation Team of the Welsh Government carries out its work.

2.8 The Chair of the Board is independent of government and organisations that operate in the field of housing. One of the members of the Board is also independent. Other members of the Board are representatives from a variety of organisations.

- Community Housing Cymru: the representative body for housing associations.
- Welsh Local Government Association: the representative body for local authorities.
- Welsh Tenants' Federation: the representative body for tenants.
- Tenant Participation Advisory Service Cymru: the leading tenant participation body.
- Council for Mortgage Lenders: representing the lenders to housing associations.

2.9 The Welsh Government's Housing Regulation Team provides the Board with an annual report on its regulatory activity. The Board then submits a report to the Welsh Ministers on the performance of housing associations and on the regulatory functions of the Welsh Government.


## The Tenant Advisory Panel

2.10 The Regulatory Board for Wales is supported by the Tenant Advisory Panel. The Panel comprises fifteen housing association tenants from across Wales. The Panel ensures that tenants' views, their concerns and their interests are reflected in the Board's work, thus helping to ensure that tenants are at the heart of the Regulatory Framework.

2.11 Members of the Panel actively seek the views of tenants across Wales by attending local and national events, meetings and conferences. This enables as many tenants as possible to be involved which, in turn, helps form a fuller picture of tenants' views.

## Working together

2.12 Partnership and close working relationships are essential to good regulation and already exists in Wales. The approach set out in this document reflects the shared interest of everyone involved in social housing, including housing associations, tenants and service users, lenders, representative bodies, and the Welsh Government. It provides the best possible means of ensuring that the goal of the Framework is achieved; that is, well run associations that are robust financially, provide high quality homes and services for their tenants, and continuously improve services.



2.13 The Welsh Government will develop a strong working relationship with housing associations based on openness, trust and challenge. That said, the prime role of the Welsh Government is to develop a robust, objective and independent view of associations.

2.14 The benefits of this relationship will include:

- Regular dialogue with housing association boards, staff, tenants, service users, and partner organisations.
- A full and rounded understanding of a housing association and its local activities, risks, priorities and circumstances.
- Early identification of actual or potential risks.
- A proactive approach which allows issues and problems to be tackled at an early stage and prevents things getting worse.
- Timely support and sharing of good practice which helps to ensure continuous improvement.

## 3. The Approach to Regulation

3.1 The Welsh Ministers, in their regulatory role are committed to:

- **Proportionality** - taking an approach that is based on risk and which takes into account local circumstances, local challenges and the track record of an association. It is not a “one size fits all” approach. The extent of regulatory activity at each housing association can and does vary.
- **Transparency and openness** - being clear on how regulatory decisions are made and action taken, and working in a way that encourages sharing of information in an open and constructive manner.
- **Consistency** - ensuring that action and decisions are consistent across the housing association sector whilst taking into account local circumstances; and
- **Promoting improvement and learning** - providing insight and challenge, to help individual associations to improve, and sharing learning from regulatory activity to promote improvement by associations as a whole.

### Proportionality - A Risk Based Approach

3.2 In arriving at their decisions, the Welsh Ministers will consider the main risks identified. They will prioritise those in terms of:


- The likelihood a risk will materialise.
- The impact - scale and significance - if it did.
- The ability of the housing association to manage and deal with the risk.

3.3 When considering “impact”, the Welsh Ministers will take into account:

- How tenants and service users would be affected?
- The vulnerability of affected tenants and service users.
- The extent to which the community relies on the association for services and amenities.
- The association’s size - the number of homes it manages and the number of tenants it has.
- The amount of public money the association receives.
- How long the association has been operating?
- The amount of private loan finance provided by lenders and committed for the future.

3.4 Views on the ability of a housing association to manage and deal with risks will be informed by:-

- The association’s track record in managing change and improvement, handling challenging issues and making difficult decisions.
- Confidence in the Board and the senior management team.
- The association’s track record in dealing with other issues that have been raised as a result of previous contact.



3.5 The level of regulatory contact will be categorised as “low”, “medium” or “high”. Medium or high levels of regulatory contact will be tailored to the needs of the individual housing association and can involve:

- Enhanced regulatory contact.
- Increased scrutiny and testing of the self assessment.
- Increased scrutiny of financial submissions.
- Inspection of one or more element of an association’s activities.
- More formal responses or interventions.

## Transparency and openness

3.6 As well as being open about the way the Welsh Ministers work, the nature of the relationship between an individual housing association and the Welsh Government Regulation Team means that information is shared on a regular basis. For example, the findings of the annual regulatory assessment should come as no surprise. Much of what is concluded from the assessment of available information will already have been the subject of discussion. The Welsh Government will ensure that assessment findings are discussed fully with an association prior to publication of the Welsh Ministers’ annual Regulatory Assessment report.

## Consistency

3.7 Ensuring consistency in a regulatory framework that is not prescriptive, and which tailors its approach to reflect the particular local circumstances, priorities and aspirations of individual housing associations, is challenging but important. The Welsh Ministers will do this through quality assurance and moderation.

## Learning and Improvement

3.8 Promoting learning and improvement is a key element of the Regulatory Framework. The success of regulation is judged by many on whether it makes a difference to tenants, communities, housing associations and their many partners. A clear commitment to continuous improvement is fundamental to making that difference.

3.9 Innovation and good practice identified through regulatory activity will be communicated to those who can benefit from it. Its take up is encouraged. By considering performance across all associations, common issues can be identified, for further investigation where necessary, and can inform improvements to specific activities, services or practices.

3.10 Research and evaluation will be used to help build a detailed understanding of risks to the sector and to individual associations and produce evidence of outcomes and benefits for tenants and service users. This helps to stimulate improvement activity and share good practice and learning.

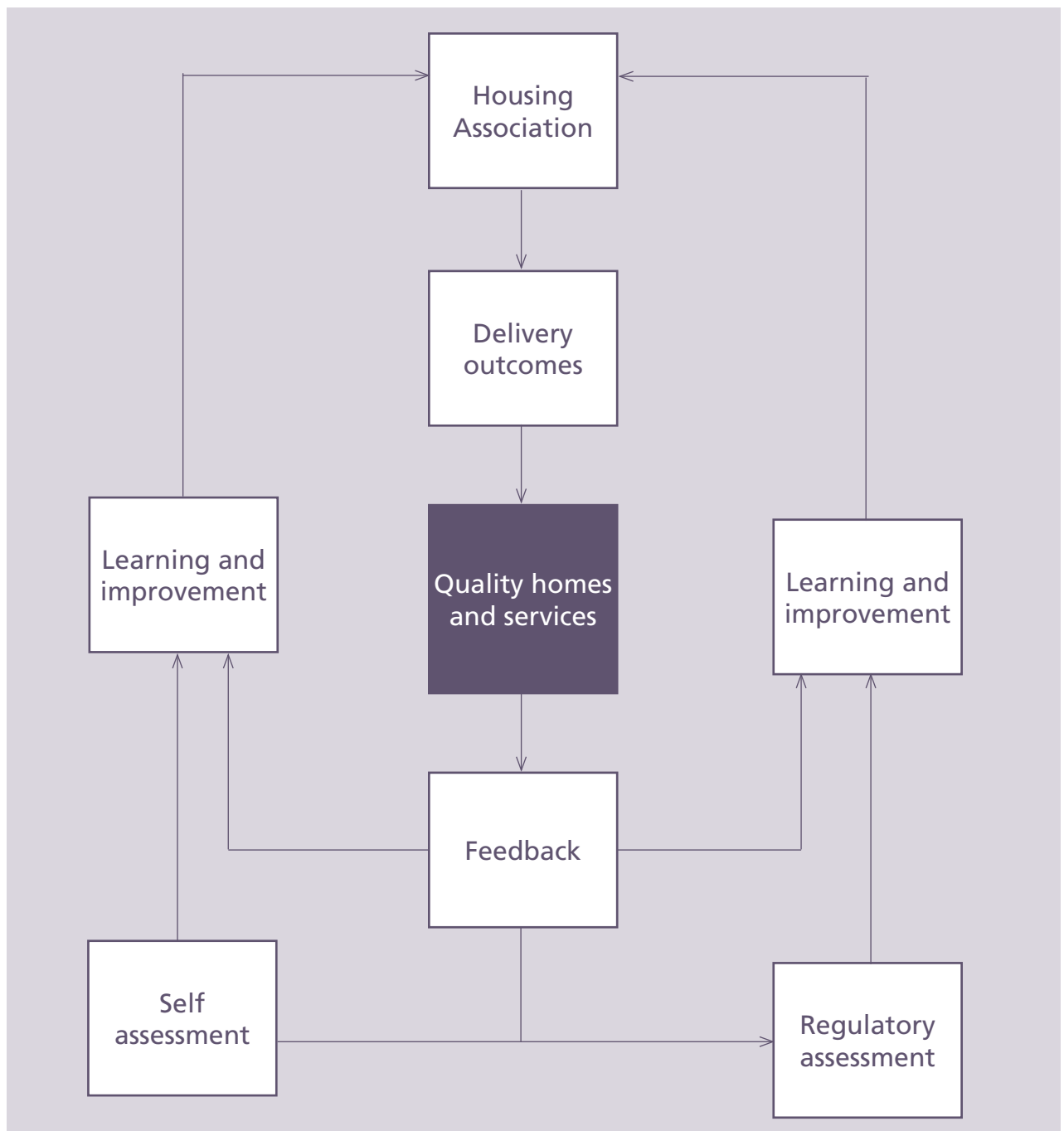
3.11 In the same way that housing associations are expected to improve, so too is the approach to regulation. The Regulatory Framework will evolve over time as housing associations and the Welsh Ministers reflect on its implementation.

## 4. Key features of the Regulatory Framework

4.1 The key features of the Regulatory Framework are:

- Delivery outcomes.
- Self assessment.
- Regulatory assessment.
- Financial viability judgement.
- Regulatory assessment report.
- Regulatory and enforcement powers.
- Publication of Financial Viability Judgements and Regulatory Assessment Reports.

4.2 The goal is to provide quality homes and services to tenants and other service users. The different elements of the Regulatory Framework work together to achieve this.





## Delivery outcomes

4.3 The full set of Standards of performance are set out in Appendix 3. The standards of performance called “delivery outcomes” are set by the Welsh Ministers in accordance with section 33A of the Housing Act 1996. Failure to meet “delivery outcomes” is one of the grounds for the Welsh Ministers to use the new regulatory and enforcement powers contained under the Housing Act 1996, as amended by the Measure (see paragraphs 4.30 to 4.32 below).

4.4 The “delivery outcomes” reflect the Welsh Government’s commitment to citizen-centred principles of governance and better services for people who use them and are set out as follows:

- Part A: Governance and financial management.
- Part B: Landlord services - how we deliver efficient and effective landlord services.

4.5 Self assessment should be based on “delivery outcomes” which focus on:

- What is being achieved not how it is being achieved.
- The difference that a housing association is making to its tenants and others who use its services, not its strategies, processes and activities.

4.6 The Welsh Ministers expect housing associations to achieve “delivery outcomes”. However, it is for an association to decide locally, working with tenants and other service users, how it will achieve those outcomes. This approach, and the “delivery outcomes” have been developed in partnership with the housing association sector and been endorsed by Community Housing Cymru.

4.7 The purpose of the “delivery outcomes” are to:

- Improve accountability by letting tenants and service users know what they should expect from their housing association.
- Provide a structure for self assessments and for their review by the Welsh Ministers.
- Drive upwards the quality of services.

## Self assessment

4.8 All housing associations are expected to carry out a regular self assessment which evaluates their performance on service delivery, governance, and finance, and proposes improvement action. Detailed requirements and expectations are set out in the Welsh Government Circular RSL 33/09 and its related cover note. The Welsh Ministers expect housing associations to publish their self assessments in a way that is readily accessible to tenants.

4.9 Self assessment is the core evidence used in the regulatory assessment. A robust, evidence based, challenging self assessment is thus an important element of the Regulatory Framework.



## Effective self assessment

4.10 There is no prescribed format for self assessment. Each housing association may tailor its approach to meet its own needs and those of its tenants, service users and partners. However, an effective self assessment should:

- Have a strong focus on the needs and aspirations of tenants and service users.
- Provide clear evidence of involvement from tenants and service users in checking and agreeing the conclusions of self assessments.
- Be owned and driven by an association's Board.
- Have a strong element of challenge from both inside and outside the association.
- Focus on strategic issues, not on the detail of delivery.
- Be a fundamental and integral part of the association's business planning, not merely something done to meet the requirements of the Welsh Ministers.
- Be based on clear and solid evidence.

4.11 Working closely and effectively with tenants and people who use services to assess the outcome(s) of those services is a fundamental part of self assessment. Housing associations are expected to demonstrate this.

4.12 More information on effective self assessment is set out in Appendix 2.

## Regulatory assessment

4.13 Each year, the Welsh Ministers will produce a Housing Association Regulatory Assessment for each association. The Assessment forms the basis of a published report. Associations are expected to inform tenants and service users of its publication via their usual channels of communication.

## Information collected


4.14 A wide range of information is collected. It is used to build a rounded picture of individual housing associations and the sector as a whole.

4.15 The core evidence for the annual regulatory assessment is provided by a housing association's self assessment. This is combined with other information on associations obtained from a wide variety of sources.

4.16 Information collected will include "hard" information, from formal sources, and "soft" information, from regular contact with housing associations and their tenants, staff, service users and external partners. Both are important to a full assessment.

4.17 "Hard" information includes:

- Financial information, such as management accounts, statutory accounts, private finance returns and 30 year forecasts.

- 
- Other external judgements and reviews, such as external audit opinions and management letters, reports by the Public Service Ombudsman for Wales, reviews by lenders, such as banks and building societies, and recognised accreditations, such as Investors in People.
  - Evidence from specific evaluations, audits, and reviews by, for example, the Welsh Government or Auditor General for Wales.
  - Published, sector-wide performance information and statistics.

4.18 “Soft” information includes information, comments and views obtained from:

- Ongoing contact with the Boards of housing associations, their staff, tenants and service users, members of the local community, and from other organisations, such as local authorities and contractors working with housing associations.
- Contact with representative bodies in the housing association sector and others, such as the Welsh Language Board and the Welsh Local Government Association.
- Contact with other departments in the Welsh Government.
- Contact with lenders.
- Feedback from the Tenant Advisory Panel.

4.19 A variety of methods is used to ensure that the experience and perspective of tenants and service users is fully understood. These include on-site listening and observation, surveys, reviewing information provided by associations to tenants and service users, and “mystery shopping” exercises carried out by tenants and service users. Further tenant perspectives are provided through the work of the Tenant Advisory Panel. Complaints made by tenants and service users are considered as is any information provided by “whistleblowers”.

## Using the information

4.20 The different types of information collected help ensure a rounded view of an association and an understanding of the experiences of tenants and service users. This allows the findings of self assessments to be challenged, leading to robust regulatory assessment.

4.21 The regulatory assessment requires decisions to be made on:

- Financial viability - a formal judgement.
- The appropriate level of ongoing regulatory contact.
- Action that may be required, such as improvement support, remedial action or, if necessary, formal intervention by the Welsh Ministers.

## Financial viability judgement

4.22 The financial element of the regulatory assessment is undertaken throughout the year and culminates in a financial viability judgement. This is the only formal judgement. The judgement is issued to each housing association at the end of March each year.

4.23 There are three categories of financial judgement: “pass”, “pass with closer regulatory monitoring”, or “fail”.

4.24 Where a judgement of “fail” applies, the Welsh Ministers will have already been working closely with the association to address the underlying issues. Where the judgement is “pass with closer regulatory monitoring”, the Welsh Ministers are of the view that additional work and/or scrutiny, is required to provide stronger assurance on financial viability.

4.25 The remainder of the regulatory assessment is undertaken on an annual cycle. The timing for an individual housing association is agreed with the Welsh Ministers.

### **Regulatory assessment report**

4.26 For governance and service delivery, there are no formal judgements. The annual regulatory assessment report on each association provides:

- An assessment of the level of regulatory involvement required over the forthcoming year; that is: “low”, “medium” or “high”.
- A brief, robust, narrative evaluation of governance and service delivery focussed on outcomes for tenants, service users and communities, and tailored to local circumstances.

4.27 The regulatory assessment provides a simple, clear, easy to understand, and independent view of an association’s performance.

4.28 The report:

- Summarises an association’s strengths and areas for improvement.
- Outlines the level of regulatory contact required in the following year, specifying the level of contact as set out above.
- Explains the reasons for the level of contact stated and describes the nature of that contact.
- Reaffirms the financial viability judgement.

4.29 Housing associations have the opportunity to discuss the financial viability judgement and regulatory assessment findings at the draft stage. Should an association disagree with the judgement or assessment findings, it has the opportunity to provide further information or seek clarification. Published financial judgements and regulatory assessment findings are final.

### **Regulatory and enforcement powers**

4.30 It is anticipated that, given their very clear commitment to providing quality homes and services, housing associations will act voluntarily to address any matters of concern identified through regulatory activity. However, should this not be the case, the Welsh Ministers have the powers to intervene, to require appropriate action to be taken. These powers are contained in the Housing Act 1996, as amended by the Measure.

4.31 It is anticipated that the powers will rarely be used. However, they exist as a further safeguard to the interests of tenants and others. By way of examples, the Welsh Ministers’ action(s) could include:

- Appointing an interim manager.
- Commissioning additional inspections to obtain evidence.
- Commissioning additional surveys.
- Issuing an enforcement notice which requires action to be taken to address a problem within a specified timescale.
- A financial penalty if an association fails to comply with requirements imposed on it by an enforcement notice.
- Payment of compensation to individuals or groups affected by a housing association's failure to meet standards or to comply with undertakings.
- Requiring management functions to be put out to tender.
- Requiring transfer of management function to a specified person.
- Appointing an individual to manage a housing association.
- Appointing a new director of an association.
- Requiring the merger of a housing association with another association.
- Restricting certain dealings of an association during an inquiry.
- Directing an inquiry into an association's affairs.
- Petitioning to wind up an association.

4.32 The circumstances in which particular intervention powers would be used depend on the matter(s) in question. The Welsh Ministers' response will always be tailored to the specific situation and circumstances.

### **Publication of Financial Viability Judgements and Regulatory Assessment Reports**

4.33 Each housing association will publish its Financial Viability Judgement and Housing Association Regulatory Assessment report in full on the association's website on the 10th working day from the date of receipt. There will be a clear sign posting link/access for web users.

4.34 Each housing association will keep the Financial Viability Judgement and Housing Association Regulatory Assessment report available on the website continually until the next Financial Viability Judgement and Housing Association Regulatory Assessment report is issued.

4.35 Each housing association will communicate the outcome of the Financial Viability Judgement and Housing Association Regulatory Assessment report to its service users and other stakeholders e.g. via newsletters, etc.

4.36 The Welsh Government will also publish the Financial Viability Judgement and Housing Association Regulatory Assessment reports on the Welsh Government website on the 10th working day from the date of issue. There will be a clear sign posting link/access for web users.



## Appendix 1: The Legal Basis for Regulation

The Welsh Ministers have general functions under section 75 of the Housing Associations Act 1985 (as amended), such as to facilitate the proper performance of the functions of registered social landlords and to maintain a register of social landlords and to exercise supervision and control over such persons. The Welsh Ministers must exercise their general functions subject to and in accordance with the provisions of the Housing Associations Act 1985 and Part 1 of the Housing Act 1996 (as amended by the Measure).

The Welsh Ministers have powers under the 1996 Act to regulate registered social landlords in Wales. Part 1 of the 1996 Act is amended by Part 2 of the Measure and provides the Welsh Ministers with enhanced regulatory and intervention powers concerning the provision of housing by registered social landlords and the enforcement action that may be taken against them.

Under section 33A(1) of the Housing Act 1996, the Welsh Ministers may set standards of performance to be met by registered social landlords in connection with their functions relating to the provision of housing and matters relating to their governance and financial management. Under section 33B (1) of the 1996 Act, the Welsh Ministers may issue guidance that relates to a matter addressed by a standard, and amplifies the standard. Section 33A of the 1996 Act requires the Welsh Ministers to consult various bodies before setting section 33A standards or issuing section 33B guidance.

There are enhanced enforcement powers in Chapter 4A of Part 1 of the 1996 Act providing enforcement action the Welsh Ministers can use against registered social landlords.

The Regulatory Framework sets Standards of performance (“delivery outcomes”) under section 33A of the 1996 Act and gives guidance under section 33B (see paragraphs 4.3 to 4.7 and Appendix 3).



## Appendix 2: Effective self assessment

### 1. Introduction

All housing associations are expected to carry out a regular self assessment framed around delivery outcomes. The self assessment evaluates performance on service delivery, governance and finance. Its findings are used for improvement action.

**Self assessment provides:**

- The primary evidence for the Board, tenants and service users, lenders, key partners, and the Welsh Ministers, that delivery outcomes are being achieved.
- The core evidence base for regulatory assessment.
- Individual approaches to self assessment should be developed to allow for local needs and circumstances.

### 2. Self assessment basics

- Self assessment should be an ongoing activity not an annual one-off exercise. There is no annual submission of self assessments to the Welsh Government.
- Self assessment should be an integral part of the housing association's business planning. It should not be done purely for the Welsh Ministers and should not be an "add-on" to existing business and performance processes.
- There is no prescribed format for self assessment. Associations can develop an approach to self assessment that best meets their needs and those of their tenants, service users, and partners. The approach should clearly demonstrate performance relative to delivery outcomes.
- Effective self assessment requires robust internal and external challenge. Associations are expected to demonstrate clearly that they have worked closely with staff, tenants and service users, and key external partners in putting together their self assessment.
- Self assessments are underpinned by evidence.

### 3. What makes an effective self assessment

- **Active board engagement and ownership of the self assessment.**

Self assessment should be driven and owned by the Board. It needs to oversee, inform and influence the self assessment, challenge the findings and own the results and improvement priorities identified.

- **Engagement with residents and other service users, staff and key external partners.**

All those with a key interest in the work of an association should be involved in order to provide the challenge needed for a robust self assessment.

- **Objective assessments of performance based on outcomes, or end results, for tenants and service users.**

Simply describing action taken on a particular service does not lead to robust self assessment. Self assessments should reflect what's been achieved, what's changed, what difference has been made.

- **Evidence.**

Self assessments should include evidence that demonstrates the outcomes achieved. The specific evidence obtained may vary between housing associations but should be drawn from a wide range of internal and external sources.

- **Clear focus on the issues and services that matter most to your tenants and service users.**

Good governance and financial viability are essential but so too is a clear focus on what matters most to your tenants and service users. Self assessment should reflect the priorities of tenants and service users.

- **Focus on wider community outcomes.**

Self assessment should consider the association's contribution to the delivery of broader community and strategic priorities, such as Community Strategies, Health, Social Care and Wellbeing strategies, and Children and Young People's Plans.

- **Effective improvement action.**

Effective improvement action requires clarity on what needs to be done, roles and responsibilities, timescales, and resources. Review and evaluation should be considered at the outset in order to provide evidence of the benefits and impact.

- **Strategic focus.**

Self assessment should not focus on the detail of day-to-day activities but should focus on the association's strategic activities that provide outcomes for its tenants and service users.

- **A live document and planning tool.**

Self assessment should be aligned to the association's strategic and operational planning and updated as circumstances and performance change.

#### **4. Self assessment questions for the Board**

The following questions will help boards decide whether they have a robust self assessment.

- Have we been honest, self critical and challenging in reaching our conclusions?
- Does our organisation have the right culture and values to ensure we meet our aims and objectives?
- Are the conclusions of our self assessment supported by sound evidence?

- Does the self assessment provide us with a comprehensive overview of the association covering all the areas that tenants, members, staff, partners, funders and regulators expect the Board to consider?
- Has there been sufficient involvement of tenants, members, staff, funders and partners in the self assessment?
- As a board, do we fully understand the business and financial risk environment(s) we operate in and are we confident we are managing those risks effectively?
- Are there agreed priorities that respond to the conclusions of the self assessment?
- Do board arrangements ensure that action is taken on identified areas for performance improvement within the housing association's normal business planning framework?
- Has the process followed enabled the board to take responsibility for, and ownership of, the assessment conclusions?
- Could the ownership of the assessment by the Board be improved and, if so, how?
- Are there any other ways in which our self assessment process could be improved?

And linked to the three core areas of the self assessment ...

- Are the services we provide to tenants, leaseholders and the public of high quality and improving?
- Are we financially viable in both the short and long term, despite possible changes to the external environment beyond our control?
- Do we have effective governance in place to ensure that we meet our aims and objectives, that our services will improve, and that we will remain financially viable?

## 5. Group arrangements

All organisations within a group structure; that is, the parent organisation and all subsidiary organisations, should be included in one composite self assessment. Self assessment of financial viability, management, and the overall governance of each element of the Group, should be key features irrespective of any specific service delivery focus for associations within the Group. Depending on the specific nature of its business, some delivery outcomes will not be relevant to certain part(s) of the group.

Any risks associated with the activities of one part of a group that could adversely affect other parts or the group as a whole should be identified, together with the controls in place to mitigate the risks.

To avoid doubt, a housing association with fewer than 250 properties that is part of a group should be included in the Group's self-assessment. Financial viability judgements and regulatory assessment findings are provided at a Group level.

*Source: Information taken from Circular RSL 33/09, which was issued by the Welsh Government in October 2009.*

## Appendix 3: Delivery outcomes

The “delivery outcomes” are set by the Welsh Ministers in accordance with section 33A of the Housing Act 1996. The “delivery outcomes” must be met by housing associations in connection with their functions relating to the provision of housing and matters relating to governance and financial management. Failure to meet a “delivery outcome” is a ground for exercising the enforcement powers contained in Chapter 4A of Schedule 1 to the Housing Act 1996.

### Part A: Governance & Financial management

#### **We place the people who want to use our services at the heart of our work - putting the citizen first.**

We can demonstrate that:

- We know our current and potential service users and tailor our services and activities accordingly.
- We encourage and support early tenant and service user involvement in shaping our services, reviewing our performance and developing our plans for the future.
- We have a clear focus on outcomes for the people who want to use our services and take into account their current and future requirements, circumstances and barriers they face.
- We are easy to contact, respond in a timely, efficient manner and ensure unnecessary contact is avoided.
- We make it easy for people to understand what to expect from our services and how to access them.
- We communicate information and advice in an appropriate, timely, effective manner, readily understood by the communities we serve.
- We value and are responsive to the views of the people who want to use our services.
- We are accountable to our tenants and service users.
- We make it easy for people to tell us when things go wrong, or to make a complaint, so we can quickly put things right. We learn from complaints, using them to improve our services.

#### **We live public sector values, by conducting our affairs with honesty and integrity, and demonstrate good governance through our behaviour.**

We can demonstrate that:

- We are open about what we do, and publish balanced information about our activities.
- We provide information on request, in an accurate, timely and efficient way unless there are justifiable reasons for withholding it.
- Our activities and services reflect the diversity of the communities where we operate, are free from discrimination and promote equality of opportunity.
- We treat the Welsh and English languages on the basis of equality.
- We improve economic, social and environmental circumstances in the local community.

## **We make sure our purpose is clear and we achieve what we set out to do - knowing who does what and why.**

We can demonstrate that:

- We have strong, accountable leadership, with clear, informed, transparent decision-making to ensure we achieve our purpose.
- Our governing body exercises proper control over our activities, and acts in the best interest of the organisation and its tenants and service users.
- We are independent from other bodies (unless we are a subsidiary RSL) and operate in line with an appropriate constitution.
- The whole organisation is aligned to delivery of its purpose and has the capacity, skills and tools to deliver successfully.
- We achieve value for money in delivery and procurement, to make best use of our own and public resources.
- Our planning, self-assessment and performance management supports delivery of our purpose, and ensures we continually improve.
- Our culture supports the delivery of our purpose and outcomes, innovates, seeks new ideas and evaluates learning from others.

### **For Group Structures only**

- Our group structure supports the delivery of our purpose and efficiently manages resources for the benefit of tenants, service users and the wider community.
- We are explicit about interdependencies within the group, have clear and separate identities, control potential conflicts of interest and ensure our assets are not put at risk by subsidiaries.

## **We are a financially sound and viable business.**

We can demonstrate that:

- We are adequately resourced to meet current and future business and financial commitments.
- We have a robust financial management framework.
- We can identify and appraise risks and prudently manage those risks.
- Our activities demonstrate the highest standards of financial probity.

## **We engage with others to enhance and maximise outcomes for our service users and the community.**

We can demonstrate that:

- We engage with all relevant parties and organisations and embrace the principles of partnership working to enhance our delivery.
- We work collaboratively, and form appropriate alliances to develop and deliver enhanced services, managing risks appropriately and protecting our housing assets.
- We have a strong relationship with Local Authorities in the geographical areas where we operate, that enable us to find effective solutions to local issues, and improve outcomes for communities.
- Our work supports the Local Authority in the delivery of its strategic housing role.

## Part B: Landlord services - how we deliver efficient and effective landlord services.

### **We build and renovate homes to a good quality.**

We can demonstrate that:

- We build good quality housing which is sustainable and meets the long-term needs of the area in which it is to be built and of existing and intended residents.
- Our proposals for new and renovated homes demonstrate financial viability and represent value for money now and in future. We consider risks and manage them to protect our core housing activity.

### **We let homes in a fair, transparent and effective way.**

We can demonstrate that:

- We manage our homes to ensure that they are in demand, maintained, modernised and adapted, as people's needs change. We ensure that our adapted homes are available to those who need them.
- We keep empty homes to a minimum to maximise the number of homes available and our revenue.
- We work with other organisations to prevent and alleviate homelessness.
- We ensure that access to our homes is fair and open, and we work with others to ensure routes into our housing are well publicised, easy to understand and simple to use. We give reasonable preference to those in greatest housing need or are homeless, maximising choice and sustaining communities.
- We let homes we are proud of. Our ready to let homes meet resident expectations prior to moving in or as soon as practicable thereafter.

### **We manage our homes effectively.**

We can demonstrate that:

- We use the most secure form of tenancy compatible with the purpose of the housing.
- We make clear the rights and duties of the tenant and landlord from the start of a tenancy, and act to uphold these rights and duties in a fair and responsible manner.
- We know and are responsive to people's individual housing support needs and help them to sustain their tenancies.
- Our rents are affordable to households on low incomes, take account of the costs of managing and maintaining our houses, and enable us to service borrowings.
- We set, apportion and collect rents and service charges in a clear, fair and accountable manner, giving a say on the nature and quality of services we provide which are not covered by rent.
- We support tenants to prevent arrears of rent and service charges arising and act quickly to avoid arrears building up. We recover any arrears fairly and effectively, whilst helping tenants to meet their due payments.
- Neighbourhoods, where our properties are located, are attractive, well-maintained, safe places to live, where people want to settle and stay and provide a good quality of life for our tenants and their neighbours.



**We repair and maintain homes in an efficient, timely and cost effective way.**

We can demonstrate that:

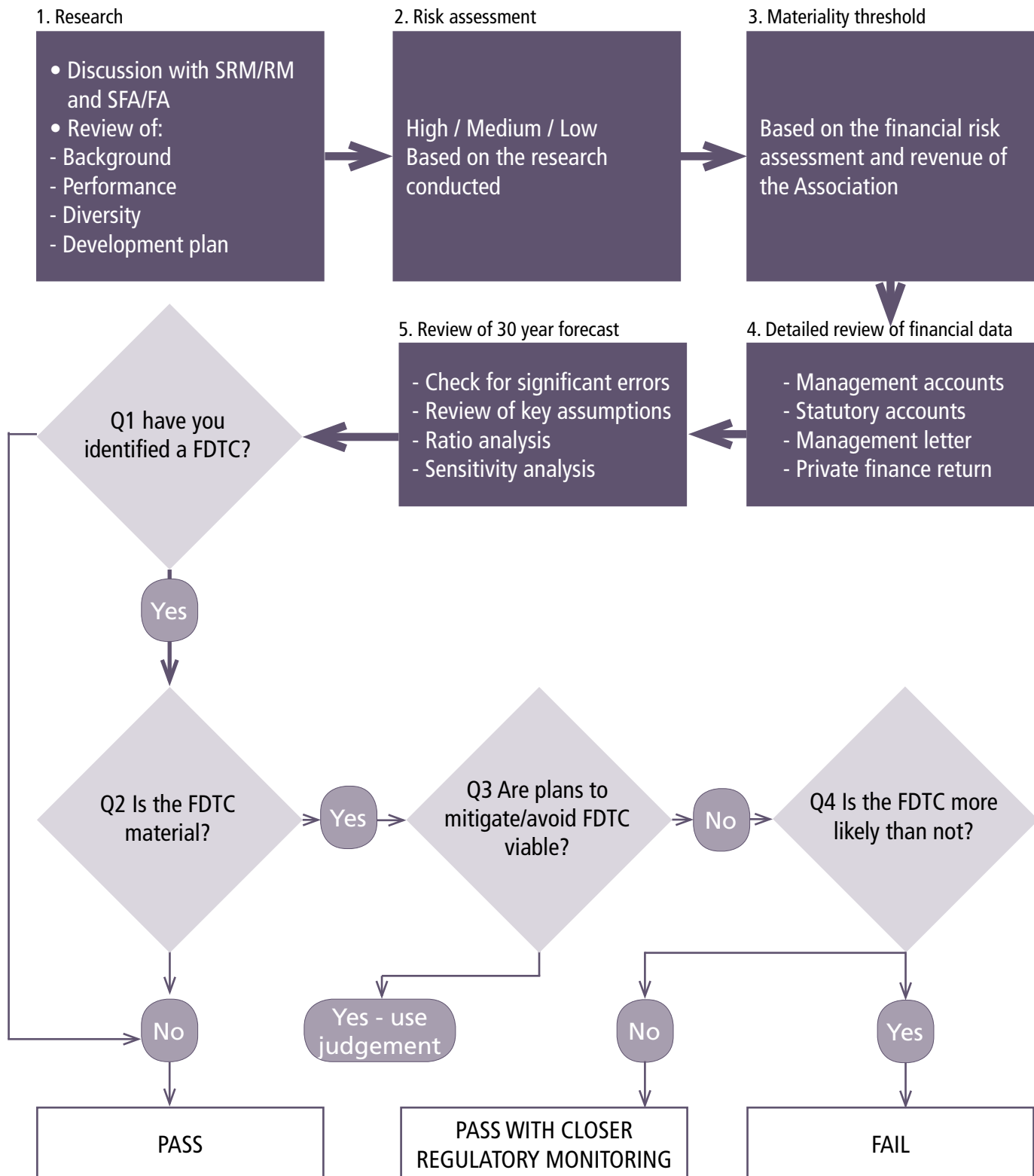
- We have deliverable and affordable plans for the lifetime maintenance and improvement of our houses.
- We deliver maintenance programmes efficiently and effectively.
- We provide an efficient and effective responsive repairs service which meets the requirements of our tenants.

**We provide fair and efficient services for owners.**

We can demonstrate that:

- We sell houses fairly and efficiently through Right-to-Buy/Right to Acquire schemes.
- We provide fair, efficient and effective services to leasehold and shared ownership owners.

# Appendix 4: Financial Viability Judgement process



A financial distress trigger condition (FDTC) is an event in the forecast model which would, if actually experienced, place the Association (or Group) in significant financial difficulty. This situation may occur in the base 'Association case' forecast or in any of the scenarios run.

SRM = Senior Regulation Manager; RM = Regulation Manager; SFA = Senior Financial Analyst; and FA = Financial Analyst