

Local Government and Housing Committee Paper Ref No LGH 0603 (p3)

Date: Wednesday 19 March 2003

Venue:

Title: Review of the Regulation of Housing Associations Consultation Exercise

Purpose

The Committee is asked to note the attached consultation paper (published January 2003) setting out proposals for a new approach to the regulation of housing associations and is invited to make any comments as part of the consultation exercise. The consultation period runs until 25 April 2003, and the Committee is invited to comment on the paper within that timescale.

Summary

The National Assembly is the regulator for housing associations in Wales. The paper sets out the Assembly Government's proposals for how this responsibility should be discharged in future.

It sets out the Assembly Government's *aims* in relation to housing associations:

- regulate and promote a housing association sector which has effective governance, management and service provision
- encourage continuous improvement and customer focus in the delivery of services
- support quality, affordability and choice for housing association customers in line with "Better Homes for People in Wales"

It proposes the following *objectives* for regulation of housing associations:

- protect
 - the interests of residents and customers
 - public and private investment
- promote
 - the provision of good quality homes
 - high standards of service delivered by viable, open and accountable organisations
 - safe and sustainable communities
 - the public image of housing association housing
 - value for money
 - equality of opportunity, social inclusion and sustainability in the delivery of social housing

It describes how these objectives will be met through:

- setting out fundamental obligations (in the Regulatory Code) and ensuring these are met (through regulation and inspection), and
- encouraging continuous improvement (through Best Value) and the adoption of positive practice beyond the fundamental obligations

In devising our approach to achieving the objectives, we have worked to the following *principles*:

- where possible regulator and association should work in constructive partnership, and regulation should be beneficial to both
- there should be regular contact between the Assembly Government and housing associations throughout the year, with 'no surprises'
- regulation should concentrate on outcomes with less emphasis on processes and should look at organisations as a whole rather than as a collection of functions
- plans for regulation and inspection should be based on risk assessment, and responses should be proportionate to risks. The assessment of risk will be transparent and based on evidence
- the regulatory process should be conducted in as open a way as possible – with associations accountable for their performance and the Welsh Assembly Government accountable for its judgements and actions
- there should be a greater emphasis on the views of customers, and tenants should be involved in the inspection process
- lessons learnt from regulation should be publicly disseminated and used to develop policy. This will not include 'naming and shaming' associations
- the Welsh Assembly Government should make the best use of resources, and keep bureaucracy to a minimum

The new regulatory framework (for associations with more than 100 units/bedspaces) will involve the following key elements:

- The Regulatory Code which sets out the fundamental obligations of housing associations in Wales, and the kind of evidence that the Assembly Government will look for to demonstrate that associations are fulfilling the fundamental obligations. The Code is intended to allow innovation and responsiveness to local circumstances, and focuses as far as possible on outcomes, not processes, to allow housing associations to achieve objectives in the way most suitable to them and their customers.
- A lead contact within the Housing Directorate for each association called a Regulation Co-ordinator, who will maintain regular contact throughout the year with the association at a strategic level, including an annual meeting with the Chief Executive and Chair, and will annually collate and assess information about the performance of the association. The Regulation Co-ordinator will produce a whole-association analysis and a risk assessment, and will agree with the association a forward plan for regulation and inspection for the following financial year based on the risk assessment
- For each association, the whole-association analysis will draw on a range of information, including self-assessment by associations against the Regulatory Code, and will lead to a risk assessment by the Regulation Co-ordinator using the risk assessment matrix
- The assessment of performance through inspections, leading to published reports. The scope, focus and intensity of inspection will be informed by risk assessment, but all associations will be subject to some level of inspection at least every 5 years.
- Ongoing financial audit based on the existing system of desktop analysis and review of statutory and regulatory returns
- Ongoing development scheme audit based on the existing system of assessment of 10% of the programme each year
- Ongoing Supported Housing Revenue Grant audit based on on-site reviews of supported housing schemes
- Sector studies where areas of concern are raised by a number of Regulation Co-ordinators in relation to a number of associations, or where the Assembly Government wishes to assess the degree to which a policy initiative has been implemented
- Support for landlords through regulatory advice, for instance on how to comply with the Code or on specialist areas. Where necessary, in order to

achieve improvement, intervention.

There will be less intensive arrangements for the regulation of smaller associations.

Background

The National Housing Strategy *Better Homes for People in Wales* made a commitment to reviewing the regulation of housing associations.

Regulatory Requirements was published in 1997 and needed updating. This provided an opportunity to overhaul our whole approach to regulation of housing associations. The main reasons for doing this were:

- *Changes in the housing association sector* - the established associations are now relatively mature, giving confidence in a more strategic approach; but any new large associations emerging through stock transfer would require more intensive regulation.
- *Lender, public and customer perceptions* – there is a need to look at the messages we send out about our regulation and to better publicise our work and celebrate the strengths and successes of the sector.
- *Good practice* – There is an opportunity to benefit from experiences and new thinking from elsewhere, and in particular a consensus that we should adopt a more outcome-based rather than process-based approach
- *Effective use of limited resources* – with increased emphasis on policy work and support within Welsh Assembly Government, there is a need to rethink how staff time available for regulation can be targeted most effectively.

Contact Point: Tamlyn Rabey, Housing Directorate. tel: 3092

REGULATION OF HOUSING ASSOCIATIONS IN WALES

Proposals for a new approach

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Appendix 1 Draft Regulatory Code

Summary of consultation questions and response form

The deadline for receipt of responses to this consultation paper is **25 April 2003**.

Responses should be sent to:

Fran MacDonald

Regulation Branch

Housing Directorate

Welsh Assembly Government

Cathays Park

Cardiff CF10 3NQ

Tel: 029 2082 5323

Email: Fran.MacDonald@wales.gsi.gov.uk

The consultation questions on pages 3-9 are those that are set out within this paper. In framing your organisation's response, please use this response form if you find it useful. Alternatively, please respond to all/any of the consultation points in as much detail as you wish using your organisation's usual format. We would also welcome contributions on issues that do not form specific consultation questions, but which are covered in this consultation paper.

Organisation

Contact name

Contact details

2.1 Consultation questions: aims, objectives and principles (page 19)

Are the Welsh Assembly Government's proposed aims for housing associations (2.1a), objectives for regulation (2.1b) and principles for devising its approach to regulation (2.1c) adequate and appropriate?

2.1 Response

2.2 Consultation questions: proposed regulatory framework (page 21)

Do you consider that the proposed regulatory framework supports the Assembly's aims and objectives in relation to the regulation of housing associations?

Are the various elements of the proposed regulatory framework clear and comprehensive?

Is 100 units/bedspaces and above the right size for the more detailed approach to regulation to be applied?

2.2 Response

2.3 Consultation questions: Regulatory Code (page 24 and Appendix 1)

Does the Regulatory Code achieve its aim of allowing innovation and responsiveness to local circumstances? If not, what can be changed?

Is there an appropriate focus on outcomes taking into account the needs of associations, the Assembly and other stakeholders such as lenders?

Is the suggested timing for the introduction of the Code realistic?

(2.3a) Are the fundamental obligations set out in the Code clear and unambiguous? Do they cover all necessary issues and not include unnecessary issues?

(2.3b) Is the detail in the 'what we will look for' column of the Code clear and unambiguous?

Is the evidence listed in the 'what we will look for' column appropriate in each case?

Are there areas where you think additional guidance would be helpful?

Do you agree with the different emphasis for associations with more and fewer than 100 units/bedspaces?

(2.3d) Is the suggested timeframe for a full review of the Code appropriate?

Is the process for reviewing the currency of the Code adequate?

2.3 Response

2.4 Consultation questions: roles and responsibilities (page 29)

(2.4a) Are the proposed roles of Regulation Co-ordinators appropriate? Are there other roles and functions that the Regulation Co-ordinators should undertake?

(2.4b) We have already consulted on the principle of out-sourcing inspection of housing association services. What issues should be addressed by the future consultation on the inspection of housing association services? What specific issues should the memorandum of understanding and code of conduct include?

(2.4c) Are there other roles that tenant/lay inspectors could carry out?

(2.4d) Are there other roles that should be carried out by the Regulation Branch?

2.4 Response

2.5 Consultation questions: regulatory processes (pages 44-45)

(2.5a) Should a standardised resident satisfaction survey and processing service be developed and funded for use by housing associations in Wales? If so, should it be linked to the local authority Local Voices initiative?

(2.5b) Could information requests from the Assembly be further streamlined, 'SMART'er and more focused to real outcomes that affect tenants? If so, how?

(2.5c) Will the process of whole-association analysis adequately identify risk from the perspective of informing targeted regulation and inspection activity?

Are the right elements included in the risk assessment? Should the risks identified in the risk assessment matrix be weighted, giving more weight to areas e.g. that impact most on service users, that create greatest problems for the viability of an association?

(2.5d) What, if any, guidance will associations need to undertake self-assessment against the Code? For example, should the Assembly develop a proforma for associations to use?

(2.5e) Do you agree with the proposed areas of responsibility for the out-sourced inspectors?

(2.5f) Do you think the existing regulatory framework for baseline audit of key functions should be changed in any way to support the new framework for regulation and inspection?

(2.5g) How can sector studies best support the new framework for regulation and inspection and be of most assistance to associations?

(2.5h) Do you agree with the principle of published reports based on a balanced overall picture of an association or function being inspected?

What do you consider should be the principles for publication of information about an individual association?

(2.5i) Do you consider that there are any other steps that the Assembly Government should take before intervening in an association? If not, what other processes could be included?

(2.5j) Do you think that the proposed appeals process is adequate?

2.5 Response

2.6 Consultation questions: stock transfer/new associations and group structures (page 46)

Are the proposed approaches for stock transfer/new associations and group structures adequate and appropriate?

2.6 Response

2.7 Consultation questions: learning from regulation and inspection (page 48)

(2.7a) Are there any other elements that should be included in the proposed approach to getting feedback about inspection?

(2.7b) What information should, and should not, be included in the annual sector-wide report?

(2.7c) How else can the Assembly promote the dissemination of positive practice through our regulation and inspection activity?

2.7 Response

Comments on other issues

Part 1 Background

The development of a proposed new regulatory framework for housing associations in Wales is a key milestone in the work of the Welsh Assembly Government's Housing Directorate. The proposals mark a significant change from the previous regulatory regime, embedding the principles of Best Value and customer involvement. We wish to continue the process of consultation with key stakeholders in the development of the regulatory framework and hope that your organisation will take the opportunity to respond.

1.1 Developing the new regulatory framework

The review of regulation of housing associations needs to be seen in the context of a number of inter-related developments during 2002, in particular:

- a) The revision/updating of existing **Regulatory Requirements** to develop a Regulatory Code which sets out fundamental obligations and what the Assembly will look for from associations to provide evidence that they are meeting the obligations. The Draft Regulatory Code is provided as Appendix 1 of this paper.
- b) The development work to produce this consultation paper. Much of the detailed work was carried out by the Chartered Institute of Housing in Wales. The Welsh Assembly Government would like to thank CIH Cymru for its thorough, constructive and consultative approach to the work and for the high quality outputs. It should be noted that the views and proposals set out in this paper are those of the Assembly Government and not necessarily those of CIH Cymru.
- c) The review of Tai Cymru circulars. Those documents that are considered still to be applicable will be revised or updated and issued as Assembly Government guidance later in 2003.

d) Revision and development of guarantees for tenants, leaseholders and applicants. The revised document(s) will form the basis of a separate consultation exercise in the spring of 2003.

The outcome of this consultation will be an Assembly document setting out its approach to regulation of housing associations including the Regulatory Code which will replace Regulatory Requirements (associations will be notified by the Assembly Government from what date the Regulatory Code will apply).

1.2 Terminology and definitions

The term **housing association** is used in this paper to denote all registered social landlords as defined by paragraph 5 of Schedule 3 of the Housing Act 1996.

The term **customer** is used in this paper to include tenants, residents, housing applicants and potential applicants of housing associations.

The term **resident** is used to mean all types of legal occupier e.g. tenants, almshouse residents, leaseholders and licencees of an association.

The term **tenant** is used to mean a resident who pays rent and holds a secure, assured or assured shorthold tenancy or a licence to occupy accommodation.

The Public Audit Forum July 2002 consultation paper ***The different roles of external audit, inspection and regulation: a guide for service managers*** sets out definitions for regulation, audit and inspection which are helpful in respect of the regulation of housing associations.

Regulation is the process by which public sector activity and market forces are directed for the public good. It includes the 'authorisation' or 'registration' of bodies to undertake regulated activities and monitoring of their compliance with statutory requirements and professional standards. It may also include the prescription of compulsory activities and price controls.

Financial audit is the audit of the accounts and underlying financial systems and processes (including, in specific parts of the public sector, whether public money was spent for the purposes for which it was intended) and aspects of corporate governance such as internal control, risk management, probity and propriety.

Corporate governance can be defined as the way in which an organisation is controlled and directed and includes the strategy, policies, plans, structures, processes and procedures which provide a coherent management framework.

Performance audit is concerned with value for money of services, functions, programmes or specific projects and the systems and processes put in place by the body to manage its activity and use of resources and to prepare and publish performance information.

Inspection is the process of periodic, targeted scrutiny to provide an independent check, and to report, on whether services and functions are meeting national and local performance standards, legislative and professional requirements and the needs of service users.

Audit, inspection and regulation all provide independent assurance to stakeholders. Some regulators have executive powers to secure compliance. The powers of the Welsh Assembly Government to remove or appoint a director, trustee or committee member, change the Rules/Memorandum or Articles, for the amalgamation, reconstruction, winding up of an association and inquiry into the affairs of an association are contained within Schedule 1 to the Housing Act 1996.

Best Value is defined as the duty to pursue and secure continuous improvement. The Assembly's objectives from Best Value in respect of housing associations (as set out in the document ***Best Value for Registered Social Landlords***) are to:

- promote continuous improvement in service delivery

- increase the influence of tenants on the delivery of services
- deliver cost-effective, efficient and effective services

1.3 Why regulate?

The Welsh Assembly Government has a statutory duty to regulate housing associations, under paragraph 5 of Schedule 3 of the Housing Act 1996. Specifically, it has a duty to:

- facilitate the proper performance of housing associations
- maintain a register of social landlords
- exercise supervision and control over housing associations

The objectives of regulation have been, to date:

- to safeguard the interests of customers
- to ensure lender confidence in the sector and thus its financial viability (public investment in housing associations in Wales is valued at over £1.5 billion, with an additional £0.6 billion investment from the private sector)

1.4 The current system

The current regulatory framework is based on **Regulatory Requirements**, which set out the minimum standards required of housing associations.

All aspects of the regulatory function are currently carried out by staff from several Branches within the Housing Directorate.

Audits of the finance, management and maintenance and development functions of individual associations are carried out by specialists in those areas on the basis of an audit schedule derived from a basic assessment of risk.

The Directorate also undertakes:

- topic audits which take a sector-wide look at specific work areas to assess performance, identify areas for improvement and disseminate good practice
- ad hoc audits to address specific concerns arising from routine review or complaints

All functional audit reports are written on an exception basis, i.e. they only highlight areas for improvement, and are confidential to the association. Topic audits also highlight areas of positive practice and innovation.

1.5 Why review?

The National Housing Strategy *Better Homes for People in Wales* makes a commitment to reviewing the regulation of housing associations.

Regulatory Requirements was published in 1997 and needs updating. It still refers to Tai Cymru and the Secretary of State for Wales where references should now be to the Welsh Assembly Government. It also does not adequately cover supported housing, low cost home ownership, race equality, or a number of legislative and policy developments, the most significant being Best Value and a greater emphasis on tenant participation.

Rather than simply amend *Regulatory Requirements*, the Welsh Assembly Government considered that it was time to overhaul our whole approach to regulation of housing associations. The main reasons for this were:

- **Changes in the housing association sector** - the established associations are now relatively mature, giving confidence in a more strategic approach; but any new large associations emerging through stock transfer would require more intensive regulation. The increased emphasis on local authorities as strategic housing authorities has implications for the role of associations. 'Supporting People' arrangements will increase the number of projects to be regulated by the Assembly
- **Lender, public and customer perceptions** – there is a need to look at the messages we send out about our regulation and perhaps to better publicise our work and celebrate the strengths and successes of the sector. For lender confidence and public accountability, we wish to move to greater openness. We also wish to respond to feedback from associations indicating the wish to have more ongoing contact with regulators and a more constructive, consultative relationship.
- **Good practice** – the Housing Corporation and Communities Scotland are well advanced in the development of their new approaches to regulation, and the Audit Commission has revised its approach to local authority inspection alongside the development of the Wales Programme for Improvement. There is an opportunity to benefit from experiences and new thinking from elsewhere, and in particular a consensus that we should adopt a more outcome-based rather than process-based approach
- **Effective use of limited resources** – with increased emphasis on policy work and support within Welsh Assembly Government, there is a need to rethink how staff time available for regulation can be targeted most effectively. Stock transfer would inevitably impact on resources now and in the future.

1.6 Consultation on key issues

The Welsh Assembly Government has been keen to involve all stakeholders throughout the process of developing a new framework for the regulation of housing associations. Several existing forums have been used to facilitate consultation about principles, including:

- the National Consultative Forum on Housing in Wales
- the Best Value in Housing Group and Best Value and Housing Associations sub-group
- formal liaison meetings with associations
- workshops at the Welsh Federation of Housing Associations' Housing Management and Maintenance and Finance conferences

In January 2002, a consultative letter was issued to all housing associations, Welsh Federation of Housing Associations, the Tenant Participation Advisory Service Cymru, Welsh Tenants Federation, Chartered Institute of Housing Cymru and the Council for Mortgage Lenders, inviting views on the following issues.

- Regulatory Requirements: How might Regulatory Requirements be amended to underpin the future provision of social housing? What is the scope for rationalising existing circulars, guidance etc? Should we move to an Internet based system for all guidance?
- Regulatory model: We are considering contracting out the on-site inspection function, to enable in-house audit staff to devote more time to regular contact with individual associations at a strategic level throughout the year. This would represent a move towards the adoption of a 'lead regulator' model. Do you support this aim, and what would be the potential benefits or risks of this approach? Do you have any views on who should undertake the various aspects of regulation/inspection?
- Outcomes vs processes: Do you agree that we should move to a more strategic approach, focusing on outcomes rather than processes? What would be the implications of this for associations in practice? What would be the risks of this move and how might they be addressed? What are the most important areas and outcomes for us to focus on?
- Holistic vs specialist: Should the emphasis be on regulation of organisations as a whole rather than concentration on specific functions, e.g. financial management, management and maintenance? How useful are topic audits?
- Tenant and customer views: How can the views of tenants, potential tenants and other customers be properly accounted for in the audit process? Is there a role for trained tenant or lay inspectors?
- Best Value: How should Best Value and regulation be integrated and what are the implications? Should our audit programme mirror associations' own service review programme?
- Risk Assessment: What should be the approach to risk assessment of associations and determining the audit schedule? Should all functions be reviewed and inspected in a given period, or should we focus on areas of greatest risk?
- Different types of association: Should there be different levels of regulation for different types of association? How much flexibility should there be in terms of standards expected, in view of local circumstances? What would be the implications for the regulation regime of the future development of stock transfer associations?
- Grading of organisations: Do you have any views on the grading of organisations, or the value of comparisons or league tables? How can local circumstances better be taken into account while still allowing meaningful comparison of performance?
- Audit reports: How can reports be improved, in content or presentation? Would you support publication of reports and if so what would be the implications for how they are written? Do you have any views on how we should disseminate best practice and lessons learnt?
- Inspection and returns: How could we improve our practice in terms of preparation for inspection visits, the conduct of the visit and its value to the organisation being inspected, the process of agreeing final reports and the follow up of recommendations. Could we reduce the bureaucracy of inspection? Is there scope for rationalising the requests for information from associations and the regular returns required?

1.7 What you told us

This section summarises the key points made in response to the January 2002 consultation exercise. The only respondents named are umbrella organisations; individual housing associations are not identified.

Key overall messages

The review of regulating associations is long overdue and **Regulatory Requirements** is out of date. A radical approach is needed, not tinkering at the edges, with a clear link needed with best value. The regulatory framework needs to provide assurance to all stakeholders and take account of wide variation in the type of association in Wales and the likely establishment of new stock transfer associations.

From non-association respondents:

- need to be clear what is being aimed for through regulation (Chartered Institute of Housing Cymru)
- support for independent housing association Ombudsman in Wales (Welsh Federation of Housing Associations, Tenant Participation Advisory Service Cymru)
- regulatory regime needs to be visible and proactive (Council of Mortgage Lenders)

The following table sets out key points made in response to the specific questions.

Issue	Key response points
Regulatory requirements	<p>Need to be non-prescriptive, less detail, reflective of current policies and strategies</p> <p>Integrate BV and TP compacts into document</p> <p>Make link with supporting documents</p> <p>Overhaul of existing circulars and guidance letters needed</p> <p>Attention to supported housing needed</p> <p>Access via the internet cautiously welcomed</p> <p>Assembly needs to be clear about information it will provide as result of its regulatory activities</p>
Adoption of lead regulator model	<p>Variation in views.</p> <p>Main concerns – level of experience and training of inspectors, clear guidelines and requirements set out, consistency of inspection/ reporting, variable standards of inspection could result, associations could do own risk mapping</p>
Outcomes vs processes	<p>Supported.</p> <p>Main concerns – need more focus on users views, acknowledge diversity of organisations and approaches, caution needed in areas of financial control and risk assessment , can regulation be entirely outcome based – perhaps include processes where outcomes ‘unhealthy’, more focus on strategic areas of work</p>

<p>Holistic vs specialist</p>	<p>Holistic approach supported but question as to how best value will fit in.</p> <p>Main concerns – needs to focus at strategic level and concentrate on outcomes, important that governance and financial management not considered in isolation</p> <p>Topic audits seen as useful for disseminating good practice, can be useful if specific weaknesses identified in a no. of associations, must be published quickly, could be on a best practice area of Assembly website. Questioned whether they are necessary given BV reviews, internal and external audit etc</p>
<p>Tenant and customer views</p>	<p>Importance of needs of customers recognised. Views of customers need to be built into the audit process, but need to consider wider customer base not just tenants, concerns about representativeness of tenants views.</p> <p>Varied views on lay inspectors, if used need full training and must have a full and proper role</p>
<p>Best value</p>	<p>Majority support for integration of best value and regulation but audit/inspection should not automatically mirror associations own best value service review programmes</p>
<p>Risk assessment</p>	<p>Support for focus on areas of greatest risk e.g. financial arrangements, governance although areas of greatest risk will vary between associations. Role for associations identifying and managing their own risks, use of internal audit and discussion with lead regulator</p>
<p>Different approaches for different types of association</p>	<p>Varied views. Majority view that same approach should be applied – perhaps minimum standards for all providers. Supportive regulation required. Holistic approach should ensure local circumstances taken into account</p> <p>Look at RASA (Housing Corporation regulation for small associations)</p>
<p>Grading of organisations</p>	<p>Some wariness of league tables and questions as to whether PIs compare like with like</p> <p>Kitemark award for associations in top quartile</p>
<p>Audit reports</p>	<p>Varied views. Some opposition to publication of reports in current format. Possible publication of summary of conclusions. Reports need to be balanced, acknowledge good practice and contain an action plan. Should be summary report for tenants and customers</p>
<p>Inspection and returns</p>	<p>Too much paper. Make more use of e-data. Feedback from Assembly on information provided by associations. Need for clarity about what information needs to be collected on a regular basis and why.</p> <p>Support for bringing back CORE.</p> <p>Speedy analysis and production of performance indicators needed</p>

Part 2 OUR PROPOSALS

2.1 Key aims, objectives and principles

2.1a The Welsh Assembly Government **aims** in relation to housing associations are to:

- regulate and promote a housing association sector which has effective governance, management and service provision
- encourage continuous improvement and customer focus in the delivery of services
- support quality, affordability and choice for housing association customers in line with ***Better Homes for People in Wales***

2.1b The Welsh Assembly Government's **objectives** for regulation of housing associations are to:

- protect
 - the interests of residents and customers (see section 1.2 for definitions)
 - public and private investment
- promote
 - the provision of good quality homes
 - high standards of service delivered by viable, open and accountable organisations
 - safe and sustainable communities
 - the public image of housing association housing
 - value for money
 - equality of opportunity, social inclusion and sustainability in the delivery of social housing

These objectives will be met through:

- setting out fundamental obligations (in the Regulatory Code) and ensuring these are met (through regulation and inspection), and
- encouraging continuous improvement (through Best Value) and the adoption of positive practice beyond the fundamental obligations

These two elements will be integrated into a single approach and there will be no dual regulation as a result of Best Value.

2.1c The overall context for the regulation of housing associations is provided by the five general principles of good regulation described by the Better Regulation Task Force:

- transparency
- accountability
- proportionality
- consistency
- targeting

In devising our approach to achieving our objectives, we have worked to the following **principles** which develop the above five points:

- where possible regulator and association should work in constructive partnership, and regulation should be beneficial to both
- there should be regular contact between the Assembly Government and housing associations throughout the year, with a 'no surprises' approach to regulation and inspection
- regulation should concentrate on outcomes with less emphasis on processes and should look at organisations as a whole rather than as a collection of functions
- plans for regulation and inspection should be based on risk assessment, and responses should be proportionate to risks. The assessment of risk will be based on a transparent process and on evidence
- the regulatory process should be conducted in as open a way as possible – with associations accountable for their performance and the Welsh Assembly Government accountable for its judgements and actions
- there should be a greater emphasis on the views of customers, and tenants should be involved in the inspection process
- lessons learnt from regulation should be publicly disseminated and used to develop policy. This will not include 'naming and shaming' associations
- the Welsh Assembly Government should make the best use of resources, and keep bureaucracy to a minimum

2.1 Consultation questions: aims, objectives and principles

Are the Welsh Assembly Government's proposed aims for housing associations (2.1a), objectives for regulation (2.1b) and principles for devising its approach to regulation (2.1c) adequate and appropriate?

2.

3. The new regulatory framework

There are a number of elements to the proposed regulatory framework that will **apply to associations with more than 100 units/bedspaces** (see below for the framework for associations with fewer than 100 units/bedspaces). This size of association is the same as that which currently applies under Regulatory Requirements. The following elements are discussed more fully later in this paper.

- The Regulatory Code (Appendix 1) which sets out the fundamental obligations of housing associations in Wales against which we will regulate
- A lead contact within the Housing Directorate for each association called a Regulation Co-ordinator (taking on the functions of the lead regulator role referred to in the January 2002 consultation)
- For each association, an initial whole-association analysis and annual update which draws on a range of information, including self-assessment by associations against the Regulatory Code, and leads to a risk assessment by the Regulation Co-ordinator using the risk assessment matrix
- The assessment of performance through inspections, leading to published reports. The scope, focus and intensity of inspection will be informed by risk assessment, but all associations will be subject to some level of inspection at least every 5 years.
- Ongoing financial audit based on the existing system of desktop analysis and review of statutory and regulatory returns
- Ongoing development scheme audit based on the existing system of assessment of 10% of the programme each year (this will be subject to change with the introduction of the tariff system)
- Ongoing Supporting People Revenue Grant audit based on on-site reviews of supported housing schemes
- Sector studies where areas of concern are raised by a number of Regulation Co-ordinators in relation to a number of associations, or where the Assembly Government wishes to assess the degree to which a policy initiative has been implemented
- Support for landlords through regulatory advice, for instance on how to comply with the Code or on specialist areas. Where necessary, in order to achieve improvement, intervention.

Proposed elements that will **apply to associations with fewer than 100 units/bedspaces:**

- The Regulatory Code (Appendix 1) which sets out the fundamental obligations of housing associations in Wales. The second column of the Code is aimed mainly at associations with more than 100 units. Smaller associations will need to consider themselves which elements of the second column are relevant and appropriate to them and how they can evidence that they are meeting the fundamental obligations of the Code.
- The submission of annual statutory financial statements and statistical returns
- Ongoing Supporting People Revenue Grant audit based on on-site reviews of supported housing schemes
- An annual whole-association analysis by the Regulation Branch. This will draw on the range of information available, including a self-assessment by associations against the fundamental obligations of the Regulatory Code, and will lead to a risk assessment by the Regulation Branch
- If the whole-association analysis identifies one or more areas for concern, follow-up action will take place. This action could vary from:
 - a letter or phone call to clarify issues, to
 - a visit by one or more Assembly auditors to explore the areas in more detail and discuss areas for improvement with senior staff, to
 - a full-scale inspection of the association which would result in a comprehensive action plan for improvement
- Support for landlords through regulatory advice and, where necessary, intervention in order to achieve improvement

The Regulation Branch of the Assembly retains the right to exercise its discretion as to whether the over-100 unit approach to regulation should apply to an association with fewer than 100 units. If this is the case, the association will be informed of the reasons for this decision.

2.2 Consultation questions: proposed regulatory framework

Do you consider that the proposed regulatory framework supports the Assembly's aims and objectives in relation to the regulation of housing associations?

Are the various elements of the proposed regulatory framework clear and comprehensive?

Is 100 units/bedspaces and above the right size for the more detailed approach to regulation to be applied?

2.3 Regulatory Code (see Appendix 1)

The Regulatory Code sets out the fundamental obligations of housing associations which they must fulfil. Other elements of our approach to regulation will encourage positive practice which may exceed these obligations (see section 2.7). The Code also sets out the kind of evidence that the Assembly Government will look for to demonstrate that associations are fulfilling the fundamental obligations. It is intended to allow innovation and responsiveness to local circumstances, and focuses as far as possible on outcomes, not processes, to allow housing associations to achieve objectives in the way most suitable to them and their customers.

It differs from the previous Regulatory Requirements in being less prescriptive in terms of processes and how compliance can be achieved, and also in including new areas and changing the emphasis in others. Supported housing is treated more comprehensively, both as a discrete subject and within the other sections of the Code. The principles and obligations of Best Value are incorporated, with standards set out for mechanisms for ensuring continuous improvement. The Code also reflects new thinking and legislation in several areas.

The fundamental obligations apply to all housing associations, while the evidence required in relation to meeting the obligations will vary according the size and type of association.

Regulatory Requirements will remain in force until further notice. The new Code will replace it after the responses to this consultation exercise have been analysed and considered, (likely to be Summer 2003).

2.3a Fundamental obligations

This column of the Code sets out the fundamental obligations required of all housing associations. It will be the main reference point for auditors and inspectors in fulfilling their regulatory function.

The fundamental obligations are only minimum standards – we would expect housing associations to set themselves challenging targets to exceed these standards. The fundamental obligations include having in place the mechanisms for ensuring continuous improvement.

2.3b Guidance – 'what we will look for'

The supporting guidance set out alongside the fundamental obligations provides further explanation of the fundamental obligations. It sets out how we will assess whether they are being adhered to and the kind of evidence we would look for in forming those judgements.

Some associations may have alternative ways of adhering to an obligation. In such cases, the onus will be on the housing association to demonstrate to the regulator that they are meeting fundamental obligations in an appropriate way. Small associations in particular will need to consider how they can evidence that they are meeting the fundamental obligations of the Code.

More detailed guidance is available from the Assembly Government, (and will be developed in the future), on many areas as indicated in the 'what we will look for' column of the Code.

2.3c Presentation of the Code

Once finalised, the Code will be available on the Assembly Government website, as well as in hard copy. A short annex to the Code will be produced setting out relevant guidance in respect of each obligation. The internet version will have links to the relevant documents. The rationale for having a separate annex is that it could then be reviewed and updated quite easily as new guidance is issued by the Welsh Assembly Government.

2.3d Reviewing the Code

The Code has been drafted with the intention that it will not have to be updated frequently. However, we recognise that its relevance will need to be checked periodically.

Where a number of Regulation Co-ordinators identify the same issue of concern in relation to a number of associations, the opportunity will be taken to assess the potential impact on the Code, e.g. are associations consistently finding it too hard to meet the fundamental obligations, or do new developments in practice mean that the fundamental obligations are not challenging enough? The process of whole-association analysis and discussion between Regulation Co-ordinators will be used to carry out an annual check on the currency of the Code.

We intend to carry out a full review of the Code 5 years after its publication.

2.3 Consultation questions: Regulatory Code

Does the Regulatory Code achieve its aim of allowing innovation and responsiveness to local circumstances? If not, what can be changed?

Is there an appropriate focus on outcomes taking into account the needs of associations, the Assembly and other stakeholders such as lenders?

Is the suggested timing for the introduction of the Code realistic?

(2.3a) Are the fundamental obligations set out in the Code clear and unambiguous? Do they cover all necessary issues and not include unnecessary issues?

(2.3b) Is the detail in the 'what we will look for' column of the Code clear and unambiguous?

Is the evidence listed in the 'what we will look for' column appropriate in each case?

Are there areas where you think additional guidance would be helpful?

Do you agree with the different emphasis for associations with more and fewer than 100 units/bedspaces?

(2.3d) Is the suggested timeframe for a full review of the Code appropriate?

Is the process for reviewing the currency of the Code adequate?

2.4 Roles and responsibilities

We propose changing the way we work with housing associations to facilitate more regular contact throughout the year and build on the existing sound basis to create more constructive partnerships between associations and regulators.

2.4a Regulation Co-ordinators

Each housing association (over 100 units) will have a named lead contact within the Housing Directorate of the Welsh Assembly Government called a Regulation Co-ordinator. The role of the Regulation Co-ordinator will be to draw on all available information regarding the association and form an overall view of its regulation needs. The relationship should be a constructive one which is of value to the housing association as well as informing the Assembly Government's regulation and inspection responses.

Key tasks will be:

- maintaining regular contact throughout the year with the association at a strategic level (Board, Chief Executive and Directors), including an annual meeting with the Chief Executive and Chair
- annually, collating and assessing information about the performance of the association, called whole-association analysis, and forming an overall view of the organisation, called a risk assessment
- in doing this, liaising about specific issues with other Welsh Assembly Government auditors with specialist knowledge in finance, corporate governance, housing management, maintenance, development and supported housing
- in doing this, liaising with key stakeholders such as local authorities and managing partners as appropriate

- agreeing annually with the association a forward plan for regulation and inspection for the following financial year based on the risk assessment
- determining in consultation with the association, specialist auditors and inspectors, the scope of on-site inspections, identifying in an inspection work plan the issues for inspectors to examine, and briefing inspectors on the association's overall performance
- monitoring action taken by the association in response to recommendations from inspectors' reports
- taking, or initiating, any necessary action in the event of particular concerns about non-compliance or non-agreement of a forward plan for regulation and inspection
- contributing to the development of an annual sector-wide report

All those posts within the Housing Directorate that currently involve audit functions will

take on the Regulation Co-ordinator function. In addition to performing the Regulation Co-ordinator role for a number of associations, auditors will maintain their current areas of specialism, and will advise other Regulation Co-ordinators on these areas. The Directorate will review the resulting workloads and consider whether other staff should also take a Regulation Co-ordinator role in due course.

2.4b Inspection of services

The Assembly Government intends to out-source the role of on-site inspection. This will:

- enable us to increase the total level of resources devoted to regulation and inspection
- strengthen the regulation of associations
- mean that the inspection function is independent of the Regulator

The Assembly Government will retain the responsibility for regulation and inspectors will work within a framework agreed with the Assembly Government.

The out-sourced inspectors will be required to make provision for working in Welsh where this is the preferred language of the association.

Developing inspection

Once the organisation that will carry out inspection has been agreed, the Welsh Assembly Government, in conjunction with the relevant organisation, will consult further on the detail of how inspection of housing associations will be carried out. This will include identifying the likely level of resources needed to

support external inspection of association services. The consultation will also set out an overall format for inspection reports.

A memorandum of understanding between the Welsh Assembly Government and the inspectors, including a code of conduct for inspection, will be developed and consulted on. The code of conduct will set out standards for giving notice of inspection, timing of the production of draft and final reports, (including discussion with associations on findings and accuracy of content), dealing with correspondence and an appeals process.

It is expected that the first pilot inspections supporting the new regulatory framework will be carried out in the autumn/winter of 2003.

2.4c Lay inspectors

The arrangements for inspection will include specifications for the recruitment, training and employment of lay (tenant) inspectors whose key role will be to keep the inspection process focussed on what outcomes are important from a user perspective. Lay inspectors will be full members of inspection teams and equal partners in discussing and agreeing on inspection conclusions and recommendations. They will contribute to the inspection process, particularly in relation to:

- assessing tenant involvement in strategic decision-making e.g. in establishing and improving policy and practice
- assessing the opportunities for tenants and other customers to get involved in service delivery e.g. in service reviews, service design and improvement, monitoring and evaluation
- carrying out mystery shopping and reality checks of services during inspections
- assessing the views of tenants and other customers during inspection

The experience of using tenant inspectors in relation to the inspection of local authority services can be built upon in developing the approach for associations. We would want tenant inspectors to, as far as is reasonably practicable, be representative of all sections of the community. Tenant inspectors will not be used on inspections of their own association or any association with which they have a conflict of interest. Further detail on setting out conflicts of interest will be developed as part of the memorandum of understanding between the Assembly and inspectors.

2.4d The Regulation Branch

The Regulation Branch of the Housing Directorate will have a number of key roles in relation to the proposed framework for regulation:

- maintaining overall responsibility for the regulation function and contact with the inspectors
- reviewing the overall approach to regulation
- allowing comparisons of risk identified by the different Regulation Co-ordinators and ensure consistency across the Directorate
- co-ordinating risk assessment across the sector
- drawing up a regulation/inspection plan for the sector

- supporting the Regulation Co-ordinators and facilitating quarterly meetings of the Co-ordinators
- ensuring that training and development support is provided to Assembly staff to support the new framework for regulation, in particular for the role of Regulation Co-ordinator
- producing an annual sector-wide report which will promote the activities and successes of housing associations, as well as highlighting learning points from regulation and inspection
- dealing with disagreements between Regulation Co-ordinators and housing associations if, and when, they arise
- setting up appropriate systems for recording and storing information for each association
- undertaking the regulation of smaller associations (any inspection of smaller associations will be out-sourced)
- taking overall responsibility for intervention activity

Assembly staffing structure to deliver regulation of housing associations

2.4 Consultation questions: roles and responsibilities

(2.4a) Are the proposed roles of Regulation Co-ordinators appropriate? Are there other roles and functions that the Regulation Co-ordinators should undertake?

(2.4b) We have already consulted on the principle of out-sourcing inspection of housing association services. What issues should be addressed by the future consultation on the inspection of housing association services? What specific issues should the memorandum of understanding and code of conduct include?

(2.4c) Are there other roles that tenant/lay inspectors could carry out?

(2.4d) Are there other roles that should be carried out by the Regulation Branch?

2.5 Regulatory processes

2.5a Working practice

Welsh Assembly Government regulators, out-sourced inspectors and lay inspectors will:

- be courteous, sensitive and respectful of diversity
- focus on relevant aspects of work
- be impartial and objective
- be open and transparent
- be timely in reporting back
- be consistent
- be committed to innovation, improvement and promoting excellence
- be committed to equality of opportunity
- aim to cause minimum disruption during inspection

Assembly regulators, out-sourced inspectors and lay inspectors will employ a range of methods to obtain customers' views. These may include:

- examination of housing associations' own methods for measuring and reporting on customer satisfaction
- specially convened focus groups
- meetings with residents groups and representatives
- postal and telephone surveys
- mystery shopping and reality checks

The Assembly Government is interested in measuring and benchmarking resident satisfaction. This could draw on work in England, e.g. the National Federation of Housing Association's STATUS service, and/or work in Wales in relation to local authorities e.g. Local Voices. Further work will be undertaken in this area.

2.5b Information from associations

The Welsh Assembly Government asks associations to provide a range of information. Our aim is to reduce paperwork where possible and to streamline information requests. We expect to ask associations for three groups of information as set out below.

Not all of this information will be required from associations with fewer than 100 units/bedspaces. Annual financial statements and statistical returns and a self assessment against the Regulatory Code will be required . We will agree with associations which other pieces of information are appropriate to them.

1 Information required in Assembly specific format and to a fixed timetable

Information	Timing
Audited statutory accounts	Six months after the end of the period to which they relate
External auditors' management letter and associations response	As above
Management accounts (Assembly's financial return plus accounts in association's own format)	Within 8 weeks of the end of the period to which they relate
Private finance return and loan covenant report	Included with management accounts
Business Plan covering at least 5 years	1 July
Rent benchmarking returns	As required
Stock condition survey and maintenance forecast of expenditure	September
Report on progress with compliance with the Welsh Housing Quality Standard	September
Report on number of dwellings that comply with SAP ratings	September
Affordable warmth strategy – number of families/ households in fuel poverty	September
Best Value Performance Plan including Best Value service review programme	30 th June
Annual self-assessment against the Regulatory Code	Summer/autumn in 2003, end of September from 2004 onwards
Performance indicator returns	June
BME Housing Strategy and Race Equality Plan	April 2004

2 Information the association produces mainly for its own business purposes, but to which the Assembly will require access as a matter of routine. Timing is not specified and they do not have to be separate documents.

This will include:

- Annual report
- Risk management strategy
- Internal audit plan/programme
- Tenant participation compact
- Results of latest mechanisms for gathering views of customers e.g. satisfaction surveys, focus groups
- Equal opportunities strategy and application procedures
- Association-wide/local lettings policies
- Details of service changes/proposed initiatives falling outside the provisions of the Regulatory Code

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3 Information that the association will have for its own purposes and which we may ask to see from time to time

This will include:

- Budget
- Schedule of delegated authority
- Best Value improvement plans
- Customer handbooks/newsletters

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2.5c Whole-association analysis

It is proposed that, in the autumn of each year, Regulation Co-ordinators carry out a whole-association analysis involving the process outlined on the next two pages.

The purpose of whole-association analysis will be to identify the level of risk for each association from the Assembly's perspective and therefore inform the targeting of inspection and regulation activity.

For each association, the Regulation Co-ordinator will:

- make an assessment of the risk posed by the association using the risk assessment matrix set out on pages 36-40
- discuss this assessment with the association
- develop and agree a forward plan for regulation and inspection with the association

The assessment of risk will provide the basis for decisions about inspection and regulation activity. However, the Assembly retains the right to include/exclude individual associations from any particular year's inspection programme.

One of the pieces of information that will form part of the whole-association analysis is association performance as measured by performance indicators. The Assembly Government wishes to develop performance indicators that are more clearly defined, more customer-focused and verifiable during inspections. A review of performance indicators will be carried out during 2003/04 (see section 2.8) and will take into account the review of local authority indicators by the Local Government Data Unit.

Whole-association analysis: information base

Information provided by Input of WAG

associations specialists

Whole-association analysis: Regulation Co-ordinator role

Whole-association analysis: risk assessment matrix

The assessment of risk by the Regulation Co-ordinators will be based on the following matrix.

Area	Issue	Level of assessed risk		
		Low	Medium	High
Regulatory Co-ordinator's knowledge of association	New/newly merged association	More than 4 years ago	Within last 4 years	Within last 2 years
	Time since last inspected	Within last 3 years	More than 3 years ago	More than 5 years ago

	Changes in key staff e.g. Chief Executive, Director of Finance, Directors of other key services	None within last 2 years	Within last 2 years	Within last year
	Incidents reported to the Assembly by individuals e.g. members of the public, staff, Board Members	None	Significant allegation within last year	Serious allegation within last year requiring investigation
Complaints to Welsh Assembly Government	Number of letters and calls of complaint received from different tenants	None in last year	Fewer than 10 in last year	More than 10 in last year
National performance indicators	Performance achieved	Top two quartiles for most indicators No indicators in bottom quartile	Top three quartiles for most indicators No maintenance indicators below action trigger level (currently 90%). No indicators in worst three associations for that indicator.	Top three quartiles for less than half indicators One or more maintenance indicators below action trigger level. One or more indicator in worst three for that indicator.
Inspection report(s) from last year	Report content	Few weaknesses and recommendations	Significant weaknesses with recommendations	Serious weaknesses with recommendations
	Response to report recommendations	Most implemented, including all high priority recommendations	At least half implemented, including most high priority recommendations	Less than half implemented

Area	Issue	Level of assessed risk		
		Low	Medium	High
External auditor's management letter, the association's response and proposed action	Issues raised within management letter and openness of association's response	Small number of minor issues raised by auditors with appropriate association response to all	Large number of minor issues raised by auditors with appropriate association response to majority	Major issues raised and/or lack of association response to number of issues
Internal audit plan/ programme	Areas addressed	Plan addresses key areas of risk identified by association/poor performance	Plan addresses some key areas of risk identified by association/poor performance	Plan does not address key areas of risk identified by association/ poor performance
Best Value Performance Plan/ equivalent	Plan content	Plan contains all required information and links clearly to other plans	Plan contains majority of information required	No plan or plan contains inadequate information
Corporate business/ strategic plan	Plan scope/content	A 5-year plan with clear objectives, SMART targets and financial/ resource information, involving key stakeholders in its development	A plan that covers less than 5 years, with limited financial/ resource information, involving key stakeholders in its development	A plan that covers less than 5 years, with inadequate financial/ resource information and not involving key stakeholders in

				its development
Risk management strategy	Scope/content of strategy	<p>Strategy allows for new risks to be identified and existing risks to be reviewed.</p> <p>Strategy identifies key areas of risk and appropriate/adequate responses (i.e. procedures to control and manage identified risks)</p>	Strategy identifies key areas of risk, but weak responses	<p>Senior Management unwilling to embrace risk management philosophy.</p> <p>Strategy does not identify key areas of risk or responses OR</p> <p>No strategy in place</p>
Results of latest mechanisms for gathering views of customers	Results	Results indicate high levels of customer satisfaction	Results indicate medium levels of customer satisfaction	Results indicate low levels of customer satisfaction

<i>Area</i>	<i>Issue</i>	Level of assessed risk		
		<i>Low</i>	<i>Medium</i>	<i>High</i>
Self-assessment by association against the Regulatory Code	Scope and content	Self-assessment is comprehensive and realistic and is in line with range of other information available	Self-assessment is partial and/or not realistic and/or not in line with range of other information available	Inadequate self-assessment

Review and analysis of Management Accounts	Content and timeliness	Submitted on time Positive cashflows Budgeted/actual surplus Low gearing No areas of concern	Occasionally not submitted on time Positive cashflows with variance against budgeted cashflow of less than 10% Some concerns	Frequently not submitted on time Negative cashflows Budgeted/actual deficit High gearing Significant concerns
Review of latest Statutory Accounts	Content and timeliness	Submitted on time Unqualified audit report Increase in reserves No areas of concern	Not submitted on time Qualified audit report Decrease in reserves for a year Some concerns	Not submitted on time Qualified audit report Decrease in reserves for more than a year Significant concerns
Audit of rent benchmark returns	Timeliness and compliance	Submitted on time Compliance with benchmark rent and maximum rent for 3b5p	Not submitted on time Non-compliance with either benchmark rent or maximum rent for 3b5p	Not submitted on time Non-compliance with either benchmark rent and maximum rent for 3b5p
Review of covenant return	Compliance with covenants	Compliance with stringent covenants	Compliance with some stringent covenants	Non-compliance with stringent covenants

	Issue	Level of assessed risk
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Area		Low	Medium	High
Results of recent development scheme audits	Compliance with Assembly requirements	Small number of minor issues raised by audit with clear response from association including agreed action and timescale for implementation	Large number of minor issues raised by audit with partial response from association	Major issues raised by audit with partial response from association
Stock condition survey/ maintenance forecast of expenditure	Data on which forecast based and forecast of expenditure	<p>Current stock condition survey data sound</p> <p>Expenditure forecast reflects stock condition data</p> <p>Forecast planned maintenance expenditure realistic</p> <p>Planned maintenance expenditure to date reflects previous years forecasts</p>	<p>Stock condition survey data reasonably sound and/or</p> <p>Expenditure forecast generally reflects stock condition data but shows very high peaks and troughs of expenditure in next 5 years and/or</p> <p>Planned maintenance expenditure to date generally reflects previous years forecasts but with some shortfall</p>	<p>Stock condition survey data shows obvious errors and/or</p> <p>Expenditure forecast does not reflect stock condition data and/or</p> <p>Forecast planned maintenance expenditure is unrealistic</p> <p>and/or</p> <p>Planned maintenance expenditure does not reflect previous years forecasts with significant shortfalls</p>

Compliance with WHQS	Progress	Clear plan for achieving WHQS across stock with resources identified	Plan for achieving WHQS across stock but resources not adequate/ Unidentified	No plan or plan for achieving WHQS is inadequate
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Area	Issue	Level of assessed risk		
		Low	Medium	High
SAP ratings	Progress	SAP rating assessment carried out on all association properties Annual review shows progressive improvement to average SAP rating	SAP rating assessment carried out on a sample of associations' properties and extrapolated across the total stock Annual review shows some improvement to average SAP rating	SAP rating assessment not carried out on the associations' properties and/or no annual improvement shown to the average SAP rating
Affordable warmth strategy	Progress	Approved strategy in place and has demonstrated it in action	Draft strategy in place but not yet approved or actioned	No strategy in place
Supported housing project reviews	Compliance with Assembly requirements	Reviews raise small number of minor issues with clear response from association	Reviews raise large number of minor issues with partial response from association	Reviews raise major issues with partial response from association

Compliance with key policy initiatives (input from policy leads)	Awareness of progress e.g. through personal contact, requests for information etc	Good progress being made with all key policy initiatives i.e. timescales for key activities always met	Fair progress being made with all key policy initiatives e.g. timescales for key activities mostly met	Limited progress being made with key policy initiatives e.g. timescales for key activities seldom met
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2.5d Self-assessment by associations

The diagram on page 34 identifies the range of information that will be drawn on by the Regulation Co-ordinator to develop the assessment of risk for an association. The only new piece of information to be requested from associations is a self-assessment against the fundamental obligations contained in the Regulatory Code. For each fundamental obligation, associations will be asked to assess whether the organisation:

- fully meets it
- partially meets it
- is struggling to meet it

In carrying out the self-assessment against the fundamental obligations set out in the Code, associations should refer to the 'what we will look for' column of the Code to guide their responses. Associations may wish to consider the role of internal audit in relation to self-assessment.

2.5e Inspection

Inspectors will assess the performance of associations against the Regulatory Code and associated Assembly Government guidance. They will assess whether the association has effective arrangements for delivering good quality services and securing continuous improvement in services. Inspection will also include the verification of performance indicators.

It is intended that all associations with more than 100 units of accommodation will be inspected at least every 5 years. The focus, (i.e. what services will be inspected), and intensity, (i.e. how many days the inspectors will spend in the association), of the inspection will vary according to the level of risk identified by whole-association analysis.

Inspectors will be responsible for:

- developing inspection workplans informed by the risk assessment and agreed with the Assembly Government

- all pre-inspection arrangements including giving notice to the association and collecting information from the association
- carrying out on-site inspection work
- identifying and recording positive practice
- agreeing a final report with the association
- agreeing with the association an action plan to respond to recommendations

For small associations, where the whole-association analysis identifies major areas of concern, they may be inspected by the out-sourced inspectors .

2.5f Ongoing audit

A significant element of the new regulatory framework will be made up of existing audit arrangements in relation to:

- finance - based on the existing system of desk-top analysis and review of quarterly returns and contact with lenders as necessary
- development scheme audit based on the existing system of assessment of 10% of the programme each year (this will be subject to change with the introduction of the tariff system)
- Ongoing Supporting People Revenue Grant audit based on on-site reviews of supported housing schemes

2.5g Sector studies

Where areas of concern are raised by a number of Regulation Co-ordinators in relation to a number of associations, it may be that, in addition to any necessary regulatory or inspection action, a broader study will be undertaken. Sector studies may also be carried out to support the implementation of Welsh Assembly Government policy initiatives.

Where such studies are to be undertaken, the Regulation Co-ordinators will identify the topics, specialist staff within the Welsh Assembly Government will specify the terms of the study and the study itself will usually be outsourced, but directed and supervised by Welsh Assembly Government staff.

These studies will be published as reports and, as well as informing associations and their stakeholders about the issue concerned, will assist with:

- the identification and dissemination of positive practice
- policy development
- informing amendments of the Regulatory Code

These studies will not be used to 'name and shame' associations, i.e. if poor practice was discovered, the association would not be named.

2.5h Publication of information about individual associations

Inspection reports

We intend that inspection reports and forward plans for regulation and inspection for individual associations will be public documents. They will be of particular interest to lenders and customers and to other associations. As well as improving accountability, we believe that this openness will help to celebrate innovation and success.

Publication will have significant implications for the style of presentation of reports. We, and our out-sourced inspectors, will no longer report on an exception basis, but will seek to present a balanced overall picture of the strengths and weaknesses of the housing association, or particular function under inspection. Reports will be written on the basis of consistent judgements and to a standard format to aid comparison. However, we do not intend to use scoring or league tables, as we consider that these often fail to reflect the different circumstances within which different associations operate, and can be misleading, demoralising and divisive. Reports will, however, clearly identify strengths and positive practice and areas of weakness and will set out recommendations.

Inspectors will aim to secure the agreement of the text of an inspection report with an association before publication. This would be done by, e.g. checking a draft with the association to ensure factual accuracy and receiving additional evidence from the association which may result in changes to the report. However, in the event of not being able to agree a report, inspectors will reserve the right to publish the report, making it clear that it has not been agreed.

Other information

From time to time, or in particular circumstances, e.g. as the result of intervention or an enquiry by the regulator, it may be necessary to publish other information about an association. The Assembly wishes to establish principles for publication of such information.

2.5i Intervention

The Regulation Branch will take responsibility in relation to intervention activity. All reasonable steps will be taken by the Assembly Government to avoid intervention, e.g.:

- working closely with an association to ensure action plans for improvement are developed and implemented
- more intense regulation and monitoring against an agreed or imposed action plan
- identifying potential sources of support for an association
- inspecting and re-inspecting services that are of concern

In all but exceptional circumstances, the Assembly Government will require that on-site inspection of relevant services has been carried out before any intervention activity takes place (irrespective of the size of association).

Schedule 1 to the Housing Act 1996 sets out the powers of the Assembly Government to intervene in an association's affairs:

- remove or appoint a director, trustee or committee member
- make appointments to governing bodies
- direct an inquiry into the affairs of an association
- intervene where an association is threatened with insolvency e.g. amalgamate, reconstruct or wind up of an association
- change the Rules/Memorandum or Articles

2.5j Appeals process

It may exceptionally be the case that disagreements occur between associations and Regulation Co-ordinators, e.g. it may not be possible to agree the forward plan for regulation and inspection for the following financial year. In such cases, it is proposed that a 3-stage appeals process be put in place:

- firstly, to the Head of Regulation within the Housing Directorate, unless the Head of Regulation is the Regulation Co-ordinator, in which case, the process goes straight to the second stage
- secondly, to the Director of Housing within the Welsh Assembly Government
- lastly, to the Minister

2.5 Consultation questions: regulatory processes

(2.5a) Should a standardised resident satisfaction survey and processing service be developed and funded for use by housing associations in Wales? If so, should it be linked to the local authority Local Voices initiative?

(2.5b) Could information requests from the Assembly be further streamlined, 'SMART'er and more focused to real outcomes that affect tenants? If so, how?

(2.5c) Will the process of whole-association analysis adequately identify risk from the perspective of informing targeted regulation and inspection activity?

Are the right elements included in the risk assessment? Should the risks identified in the risk assessment matrix be weighted, giving more weight to areas that e.g. impact most on service users, create greatest problems for the viability of an association?

(2.5d) What, if any, guidance will associations need to undertake self-assessment against the Code? For example, should the Assembly develop a proforma for associations to use?

(2.5e) Do you agree with the proposed areas of responsibility for the out-sourced inspectors?

(2.5f) Do you think the existing regulatory framework for baseline audit of key functions should be changed in any way to support the new framework for

regulation and inspection?

(2.5g) How can sector studies best support the new framework for regulation and inspection and be of most assistance to associations?

(2.5h) Do you agree with the principle of published reports based on a balanced overall picture of an association or function being inspected?

What do you consider should be the principles for publication of information about an individual association?

(2.5i) Do you consider that there are any other steps that the Assembly Government should take before intervening in an association? If not, what other processes could be included?

(2.5j) Do you think that the proposed appeals process is adequate?

6.

7. **Stock transfer/new associations and group structures**

The same approach to regulation and inspection will be taken for all associations, but there will be different intensities and scopes of both regulatory and inspection activity. The intensity will be proportionate to risk, with higher risk meaning higher intensity of regulation including inspection.

Stock transfer associations/new associations

Given the risk associated with new/merged associations, i.e. those that have undergone a major structural change, these will automatically be inspected/reviewed after the first year of operation/one year after the change. It is likely that this inspection/review will be more process oriented so that the Assembly Government can ensure that new organisations have the necessary processes in place to achieve outcomes.

It is likely that the first year review will be carried out by a combination of Assembly Government auditors and out-sourced inspectors.

Group structures

Where a group structure is in place, the same Regulation Co-ordinator will have responsibility for all parts of the group. Each organisation that is part of the group will be asked to carry out a self-assessment against the Regulatory Code and a whole-association analysis will be undertaken. In addition, the parent body will also be asked to carry out a self-assessment against the first, corporate governance section of the Code, for consideration alongside those of the subsidiaries.

2.6 Consultation questions: stock transfer/new associations and group structures

Are the proposed approaches for stock transfer/new associations and group structures adequate and appropriate?

2.7 Learning from regulation and inspection

2.7a Inspection

We wish to learn from regulation and inspection and ensure that the processes adhere to the principle of continuous improvement. In order to do this, the following will be undertaken after any inspection of an association:

- a post-inspection questionnaire will be issued so that the Assembly Government and the inspectors can learn from the process
- the Regulation Co-ordinator will contact the association to follow up any issues raised in the questionnaire response and will feed back to the inspectors
- if appropriate, the association can contact the Head of Regulation direct

2.7b Sector-wide report

An annual sector-wide report will be published by the Assembly Government drawing on the results of regulatory and inspection activity for the past year and flagging up regulatory and inspection activity for the coming year.

It will include key lessons learnt from regulation and inspection across the sector and provide an opportunity to identify the health of the sector. The report will also provide an opportunity to highlight examples of positive practice and innovation with the agreement of the relevant associations, recognising that commercial sensitivity may result in an association not wishing to publish certain of its activities.

2.7c Identifying positive practice

The new framework for regulation will allow the identification and dissemination of positive practice in the following ways:

- in the content of published inspection reports
- as part of the inspection process itself, with inspectors able to point associations in the direction of effective/positive practice elsewhere
- as part of the remit of sector studies (see 2.5g)
- as part of the sector-wide report (see 2.7b)

The Assembly Government also funds a range of projects under its Social Housing Management Grant programme, most of which involve exploring and developing good practice, as well as innovative approaches. The results of the programme are disseminated via the Welsh Assembly Government's website and in the magazine Welsh Housing Quarterly.

A key role for the Assembly is to signpost associations to sources of good practice such as the Housing Corporation's Bank of Good Practice, HouseMark, the

Chartered Institute of Housing's Good Practice Unit etc. We will do this through our website.

Clearly, there are roles for other organisations in the identification and dissemination of good practice. For example, as part of the Welsh Federation of Housing Association's Best Value project, associations will be encouraged to share examples of good practice via a Good Practice Noticeboard on the dedicated Best Value website www.bestvaluecymru.org.uk and electronic discussion groups will be set up to encourage debate and facilitate networking.

2.7 Consultation questions: learning from regulation and inspection

(2.7a) Are there any other elements that should be included in the proposed approach to getting feedback about inspection?

(2.7b) What information should, and should not, be included in the annual sector-wide report?

(2.7c) How else can the Assembly promote the dissemination of positive practice through our regulation and inspection activity?

2.8 What happens next?

In the coming months, there will be:

- further consultation on the details of the inspection regime once a decision on out-sourcing arrangements has been made. This will take place in advance of the new inspection regime being piloted and will result in a document setting out the approach to inspection of associations
- the development of a memorandum of understanding between the Welsh Assembly Government and the inspectors which will include a code of conduct for inspection
- consultation on revised customer guarantee(s)
- issuing of Assembly guidance to replace outdated Tai Cymru circulars
- discussion with the relevant stakeholders on the registration and de-registration criteria for housing associations to ensure that registration procedures are consistent with the new approach to regulation

It is intended that the new system of regulation and inspection will be piloted and implemented during 2003/04, with full implementation by April 2004.

The first inspections under the new framework are expected to be undertaken in the late autumn of 2003.

The identification of pilot associations for inspection will be informed by the first round of whole-association analyses to be carried out during the summer/

autumn of 2003.

The Regulatory Code will replace Regulatory Requirements following amendments in the light of this consultation. Regulatory Requirements remains in force until the Assembly Government notifies associations that it is to be replaced.

During 2003/04, the following will also be carried out:

- a review of performance indicators with the aim of indicators better supporting Best Value and continuous improvement principles, as well as focusing on outcomes for customers
- discussions with lenders about what mechanisms of communication between the Assembly Government and lenders are needed to support the new framework for regulation

The deadline for receipt of responses to this consultation paper is **25 April 2003**.

Responses should be sent to:

Fran MacDonald

Regulation Branch

Housing Directorate

Welsh Assembly Government

Cathays Park

Cardiff CF10 3NQ

Tel: 029 2082 5323

Email: Fran.MacDonald@wales.gsi.gov.uk

Further copies of this consultation paper are available from the above address.

DRAFT REGULATORY CODE FOR HOUSING ASSOCIATIONS IN WALES

1. Corporate Governance

Fundamental obligation	What we will look for
<p>1.1 To work in an open and constructive way with the Assembly Government .</p>	<p>Provision of statutory and periodic returns within statutory and regulatory timescales, and prompt co-operation with requests for other information in agreed formats, and with arrangements for on-site inspection.</p> <p>Reporting to the Assembly Government any actual or potential breaches of this Code, and immediately reporting any material actual, suspected or attempted fraud, any potentially serious financial, corporate, management, resource or performance issues. Agreement and fulfilment of remedial actions.</p> <p>Reliable systems for collecting valid performance indicator data to timetable.</p>
<p>1.2 To ensure the viability of the organisation and ability to meet current and future business and financial commitments.</p>	<p>Effective financial and business planning and adoption of a formal Business Plan covering a period of not less than five years ahead, containing sufficient resource and financial information to show that all commitments can be met and publicly funded assets not placed at risk.</p> <p>Annual review and rolling forward of the Plan.</p> <p>Integration of business planning and arrangements for continuous improvement.</p> <p>Sound financial planning, management and control, with accurate and consistent accounting records demonstrating solvency, and effective control over budgets, costs and collection of income.</p> <p>Short and long term strategies for funding future liabilities.</p> <p>Annual accounts that comply with statutory requirements and the accounting Determination issued by the Assembly Government.</p> <p>External auditors appointed in accordance with housing legislation.</p> <p>Obtaining, considering, responding to and implementation of issues raised in the external auditor's management letter</p>
<p>1.3 To agree the strategic direction of the association and ensure that strategic objectives are met.</p>	<p>A mission statement which sets the corporate direction and culture of the organisation.</p> <p>Clarity at Board and senior management levels about strategic direction and the effect of proposed changes.</p> <p>SMART objectives and targets in the Business Plan.</p> <p>A performance management system including regular monitoring of performance and use of resources and management accounts against the Plan, remedial action taken as necessary, and reports to the Board.</p> <p>For stock transfer associations, systems to ensure compliance with the offer document and transfer agreement.</p>

1.4 To identify and manage financial and business risks.

A Risk Management Strategy in line with Assembly Government Guidance, endorsed by the Board and regularly monitored and reviewed, describing and quantifying all significant risks, and detailing plans and reserves for managing these.

Significant financial and business risks identified in the Business Plan.

Annual self assessment against the Regulatory Code and of internal and external audit needs, including progress against previous audit recommendations, and agreement with the Assembly Government of a Regulatory Plan.

Evidence that the Board has considered and assessed the risk resulting from change in activities, consulting where necessary with the Assembly Government.

Financial appraisals for capital schemes, subjected to sensitivity analysis in accordance with risk management policy.

Adequate cover for insurable risks and liabilities.

Arrangements for minimising risks associated with borrowing and with investment, such as a suitable borrowing strategy and treasury management policy.

Compliance with loan covenants.

1.5 For the Board to exercise governance over all affairs of the association in an effective, efficient and accountable manner and in the best interest of the association and its stakeholders.

A Board which: has a balance of skills; is free from undue influence by any other body (other than bodies in the same group structure); is prepared and trained; is knowledgeable about and committed to the community it serves.

Regular review of the composition of the Board.

Evidence that the Board meets regularly, acts as a group, enables all members to contribute to decision making, and takes responsibility for making key decisions, on the basis of appropriate advice and in accordance with the association's constitution, relevant legislation, Standing Orders and Financial Regulations.

Recording of Board decisions and monitoring of action taken.

Clarity about the terms of reference of the Board, the role and powers of the Chair and delegated authority for officers, with delegations regularly monitored and reviewed.

Board endorsement of policies and procedures covering main activities and regular monitoring and evaluation of compliance with and effectiveness of policies by the Board.

Evidence that the organisation seeks the views of all stakeholders, especially the local authorities, and independent review of the relationship.

<p>1.6 For the Chief Executive to provide strategic leadership and have the confidence of the Board and staff.</p>	<p>Sound advice to the Board from the Chief Executive on strategic objectives and options for their achievement.</p> <p>Clear and prompt reports to the Board on key issues.</p> <p>An effective senior management team.</p> <p>Evidence that staff are aware of their roles and responsibilities and how these contribute to the objectives of the organisation.</p>
<p>1.7 To safeguard the assets of the association.</p>	<p>Use of social housing assets only for housing purposes and public money used for purposes intended.</p> <p>An up-to-date Asset Management Strategy.</p> <p>An effective internal audit service and system of internal control covering all activities, regularly monitored and reviewed.</p> <p>A qualified and experienced Finance Director who has a right of access to the Board and reports matters of financial concern to it without delay.</p> <p>Systems and procedures to minimise the risk of loss through fraud, corruption, errors or mismanagement.</p> <p>A Whistle-blowing policy which includes final recourse to the Assembly Government.</p>
<p>1.8 To have an efficient and effective organisational structure and sound employment and staffing practices.</p>	<p>Clear and appropriate policy and practice, regularly monitored, on key management and human resources issues, including staff performance management, training and development, staffing and remuneration levels, recruitment.</p> <p>Trained and competent staff.</p> <p>Staff are not allowed to hold membership of the association.</p> <p>Periodic review of staff requirements and organisational structure against organisation's objectives.</p>

<p>1.9 To deliver continuous improvement and value for money in all activities and services.</p>	<p>A comprehensive 5 year rolling programme of service reviews, to ensure services remain relevant to customer and community needs and that the standards of service continually improve.</p> <p>Use of good practice and Best Value techniques in accordance with Assembly Government guidance: challenging what the organisation does and how it does it; making comparisons with others; consulting people affected by services; and ensuring that services, whether provided directly or through a third party, are of competitive standards and prices.</p> <p>Evidence that customers' views are sought, through both formal and informal channels, on the type and quality of services being delivered and their satisfaction with these services. Evidence that customers are informed about how their views have been acted upon.</p> <p>Clear methods of accounting for performance to tenants and stakeholders, and for showing how performance compares with other social landlords, in accordance with Assembly Government guidance.</p> <p>Information to tenants, staff and other stakeholders on the outcomes of service reviews, reviews that are planned, and the business targets the organisation plans to meet in the year(s) to come.</p> <p>Regular evaluation of the cost effectiveness of services and operational procedures.</p> <p>Integration of continuous improvement and business planning.</p>
<p>1.10 To maintain organisational independence and have clear working arrangements with other organisations.</p>	<p>Clear and transparent operational arrangements between members of group structures, and registration with the Assembly Government of bodies within the group in accordance with Assembly Government guidance.</p> <p>Clear and transparent formal contractual or other arrangements with agents, partners or other relevant organisations, subject to monitoring and review.</p> <p>Arrangements to ensure that where services or functions are delegated to contractors, they abide by the requirements of the Regulatory Code.</p>
<p>1.11 To conduct all affairs openly.</p>	<p>Partnership arrangements with local authorities, community groups and voluntary agencies.</p> <p>An open and publicised shareholding membership policy which considers applicants on their merits.</p> <p>Widely publicised annual and special general meetings or public meetings at appropriate times and venues.</p> <p>Regular reporting, at least annually, to tenants and other stakeholders on activities and performance, in accordance with Assembly Government guidance.</p>

<p>1.12 To show the highest standards of probity in all activities.</p>	<p>A Code of Conduct for the Board and staff.</p> <p>Clear policies and procedures for dealing with conflicts of interest and ensuring compliance with Schedule 1 to the Housing Act 1996.</p> <p>A register of interests for board members and staff and a mechanism for ensuring that interests are declared and recorded.</p> <p>A register showing that any gifts or hospitality given or received are modest, appropriate and fully disclosed.</p> <p>Evidence that board members and staff have been made aware that they must not receive personal benefit from suppliers of goods and services to the association.</p> <p>Cost-effectiveness, quality and probity in procurement.</p>
<p>1.13 Actively to promote diversity and equality of opportunity and ensure that there is no unfair discrimination in any of the association's activities.</p>	<p>Evidence of a clear public commitment to promoting diversity and equal opportunities policies and practice, and examples of challenging discriminatory attitudes or behaviour.</p> <p>Rigorous arrangements to prevent unfair discrimination on the basis of race, sex, disability, support needs, age, language, religion, marital status, sexual orientation or any other unjustifiable criterion, in any activity, including appointments, employment and the provision of housing or other services.</p> <p>Existence, regular review and staff and Board awareness of an equal opportunities strategy and action plan with clear targets, in line with Assembly Government guidance. Monitoring of outcomes against targets, and action taken if necessary.</p> <p>Use of effective mechanisms for working with BME communities, disabled customers and other relevant groups.</p>
<p>1.14 To promote race equality and tackle racial discrimination.</p>	<p>A Black, Minority Ethnic (BME) Housing Strategy in line with the BME Housing Action Plan for Wales.</p> <p>A Race Equality Plan setting out how the actions specified for housing associations in the BME Housing Action Plan for Wales will be carried out., including: monitoring the percentage of BME households on waiting and transfer lists and the percentage of offers and lettings to BME households; adhering to the Code of Practice for Social Landlords on Tackling Racial Harassment; and monitoring the percentage of board member appointments that are BME.</p>

1.15 To be answerable to customers for the quality of services provided.

A policy for dealing with complaints and ensuring that problems identified do not recur.

Prompt and reasoned responses to customer complaints, with appropriate and consistent compensation for loss of services or poor performance.

Clear, published customer service standards, developed in consultation with service users.

Use of a range of methods and opportunities for finding out about tenants' and applicants' perceptions of the quality of services, or performance generally, and evidence of action taken in response.

A read back from information about perceptions and from complaints received to the arrangements for continuous improvement.

Regular monitoring and evaluation by the Board of customer satisfaction.

1.16 To ask for and listen to the views of customers and the community, and act on these.

Evidence of an active cycle of seeking views, acting to change policy and practice in light of messages received, and feeding back to customers on how their views were taken into account.

Responsiveness of the Board and the business planning process to tenant and stakeholder views.

Meaningful involvement of customers in Best Value processes.

Action in response to unsolicited queries or complaints

Use of a range of mechanisms to get views from all tenants.

Compliance with Assembly Government guidance on tenant participation.

In context of long term planning, broad market research amongst tenants to discover their needs and aspirations.

Examples of what has been achieved by these or other processes.

<p>1.17 To encourage tenant involvement.</p>	<p>Tenant Participation Compacts, in line with Assembly Government guidance, and evaluation of their impact. Information in Compacts about how tenants will be involved in, consulted on and informed about service delivery, and how this will be resourced, measured and monitored.</p> <p>A corporate tenant participation strategy covering information to tenants, gaining and responding to tenants views and tenant involvement.</p> <p>Arrangements to help and encourage representative and accountable tenant organisations, and recognition criteria for tenants associations, in line with Assembly Government guidance.</p> <p>Encouragement, including financial support and training, to empower and enable tenants to participate in the decision making about and running of the organisation, or of their estate, group of dwellings, or shared house.</p> <p>Encouragement of participation of tenants on the Board.</p>
<p>1.18 To treat the Welsh and English languages on a basis of equality.</p>	<p>A Welsh Language Scheme developed in line with the guidelines issued by the Welsh Language Board, and to a timetable agreed by the Assembly Government in consultation with the Board. The expected level of service in Welsh will vary according to operational area and activity.</p> <p>Evidence that the obligation is met in practice, and that compliance is monitored and evaluated by the association.</p>
<p>1.19 To work in partnership with local authorities to identify and provide for the needs in the area.</p>	<p>Involvement in the development of local housing strategies and clarity about the organisation's role in helping to achieve their objectives.</p> <p>Community Housing Agreements with relevant authorities.</p> <p>Involvement in developing Supporting People Operational Plans.</p>
<p>20. To support the principles of sustainability</p>	<p>Economic, social and environmental objectives within its planning for the development and support of sustainable communities.</p> <p>An affordable warmth strategy, which aims at ensuring that tenants are able to keep warm in their homes within their means.</p>

Management and service provision

2.1 To set rents and service charges as low as possible.

Compliance with statutory requirements on setting of rents and service charges.

A rent structure which demonstrates compliance with rent benchmarking (where appropriate) and consistency across the stock.

Service charges set at a level consistent with providing the level of service required and value for money.

Rent and service charge levels set as low as possible consistent with long term viability and high service delivery standards.

Information, given to all tenants and made publicly available, on the setting and levels of rents and service charges across the housing stock, including local comparisons, past record and future projections.

2.2 To be readily accessible to customers (tenants and applicants) for full, clear and accurate information and advice.

Good quality information provided: to potential applicants; at initial application; during progress of application; at the start of tenancies; during tenancies; and about performance and activities.

Language policy and practice appropriate to the local linguistic profile (see also 1.18).

Availability of information in language and formats and through communication channels customers can understand and access.

Clear policy and consistent practice on data protection, confidentiality and access to records.

An open, general advice service, which facilitates access to specialist advice or support services where appropriate, including money/debt advice.

2.3 To achieve a balance in systems for allocating housing between: the needs and preferences of applicants; the well being of existing tenants and the community as a whole; and the need to make best use of a publicly funded resource.

Recent review of lettings policies and systems.

Lettings systems that take into account:

- Local housing market conditions;
- the housing and support needs of applicants, especially those to whom the local authority has a statutory duty or who are a priority group within their local housing and homelessness strategies;
- applicants' preferences and the need to maximise choice;
- time spent on the waiting list;
- the contribution which special allocation policies might make to protect the interests of residents, and to maximise social inclusion and build sustainable communities;
- for applicants for low cost home ownership housing, their ability to meet the costs.

A mechanism for giving priority to those who have an urgent or pressing need for rehousing, such as homeless people.

	<p>Evidence that any general or special allocation policies are evidence based and take account of suitable consultation with those affected by the proposed policy, have clear objectives agreed by the Board, and are subject to robust monitoring and review.</p> <p>Rigorous monitoring and evaluation of the impact on applications and lettings of any new lettings policy, to identify "winners and losers" and ensure that policy outcomes match policy objectives.</p> <p>Exclusion from tenancies only in circumstances where behaviour is serious enough to make the person unsuitable to be a tenant, in accordance with Assembly Government guidance.</p>
<p>2.4 To ensure that those housed are fairly selected, and priority determined in accordance with published policy.</p>	<p>Consistency, propriety and transparency in letting, leasing or selling, and compliance with the relevant Charter and association's own allocation, equal opportunities and other relevant policies.</p>
<p>2.5 To ensure people have good awareness of and access to the association's social housing.</p>	<p>Steps taken to publicise policies for access to housing and information about stock, to those in need of housing, especially under-represented groups. Monitoring of effectiveness of publicity arrangements.</p> <p>Arrangements to take referrals from appropriate organisations, particularly those working closely with under-represented groups.</p> <p>Assistance given to tenants who want to: exchange; transfer; move on from supported housing; or buy into low cost home ownership. Participation in HOMES or any successor scheme.</p> <p>Minimum restrictions on access to housing.</p>
<p>2.6 To work in partnership with relevant local authorities and other associations on the allocation of housing.</p>	<p>Arrangements, including formal detailed nomination and referral agreements, with all relevant local authorities to help them meet their statutory duties and local strategic objectives, including housing homeless and vulnerable people.</p> <p>Consultation with local authorities about proposed changes to lettings policies.</p> <p>Involvement in authorities' development of local homelessness strategies and reviews.</p> <p>Agreement with local authorities on holding registers, protocols on confidentiality and data protection, and arrangements for making applicants aware of how to apply to other social landlords.</p>

<p>2.7 To ensure tenants' occupancy of their homes is as secure as possible.</p>	<p>All tenants receiving a copy of the relevant Tenants' Charter or Guarantee, and receiving all the rights referred to in this.</p> <p>Deviation from the most secure form of tenure only in accordance with Assembly Government guidance.</p> <p>Assistance for tenants in understanding all their rights, and how to exercise them.</p> <p>Eviction for breaches of tenancy agreements sought only as a last resort, when other avenues for remedial action have been exhausted, and in accordance with Assembly Government guidance.</p> <p>A presumption against using mandatory possession grounds in any circumstances, and use of these grounds only as a last resort in exceptional individual circumstances.</p> <p>Arrangements for a hearing by a panel of the Board, at which the tenant can be represented, to consider any eviction prior to eviction taking place.</p> <p>Clarity of information for tenants about circumstances in which eviction can be sought.</p>
<p>2.8 To help to safeguard the quality of life of tenants or neighbours, to have a strategy for tackling nuisance and anti-social behaviour, and to work with tenants and other agencies to promote and develop sustainable communities.</p>	<p>A rigorous strategy for tackling anti-social behaviour. Clear policy and consistent practice, reflecting current thinking on good practice and in accordance with relevant guidance, on tackling neighbour disputes, anti-social behaviour, and harassment.</p> <p>Participation in community development or neighbourhood renewal and regeneration initiatives.</p> <p>Policies or strategies which address or take into account wider economic, social or environmental issues.</p> <p>Improvements to housing management arrangements, the physical stock or the surrounding environment.</p> <p>Evidence of effective joint working with relevant agencies.</p>
<p>2.9 To keep rent arrears to a minimum.</p>	<p>Effective policy and practice, in line with Assembly Government guidance, to prevent and control rent arrears and recover arrears of current and former tenants.</p>
<p>2.10 To let properties quickly and efficiently.</p>	<p>Management of voids and low demand in line with Assembly Government guidance.</p> <p>A marketing strategy where appropriate.</p>

<p>2.11 To work within a clear and effective framework of policy and practice for dealing with the most common tenancy management issues.</p>	<p>Clear policies and procedures, which are regularly monitored and reviewed.</p>
<p>2.12 To apply all fundamental obligations equitably to customers who require support, tailoring service delivery to meet their specific needs.</p>	<p>Appropriately designed information detailing services for people with support needs, and the provision of information, advice and support on all services through mechanisms which reflect the varying circumstances of people with support needs.</p> <p>Ways of seeking and responding to the views and concerns of tenants with support needs which are tailored to their needs and set out in a Tenant participation Compact.</p> <p>Inclusion in corporate tenant participation strategy of arrangements for the involvement of customers with support needs.</p> <p>Appropriate arrangements to grant occupancy rights or pursue possession which reflect the circumstances of supported tenants. Appropriate information and assistance to supported tenants to understand and exercise their rights and obligations as a tenant/licencee.</p> <p>Close, formalised, working arrangements with the support service in delivery of the housing management service.</p> <p>Where support providers provide a housing service on behalf of the association, control of delegated functions through appropriate contractual arrangements, and mechanisms to ensure that delegated functions are undertaken satisfactorily.</p>
<p>2.13 To make housing available for people who have support needs and to ensure access to appropriate support services.</p>	<p>Arrangements to take relevant referrals or nominations from statutory authorities, support providers and professionals, and to take self referrals. Appropriate allocations procedures for applicants and existing tenants, which take into account support needs. Assistance to find alternative accommodation if none is available.</p> <p>Appropriate move-on arrangements negotiated with local agencies.</p> <p>Involvement in, and co-operation with, local strategic planning mechanisms designed to develop accommodation related support services.</p> <p>Arrangements to provide support services in-house or by agreement with support providers.</p>

<p>2.14 To ensure that tenants' homes are well maintained and in a lettable condition.</p>	<p>A minimum standard of accommodation for re-lets which is in accordance with The Welsh Housing Quality Standard.</p> <p>A clear specification of maintenance standards which staff and contractors are required to follow.</p> <p>A code of conduct which maintenance staff and contractors are required to follow.</p> <p>A programme of pre-inspection, supervision of works in progress, and post-completion inspection of maintenance works.</p>
<p>2.15 To identify, plan for, and carry out the long term maintenance and improvement necessary to meet The Welsh Housing Quality Standard.</p>	<p>A regular cycle of condition surveys for gathering up to date information on the condition of stock.</p> <p>Evidence of working to a comprehensive programme for planned maintenance and improvement based on this information, which aims at keeping the association's stock in compliance with The Welsh Housing Quality Standard and associated guidance.</p> <p>Evidence, where the housing stock falls short of the Standard, of working to a programme in consultation with tenants for bringing all properties into compliance by 2012.</p> <p>Information within the business plan to demonstrate that the programme for planned maintenance and improvement can be funded.</p>
<p>2.16 To ensure that maintenance is carried out effectively and responsively and in ways that reflect tenants' preferences.</p>	<p>Published targets for the standards of service agreed through consultation with tenants and sensitive to the needs of vulnerable tenants.</p> <p>Categorisation and completion of all response repairs in accordance with Assembly Government guidance.</p> <p>Evidence that in response to requests, tenants are told how, when, and what repairs will be carried out.</p>
<p>2.17 To provide, through new building, acquisition or conversion, homes which are well designed, and of good quality.</p>	<p>Evidence that the association is providing new-build and rehabilitated homes in accordance with the Assembly Government's Development Quality Requirements for New and Rehabilitated Dwellings.</p> <p>Evidence that dwellings provided by the association are sustainable, with prudent use of natural resources and effective protection of the environment.</p> <p>New developments are provided using the principles of "Rethinking Construction" and associated guidance.</p>