

**Audit committee**

Mrs Janet Davies AM  
Chair, Audit Committee  
The National Assembly for Wales  
Cardiff Bay  
CARDIFF  
CF99 1NA

Dear Janet

**REGULATION OF HOUSING ASSOCIATIONS BY THE NATIONAL ASSEMBLY FOR WALES**

At the Audit Committee meeting on 5 July I said that I would write to you about your concerns on the Assembly's regulation of Housing Associations. You had mentioned this to Frank Grogan when you met Frank last month do discuss the report on the wind up of the Cardiff Bay Development Corporation.

We have looked into the issue which you raised and I attach a note which sets out the results of our work. This confirms your impression that the volume of material issued to Housing Association has reduced since the Assembly took over responsibility for their regulation from Tai Cymru. We did not though find any evidence to suggest that the level of quality of regulation and monitoring has also reduced. As you know housing forms an important topic in my forward value for money programme. We will certainly bear in mind your concerns about housing Associations as we develop the proposed programme for 2002-03 and future years which I will be discussing with the Committee in the autumn.

I hope this is helpful and I would be very happy to discuss the issue with you, especially if you have an particular concern about specific Associations at any time.

Yours sincerely

## **REGULATION OF HOUSING ASSOCIATION BY THE NATIONAL ASSEMBLY FOR WALES**

### **Introduction**

The Assembly's Housing Directorate has responsibility for regulation of Housing Associations. The regulatory framework in place is unchanged from that formerly administered by Tai Cymru (Housing for Wales),

### **Regulation**

The main aspects of the regulatory work carried out by the Assembly are as follows:

1. audits carried out by the Assembly officials at Housing Association premises. Each audit covers one of the following areas: Finance and Management; Maintenance; Housing Management; and Supported Housing. All of the areas would be covered over a four year period at each Housing Association. Reports are prepared following each audit. Further audits are undertaken on an annual basis covering discreet areas across all Housing Associations. These latter audits are designed to investigate comparative performance in key functional areas. The results of such audits are published to enable good practice to be disseminated;
2. receipt and review by Assembly officials of financial information relating to individual Housing Associations. Such financial includes the annual accounts, audit management letters, quarterly management accounts, business plans, and loan details;
3. review of performance indicators, for example levels of rent arrears;
4. placing a requirement on Housing Associations to demonstrate on an annual basis their long term plans for comprehensive housing stock maintenance;
5. the housing constructed by housing associations and funded by Social Housing Grant is also regulated through an approval process that considers the type, location and need for the provision and in particular exercises control over quality through design standards laid down by the

Housing Directorate.

Other work carried out by the Assembly includes, for example, investigation of complaints from Housing Association tenants.

Assembly Officials continue to issue guidelines to Housing Associations, for example in relation to any changes in regulation. They acknowledge that the volume of information issued is probably less now than under the former arrangements but see this as possibly reflecting a more detailed day to day supervisory approach adopted by Tai Cymru whose sole function was the promotion and regulation of Housing Associations. Assembly officials do not feel that the reduction in the quality of monitoring role in place.

### **Future Developments**

The Best Value regime for Housing Management is to be introduced into Housing Associations from April next year. The Assembly's Housing Directorate is also planning to review over the next 12 months the present way it carries out the regulation of Housing Associations.

### **Conclusion**

There is no immediate evidence to indicate that the level of regulation has reduced in comparison to that undertaken by Tai Cymru. The National Audit Office would seek to confirm as part of its annual audit of the Assembly's accounts that the system of regulation is being maintained at the level of activity described above. It would also intend to check that any changes the regulatory process arising from the Assembly's review of the present arrangements will not lead to an overall weakening of control in this area.

Additionally, whilst the Auditor General for Wales does not have an automatic right of access to Housing Associations, he could under Section 96(3) of the Government of Wales Act negotiate with the Assembly for specific access to carry out, for example, value for money work in this area.

**Auditor General for Wales**

**July 2001**