

## **Public Accounts Committee**

### **Inquiry into the Regulatory oversight of Housing Associations**

#### **Summary of issues raised at stakeholder event (5 December 2016)**

#### **Question 1 – How do housing association tenants find out about the Regulatory Framework for Housing Associations in Wales, together with how it works/who is who etc?**

Awareness of the Regulatory Framework was felt to be low amongst housing association tenants generally, although participants at the Committee's event were well informed with a number of Tenant Advisory Panel members in attendance.

It appears that some landlords are more effective than others at raising awareness amongst tenants with a feeling that some landlords only make regulatory information available on request. Many participants were involved in tenant participation opportunities with their own landlord, including scrutiny/tenant panels and self-evaluation exercises so had a good awareness of how regulation works in practice.

There was a broad consensus that there is no one single way to inform tenants of regulation. Indeed, it was recognised that many tenants were unlikely to be interested in regulation and should there really be an expectation that they must be interested? Landlords can make use of their own websites (using clear and accessible language), newsletters (sometimes with tenant editorial involvement), tenant meetings, AGMs, social media and training opportunities provided by the landlord (often working with TPAS and Welsh Tenants) to raise awareness of regulation. However, there is a risk that only a few tenants (often the same ones) ever engage fully. Many tenants will only make their voice heard when issues they feel will directly impact on their lives are raised – like rent increases, or repairs/improvements.

There is also a particular challenge engaging with housebound tenants, as well as a broader group (often older and/or in rural areas) who may have no internet access. Where information is made available, on the Welsh Government's website for example, it is not always easy to find the information that's needed. It was suggested that the Welsh Government itself could do more to educate tenants about regulation.

**Question 2 – Are tenants sufficiently involved in how housing associations are run and regulated? Do tenants have sufficient opportunities to be involved in how their housing association is governed at Board level? Do tenants have sufficient opportunities to be involved in how their HA is regulated by the Welsh Government?**

Committee Members' heard many best practice examples of tenant involvement and how landlords are run on a day-to-day basis, governed and regulated, but also some areas where there appears to be room for improvement.

Where landlords had an effective participation strategy, tenants felt that they were consulted on important matters (such as dealing with housing management issues like anti-social behaviour), and had an opportunity to contribute their ideas and opinions. This included regular tenant surveys by some landlords and making use of existing tenant groups and networks. Again, it was emphasised that not all tenants wish to be involved in these sort of activities. There were many examples of tenant groups that had been established by landlords so there was a forum for consultation and, to some extent, scrutiny. There was a call for clarity in terms of the scrutiny process, including a means to measure its effectiveness and adequate training for any tenants involved in that process.

However, there was some concern, though not unanimous by any means, that groups established by landlords gave a landlord too much control over what issues were discussed. There were some concerns that it was the same tenants who would contribute to these groups/forums, and few younger tenants got involved. One landlord has helped facilitate various social groups that have encouraged younger tenants to participate. Some participants felt training for tenants on how they could contribute might help

encourage more tenants to get involved. It was also suggested that tenant participation budgets were not being fully utilised. However, other participants felt that tenant participation budgets had been reduced; the effectiveness of tenant participation now depends on the landlord's tenant participation officer (where there is one) and their decisions. Some landlords gave tenants control of how the tenant participation budget was utilised.

Participants discussed housing association boards in some detail and, in particular, how tenants interact with those boards as decisions are made. Some participants felt that more could be done to encourage tenants to become board members, and training opportunities could be provided for interested tenants. One example of best practice saw a landlord establish a 'board academy' which allowed tenants to sit in on board meetings before potentially progressing to being a board member. Those sessions also clarified board member roles and responsibilities. Tenants of other landlords saw considerable challenges to tenants becoming board members, with some questioning the transparency of the recruitment process and one participant even suggesting that tenants can be more effective outside the board. Some participants suggested that the opportunities for tenants to contribute to board meetings were limited. Another issue identified was a potential conflict if a tenant was a board member and they also remained active in tenant groups within the organisation. Currently, board members are not paid. If that were to change it could cause some difficulties for any tenant board members who were in receipt of benefits.

Some tenants felt that there are too many local authority representatives on housing association boards established following a stock transfer and this could give the impression that the local authority still owns the housing stock. However, stakeholders also agreed that to completely remove local authority representatives would lose valuable knowledge and experience. Participants suggested that one alternative to having local authority board members was introducing a requirement that housing association boards/executives should regularly report to local authority scrutiny panels.

Tenants in some areas appeared to have direct contact with the Welsh Government's regulation team, while in other areas there was an expectation

that contact would be through the landlord. One example was given of a Welsh Government official attending a tenants' meeting, although many tenants struggled with the technical language that was used. The Welsh Government will take account of tenant feedback in the regulatory process, but some participants were still unclear about how the Welsh Government interacts with housing associations.

There was some concern that the Welsh Government has taken a decision not to fund both TPAS and Welsh Tenants in future – particularly as tenants are intended to be “at the heart of regulation”.

**Question 3 – Do tenants know enough about how their housing association is performing against regulatory expectations? For example, do tenants know what concerns/risks have been identified through Regulation? Do tenants know what works well and what needs to be improved? Do tenants get to see the Regulatory Opinion report for their housing association?**

There was a general consensus that most tenants (though not those who attended the Committee's stakeholder event) were unaware of how their landlord was performing and didn't see the various reports produced by the Welsh Government. However, this does appear to vary between landlords, with little consistency across Wales in terms of what information is made available to tenants (and how accessible it is, for example whether it is prominent on the landlord's website). Participants highlighted the range of information that should be made available: self-evaluation reports, annual reports (which could be more detailed), Regulatory Opinions, Financial Viability Judgements – this could be too much for the average tenant to find the time to read and digest. Some landlords made performance information available in a more accessible form, for example in newsletters. Others shared it with specific tenant groups. While some participants felt that there was insufficient engagement and information is not shared, others were involved in scrutinising the work of their landlord as part of the self-evaluation process. There was a call for the right of tenants to be involved to be enshrined in legislation as there were suggestions that tenant involvement was reducing in some instances.

The value of comparisons against other landlords was felt to be important, with one participant suggesting that this approach was more common in England. However, it was suggested that different members of the regulation team take different approaches, so the value of this could be limited until there is greater consistency.

While information on housing association performance was, in theory, accessible to tenants, there were practical problems for those with no internet access, and the actual reports were not always written in plain language. There was a suggestion that the information could be provided in a different way, possibly face-to-face (although there would be resource implications) and also through using social media.

Some participants felt that there was not sufficient opportunity to access the regulator, although in some areas a member of the Welsh Government's regulation team attends every board meeting. Some tenant forums have arranged to meet with the regulator.

In some areas, it was claimed that board meeting minutes are either not made public, or not readily accessible.

#### **Question 4 – Are housing associations prepared to deal with the various risks that currently face the housing sector, e.g. welfare reform?**

There was a general consensus that welfare reform presents housing associations and their tenants with an on-going challenge, particularly with the roll-out of Universal Credit, the direct payment of housing costs to tenants and limits to benefits for housing costs for single people under 35. In light of the expected demand for shared accommodation, concerns were raised about the provision of Houses in Multiple Occupation (HMO) by social landlords as these properties are not subject to the same control as HMOs in the private sector.

Tenant debt, including rent arrears, could increase as will the demand for shared accommodation. It was clear that some landlords had been very proactive in dealing with this risk (e.g. setting up specific groups to deal with welfare reform), but some participants felt not enough was being done to help tenants. There was also some concern that as landlords were also

trying to collect rent, there was the potential for a conflict of interests where the landlord is also providing advice on income maximisation.

A number of tenants felt that the Welsh Government could have done more to help mitigate the effects of the 'bedroom tax' and noted that the Welsh Government also set rent policy for housing associations. Some housing associations have carried out considerable awareness raising amongst their tenants, with some targeting tenants who they see as particularly at risk. There also appears to have been some good work with credit unions.

Other risks identified included:

- Brexit;
- the recent Office for National Statistics decision to reclassify housing associations as part of the public sector for accounting purposes – this could affect the ability of housing associations to access finance;
- While some attendees felt that landlords' budgets are well scrutinised by boards, others were less content;
- The impact that mergers of housing associations could have on tenants was highlighted, and tenants were not always aware of their landlord's plans;
- Participants also recognised the risks that diversifying into new types of development brings with it the potential for new risks.

#### **Question 5 – Do tenants have opportunities to influence and challenge the way that housing associations work, and the decisions their board takes?**

Consultation with tenants, and tenant participation generally, appears to be widely used by housing associations, but participants' views of its effectiveness in terms of influence/challenge varied. Some also drew a distinction between influencing the executive and influencing the board. One participant suggested that there had been no reason to challenge their landlord's decisions as tenants were always involved from an early stage. Other participants commented that there is often a tenant representative on boards (although it was correct that decisions should be taken by a majority). One landlord provided regular feedback to tenant groups on board decisions.

There were also differing opinions about the impact of tenant involvement on the decision making process. Some best practice saw a landlord use a group of tenants on a monthly basis to establish whether issues were being dealt with effectively. Moreover, there are examples of boards taking decisions on the basis of tenant feedback, even though the landlord's executive team disagree with the decision. One participant emphasised that tenants and landlords sharing information outside of the formal regulatory process was important.

There was a call for a regulator to be independent of both the housing association sector, and the Welsh Government. There was some uncertainty amongst participants as to who is protecting the interests of tenants: the Welsh Government or housing associations? A participant also questioned the amount of tenant involvement in developing the Regulatory Framework.

**Question 6 – Do tenants have confidence that their interests are being protected by housing association boards and the Welsh Government as Regulator?**

Stakeholders drew a clear distinction between the role of landlords and the Welsh Government (as regulator) but there was no consensus about how effectively those bodies protect the interests of tenants.

Specific issues of concern raised in relation to the Welsh Government included the difficulties faced by tenants (and landlords) in dealing with the regular changes in terminology used in the various reports that are produced by the regulator. This often differs from year-to-year and provides another accessibility barrier. There were concerns that the Welsh Government's housing regulation team appears to be under-resourced. Some questioned their regulatory powers, and their detailed understanding of the sector.

A member of staff from a housing association shared the view that they feel regulated by their tenants.

Concerns were raised over the merger of Tai Cantref and Wales and West. There was little (if any) tenant consultation and lack of public information about the difficulties experienced by Tai Cantref prior to the merger, although one participant suggested the merger was actually working well.

One participant commented that tenant participation is an essential component of effective regulation.

### **Other issues**

Making reference to one of the terms of reference of this inquiry, a number of comments were made about remuneration levels of senior staff. While some participants felt that the salaries paid were competitive and important in attracting high calibre candidates, others felt pay levels were too high. Specific reference was made to staff who previously worked for local authorities, who had seen significant pay increases following stock transfer.