

The Regulation of Housing Associations

Public Accounts Committee Inquiry

Next Steps

Earlier this year the Public Accounts Committee published its [report on the Regulation of Housing Associations in Wales](#). The report was the culmination of several months of work undertaken by the Committee, including an extensive and wide reaching [inquiry](#) to gather evidence from a range of stakeholders.

The inquiry was timely in its coincidence with ongoing changes affecting the housing sector including the Office for National Statistics (ONS) decision to reclassify Welsh Housing Associations as part of the public sector, the Welsh Government's commitment to the development of 20,000 affordable homes over the fifth assembly term, on-going welfare reform and the changes being made to the Regulatory Framework by the Welsh Government.

The report was well received and commended for raising a number of important issues. A key concern raised was the subject of housing associations diversifying their businesses. Members of the Committee recognised the potential benefits of diversification, noting that commercial activity surpluses could be reinvested in providing new housing and services. However, serious risks were highlighted if these activities are not managed effectively. The report called upon the Welsh Government to provide greater clarity on how it oversees diversification, particularly in cases where it is undertaken by a non-registered social landlord subsidiary.

The report also made the case for increased transparency in the sector including giving tenants the power and information to scrutinise what their housing association is doing for them. Whilst the Committee found sufficient good governance and regulation within the sector to justify greater autonomy for housing associations, there is an expectation that they will need to increase openness and transparency in their decision making to allow for this.

The Committee's report, published in August 2017, made a total of 15 recommendations to the Welsh Government. These were well received with 14 of the recommendations accepted and 1 partially accepted. While I believe the Welsh Government's response to be generally satisfactory, there will certainly be scope for the Committee to return to these issues in the future to monitor the Welsh Government's progress against our recommendations and for us to consider

whether we are content with this progress or not. In terms of our next steps we will be monitoring the forthcoming [Regulation of Registered Social Landlords \(Wales\) Bill](#) and whether any of the findings of our inquiry should feed into consideration by the Equalities, Local Government and Communities Committee.