



Ein cyf/Our ref MA - L/RE/0066/18

Simon Thomas AM  
Chair  
Finance Committee  
National Assembly for Wales  
Cardiff  
CF99 1NA

21 February 2018

Dear Simon,

I would like to thank the Finance Committee for its scrutiny of the Regulation of Registered Social Landlords (Wales) Bill during Stage 1 of the legislative process. I have set out responses to the three recommendations made in the Finance Committee Stage 1 scrutiny report on the Regulation of Registered Social Landlords (Wales) Bill below.

- 1) The Committee recommends that the Welsh Government outlines a strategy for how it will monitor the financial performance of Registered Social Landlords in order to minimise the risks associated with deregulation of the sector*

I accept this recommendation. Continued financial viability of RSLs is critical. Financial performance of each RSL is monitored as part of continuous regulatory oversight and informs the published annual regulatory judgements on financial viability and governance and landlord services.

There are risks when RSL Boards decide to undertake new activities. What is important, however, is how Boards identify, understand, consider and manage those risks. The Performance Standards, which RSLs must meet, includes a requirement to evidence how new business risks are identified, assessed and managed and is one of the factors taken into account in reaching regulatory judgements.

The Welsh Government will be publishing a review of the current levels of exposure to non core business activities (diversification) and will set out its intention to monitor forward plans over a rolling five year period to inform its view on the overall levels of exposure of the sector as well as individual RSLs to ensure the risk is appropriate and manageable. The review and strategy will be published in the forthcoming sector risk overview publication due in Spring 2018.

- 2) *The Committee recommends that the Welsh Government should allocate sufficient resources to enable the Tenant Participation Advisory Service to increase its communication with tenants to ensure that they are aware and understand the change of regime as a result of this Bill.*
- 3) *The Committee recommends that the Welsh Government should allocate sufficient resources for the production of guidance for Registered Social Landlords to ensure a consistent approach to implementing the new regime.*

I accept these recommendations. I am currently of the view there are sufficient resources in place for the reasons identified in the Regulatory Impact Assessment. I can, however, assure the Committee that resources are under constant review by officials and in liaison with TPAS Cymru and the RSL sector.

I hope this letter is helpful in setting out my response to the Committee's report. I will also be writing to the Chairs of the External Affairs and Additional Legislation Committee and the Constitutional and Legislative Affairs Committee with regard to their Stage 1 reports and will copy the letters to all three Committee Chairs.

I look forward to continuing to work with Members as the Bill progresses through the Assembly process.

Yours sincerely,



**Rebecca Evans AC/AM**  
Y Gweinidog Tai ac Adfywio  
Minister for Housing and Regeneration