

*These notes refer to the Regulation of Registered Social Landlords
(Wales) Act 2018 (c.4) which received Royal Assent on 13 June 2018*

REGULATION OF REGISTERED SOCIAL LANDLORDS (WALES) ACT 2018

EXPLANATORY NOTES

SUMMARY AND BACKGROUND

4. Registered Social Landlords (RSLs) are bodies registered with the Welsh Ministers under Part 1 of the 1996 Act. They can be a registered charity, a society registered under the Co-operative and Community Benefit Societies Act 2014 or a registered company. They must be non-profit-making and have been established for the purpose of, or having among their objects or powers, the provision, construction, improvement or management of houses for letting or hostels.
5. On the 29 September 2016 the Office for National Statistics (ONS) announced that RSLs in Wales should be classified in the national accounts as Public Non-financial Corporations. The reason for this is RSLs are subject to what ONS term government control, mainly through regulatory powers, set out in the 1996 Act. Previously, RSLs were classified as Private Non-financial Corporations.
6. A significant proportion of the RSL development programme is funded through borrowing from the private sector which supplements Welsh Government Social Housing Grant and other funding programmes.
7. The classification of RSLs in Wales as Public Non-financial Corporations will increase Public Sector Net Debt and Public Sector Net Borrowing because any private sector market borrowings taken out by these reclassified public sector RSLs would score as a charge against Welsh Government budgets. Funding for housing would be competing with other Welsh Government priorities and it is likely this would mean fewer new affordable homes and limited options for the Welsh Government to maximise the positive contributions RSLs make to the communities in which they work, including significant local employment and economic benefits. It would also result in uncertainty for stakeholders, including funders who have made long term commitments to funding an independent RSL sector.
8. This Act amends or removes those elements of central and local government control which led to the decision by ONS to classify RSLs as Public Non-financial Corporations, in order to enable the reclassification of RSLs back to Private Non-financial Corporations.