



Llywodraeth Cymru
Welsh Government

WRITTEN STATEMENT BY THE WELSH GOVERNMENT

TITLE *Introduction of the Regulation of Registered Social Landlords (Wales) Bill*

DATE *16 October 2017*

BY *Carl Sargeant AM, Cabinet Secretary for Communities and Children*

The Regulation of Registered Social Landlords (Wales) Bill and Explanatory memorandum have today been laid before the National Assembly for Wales.

The Bill has been brought forward in response to the Office for National Statistics (ONS) review of the statistical classification of Registered Social Landlords (RSLs) in Wales which was published in September 2016. The ONS identified indicators of central and local government controls which led them to conclude RSLs should be reclassified to the Public Non-Financial Corporations sub-sector, for the purpose of national accounts and other ONS economic statistics. These controls are principally set out in the Housing Act 1996.

RSLs fund a significant amount of their building activity by private sector borrowing. They have committed to delivering at least 12,500 of the Welsh Government's target of 20,000 new affordable homes but, their ability to do this will depend on their ability to use private sector borrowing to augment the Welsh Government's social housing grant funding and other funding programmes.

If RSLs continue to be classified as Public Non-financial Corporations, their borrowings (currently, on average, approximately £200 million per year) will score as a charge against Welsh Government budgets and increase Public Sector Net Borrowing. Funding for housing would be competing with other Welsh Government priorities which would undoubtedly mean significantly fewer new affordable homes.

The Regulation of Registered Social Landlords Bill has been introduced in order to remove or amend the provisions identified by ONS as being indicative of government control. This will then enable ONS to consider reclassifying RSLs in Wales to the Private Non-Financial Corporations sector, thus mitigating the impacts and budgetary concerns.

Unless we take action which would enable ONS to reverse the reclassification and return RSLs to the private sector, our plans to address the shortage of affordable homes in Wales will be severely compromised. The changes proposed in the Bill are essential to help secure the ongoing supply of good quality, affordable homes in Wales.

The Policy proposals and a draft version of the Bill have been discussed with ONS. ONS is content that, if the Bill receives Royal Assent in its current form, the totality of influence would not constitute public sector control and they would be happy to review the classification again.