



Llywodraeth Cymru
Welsh Government

REGULATION OF REGISTERED SOCIAL LANDLORDS (WALES) BILL

Explanatory Memorandum
incorporating the
Regulatory Impact Assessment and
Explanatory Notes

October 2017

Regulation of Registered Social Landlords (Wales) Bill

Explanatory Memorandum to the Regulation of Registered Social Landlords (Wales) Bill

This Explanatory Memorandum has been prepared by the Education and Public Services Group of the Welsh Government and is laid before the National Assembly for Wales.

Member's Declaration

In my view the provisions of the Regulation of Registered Social Landlords (Wales) Bill, introduced by me on the 16 October 2017, would be within the legislative competence of the National Assembly for Wales.

Carl Sargeant AM

Cabinet Secretary for Communities and Children
Assembly Member in charge of the Bill

16 October 2017

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1. Description

- 1.1. The Regulation of Registered Social Landlords (Wales) Bill (the Bill) will amend or remove those powers which are deemed by the Office for National Statistics (ONS) to demonstrate central and local government control over Registered Social Landlords (RSLs). These changes will enable ONS to consider reclassifying RSLs as private sector organisations for the purpose of national accounts and other ONS economic statistics.

2. Legislative Competence

- 2.1. The National Assembly for Wales ("the Assembly") has the legislative competence to make the provisions in the Regulation of Registered Social Landlords (Wales) Bill ("the Bill") pursuant to Part 4 of the Government of Wales Act 2006 ("GoWA 2006"). The relevant provisions of GOWA 2006 are set out in section 108 and Schedule 7.
- 2.2. Paragraphs 11 and 12 of Schedule 7 set out the following subjects on which the Assembly may legislate.

Paragraph 11 – Housing

“Housing. Housing finance except schemes supported from central or local funds which provide assistance for social security purposes to or in respect of individuals by way of benefits. Encouragement of home energy efficiency and conservation, otherwise than by prohibition or regulation. Regulation of rent. Homelessness. Residential caravans and mobile homes.

Paragraph 12 – Local government

“...Powers and duties of local authorities and their members and officers...”

- 2.3. The above subjects provide the National Assembly with the legislative competence to make the provisions contained in the Bill.

3. Purpose and intended effect of the legislation

- 3.1. The purpose of the legislation is to implement regulatory reforms removing central and local government controls allowing the ONS to review the classification of RSLs, which are currently determined to be public sector organisations for accounting purposes.
- 3.2. The intended effect of the Bill is to allow the ONS to reclassify RSLs as private sector organisations for accounting purposes. The proposed regulatory reform is the minimum required for that purpose. Reclassification to the private sector will allow RSLs to access private sector borrowing to enable them to build new social housing, and continue to make a significant contribution to delivery of Welsh Government's existing commitment of 20,000 new affordable homes.

Registered Social Landlords

- 3.3. RSLs are Welsh housing associations registered with the Welsh Ministers under Part 1 of the Housing Act 1996. A list of current RSLs in Wales can be accessed via the following link:
<http://gov.wales/topics/housing-and-regeneration/publications/registered-social-landlords-in-wales/?lang=en>.
- 3.4. In Wales, RSLs are non-profit making, with the main purpose of managing and improving homes, providing services to tenants and residents, and developing new homes.
- 3.5. At August 2017, RSLs in Wales provided around 141,000 affordable social rented homes. A significant proportion of the RSL development programme is funded through borrowing from the private sector to supplement Welsh Government Social Housing Grant and other funding programmes.
- 3.6. RSLs played a vital role in meeting the previous Welsh Government's target of 10,000 new affordable homes. Meeting the Welsh Government's target of 20,000 new affordable homes during the course of the current government is heavily dependent on a significant contribution by the RSL sector requiring the freedom to raise private sector funding to supplement Social Housing Grant.
- 3.7. In September 2016, ONS published the outcome of its review of the statistical classification of RSLs in Wales, and their equivalents in Northern Ireland and Scotland, concluding that all of them, including RSLs in Wales, are public, market producers and are reclassified to the Public Non-financial Corporations sub-sector for the purpose of national accounts and other ONS economic statistics. RSLs had previously been classified to the Private Non-Financial Corporations sub- sector.

- 3.8. The classification of RSLs in Wales as Public Non-financial Corporations will increase Public Sector Net Borrowing because private sector market borrowings taken out by the newly reclassified public sector RSLs (currently, on average £200 million per year) will score as a charge against Welsh Government budgets.
- 3.9. If RSLs remain classified as Public Non-financial Corporations funding for housing would be competing with other Welsh Government priorities. It is likely this would result in 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.

Regulatory Reform

- 3.10. The ONS review of the classification of RSLs in Wales focussed on an assessment of the central and local government controls applying to RSLs, as principally set out in the Housing Act 1996, including provisions inserted into that Act by the Housing (Wales) Measure 2011. The review also considered local authority controls which may arise as a result of arrangement between local authorities and, mainly, Large Scale Voluntary Transfer (LSVT) RSLs.
- 3.11. This Bill will remove or amend the relevant regulatory controls (the indicators of Government control) and introduce changes to local authority influence over RSL Boards. Once this is done, ONS will be able to consider reclassifying RSLs in Wales to the Private Non-Financial Corporations sub-sector.
- 3.12. The removal of controls does not mean the sector will be unregulated. A key consideration in drafting this Bill has been to address the impacts of reclassification in order to maintain robust regulation.
- 3.13. The Welsh Government has already taken steps to revise and strengthen the approach to regulation in advance of any regulatory reform in response to reclassification and other operational issues. An improved approach to housing regulation has been developed in collaboration with key stakeholders, including the RSL sector, funders and tenants. The revised approach builds on the existing risk-based approach, providing a focus on continuous improvement and, for the first time, the publication of a clear “Judgement” of an RSLs performance. The new Regulatory Judgement Framework has been in place since 1 January 2017.

3.14. The changes made by the Bill include:

Central Government Controls

a) Disposal consents

The Bill will remove the requirements for the Welsh Ministers to consent to the disposal of land by an RSL, or a former RSL, and for this to be replaced with a notification requirement. (Section 13 & 14)

The notification requirement will not allow the Welsh Ministers to stop or prevent a transaction but will allow for regulatory monitoring of the sector. The Welsh Ministers will be able to direct RSLs on matters relating to notification such as the notice period, contents of such notification, and circumstances in which the notification requirement may be dispensed with. Directions may be general or specific to an RSL, a particular property, a particular form of disposal or varied in other ways. (Section 5)

b) Power to direct the permitted use of disposals proceeds

The Bill will remove the power for the Welsh Ministers to specify that sale proceeds and other sums are shown separately in accounts (the disposal proceeds fund) and the power to direct the permitted uses of such sums. Transitional arrangements are also being proposed to direct the use of the sums and specify a time limit for their use until abolition of the requirement. These transitional arrangements will be included in the commencement order which relates to the removal of the disposal proceeds fund. (Section 15)

c) Constitutional Changes, arrangements, restructuring and dissolution

The Bill will remove the requirements for the Welsh Ministers to consent to certain constitutional changes, arrangements, restructures and dissolutions of RSLs and for this to be replaced with a notification requirement. (Sections 3 & 4)

The notification requirement will not allow the Welsh Ministers to stop or prevent a constitutional change, restructure, arrangement or dissolution but will allow for regulatory monitoring of the sector. The Welsh Ministers will be able to direct RSLs on matters relating to notification such as the notice period, contents of such notification, and circumstances in which the notification requirement may be dispensed with. Directions may be general or specific to an RSL, a particular form of change, a particular change or varied in other ways. (Section 5)

The power of the Welsh Ministers to present a winding up petition on certain grounds is also being removed. (Section 4)

d) Regulatory powers – enforcement

The Bill will make changes to the conditions or threshold under which the Welsh Ministers can take specified enforcement action in respect of an RSL. It is proposed that the threshold will be linked to situations where an RSL has failed to comply with a requirement imposed by or under an enactment, as opposed to the current threshold which is linked to misconduct or mismanagement. (Section 11)

Local Government Controls

e) New power to reduce Local Authority influence over RSLs in Wales

ONS has indicated the current arrangements between local authorities and, in most cases, LSVT RSLs, for reserved local authority places on Boards, and in some cases particular local authority voting rights, including effectively powers of veto on matters including constitutional change, are indicators of control and therefore require reform. (Section 16)

The Bill introduces provisions to:

- limit reserved places for local authority appointees on any Welsh RSL Board to a maximum of 24% of the total number of Board members;
- provide that any resolution of the Board will not require more than 75% of the votes cast to be passed;
- remove any requirement for local authority appointees to be present to achieve a quorate meeting;
- remove any controlling voting or any other rights of consent which a local authority or local authority appointees currently have including as a member of the Board or as a member (i.e. shareholder) of the RSL;
- remove the voting rights of a local authority as a member of the RSL; and
- provide an order making power to disapply these provisions in respect of an RSL which is wholly owned by a local authority, or by local authorities.

Any such provisions would override any existing rights for local authorities to nominate Board places whether arising through RSL rules or contracts.

4. Consultation

- 4.1. Following the ONS classification of RSLs as public sector bodies in 2016, key stakeholders, particularly the Regulatory Advisory Group (RAG) members, have been closely engaged with officials in the development of proposals for regulatory reform. Members of RAG are representatives from:
- Community Housing Cymru, the representative body for the RSL sector
 - Council of Mortgage Lenders
 - Tenants Participation Advisory Service Cymru
 - Welsh Tenants - Tenant Representative body
 - Welsh Local Government Association
 - Regulatory Board for Wales – publically appointed independent advisory Board to the Welsh Ministers
 - Chartered Institute of Housing Cymru
 - Shelter Cymru
- 4.2. There has been significant publicity in the specialist housing press and the RSL sector is well aware of the issues at stake including the decision by the UK Government to introduce legislation in England and the corresponding legislation being pursued in Scotland and Northern Ireland.
- 4.3. Advice from the Welsh Local Government Association (WLGA) as local government representative and Community Housing Cymru (CHC) as RSL representative was that consultation should not take place during the pre-election period for the local government elections on 4 May 2017, as some of the issues in relation to local government controls could be sensitive and high profile. Therefore a shortened 8 week consultation was agreed and was held between 8 May and 3 July 2017. The consultation document can be accessed via <https://consultations.gov.wales/consultations/regulatory-reform-registered-social-landlords>.
- 4.4. There were 29 responses to the consultation. The responses were broadly supportive of the proposals set out in the consultation document. A summary report on the consultation responses has been published on the Welsh Government website. <https://consultations.gov.wales/consultations/regulatory-reform-registered-social-landlords>

- 4.5. The current derogation from HM Treasury (a period of grace before the accounting changes resulting from reclassification come into force), is effective until March 2018 based on the understanding Welsh Government is progressing legislation as soon as possible. With this pressing time constraint, it was not practical to consult on the policy proposal and then to consult on a draft Bill separately.
- 4.6. The drafting of the Bill closely aligns with the policy proposal as set out in the consultation document.

5. Power to make subordinate legislation

- 5.1. The Bill contains provisions to make subordinate legislation and issue directions. Table 5.1 (subordinate legislation) and Table 5.2 (directions) set out in relation to these:
- a. the person upon whom, or the body upon which, the power is conferred;
 - b. the form in which the power is to be exercised;
 - c. the appropriateness of the delegated power;
 - d. the applied procedure; that is, whether it is “affirmative”, “negative”, or “no procedure”, together with reasons why it is considered appropriate.
- 5.2. The Welsh Government will consult on the content of the subordinate legislation where it is considered appropriate to do so. The precise nature of consultation will be decided when the proposals have been formalised.

Table 5.1: Summary of powers to make subordinate legislation in the provisions of the Regulation of Registered Social Landlords (Wales) Bill

Section	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
18	Welsh Ministers	Regulations	Allows the Welsh Ministers to make such provision amending, repealing or revoking any enactment considered appropriate in consequence of any provision made by or under the Bill.	Negative unless making changes to primary legislation in which case, affirmative.	Affirmative procedure is appropriate where regulations amend primary legislation, the effect of which may substantially affect provisions of that primary legislation. Negative procedure is appropriate for those regulations which make minor technical provisions.
19	Welsh Ministers	Order	Allows the Welsh Ministers to appoint by order made by a statutory instrument the coming into force date of provisions in the Bill and may make transitional, transitory or saving provision in connection with the coming into force of a provision in the Bill.	No procedure	These orders relate to commencement of provisions considered and passed by the Assembly.

Section	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
Schedule 1 Inserts section 7J(1) into the Housing Act 1996	Welsh Ministers	Order	Allows the Welsh Ministers to disapply the provisions relating to restrictions on local authority control of RSLs in the case of an RSL being a wholly-owned subsidiary of one or more local authorities.	Negative	The regulations are limited in subject matter in that they will “switch on” an exemption which is provided for in the Bill. Therefore, the regulations are minor in detail in respect of the overall legislative scheme.
Schedule 1 Inserts section 7J(7) into the Housing Act 1996	Welsh Ministers	Order	<p>The Welsh Ministers may by order make provision for a registered social landlord of a description specified in the order to be treated as a wholly controlled local authority subsidiary for the purposes of section 7J.</p> <p>This allows for innovative models of RSLs proposed by local authorities to be included in the definition of wholly controlled local authority subsidiary. Therefore it allows for the provisions limiting local authority influence to be disapplied to such RSLs controlled by local authorities.</p>	Negative	The subject matter of the order is minor and technical.

Table 5.2: Summary of powers to make directions in the provisions of the Regulation of Registered Social Landlords (Wales) Bill

Section	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
5 Inserts section 13A into the Housing Act 1996	Welsh Ministers	Directions	The Bill introduces a requirement for RSLs to notify the Welsh Ministers in respect of certain constitutional changes. Directions can be issued by the Welsh Ministers specifying the form and content of the notifications, as well as setting relevant timescales and dispensing with the requirement to be notified in certain circumstances.	No procedure	The directions cover the technical, practical application of the notification requirement in connection with the regulatory functions of the Welsh Ministers, and are limited in scope.
14 Inserts section 9 into the Housing Act 1996	Welsh Ministers	Directions	The Bill introduces a requirement for RSLs to notify the Welsh Ministers in respect of disposals. Directions can be issued by the Welsh Ministers specifying the form and content of the notifications, as well as setting relevant timescales and dispensing with the requirement to be notified in certain circumstances.	No procedure	The directions cover the technical, practical application of the notification requirement in connection with the regulatory functions of the Welsh Ministers, and are limited in scope.

6. Regulatory Impact Assessment (RIA)

- 6.1. A Regulatory Impact Assessment has been completed for the Bill in accordance with Standing Order 26.6(vi) and it follows at Chapter 7. A cost benefit assessment is included at Chapter 8.
- 6.2. There are no specific provisions in the Bill which charge expenditure on the Welsh Consolidated Fund.

PART 2 – REGULATORY IMPACT ASSESSMENT

Table A

SUMMARY – REGULATORY IMPACT ASSESSMENT (RIA)

<i>Regulation of Registered Social Landlords (Wales) Bill</i>		
Preferred option: Introduce a Regulation of Registered Social Landlords (Wales) Bill – see page 8 for details of the provisions of the Bill.		
Stage: Introduction	Appraisal period: 2018/19 - 2022/23 (5 years)	Price base year: 2017/18
Total Cost Total: £33,000 Present value: £33,000	Total Benefits Total: £48,500-65,000 Present value: £43,500-60,800	Net Present Value (NPV): £12,300-27,800 (net benefit)

Administrative cost

Costs: The policy and legislative process for achieving the proposed powers will be managed by officials within the Education and Public Services Group of the Welsh Government. Officials may attend briefing sessions and present to various conferences on the changes, however, these are routine activities and are not expected to generate additional costs. Thus, there will be no costs to the Welsh Government in creating the new provisions or implementing the Bill.			
Transitional: £0	Recurrent: £0	Total: £0	PV: £0
Cost-savings: It is anticipated there will be a non cash savings to the Welsh Government as the new provisions are implemented. These are minimal savings in staff time when the consent regime for disposals and restructures is replaced by a notification requirement. The savings are estimated to be in the region of 30% of a full time post (combined EO/HEO posts) which equates to between £9,700 and £13,000 per annum based on mid point pay scales. This annual saving is expected to accrue from 2018-19. Implementation of the other changes is expected to be cost neutral.			
Transitional: £0	Recurrent: £9,700-13,000	Total: £48,500-65,000	PV: £45,300-60,800
Net administrative cost: £-48,500-65,000 non cash saving			

Compliance costs

Implementing the provisions in the Bill may result in additional one off costs to RSLs as they change their governance instruments or rules. Changes to the rules will not be absolutely necessary since they will be over ridden by the new legislation but good governance suggests RSLs should update their rules and, therefore, a range of cost estimates has been provided in the RIA. The most likely cost scenario has been selected for this summary.

This is a non-mandatory compliance cost.

Transitional: £33,000	Recurrent: £0	Total: £33,000	PV: £33,000
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Other costs

No other costs have been identified

Transitional: £0	Recurrent: £0	Total: £0	PV: 0
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Unquantified costs and disbenefits

No unquantified costs and disbenefits have been identified.

One key consideration in developing proposals to address the impacts of reclassification has been the need to maintain robust regulation. In developing proposals for regulation, the objective has been to make the minimum changes necessary to achieve reclassification by ONS back into the private sector. In addition, the Welsh Government has already taken steps to strengthen regulation through the adoption of a revised Regulatory Judgement Framework which responds to regulatory reform through new performance standards which RSLs have to meet as well as the publication of the Regulator's judgement of the performance of each RSL in Wales.

Benefits

The purpose of the legislation is to amend or remove controls identified by the ONS as the indicators of central and local government control which have led to the classification decision. The reversal of the classification of RSLs will mean that the Welsh Government will not have to bear any potential adverse budgetary consequences to deliver the affordable housing programme as RSLs will continue to borrow an average of £200m per year from the private sector to play a key role in helping to meet Welsh Government's target of 20,000 affordable new homes during this term of government.

Total: £0	PV: £0
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Key evidence, assumptions and uncertainties

The Bill proposed is to amend or remove controls identified by the ONS which led to the classification decision announced on September 2016. In response to a policy proposal submitted by the Welsh Government, the Director of National Accounts and Economic Statistics advised, in April 2017, that in principle, if the regulatory reforms to central and local government controls outlined in the policy proposal are implemented in the way described, Welsh RSLs would be reclassified and ONS will be happy to review the classification once the legislation has been enacted. The provisions of the Bill are drafted to effect the policy proposal.

The key evidence, assumptions and costs detailed in the RIA have been drawn from sector publications or provided by sector representatives. The costs and benefits are presented relative to the position prior to the ONS reclassification of RSLs

7. Options

Option 1: Do nothing and deal with the consequences of RSLs being classified to the public sector

- 7.1. There would be a number of implications for Welsh Government as a result of the reclassification (as detailed in chapter 8 below).

Option 2: Introduce a Regulation of Registered Social Landlords (Wales) Bill

- 7.2. The Bill will comprise the provisions to implement regulatory reforms to remove central and local government controls allowing the Office for National Statistics (ONS) to review the classification of registered social landlords (RSLs).
- 7.3. Option 2 is the preferred option.

8. Cost and Benefits

- 8.1. This chapter contains the cost benefit analysis of the options set out in Chapter 7. The appraisal period used in the analysis is 2018-19 to 2022-23. The costs and benefits are presented relative to the position prior to the ONS reclassification of RSLs.

Option1: Do nothing and deal with the consequences of RSLs being classified to the public sector

- 8.2. This option would impact on the Welsh Government budgets and consequently on the Governments affordable housing programme.
- 8.3. There would be an impact of Welsh Government staff time in collecting and collating annual returns for RSLs which fall within the scope of the Whole Government Accounts. RSLs would be required to complete a Whole of Government data collection return.
- 8.4. There is a cost implication to this work for both RSLs and the Welsh Government. The cost implications are analysed more fully in paragraph 21 - 26 below.

Benefits

- 8.5. There would be no change to central and local government regulatory controls over RSLs and no changes to any of the current regulatory arrangements.

Risks

- 8.6. The Welsh Government would have to take steps to control RSL borrowing to ensure it kept within overall budget limits. It is likely this would have a negative impact on the Government's target to deliver 20,000 new affordable homes.
- 8.7. It should be noted HM Treasury have granted a derogation period the effect of which is RSL borrowing is not expected to show in the Whole Government Accounts whilst legislation is being progressed. Although the cost analysis period used in this RIA is 2018/19 onward, if the 'do nothing' option was to be progressed, the costs outlined for RSLs and Welsh Government would be incurred from 2017/18 onwards as would the capital expenditure impacts outlined below.

Capital Expenditure

- 8.8. RSLs currently provide over 141,000 affordable homes and house nearly 10% of the population of Wales. In 2016/17, 1,344 homes were built or acquired by RSLs in Wales. RSLs fund a significant proportion of

housing development by borrowing from the private sector to supplement grant funding.

- 8.9. The classification of RSLs in Wales as Public Non-financial Corporations will have the potential impact on the Capital Departmental Expenditure Limits (CDEL) of £213 million per year (average based on the last 6 years). Public Sector Net Debt would also increase by around £2.5bn as any private sector market borrowings taken out by newly classified public sector RSLs will score as a charge against Welsh Government budgets. A summary of RSL recent year borrowing is shown in the table below:

£m	March 2010	March 2011	March 2012	March 2013	March 2014	March 2015	March 2016
Loans outstanding	1275	1478	1700	1984	2187	2369	2555
Annual Loans Movement		203	222	248	239	182	186

(Source – 2016 Financial Statements of Welsh Housing Associations, published Community Housing Cymru/Welsh Government)

- 8.10. Following analysis of the general budget content for RSLs as public corporations, it does not appear there are any further resource or capital implications.
- 8.11. The borrowing shown in the table is the private finance which RSLs use to support their development programmes. In addition, RSLs receive Welsh Government Social Housing Grant (SHG), other grants and use surpluses from existing properties to fund the development of new homes. SHG, the primary grant for affordable homes, is currently set at 58% of eligible development costs. One of the other relevant grants, Housing Finance Grant 2 (HFG2), has the short term effect of distorting the proportion of private finance required by RSLs. HFG2 is a three year initiative where grant is paid as a revenue stream over 30 years to finance up front borrowing by RSLs. This will increase RSL borrowing in the next two years and has the effect, in the short term, of lowering the overall Welsh Government grant rate to around 35%, raising the private finance rate to 65%. The exact financial impacts of this initiative are not available as yet but the increased rate of borrowing is not expected to extend beyond the period of HFG 2 which ends in 2019/20. The final years will have a lesser impact on borrowing as the grant tapers off and, therefore, any temporary effect of HFG 2 has been disregarded for these purposes.
- 8.12. The RSL sector has committed to deliver at least 12,500 of the Government's target for 20,000 new affordable homes in this term of Government. This commitment is based on RSLs being private sector organisations, having the freedom to borrow and make funding decisions. It is estimated the borrowing required to deliver the 12,500 homes is in the region of £1.016bn (assumptions for this calculation are at Annex 1). Therefore, to deliver the Government's social housing

commitments, if the CDEL could not absorb the £1.016bn, the programme would, in effect, be reduced by 42% or 5,040 fewer new affordable homes as well as RSLs not being able to borrow to invest in existing stock.

Potential Mitigation Options

- 8.13. HM Treasury (HMT) could uplift the CDEL to cover the additional RSL borrowing. This option has been suggested to HMT in correspondence but did not receive a positive response. HMT did not uplift CDEL in England where legislation has had to be enacted to enable the sector to be reclassified back to the private sector.
- 8.14. RSLs could access Welsh Government borrowing. From April 2018, new Welsh Government powers to borrow to support capital investment projects come into effect. The annual borrowing limit is initially capped at £125m, but rises to £150m from 2019/20 onwards, subject to an overall borrowing cap of £1bn. The Welsh Government has, however, published capital spending plans through to 2020/21 that utilise £395m of the £445m available borrowing. Therefore, there would not be sufficient capacity to accommodate RSLs' current annual borrowing requirement (c£203m p.a. before any growth which may be necessary in the coming years) so, even if there was sufficient capacity, the published spending plans would be compromised.

Costs associated with inclusion into the Whole of Government Accounts

- 8.15. There are currently 87 RSLs in Wales, 34 large and 53 de minimis RSLs (which have less than 250 homes). Inclusion into the Whole of Government Accounts (WGA) is required if the body exceeds the materiality threshold to be classed as a minor body which is currently £10m on a number of statutory accounts criteria which are income and expenditure, assets and liabilities. In these circumstances, RSLs would have to complete a WGA data collection tool including agreeing and eliminating transactions with other public bodies in the UK. Welsh Government officials will also have to agree transactions with these bodies and upload the WGA returns to HM Treasury. In addition where RSLs exceed a limit of £350m on the same statutory accounts criteria, there is an additional requirement for a full audit of their data collection return.

RSL Costs

- 8.16. Initial analysis suggests 52 of the 53 de minimis RSLs will not exceed the minor body materiality threshold. The 1 which will exceed the threshold is a merger of several smaller RSLs which, combined, do exceed the threshold and for that reason is treated for this analysis as a large RSL which makes the total large RSLs 35 for the purposes of this paper.

8.17. All of these RSLs will be required to evidence minor body status on an annual basis. The work involved in this is estimated below:

Days	Post	Task	Cost £ p.a.
0.5	Finance Manager	Prepare paperwork to evidence	150
		Total per RSL	150
		Total for 52 RSLs	7800

8.18. Of the 35 large RSLs, it is estimated there will be 6 (2017/18) which will exceed the £350m audit limit and will therefore incur audit charges. The tables below sets out the estimated costs for the 29 RSLs which will be required to complete a data collection return and the 6 RSLs which will incur additional audit costs:

RSLs with no audit requirement

Days	Post	Task	Cost £ p.a.
5.0	Finance Manager	Complete return including balance and transaction notification and agreement process with counter party bodies	1500
		Total per RSL	1500
		Total for 29 RSLs	43500

RSLs with additional audit requirement

Days	Post	Task	Cost £ p.a.
10.0	Finance Manager	Complete return including balance and transaction notification and agreement process with counter party bodies and prepare for audit	3000
5.0	Audit	Full audit of data return and associated documentation	3500
		Total per RSL	6500
		Total for 6 RSLs	39000

Financial Information Source for 34 large RSLs – 2016 Financial Statements of Welsh Housing Associations, published Community Housing Cymru/Welsh Government)

Welsh Government Costs

8.19. The estimated costs to the Welsh Government are set out below:

Days	Grade	Task	Cost £ p.a.
2.0	E	Provide Set Up Training for RSLs	400
5.0	E	On going support to RSLs for Data collection return process	1000
		Total	1400

All costs rounded to nearest £100.00

WG Salary costs – mid point of scale including on costs, RSL salary estimate include 40% on costs.

8.20. The costs to Welsh Government are estimated to be **£1400** in the first year.

8.21. The total cost to RSLs is estimated at **£90,300** p.a. based on the analysis above. As the costs estimates are based on requirements set by statutory accounts thresholds, these costs will not be fixed and can only be confirmed once the statutory accounts are available for the financial year in question.

Summary of costs – Option 1

£000s	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Welsh Government	1.4	1.4	1.4	1.4	1.4	1.4
RSL	90.3	90.3	90.3	90.3	90.3	90.3
Total	91.7	91.7	91.7	91.7	91.7	91.7

Option 2: Introduce an Assembly Bill

8.22. The Regulation of Registered Social Landlords (Wales) Bill would remove or amend the relevant regulatory controls which ONS have concluded determine that RSLs in Wales are public, market producers and are reclassified to the Public Non-Financial Corporations sub-sector for the purpose of national accounts and other ONS economic statistics.

8.23. Similar legislation has already been enacted in England and we are advised a further review of the classification decision by the ONS is pending. The Scottish Government is advanced in its plans to introduce similar legislation. ONS advice has been sought as the Welsh

Government policy has been developed in order to ensure the specific issues of control are addressed.

- 8.24. The other key consideration in developing proposals to address the impacts of reclassification has been the need to maintain robust regulation. In developing proposals for regulation, the objective has been to make the minimum changes necessary to achieve reclassification by ONS back into the private sector. In addition, the Welsh Government has already taken steps to strengthen regulation through the adoption of a revised Regulatory Framework which responds to regulatory reform through new performance standards which RSLs have to meet as well as the publication of the Regulator's judgement of the performance of each RSL in Wales.

Costs

- 8.25. The policy and legislative process for achieving the proposed powers will be managed by officials within the Education and Public Services Group of the Welsh Government. Thus, there will be no costs to the Welsh Government in creating the new provisions. There will however be activities associated with implementing the Bill as Welsh Government officials attend briefing sessions and present to various conferences on the changes. It is not expected there will any specific guidance or other literature produced by the Welsh Government solely as a result of the Bill provisions.
- 8.26. Staff time is the main component of these activities. Facilitating and/or attending such sessions are routine activities for officials so there will be no additional costs in this respect.
- 8.27. Implementing the provisions in the Bill may result in additional one off costs to RSLs. The changes proposed, particularly around local authority controls, could lead to RSLs reviewing their governance instruments, or rules, to accommodate the changes to, for example, the number of Board places reserved for local authority nominations. Changes to the rules will not be absolutely necessary since they will be over ridden by the new legislation in any event. However, good governance would suggest RSLs should update their rules and, therefore, a cost estimate is provided.
- 8.28. The estimated cost of a rule change is approximately £3,000 for each RSL, including legal advice. The table below summarises 3 possible scenarios. The first, and most likely, assumes all 11 Large Scale Voluntary Transfer (LSVT) RSLs (where former local authority housing stock transferred to new RSLs) make rule changes. The reason for this is they are the organisations predominantly affected by the local authority control changes proposed in the Bill. The second scenario sets out the costs if all 34 large RSLs elected to change their rules as a result of the Bill provisions and the third sets out the costs if all 87 RSLs change their rules.

8.29. It should be noted, however, scenarios 2 and 3 are very unlikely as it is not expected all large RSLs and the 53 de minimis RSLs will change their rules as a result of the Bill as they are not as likely to be affected by the changes as the LSVT RSLs.

8.30. These costs have been estimated in conjunction with Community Housing Cymru, the representative body for RSLs in Wales and, for the purposes of the RIA, it is assumed these costs would be incurred in 2018/19, following Royal Assent.

Estimated Costs of Rule Changes

Number of RSLs	Total Cost of implementing Rule Change £000
11 LSVT	33
34 (all large RSLs)	102
87 (all RSLs including de minimis)	261

8.31. It is anticipated there will be a non cash savings to the Welsh Government as the new provisions are implemented. These are minimal savings in staff time as the consent regime for disposals and restructures is replaced by a notification requirement. The savings are estimated to be in the region of 30% of a full time post (combined EO/HEO posts) which equates to between £9,700 and £13,000 per annum (from 2018-19) based on mid point pay scales. Implementation of the other changes is expected to be cost neutral.

Benefits

8.32. The purpose of the legislation is to amend or remove controls identified by the ONS as the indicators of central and local government control which have led to the classification decision. The reversal of the public sector classification of RSLs for National Accounts purposes will mean that the Welsh Government will not have to bear any potential adverse consequences (as outlined in Option 1 above), RSLs can continue to play a key role in helping to meet Welsh Government's target of 20,000 affordable new homes during this term of government as well as contributing positively to the communities they operate in where housing associations will be involved in creating up to 12,500 training and employment opportunities as well as skills development and support for 25,000 people.

Risks

8.33. That the legislation does not give ONS the assurances needed that the government controls over RSLs as identified have been amended or removed as required and the reversal of the public sector classification for national account purposes fails.

- 8.34. If Local Authorities and other stakeholders do not support the regulatory reform as set out in the Bill, they may seek to challenge the Bill provisions which, if changed, may ultimately result in the Bill failing to achieve the reclassification.
- 8.35. Moving from a consent regime to a notification requirement for disposals and constitutional changes introduces a degree of risk if RSLs make poor decisions.

Mitigations

- 8.36. ONS have been engaged as the Bill proposals have been developed and therefore the legislation should provide the assurances required by ONS. We would expect ONS to review the classification of RSLs within six months of Royal Assent, which is anticipated in June 2018.
- 8.37. A public consultation on the proposals for regulatory reform and regular engagement with key stakeholders during the development of the regulatory reform proposals and the Bill itself is aimed at mitigating the risk of stakeholders and Local Authorities challenging the Bill provisions.
- 8.38. The Performance Standards contained in the new Regulatory Framework set out clear expectations around Boards making appropriate, informed decisions on all matters concerning the RSL. The Framework provides a defined response to regulatory concerns and poor performance with a clear public judgment on the Regulator's view of an RSL.

Preferred Option

- 8.39. The preferred option is option 2 to introduce primary legislation to avoid the negative impacts outlined in option1. The Bill captures the key powers which need to be reformed to satisfy the ONS Classification Committee to enable RSLs to be classified once again as Private Non-Financial Corporations sub-sector for the purpose of national accounts and other ONS economic statistics.

9. Specific Impact Assessments

9.1. The Bill was considered in relation to the Well-being of Future Generations (Wales) Act 2015.

Well-being of Future Generations (Wales) Act 2015

9.2. The ultimate objective of the Bill is to safeguard and maintain the supply of social housing in Wales. There is clear alignment between this objective and five of the seven well-being goals set out in the Well-being of Future Generations (Wales) Act 2015.

- **A prosperous Wales**

The provision of good quality, low-cost housing can reduce the number of people who live in poverty after housing costs have been taken into account. Adults with a stable, secure home are more likely to take up better paid, permanent, employment.

- **A healthier Wales**

Poor housing conditions impact on physical health and mental health. Those in stable, secure homes are also more likely to access health services.

- **A more equal Wales**

Safeguarding the supply of affordable homes will help tackle housing inequality. Decent affordable housing can also help tackle a broad range of inequalities in areas such as health and education.

- **A Wales of cohesive communities**

Poor housing provision can be one of the most significant contributors to the development of community tensions, resulting in low levels of cohesion.

- **Wales of vibrant culture and thriving Welsh language**

Ensuring the availability of affordable housing for local people helps avoid changes to the demographic and linguistic profile of communities and consequent decline in the number of communities in Wales where the majority of the population can speak Welsh.

Impact Assessments

9.3. A range of impact assessments were considered, either through screening tools or full assessment processes. The Bill will have an indirect, rather than direct, impact in relation to a number of assessments and no / negligible impact on others. The impact assessments considered were:

- Welsh language Impact Assessment
- Equality Impact Assessment
- Children's rights Impact Assessment
- Biodiversity Impact Assessment
- Climate change Impact Assessment
- Environmental Impact Assessment
- Health Impact Assessment
- Justice Impact Assessment
- Privacy Impact Assessment
- Rural Impact Assessment
- Sustainability Impact Assessment
- Third sector Impact Assessment

Welsh Language Impact Assessment

9.4. The Welsh Government's strategy for the Welsh language – Cymraeg 2050 identified that limited availability of affordable housing for local people has had a profound effect on the demographic and linguistic profile of many communities. Regulatory reform measures would support the reversal of this decline by safeguarding and maintaining social housing supply in rural and Welsh speaking communities.

9.5. The public consultation on policy proposals for the regulatory reform of RSLs included a draft Welsh language impact assessment. Comments received in relation to the consultation and draft impact assessment have been taken into account.

9.6. A Welsh language impact assessment is published on the Welsh Government website at <http://gov.wales/topics/housing-and-regeneration/services-and-support/regulation/regulation-of-registered-social-landlords-impact-assessments/>

Equality Impact Assessment

9.7. There is strong evidence that a broad cross-section of the population could potentially benefit from improved availability of decent, affordable social housing. This includes a significant number of people with protected characteristics, as they are at an increased risk of homelessness, more likely to be affected by poverty and less likely to own their own home. Safeguarding and maintaining the supply of social housing will have a beneficial impact on any individual who is likely to be eligible for social housing.

- 9.8. The equality impact assessment is published on the Welsh Government website at <http://gov.wales/topics/housing-and-regeneration/services-and-support/regulation/regulation-of-registered-social-landlords-impact-assessments/>

Children's Rights Impact Assessment

- 9.9. The rights of the child were considered through the Welsh Government's impact assessment process, which measures the impact on children, young people and their rights. Children and young people, and their families, who require social housing will be affected in a positive way by the Bill's provisions. This would include some of the most vulnerable children and young people, in particular, those affected by poverty.
- 9.10. The children's rights impact assessment is published in the Welsh Government website at: <http://gov.wales/topics/housing-and-regeneration/services-and-support/regulation/regulation-of-registered-social-landlords-impact-assessments/>

Biodiversity Impact Assessment

- 9.11. The impact of the Bill on biodiversity and the habitat regulations were considered and it was agreed that there will be no direct impact on either. The provisions of the Bill are of a technical nature and relate to public sector control of Registered Social Landlords (RSLs). The Bill itself will not lead to unplanned house building. It will allow RSLs to continue borrowing to fund (planned) new homes which will be subject to the usual planning regulations and impact assessments.

Climate Change Impact Assessment

- 9.12. The Welsh Government Climate Change Strategy commits every sector to contributing to the Welsh Government's 3% emissions reduction target in devolved areas. Policies should either be carbon neutral, or support the reduction of carbon emissions in some way. It will not lead to unplanned house building. The Bill will allow RSLs to continue borrowing to fund (planned) new homes which will be subject to the usual planning regulations and impact assessments. It will not lead to additional building and is therefore carbon neutral.

Environmental Impact Assessment

- 9.13. An initial screening was conducted. This established that because the Bill will not result in agricultural improvements on uncultivated land or semi natural areas and it does not provide for restructuring of rural land holdings, no environmental impact assessment is necessary.

Health Impact Assessment

9.14. A Health Impact Assessment was completed in respect of the Bill. The positive health impacts which result from safe, secure, affordable housing are well recognised and undisputed. There is considerable evidence for the beneficial effects of decent housing as a determinant of health. Safeguarding the supply of decent, affordable social housing will have potentially positive health across all sectors of the wider community but particularly for vulnerable groups who are frequently those most in need of social housing. No adverse impact assessments were identified.

Justice Impact Assessment

9.15. A justice impact assessment has been completed; there is no anticipated impact on the justice system.

Privacy Impact Assessment

9.16. The proposals will not involve the processing of information that could be used to identify individuals (personal data). This has been agreed by the Welsh Government's data control officer.

Rural Impact Assessment

9.17. A rural proofing screening tool has been completed in respect of the Bill. This has established the positive impact could be more marked in rural areas, where shortages of affordable housing are often acute. This can result from a variety of factors. Prices are often too high for those on low incomes and demand for second homes can result in further increases. There have also been a large number of sales of local authority properties under "Right to Buy" because of the attractiveness of the areas in question.

Sustainability Impact Assessment

9.18. A sustainability impact assessment has been conducted which looked at the impact of the Bill on environmental, economic and social wellbeing. Because it is not designed to bring about house building above and beyond existing commitments. It will not lead to unplanned house building. It will allow RSLs to continue borrowing to fund (planned) new homes which will be subject to the usual planning regulations and impact assessments. The environmental impact is therefore minimal. By safeguarding and protecting the supply of social housing in Wales, the Bill has a potentially positive economic and social impact on some of the most vulnerable people and deprived communities in Wales.

Third Sector Impact Assessment

9.19. A Third Sector impact assessment has been carried out. No adverse impacts on the Third Sector have been identified as a result of introducing the Bill. The Bill will be introduced in order to avoid the adverse impact which will result from ONS reclassification and the consequent inability of RSLs (many of which are Third Sector organisations) to fund development of new and existing homes by borrowing.

Human Rights

9.20. In drafting the Equality Impact Assessment, consideration has been given to the impact which the Bill will have on Human Rights. The objective of the Bill is to safeguard and protect the supply of social housing. This could be viewed as helping to provide decent affordable housing for some of the most vulnerable members of society. Although the right to housing is not a fundamental human right, it significantly underpins a number of Articles set out in the Human Rights Act 1998 including:

- Article 8: The right to respect for private and family life and correspondence
- Article 11: Freedom of assembly and association
- Article 12: The right to marry and found a family
- Protocol 1 Article 1: The right to peaceful enjoyment of possessions.

Safeguarding and protecting the supply of housing can therefore be regarded as having a potentially positive impact on human rights.

10. Competition Assessment

10.1. The competition filter test has been applied and has shown that there are no competition concerns.

10.2. The legislation is not expected to have any impact on competition or place any restrictions on new or existing suppliers.

The competition filter test	
Question	Answer yes or no
Q1: In the market(s) affected by the new regulation, does any firm have more than 10% market share?	No
Q2: In the market(s) affected by the new regulation, does any firm have more than 20% market share?	No
Q3: In the market(s) affected by the new regulation, do the largest three firms together have at least 50% market share?	No
Q4: Would the costs of the regulation affect some firms substantially more than others?	No
Q5: Is the regulation likely to affect the market structure, changing the number or size of businesses/organisation?	No
Q6: Would the regulation lead to higher set-up costs for new or potential suppliers that existing suppliers do not have to meet?	No
Q7: Would the regulation lead to higher ongoing costs for new or potential suppliers that existing suppliers do not have to meet?	No
Q8: Is the sector characterised by rapid technological change?	No
Q9: Would the regulation restrict the ability of suppliers to choose the price, quality, range or location of their products?	No

11. Post implementation review

- 11.1 The effectiveness of the legislation will be determined by a reclassification of the sector by ONS to the Private Non-financial Corporations sub-sector. This is expected within six months of following implementation.

Annex 1 – Further information for Regulatory Impact Assessment

Assumptions to determine likely borrowing requirement of RSLs over the next 5 years

- 1 RSL's will build 12,500 homes in the next 5 years (as per the pact agreed in Jan 2017), an average of 2,500 per annum
- 2 Private borrowing will be required to augment the current Welsh Government grant funding programmes at the rates shown below:

Grant	Grant Programme £000	Private Funding rate
Social Housing Grant (SHG)	325	42%
Housing Finance Grant 2 (HFG2)	109	100%
Shared Ownership/Rent to Own	70	75%
Innovative Housing	17	42%
Health and Housing Initiatives	60	42%

- 3 RSLs will also deliver additional properties through:
 - Section 106, planning agreements - 1000 properties at £140,000 each - funded required for 42%
 - Other (self funded etc.) - 1500 properties at £140,000 - average funding required 75%
- 4 Innovative Housing Programme reduced to £7m in year 2 as Private sector can also access funding.
- 5 LSVT's will borrow an average of £32m over the next 5 years as they invest in their existing properties and reach peak debt. Requirement was £66m in 2015 and £48m in 2016.
Assumption they will reach 70% of their collective borrowing limit (currently 50% in 2016).
- 6 Traditional RSL's generate some cash from existing properties to reduce private borrowing requirement, the average of last 4 years is £20m.
- 7 Welsh Housing Partnership borrowing not included in global accounts base borrowing figure and therefore not included in this projection.

Annex 2 - Explanatory Notes

REGULATION OF REGISTERED SOCIAL LANDLORDS (WALES) BILL

EXPLANATORY NOTES

INTRODUCTION

1. These Explanatory Notes are for the Regulation of Registered Social Landlords (Wales) Bill which was introduced into the National Assembly for Wales on 16 October 2017. They have been prepared by the Education and Public Services Group of the Welsh Government in order to assist the reader of the Bill.
2. The Explanatory Notes should be read in conjunction with the Bill but are not part of it. They are not meant to be a comprehensive description of the Bill. Where a section of the Bill is self-explanatory and does not seem to require any further explanation or comment, none is given.
3. In these notes, the Housing Act 1996 is referred to as the “1996 Act” and Schedule 1 to the Housing Act 1996 is referred to as “Schedule 1”.

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 (currently, on average £200 million per year) taken out by

These notes refer to the Regulation of Registered Social Landlords (Wales) Bill which was introduced to the Assembly on 16 October 2017.

the newly classified public sector RSLs will 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 Bill seeks to amend or remove those elements of central and local government control which led to the decision by ONS to classify RSLs as Public Non-financial Corporations. This will then allow ONS to consider reclassifying RSLs back to Private Non-financial Corporations.

COMMENTARY ON SECTIONS

Overview

Section 1 - Overview of this Act

9. This Part of the Bill is an overview of its main provisions which are explained in more detail in the sections which follow.

Interpretation

Section 2 – Meaning of the “1996 Act”

10. Throughout the Bill, the Housing Act 1996 (c. 52) is referred to as the “1996 Act”.

Notification by registered social landlord of Constitutional changes, etc.

Section 3 - Change of rules or articles

11. Section 3 amends paragraph 9 and paragraph 11 of Schedule 1.

Paragraph 9 of Schedule 1

12. Paragraph 9 applies to an RSL which is a registered society under the Co-operative and Community Benefit Societies Act 2014. Registered societies are registered with the Financial Conduct Authority (FCA).
13. Before amendment, the position under paragraph 9 is as follows:
 - If an RSL makes a change to its name or the address of its registered office, it must notify the Welsh Ministers.
 - If it makes a change to any of its other rules, it must obtain the consent of the Welsh Ministers, otherwise the change will not take effect.
 - The Welsh Ministers give their consent by order and the RSL must send a copy to the FCA.
14. Amendments are made to paragraph 9 of Schedule 1 to remove the requirement for an RSL to obtain the consent of the Welsh Ministers, and instead impose a duty on an RSL to notify the Welsh Ministers.

15. After amendment, the position is as follows:
- If an RSL makes a change to any of its rules, including its name and the address of its registered offices, it does not need to obtain the Welsh Ministers' consent. It must notify the Welsh Ministers and comply with any notification directions given by them. For more information on notification directions see paragraph 13A of Schedule 1, inserted by section 6 of the Bill.

Paragraph 11 of Schedule 1

16. Paragraph 11 of Schedule 1 applies to an RSL which is registered as a company (including a company that is a registered charity). The registration of companies is recorded by the registrar of companies. A company must file Articles of Association with the Registrar of Companies. This is a document that contains the purpose of the company as well as the duties and responsibilities of its members. The company must also send a copy of any resolution which makes alterations to its articles to the registrar of companies.
17. Before amendment, the position under paragraph 11 is as follows:
- If an RSL which is registered as a company makes a change to its name or the address of its registered office, it must notify the Welsh Ministers.
 - If it makes any other alteration to its articles, of which notice is required to be given to the registrar of companies, it must obtain the consent of the Welsh Ministers.
 - The changes are not valid without the Welsh Ministers' consent.
 - Welsh Ministers give consent by making an order and a copy must be sent to the registrar of companies along with a copy of the resolution making the alterations.
18. Amendments are made to paragraph 11 of Schedule 1 to remove the requirement for an RSL to obtain the consent of the Welsh Ministers, and instead impose a duty on an RSL to notify the Welsh Ministers.
19. After amendment, the position is as follows:
- If an RSL which is registered as a company makes changes to its name, the address of its registered office or its articles of association, it does not need to obtain the Welsh Ministers' consent but must notify the Welsh Ministers and comply with any notification directions given by them. For more information on notification directions see paragraph 13A of Schedule 1, inserted by section 6 of the Bill.

Section 4 – Amalgamation and other structural changes

20. Section 4 amends paragraphs 12 to 14 of Schedule 1.

Paragraph 12 of Schedule 1

21. Paragraph 12 of Schedule 1 applies to an RSL which is a registered society under the Co-operative and Community Benefit Societies Act 2014.
22. Section 109 of the Co-operative and Community Benefit Societies Act 2014 allows a registered society to pass a special resolution to amalgamate with another society. Section 110 of that Act allows a registered society to pass a special resolution to transfer engagements between societies and section 112 of that Act allows the conversion of a registered society into a registered company. A copy of the resolution must be forwarded to the FCA.
23. A society can also pass a special resolution that it be wound up voluntarily under the Insolvency Act 1986. If a society does this, it must forward a copy of the resolution to the FCA.
24. A society which is solvent can also apply to the FCA to register an instrument of dissolution which will allow it to be dissolved and terminate its registration as a society.
25. Before amendment, the position is as follows:
 - An RSL which is a registered society must obtain the consent of the Welsh Ministers to a resolution to amalgamate with another society, transfer its engagements to another society or convert itself into a registered company.
 - The consent of the Welsh Ministers is also required before a resolution is passed that the RSL is wound up voluntarily under the Insolvency Act 1986 or if the RSL is to be dissolved by an instrument of dissolution.
 - The Welsh Ministers' give their consent by making a written order. If a copy of the Welsh Ministers' consent to amalgamation, transfer or conversion is not forwarded to FCA with a copy of the relevant special resolution, the FCA will not register the special resolution.
 - A copy of the Welsh Ministers' consent must also be forwarded to the FCA, if a society has passed a special resolution that it should be wound up voluntarily under the Insolvency Act 1986, otherwise, the resolution has no effect.
 - If the society is to be dissolved by instrument of dissolution, the FCA cannot register the instrument, or cause notice of the dissolution to be advertised unless a copy of Welsh Ministers' consent has been received together with the instrument.
26. Amendments are made to paragraph 12 of Schedule 1 to remove the requirements for an RSL to obtain the consent of the Welsh Ministers, and instead impose a duty on an RSL to notify the Welsh Ministers.
27. After amendment, the position under paragraph 12 is as follows:
 - An RSL which is a registered society no longer has to obtain the consent of the Welsh Ministers to a resolution to amalgamate with another society, transfer its engagements to another society or convert itself into a registered company. The RSL must notify the Welsh Ministers and comply with any notification

These notes refer to the Regulation of Registered Social Landlords (Wales) Bill which was introduced to the Assembly on 16 October 2017.

directions given by them. For more information on notification directions see paragraph 13A of Schedule 1, inserted by section 6 of the Bill.

- The consent of the Welsh Ministers is not required before a resolution is passed that the RSL is wound up voluntarily under the Insolvency Act 1986 or if the RSL is to be dissolved by an instrument of dissolution. The RSL must notify the Welsh Ministers and comply with any notification directions given by them. For more information on notification directions see paragraph 13A of Schedule 1, inserted by section 6 of the Bill.

Paragraph 13 of Schedule 1

28. Paragraph 13 applies to RSLs which are registered companies whose registration as a social landlord has been recorded by the registrar of companies.
29. Section 899 of the Companies Act 2006 allows a company to apply for a court order to make a compromise or arrangement with its creditors or members. Section 900 of the same Act allows the company to apply for a court order for the transfer of undertaking or property for the purposes of reconstruction or amalgamation of the company. The company must send the office copy of the order to the registrar of companies.
30. The company can also pass a resolution under section 115 of the Co-operative and Community Benefit Societies Act 2014 to convert the company into a registered society and must forward a copy of the resolution to the registrar of companies.
31. A director, administrator or liquidator of the company can also make a voluntary arrangement with the company's creditors under section 1 of the Insolvency Act 1986. This arrangement must be approved by company members and creditors.
32. A company can pass a special resolution that it be wound up voluntarily under the Insolvency Act 1986 and, in accordance with section 30 of the Companies Act 2006, a copy of the resolution must be forwarded to the registrar of companies.
33. Before amendment, the position under paragraph 13 is as follows:
 - A company must obtain the consent of the Welsh Ministers to apply for a court order under section 899 of the Companies Act 2006. A copy of this consent must be sent to the registrar of companies along with the office copy of the order, otherwise, the order is not effective.
 - A company must obtain the consent of the Welsh Ministers to apply for a court order under section 900 of the Companies Act 2006. A copy of this consent must be sent to the registrar of companies along with the office copy of the order, otherwise, the order is not effective.
 - If a company passes a resolution under section 115 of the Co-operative and Community Benefit Societies Act 2014 for conversion into a registered society, it must obtain the consent of the Welsh Ministers and copy of that consent must be sent to the registrar of companies together with a copy of the resolution. The registrar of companies is unable to register the resolution without a copy of the consent.

These notes refer to the Regulation of Registered Social Landlords (Wales) Bill which was introduced to the Assembly on 16 October 2017.

- Where a director, administrator or liquidator of the company proposes to make a voluntary arrangement with the company's creditors under section 1 of the Insolvency Act 1986, the arrangement will not take effect unless the Welsh Ministers have given their consent.
 - The Welsh Ministers must give their consent before a company passes a special resolution that it be wound up voluntarily under the Insolvency Act 1986. A copy of the consent must be forwarded to the registrar of companies together with a copy of the resolution. If the prior consent of the Welsh Ministers is not obtained and a copy of the consent not forwarded with the resolution, the resolution will have no effect.
 - In all of these cases, the Welsh Ministers give their consent by making a written order.
34. Amendments are made to paragraph 13 of Schedule 1 to remove the requirements for an RSL to obtain the consent of the Welsh Ministers, and instead impose a duty on an RSL to notify the Welsh Ministers. Restrictions on the effectiveness of any order or resolution without Welsh Ministers' consent are removed.
35. After amendment, the position under paragraph 13 is as follows:
- A company does not need to obtain the consent of the Welsh Ministers to apply for a court order under section 899 of the Companies Act 2006, but must notify the Welsh Ministers and comply with any notification directions given by them.
 - A company does not need to obtain the consent of the Welsh Ministers to apply for a court order under section 900 of the Companies Act 2006, but it must notify the Welsh Ministers and comply with any notification directions given by them.
 - If a company passes a resolution under section 115 of the Co-operative and Community Benefit Societies Act 2014 for conversion into a registered society it does not need the consent of the Welsh Ministers but must notify the Welsh Ministers and comply with any notification directions given by them.
 - The Welsh Ministers' consent is no longer required for any voluntary arrangement under Part 1 of the Insolvency Act 1986 in relation to a company but the RSL must notify the Welsh Ministers and comply with any notification directions given by them. The Welsh Ministers' consent is not required before a company passes a special resolution that it be wound up voluntarily under the Insolvency Act 1986. The RSL must notify the Welsh Ministers and comply with any notification directions given by them.
 - For more information on notification directions see paragraph 13A of Schedule 1, inserted by section 6 of the Bill.

Paragraph 14 of Schedule 1

36. Section 4 also removes paragraph 14 of Schedule 1.
37. The winding up provisions of the Insolvency Act 1986 apply to RSLs which are companies (including companies which are registered charities) and, in accordance with section 123 of the Co-operative and Community Benefit Societies Act 2014, registered societies. Paragraph 14 enables the Welsh Ministers to petition for the

These notes refer to the Regulation of Registered Social Landlords (Wales) Bill which was introduced to the Assembly on 16 October 2017.

winding up of RSLs to which the winding up provisions of the Insolvency Act 1986 apply, if they are either failing to carry out their purposes or objects properly, or if they are unable to pay their debts.

38. This paragraph is being repealed in order to remove the Welsh Ministers' power to petition for winding-up in these circumstances.

Section 5 - Directions about notifications to be given to Welsh Ministers

39. Section 5 adds a further paragraph 13A to Schedule 1.
40. In sections 3 and 4 of the Bill, a duty is placed on RSLs to notify the Welsh Ministers of specific changes. This additional paragraph 13A allows the Welsh Ministers to issue directions specifying how they will be notified, what a notification will contain and to set a deadline for notifications. It also enables them to vary these requirements according to circumstances. A direction can apply to all or specific RSLs or RSLs of a specific description and may apply to all notifications, notifications of a certain description or in particular circumstances.
41. A direction can also dispense with a requirement to notify the Welsh Ministers and may vary or revoke a previous direction.
42. An RSL must comply with a direction which applies to it.

Powers exercisable in respect of officers and management of registered social landlord

Overview

43. The current threshold for intervention by the Welsh Ministers varies depending on the relevant provision, however, in general intervention action cannot be taken unless the Welsh Ministers are satisfied that there has been misconduct or mismanagement in the affairs of the RSL. In order to provide greater certainty for RSLs, the threshold for intervention is being changed to where an RSL has failed to comply with a requirement imposed by or under an enactment.
44. This new threshold for intervention of "failure to comply with a requirement imposed by or under an enactment" will include breaches of UK Acts, Acts or Measures of the National Assembly for Wales, regulations and other secondary legislation, as well as any directions or standards made under an enactment with which an RSL is required to comply. As the new threshold will include a breach of standards made under section 33A of the 1996 Act, where there are currently separate intervention grounds on the basis of a breach of a standard, these have, in general, simply been replaced with the new threshold.
45. Section 33A of the 1996 Act enables the Welsh Ministers to set standards of performance to be met by RSLs in connection with their functions relating to the provision of housing, and matters relating to their governance and financial management.

These notes refer to the Regulation of Registered Social Landlords (Wales) Bill which was introduced to the Assembly on 16 October 2017.

Section 6 – Removal or appointment of officer of registered social landlord

46. Section 6 amends paragraphs 4 and 6 to 8 of Schedule 1.

Paragraph 4 of Schedule 1

47. Before amendment, the position is as follows.

- The Welsh Ministers are able to remove an officer of an RSL under a variety of circumstances.
- A list of these circumstances is set out in paragraph 4(2) of Schedule 1 which includes, at paragraph 4(2)(g), where an officer cannot be found or does not act and their absence or failure to act is impeding the proper management of the RSL's affairs.

48. Amendments are made to paragraph 4 of Schedule 1 to amend the threshold at which the Welsh Ministers may remove an officer under paragraph 4(2)(g).

49. After amendment, the position is as follows:

- The Welsh Ministers are able to remove an officer of an RSL under a variety of circumstances.
- A list of these circumstances is set out in paragraph 4(2) of Schedule 1. The list is unchanged, except for paragraph 4(2)(g), which now allows an officer to be removed where the officer cannot be found or does not act and their absence or failure to act is impeding the registered social landlord's compliance with a requirement imposed by or under an enactment.

Paragraphs 6 to 8 of Schedule 1

50. Paragraphs 6, 7 and 8 of Schedule 1 give the Welsh Ministers powers to appoint persons to be an officer of RSLs which are registered charities, companies, or registered societies respectively.

51. Before these amendments, the Welsh Ministers can appoint a person to be an officer of an RSL which is a registered charity, a company or a registered society in place of a person whom they have removed or, where there are no officers, or where the Welsh Ministers are of the opinion that it is necessary for the proper management of the society's affairs, to have an additional officer.

52. Amendments are made to paragraphs 6, 7 and 8 of Schedule 1 to amend the threshold in respect of one of the grounds under which the Welsh Ministers can appoint a person to be an officer of an RSL.

53. After the amendments the Welsh Ministers can appoint a person to be an officer of an RSL which is a registered charity, a company or a registered society in place of a person whom they have removed or, where there are no officers, or where the Welsh Ministers are of the opinion that the appointment is necessary in order to ensure that the RSL complies with a requirement imposed by or under an enactment.

Section 7 – Tender or transfer of registered social landlord’s management functions

54. Section 7 amends paragraphs 15B and 15D of Schedule 1. It applies to all RSLs.

Paragraph 15B of Schedule 1

55. Before amendment, the position with regard to paragraph 15B is as follows:
- If the Welsh Ministers are satisfied that an RSL has failed to meet the performance standard set under Section 33A of the 1996 Act or there has been misconduct or mismanagement in the RSL’s affairs, they can require the RSL to tender all, or some, of its management functions.
 - The paragraph does not apply where the misconduct or mismanagement relates only to the RSL’s provision of housing in England.
56. Amendments are made to paragraph 15B of Schedule 1 to amend the threshold at which the Welsh Ministers can require an RSL to tender its management functions.
57. After amendment, the position is as follows:
- If an RSL has failed to comply with a requirement imposed by or under an enactment, the Welsh Ministers are able to require the RSL to tender all, or some, of its management functions.
 - The paragraph does not apply where the failure to comply relates only to the RSL’s provision of housing in England.

Paragraph 15D of Schedule 1

58. Before amendment, the position under paragraph 15D is as follows:
- If, as a result of an inquiry or an audit (under paragraph 20 or 22 of Schedule 1), the Welsh Ministers are satisfied that there has been misconduct or mismanagement in the affairs of an RSL or that a transfer of certain of a registered social landlord's management functions would be likely to improve the management of some or all of its affairs, the Welsh Ministers can require the RSL to transfer management functions to a person specified by them.
 - The paragraph does not apply where the misconduct or mismanagement relates only to the RSL’s provision of housing in England or where the transfer would be likely to improve the RSL's management of its affairs only in relation to the provision of housing in England.
59. Amendments are made to paragraph 15D of Schedule 1 to amend the threshold at which the Welsh Ministers can require an RSL to transfer its management functions.
60. After amendment, the position is as follows:
- If, as a result of an inquiry or an audit (under paragraph 20 or 22 of Schedule 1), the Welsh Ministers are satisfied that an RSL has failed to comply with a requirement imposed by or under an enactment, the Welsh Ministers can require the RSL to transfer management functions to a person specified by them.

These notes refer to the Regulation of Registered Social Landlords (Wales) Bill which was introduced to the Assembly on 16 October 2017.

- The paragraph does not apply where the failure relates only to the RSL's provision of housing in England.

Section 8 - Appointment of manager of registered social landlord

61. Section 8 amends paragraph 15F of Schedule 1.
62. Before amendment, the position under paragraph 15F is as follows:
- If the Welsh Ministers are satisfied that an RSL has failed to meet a standard under section 33A of the 1996 Act or there has been misconduct or mismanagement in the affairs of the RSL, the Welsh Ministers can appoint an individual as a manager of the RSL, or require the RSL to appoint an individual as a manager.
 - The appointment or requirement may relate to the management of the RSL generally, or specified affairs.
 - This paragraph does not apply where the misconduct or mismanagement relates only to the RSL's provision of housing in England.
63. Amendments are made to paragraph 15F of Schedule 1 to amend the threshold at which the Welsh Ministers can appoint a manager of an RSL.
64. After amendment, the position is as follows:
- If the Welsh Ministers are satisfied that an RSL has failed to comply with a requirement imposed by or under an enactment, the Welsh Ministers can appoint an individual as a manager of the RSL, or require the RSL to appoint an individual as a manager.
 - The appointment or requirement may relate to the management of the RSL generally, or specified affairs.
 - This paragraph does not apply where the failure relates only to the RSL's provision of housing in England.

Section 9 –Amalgamation effected by Welsh Ministers

65. Section 9 amends paragraph 15H of Schedule 1. This paragraph applies to RSLs which are registered societies.
66. Before amendment, the position under paragraph 15H is as follows:
- If, as a result of an inquiry or an audit (under paragraph 20 or 22 of Schedule 1), the Welsh Ministers are satisfied that there has been misconduct or mismanagement in the affairs of an RSL which is a registered society or that its affairs would be improved if the landlord were amalgamated with another registered society, the Welsh Ministers may make and execute on behalf of the society an instrument providing for its amalgamation with another registered society.
 - This paragraph does not apply where the misconduct or mismanagement relates only to the RSL's provision of housing in England, or the amalgamation would improve the management of the RSL's affairs only in relation to the provision of housing in England.

These notes refer to the Regulation of Registered Social Landlords (Wales) Bill which was introduced to the Assembly on 16 October 2017.

67. Amendments are made to paragraph 15H of Schedule 1 to amend the threshold at which the Welsh Ministers can amalgamate RSLs which are registered societies.
68. After amendment, the position is as follows:
- If, as a result of an inquiry or an audit (under paragraph 20 or 22 of Schedule 1), the Welsh Ministers are satisfied that an RSL which is a registered society has failed to comply with a requirement imposed by or under an enactment, the Welsh Ministers may make and execute on behalf of the society an instrument providing for its amalgamation with another registered society.
 - This paragraph does not apply if the failure relates only to the RSL's provision of housing in England.

Powers exercisable in respect of inquiries, etc.

Section 10 – Inquiries and reports

69. Section 10 amends paragraphs 20, 23, 24 and 27 of Schedule 1.

Overview

70. Paragraph 20 of Schedule 1 gives the Welsh Ministers the power to direct an inquiry into the affairs of an RSL if it appears to the Welsh Ministers that there may have been misconduct or mismanagement. Paragraph 22 of Schedule 1 of the 1996 Act states that for the purposes of such an inquiry, the Welsh Ministers may require the accounts and balance sheet of the RSL concerned, or other RSLs specified by Welsh Ministers, to be audited by a qualified auditor appointed by the Welsh Ministers. Paragraph 20(5) allows the person or persons conducting the inquiry, during the course of the inquiry, to make one or more interim reports on matters that appear to them to be appropriate.

Paragraph 20 of Schedule 1

71. Before amendment, the Welsh Ministers can direct an inquiry into the affairs of an RSL, if it appears to them that there may have been misconduct or mismanagement.
72. Amendments are made to paragraph 20 to amend the threshold at which the Welsh Ministers can direct an inquiry.
73. After amendment, the Welsh Ministers can direct an inquiry into the affairs of an RSL, if it appears to them (the Welsh Ministers) that the RSL may have failed to comply with a requirement imposed by or under an enactment.

Paragraph 23 of Schedule 1

74. Before amendment, the position under paragraph 23 is as follows:
- The Welsh Ministers can make an order under this paragraph where an inquiry has been directed under paragraph 20 and the Welsh Ministers have reasonable grounds to believe that there has been misconduct or mismanagement in the affairs of the registered social landlord, and that

immediate action is needed to protect the interests of the tenants of the registered social landlord or to protect the assets of the RSL.

- The Welsh Ministers can also make an order under paragraph 23 where an interim report has been made under paragraph 20(5) as a result of which the Welsh Ministers are satisfied that there has been misconduct or mismanagement in the affairs of an RSL.
- The Welsh Ministers can make an order suspending any officer, employee or agent of the RSL who appears to the Welsh Ministers to have been responsible for or privy to the misconduct or mismanagement or by his conduct to have contributed to or facilitated it.
- They can also make an order directing any bank or other person who holds money or securities on behalf of the RSL not to part with the money or securities without the approval of the Welsh Ministers and can make an order restricting the transactions which may be entered into, or the nature or amount of the payments which may be made, by the RSL without the approval of the Welsh Ministers.

75. Amendments are made to paragraph 23 of Schedule 1 to amend the threshold at which the Welsh Ministers can make orders under this paragraph.

76. After amendment, the position under paragraph 23 is as follows:

- The Welsh Ministers can make an order under this paragraph where an inquiry has been directed under paragraph 20 and the Welsh Ministers have reasonable grounds to believe that that an RSL has failed to comply with a requirement imposed by or under an enactment, and that immediate action is needed to protect the interests of the tenants of the RSL or to protect the RSL's assets.
- The Welsh Ministers can also make an order under paragraph 23 where an interim report has been made under paragraph 20(5) as a result of which the Welsh Ministers are satisfied that an RSL has failed to comply with a requirement imposed by or under an enactment.
- The orders that can be made remain unchanged.

Paragraph 24 of Schedule 1

77. Before amendment, the position under paragraph 24 is as follows:

- The Welsh Ministers can make one of the following orders where, following an inquiry or audit (under paragraph 20 or paragraph 22), they are satisfied that there has been misconduct or mismanagement in the affairs of an RSL.
- The Welsh Ministers can make an order suspending any officer, employee or agent of the RSL who appears to the Welsh Ministers to have been responsible for or privy to the misconduct or mismanagement or by his conduct to have contributed to or facilitated it.
- They can also make an order directing any bank or other person who holds money or securities on behalf of the RSL not to part with the money or securities without the approval of the Welsh Ministers and can make an order restricting the transactions which may be entered into, or the nature or amount of the payments which may be made, by the RSL without the approval of the Welsh Ministers.

These notes refer to the Regulation of Registered Social Landlords (Wales) Bill which was introduced to the Assembly on 16 October 2017.

78. Amendments are made to paragraph 24 of Schedule 1 to amend the threshold at which the Welsh Ministers can make orders under this paragraph.
79. After amendment, the position under paragraph 24 is as follows:
- This paragraph gives the Welsh Ministers powers to make an order where, following an inquiry or audit (under paragraph 20 or 22), they are satisfied that an RSL has failed to comply with a requirement imposed by or under an enactment.
 - The orders that can be made remain unchanged.

Paragraph 27 of Schedule 1

80. Before amendment, the Welsh Ministers can direct an RSL to make a transfer of land, where, as a result of an inquiry or an audit (under paragraph 20 or 22), the Welsh Ministers are satisfied that there has been misconduct or mismanagement in the administration of an RSL, or that the management of its land would be improved if it were transferred.
81. Amendment is made to paragraph 27 to amend the threshold at which the Welsh Ministers may direct an RSL to make a transfer of land.
82. After amendment, the Welsh Ministers can direct an RSL to make a transfer of land, where, as a result of an inquiry under paragraph 20 or an audit under paragraph 22, the Welsh Ministers are satisfied that that it has failed to comply with a requirement imposed by or under an enactment, and that the management of its land would be improved if it were transferred.

Enforcement Notices and Penalties

Section 11 - Enforcement notices

83. Section 11 amends section 50C of the Housing Act 1996.
84. This section of the 1996 Act gives the Welsh Ministers the power to give an enforcement notice to an RSL.
85. Before the amendment, the situation is as follows:
- The Welsh Ministers are able to give an enforcement notice to an RSL if they are satisfied that any of a list of 9 cases applies.
 - The list includes case 2, *where there has been misconduct or mismanagement in the affairs of the registered social landlord.*
 - The Welsh Ministers must also be satisfied that giving an enforcement notice is appropriate (whether it is likely to be sufficient in itself or a prelude to further action).
86. Amendments are made to section 50C to amend the grounds of case 2 under which an enforcement notice may be given. Subsection (10) is also added to section 50C to ensure that where another case applies, the grounds specified in that case should be used as the basis for the enforcement notice. For example, if there has been a breach

These notes refer to the Regulation of Registered Social Landlords (Wales) Bill which was introduced to the Assembly on 16 October 2017.

of a standard issued under section 33A of the 1996 Act, case 1 would be the appropriate ground for the enforcement notice.

87. After the amendment, the situation is as follows:
- The Welsh Ministers are able to give an enforcement notice to an RSL if they are satisfied that any of the list of 9 cases applies.
 - Case 2, is amended. The Welsh Ministers must be satisfied that the RSL has failed to comply with a requirement imposed by or under an enactment, and also that the failure does not fall within any other of the 8 cases.
 - The Welsh Ministers must also be satisfied that giving an enforcement notice is appropriate (whether it is likely to be sufficient in itself or a prelude to further action).

Section 12 - Requirement to pay a penalty

88. Section 12 amends section 50H of the 1996 Act.
89. This section of the 1996 Act gives the Welsh Ministers the power to require a registered social landlord to pay a penalty.
90. Before amendment, the position is as follows:
- The Welsh Ministers may require an RSL to pay a penalty if they are satisfied that any of a list of 5 cases applies.
 - The list includes case 2, *where there has been misconduct or mismanagement in the affairs of the registered social landlord.*
 - The Welsh Ministers must also be satisfied that the imposition of a penalty is appropriate (whether or not as part of a response including other action).
91. Amendments are made to section 50H to amend the grounds of case 2 under which a penalty may be imposed. Subsection (6A) is also added to section 50H to ensure that where another case applies, the grounds specified in that case should be used as the basis for the penalty. For example, if there has been a breach of a standard issued under section 33A of the 1996 Act, case 1 would be the appropriate ground for the penalty.
92. After the amendment, the position is as follows:
- The Welsh Ministers may require an RSL to pay a penalty if they are satisfied that any of the list of 5 cases applies.
 - Case 2, has been amended and the Welsh Ministers must be satisfied that the RSL has failed to comply with a requirement imposed by or under an enactment, and also that the failure does not fall within any other of the 5 cases.
 - The Welsh Ministers must also be satisfied that the imposition of a penalty is appropriate (whether or not as part of a response including other action).

Disposals of land

Overview

93. Currently, RSLs are required to obtain the consent of the Welsh Ministers for disposals of land under section 9 of the 1996 Act, section 171D of the Housing Act 1985, and sections 81 and 133 of the Housing Act 1988. Sections 13 and 14 of the Bill remove these requirements to obtain consent, and a new duty to notify the Welsh Ministers is imposed.
94. Section 9 of the 1996 Act (as amended by section 14 of the Bill) will apply to any disposal by an RSL, meaning the RSL must notify the Welsh Ministers of a disposal and comply with any notification directions given by them.

Section 13 –Disposal of land: consent

95. Section 13 amends section 171D of the Housing Act 1985 (c. 68) and repeals section 81, and amends section 133, of the Housing Act 1988 (c. 50).

Section 171D of the Housing Act 1985

96. Section 171D of the Housing Act 1985 relates to the preserved right to buy. Tenants of RSLs who were previously secure tenants of a local authority and became assured tenants because ownership of their homes were transferred to an RSL may have what is known as the preserved right to buy.
97. Before amendment, the position under section 171D of the Housing Act 1985 is as follows:
- Subsection (2) of section 171D states that the consent of the Welsh Ministers is required if the landlord of a dwelling-house which is subject to the right to buy or preserved right to buy wishes to dispose of less than the landlord's whole interest as landlord of the dwelling-house, or in part of it, unless the disposal is to the person or persons with the right to buy or preserved right to buy.
98. Amendment is made to section 171D of the Housing Act 1985 to remove the requirement of an RSL to obtain the consent of the Welsh Ministers before disposal.

Section 81 of the Housing Act 1988

99. Section 81 of the Housing Act 1988 relates to subsequent disposals by RSLs where the original disposal was by a housing action trust.
100. Before the amendment, the position under section 81 of the Housing Act 1988 is as follows. If a housing action trust wishes to dispose of a house which is the subject of a secure tenancy or an introductory tenancy (a probationary tenancy prior to a secure tenancy being potentially awarded to the tenant) to an RSL, the conveyance must include a requirement that the consent of the Welsh Ministers will be required if the RSL ever wishes to dispose of the house.

101. Section 81 will be repealed with the effect that RSLs will not be required to obtain the consent of the Welsh Ministers before they dispose of the house.

Section 133 of the Housing Act 1988

102. Section 133 of the Housing Act 1988 relates to subsequent disposals by RSLs where the original disposal was by a local authority.
103. Before amendment, the position under section 133 of the Housing Act 1988 is as follows. Where an RSL has acquired land or a house from a local authority under section 32 or 43 of the Housing Act 1985, and the consent relating to the original disposal does not provide otherwise, the Welsh Ministers' consent must be obtained to a disposal of that land or house. There are a number of exemptions such as where the house is disposed of to a person under the right to buy.
104. Amendments are made to section 133 of the Housing Act 1988 to remove the requirement of an RSL to obtain the consent of the Welsh Ministers before disposal.

Section 14 - Disposal of land: notification

105. Section 14 amends section 9 of the 1996 Act relating to disposal of land by an RSL.
106. Before amendment, the position under section 9 of the 1996 Act, is as follows:
- Under section 8, an RSL can dispose of land it holds in a manner which it thinks fit. But, if an RSL wants to dispose of land, it needs the consent of the Welsh Ministers.
 - The Welsh Ministers are able to give their consent in respect of all RSLs, or to a particular RSL or RSLs of a particular description and in relation to particular land, or a particular description of land.
 - If the Welsh Ministers give consent, they do so by making an order.
107. Amendments are made to section 9 of the 1996 Act to remove the requirement to obtain the consent of the Welsh Ministers on the disposal of land, and instead impose a requirement to notify the Welsh Ministers on any such disposal. After amendment, the position is as follows:
- Under section 8, an RSL can dispose of land it holds in a manner which it thinks fit. But, if an RSL wants to dispose of land, it must notify the Welsh Ministers and comply with any notification directions given by them.
 - The Welsh Ministers may issue directions about how they should be notified. A direction may be about how and when notification must be given, or what it must contain or may set a deadline for giving a notification.
 - The Welsh Ministers can specify which RSLs a direction applies to and which disposals or types of disposals it applies to. A direction can also dispense with a requirement to notify the Welsh Ministers or revoke or vary a previous direction.
 - An RSL must comply with a direction which applies to it.

These notes refer to the Regulation of Registered Social Landlords (Wales) Bill which was introduced to the Assembly on 16 October 2017.

Section 15 – Disposal Proceeds fund

108. Section 15 omits sections 24 to 26 of the Housing Act 1996.
109. Before their omission, the position under sections 24 to 26 is as follows. RSLs are required to show net disposal proceeds separately in their accounts. The Welsh Ministers are able to determine what is defined as the net disposal proceeds, but it broadly includes the net proceeds of sale received by an RSL in respect of any disposal of land to a tenant and payments of a number of grants made by the Welsh Ministers. Funds in the disposal proceeds fund could only be used as the Welsh Ministers determined.
110. Sections 24 to 26 are repealed in order to remove the requirement to show disposal proceeds separately in accounts, and to remove the ability of the Welsh Ministers to determine how such proceeds should be used.

Board membership and voting rights

Section 16 - Limit on local authority board membership and voting rights

111. Schedule 1 inserts a new Chapter 1A into Part 1 of the 1996 Act (social rented sector regulated by the Welsh Ministers), to place restrictions on the control that local authorities may have on registered social landlords. Further notes are set out in paragraphs 115-126 below.

Section 17 - Minor and consequential amendments

112. Schedule 2 sets out the amendments which will need to be made to legislation as a consequence of the other provisions set out in this Bill.

Section 18- Power to make further amendments

113. Section 18 provides that the Welsh Ministers may make consequential amendments for the purpose of giving full effect to any provision made by or under this Bill.

Section 19 - Coming into force

114. Provisions of the Bill will come into force in accordance with a commencement order made by Welsh Ministers, other than sections 19 and 20 which come into force on the day after the day on which the Bill receives Royal Assent.

Schedule 1

115. Schedule 1 is introduced by section 16.
116. The Schedule introduces a new Chapter 1A into Part 1 of the 1996 Act. Chapter 1A contains sections 7A to 7J.

Before Chapter 1A came into force, some local authorities had contractual arrangements with RSLs, or there were provisions in RSLs' constitutions or rules,

which gave them reserved places on the RSLs' boards and, in some cases, voting rights as member and other rights such as the power of veto over certain matters. This Chapter limits a local authority's influence over the board of an RSL, and removes their voting rights as member.

117. Section 7A defines the key terms for the purposes of Chapter 1A.
118. Under section 7B, no appointment may be made to a board of an RSL which would result in local authority appointees amounting to more than 24% of the board members of the RSL. Any appointment made to the board which would, but for section 7B, give rise to more than 24% of the board members being local authority appointees has no effect.
119. In addition, provision is made so that to the extent that any provision in the constitution or rules of an RSL conflicts with this requirement, that provision has no effect. See also section 7I in respect of provisions in agreements which are to have no effect.

Section 7C sets out the procedure for RSLs and local authorities to follow to reduce the number of local authority appointees on an RSL board to ensure that no more than 24% of the members of the board of the RSL are local authority appointees (the 24% limit). If an RSL needs to remove a member from a board it has four months to do so from the date section 7C comes into force, however, it cannot remove a member until two months after this section comes into force subject to a local authority's power to specify which of its appointees are to be removed under section 7C.

120. A local authority can nominate which of the local authority appointees are to be removed in order to comply with the 24% limit, but must do so within two months of section 7C coming into force. If a local authority nominates appointees to be removed, those appointees must be removed. If a local authority does not nominate anyone for removal before the end of that two month period, an RSL will have two months to remove such appointees to comply with the 24% limit. In the absence of a local authority nomination, the appointees to be removed should be selected by a majority vote of the non-local authority board members (see section 7D).
121. Under section 7E, if an RSL's constitution or rules state that there must be at least one or more local authority appointees present in order for a meeting to be quorate, that provision is of no effect. See also section 7I in respect of provisions in agreements which are to have no effect.
122. Under section 7F, if there is provision in an RSL's constitution or rules which requires more than 75% of the votes cast to pass a resolution, that provision will have effect as if it requires only 75% of the votes cast to pass the resolution. See also section 7I in respect of provisions in agreements which are to have no effect.
123. Under section 7G, if there is provision in an RSL's constitution or rules which requires the consent of the local authority or the local authority appointee before the RSL's rules or constitution can be changed, or provision which gives a local authority

These notes refer to the Regulation of Registered Social Landlords (Wales) Bill which was introduced to the Assembly on 16 October 2017.

or local authority appointee the power of veto, that provision is of no effect. See also section 7I in respect of provisions in agreements which are to have no effect.

124. Under section 7H, if there is a provision in the rules or constitution of an RSL which gives a local authority the right to vote on resolutions of the RSL in the local authority's capacity as member of the RSL, that provision is of no effect. This removes the voting rights of local authorities as members of an RSL. See also section 7I in respect of provisions in agreements which are to have no effect.
125. Under section 7I, a provision in an agreement between an RSL and another person which would, if it were included in an RSL's rules or constitution, be treated as having no effect because of this Chapter, will have no effect. This will capture, for example, any contractual agreements entered into between a local authority and an RSL as a result of stock transfer.
126. The Welsh Ministers may, by order, provide that any or all of the provisions of Chapter 1A do not apply to RSLs which are wholly-controlled local authority subsidiaries.

Schedule 2

127. Schedule 2 sets out the minor and consequential amendments which will need to be made to legislation as a consequence of the other provisions set out in this Bill.

Leasehold Reform, Housing and Urban Development Act 1993 (c. 28)

128. References to the requirement for RSLs to obtain the consent of the Welsh Ministers for disposal of property are removed from Schedule 10 to the Leasehold Reform, Housing and Urban Development Act 1993 (c. 28) because this requirement has been removed.

Housing Act 1996 (c. 52)

129. Sections 8(3), 9, 10, 11(1), 12A(1) and 13(1) of the 1996 Act are amended in order to remove references to the requirement for RSLs to obtain the consent of the Welsh Ministers because this requirement has been removed and replaced with a duty to notify the Welsh Ministers.
130. Section 16 of the 1996 Act is amended to reflect the fact that the disposal proceeds fund will cease to exist.
131. Section 36 of the 1996 Act allows the Welsh Ministers to issue guidance with respect to the management of housing accommodation in England by RSLs. Subsection (7) is removed to remove references to the concept of "misconduct and mismanagement" which has been removed by the Bill.
132. Amendments are made to section 42 to reflect the removal of section 10 of the 1996 Act.

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133. Section 52 is amended to include reference to the new order making power in Chapter 1A of the 1996 Act.
134. Section 63 of the 1996 Act is amended to add a definition of “notify” as “notify in writing”.
135. In Schedule 1 to the 1996 Act, amendments are made to remove references to “misconduct or mismanagement”.

RECORD OF PROCEEDINGS IN NATIONAL ASSEMBLY FOR WALES

136. The following table sets out the dates for each stage of the Act’s passage through the National Assembly for Wales. The Record of Proceedings and further information on the passage of this Act can be found on the National Assembly for Wales’ website at: <http://www.assemblywales.org/bus-home/bus-legislation.html>

Stage	Date
Introduced	16 October 2017
Stage 1 - Debate	
Stage 2 Scrutiny Committee – consideration of amendments	
Stage 3 Plenary - consideration of amendments	
Stage 4 Approved by the Assembly	
Royal Assent	

Annex 3

Index of Standing Order requirements

Table X

Standing order		Section	pages/ paragraphs
26.6(i)	Statement the provisions of the Bill would be within the legislative competence of the Assembly	Member's declaration	Page 2
26.6(ii)	Set out the policy objectives of the Bill	Chapter 3 - Purpose and intended effect of the legislation	Page 6 Paragraphs 3.1-3.2 Page 8 Paragraph 3.14
26.6(iii)	Set out whether alternative ways of achieving the policy objectives were considered and, if so, why the approach taken in the Bill was adopted	Part 2 – impact assessment	Page 20-27 Paragraphs 8.1-8.39
26.6(iv)	Set out the consultation, if any, which was undertaken on: (a) the policy objectives of the Bill and the ways of meeting them; (b) the detail of the Bill, and (c) a draft Bill, either in full or in part (and if in part, which parts)	Chapter 4 – Consultation	Page 10 Paragraphs 4.1-4.5

Standing order		Section	pages/ paragraphs
26.6(v)	Set out a summary of the outcome of that consultation, including how and why any draft Bill has been amended	Chapter 4 – Consultation	Page 10 Paragraphs 4.4-4.5
26.6(vi)	If the bill, or part of the Bill, was not previously published as a draft, state the reasons for that decision	Chapter 4 – Consultation	Page 10 Paragraph 4.5
26.6(vii)	Summarise objectively what each of the provisions of the Bill is intended to do (to the extent that it requires explanation or comment) and give other information necessary to explain the effect of the Bill	Annex 1 – Explanatory Notes	Pages 36 – 55
26.6(viii)	Set out the best estimates of: <ul style="list-style-type: none"> (a) the gross administrative, compliance and other costs to which the provisions of the Bill would give rise; (b) the administrative savings arising from the Bill; (c) net administrative costs of the Bill's provisions; (d) the timescales over which such costs and savings would be expected to arise; and (e) on whom the costs would fall 	Part 2 – impact assessment	Pages 16-18 Table A Pages 24-27 Paragraphs 8.22-8.38

Standing order		Section	pages/ paragraphs
26.6(ix)	Any environmental and social benefits and dis-benefits arising from the Bill that cannot be quantified financially	Part 2 – impact assessment	Pages 28-32 Paragraphs 9.1-9.20
26.6(x)	<p>Where the Bill contains any provision conferring power to make subordinate legislation, set out, in relation to each such provision:</p> <ul style="list-style-type: none"> (a) the person upon whom, or the body upon which, the power is conferred and the form in which the power is to be exercised; (b) why it is considered appropriate to delegate the power; and (c) the Assembly procedure (if any) to which the subordinate legislation made or to be made in the exercise of the power is to be subject, and why it was considered appropriate to make it subject to that procedure (and not to make it subject to any other procedure); 	Chapter 5 - Power to make subordinate legislation	Pages 12-14 Tables 5.1-5.2
26.6(xi)	Where the Bill contains any provision charging expenditure on the Welsh Consolidated Fund, incorporate a report of the Auditor General setting out his or her views on whether the charge is appropriate	The requirement of Standing Order 26.6(xi) does not apply to this Bill	Page 15 Paragraph 6.2

Standing order		Section	pages/ paragraphs
26.6B	Where provisions of the Bill are derived from existing primary legislation, whether for the purposes of amendment or consolidation, the Explanatory Memorandum must be accompanied by a table of derivations that explain clearly how the Bill relates to the existing legal framework.	The requirement in Standing Order 26.6B for a Table of Derivations is not applicable to this Bill as the Bill is a standalone piece of legislation and does not derive from existing primary legislation for the purposes of amendment or consolidation.	
26.6C	Where the Bill proposes to significantly amend existing primary legislation, the Explanatory Memorandum must be accompanied by a schedule setting out the wording of existing legislation amended by the Bill, and setting out clearly how that wording is amended by the Bill.	Annex 4 – Schedule of Amendments Annex 4a – Housing Act 1996 Annex 4b – Housing Act 1985 Annex 4c – Housing Act 1988 Annex 4d - Leasehold Reform, Housing and Urban Development Act 1993	Pages 60 – 133 Pages 61 – 119 Pages 120 - 121 Pages 122 - 129 Pages 130 - 133

Annex 4 - Schedule of amendments

Annex 4a – Housing Act 1996

Annex 4b – Housing Act 1985

Annex 4c – Housing Act 1988

**Annex 4d – Leasehold Reform, Housing and Urban
Development Act 1993**

<p><u>are—</u></p> <p><u>(a) in the case of a registered social landlord that is a company (including a company that is a registered charity), references to the company’s board of directors;</u></p> <p><u>(b) in the case of a registered social landlord that is a registered charity (but is not a company), references to the charity’s board of trustees;</u></p> <p><u>(c) in the case of a registered social landlord that is a registered society, references to the society’s committee.</u></p> <p><u>(2) References in this Chapter to board members, in relation to a registered social landlord, are to members of the registered social landlord’s board.</u></p> <p><u>(3) References in this Chapter to local authority appointees, in relation to the board of a registered social landlord, are to persons appointed to the board, or nominated for appointment to the board, by a local authority.</u></p> <p><u><i>Limit on local authority appointees to board</i></u></p> <p><u>7B Limit on local authority appointments to board</u></p> <p><u>(1) No appointment within subsection (2) may be made to the board of a registered social landlord on or after the day on which this section comes into force.</u></p> <p><u>(2) An appointment is within this subsection if its effect, but for this section, would be that more than 24 per cent of the board members of the registered social landlord would be local authority appointees.</u></p> <p><u>(3) To the extent that any provision in the constitution or rules of a registered social landlord would, but for this subsection, conflict with subsection (1) or (2), that provision is to be treated as having no effect.</u></p> <p><u>7C Removal of local authority appointees to comply with 24 per cent limit</u></p> <p><u>(1) This section applies in respect of a registered social landlord if, on the commencement date, more than 24 per cent of the board members of the registered social landlord are local authority appointees.</u></p>	<p>Schedule 1</p> <p>Schedule 1</p>
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(2) The registered social landlord must remove local authority appointees from the board to the extent it is necessary to do so to comply with the 24 per cent limit.

(3) The registered social landlord must comply with the duty in subsection (2) before the expiry of the 4 month period, but the landlord may not remove an appointee until after the 2 month period expires.

(4) A local authority may, before the expiry of the 2 month period, give notice to the registered social landlord specifying local authority appointees appointed or nominated by that authority who are to be removed from the board in order to comply with the 24 per cent limit.

(5) Where notice has been given in accordance with subsection (4) the registered social landlord, in complying with subsection (2), must remove the specified local authority appointees from the board.

(6) Where notice has not been given in accordance with subsection (4) the registered social landlord, in complying with subsection (2), must select the local authority appointees who are to be removed from the board.

(7) In this section—

“commencement date” means the day on which this section comes into force;

“2 month period” means the period of 2 months beginning with the commencement date;

“4 month period” means the period of 4 months beginning with the commencement date;

references to complying with the 24 per cent limit, in relation to the board of a registered social landlord, are to ensuring that no more than 24 per cent of the members of the board of the registered social landlord are local authority appointees.

7D Procedure for selection by registered social landlord of local authority appointees for removal

(1) The selection under section 7C(6) of a local authority appointee for removal from the board of a social landlord is to be effected by a majority vote of the votes cast by board members who are not local authority appointees.

Schedule1

<p><u>(2) To the extent that any provision in the constitution or rules of the landlord would, but for this subsection, conflict with subsection (1), that provision is to be treated as having no effect for the purposes of section 7C.</u></p>	
<p><u>Quorum and voting rights of board members</u></p>	
<p><u>7E Board quorum: no requirement for local authority appointee</u></p>	<p>Schedule 1</p>
<p><u>(1) To the extent that any provision of the constitution or rules of a registered social landlord is within subsection (2), it is to be treated as having no effect.</u></p>	
<p><u>(2) Provision is within this subsection if, but for this section, it would require the presence of one or more local authority appointees in order for a meeting of the board of the registered social landlord to be quorate.</u></p>	
<p><u>7F Board resolutions: 75 per cent threshold</u></p>	<p>Schedule 1</p>
<p><u>(1) To the extent that any provision in the constitution or rules of a registered social landlord is within subsection (2), subsection (3) applies in respect of that provision.</u></p>	
<p><u>(2) Provision is within this section if, but for this section, it would permit a resolution of the board of the registered social landlord to be passed only if more than 75 per cent of the votes cast by the board are in favour of the resolution.</u></p>	
<p><u>(3) The provision is to be treated as requiring only 75 per cent of the votes cast by the board to be in favour of the resolution.</u></p>	
<p><u>Consent to constitutional change</u></p>	
<p><u>7G Constitutional changes: no requirement for local authority consent and no power of veto</u></p>	<p>Schedule 1</p>
<p><u>(1) To the extent that any provision of the constitution or rules of a registered social landlord is within subsection (2), it is to be treated as having no effect.</u></p>	
<p><u>(2) Provision is within this subsection if, but for this section, it would—</u></p>	
<p><u>(a) require the consent of a local authority, or of a local authority appointee to a change to the constitution or rules of the registered social landlord, or</u></p>	
<p><u>(b) confer on a local authority, or a local authority</u></p>	

<p><u>appointee, power to veto a change within paragraph (a).</u></p>	
<p><u><i>Voting rights of members of registered social landlord</i></u></p>	
<p><u>7H Voting rights of local authorities</u></p> <p><u>(1) This section applies if a local authority is a member of a registered social landlord.</u></p> <p><u>(2) To the extent that any provision in the constitution or rules of the registered social landlord would confer on the local authority the right, as a member of the registered social landlord, to vote on resolutions of the registered social landlord, that provision is to be treated as having no effect.</u></p>	<p>Schedule 1</p>
<p><u>7I Provision in agreements that is to be treated as having no effect</u></p> <p><u>To the extent that any provision in an agreement between a registered social landlord and another person would, if it were included in the constitution or rules of the registered social landlord, be treated as having no effect by virtue of this Chapter, that provision of the agreement is to be treated as having no effect.</u></p>	<p>Schedule 1</p>
<p><u><i>Wholly controlled subsidiaries: power to disapply this Chapter</i></u></p>	
<p><u>7J Power to disapply provisions of this Chapter</u></p> <p><u>(1) The Welsh Ministers may by order provide that provisions of this Chapter specified in the order are not to apply to registered social landlords that are wholly controlled local authority subsidiaries.</u></p> <p><u>(2) A registered social landlord is a wholly controlled local authority subsidiary if—</u></p> <ul style="list-style-type: none"> <u>(a) it is a company or registered society;</u> <u>(b) all of its members are within subsection (3),</u> <u>and</u> <u>(c) one of the conditions in subsection (4) (in the case of a company) or in subsection (5) (in the case of a registered society) is met.</u> <p><u>(3) A person is within this subsection if the person is—</u></p> <ul style="list-style-type: none"> <u>(a) a local authority;</u> <u>(b) a company or registered society that is a subsidiary of a local authority (see subsection (6));</u> 	<p>Schedule 1</p>

<p><u>(c) a person acting on behalf of a person within paragraph (a) or (b).</u></p> <p><u>(4) The conditions are—</u></p> <p><u>(a) a local authority has power to appoint or remove all or a majority of the board of directors;</u></p> <p><u>(b) a local authority holds more than half in nominal value of the company's equity share capital;</u></p> <p><u>(c) the company is a subsidiary, within the meaning of the Companies Act 2006 or Part 7 of the Co-operative and Community Benefit Societies Act 2014, of a company or a registered society that is a subsidiary of a local authority by virtue of meeting the condition in paragraph (a) or (b) or in subsection (5)(a).</u></p> <p><u>(5) The conditions are—</u></p> <p><u>(a) a local authority has power to appoint or remove all or a majority of the members of the committee of management of the society;</u></p> <p><u>(b) the society is a subsidiary, within the meaning of the Companies Act 2006 or Part 7 of the Co-operative and Community Benefit Societies Act 2014, of a company or a registered society that is a subsidiary of a local authority by virtue of meeting the condition in paragraph (a) or in subsection (4)(a) or (b).</u></p> <p><u>(6) For the purposes of subsection 3(b), a company or registered society is a subsidiary of a local authority if any one or more of the conditions in subsection (4) (in the case of a company) or subsection (5) (in the case of a registered society) is met.</u></p> <p><u>(7) The Welsh Ministers may by order make provision for a registered social landlord of a description specified in the order to be treated as being a wholly controlled local authority subsidiary for the purposes of this section and any order made under it.</u></p> <p><u>(8) An order under this section is to be made by statutory instrument subject to annulment in pursuance of a resolution of the National Assembly for Wales.</u></p>	
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Section 8 of the Housing Act 1996	Amending Section of Regulation of Registered Social Landlords (Wales) Bill
<p>8 Power of registered social landlord to dispose of land</p> <p>(1) A registered social landlord has power by virtue of this section and not otherwise to dispose, in such manner as it thinks fit, of land held by it.</p> <p>(2) Section 39 of the Settled Land Act 1925 (disposal of land by trustees) does not apply to the disposal of land by a registered social landlord; and accordingly the disposal need not be for the best consideration in money that can reasonably be obtained.</p> <p>Nothing in this subsection shall be taken to authorise any action on the part of a charity which would conflict with the trusts of the charity.</p> <p>(3) This section has effect subject to section 9 (control by Welsh Ministers of land transactions) <u>(notification to Welsh Ministers of disposal of land)</u>.</p>	<p>Schedule 2 (3)</p>

Section 9 of the Housing Act 1996	Amending Section of Regulation of Registered Social Landlords (Wales) Bill
<p>Control by Welsh Ministers of Requirements relating to land transactions</p> <p>9 Consent required for disposal of land by registered social landlord <u>Notification to Welsh Ministers of disposal of land</u></p> <p>1 The consent of the Welsh Ministers... is required for any disposal of land by a registered social landlord under section 8.</p> <p><u>If a registered social landlord disposes of land under section 8 the landlord must notify the</u></p>	<p>Schedule 2(4)</p> <p>Section 14(1)</p> <p>Section 14(1)</p>

<p>(5) <u>A direction under this section may be given generally in respect of all registered social landlords or in respect of a particular registered social landlord or types of social landlords, and may make provision about notification generally, or about particular notification or types of notification. Any other disposal by a registered social landlord which requires consent under this section is valid in favour of a person claiming under the landlord notwithstanding that that consent has not been given; and a person dealing with a registered social landlord, or with a person claiming under such a landlord, shall not be concerned to see or inquire whether any such consent has been given.</u></p>	Section 14(1)
<p>(6) <u>A direction may vary or revoke a previous direction under this section. Where at the time of its removal from the register of social landlords a body owns land, this section continues to apply to that land after the removal as if the body concerned continued to be a registered social landlord.</u></p>	Section 14(1)
<p>(7) <u>A registered social landlord must comply with a direction under this section. For the purposes of this section "disposal" means sale, lease, mortgage, charge or any other disposition.</u></p>	
<p>(8) <u>This section has effect subject to section 10 (lettings and other disposals not requiring consent of [the Welsh Ministers]).</u></p>	Section 14(1)

Section 10 of the Housing Act 1996	Amending Section of Regulation of Registered Social Landlords (Wales) Bill
10 Lettings and other disposals not requiring consent of Welsh Ministers	Schedule 2 (5)
<p>(1) A letting by a registered social landlord does not require consent under section 9 if it is--</p> <p>(a) a letting of land under an assured tenancy or an assured agricultural occupancy, or what would be an assured tenancy or an assured agricultural occupancy but for any of paragraphs 4 to 8, or paragraph 12(1)(h), [or any of paragraphs 12ZA to 12B,] of Schedule 1 to the Housing Act 1988, or</p>	<p>Schedule 2 (5)</p> <p>Schedule 2 (5)</p>

<p>(b) — a letting of land under a secure tenancy or what would be a secure tenancy but for any of paragraphs 2 to 12 of Schedule 1 to the Housing Act 1985.</p> <p>(2) — Consent under section 9 is not required in the case of a disposal to which section 81 or 133 of the Housing Act 1988 applies (certain disposals for which the consent of the Secretary of State is required).</p> <p>(3) — Consent under section 9 is not required for a disposal under Part V of the Housing Act 1985 (the right to buy) or under the right conferred by section 16 below (the right to acquire).</p>	<p>Schedule 2 (5)</p>
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<p>Section 11 of the Housing Act 1996</p>	<p>Amending Section of Regulation of Registered Social Landlords (Wales) Bill</p>
<p>11 Covenant for repayment of discount on disposal</p> <p>(1) Where on a disposal of a house by a registered social landlord, in accordance with a consent given by the Welsh Ministers under section 9, a discount has been given to the purchaser, and the consent does not provide otherwise, the conveyance, grant or assignment shall contain a covenant binding on the purchaser and his successors in title to the following effect.</p> <p>(2) The covenant shall be to pay to the landlord such sum (if any) as the landlord may demand in accordance with subsection (3) on the occasion of the first relevant disposal which is not an exempted disposal and which takes place within the period of five years beginning with the conveyance, grant or assignment.</p> <p>(3) The landlord may demand such sum as he considers appropriate, up to and including the maximum amount specified in this section.</p> <p>(4) The maximum amount which may be demanded by the landlord is a percentage of the price or premium paid for the first relevant disposal which is</p>	<p>Schedule 2(6)</p> <p>Schedule 2(6)</p>

<p>equal to the percentage discount given to the purchaser in respect of the disposal of the house by the landlord.</p> <p>(5) But for each complete year which has elapsed after the conveyance, grant or assignment and before the first relevant disposal the maximum amount which may be demanded by the landlord is reduced by one-fifth.</p> <p>(6) Subsections (3) to (5) are subject to section 11A.</p>	
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Section 12A of the Housing Act 1996	Amending Section of Regulation of Registered Social Landlords (Wales) Bill
<p>12A Right of first refusal for registered social landlord</p> <p>(1) Where on a disposal of a house by a registered social landlord, in accordance with a consent given by the Welsh Ministers under section 9, a discount has been given to the purchaser, and the consent does not provide otherwise, the conveyance, grant or assignment shall contain the following covenant, which shall be binding on the purchaser and his successors in title.</p> <p>(2) The covenant shall be to the effect that, until the end of the period of ten years beginning with the conveyance, grant or assignment, there will be no relevant disposal which is not an exempted disposal, unless the prescribed conditions have been satisfied in relation to that or a previous such disposal.</p> <p>(3) In subsection (2) "the prescribed conditions" means such conditions as are prescribed by regulations under this section at the time when the conveyance, grant or assignment is made.</p> <p>(4) The [Welsh Ministers] may by regulations prescribe such conditions as [they consider] appropriate for and in connection with conferring on--</p> <p>(a) a registered social landlord which has made a disposal as mentioned in subsection (1), or</p> <p>(b) such other person as is determined in accordance with the regulations,</p>	<p>Schedule 2(7)</p> <p>Schedule 2(7)</p>

a right of first refusal to have a disposal within subsection (5) made to him for such consideration as is mentioned in section 12B.

(5) The disposals within this subsection are--

- (a) a reconveyance or conveyance of the house; and
- (b) a surrender or assignment of the lease.

(6) Regulations under this section may, in particular, make provision--

- (a) for the purchaser to offer to make such a disposal to such person or persons as may be prescribed;
- (b) for a prescribed recipient of such an offer to be able either to accept the offer or to nominate some other person as the person by whom the offer may be accepted;
- (c) for the person who may be so nominated to be either a person of a prescribed description or a person whom the prescribed recipient considers, having regard to any prescribed matters, to be a more appropriate person to accept the offer;
- (d) for a prescribed recipient making such a nomination to give a notification of the nomination to the person nominated, the purchaser and any other prescribed person;
- (e) for authorising a nominated person to accept the offer and for determining which acceptance is to be effective where the offer is accepted by more than one person;
- (f) for the period within which the offer may be accepted or within which any other prescribed step is to be, or may be, taken;
- (g) for the circumstances in which the right of first refusal lapses (whether following the service of a notice to complete or otherwise) with the result that the purchaser is able to make a disposal on the open market;
- (h) for the manner in which any offer, acceptance or notification is to be communicated.

(7) In subsection (6) any reference to the purchaser

<p>is a reference to the purchaser or his successor in title.</p> <p>Nothing in that subsection affects the generality of subsection (4).</p> <p>(8) Regulations under this section--</p> <p>(a) may make different provision with respect to different cases or descriptions of case; and</p> <p>(b) shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of the National Assembly for Wales.</p> <p>(9) The limitation imposed by a covenant within subsection (2) is a local land charge.</p> <p>(10) The Chief Land Registrar must enter in the register of title a restriction reflecting the limitation imposed by any such covenant.</p> <p>(11) Where there is a relevant disposal which is an exempted disposal by virtue of section 15(4)(d) or (e) (compulsory disposal or disposal of yard, garden, &c)-</p> <p>-</p> <p>(a) the covenant required by this section is not binding on the person to whom the disposal is made or any successor in title of his, and</p> <p>(b) the covenant ceases to apply in relation to the property disposed of.</p>	
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Section 13 of the Housing Act 1996	Amending Section of Regulation of Registered Social Landlords (Wales) Bill
<p>13 Restriction on disposal of houses in National Parks, &c</p> <p>(1) On the disposal by a registered social landlord, in accordance with a consent given by the Welsh Ministers under section 9, of a house situated in--</p> <p>(a) a National Park,</p> <p>(b) an area designated under [section 82 of the Countryside and Rights of Way Act 2000] as an area of outstanding natural beauty, or</p>	Schedule 2(8)

<p>(c) an area designated as a rural area by order under section 157 of the Housing Act 1985,</p> <p>the conveyance, grant or assignment may (unless it contains a condition of a kind mentioned in section 33(2)(b) or (c) of the Housing Act 1985 (right of pre-emption or restriction on assignment) or a covenant as mentioned in section 12A(2) of this Act (right of first refusal for registered social landlord)) contain a covenant to the following effect limiting the freedom of the purchaser (including any successor in title of his and any person deriving title under him or such a successor) to dispose of the house.</p> <p>(2) The limitation is that until such time (if any) as may be notified in writing by the registered social landlord to the purchaser or a successor in title of his, there will be no relevant disposal which is not an exempted disposal without the written consent of the landlord.</p> <p>(3) That consent shall not be withheld if the person to whom the disposal is made (or, if it is made to more than one person, at least one of them) has, throughout the period of three years immediately preceding the application for consent--</p> <p>(a) had his place of work in a region designated by order under section 157(3) of the Housing Act 1985 which, or part of which, is comprised in the National Park or area concerned, or</p> <p>(b) had his only or principal home in such a region,</p> <p>or if he has had the one in part or parts of that period and the other in the remainder.</p> <p>The region need not have been the same throughout the period.</p> <p>(4) A disposal in breach of such a covenant as is mentioned above is void.</p> <p>(5) The limitation imposed by such a covenant is a local land charge and, [if the first disposal involves registration under the Land Registration Act 2002, the Chief Land Registrar shall enter in the register of title a restriction reflecting the limitation.</p> <p>(6) In this section "purchaser" means the person acquiring the interest disposed of by the first disposal.</p>	
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<p>(7) Where there is a relevant disposal which is an exempted disposal by virtue of section 15(4)(d) or (e) (compulsory disposal or disposal of yard, garden, &c), any such covenant as is mentioned in this section ceases to apply in relation to the property disposed of.</p>	
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<p>Section 16 of the Housing Act 1996</p>	<p>Amending Section of Regulation of Registered Social Landlords (Wales) Bill</p>
<p><i>Right of tenant to acquire dwelling</i></p> <p>16 Right of tenant to acquire dwelling</p> <p>[(1) The tenant of a dwelling in Wales has a right to acquire the dwelling if--</p> <ul style="list-style-type: none"> (a) the landlord is a registered social landlord or a [private registered provider] of social housing, (b) the tenancy is-- <ul style="list-style-type: none"> (i) an assured tenancy, other than an assured shorthold tenancy or a long tenancy, or (ii) a secure tenancy, (c) the dwelling was provided with public money and has remained in the social rented sector, and (d) the tenant satisfies any further qualifying conditions applicable under Part V of the Housing Act 1985 (the right to buy) as it applies in relation to the right conferred by this section. <p>(2) For this purpose a dwelling shall be regarded as provided with public money if--</p> <ul style="list-style-type: none"> (a) it was provided or acquired wholly or in part by means of a grant under section 18 (social housing grant), (b) it was provided or acquired wholly or in part by applying or appropriating sums standing in the disposal proceeds fund of a registered social landlord (see section 25) <u>maintained under this Act prior to the coming into force of Section 15 of the Regulation of Registered Social Landlords (Wales) Act 2018, or</u> 	<p>Schedule 2 (9)</p>

<p>(c) it was acquired by a registered social landlord or a private registered provider of social housing] after the commencement of this paragraph on a disposal by a public sector landlord at a time when it was capable of being let as a separate dwelling.</p> <p>(3) A dwelling shall be regarded for the purposes of this section as having remained within the social rented sector if, since it was so provided or acquired--</p> <p>(a) the person holding the freehold interest in the dwelling has been either a registered social landlord, a private registered provider of social housing] or a public sector landlord; and</p> <p>(b) any person holding an interest as lessee (otherwise than as mortgagee) in the dwelling has been--</p> <p>(i) an individual holding otherwise than under a long tenancy; or</p> <p>(ii) a registered social landlord[, a private registered provider of social housing] or a public sector landlord.</p> <p>(3A) In subsection (3)(a) the reference to the freehold interest in the dwelling includes a reference to such an interest in the dwelling as is held by the landlord under a lease granted in pursuance of paragraph 3 of Schedule 9 to the Leasehold Reform, Housing and Urban Development Act 1993 (mandatory leaseback to former freeholder on collective enfranchisement).</p> <p>(4) A dwelling shall be regarded for the purposes of this section as provided by means of a grant under section 18 (social housing grant) if, and only if, [the Welsh Ministers] when making the grant notified the recipient that the dwelling was to be so regarded.</p> <p>The Welsh Ministers shall before making the grant inform the applicant that they propose to give such a notice and allow him an opportunity to withdraw his application within a specified time.</p> <p>[(5) . . .</p> <p>(6) . . .</p> <p>(7) . . .]</p>	
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Sections 24, 25 and 26 of the Housing Act 1996	Amending Section of Regulation of Registered Social Landlords (Wales) Bill
<p style="text-align: center;"><i>Disposal proceeds fund</i></p> <p>24 The disposal proceeds fund</p> <p>(1) — A registered social landlord shall show separately in its accounts for any period ending after the coming into force of this section its net disposal proceeds.</p> <p>(2) — The net disposal proceeds of a registered social landlord are—</p> <p style="padding-left: 20px;">(a) — the net proceeds of sale received by it in respect of any disposal of land to a tenant—</p> <p style="padding-left: 40px;">(i) — in pursuance of the right conferred by section 16 above or section 180 of the Housing and Regeneration Act 2008 (right of tenant to acquire dwelling), or</p> <p style="padding-left: 40px;">(ii) — in respect of which a grant was made under section 21 (purchase grant in respect of other disposals); or</p> <p style="padding-left: 40px;">(iii) — in respect of which a grant was made under section 19 of the Housing and Regeneration Act 2008 in respect of discounts given by it on the disposal to the tenant;</p> <p>(b) — payments of grant received by it under section 20 or 21 (purchase grant);</p> <p>(ba) — payments of grant received by it under section 19 of the Housing and Regeneration Act 2008 in respect of discounts given by it on disposals of dwellings to tenants;</p> <p>(c) — where any grant as mentioned in paragraph (b) or (ba) has been paid to it, any repayments of discount in respect of which the grant was given; and</p> <p>(d) — such other proceeds of sale or payments of grant (if any) as the Welsh Ministers may from time to time determine.</p>	<p>Section 15</p>

<p>(3) — The net proceeds of sale means the proceeds of sale less an amount calculated in accordance with a determination by the Welsh Ministers.</p> <p>(4) — The disposal proceeds shall be shown in a fund to be known as a disposal proceeds fund.</p> <p>(5) — The method of constituting the fund and showing it in the landlord's accounts shall be as required by determination of the Welsh Ministers under paragraph 16 of Schedule 1 (general requirements as to accounts).</p> <p>(6) — Interest shall be added to the fund in accordance with a determination made by the Welsh Ministers.</p> <p>(7) — Where this section applies in relation to the proceeds of sale arising on a disposal, section 27 below (recovery, &c of social housing grants) and section 52 of the Housing Act 1988 (recovery, &c of grants under that Act and earlier enactments) do not apply.</p>	<p>Section 15</p>
<p>25 Application or appropriation of disposal proceeds</p> <p>(1) — The sums standing in the disposal proceeds account of a registered social landlord ("disposal proceeds") may only be applied or appropriated by it for such purposes and in such manner as the Welsh Ministers may determine.</p> <p>(2) — If any disposal proceeds are not applied or appropriated as mentioned in subsection (1) within such time as is specified by determination of the Welsh Ministers, the Welsh Ministers may direct that the whole or part of them shall be paid to them.</p>	<p>Section 15</p>
<p>26 Disposal proceeds: power to require information</p> <p>(1) — The Welsh Minsters may give notice—</p> <ul style="list-style-type: none"> (a) — to all registered social landlords, (b) — to registered social landlords of a particular description, or (c) — to particular registered social landlords, 	<p>Section 15</p>

Please note: this document has been prepared solely to assist people in understanding the Regulation of Registered Social Landlords (Wales) Bill. It should not be relied on for any other purpose.

<p>requiring them to furnish them with such information as they may reasonably require in connection with the exercise of their functions under sections 24 and 25 (treatment of disposal proceeds).</p> <p>(2) — A notice under subsection (1)(a) or (b) may be given by publication in such manner as the Welsh Ministers consider appropriate for bringing it to the attention of the landlords concerned.</p>	
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Section 36 of the Housing Act 1996	Amending Section of Regulation of Registered Social Landlords (Wales) Bill
<p><i>Housing management</i></p> <p>36 Issue of guidance by the Welsh Ministers[--housing in England]</p> <p>(1) The Welsh Ministers may issue guidance with respect to the management of housing accommodation [in England] by registered social landlords.</p> <p>(2) Guidance under subsection (1)] may, in particular, be issued with respect to--</p> <ul style="list-style-type: none"> (a) the housing demands for which provision should be made and the means of meeting those demands; (b) the allocation of housing accommodation between individuals; (c) the terms of tenancies and the principles upon which levels of rent should be determined; (d) standards of maintenance and repair and the means of achieving those standards; (e) the services to be provided to tenants; (f) the procedures to be adopted to deal with complaints by tenants against a landlord; (g) consultation and communication with tenants; (h) the devolution to tenants of decisions concerning the management of housing accommodation; 	

<p>[(i) the policy and procedures a landlord is required under section 218A to prepare and from time to time revise in connection with anti-social behaviour.</p> <p>(2A) . . .</p> <p>(3) Before issuing any guidance under this section the Welsh Ministers shall consult such bodies appearing to the Welsh Ministers to be representative of registered social landlords as the Welsh Ministers consider appropriate; and where the Welsh Ministers issue guidance under this section it shall be issued in such manner as the Welsh Ministers consider appropriate for bringing it to the notice of the landlords concerned.</p> <p>(4) . . .</p> <p>(5) Guidance issued under this section may be revised or withdrawn; and subsection (3) applies in relation to the revision of guidance as in relation to its issue.</p> <p>(6) Guidance under this section may make different provision in relation to different cases and, in particular, in relation to different areas, different descriptions of housing accommodation and different descriptions of registered social landlord.</p> <p>(7) In considering whether action needs to be taken to secure the proper management of the affairs of a registered social landlord or whether there has been misconduct or mismanagement, the Welsh Ministers may have regard (among other matters) to the extent to which any guidance under this section is being or has been followed.</p>	<p>Schedule 2 (10)</p>
<p>Section 42 of the Housing Act 1996</p> <p>42 Moratorium on disposal of land, &c</p> <p>(1) Where any of the steps mentioned in section 41 is taken in relation to a registered social landlord, there is a moratorium on the disposal of land held by</p>	<p>Amending Section of Regulation of Registered Social Landlords (Wales) Bill</p>

<p>the landlord.</p> <p>(2) During the moratorium the consent of the Welsh Ministers under this section is required (except as mentioned below) for any disposal of land held by the landlord, whether by the landlord itself or any person having a power of disposal in relation to the land.</p> <p>Consent under this section may be given in advance and may be given subject to conditions.</p> <p>(3) Consent is not required under this section for any such disposal as is mentioned in section 10(1), (2) or (3) (lettings and other disposals not requiring consent under section 9).</p> <p><u>Consent is not required under this section for—</u></p> <p><u>(a) a letting of land under an assured tenancy or an assured agricultural occupancy, or what would be an assured tenancy or an assured agricultural occupancy but for any of paragraphs 4 to 8, or paragraph 12(1)(h), or any of paragraphs 12ZA to 12B, of Schedule 1 to the Housing Act 1988;</u></p> <p><u>(b) a letting of land under a secure tenancy or what would be a secure tenancy but for any of paragraphs 2 to 12 of Schedule 1 to the Housing Act 1985;</u></p> <p><u>(c) a disposal under Part V of the Housing Act 1985 (the right to buy) or under the right conferred by section 16 (the right to acquire).</u></p> <p>(4) A disposal made without the consent required by this section is void.</p> <p>(5) Nothing in this section prevents a liquidator from disclaiming any land held by the landlord as onerous property.</p> <p>(6) The provisions of this section apply in relation to any existing or future interest of the landlord in rent or other receipts arising from land as they apply to an interest in land.</p>	<p>Schedule 2(11)</p>
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Section 50C of the Housing Act 1996	Amending Section of Regulation of Registered Social Landlords (Wales) Bill
<p style="text-align: center;"><i>Enforcement notice</i></p> <p>50C Grounds for giving notice</p> <p>(1) The Welsh Ministers may give an enforcement notice to a registered social landlord if they are satisfied that--</p> <ul style="list-style-type: none"> (a) any of the following cases applies, and (b) giving an enforcement notice is appropriate (whether it is likely to be sufficient in itself or a prelude to further action). <p>(2) Case 1 is where the registered social landlord has failed to meet a standard applicable to it under section 33A.</p> <p>(3) Case 2 is where there has been misconduct or mismanagement in the affairs of the registered social landlord.</p> <p style="padding-left: 40px;"><u>Case 2 is where the registered social landlord has failed to comply with a requirement imposed by or under an enactment..</u></p> <p>(4) Case 3 is where the registered social landlord has failed to comply with an earlier enforcement notice.</p> <p>(5) Case 4 is where the registered social landlord has failed to publish information in accordance with a requirement under section 50I(3) or 50Q(3).</p> <p>(6) Case 5 is where the interests of tenants of the registered social landlord require protection.</p> <p>(7) Case 6 is where the registered social landlord's assets require protection.</p> <p>(8) Case 7 is where the registered social landlord has given an undertaking under section 6A and failed to comply with it.</p> <p>(9) Case 8 is where an offence under this Part has been committed by the registered social landlord.</p> <p>(10) Case 9 is where the registered social landlord</p>	<p style="text-align: center;">Section 11(2)</p>

<p>has failed to implement a recommendation made by the Public Services Ombudsman for Wales in a report prepared under section 16 of the Public Services Ombudsman (Wales) Act 2005.</p> <p><u>(10A) But Case 2 is not to be treated as applying if any of the other cases listed in this section applies.</u></p> <p>(11) Where the Welsh Ministers are satisfied that an offence under this Part has been committed in respect of a registered social landlord but by another person (such as a member, employee or agent of the registered social landlord)--</p> <p>(a) Case 8 applies,</p> <p>(b) the Welsh Ministers may give an enforcement notice to the other person, and</p> <p>(c) this Chapter applies with the substitution of references to that other person for references to the registered social landlord.</p>	<p>Section 11(3)</p>
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<p>Section 50H of the Housing Act 1996</p>	<p>Amending Section of Regulation of Registered Social Landlords (Wales) Bill</p>
<p><i>Penalty</i></p> <p>50H Grounds for imposition</p> <p>(1) The Welsh Ministers may require a registered social landlord to pay a penalty if they are satisfied that--</p> <p>(a) any of the following cases applies, and</p> <p>(b) the imposition of a penalty is appropriate (whether or not as part of a response including other action).</p> <p>(2) Case 1 is where the registered social landlord has failed to meet a standard under section 33A.</p> <p>(3) Case 2 is where there has been misconduct or mismanagement in the affairs of the registered social landlord.</p> <p><u>Case 2 is where the registered social landlord has failed to comply with a requirement imposed by or under an enactment.</u></p>	<p>Section 12(2)</p>

<p>(4) Case 3 is where the registered social landlord has failed to comply with an enforcement notice.</p> <p>(5) Case 4 is where the registered social landlord has given an undertaking under section 6A and failed to comply with it.</p> <p>(6) Case 5 is where an offence under this Part has been committed by the registered social landlord.</p> <p><u>(6A) But Case 2 is not to be treated as applying if any of the other cases listed in this section applies.</u></p> <p>(7) Where the Welsh Ministers are satisfied that an offence under this Part has been committed in respect of a registered social landlord but by another person (such as a member, employee or agent of the registered social landlord)--</p> <p>(a) Case 5 applies,</p> <p>(b) the Welsh Ministers may require the other person to pay a penalty, and</p> <p>(c) this Chapter applies with the substitution of references to that other person for references to the registered social landlord.</p> <p>(8) In order to rely on Case 5 the Welsh Ministers must be satisfied beyond reasonable doubt that it applies.</p>	<p>Section 12(3)</p>
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<p>Section 52 of the Housing Act 1996</p>	<p>Amending Section of Regulation of Registered Social Landlords (Wales) Bill</p>
<p><i>Orders and determinations</i></p> <p>52 General provisions as to orders</p> <p>(1) The following provisions apply to any power of the [Welsh Ministers] under [section 2, 7J, 17, [27A,] 39, [50J,] 51 or 55 or Schedule 2] to make an order.</p> <p>(2) An order may make different provision for different cases or descriptions of case.</p> <p>This includes power to make different provision for different bodies or descriptions of body, different provision for different housing activities and different provision for different areas.</p>	<p>Schedule 2(14)</p>

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(3) An order may contain such supplementary, incidental, consequential or transitional provisions and savings as the [Welsh Ministers consider] appropriate.	
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Section 63 of the Housing Act 1996	Amending Section of Regulation of Registered Social Landlords (Wales) Bill
<p>63 Minor definitions: Part I</p> <p>(1) In this Part--</p> <p>"action" includes inaction, proposed action and decision;</p> <p>"company" means a company registered under the Companies Act 2006;</p> <p>"dwelling" means a building or part of a building occupied or intended to be occupied as a separate dwelling, together with any yard, garden, outhouses and appurtenances belonging to it or usually enjoyed with it;</p> <p>"fully mutual", in relation to a housing association, and "co-operative housing association" have the same meaning as in the Housing Associations Act 1985 (see section 1(2) of that Act);</p> <p>"hostel" means a building in which is provided for persons generally or for a class or classes of persons--</p> <p>(a) residential accommodation otherwise than in separate and self-contained premises, and</p> <p>(b) either board or facilities for the preparation of food adequate to the needs of those persons, or both;</p> <p>"house" includes--</p> <p>(a) any part of a building occupied or intended</p>	

<p>to be occupied as a separate dwelling, and</p> <p>(b) any yard, garden, outhouses and appurtenances belonging to it or usually enjoyed with it;</p> <p>"housing accommodation" includes flats, lodging-houses and hostels;</p> <p>"housing activities" means, in relation to a registered social landlord, all its activities in pursuance of the purposes, objects and powers mentioned in or specified under section 2;</p> <p>"information" includes accounts, estimates and returns;</p> <p>"local authority" has the same meaning as in the Housing Associations Act 1985;</p> <p>"long tenancy" has the same meaning as in Part V of the Housing Act 1985;</p> <p>"misconduct" includes any failure to comply with the requirements of this Part of this Act;</p> <p>"modifications" includes additions, alterations and omissions and cognate expressions shall be construed accordingly;</p> <p>"notice" means notice in writing;</p> <p><u>"notify" means notify in writing</u></p> <p>"public sector landlord" means any of the authorities or bodies within section 80(1) of the Housing Act 1985 (the landlord condition for secure tenancies);</p> <p>"registrar of companies" has the same meaning as in [the Companies Acts (see section 1060 of the Companies Act 2006)];</p> <p>"representations" means representations in writing;</p> <p>"statutory tenancy" has the same meaning as in the</p>	<p>Schedule 2(13)</p>
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<p>Housing Act 1985.</p> <p>(2) References in this Part to the provision of a dwelling or house include the provision of a dwelling or house--</p> <p>(a) by erecting the dwelling or house, or converting a building into dwellings or a house, or</p> <p>(b) by altering, enlarging, repairing or improving an existing dwelling or house;</p> <p>and references to a dwelling or house provided by means of a grant or other financial assistance are to its being so provided directly or indirectly.</p>	
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Schedule 1 (Part 2) to the Housing Act 1996	Amending Section of Regulation of Registered Social Landlords (Wales) Bill
<p>Part II</p> <p>Constitution, Change of Rules, Amalgamation and Dissolution</p> <p><i>General power to remove officer</i></p> <p>4</p> <p>(1) The Welsh Ministers may, in accordance with the following provisions, by order remove an officer of a registered social landlord. . .</p> <p>(a) . . .</p> <p>(b) . . .</p> <p>(c) . . .</p> <p>(2) The Welsh Ministers may make an order removing any such person if--</p> <p>(a) he has been made bankrupt or a debt relief order (under Part 7A of the Insolvency Act 1986) has been made in respect of him, or he has made an arrangement with his creditors;</p> <p>[(b) he is subject to a disqualification order or</p>	

<p>disqualification undertaking under the Company Directors Disqualification Act 1986 or the Company Directors Disqualification (Northern Ireland) Order 2002;</p> <p>(c) he is subject to an order under <i>section 429(2) of the Insolvency Act 1986 (failure to pay under county court administration order)</i> <u>[section 429(2) of the Insolvency Act 1986 (disabilities on revocation of county court administration order)]</u>;</p> <p>(d) he is disqualified under [section 178 of the Charities Act 2011] from being a charity trustee;</p> <p>(e) he is incapable of acting by reason of mental disorder;</p> <p>(f) he has not acted; or</p> <p>(g) he cannot be found or does not act and his absence or failure to act is impeding the proper management of the registered social landlord's affairs <u>registered social landlord's compliance with a requirement imposed by or under an enactment.</u></p> <p>(3) Before making an order the Welsh Ministers shall give at least 14 days' notice of [their] intention to do so to the person whom they intend to remove, and to the registered social landlord.</p> <p>(4) That notice may be given by post, and if so given to the person whom the Welsh Ministers intend to remove may be addressed to his last known address in the United Kingdom.</p> <p>(5) A person who is ordered to be removed under this paragraph may appeal against the order to the High Court.</p> <p><i>Restriction on power of removal in case of registered charity</i></p> <p>5</p> <p>(1) The Welsh Ministers may make an order under paragraph 4 removing an officer of a registered charity only if the charity has received public assistance. . .</p> <p>(a) . . .</p> <p>(b) . . .</p> <p>(c) . . .</p>	<p>Underlining here is part of text of Act as transposed and not as a result of a provision of the Regulation of Registered Social Landlords (Wales) Bill</p> <p>Section 6(2)</p>
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<p>(2) . . .</p> <p><i>Registered charity: power to appoint new officer</i></p> <p>6</p> <p>(1) The Welsh Ministers may by order appoint a person to be an officer of a registered social landlord which is a registered charity--</p> <p>(a) in place of a person removed by the Welsh Ministers,</p> <p>(b) where there are [no officers], or</p> <p>(c) where the Welsh Ministers are of the opinion that it is necessary <u>to have an additional officer in order to ensure that the charity complies with the requirement imposed by or under an enactment.</u> for the proper management of the charity's affairs to have an additional officer.</p> <p>The power conferred by paragraph (c) may be exercised notwithstanding that it will cause the maximum number of officers permissible under the charity's constitution to be exceeded.</p> <p>(2) The Welsh Ministers shall only exercise their power under sub-paragraph (1) if--</p> <p>(a) the charity has, at any time before the power is exercised, received public assistance, and</p> <p>(b) the Welsh Ministers have consulted the Charity Commission.</p> <p>(3) A person may be so appointed notwithstanding any restrictions on appointment in the charity's constitution or rules.</p> <p>(4) A person appointed under this paragraph shall hold office for such period and on such terms as the Welsh Ministers may specify; and on the expiry of the appointment the Welsh Ministers may renew the appointment for such period as they may specify.</p> <p>This does not prevent a person appointed under this paragraph from retiring in accordance with the charity's constitution or rules.</p> <p>(5) A person appointed under this paragraph as officer of a registered charity is entitled--</p> <p>(a) to attend, speak and vote at any general</p>	<p>Section 6(3)</p>
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<p>meeting of the charity and to receive all notices of and other communications relating to any such meeting which a member is entitled to receive,</p> <p>(b) to move a resolution at any general meeting of the charity, and</p> <p>(c) to require a general meeting of the charity to be convened within 21 days of a request to that effect made in writing to the directors or trustees.</p> <p><i>Company: power to appoint new officer</i></p> <p>7</p> <p>(1) The Welsh Ministers may by order appoint a person to be an officer of a registered social landlord which is a company--</p> <p>(a) in place of an officer removed by the Welsh Ministers,</p> <p>(b) where there are no officers, or</p> <p>(c) where the Welsh Ministers are of the opinion that it is necessary for the proper management of the company's affairs, to have an additional officer to have an additional <u>in order to ensure that the company complies with a requirement imposed by or under an enactment.</u></p> <p>(2) A person may be so appointed whether or not he is a member of the company and notwithstanding anything in the company's articles of association.</p> <p>(3) Where a person is appointed under this paragraph--</p> <p>(a) he shall hold office for such period and on such terms as the Welsh Ministers may specify, and</p> <p>(b) on the expiry of the appointment the Welsh Ministers may renew the appointment for such period as they may specify.</p> <p>This does not prevent a person from retiring in accordance with the company's articles of association.</p> <p>[(4) A person appointed under this paragraph is entitled--</p> <p>(a) to receive all such communications relating to a written resolution proposed to be agreed to by the company as are required to be supplied to a</p>	<p>Section 6(4)</p>
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<p>member of the company;</p> <p>(b) to receive all notices of, and other communications relating to, any general meeting which a member of the company is entitled to receive, and to attend, speak and vote at any such meeting;</p> <p>(c) to move a resolution at any general meeting of the company; and</p> <p>(d) to require a general meeting of the company to be convened within 21 days of a request to that effect made in writing to the directors of the company.</p> <p><i>Registered society: power to appoint officer</i></p> <p>8</p> <p>(1) The Welsh Ministers may by order appoint a person to be an officer of a registered social landlord which is a registered society--</p> <p>(a) in place of a person removed by the Welsh Ministers,</p> <p>(b) where there are no officers, or</p> <p>(c) where the Welsh Ministers are of the opinion that it is necessary for the proper management of the society's affairs to have an additional officer to <u>have an additional officer in order to ensure that the society complies with a requirement imposed by or under an enactment.</u></p> <p>The power conferred by paragraph (c) may be exercised notwithstanding that it will cause the maximum number of officers permissible under the society's constitution to be exceeded.</p> <p>(2) A person may be so appointed whether or not he is a member of the society and, if he is not, notwithstanding that the rules of the society restrict appointment to members.</p> <p>(3) A person appointed under this paragraph shall hold office for such period and on such terms as the Welsh Ministers may specify; and on the expiry of the appointment the Welsh Ministers may renew the appointment for such period as they may specify.</p> <p>This does not prevent a person appointed under this paragraph from retiring in accordance with the rules of</p>	<p>Section 6(5)</p>
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<p>the society.</p> <p>(4) A person appointed under this paragraph is entitled--</p> <p>(a) to attend, speak and vote at any general meeting of the society and to receive all notices of and other communications relating to any general meeting which a member of the society is entitled to receive,</p> <p>(b) to move a resolution at any general meeting of the society, and</p> <p>(c) to require a general meeting of the society to be convened within 21 days of a request to that effect made in writing to the committee of the society.</p> <p><i>Change of rules, &c by [registered society]</i></p>	
<p>9</p> <p>(1) This paragraph applies to a registered society whose registration as a social landlord has been recorded by the Financial Conduct Authority.</p> <p>(2) <u>The registered society must notify the Welsh Ministers of any amendment to its rules (including a change in its registered office or name).</u> Notice shall be sent to the Welsh Ministers of any change of the society's name or of the situation of its registered office.</p> <p>(3) <u>The reference in sub paragraph (2) to an amendment to the rules of a society is to be interpreted in accordance with section 149 of the Co-operative and Community Benefit Societies Act 2017 (c.14).</u> Any other amendment of the society's rules is not valid without the Welsh Ministers' consent.</p> <p>(3A) Consent given by the Welsh Ministers under sub-paragraph (3), shall be given by order in writing.</p> <p>(4) A copy of that consent shall be sent with the copies of the amendment required by section 16 of the Co-operative and Community Benefit Societies Act 2014 ("the 2014 Act") to be sent to the Financial Conduct Authority.</p> <p>(5) The 2014 Act applies in relation to the provisions of this paragraph as if they were contained in section 16 of that Act (amendment of registered rules).</p>	<p>Section 3(2)</p> <p>Section 3(2)</p> <p>Section 3(2)</p> <p>Section 3(2)</p> <p>Section 3(2)</p>

<p style="text-align: center;"><i>Change of objects by certain charities</i></p> <p>10</p> <p>(1) This paragraph applies to a registered social landlord--</p> <p style="padding-left: 40px;">(a) which is a registered charity and is not a company, and</p> <p style="padding-left: 40px;">(b) whose registration under this Part of this Act has been recorded by the [Charity Commission] in accordance with section 3(3).</p> <p>(2) No power contained in the provisions establishing the registered social landlord as a charity, or regulating its purposes or administration, to vary or add to its objects may be exercised without the consent of the Charity Commission.</p> <p>Before giving [its] consent the Charity Commission shall consult the Welsh Ministers.</p> <p style="text-align: center;"><i>Change of articles] of company</i></p> <p>11</p> <p>(1) This paragraph applies to a company (including a company that is a registered charity) whose registration as a social landlord has been recorded by the registrar of companies.</p> <p>(2) <u>The company must notify the Welsh Ministers of a change to –</u></p> <p style="padding-left: 40px;"><u>(a) its name;</u></p> <p style="padding-left: 40px;"><u>(b) the address of its registered office;</u></p> <p style="padding-left: 40px;"><u>(c) its articles of association.</u></p> <p>Notice shall be sent to the Welsh Ministers of any change of the company's name or of the address of its registered office.</p> <p>(3) Any other alteration of the company's articles of which notice is required to be given to the registrar of companies is not valid without the Welsh Ministers' consent.</p> <p>{(3A) Consent given by the Welsh Ministers under sub-paragraph (3), shall be given by order in writing.</p>	<p>Section 3(3)</p> <p>Section 3(3)</p>
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<p>(4) — A copy of that consent shall be sent with the copy of the resolution making the alterations that is required to be sent to the registrar of companies under section 30 of the Companies Act 2006.</p> <p><i>Amalgamation and dissolution &c of registered society</i></p> <p>12</p> <p>(1) This paragraph applies to a registered society whose registration as a social landlord has been recorded by the Financial Conduct Authority.</p> <p>(2) The Financial Conduct Authority shall not register a special resolution which is <u>The society must notify the Welsh Ministers of a special resolution which it has passed for the purposes of--</u></p> <p>(a) section 109 of the Co-operative and Community Benefit Societies Act 2014 ("the 2014 Act") (amalgamation of societies),</p> <p>(b) section 110 of that Act (transfer of engagements between societies), or</p> <p>(c) section 112 of that Act (conversion of society into a company etc),</p> <p>unless, together with the copy of the resolution, there is sent to it a copy of the Welsh Ministers' consent to the amalgamation, transfer or conversion the Financial Conduct Authority has received notification from the society which passed the resolution that it has notified the Welsh Ministers of the resolution.</p> <p>(3) Any new body created by the amalgamation or conversion or, in the case of a transfer of engagements, the transferee, shall be deemed to be registered as a social landlord forthwith upon the amalgamation, conversion or transfer taking effect.</p> <p>(4) If the society resolves by special resolution that it be wound up voluntarily under the Insolvency Act 1986, the resolution has no effect unless— the Financial Conduct Authority has received notification from the society that it has notified the Welsh Ministers of the resolution <u>the society must notify the Welsh Ministers of the resolution.</u></p> <p>(a) before the resolution was passed the Welsh</p>	<p>Section 4(2)</p> <p>Section 4(2)</p> <p>Section 4(3)</p>
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<p>Ministers gave their consent to its passing, and</p> <p>(b) — a copy of the consent is forwarded to the Financial Conduct Authority together with a copy of the resolution required to be so forwarded in accordance with section 123(3)(a) of the 2014 Act.</p> <p>(5) If the society is to be dissolved by instrument of dissolution, the Financial Conduct Authority shall not—</p> <p>(a) — register the instrument in accordance with section 121 of the 2014 Act, or</p> <p>(b) — cause notice of the dissolution to be advertised in accordance with section 122 of that Act,</p> <p>unless together with the instrument there is sent to it a copy of the Welsh Ministers' consent to its making.</p> <p><u>If an instrument of dissolution is approved in accordance with section 119(3) of the 2014 Act (dissolution of society by instrument), the society to which the instrument relates must notify the Welsh Ministers of the approval.</u></p>	<p>Section 4(4)</p>
<p>(6) — Consent given by the Welsh Ministers under this paragraph shall be given by order in writing].</p> <p><i>Arrangement, reconstruction, &c of company</i></p>	<p>Section 4(5)</p>
<p>13</p> <p>(1) This paragraph applies to a company whose registration as a social landlord has been recorded by the registrar of companies.</p> <p>(2) An order of the court given for the purposes of section 899 of the Companies Act 2006 (compromise or arrangement with creditors or members) is not effective unless the Welsh Ministers have given their consent.</p> <p>A copy of the consent shall be sent to the registrar of companies along with the office copy of the order delivered to him under that section.</p> <p><u>If a court makes an order under section 899 of the Companies Act 2006 (sanction of compromise or arrangement with creditors or members) in relation to the company, the company must notify the Welsh Ministers of the order.</u></p>	<p>Section 4(6)</p> <p>Section 4(6)</p>

<p>resolution required to be so forwarded in accordance with section 30 of the Companies Act 2006.</p>	
<p>(7) Consent given by the Welsh Ministers under this paragraph shall be given by order in writing.</p>	
<p>(8) Where sub-paragraph (3) or (4) applies, the transferee or, as the case may be, any new body created by the conversion shall be deemed to be registered as a social landlord forthwith upon the transfer or conversion taking effect.</p>	<p>Section 4(8)</p>
<p><u>Directions about notifications to be given to Welsh Ministers</u></p>	
<p><u>Directions to registered social landlords about notifications</u></p>	<p>Section 5</p>
<p><u>13A</u></p>	
<p>(1) <u>The Welsh Ministers may give directions to registered social landlord about -</u> (a) <u>the delivery, form and content of a notification given to the Welsh Ministers under paragraph 9, 11, 12 or 13;</u> (b) <u>the deadline for giving a notification referred to in paragraph (a).</u></p> <p>(2) <u>The Welsh Ministers may give directions to registered social landlords dispensing with the requirement to give a notification referred to in sub-paragraph (1)(a).</u></p>	<p>Section 5</p>
<p>(3) <u>A direction under this section may be given generally in respect of all registered social landlords, or in respect of a particular registered social landlord or types of social landlord, and may make provision about notifications generally, or about particular notifications or types of notification.</u></p>	<p>Section 5</p>
<p>(4) <u>A direction may vary or revoke a previous direction under this paragraph.</u></p>	
<p>(5) <u>A registered social landlord must comply with a direction under this paragraph.</u></p>	

<p>Welsh Ministers' power to petition for winding up</p> <p>14</p> <p>(1) The Welsh Ministers may present a petition for the winding up under the Insolvency Act 1986 of a registered social landlord which is--</p> <p>[(a) a company (including a company that is a registered charity), or]</p> <p>(b) a registered society (to which the winding up provisions of the Insolvency Act 1986 apply in accordance with section 123 of the Co-operative and Community Benefit Societies Act 2014),</p> <p>on either of the following grounds.</p> <p>(2) The grounds are--</p> <p>(a) that the landlord is failing properly to carry out its purposes or objects, or</p> <p>(b) that the landlord is unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986.</p> <p>Transfer of net assets on dissolution or winding up</p> <p>15</p> <p>(1) This paragraph applies--</p> <p>(a) where a registered social landlord which is a registered society is dissolved as mentioned in section 119 or 123 of the Co-operative and Community Benefit Societies Act 2014 (dissolution by instrument of dissolution or by winding up), and</p> <p>(b) where a registered social landlord which is a company (including a company that is a registered charity) is wound up under the Insolvency Act 1986.</p> <p>(2) On such a dissolution or winding-up, so much of the property of the society or company as remains after meeting the claims of its creditors and any other liabilities arising on or before the dissolution or winding-up shall be transferred to the Welsh Ministers or, if the Welsh Ministers so direct, to a specified registered social landlord.</p>	<p>Section 4(9)</p> <p>Section 4(9)</p> <p>Section 4(9)</p>
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<p>The above provision has effect notwithstanding anything in [the Co-operative and Community Benefit Societies Act 2014, the Companies Act 2006 or the Insolvency Act 1986, or in the rules of the society or, as the case may be, in the articles of the company.</p> <p>(3) In order to avoid the necessity for the sale of land belonging to the registered social landlord and thereby secure the transfer of the land under this paragraph, the Welsh Ministers may, if it appears to them appropriate to do so, make payments to discharge such claims or liabilities as are referred to in sub- paragraph (2).</p> <p>(4) Where the registered social landlord which is dissolved or wound up is a charity, the Welsh Ministers may dispose of property transferred to them by virtue of this paragraph only to another registered social landlord--</p> <p>(a) which is also a charity, and</p> <p>(b) the objects of which appear to the Welsh Ministers to be, as nearly as practicable, akin to those of the body which is dissolved or wound up.</p> <p><u>And in such a case any registered social landlord specified in a direction under sub-paragraph (2) must be one to which paragraphs (a) and (b) above apply.</u></p> <p>(5) In any other case the Welsh Ministers may dispose of property transferred to them by virtue of this paragraph to a registered social landlord.</p> <p>(6) Where property transferred to the Welsh Ministers by virtue of this paragraph includes land subject to an existing mortgage or charge (whether in favour of the Welsh Ministers or not), the Welsh Ministers may, in exercise of their powers under Part III of the Housing Associations Act 1985, dispose of the land either--</p> <p>(a) subject to that mortgage or charge, or</p> <p>(b) subject to a new mortgage or charge in favour of the Welsh Ministers securing such amount as appears to the Welsh Ministers to be appropriate in the circumstances.</p> <p><u>Transfer of net assets on termination of charity not within paragraph 15(1)</u></p>	<p>Underlining here is part of text of Act as transposed and not as a result of a provision of the Regulation of Registered Social Landlords (Wales) Bill</p> <p>Underlining in paragraph 15A is</p>
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<p>15A</p> <p><u>(1) The Welsh Ministers may by regulations provide for any provisions of paragraph 15(2) to (6) to apply in relation to a registered social landlord within sub-paragraph (2)--</u></p> <p><u>(a) in such circumstances, and</u></p> <p><u>(b) with such modifications,</u></p> <p><u>as may be specified in the regulations.</u></p> <p><u>(2) A registered social landlord is within this sub-paragraph if--</u></p> <p><u>(a) it is a registered charity, and</u></p> <p><u>(b) it does not fall within sub-paragraph (1) of paragraph 15.</u></p> <p><u>(3) Regulations under this paragraph may in particular provide that any provision of the regulations requiring the transfer of any property of the charity is to have effect notwithstanding--</u></p> <p><u>(a) anything in the terms of its trusts, or</u></p> <p><u>(b) any resolution, order or other thing done for the purposes of, or in connection with, the termination of the charity in any manner specified in the regulations.</u></p> <p><u>(4) Any regulations under this paragraph shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of the National Assembly for Wales.</u></p> <p style="text-align: center;"><i>Management etc</i></p> <p style="text-align: center;"><i>Management tender</i></p>	<p>part of text of Act as transposed and not as a result of a provision of the Regulation of Registered Social Landlords (Wales) Bill</p>
<p>15B</p> <p><u>(1) This paragraph applies if the Welsh Ministers are satisfied that—a registered social landlord has failed to comply with a requirement imposed by or under an enactment.</u></p> <p><u>(a)—a registered social landlord has failed to meet a standard under section 33A, or</u></p> <p><u>(b)—there has been misconduct or</u></p>	<p>Section 7(2)</p>

<p>mismanagement in the affairs of the registered social landlord.</p> <p>(2) But this paragraph does not apply where the misconduct or mismanagement <u>if the failure</u> relates only to the registered social landlord's provision of housing in England.</p> <p>(3) The Welsh Ministers may require the registered social landlord to implement a process specified by them for the purpose of--</p> <ul style="list-style-type: none"> (a) inviting persons to apply to undertake management functions of the registered social landlord, and (b) selecting from the applications and making an appointment. <p>(4) A requirement may relate to--</p> <ul style="list-style-type: none"> (a) the registered social landlord's affairs generally, or (b) specified affairs. <p>(5) A requirement must include--</p> <ul style="list-style-type: none"> (a) provision about the constitution of a selection panel (which must include provision for ensuring representation of tenants' interests), (b) provision for ensuring best procurement practice (and consistent with any applicable procurement law), and (c) provision about the terms and conditions on which the manager is to be appointed (including provision about-- <ul style="list-style-type: none"> (i) setting, monitoring and enforcing performance standards, and (ii) resources). <p><i>Management tender: supplemental</i></p> <p>15C</p> <p>(1) Before acting under paragraph 15B(3) the Welsh Ministers must give the registered social landlord a notice--</p> <ul style="list-style-type: none"> (a) specifying grounds on which action might be 	<p>Section 7(3)</p>
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<p>taken under that paragraph,</p> <ul style="list-style-type: none"> (b) warning the landlord that the Welsh Ministers are considering action under that paragraph, and (c) explaining the effect of this paragraph. <p>(2) The notice must specify a period during which the registered social landlord may make representations to the Welsh Ministers.</p> <p>(3) The period must--</p> <ul style="list-style-type: none"> (a) be a period of at least 28 days, and (b) begin with the date on which the registered social landlord receives the notice. <p>(4) The Welsh Ministers must send a copy of a notice under sub-paragraph (1) to any person they think appropriate (having regard, in particular, to any person who provided information as a result of which the notice is given).</p> <p>(5) A notice under sub-paragraph (1) must--</p> <ul style="list-style-type: none"> (a) refer to section 6A, and (b) indicate whether or to what extent the Welsh Ministers would accept a voluntary undertaking instead of, or in mitigation of, action under paragraph 15B(3). <p>(6) Notice under sub-paragraph (1) may be combined with notice under one or more of the following--</p> <ul style="list-style-type: none"> (a) sections 50K and 50S, (b) paragraphs 15E and 15G. <p>(7) In imposing a requirement the Welsh Ministers must have regard to views of--</p> <ul style="list-style-type: none"> (a) relevant tenants, (b) the registered social landlord, and (c) if they think it appropriate, any relevant local housing authority. <p>(8) A registered social landlord may appeal to the High Court against a requirement under paragraph 15B(3).</p>	
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- (a) any power specified in the requirement, and
- (b) any other power in relation to the registered social landlord's affairs required by the manager for the purposes specified in the requirement (including the power to enter into agreements and take other action on behalf of the registered social landlord).

Management transfer: supplemental

15E

(1) Before acting under paragraph 15D(3) the Welsh Ministers must give the registered social landlord a notice--

- (a) specifying grounds on which action might be taken under that paragraph,
- (b) warning the landlord that the Welsh Ministers are considering action under that paragraph, and
- (c) explaining the effect of this paragraph.

(2) The notice must specify a period during which the registered social landlord may make representations to the Welsh Ministers.

(3) The period must--

- (a) be a period of at least 28 days, and
- (b) begin with the date on which the registered social landlord receives the notice.

(4) The Welsh Ministers must send a copy of a notice under sub-paragraph (1) to any person they think appropriate (having regard, in particular, to any person who provided information as a result of which the notice is given).

(5) A notice under sub-paragraph (1) must--

- (a) refer to section 6A, and
- (b) indicate whether or to what extent the social landlord would accept a voluntary undertaking instead of, or in mitigation of, action under paragraph 15D(3).

(6) Notice under sub-paragraph (1) may be combined with notice under one or more of the

<p>following--</p> <ul style="list-style-type: none"> (a) sections 50K and 50S, (b) paragraphs 15C and 15G. <p>(7) In imposing a requirement the Welsh Ministers must have regard to views of--</p> <ul style="list-style-type: none"> (a) relevant tenants, (b) the registered social landlord, and (c) if they think it appropriate, any relevant local housing authority. <p>(8) A registered social landlord may appeal to the High Court against a requirement under paragraph 15D(3).</p> <p style="text-align: center;"><i>Appointment of manager of registered social landlord</i></p> <p>15F</p> <p>(1) This paragraph applies if the Welsh Ministers are satisfied that—<u>a registered social landlord has failed to comply with a requirement imposed by or under an enactment.</u></p> <ul style="list-style-type: none"> (a) a registered social landlord has failed to meet a standard under section 33A, or (b) there has been misconduct or mismanagement in the affairs of the registered social landlord. <p>(2) But this paragraph does not apply where the misconduct or mismanagement <u>if the failure</u> relates only to the registered social landlord's provision of housing in England.</p> <p>(3) The Welsh Ministers may--</p> <ul style="list-style-type: none"> (a) appoint an individual as a manager of the registered social landlord, or (b) require the registered social landlord to appoint an individual as a manager. <p>(4) An appointment or requirement may relate to the management of--</p> <ul style="list-style-type: none"> (a) the registered social landlord's affairs 	<p>Section 8(2)</p> <p>Section 8(3)</p>
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<p>generally, or</p> <p>(b) specified affairs.</p> <p>(5) Appointment is to be on terms and conditions (including as to remuneration) specified in, or determined in accordance with, the appointment or requirement.</p> <p>(6) A manager is to have--</p> <p>(a) any power specified in the appointment or requirement, and</p> <p>(b) any other power in relation to the registered social landlord's affairs required by the manager for the purposes specified in the appointment or requirement (including the power to enter into agreements and take other action on behalf of the registered social landlord).</p> <p><i>Appointment of manager: supplemental</i></p> <p>15G</p> <p>(1) Before acting under paragraph 15F(3) the Welsh Ministers must give the registered social landlord a notice--</p> <p>(a) specifying grounds on which action might be taken under that paragraph,</p> <p>(b) warning the landlord that the Welsh Ministers are considering action under that paragraph, and</p> <p>(c) explaining the effect of this paragraph.</p> <p>(2) The notice must specify a period during which the registered social landlord may make representations to the Welsh Ministers.</p> <p>(3) The period must--</p> <p>(a) be a period of at least 28 days, and</p> <p>(b) begin with the date on which the registered social landlord receives the notice.</p> <p>(4) The Welsh Ministers must send a copy of a notice under sub-paragraph (1) to any person they think appropriate (having regard, in particular, to any person who provided information as a result of which the notice is given).</p>	
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Please note: this document has been prepared solely to assist people in understanding the Regulation of Registered Social Landlords (Wales) Bill. It should not be relied on for any other purpose.

<p>housing in England, or</p> <p>(b) — the amalgamation would improve the management of the registered social landlord's affairs only in relation to the provision of housing in England.</p> <p>(3) The Welsh Ministers may make and execute on behalf of the society an instrument providing for the amalgamation of the society with another registered society.</p> <p>(4) An instrument providing for the amalgamation of a society ("S1") with another has the same effect as a special resolution by S1 under section 109 of the Co-operative and Community Benefit Societies Act 2014 (amalgamation of societies by special resolution).</p> <p>(5) A copy of an instrument must be sent to and registered by the Financial Conduct Authority.</p> <p>(6) An instrument does not take effect until the copy is registered.</p> <p>(7) The copy must be sent for registration during the period of 14 days beginning with the date of execution, but a copy registered after that period is valid.</p> <p>(8) Any body created by virtue of an amalgamation must be registered as a social landlord by the Welsh Ministers, and pending registration is to be treated as registered.</p>	
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Schedule 1 (Part 4) to the Housing Act 1996	Amending Section of Regulation of Registered Social Landlords (Wales) Bill
<p>Part IV</p> <p>Inquiry into Affairs of Registered Social Landlords</p> <p><i>Inquiry</i></p> <p>20</p> <p>(1) The Welsh Ministers may direct an inquiry into the affairs of a registered social landlord if it appears to the Welsh Ministers that there may have been misconduct or mismanagement <u>the registered social</u></p>	<p>Section 10(2)</p>

landlord may have failed to comply with a requirement imposed by or under an enactment.

(2) Any such inquiry shall be conducted by one or more persons appointed by the Welsh Ministers.

(3) . . .

(4) If the Welsh Ministers so direct, or if during the course of the inquiry the person or persons conducting the inquiry consider it necessary, the inquiry shall extend to the affairs of any other body which at any material time is or was a subsidiary or associate of the registered social landlord.

(4A) The person or persons conducting the inquiry may determine the procedure to be followed in connection with the inquiry.

(5) The person or persons conducting the inquiry may, if they think fit during the course of the inquiry, make one or more interim reports on such matters as appear to them to be appropriate.

(6) On completion of the inquiry the person or persons conducting the inquiry shall make a final report on such matters as the Welsh Ministers may specify.

(7) An interim or final report shall be in such form as the Welsh Ministers may specify, and the Welsh Ministers may arrange for the whole or part of an interim or final report to be published in such manner as they consider appropriate.

[(8) A local authority may, if they think fit, contribute to the expenses of the Welsh Ministers in connection with any inquiry under this paragraph.

Evidence

20A

(1) For the purposes of an inquiry the person or persons conducting it may serve a notice on an appropriate person directing him to attend at a specified time and place and do either or both of the following, namely--

(a) give evidence;

(b) produce any specified documents, or documents of a specified description, which are in

<p>his custody or under his control and relate to any matter relevant to the inquiry.</p> <p>(2) The person or persons conducting such an inquiry--</p> <p>(a) may take evidence on oath and for that purpose administer oaths, or</p> <p>(b) instead of administering an oath, require the person examined to make and subscribe a declaration of the truth of the matters about which he is examined.</p> <p>(3) In this paragraph--</p> <p>"appropriate person" means a person listed in section 30(2);</p> <p>"document" has the same meaning as in section 30;</p> <p>"inquiry" means an inquiry under paragraph 20.</p> <p>(4) A person may not be required under this paragraph to disclose anything that, by virtue of section 30(4), he could not be required to disclose under section 30.</p> <p>(5) Section 31 (enforcement of notice to provide information, &c) applies in relation to a notice given under this paragraph by the person or persons conducting an inquiry as it applies in relation to a notice given under section 30 by the Welsh Ministers, but subject to sub-paragraph (6).</p> <p>(6) A person guilty of an offence under section 31(1) as it applies in accordance with sub-paragraph (5) is liable--</p> <p>(a) on summary conviction, to a fine not exceeding the statutory maximum;</p> <p>(b) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine, or both.</p> <p>(7) Any person who, in purported compliance with a notice given under this paragraph by the person or persons conducting an inquiry, knowingly or recklessly provides any information which is false or misleading in a material particular commits an offence and is liable to the penalties mentioned in sub-paragraph (6).</p>	
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(8) Proceedings for an offence under sub-paragraph (7) may be brought only by or with the consent of [the Welsh Ministers] or the Director of Public Prosecutions.]

Power of appointed person to obtain information

21

(1) A person appointed by [the Welsh Ministers] under paragraph 20 to conduct an inquiry (or, if more than one person is so appointed, each of those persons) has, for the purposes of the inquiry, the same powers as are conferred on the Welsh Ministers by section 30 (general power to obtain information).

(2) Where by virtue of a notice under that section given by an appointed person any documents are produced to any person, the person to whom they are produced may take copies of or make extracts from them.

(3) Section 31 (enforcement of notice to provide information, &c) applies in relation to a notice given under this paragraph by an appointed person as it applies in relation to a notice given under section 30 by the Welsh Ministers, but subject to sub-paragraph (4)].

[(4) A person guilty of an offence under section 31(1) as it applies in accordance with sub-paragraph (3) is liable--

- (a) on summary conviction, to a fine not exceeding the statutory maximum;
- (b) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine, or both.

(5) Any person who, in purported compliance with a notice given under this paragraph by an appointed person, knowingly or recklessly provides any information which is false or misleading in a material particular commits an offence and is liable to the penalties mentioned in sub-paragraph (4).

(6) Proceedings for an offence under sub-paragraph (5) may be brought only by or with the consent of the Welsh Ministers or the Director of Public Prosecutions.

<p style="text-align: center;"><i>Extraordinary audit for purposes of inquiry</i></p> <p>22</p> <p>(1) For the purposes of an inquiry under paragraph 20 the Welsh Ministers may require the accounts and balance sheet of the registered social landlord concerned, or such of them as the Welsh Ministers may specify, to be audited by a qualified auditor appointed by the Welsh Ministers.</p> <p>(2) A person is a qualified auditor for this purpose if he would be eligible for appointment as auditor of the ordinary accounts of the registered social landlord.</p> <p>(3) On completion of the audit the appointed auditor shall make a report to [the Welsh Ministers] on such matters and in such form as the Welsh Ministers may specify.</p> <p>(4) The expenses of the audit, including the remuneration of the auditor, shall be paid by the registered social landlord in respect of which the inquiry is being conducted.</p> <p>(5) An audit under this paragraph is additional to, and does not affect, any audit made or to be made under any other enactment.</p> <p style="text-align: center;"><i>Powers exercisable on interim basis</i></p> <p>23</p> <p>(1) The Welsh Ministers may make an order under this paragraph--</p> <p style="padding-left: 40px;">(a) where an inquiry has been directed under paragraph 20 and the Welsh Ministers have reasonable grounds to believe--</p> <p style="padding-left: 80px;">(i) that there has been misconduct or mismanagement in the affairs of the registered social landlord, that a registered social landlord has failed to comply with a requirement imposed by or under an enactment,</p> <p style="padding-left: 80px;">and</p> <p style="padding-left: 80px;">(ii) that immediate action is needed to protect the interests of the tenants of the registered social landlord or to protect the assets of the landlord; or</p> <p style="padding-left: 40px;">(b) where an interim report has been made under</p>	<p style="text-align: center;">Section 10(3)</p>
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<p>The Welsh Ministers may, in particular, appoint a named person to perform his functions.</p> <p>(6) A person who contravenes an order under sub-paragraph (2)(b) commits an offence and is liable on summary conviction to a fine not exceeding level 5 on the standard scale <i>or imprisonment for a term not exceeding three months, or both.</i></p> <p>Proceedings for such an offence may be brought only by or with the consent of [the Welsh Ministers] or the Director of Public Prosecutions.</p> <p><i>Powers exercisable as a result of final report or audit</i></p> <p>24</p> <p>(1) Where the Welsh Ministers are satisfied, as the result of an inquiry under paragraph 20 or an audit under paragraph 22, that there has been misconduct or mismanagement in the affairs of a registered social landlord <u>a registered social landlord has failed to comply with a requirement imposed by or under an enactment</u>, they may make an order under this paragraph.</p> <p>(2) The orders that may be made under this paragraph are--</p> <p>(a) an order removing any officer, employee or agent of the registered social landlord who appears to the Welsh Ministers to have been responsible for or privy to the misconduct or mismanagement <u>failure</u> or by his conduct to have contributed to or facilitated it;</p> <p>(b) an order suspending any such person for up to six months, pending determination whether he should be removed;</p> <p>(c) an order directing any bank or other person who holds money or securities on behalf of the registered social landlord not to part with the money or securities without the approval of the Welsh Ministers;</p> <p>(d) an order restricting the transactions which may be entered into, or the nature or amount of the payments which may be made, by the registered social landlord without the approval of the Welsh Ministers.</p>	<p>Section 10(5)</p> <p>Section 10(6)</p>
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<p>(3) Before making an order under sub-paragraph (2)(a) the Welsh Ministers shall give at least 14 days' notice of their intention to do so--</p> <ul style="list-style-type: none"> (a) to the person they intend to remove, and (b) to the registered social landlord concerned. <p>Notice under this sub-paragraph may be given by post, and if so given to the person whom the Welsh Ministers intend to remove may be addressed to his last known address in the United Kingdom.</p> <p>(3A) Before making an order under sub-paragraph (2)(c) or (d) the Welsh Ministers must take all reasonable steps to give notice to the registered social landlord and, in the case of an order under sub-paragraph (2)(c), to the person to whom the order is directed.</p> <p>(4) A person who is ordered to be removed under sub-paragraph (2)(a) or suspended under sub-paragraph (2)(b) may appeal against the order to the High Court.</p> <p>(5) Where a person is suspended under sub-paragraph (2)(b), the Welsh Ministers may give directions with respect to the performance of his functions and otherwise as to matters arising from the suspension.</p> <p>The Welsh Ministers may, in particular, appoint a named person to perform his functions.</p> <p>(6) A person who contravenes an order under sub-paragraph (2)(c) commits an offence and is liable on summary conviction to a fine not exceeding level 5 on the standard scale <i>or imprisonment for a term not exceeding three months, or both.</i></p> <p>Proceedings for such an offence may be brought only by or with the consent of [the Welsh Ministers] or the Director of Public Prosecutions.</p> <p>(7) An order under sub-paragraph (2)(c) or (d) has effect until revoked by the Welsh Ministers.</p> <p style="text-align: center;"><i>Disqualification as officer of registered social landlord</i></p> <p>25</p> <p>(1) A person is disqualified from acting as an officer</p>	
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<p>of a registered social landlord if the person has been removed under--</p> <p>(a) paragraph 24(2)(a) (removal for misconduct or mismanagement), or</p> <p>(b) section 260 of the Housing and Regeneration Act 2008, section 30(1)(a) of the Housing Associations Act 1985 or section 20(1)(a) of the Housing Act 1974 (other similar provisions).</p> <p>(2) The Welsh Ministers may, on the application of any such person, waive his disqualification either generally or in relation to a particular registered social landlord or particular class of registered social landlord.</p> <p>(3) Any waiver shall be notified in writing to the person concerned.</p> <p>(4) For the purposes of this paragraph the Welsh Ministers shall keep, in such manner as they think fit, a register of all persons who have been removed from office by the Welsh Ministers under the provisions mentioned in sub-paragraph (1).</p> <p>[(4A) The register must show details of any waivers.</p> <p>(5) The register shall be available for public inspection at all reasonable times.</p> <p><i>Persons acting as officer while disqualified</i></p> <p>26</p> <p>(1) A person who acts as an officer of a registered social landlord while he is disqualified under paragraph 25(1) commits an offence.</p> <p>A person guilty of such an offence is liable--</p> <p>(a) on summary conviction, to imprisonment for a term not exceeding [12 months] or to a fine not exceeding the statutory maximum, or both;</p> <p>(b) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine, or both.</p> <p>(1A) In relation to an offence committed before the commencement of section 282 of the Criminal Justice Act 2003 (short sentences) the reference in sub-paragraph (1)(a) to 12 months has effect as if it were a</p>	<p>Schedule 2(14)</p>
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<p>reference to 6 months.</p> <p>(2) Proceedings for an offence under sub-paragraph (1) may be brought only by or with the consent of [the Welsh Ministers] or the Director of Public Prosecutions.</p> <p>(3) Acts done as an officer of a registered social landlord by a person who is disqualified under paragraph 25(1) are not invalid by reason only of that disqualification.</p> <p>(4) Where [the Welsh Ministers] [are] satisfied--</p> <p>(a) that a person has acted as an officer of a registered social landlord while disqualified under paragraph 25(1), and</p> <p>(b) that while so acting he has received from the registered social landlord any payments or benefits in connection with his so acting,</p> <p>they may by order direct him to repay to the registered social landlord the whole or part of any such sums or, as the case may be, to pay to [them] the whole or part of the monetary value (as determined by [them]) of any such benefit.</p> <p>(5) If a person fails to comply with an order directing repayment, the registered social landlord or the Welsh Ministers (as the case may be) may recover the sum or specified amount as a debt.</p> <p style="text-align: center;"><i>Power to direct transfer of land</i></p> <p>27</p> <p>(1) Where as a result of an inquiry under paragraph 20 or an audit under paragraph 22 the Welsh Ministers are satisfied as regards a registered social landlord--</p> <p>(a) that there has been misconduct or mismanagement in its administration or that it has <u>failed to comply with a requirement imposed by or under an enactment, and,</u></p> <p>(b) that the management of its land would be improved if its land were transferred in accordance with the provisions of this paragraph,</p> <p>the Welsh Ministers may. . . direct the registered social landlord to make such a transfer.</p>	<p style="text-align: center;">Section 10(7)</p>
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(2) Where the registered social landlord concerned is a charity, the Welsh Ministers may only direct a transfer to be made to another registered social landlord--

- (a) which is also a charity, and
- (b) the objects of which appear to the Welsh Ministers to be, as nearly as practicable, akin to those of the registered social landlord concerned.

(3) In any other case the Welsh Ministers may direct a transfer to be made to the Welsh Ministers or to another registered social landlord.

(4) The transfer shall be on such terms as the Welsh Ministers may direct on the basis of principles determined by them.

(5) The price shall not be less than the amount certified by the district valuer to be the amount the property would command if sold by a willing seller to another registered social landlord.

(6) The terms shall include provision as to the payment of debts and liabilities (including debts and liabilities secured on the land).

Availability of powers in relation to registered charities

28

(1) The Welsh Ministers may exercise their powers under paragraphs 20 to 26 in relation to a registered charity only if the charity has received public assistance. . .

- (a) . . .
- (b) . . .
- (c) . . .

(2) . . .

(3) In relation to a registered charity paragraphs 20 to 26 have effect with the following adaptations--

- (a) references to its affairs are confined to its housing activities and such other activities (if any) as are incidental to or connected with its housing activities;

<p>(b) references to its accounts do not include revenue accounts which do not relate to its housing activities, except so far as such accounts are necessary for the auditing of revenue accounts which do so relate or of the balance sheet;</p> <p>(c) a person is a qualified auditor for the purpose of paragraph 22 (extraordinary audit) only if he is an auditor qualified for the purposes of paragraph 18 (accounting and audit requirements for charities).</p> <p>(4) The Welsh Ministers shall notify the Charity Commission upon the exercise in relation to a registered charity of their powers under--</p> <p>(a) paragraph 20(1) (inquiry into affairs of registered social landlord),</p> <p>(b) paragraph 23(2)(a) (interim suspension of person in connection with misconduct or mismanagement), or</p> <p>(c) paragraph 24(2)(a) or (b) (removal of person in connection with misconduct or mismanagement or suspension with a view to removal).</p> <p>29</p> <p>The Welsh Ministers may not exercise their powers under paragraph 27 in relation to a registered charity.</p>	<p>Schedule 2(15)</p> <p>Schedule 2(15)</p>
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Please note: this document has been prepared solely to assist people in understanding the Regulation of Registered Social Landlords (Wales) Bill. It should not be relied on for any other purpose.

Annex 4b

Housing Act 1985 (c.68)

AMENDMENTS TO BE MADE BY THE REGULATION OF REGISTERED SOCIAL LANDLORDS (WALES) BILL

This document is intended to show how the provisions of the Housing Act 1985 (c.68) as they applied in relation to Wales would look as amended by the Regulation of Registered Social Landlords (Wales) Bill (if enacted as introduced on 16 October 2017).

Material to be deleted by the Regulation of Registered Social Landlords (Wales) Bill is in strikethrough, e.g. ~~omitted material looks like this~~. Material to be added by the Regulation of Registered Social Landlords (Wales) Bill is underlined, e.g. added material looks like this. References to the relevant amending provisions of the Bill are provided in the right hand column on each page.

A number of related provisions from the Act, although not being amended, are included to aid understanding of the proposed amendments.

Warning

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It has been produced solely to help people understand the effect of the Regulation of Registered Social Landlords (Wales) Bill. It is not intended for use in any other context.

Section 171D of the Housing Act 1985	Amending Section of Regulation of Registered Social Landlords (Wales) Bill
<p>171D Subsequent dealings: disposal of landlord's interest in qualifying dwelling-house</p> <p>(1) The disposal by the landlord of an interest in the qualifying dwelling-house, whether his whole interest or a lesser interest, does not affect the preserved right to buy, unless--</p>	

<p>(a) as a result of the disposal an authority or body within section 80(1) (the landlord condition for secure tenancies) becomes the landlord of the qualifying person or persons, or</p> <p>(b) paragraph 6 of Schedule 9A applies (effect of failure to register entry protecting preserved right to buy),</p> <p>in which case the right to buy ceases to be preserved.</p> <p>(2) The disposal by the landlord of a qualifying dwelling-house of less than his whole interest as landlord of the dwelling-house, or in part of it, requires the consent of the [appropriate authority], unless the disposal is to the qualifying person or persons.</p> <p>(2ZA) Subsection (2) does not apply to a disposal of land by a private registered provider of social housing or by a registered social landlord.</p> <p>(2A) "The appropriate authority" means--</p> <p>(a) . . .</p> <p>(b) in relation to [a] disposal of land in England, the Secretary of State, and</p> <p>(c) in relation to a disposal of land in Wales, the Welsh Ministers.</p> <p>(3) Consent may be given in relation to a particular disposal or generally in relation to disposals of a particular description and may, in either case, be given subject to conditions.</p> <p>(4) A disposal made without the consent required by subsection (2) is void, except in a case where, by reason of a failure to make the entries on the land register or land charges register required by Schedule 9A, the preserved right to buy does not bind the person to whom the disposal is made.</p>	<p>Section 13(1)</p>
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Please note: this document has been prepared solely to assist people in understanding the Regulation of Registered Social Landlords (Wales) Bill. It should not be relied on for any other purpose.

Annex 4c

Housing Act 1988 (c.50)

AMENDMENTS TO BE MADE BY THE REGULATION OF REGISTERED SOCIAL LANDLORDS (WALES) BILL

This document is intended to show how the provisions of the Housing Act 1988 as they applied in relation to Wales would look as amended by the Regulation of Registered Social Landlords (Wales) Bill (if enacted as introduced on 16 October 2017).

Material to be deleted by the Regulation of Registered Social Landlords (Wales) Bill is in strikethrough, e.g. ~~omitted material looks like this~~. Material to be added by the Regulation of Registered Social Landlords (Wales) Bill is underlined, e.g. added material looks like this. References to the relevant amending provisions of the Bill are provided in the right hand column on each page.

A number of related provisions from the Act, although not being amended, are included to aid understanding of the proposed amendments.

Warning

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It has been produced solely to help people understand the effect of the Regulation of Registered Social Landlords (Wales) Bill. It is not intended for use in any other context.

Section 81 of the Housing Act 1988	Amending Section of Regulation of Registered Social Landlords (Wales) Bill
<p>81 Consent required for certain subsequent disposals</p> <p>(1) If, by a material disposal, a housing action trust disposes of a house which is for the time being subject to a secure tenancy [or an introductory tenancy] to such a person as is mentioned in [section 79(2)(a)] above (in this</p>	Section 13(2)

<p>section referred to as an "approved person"), the conveyance shall contain a statement that the requirement of this section as to consent applies to a subsequent disposal of the house by the approved person.</p> <p>(2) For the purposes of this section a "material disposal" is--</p> <ul style="list-style-type: none"> (a) the transfer of the fee simple; (b) the transfer of an existing lease; or (c) the grant of a new lease; <p>and "the conveyance" means the instrument by which such a disposal is effected.</p> <p>(3) An approved person who acquires a house on a material disposal falling within subsection (1) above shall not dispose of it except with the consent of the [appropriate authority] which may be given either unconditionally or subject to conditions; but nothing in this subsection shall apply in relation to an exempt disposal as defined in subsection (8) below.</p> <p>[(3A) In this section "the appropriate authority" means--</p> <ul style="list-style-type: none"> (a) . . . (b) in relation to [a] disposal of land in England, the Secretary of State, and (c) in relation to a disposal of land in Wales, the Welsh Ministers.] <p>(4) Where an estate or interest in a house acquired by an approved person as mentioned in subsection (3) above has been mortgaged or charged, the prohibition in that subsection applies also to a disposal by the mortgagee or chargee in exercise of a power of sale or leasing, whether or not the disposal is in the name of the approved person; and in any case where--</p> <ul style="list-style-type: none"> (a) by operation of law or by virtue of an order of a court, property which has been acquired by an approved person passes or is transferred to another person, and (b) that passing or transfer does not constitute a disposal for which consent is required under subsection (3) above, <p>this section (including, where there is more than one such passing or transfer, this subsection) shall apply as if the other person to whom the property passes or is transferred</p>	
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<p>were the approved person.</p> <p>(5) — Before giving consent in respect of a disposal to which subsection (3) above applies, the [appropriate authority]—</p> <p>(a) — shall satisfy [itself] that the person who is seeking the consent has taken appropriate steps to consult every tenant of any house proposed to be disposed of; and</p> <p>(b) — shall have regard to the responses of any such tenants to that consultation.</p> <p>(6) — . . .</p> <p>(7) — No consent shall be required under [. . .] [section 9 or 42 of the Housing Act 1996 or section 9 of the Housing Associations Act 1985] for any disposal in respect of which consent is given [under this section].</p> <p>(8) — In this section an "exempt disposal" means—</p> <p>(a) — the disposal of a dwelling-house to a person having the right to buy it under Part V of the Housing Act 1985 (whether the disposal is in fact made under that Part or otherwise);</p> <p>[(ab) — the disposal of a dwelling-house to a person having the right to acquire it under [section 180 of the Housing and Regeneration Act 2008 or] Part I of the Housing Act 1996 (see sections 16 and 17 of that Act), whether or not the disposal is in fact made under provisions having effect by virtue of section 17 of that Act;]</p> <p>(b) — a compulsory disposal, within the meaning of Part V of the Housing Act 1985;</p> <p>(c) — the disposal of an easement or rentcharge;</p> <p>(d) — the disposal of an interest by way of security for a loan;</p> <p>(e) — the grant of a secure tenancy or what would be a secure tenancy but for any of paragraphs 2 to 12 of Schedule 1 to the Housing Act 1985;</p> <p>(f) — the grant of an assured tenancy or an assured agricultural occupancy, within the meaning of Part I of this Act, or what would be such a tenancy or occupancy but for any of paragraphs 4 to 8 of Schedule 1 to this Act; and</p> <p>(g) — the transfer of an interest held on trust for any person where the disposal is made in connection with the appointment of a new trustee or in connection with the</p>	
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<p>discharge of any trustee.</p> <p>(9) — Where the title of a housing action trust to a house which is disposed of by a material disposal falling within subsection (1) above is not registered—</p> <p>(a) — . . .</p> <p>(b) — the housing action trust shall give the approved person a certificate stating that it is entitled to make the disposal subject only to such encumbrances, rights and interests as are stated in the conveyance or summarised in the certificate; and</p> <p>(c) — for the purpose of registration of title, the Chief Land Registrar shall accept such a certificate as evidence of the facts stated in it, but if as a result he has to meet a claim against him under the [Land Registration Act 2002] the housing action trust is liable to indemnify him.</p> <p>[(10) — Where the Chief Land Registrar approves an application for registration of—</p> <p>(a) — a disposition of registered land, or</p> <p>(b) — the approved person's title under a disposition of unregistered land,</p> <p>and the instrument effecting the disposition contains the statement required by subsection (1) above, he shall enter in the register a restriction reflecting the limitation under this section on subsequent disposal.]</p> <p>(11) — In this section references to disposing of a house include references to—</p> <p>(a) — granting or disposing of any interest in the house;</p> <p>(b) — entering into a contract to dispose of the house or to grant or dispose of any such interest; and</p> <p>(c) — granting an option to acquire the house or any such interest;</p> <p>and any reference to a statement or certificate is a reference to a statement or, as the case may be, certificate in a form approved by the Chief Land Registrar.</p>	
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<p>(b) that passing or transfer does not constitute a disposal for which consent is required under this section,</p> <p>this section (including, where there is more than one such passing or transfer, this subsection) shall apply as if the other person to whom the land or house passes or is transferred were the person who acquired it on the original disposal.</p> <p>(2A) Consent required for the purposes of this section may be given either generally to all persons who may require such consent or to any particular person or description of person who may require such consent.</p> <p>(3) Where subsection (1) above applies--</p> <p>(a) if section 34 of the Housing Act 1985 applies to the consent given to the original disposal, subsections (2)(b)[, (3), (4) and (4A)(a) to (c) and (d)] of that section shall also apply to any consent required by virtue of this section;</p> <p>(b) if the consent to the original disposal was given under section 43 of that Act, subsections (2)(b), (3), (4) and (4A)(a) to (c) and (d) of that section shall also apply to any consent required by virtue of this section;</p> <p>(c) in the application of subsection (4A)(a) to (c) and (d) of section 34 or section 43 to any consent required by virtue of this section, [any reference to the appropriate national body shall be construed as a reference to the appropriate authority and] any reference to the local authority making the disposal shall be construed as a reference to the local authority making the original disposal; and</p> <p>(d) the instrument by which the original disposal is effected shall contain a statement in a form approved by the Chief Land Registrar that the requirement of this section as to consent applies to a subsequent disposal of the land or house by the person to whom the original disposal was made.</p> <p>(4) Subsection (4) of section 32 of the Housing Act 1985 or, as the case may be, subsection (5) of section 43 of that Act (options to purchase as disposals) applies for the purposes of this section.</p> <p>(5) Before giving any consent required by virtue of this section, the [appropriate authority]--</p>	
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<p>(a) shall satisfy itself that the person who is seeking the consent has taken appropriate steps to consult every tenant of any land or house proposed to be disposed of; and</p> <p>(b) shall have regard to the responses of any such tenants to that consultation.</p> <p>(5A) A person seeking any consent required by virtue of this section is not required to consult a tenant of the land or house proposed to be disposed of if--</p> <p>(a) consent is sought for the disposal of the land or house to that tenant or to persons including that tenant; or</p> <p>(b) consent is sought subject to the condition that the land or house is vacant at the time of the disposal;</p> <p>and, accordingly, subsection (5) does not apply in either case.</p> <p>(6) . . .</p> <p>(7) No consent shall be required under [. . .] [section 9 or 42 of the Housing Act 1996 or section 9 of the Housing Associations Act 1985] for any disposal in respect of which consent is given [under this section].</p> <p>(8) Where the title of the authority to the land or house which is disposed of by the original disposal is not registered, and the original disposal is a transfer or grant of a description mentioned in section 4 of the Land Registration Act 2002 (compulsory registration of title)--</p> <p>(a) . . .</p> <p>(b) the authority shall give to the person to whom the original disposal is made a certificate in a form approved by the Chief Land Registrar stating that the authority is entitled to make the disposal subject only to such encumbrances, rights and interests as are stated in the instrument by which the original disposal is effected or summarised in the certificate; and</p> <p>(c) for the purpose of registration of title, the Chief Land Registrar shall accept such a certificate as evidence of the facts stated in it, but if as a result he has to meet a claim against him under the [Land Registration Act 2002] the authority by whom the original disposal was made is liable to indemnify him.</p> <p>(9) On an application being made for registration of a</p>	<p>Section 13(6)</p>
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<p>disposition of registered land or, as the case may be, of the title under a disposition of unregistered land, if the instrument by which the original disposal is effected contains the statement required by subsection (3)(d) above, the Chief Land Registrar shall enter in the register a restriction stating the requirement of this section as to consent to a subsequent disposal.</p> <p>(9) Where the Chief Land Registrar approves an application for registration of--</p> <ul style="list-style-type: none"> (a) a disposition of registered land, or (b) a person's title under a disposition of unregistered land, <p>and the instrument effecting the original disposal contains the statement required by subsection (3)(d) above, he shall enter in the register a restriction reflecting the limitation under this section on subsequent disposal.</p> <p>(10) In every case where the consent of the Secretary of State is required for the original disposal by virtue of section 32 or section 43 of the Housing Act 1985 (whether or not consent is required under this section to a subsequent disposal), the authority by which the original disposal is made shall furnish to the person to whom it is made a copy of that consent.</p> <p><u>(11) In this section “exempt disposal” means —</u></p> <ul style="list-style-type: none"> (a) <u>the disposal of a dwelling-house to a person having the right to buy it under Part 5 of the Housing Act 1985 (whether the disposal is in fact made under that Part or otherwise);</u> (b) <u>a compulsory disposal, within the meaning of Part 5 of the Housing Act 1985;</u> (c) <u>the disposal of an easement or rentcharge;</u> (d) <u>the disposal of an interest by way of security for a loan;</u> (e) <u>the grant of a secure tenancy or what would be a secure tenancy but for any of paragraphs 2 to 12 of Schedule 1 to the Housing Act 1985;</u> (f) <u>the grant of an assured tenancy or an assured agricultural occupancy, within the meaning of Part 1 of this Act, or what would be such a tenancy or occupancy but for any of paragraphs 4 to 8 of Schedule 1 to this Act;</u> (g) <u>the transfer of an interest held on trust for any person where the disposal is made in connection with the appointment of a new trustee or in connection with the discharge of any trustee.</u> 	<p>Section 13(7)</p>
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Please note: this document has been prepared solely to assist people in understanding the Regulation of Registered Social Landlords (Wales) Bill. It should not be relied on for any other purpose.

Annex 4d

Leasehold Reform, Housing and Urban Development Act 1993 (c.28)

AMENDMENTS TO BE MADE BY THE REGULATION OF REGISTERED SOCIAL LANDLORDS (WALES) BILL

This document is intended to show how the provisions of the Leasehold Reform, Housing and Urban Development Act 1993 (c.28) as they applied in relation to Wales would look as amended by the Regulation of Registered Social Landlords (Wales) Bill (if enacted as introduced on 16 October 2017).

Material to be deleted by the Regulation of Registered Social Landlords (Wales) Bill is in strikethrough, e.g. ~~omitted material looks like this~~. Material to be added by the Regulation of Registered Social Landlords (Wales) Bill is underlined, e.g. added material looks like this. References to the relevant amending provisions of the Bill are provided in the right hand column on each page.

A number of related provisions from the Act, although not being amended, are included to aid understanding of the proposed amendments.

Warning

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Schedule 10 of the Leasehold Reform, Housing and Urban Development Act 1993	Amending Section of Regulation of Registered Social Landlords (Wales) Bill
<p style="text-align: center;">SCHEDULE 10</p> <p>ACQUISITION OF INTERESTS FROM LOCAL AUTHORITIES ETC</p> <p style="text-align: right;">Section 37</p> <p><i>Disapplication of provisions relating to disposals by local authorities etc</i></p>	

<p>1</p> <p>(1) It is hereby declared that nothing in any of the provisions specified in sub-paragraph (2) (which impose requirements as to consent or consultation or other restrictions in relation to disposals falling within those provisions) applies to any disposal of a freehold or leasehold interest in any premises which is made in pursuance of this Chapter.</p> <p>(2) The provisions referred to in sub-paragraph (1) are--</p> <p>(a) sections 32 and 43 of the Housing Act 1985 (disposals of land by local authorities) and section 133 of the Housing Act 1988 (certain subsequent disposals);</p> <p>(b) section 148 of the Housing and Regeneration Act 2008 (disposals by registered providers of social housing);</p> <p>(ba) sections 9 and <u>section</u> 42 of the Housing Act 1996 (disposals by registered social landlords);</p> <p>(bb) section 9 of the Housing Associations Act 1985 (disposals by unregistered housing associations);</p> <p>(c) section 79(1) and (2) of the Housing Act 1988 (disposals by housing action trusts) and section 81 of that Act (certain subsequent disposals); and</p> <p>(d) . . .</p> <p><i>Provisions relating to secure tenants following leaseback</i></p> <p>2</p> <p>(1) This paragraph applies where a lease is granted to a public sector landlord in pursuance of paragraph 2 of Schedule 9.</p> <p>(2) Where--</p> <p>(a) immediately before the appropriate time the public sector landlord was the immediate landlord under a secure tenancy or an introductory tenancy of a flat contained in the demised premises, and</p> <p>(b) that tenancy continues in force after the grant of the lease referred to in sub-paragraph (1),</p> <p>the tenant shall be deemed to have continued without</p>	<p>Schedule 2(1)</p> <p>Schedule 2(1)</p>
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<p>interruption as tenant of the landlord under the secure tenancy or, as the case may be, the introductory tenancy, despite the disposal of the landlord's interest which immediately preceded the grant of the lease referred to in that sub-paragraph.</p> <p>(3) Where--</p> <p>(a) immediately before the appropriate time a person was a successor in relation to a secure tenancy or an introductory tenancy of a flat contained in the demised premises, and</p> <p>(b) that person is, in connection with the grant of the lease referred to in sub-paragraph (1), granted a new secure tenancy of that flat which is a tenancy for a term certain,</p> <p>then for the purposes of sections 87 to 90 of the Housing Act 1985 (succession on death of tenant) that person shall also be a successor in relation to the new tenancy.</p> <p>(4) Where--</p> <p>(a) immediately before the appropriate time a person was the tenant under a secure tenancy or an introductory tenancy of a flat contained in the demised premises, and</p> <p>(b) that person is, in connection with the grant of the lease referred to in sub-paragraph (1), granted a new secure tenancy [or an introductory tenancy of that flat,</p> <p>then, for the purpose of determining whether either of the conditions referred to in sub-paragraph (5) is satisfied, the new tenancy shall not be regarded as a new letting of the flat but shall instead be regarded as a continuation of the secure tenancy or introductory tenancy referred to in paragraph (a) above.</p> <p>(5) Those conditions are--</p> <p>(a) the condition specified in sub-paragraph (1)(b) of paragraph 5 of Schedule 5 to the Housing Act 1985 (exception to the right to buy in case of letting in connection with employment); and</p> <p>(b) the condition specified in sub-paragraph (1)(b) of paragraph 11 of that Schedule (exception to the right to buy in case of letting for occupation by person of pensionable age etc).</p>	
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<p>(6) In this paragraph--</p> <p>(a) any reference to a secure tenancy or an introductory tenancy of a flat is a reference to a secure tenancy or an introductory tenancy of a flat whether with or without any yard, garden, garage, outhouses or appurtenances belonging to or usually enjoyed with it; and</p> <p>(b) any reference to a flat includes a reference to a unit (other than a flat) which is used as a dwelling.</p> <p>(7) In this paragraph--</p> <p>(a) "the appropriate time" and "the demised premises" have the same meaning as in Schedule 9; and</p> <p>(b) "successor" has the same meaning as in section 88 of the Housing Act 1985 in relation to a secure tenancy and as in section 132 of the Housing Act 1996 in relation to an introductory tenancy.</p>	
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