

## Agenda – Y Pwyllgor Cyfrifon Cyhoeddus

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Lleoliad: I gael rhagor o wybodaeth cysylltwch a:  
Ystafell Bwyllgora 3 – Senedd Fay Bowen  
Dyddiad: Dydd Llun, 27 Chwefror 2017 Clerc y Pwyllgor  
Amser: 13.00 0300 200 6565  
[SeneddArchwilio@cynulliad.cymru](mailto:SeneddArchwilio@cynulliad.cymru)

### 1 Cyflwyniad, ymddiheuriadau, dirprwyon a datgan buddiannau

(13.15)

### 2 Papurau i'w nodi

(13.15 – 13.20)

(Tudalennau 1 – 3)

Ymchwiliad i drefn reoleiddio Cymdeithasau Tai: Cywiriad gan Gymdeithas  
Llywodraeth Leol Cymru

(Tudalen 4)

### 3 Craffu ar Gyfrifon 2015–16: Ymatebion i Adroddiad y Pwyllgor

(13.20 – 13.30)

(Tudalennau 5 – 13)

PAC(5)–07–17 Papur 1 – Llywodraeth Cymru a Gyrfa Cymru

PAC(5)–07–17 Papur 2 – Estyn

PAC(5)–07–17 Papur 3 – Cyngor Cyllido Addysg Uwch Cymru (CCAUC)

### 4 Ymchwiliad i oruchwyliaeth reoleiddiol ar Gymdeithasau Tai:

#### Sesiwn dystiolaeth 9

(13.30 – 14.20)

(Tudalennau 14 – 37)

Papur briffio gan y Gwasanaeth Ymchwil

PAC(5)–07–17 Papur 3 – Ymateb i'r ymgynghoriad gan y Bwrdd Rheoleiddio ar  
gyfer Cymru

Helen White – Cadeirydd, y Bwrdd Rheoleiddio ar gyfer Cymru

Mike Wiseman – Cadeirydd, Panel Ymgynghorol Tenantiaid



**(Egwyl 14.20 – 14.30)**

**5 Ymchwiliad i oruchwyliaeth reoleiddiol ar Gymdeithasau Tai:  
Sesiwn dystiolaeth 10**

(14.30 – 15.20)

(Tudalennau 38 – 44)

PAC(5)–07–17 Papur 5 – Papur gan Prif Weithredwr, Tai Ceredigion

PAC(5)–07–17 Papur 6 – Papur gan Chair, Tai Ceredigion

Steve Jones – Prif Weithredwr, Tai Ceredigion

Derek Lassetter – Cadeirydd, Tai Ceredigion

**6 Ymchwiliad i oruchwyliaeth reoleiddiol ar Gymdeithasau Tai:  
Sesiwn dystiolaeth 11**

(15.20 – 16.10)

(Tudalennau 45 – 51)

PAC(5)–07–17 Papur 7 – Papur gan Cartrefi Cymoedd Merthyr

Michael Owen - Prif Weithredwr, Cartrefi Cymoedd Merthyr

Nicola Evans – Cadeirydd, Cartrefi Cymoedd Merthyr

**7 Cynnig o dan Reol Sefydlog 17.42 i benderfynu gwahardd y  
cyhoedd o'r cyfarfod ar gyfer y busnes canlynol:**

(16.10)

Eitemau 8 a 9

**8 Ymchwiliad i oruchwyliaeth reoleiddiol ar Gymdeithasau Tai:  
Trafod y dystiolaeth a ddaeth i law**

(16.10 – 16.25)

**9 Arlwyo a Maeth Cleifion mewn Ysbytai: Trafod yr adroddiad drafft**

(16.25 – 17.00)

(Tudalennau 52 – 73)

PAC(5)-07-17 Papur 8 – Adroddiad drafft

## Cofnodion cryno – Y Pwyllgor Cyfrifon Cyhoeddus

Lleoliad:

Gellir gwyllo'r cyfarfod ar [Senedd TV](#) yn:

Ystafell Bwyllgora 3 – Senedd

<http://senedd.tv/cy/3911>

Dyddiad: Dydd Llun, 13 Chwefror 2017

Amser: 13.18 – 16.46

### Yn bresennol

Categori	Enwau
Aelodau'r Cynulliad:	Nick Ramsay AC (Cadeirydd) Mohammad Asghar (Oscar) AC Neil Hamilton AC Mike Hedges AC Neil McEvoy AC Rhianon Passmore AC Lee Waters AC
Tystion:	Wendy Bourton, Pobl Amanda Davies, Pobl Ceri Doyle, Cartrefi Dinas Casnewydd Walis George, Grŵp Cynefin Anne Hinchey, Cymdeithas Tai Wales & West John Arthur Jones, Grŵp Cynefin Sharon Lee, Cymdeithas Tai Wales & West Jane Mudd, Cartrefi Dinas Casnewydd
Swyddfa Archwilio Cymru:	Huw Vaughan Thomas – Archwilydd Cyffredinol Cymru Nick Selwyn – Swyddfa Archwilio Cymru



Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales

Tudalen y pecyn 1

Staff y Pwyllgor:	Fay Bowen (Clerc) Claire Griffiths (Dirprwy Glerc) Katie Wyatt (Cynghorydd Cyfreithiol)
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## Trawsgrifiad

Gweld trawsgrifiad o'r cyfarfod (PDF 999KB) Gweld fel HTML (999KB)

### 1 Cyflwyniad, ymddiheuriadau, dirprwyon a datgan buddiannau

- 1.1 Croesawodd y Cadeirydd aelodau'r Pwyllgor i'r cyfarfod.
- 1.2 Ni chafwyd unrhyw ymddiheuriadau.
- 1.3 Datganodd Neil McEvoy fuddiant am ei fod yn adnabod Anne Hinchey ar sail bersonol.

### 2 Papur(au) i'w nodi

2.1 Cafodd y papurau eu nodi.

2.1 Adolygiad o Lywodraethiant Llyfrgell Genedlaethol Cymru: Ymateb Llywodraeth Cymru i Adroddiad Archwilydd Cyffredinol Cymru (2 Chwefror 2017)

2.2 Craffu ar Gyfrifon 2015–16: Llythyr gan Lywodraeth Cymru (2 Chwefror 2017)

### 3 Ymchwiliad i drefn reoleiddio Cymdeithasau Tai: Sesiwn Dystiolaeth 5

3.1 Cymerodd y Pwyllgor dystiolaeth gan Amanda Davies, Prif Weithredwr, a Wendy Bourton, Cadeirydd Pobl, fel rhan o'i ymchwiliad i drefn reoleiddio Cymdeithasau Tai.

## **4 Ymchwiliad i drefn reoleiddio Cymdeithasau Tai: Sesiwn Dystiolaeth 6**

4.1 Cymerodd y Pwyllgor dystiolaeth gan Walis George, Prif Weithredwr, a John Arthur Jones, Cadeirydd Grŵp Cynefin, fel rhan o'i ymchwiliad i drefn reoleiddio Cymdeithasau Tai Cymru.

## **5 Ymchwiliad i drefn reoleiddio Cymdeithasau Tai: Sesiwn Dystiolaeth 7**

5.1 Cymerodd y Pwyllgor dystiolaeth gan Anne Hinchey, Prif Weithredwr, a Sharon Lee, Cadeirydd Cymdeithas Tai Wales & West fel rhan o'i ymchwiliad i drefn reoleiddio Cymdeithasau Tai.

## **6 Ymchwiliad i drefn reoleiddio Cymdeithasau Tai: Sesiwn Dystiolaeth 8**

6.1 Cymerodd y Pwyllgor dystiolaeth gan Ceri Doyle, Prif Swyddog Gweithredol, a Jane Mudd, Cadeirydd Cartrefi Dinas Casnewydd fel rhan o'i ymchwiliad i drefn reoleiddio Cymdeithasau Tai.

## **7 Cynnig o dan Reol Sefydlog 17.42 i benderfynu gwahardd y cyhoedd o'r cyfarfod ar gyfer y busnes a ganlyn:**

7.1 Derbyniwyd y cynnig.

## **8 Ymchwiliad i drefn reoleiddio Cymdeithasau Tai: Trafod y dystiolaeth a ddaeth i law**

8.1 Trafododd y Pwyllgor y dystiolaeth a ddaeth i law.

# Eitem 2.1

Y Pwyllgor Cyfrifon Cyhoeddus / Public Accounts Committee

PAC(5)-07-17 PTN1

**Public Accounts Committee**

**PAC(5)-07-17 27 February 2017**

**Inquiry into the Regulatory Oversight of Housing Associations**

Amendment to evidence from Jim McKirdle, Welsh Local Government Association

On 16 January 2017, Jim McKirdle gave evidence on behalf of WLGA to the Public Accounts Committee as part of their inquiry into the regulatory oversight of housing associations. During the session I indicated that my understanding was that the Tenants Advisory Panel (TAP) would continue to be the conduit for the tenant voice to RBW. Subsequent to my testimony, I have been informed that TPAS will in future provide the tenant insight to RBW that has in the past been done by TAP.

Jim McKirdle

20 January 2017

Sir Derek Jones KCB  
Ysgrifennydd Parhaol  
Permanent Secretary



Llywodraeth Cymru  
Welsh Government

Nick Ramsay AC  
Cadeirydd y Pwyllgor Cyfrifon Cyhoeddus  
Cynulliad Cenedlaethol Cymru  
Bae Caerdydd  
CF99 1NA

1 of Chwefror 2017

*Arnoyl Nick,*

### Gwaith Craffu'r Pwyllgor Cyfrifon Cyhoeddus ar Gyfrifon 2015-16

Amgaeaf gopi o ymateb Llywodraeth Cymru i'r adroddiad uchod a gaiff ei gyflwyno gerbron y Swyddfa Gyflwyno.

Hoffwn ddiolch i chi a'r Pwyllgor am eich gwaith gofalus a chytbwys wrth gynnal yr ymchwiliad a chynhyrchu'r adroddiad.

Rwyf yn disgwyl mai hwn fydd fy ymateb ffurfiol olaf i adroddiad Pwyllgor cyn imi gamu i lawr. Hoffwn achub y cyfle hwn felly i ddiolch i'r Pwyllgor, a'i ragflaenydd, am yr her a'r cymorth y mae wedi'u rhoi imi yn ystod fy mhedair blynedd diwethaf fel Ysgrifennydd Parhaol Llywodraeth Cymru.

*Cozïon cywas,*

*Derek*



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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

### Tudalen y pecyn 5

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding



## **Ymateb i Adroddiad Pwyllgor Cyfrifon Cyhoeddus Cynulliad Cenedlaethol Cymru ar Graffu ar Gyfrifon 2015-16:**

*Argymhelliad 1. Mae'r Pwyllgor yn argymhell bod sefydliadau ar draws y sector cyhoeddus yn gweithio i gyflwyno'r wybodaeth yn eu hadroddiad blynyddol a'u cyfrifon mewn dull mor syml â phosibl. Wrth wneud hyn dylid ystyried defnyddio diagramau a ffeithluniau i wneud gwybodaeth allweddol mor ddarllenadwy â phosibl.*

Ymateb: **Derbyniwyd.**

Mae Llywodraeth Cymru yn croesawu adborth cadarnhaol y Pwyllgor ar ei gwaith hyd yma i symleiddio'r cyfrifon. Er bod Llywodraeth Cymru wedi gwneud llawer i wella'r ffordd y caiff gwybodaeth ei chyflwyno yn y cyfrifon yn unol â'r prosiect symleiddio ehangach, a chan gynnwys defnyddio diagramau a ffeithluniau, proses o welliannau graddol yw hon a byddwn yn chwilio am gyfleoedd i wneud gwelliannau pellach yng nghyfrifon 2016-17.

*Argymhelliad 2. Mae'r Pwyllgor yn argymhell bod Llywodraeth Cymru yn datblygu ac yn dosbarthu canllawiau arfer gorau ar adrodd ar salwch. Dylai'r canllawiau nodi'r mathau o ddata cymharol y dylid eu defnyddio a dylid defnyddio'r ffigurau CIPD diweddaraf er mwyn sicrhau bod gwybodaeth gyson yn cael ei chasglu gan bob sefydliad.*

Ymateb: **Derbyniwyd.**

Bydd Llywodraeth Cymru yn datblygu ac yn dosbarthu canllawiau arfer gorau ar adrodd ar absenoldeb oherwydd salwch i gefnogi sefydliadau wrth baratoi'r adroddiad a'r cyfrifon blynyddol nesaf.

*Argymhelliad 3. Mae'r Pwyllgor yn argymhell bod Gyrfa Cymru yn ymgynghori â rhanddeiliaid i gasglu mewnbwn ar wella tryloywder a hygyrchedd ei ddogfennaeth gyfrifyddu.*

Ymateb: **Derbyniwyd.**

Mae'n bwysig i Lywodraeth Cymru bod y pwysau ar sefydliadau bach o ran archwiliadau a chraffu yn gymesur, ac er ei bod yn amlwg bod lle i wella, barn y Llywodraeth yw bod Gyrfa Cymru wedi llunio adroddiad o ansawdd da y tro hwn. Fodd bynnag, mae Llywodraeth Cymru wedi rhannu copi o'i chyfrifon ei hun gyda Gyrfa Cymru ac mae'n barod i gynghori ar dryloywder a hygyrchedd. Mae Careers Choices/ Dewis Gyrfa CCDG, sy'n masnachu o dan yr enw Gyrfa Cymru, yn Gwmni Cyfyngedig sy'n gorfod cydymffurfio â chyfraith cwmnïau a chyflwyno'i gyfrifon yn ffurfiol i Dŷ'r Cwmnïau. Bydd yn rhaid ystyried unrhyw newid yn y dyfodol i'r ffordd y caiff y cyfrifon eu cyflwyno yn unol â'r gofynion cyfreithiol hyn.

*Argymhelliad 4. Mae'r Pwyllgor yn argymhell bod Llywodraeth Cymru yn cefnogi Gyrfu Cymru i ddatblygu a gweithredu ei weledigaeth strategol.*

Ymateb: **Derbyniwyd.**

Mae'r llythyr cylch gwaith i Gyrfu Cymru ar gyfer 2017-18 yn cadarnhau bod Llywodraeth Cymru yn cefnogi'n gryf weledigaeth y Bwrdd ar gyfer datblygu gwasanaethau'r cwmni yn y dyfodol. Bydd Llywodraeth Cymru yn parhau i weithio gyda'r cwmni i ystyried pa gefnogaeth ychwanegol y bydd ei hangen, os bydd ei hangen, i gyflwynu datblygu a gweithredu'r weledigaeth. Bydd rhaglen reolaidd o gyfarfodydd rhwng Gweinidogion a Chadeirydd y Bwrdd, wedi'i hategu gan adroddiadau perfformiad bob chwarter, yn helpu i fonitro'r cynnydd.

*Argymhelliad 5. Mae'r Pwyllgor yn argymhell bod Llywodraeth Cymru yn gweithio gyda Chomisiynydd y Gymraeg i egluro'r safonau penodol y mae'n ofynnol i Gyrfu Cymru gydymffurfio â hwy.*

Ymateb: **Derbyniwyd**

Pan fydd yn cynnal gweithgaredd y pennwyd iddo gan Weinidogion Cymru, rhaid i Gyrfu Cymru gydymffurfio â Safonau'r Gymraeg fel y maent yn berthnasol i Lywodraeth Cymru ac mae wedi cael gwybod am ei ddyletswyddau yn y cyswllt hwn. Bydd Llywodraeth Cymru yn gweithio gyda Chomisiynydd y Gymraeg a Gyrfu Cymru i helpu i sicrhau bod Gyrfu Cymru yn deall y safonau ac yn cydymffurfio â hwy.

*Argymhelliad 6. Mae'r Pwyllgor yn argymhell bod Gyrfu Cymru yn cynnwys yr angen am ddarpariaeth Gymraeg briodol ledled Cymru yn ei brosesau meithrin gallu ac yn ystyried sut y gall ddiwallu anghenion y rhai nad ydynt yn siarad Gymraeg na Saesneg.*

Ymateb: **Derbyniwyd**

Mae Gyrfu Cymru yn cynnig gwasanaeth dwyieithog i'w gleientiaid. Bydd Llywodraeth Cymru yn parhau i ddefnyddio'r llythyr cylch gwaith blynyddol i gyflwyno'n glir y disgwyliadau ar gyfer darparu gwasanaeth dwyieithog.

Mae gan Gyrfu Cymru contract gyda darparwr i hwyluso sgysiau gydag unigolion nad ydynt yn siarad Gymraeg na Saesneg. Mae'r darparwr hwn yn galluogi'r cwmni i gael mynediad i gyfieithwyr yn ôl y gofyn. Mae Llywodraeth Cymru yn parhau i adolygu sut y mae Gyrfu Cymru yn cyflawni ei gyfrifoldebau mewn perthynas â sicrhau bod y cleientiaid hynny nad ydynt yn siarad Gymraeg na Saesneg yn cael mynediad at ei wasanaethau.

*Argymhelliad 7. Mae'r Pwyllgor yn argymhell bod Gyrfa Cymru yn datblygu ei wefan i'w gwneud yn addas at y diben ar gyfer y dyfodol. Wrth wneud y gwaith hwn, dylid sicrhau ei bod yn gyson â thechnoleg symudol, ac y gellir ei llywio'n hawdd. Hoffem weld gwelliannau i'r wefan yn ystod y 12 mis nesaf, a'r gwaith cyfan wedi'i gwblhau o fewn dwy flynedd.*

**Ymateb: Derbyniwyd**

Mae gweithredu'r weledigaeth ar gyfer dyfodol Gyrfa Cymru yn ddibynnol ar drawsnewidiad digidol sylweddol, gan gynnwys ailddatblygu'r wefan.

Bydd y cam cyntaf o welliannau i'r wefan wedi'i gyflawni erbyn haf 2017 a bydd yn cynnwys golwg a naws newydd, a hynny wedi'i gefnogi gan welliannau gwe-lywio, yn unol â phwyslais y weledigaeth ar wasanaethau i bobl ifanc ac ysgolion. Bydd y datblygiad hwn hefyd yn fwy cydnaws â safonau digidol Llywodraeth Cymru.

Ar hyn o bryd mae Gyrfa Cymru yn cael cyngor arbenigol annibynnol er mwyn llywio'i gynlluniau ar gyfer trawsnewidiad digidol yn y dyfodol, a bydd yn cyflwyno'i raglen ar gyfer trawsnewidiad digidol yn ei Gynllun Strategol ar gyfer 2017-20. Mater i'r Cadeirydd fydd adrodd i Weinidogion ar weithredu'r cylch gwaith a'r cynllun busnes.

*Argymhelliad 8. Mae'r Pwyllgor yn argymhell bod Gyrfa Cymru yn cyhoeddi ei ddata absenoldeb oherwydd salwch yn ei adroddiad blynyddol er mwyn gwella tryloywder.*

**Ymateb: Derbyniwyd**

Mae Llywodraeth Cymru yn adolygu'n gyson y wybodaeth a anfonir ati'n rheolaidd ac fel mater o drefn gan Gyrfa Cymru fel rhan o'r gofynion monitro ac adrodd. Bydd Llywodraeth Cymru yn gofyn i Gyrfa Cymru gyhoeddi'r wybodaeth hon mewn adroddiadau yn y dyfodol.

*Argymhelliad 9. Mae'r Pwyllgor yn argymhell bod Llywodraeth Cymru yn gweithio gyda Gyrfa Cymru i asesu a fyddai uno cronfeydd pensiwn Gyrfa Cymru yn sicrhau gwell effeithlonrwydd a gwerth am arian ar gyfer y dyfodol.*

**Ymateb: Derbyniwyd mewn egwyddor**

Gwnaed gwaith yn y gorffennol i ystyried yr opsiynau ar gyfer cyfuno cytundebau derbyn â gwahanol Gynlluniau Pensiwn Llywodraeth Leol. Y farn ar y pryd oedd na fyddai'n briodol uno cronfeydd; yn rhannol am y byddai'n ofynnol i Lywodraeth Cymru roi bond neu warant sylweddol. Gan gydnabod y bu newidiadau o fewn y cwmni ers 2014, bydd Llywodraeth Cymru yn adolygu'r broses a'r opsiynau. Mater i Fwrdd Gyrfa Cymru yw unrhyw benderfyniadau mewn perthynas â hyn.

*Argymhelliad 10. Er mwyn sicrhau gwelliant parhaus ac adeiladu ar y gwaith cadarnhaol hyd yma, mae'r Pwyllgor yn argymhell bod Llywodraeth Cymru yn cynnal*

*gwerthusiad o'r wybodaeth a geir o fewn y cyfrifon cyfunol er mwyn sicrhau ei bod yn dweud wrth bobl yr hyn sydd angen iddynt ei wybod a'r hyn y maent am ei wybod. Dylai hyn gynnwys gwybodaeth am y gwariant yn erbyn y gyllideb ym mhob un o'r prif grwpiau gwariant.*

**Ymateb: Derbyniwyd**

Bydd Llywodraeth Cymru yn parhau i weithio ar y modd y caiff gwybodaeth yn y Cyfrifon Blyneddol ei chyflwyno, yn unol â'r prosiect ehangach i symleiddio. Bydd Llywodraeth Cymru yn adolygu'r ffordd y mae'n cyflwyno gwybodaeth ar gyllidebau ar gyfer pob prif grŵp gwariant a lle y bo'n bosibl bydd yn cynnwys dolenni i ddogfennau eraill gan Lywodraeth Cymru yn rhoi rhagor o fanylion. Byddwn hefyd yn rhoi esboniad mwy cynhwysfawr o'r gwahaniaethau rhwng alldro a chyllideb. Bydd unrhyw newidiadau yn canolbwyntio ar ran un o'r cyfrifon lle mae mwy o hyblygrwydd o ran sut y caiff gwybodaeth ei chyflwyno.

*Argymhelliad 11. Mae'r Pwyllgor yn argymhell bod Llywodraeth Cymru yn adolygu ei threfniadau goruchwyllo ar gyfer cynlluniau a ariennir gan Lywodraeth Cymru, ond sy'n cael eu gweinyddu gan sefydliadau allanol, i sicrhau bod camau diogelu ar waith i atal twyll.*

**Ymateb: Derbyniwyd**

Bydd Gwasanaeth Archwilio Mewnol Llywodraeth Cymru yn trefnu adolygiad o'r trefniadau goruchwyllo ar gyfer cynlluniau a ariennir gan Lywodraeth Cymru sy'n cael eu gweinyddu gan sefydliadau allanol fel rhan o'i rhaglen waith ar gyfer y flwyddyn ariannol 2017/18, gyda'r nod o asesu a oes trefniadau diogelu digonol a chymesur ar waith i atal twyll. Nid yw'r Cylch Gorchwyl ar gyfer yr adolygiad hwn wedi'i ddiffinio eto, ond mae'r Gwasanaeth Archwilio Mewnol yn disgwyl y bydd yn edrych yn gyntaf ar drefniadau goruchwyllo o safbwynt gweithdrefnau ar draws Llywodraeth Cymru, ac wedyn yn dewis meysydd grant penodol i astudio arferion yn fwy manwl. Er mwyn edrych ar hyn o safbwynt mor eang â phosibl, gallwn gymryd sicrwydd hefyd o drefniadau archwilio presennol eraill mewn perthynas â rhoi grantiau, er enghraifft, archwiliadau'r Tîm Archwilio Cyllid Ewropeaidd o dderbynwyr grantiau'r Gymuned Ewropeaidd ac unrhyw astudiaethau perthnasol gan Swyddfa Archwilio Cymru megis yr astudiaeth arfaethedig o grantiau i fusnesau Cymru.

*Argymhelliad 12. Mae'r Pwyllgor yn argymhell bod Llywodraeth Cymru yn rhoi diweddariad cyn craffu ar gyfrifon y flwyddyn nesaf ar fanylion y trefniadau a roddwyd ar waith i gryfhau'r system o ran gweinyddu taliadau teithio rhatach.*

**Ymateb: Derbyniwyd**

Mae Llywodraeth Cymru yn olrhain gwelliannau i brosesau a rheoli a roddwyd ar waith mewn perthynas â theithio rhatach. Bydd Llywodraeth Cymru yn rhoi diweddariad i'r Pwyllgor Cyfrifon Cyhoeddus y tro nesaf y bydd yn ystyried materion cyfrifyddu, cyn craffu ar gyfrifon 2016/17, neu ar gais y Pwyllgor Cyfrifon Cyhoeddus.

*Argymhelliad 13. Mae'r Pwyllgor yn argymhell bod cyfrifon Llywodraeth Cymru yn y dyfodol yn cynnwys gwybodaeth am ganran y caffael gan Lywodraeth Cymru sydd wedi cael ei ddyfarnu i gwmnïau o Gymru.*

**Ymateb: Derbyniwyd**

Mae Llywodraeth Cymru yn bwriadu cyflwyno'r wybodaeth hon yn rhan un o'r cyfrifon.

*Argymhelliad 14. Mae'r Pwyllgor yn argymhell bod yr Ysgrifennydd Parhaol nesaf yn ystyried a yw'r strwythur uwch reoli a'r fframwaith sicrwydd presennol yn ddigon cadarn yn enwedig o ran atebolrwydd a goruchwyllo'r broses o ddarparu polisïau.*

**Ymateb: Derbyniwyd**

Bydd yr argymhelliad yn cael ei wneud yn hysbys i'r Ysgrifennydd Parhaol nesaf.

*Argymhelliad 15. Mae'r Pwyllgor yn argymhell bod Tasglu Gorchwyl a Gorffen Llywodraeth Cymru yn gwneud defnydd o enghreifftiau o arferion gorau ar draws y sector cyhoeddus i leihau lefelau absenoldeb oherwydd salwch.*

**Ymateb: Derbyniwyd**

Mae'r Tasglu Gorchwyl a Gorffen bellach wedi dod i ben, ac ystyriodd arfer gorau mewn rhannau eraill o'r Gwasanaeth Sifil fel rhan o'i waith. Argymhellodd y Tasglu y dylid datblygu Strategaeth Llesiant i hyrwyddo mesurau ataliol o ran iechyd ac i helpu i sicrhau bod cyflogaeth a rheolwyr yn ymwybodol o ble i gael cyngor a chefnogaeth. Bydd Llywodraeth Cymru yn parhau i ystyried arferion gorau o amrywiaeth o sefydliadau wrth ddatblygu'r strategaeth hon.

*Argymhelliad 16. Mae'r Pwyllgor yn argymhell bod Llywodraeth Cymru yn monitro perfformiad gwael a'r camau a gymerir i fynd i'r afael â'r materion hyn er mwyn sicrhau bod y broses o reoli perfformiad yn cael ei rheoli'n gadarn.*

**Ymateb: Derbyniwyd**

Mae gan Lywodraeth Cymru bolisiau a gweithdrefnau ar gyfer rheoli perfformiad gwael, sy'n cynnwys datblygu a rhoi ar waith Gynlluniau Gwella Perfformiad unigol pan fo rheolwr llinell yn ystyried bod perfformiad rhywun yn gwaethygu, heb aros am adolygiadau perfformiad chwe-mis neu am ddsbarthiad ffurfiol o danberfformio. Mae Llywodraeth Cymru hefyd wedi bod yn gweithio yn y blynyddoedd diwethaf ar wella cryfder y system o gategoreiddio perfformiad ('box-marking') drwy ddull cyson a gofalus o gymedroli'r categorïau ar draws graddau ac adrannau.

Fel yr adlewyrchwyd yn adroddiad y Pwyllgor fodd bynnag, mae'r Ysgrifennydd Parhaol wedi cydnabod bod angen gwneud mwy i wella sut y caiff perfformiad gwael ei reoli. Gwnaeth Llywodraeth Cymru newidiadau i'w gweithdrefnau rheoli perfformiad ar ddechrau'r flwyddyn adrodd 2016-17. Diben y newidiadau oedd

gwneud trafodaethau rhwng cyflogeion a rheolwyr am berfformiad a datblygiad yn fwy ystyrlon a chynhyrchiol, gan gynnwys pan fo pryderon am lefelau perfformiad. Mae'r newidiadau yn unol â datblygiadau ar draws y Gwasanaeth Sifil yn fwy cyffredinol a chânt eu hadolygu ar ôl y flwyddyn gyntaf o'u gweithredu.

**Public Accounts Committee**

**PAC(5)-07-17 Paper 2**

**Scrutiny of Accounts 2015-16**

**Response to Committee Report from Meilyr Rowlands, HM Chief Inspector  
Estyn**

I would like to thank the Committee for the opportunity it provided to discuss Estyn's Annual Report and Accounts. The session and subsequent report 'Scrutiny of Public Accounts 2015-16' will help inform Estyn's approach when drafting its future Annual Reports and Accounts to ensure they remain transparent, informative and easy to digest.

## **Public Accounts Committee**

### **PAC(5)-07-17 Paper 3**

#### **Scrutiny of Accounts 2015-16**

#### **Response to Committee Report from David Blaney, Chief Executive, Higher Education Funding Council for Wales (HEFCW)**

In the absence of recommendations targeted specifically at HEFCW, I hadn't anticipated submitting a response. That part of the report which relates to us seemed fair and we had no particular issues we wished to raise.

We just wish to make an observation relating to paragraph 82 which compares the length of our 2015-16 annual report and accounts (71 pages) with the 2012-13 annual report and summary financial statements (38 pages). This is rather like comparing apples and pears as the 2012-13 document was a totally different type of annual report which we have now abandoned. A more meaningful comparison might be with the full financial statements for 2012-13, which were 61 pages long. This is a minor point, though.



# Eitem 4

Yn rhinwedd paragraff(au) vi o Reol Sefydlog 17.42

Mae cyfyngiadau ar y ddogfen hon

## Public Accounts Committee

### Inquiry into Regulatory oversight of Housing Associations

#### Written evidence on behalf of the Regulatory Board for Wales

##### Introduction

1. I would like to take this opportunity to write on behalf of the Regulatory Board for Wales (RBW) as your Committee takes evidence on the Regulatory oversight of Housing Associations.
2. The RBW, made up of independent members with sector expertise, provides advice to the Cabinet Secretary on the performance of the Housing Association sector in Wales and also provides challenge to the Housing Regulator.

##### Effectiveness of Regulation

3. RBW believes the current Regulatory Framework is an effective way of regulating the Housing Association sector. It has moved the regulation of the sector from a resource intensive, prescriptive and compliance based-approach to a more modern, risk based and proportionate one, underpinned by co-regulation and a focus on strong organisational self-evaluation.
4. The challenges and risks facing the sector have evolved over time, the Framework needs to evolve so it can continue to provide robust assurance to all stakeholders. The revised approach to regulation, which introduces a higher degree of transparency regarding the Regulatory Opinions was endorsed by RBW and launched by the Minister on the 1st December 2016. It will improve regulatory oversight whilst keeping the three main principles of; tenants at its centre, the independence of Housing Associations, and co-regulation.
5. The ability to take action when required is important. RBW believe the revised framework enables the Regulator to take action when needed. Regulatory Opinions are now shorter but much clearer and unambiguous, the Regulatory Opinion for North Wales Housing published on the 22nd of December is an example of this. Alongside clearer Regulatory Opinions, the new regulatory judgment framework will give additional transparency, holding Boards to account and quite rightly putting additional pressure on quality and importance of good governance. Co-regulation is not, and should not be seen as a soft option.
6. RBW are confident co-regulation remains the appropriate approach, however, its ability to be effective requires;
  - innovation in how tenants are kept at the heart of the process
  - credible and professional practitioners in the Regulation team

- the highest standards of governance from the Housing Association Boards.
7. To operate effectively co-regulation requires practitioners who are experienced and credible in the housing sector. This is not a generalist role and requires flexibility in terms of recruitment. RBW see the restriction of recruitment to the internal civil service pool as a major risk to the quality of Regulation going forward and would advocate special dispensation allowing external recruitment to fill current vacancies.

## Importance of Good Governance

8. The importance of skilled Housing Association Boards and good governance cannot be overstated. Housing Associations, whilst one sector, are diverse organisations, serving diverse communities. We believe that decisions in the best interests of Housing Associations and the communities they serve can therefore best be made by a skilled and effective Board, able to make decisions which take account of the specific ambition, capacity and circumstances of each organisation. We believe that to deliver best value for Government and tenants these Boards must operate within the context of an effective co-regulatory framework which ensures that tenants are at the heart of decision making and that public investment is appropriately protected.
9. The quality of governance at some Housing Associations is of concern to the RBW. For this reason, in 2016/17 the Board will be commissioning a thematic review of governance.
10. The Regulatory Framework is and should remain clear that the responsibility for the strategic decisions regarding all areas an associations work lie with its Board. These decisions need to be underpinned by high quality information from Executives and independent sources when appropriate. They should also be supplemented by a robust approach to measures such as risk management, value for money and stress testing. This approach is reflected in the new regulatory judgements framework and Performance Standards.
11. RBW believe Housing Association Boards should be at the helm when making strategic decisions such as payment of Board members, mergers and acquisitions, and senior executive pay. This approach requires high quality governance which equips the Board to make decisions in the best interests of the Association, existing tenants and the wider community.
12. Good governance will also be key if the sector are to effectively tackle sector wide risks such as ongoing Welfare Reform and ONS reclassification.
13. RBW believes high performing Boards fully embrace the value in a co-regulatory approach and invest appropriately to support this at Board level, for example through a robust approach to self evaluation and, going forward, in their approach to the compliance statement.
14. RBW is committed to keeping tenants at the heart of Regulation. RBW is committed to ensuring that the Regulatory Framework's key principle of tenants

being at the heart of Regulation is a reality in terms of how the tenant voice feeds into the RBW deliberations. We will be working closely with TPAS Cymru, recently chosen as the Welsh Government funded tenant support organisation, to develop an approach which is fit for purpose in the modern digital environment and accesses as wide a range of tenant view as possible. We need to make sure this builds on the work done to date by the Tenants Advisory Panel and enables more tenant views to be brought to influence and shape RBW thinking and challenge to the Regulator.

15. ONS reclassification - We believe that Housing Association in Wales can be at their most effective in terms of leveraging investment into social housing and contributing to the Government's 20,000 homes target by being classified as private sector organisations. Following ONS reclassification we will support any initiatives by the Welsh Government to ensure that Housing Associations are reclassified back into the private sector.

### Collaboration, Adding Value & Independence

16. Domain Regulation - As a key issue of principle, we believe that the assurances provided to tenants of Housing Associations should apply to all social housing tenants and thus that Regulation, in respect of quality of landlord services, should be expanded to cover Local Authority tenants.
17. Greater collaboration between regulation domains would be beneficial. RBW would suggest that at present no or little value is being gained from the fact that Welsh Government currently provides a regulatory function across other sectors. The value of sharing information and partnership working to improve outcomes for the people of Wales is talked about often, yet current arrangements of both internal and external inspectorates seems to do little to exploit the benefits that could be accrued by working more collaboratively.
18. In April 2016 RBW changed to become a fully independent Board. This has enabled us to provide robust challenge to the Regulation team on their performance. We also advise the Minister on the performance of the Regulator and related policy implications the Board believe will lead to more effective regulation and a stronger sector. An example of this was our endorsement of the changes to the Regulatory Framework prior to the Minister approving them.
19. Our independence means we are no longer encumbered by having stakeholders around the table which at times inhibited open and frank discussion. We now engage through the Regulatory Advisory Group, made up of key sector stakeholders.
20. Regulation adding value - RBW has a strong commitment to ensuring the sector learns from regulation. We support the way the Regulation team has been re-organised to enhance opportunities for strategic learning and believe this will be of great benefit to the Sector going forward. We have also worked hard to raise our own profile within the Housing Association sector, I have spoken about the work of RBW at numerous key housing events during the year as well as meeting with most Housing Association Board Chairs. We also provide a direct

communication to all Housing Association Board Chairs after each RBW meeting updating them on the outcome and nature of our discussions.

21. In April 2016 RBW commissioned a thematic review on Value for Money in the Housing Association sector. The collaborative approach taken has resulted in a significant shift in attitudes to Value for Money; from suspicion prior to the start of the process to a clear acceptance of the need for action.
22. The approach of involving the right people, gaining input from key stakeholders, supplemented by a piece of focussed research has been very successful. Coupled with the work being done by Housemark in conjunction with Community Housing Cymru and the work they are about to start on improving the measurement of social value, this is a really exciting time. We are already seeing the outcomes of the work and now have an agreed set of metrics included as part of the global accounts.
23. RBW have considered whether the Regulator itself ought to be independent of Welsh Government and have concluded that becoming independent would not be beneficial at this time. The co-location of the investment and regulation functions enables joined up policy, encouraging shaping of regulation which facilitates supply side ambitions, supporting smart and integrated investment and regulation decisions.
24. The current regulatory regime provides a robust framework in which to promote good Housing Association governance, sound financial management and good quality and improving services to tenants but we recognise that it will need to continue to evolve in response to changing environments and through learning from experience.

Helen White  
Chair  
Regulatory Board for Wales Chair

# Eitem 5

Y Pwyllgor Cyfrifon Cyhoeddus / Public Accounts Committee  
PAC(5)-07-17 P5

## **Evidence to the National Assembly for Wales Public Accounts Committee from Steve Jones, Chief Executive, Tai Ceredigion Cyf, February 2017.**

### Introduction

Firstly, I would like to thank the Public Accounts Committee members for inviting me to give evidence. I have worked in housing for nearly 35 years; for local authorities in England, Scotland, and Wales, and for both traditional and large scale stock transfer housing associations in Wales at a senior level. I hope that my experience of a number of regulatory frameworks, within different contexts, will assist members of the Committee in developing their conclusions.

Tai Ceredigion did not submit an individual response to the original consultation invitation, but had the opportunity to contribute to Community Housing Cymru's consultation response on behalf of all housing associations in Wales. Tai Ceredigion's Board Chairman, Mr Derek Lassetter, who is present with me here today, will put forward his evidence from the perspective of a voluntary Board member and Chairperson. The evidence I wish to put forward are my personal views, as a housing professional, and should not be assumed to represent the views of the organisation I am employed by. My employer has given its consent to allow me to speak freely, based on my personal knowledge and experience. I will address each of the elements of the Committee's current investigation in turn, and also wish to add some comments on the need for transparency regarding the takeover of Cantref housing association.

### [The effectiveness of the current Regulatory Framework for Housing Associations Registered in Wales](#)

In my personal opinion, the current regulatory framework for housing associations registered in Wales is effective, provided that all parties participate in it in good faith. My experience in my current role as Chief Executive for the last eight years has been a positive one, whereby the "no surprises" relationship with our Senior Regulatory Manager, has resulted in an open and honest dialogue with both myself, my voluntary Board members, and the tenant members of the Tai Ceredigion Tenant Monitoring Group.

I believe that a lack of capacity within the Housing Regulation Team has hampered the level of intervention or speed of response in some individual cases; and a comparison pro rata of the level of resources employed in England, as well as the seniority of the equivalent roles, does lead to the

conclusion that the Wales housing regulation team has not been adequately resourced.

### The effectiveness and quality of governance arrangements;

I believe that the problems experienced at a small number of housing associations have occurred due to one or more of the following factors:

- A reluctance within some housing association Boards to modernise their governance, and to adequately scrutinise the information put before them, or to hold their paid officers to account. The evidence for this can be seen in some of the previously published regulatory opinion reports, and more recently published opinion updates.
- Difficulties arising from the 5/5/5 Board governance model required by the Welsh Government for all LSVTs in Wales. The need to change this model of governance is evidenced and recommended in the Welsh Government commissioned governance review of housing associations in Wales undertaken by Campbell Tickell in 2013

<http://gov.wales/docs/caecd/research/130912-sector-study-governance-housing-associations-registered-wales-en.pdf>

### Whether the current regulatory regime is effective in managing and mitigating sector wide risks.

In my professional opinion, the current regulatory regime has been very effective in working with associations and Community Housing Cymru in identifying the existing and emerging sector risks. The outcomes achieved through this co - production have been positive, and the updated sector guidance has helped Association Boards and Audit Committees with their own self assessments against the sector risks document. Clearly though, in a minority of cases, the evidence within published regulatory reports demonstrates that there is still more work to be done in some associations.

### The effectiveness of the co-regulatory approach in practice

My personal experience of the co-regulatory approach, both as a Chief Executive, and as someone who has served as a voluntary Board member of Community Housing Cymru for two separate periods, is that the co-regulatory approach has been both positive and effective. The shared responsibility between the sector and the regulation team has been a more grown up relationship than the previous “top down” inspection approach to

regulation. Provided individual housing associations embrace the approach I believe it can achieve better results. It does however rely on the willingness of individual Chief Executives, Chairpersons, and Regulatory Managers to embrace it in an open and honest way, which results in trusting business relationships.

#### The remuneration levels of senior staff members of housing associations.

Housing associations publish the total costs of their senior executives, within financial bands, in their annual financial accounts, and have done so for decades.

At Tai Ceredigion, elected tenant representatives of our independent Tenant Monitoring Group played an active role in my job interview in 2009, along with elected Tenant Board members, and were fully aware of the advertised salary package of my post and those of other members of the recruited Executive Team.

Tai Ceredigion's Board has always taken independent external advice on remuneration issues, and takes part in annual surveys commissioned by Community Housing Cymru, which, along with CPI and other external information, is used to determine an annual cost of living award.

Tai Ceredigion moved away from market assessed spot salaries for the Executive staff, and also away from local government National Joint Council decision ties in 2013/14. The Board set its own affordable pay scales, agreed to pay a living wage to all staff, and put the executive staff on the same company pay scale, so that they would be awarded the same annual cost of living increase (or freeze) as lower paid staff. To date, Tai Ceredigion's pay policy stance has been to pitch remuneration around the median quartile.

I would like to see the details of all senior executive remuneration published within the annual report to tenants and shareholders, so that tenants and leaseholders could find the information more easily, rather than having to look at the published financial accounts.

#### Comments regarding the collapse of Cantref

I am aware that the Wales Housing Regulation Team are preparing a "lessons learnt" report on what happened at Cantref, and I have been interviewed extensively as part of that process. In the interests of transparency, and accountability to the local community, I hope that the statutory inquiry report and the learning lessons report will be published.

In the meantime, I hope that the following comments, based on my local knowledge of the case, and my interaction with the regulatory team and other locally based RSLs / County Council stakeholders / Lenders, will be of some assistance to the Public Accounts Committee:



- The Board of Cantref did not “repair” itself following the period of initial regulatory intervention in 2008/9, and the reasons for that need to be understood.
- Further concerns were raised with the regulator by Cantref senior staff between 2011 and 2014, and I, along with others, were consulted by the regulation team at one point as part of their triangulation work
- When it became clear in 2014/15 that problems were escalating at Cantref, there was increased contact with the regulation team, and a discussion took place with some other local RSL CEOs to ensure that the regulation team had the option of calling on local RSL professional support to assist with any intervention.
- The statutory inquiry into Cantref led to the appointment of consultants, and an invitation was then sent to local RSLs to bid to take over Cantref.
- It became clear to me, from discussions with lawyers, consultants, and some lenders, that the involvement of a larger RSL from outside the area was known about in the City, prior to the invitation for formal bids.
- It was a total surprise to local RSLs (Tai Ceredigion, Pembrokeshire Housing, and Mid Wales Housing Association) when only seven days were allowed to submit formal bids, given that such processes usually involve several weeks of information sharing and questions.
- The lack of publication of the statutory inquiry report, and the absence of any meaningful tenant consultation by the Cantref Board regarding the takeover proposal accepted from Wales and West HA, led to Tai Ceredigion’s independent Tenant Monitoring Group writing to the then Housing Minister to express their concerns on behalf of Cantref tenants. They also wrote to the current Cabinet Secretary following the elections. The group have also submitted their own response to this Committee’s consultation paper.
- Following the announcement of the bid decision by Cantref’s Board, each of the other bidders, including Tai Ceredigion, wrote to the appointed consultants asking for formal feedback on the scoring mechanism. In each case it was denied. This lack of transparency is still of concern.
- Assurances were given to Cantref shareholders by Cantref’s Chairman and Vice Chairman that jobs would be protected, local contractors

would continue to be used, and that the Welsh language would be respected.

- The actual outcomes have been different. A number of people have been made redundant, Wales and West direct labour vans are being seen in all parts of the county, and former Cantref staff, who are first language Welsh speakers, have spoken English at local strategic housing meetings, even when translation facilities have been available.

The answers to the following questions, being asked within the local community in Ceredigion, are still without answers:

- At what earlier stage was Cardiff based Wales and West HA invited to enter into discussions, by whom, and why?
- Where were the checks and balances to protect tenant's interests which you would usually see from the Tenant Participation Advisory Service, or Welsh Tenants, in this case?
- Where were the checks and balances in respect of the Welsh language, in a rural county which has seen a decline of the language? And why was no language impact assessment undertaken?

The Tai Ceredigion Board took a decision not to issue any public statement on the issue, although its members had, and still have, concerns about the lack of transparency surrounding the Cantref decision. They are happy for me to answer any questions which the Public Accounts Committee may wish to ask.

## **Public Accounts Committee: Inquiry into the Regulatory oversight of Housing Associations**

Submitted by Derek Lassetter: Chair, Board of Management, Tai Ceredigion Cyf

**Introduction** : This is my third year as Chair of Tai Ceredigion having first joined as an Independent Board member in 2012. My professional career has been in the private sector with Public service experience as a member of the British Hallmarking Council and as vice-chair of an NHS Wales research ethics committee.

That which follows is my personal view based upon 5 years' experience of operating as a Board Member of this LSVT organisation.

### **Effectiveness of the current Regulatory Framework for Housing Associations registered in Wales**

On this subject I subscribe to the views already presented by the Regulatory Board for Wales and Community Housing Cymru. It seems self-evident that a form of Regulatory framework is essential to guard the interests of Tenants, Welsh Government and other stakeholders. The co-regulatory approach appears to be both appropriate and proportionate. However, RBW make a very valid point that the effectiveness of this approach requires Tenant involvement, strength in the Regulation team and high standards of Board governance.

### **The effectiveness and quality of governance arrangements**

Both the CHC Code of Governance and the Regulatory Framework are excellent comprehensive documents in describing the expectations and responsibilities placed on Housing Association Boards. I fully subscribe to both documents as they outline the sector specific business practice and sound governance practices needed to guide Housing Associations through increasingly complex financial, legal and commercial situations.

However, my concern is that there is a probable discrepancy between the responsibilities invested in Boards and the ability of Boards to actually recruit the levels of skill, experience and time needed to consistently meet these expectations given the current remuneration restrictions. LSVT organisations also need to contend with a rule driven constituency Board structure which may restrict the attainment of a wider range of board skills.

### **Whether the current regulatory regime is effective in managing and mitigating sector wide risks**

The Regulation team have circulated an interesting and comprehensive Sector Risk paper and there is no shortage of Risk Management information and training from CHC and others. Clearly, Regulation has a major role to play in seeking assurance that Boards are risk aware but the process of risk assessment, management and mitigation is one of the core business requirements of an Association. As above, there is a possibility of a Board not recruiting the correct blend of skill and experience to effectively identify and manage risk.

### **The effectiveness of the co-regulatory approach in practice**

My own view is that the co-regulatory approach requires an open, honest and regular dialogue between the Association and the Regulator. However, my experience is that in practice the discussion is almost exclusively between the Regulator and Executive teams with limited direct interface with Boards. There may be benefits in establishing a wider and closer working relationship between the Regulatory team and Boards

### **The remuneration levels of senior staff members of housing associations**

In the case of Tai Ceredigion responsibility in this area rests with the Board which delegates consideration to the Remuneration Committee which is then responsible for making recommendation for Board discussion and

approval. Sector pay data and sector trends are commissioned and provided by the Executive without recommendation. It is very important for the Board to establish correct and acceptable levels of remuneration for senior staff. However, as above, this requires the requisite level of skill and experience within the Board.



Committee Clerk  
Public Accounts Committee  
National Assembly for Wales  
Cardiff Bay  
CF99 1NA

13<sup>th</sup> February 2017

**Y Pwyllgor Cyfrifon Cyhoeddus / Public Accounts Committee Ymchwiliad i drefn reoleiddio Cymdeithasau Tai / Inquiry into Regulatory oversight of Housing Associations**

**Response from Merthyr Valleys Homes**

**Background**

Merthyr Valleys Homes are the only Tenant and Employee mutual in Wales and we manage 4169 properties in the county borough of Merthyr Tydfil. The governance arrangements after transfer were similar to most large scale voluntary transfers with a Board of Non-Executive Directors made up of 4 directly elected tenants, 4 appointed councillors, and 4 board appointed Non-Executive Directors or “independents.”

By 2015 MVH had completed the delivery of Welsh Housing Quality Standards and met all the important promises made to tenants at the transfer in 2009. We had invested heavily in the external appearance of our properties and better housing management. In our self-assessment report available at; [http://www.mvhomes.org.uk/wp-content/uploads/2016/07/MVH-2016-Self-Assessment\\_final\\_web\\_8f5885.pdf](http://www.mvhomes.org.uk/wp-content/uploads/2016/07/MVH-2016-Self-Assessment_final_web_8f5885.pdf) we identified how we had made some significant differences and worked with MTCBC on the renaissance of Merthyr Tydfil.

If any Assembly Members have visited the Caedraw area over the last 3 years they will have witnessed the transformation themselves. In the large neighbourhoods where we manage homes house prices have increased by more than double that of the average across the whole borough. This is an indication that investment and

confidence are returning to our neighbours where previously market failure was endemic.

Improvements to community confidence are difficult to track but one area we have monitored real change is crime and the effect of crime. This reduction and confidence is evidenced by our use of steel shutters to protect empty property from thieves. In 2009 we used to put steel shutters on every empty property in more than 52 streets and as many as 100 properties could be boarded up at any time. We now have only 23 empty properties in total and only 2 houses are currently boarded up.

In 2015/16 the Board, the Tenants and Members of the community started a journey to find a new governance model. We established a Commission who met for over a year and began to design a new structure. MVH felt that the LSVT model with the Council holding a golden share had many challenges and improvements could be made. We felt that all housing association governance models have conflicts within their constitutions. Housing associations are complex organisations and require a skilled and competent Board to manage the public money. But in an LSVT with 8 out of the 12 Board members being appointed or directly elected it was difficult to ensure that the Board always had the right skills and expertise to carry out their role. It was also impossible to ensure that the Board reflected the diversity of the community without the use of complex electoral colleges and too frequently the independent Board Members were used to provide both the skills and to ensure that the Board accurately reflected the community.

The turnover of Board members could also be volatile particularly in an election year and at one point during the 2012 local government elections we could have had 7 new board members in one year. Fortunately the new administration at MTCBC in 2012 recognised this risk and reappointed 3 councillors who had previously sat on the Board. Tenant and Councillor Board members also openly struggled with being Non-Executive Directors particularly when this conflicted with their elected responsibilities as a councillor or an elected tenant. In reality they had to put their legal responsibilities to the Company before their duties to their constituents.

Finally there was no role for the employees of MVH in the in the LSVT governance model. Many employees had worked for this organisation their whole career, one

electrician retired during the Commission having completed an estimate of 50,000 repairs jobs. The Commission felt that employees who have given so much to the organisation and the community deserved a say in the long term future equal to that of tenants. They wanted to create a real partnership.

In looking for the right model of governance the lessons from Lord Myner's Report on the Co-Operative Retail Sector and the conflict here between elected Boards and having effective governance were considered by MVH. The final model redesigned by the Commission into the governance of MVH was that of a mutual. All tenants and employees over 16 can be Members. These Members then elect delegates onto a Democratic Body along with 2 representatives from the local authority. This Democratic Body has very specific responsibilities including:-

- Appointing and deselecting the Board of 8 non-executives (these non-executive directors are appointing for their skills, values and expertise and are not appointed from the Democratic Body).
- Appointing with the Board the Chief Executive.
- Setting the vision and values.
- Monitoring the annual performance plan.
- Approving the accounts and appointing the auditors.
- Providing challenge and scrutiny to the Board they have appointed.

Specific questions raised by the Public Accounts Committee in the letter from the Chair Nick Ramsey ASM.

## **1. The effectiveness of the current Regulatory Framework for Housing Associations Registered in Wales;**

1.1 We fully support the co-regulation approach and believe that the new approach will help to focus regulation on the big issues and risks. Critically for us it puts the Board at the heart of the process as they need to assure themselves the organisation is in compliance with the guidance. We believe this is a more robust approach than the previous one which felt more like a service inspection and could occasionally miss the big governance issues and risks.

1.2 The Committee need to review the potential risk of a revision to a funding covenant when a regulation intervention does occur. A regulatory intervention is usually grounds for a funder to revise the cost of a loan; in essence the funders reprice their loan to reflect the new risk. The cost of this revision is a commercial decision for the funders and information on that revised loan cost is not made public. A marginal increase in the cost of a loan can have a very big consequence over the life of a 30 year business plan and rumours from England are that covenant breaches have cost some organisations in excess of £10m.

## **2. The effectiveness and quality of governance arrangements**

2.1 MVH have recently changed the governance arrangements to balance the issues of having a strong and effective governance structure with an accountable and democratic structure that has been covered in detail in the background comments above.

## **3 Whether the current regulatory regime is effective in managing and mitigating sector wide risks.**

3.1 Generally we believe the regulatory regime in housing is as effective as the resources expended will allow. The area that we would identify as a concern is the capacity of the regulation service to deal with multiple events. Bluntly the regulation team do a difficult job but there are not enough of them to provide the regulation required and the pay grades are insufficient to manage the risks being regulated. A suggested exercise for the Panel might to compare the cost of the housing regulation system to other regulation systems in electricity, rail and telecoms.

3.2 Good practice and information on risk is openly shared within Wales. A key part of the co- regulation approach is the rapid exchange of information and risks within Wales. MVH have undertaken multiple risk and stress testing in recent years and we believe this is useful training and helps us prepare for risks, but risks do and will always occur. Obvious risks of well flagged public policy changes from welfare reform to changes to Community First can be planned for and mitigated against. Rapid changes of Government or market policy are much more difficult to mitigate against. Few English housing associations had the 1%



rent cut in their risk register and this had a big impact when it was swiftly announced in budget without pre consultation.

#### **4 The effectiveness of the co-regulatory approach in practice;**

4.1 The current framework has been designed with the housing sector and we believe is a real improvement on the old guidance.

#### **5 The remuneration of senior executives of housing associations.**

5.1 It is not the place of MVH to comment on the remuneration processes in other organisations but our approach to date has been different. MVH has a trade union recognition agreement and the annual pay of all staff including senior executives is negotiated through this recognition agreement. The executive team have a pre-approved business plan from the Board with pay parameters within it. Negotiations between the trades unions officials and executive team then take place over the exact nature of the offer and the final pay offer is then voted for by members. To date the offer and award have not required further ratification by the Board. Within the new governance structure pay awards are reserved to the Board rather than the employee and member Democratic Body.

5.2 The table below outlines the average pay for males and females at Merthyr Valleys Homes. This is based on actual pay as opposed to full time equivalent.

Average Male Gross Salary:	£26,076.78
Average Female Gross Salary:	£25,408.23
Difference:	£668.55
Gender Pay Gap	2.6%

Merthyr Valleys Homes currently have approximately 25 part time employees, the vast majority of which are female. The number of part-time employees is based on receipt of flexible working requests in the main and is not business

driven. There are a number of female employees who complete the same role as male counterparts, whilst their average salary would be less their hourly rate would be the same. The below table identifies the gender pay gap based on hourly rates, this reduces the gap to 2%.

Average Gross Hourly Pay Male:	£12.08
Average Gross Hourly Pay Female:	£11.84
Difference:	0.24p
Gender Gross Hourly Pay Gap:	2%

The Office of National Statistics has identified an average gender pay gap of 15.7% within Wales.

### 5.3 Chief Executive Pay Increase compared to average male and female salaries over last five years.

	Average Male Pay Increase	Average Female Pay Increase	Chief Exec Pay Increase
2012/2013	1%	1%	1%
2013/2014	2%	2%	2%
2014/2015	2%	2%	2%
2015/2016	1%	1%	1%
2016/2017	1%	2%	0.40%

## 6 Remuneration of Board members

6.1 The issue MVH would like the Committee to consider is the payment of Non-Executive Directors on the Board. As a tenant and employee owned mutual we believe that the decision on whether to pay Non-Executive Board Members should be made by the organisation and not by the Welsh Government. As a mutual we recognise the important role of attracting the very best people to manage the business on our behalf and we also recognise that the income to pay any remuneration comes from the tenants rent money.

At present Board members give up a significant amount of time voluntarily and this makes becoming a Board member a difficult decision for people of

working age. The requirements on the voluntary Chair over the last year have been onerous and have included taken unpaid or using holiday leave to attend:-

- Board away days
- Business planning stress testing
- Governance conference
- Ministerial visit
- Regulation feedback meeting

Even the attendance at the Public Accounts Committee has required the use of unpaid leave.

We look forward to meeting at the forthcoming session of the committee and if you require any further information or clarification please do not hesitate to contact us.

Yours sincerely



Michael Owen

**Chief Executive**

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**Tudalen y pecyn 51**

# Eitem 9

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