

Jocelyn Davies AM  
Welsh Government  
Cardiff Bay  
Cardiff

26 April 2013

Dear Jocelyn

We're very sorry that we were unable to provide oral evidence to the Finance Committee on this issue but we hope that this written evidence will inform your inquiry.

### **Housing Association Assets**

As we stated in our previous paper Wales suffers not just from a lack of affordable housing but associated problems including poor long term health, low educational attainment, unemployment and high levels of economic inactivity. RSLs seek to alleviate many of these problems by providing housing, regeneration and care solutions in Wales. They underpin successful regeneration outcomes and add value to individuals, communities and the economy in general.

The sector now owns and manages 155,152 units with 50% represented by LSVT organisations.

The ability of the sector to generate surpluses is critical to match lender needs, and with a heightened re-pricing of traditional bank debt RSLs must continue displaying robust financial performance to access suitable long-term finance. Surpluses generated are used to underpin investment in maintaining existing housing stock and help finance development of new homes.

### **Asset management in the housing sector**

With this in mind, in answering your first question, managing assets does form a key function in our members' business planning on both a strategic, long-term level as well as a day to day basis.

All our members are working towards or have achieved the Welsh Housing Quality Standard and are maintaining that standard, all of which requires detailed business plans. The levels of expenditure varies according to the quality of the stock but individual members link the programme of work to the Annual Budgets and also submit 5 year and 30 year business plans to Welsh Government.

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Our members also have a budget for 'General Repair and Maintenance' which again is linked into their business plans and annual budgets as well as having a component accounting and replacement plan.

**Q2** Our members carry out the following activities to monitor the condition of assets and performance in asset management:

All members undertake a stock condition survey which captures complex data of the stock. RSLs are also involved in 'procurement frameworks' and 'open book accounting'. Many of our members are also involved with Housemark which is a benchmarking club and CHC and WG publish Global Accounts annually for the sector which provides sector information useful which is useful for benchmarking and decision-making.

**Q3** Housing Association investment has a much wider positive impact on society than just housing and contributes to other Welsh Government policies such as regeneration, energy, health and social services.

There is potential therefore to contribute towards the achievement of other Welsh Government Programmes other than just housing quality or supply through adopting a more creative approach.

This is consistent with recent Welsh Government strategy to support and deliver outcomes increasingly across rather than within Departmental portfolios.

In this context it is disappointing that the transfer of assets, in particular land, has not been transferred from other Departmental portfolios into housing projects despite it being a clear WG objective through its protocol. Land can be considered in many different ways which make it a flexible asset and a potentially huge catalyst to unlocking innovative funding mechanisms and increasing housing supply. We are disappointed that Public sector organisations are not willing to think more creatively about how their assets can be used other than to sell them off to the highest bidder. We would encourage public sector organisations to assess the social value of their assets not just their financial value.

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## All Wales Public Sector Property Database – e-PIMS

### Q4 & Q5

Our understanding of the reason two members have recorded less than a hundred properties on the e-PiMS database is because they took part in an EPS exercise, a Gas information exercise. All our members' assets are recorded on the Land Registry Database and we would imagine that the e-PIMS database has a link to that database, in which case, CHC sees no reason to encourage its members to duplicate work unnecessarily.

### Land Transfer and Affordable Housing Protocols

**Q6** Please refer to our answer to Q3.

**Q7** To transfer land from one department of Welsh Government to another requires cross-departmental collaboration. Our experience at CHC has been that departments work in silos and it is very difficult to have cross-departmental discussions let alone transfer of assets, hence the reason why so few transfers have taken place despite a Protocol being in place. CHC understands the budgeting mechanisms and organisational structure and culture Welsh Government operates within which upholds the internal departmental focus but we also recognise that Welsh Government is establishing a strategy that works across departments. CHC is more than happy to work with WG to demonstrate how cross-departmental collaboration can bring cross-departmental benefits. Eg Housing and Health (see below)

**Q8** There needs to be a clear Strategy that joins up the Outcomes of all portfolios in Welsh Government and this should be backed up with a public list of all of Welsh Government's assets.

CHC published a report eighteen months ago that considered the different areas and opportunities that Housing could make an useful contribution to Health's agenda. Eighteen months on we are seeing a lot of progress in the Aneurin Bevan Trust where a programme of work and innovative mechanisms of service delivery are being designed collaboratively, but we want to see similar progress across Wales. CHC is focusing its efforts on building up the capacity and specialism within the RSL sector to understand and deliver services required on a wider Social Care, Health and Housing agenda. Land transfer for homes must form part of a balanced equation in achieving shared outcomes.

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## Guidance and good practice

**Q9** The RSL sector has a long and strong track record of successfully managing its assets and CHC would be happy to work with Welsh Government to give advice and share good practice with the wider public sector where that would be deemed useful. However we don't believe it is lack of skills and knowledge in the field of asset management that is holding back progress on asset transfer. We believe that there needs to be a more strategic vision and shared outcomes across departments that filters all the way through the decision making and design of service delivery which will allow for wider collaboration, where transfer of assets would become a natural activity within that strategy.

Thank you for the opportunity to expand on our initial paper. We hope the oral evidence sessions went well and we are more than happy to answer any further questions you may have on any aspect of this paper.

Kindest regards



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