



Adam Price

Aelod Cynulliad dros Ddwyrain Caerfyddin a Dinefwr
Assembly Member for Carmarthen East and Dinefwr

**Y Pwyllgor Cydraddoldeb, Llywodraeth Leol a Chymunedau
Equality, Local Government and Communities Committee
ELGC(5)-12-16 Papur 5a / Paper 5a**

Mr John Griffiths AM
Chair – Equality, Local Government & Communities Committee
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Clarence House
Clarence Place
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Our ref: CED/CJH

15th September 2016

Andy Johns

Request for an Inquiry by the Equality, Local Government & Communities Committee

I write to you with regard to the takeover of Tai Cantref Housing Association by Wales and West Housing Association, to kindly ask that you consider the need for an inquiry by the Equality, Local Government and Communities Committee of which, of course, you are the Chair.

A recurrent and salient issue throughout my conversations with Tai Cantref tenants, members of staff and shareholders was the role of the Welsh Government, both as a regulator of Tai Cantref - a Registered Social Landlord (RSL) - and as an effective catalyst to the takeover following the launch of the Welsh Government's statutory inquiry into Tai Cantref.

I sincerely believe that an inquiry would not only allow for scrutiny of the process which led to the takeover, but of equal importance, an inquiry could consider the different housing legislation which exists for local authorities and RSLs, and ensure that RSL tenants are fully and properly consulted in future, noting that this was a repeated concern of tenants throughout the takeover.

As I am sure you are aware, Tai Cantref's situation as a viable RSL deteriorated dramatically in the lead-up to the takeover by Wales and West Housing Association. On the 16th July 2015 at Tai Cantref's Annual General Meeting, the board announced a surplus of funds of £978,000, increasing the total funds available to the company to nearly £6.6 million. However, following the conclusion of the Welsh Government's unprecedented statutory investigation on August 15th, the result of which has never been released publicly, a chain of events were set in motion that meant that by April 2016, Tai Cantref's board accepted the need to merge with Wales and West Housing Association. In several conversations with shareholders, I have been led to believe that Tai Cantref, as a consequence of the statutory investigation which discouraged Tai Cantref's investors, faced insolvency unless the takeover was approved.

This chain of events raises several questions which I believe can only be answered by an appropriate inquiry into the matter. Several issues must be addressed to ensure RSL tenants' security and rights.

These include:

- To investigate how a RSL was allowed to deteriorate into the position that it did, necessitating a review of the financial state of Tai Cantref and its relationship with its lenders;

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- The standards and nature of Welsh Government monitoring of RSLs, including an investigation into why Tai Cantref was allowed to fail Welsh Housing Quality Standards set in 2012 and which will now only be achieved by 2024 following the takeover, four years later than the Welsh Government revised guidelines;
- The justification given by the Welsh Government to launch an unprecedented statutory inquiry into Tai Cantref rather an investigation of another kind. This is of critical importance considering that it was the statutory inquiry that precipitated the financial crisis between Tai Cantref and its lenders, perceived by some shareholders to have all but forced Tai Cantref shareholders to vote in favour of the takeover;
- Review the consultation process held between Tai Cantref and its tenants throughout the takeover process to ensure that Tai Cantref tenants were fully informed about developments, with a view as to what measures could be implemented to further protect RSL tenants to provide enhanced security where such organisations merge. As it my understanding that Section 105 of the Housing Act 1985 remains applicable, an enquiry could assess whether effective consultation with tenants detailed by Section 105 has been fully adhered to;
- To consider whether existing legislation offers the greatest level of security to the provision of social housing and its tenants in Wales, noting that existing legislation prevents Local Authorities and RSLs from merging as RSLs are only able to merge with other similar organisations. This is given particular relevance in this case given the strength of the application put forward by Carmarthenshire County Council which guaranteed no forced redundancies, a continued focus on Welsh language provision and the use of local contractors in Tai Cantref operations.
- An enquiry could further examine whether existing legislation clearly determines the role and responsibility of RSLs to consult with tenants, focusing on whether existing provisions for Local Authority tenants where they are afforded the right to ballot when a Local Authority transfers housing stock to an alternative company should be afforded to RSL tenants.

By investigating these issues the inquiry could also deliver the crucial publication of the findings of the Welsh Government's statutory inquiry into Tai Cantref, which set in motion the takeover between Tai Cantref and Wales and West Housing Association.

Finally, I must draw your attention to the clear conflict of interest which existed during this process.

An individual working for the company which was engaged by the Welsh Government to undertake the statutory inquiry was, during the time of the inquiry, co-opted onto the Board of Wales and West Housing Association. Whilst I do not for one minute suggest any inappropriate behaviour on the part of this individual, to have a Board Member conduct an inquiry into the company it later merged with completely undermines the legitimacy and integrity of the Welsh Government's statutory inquiry into Tai Cantref.

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An inquiry by your committee I believe would deliver the answers that Tai Cantref tenants and shareholders so desperately need, and help ensure that the rights of RSL tenants are fully protected.

An inquiry would deliver answers, transparency and ensure that effective provisions are made for any future mergers. I sincerely hope that you will look upon this case favourably.

Thank you in advance of your consideration. I look forward to hearing from you.

*Yours,
Adam Price*

Adam Price AC/AM

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