

Welsh Language Impact Assessment

April 2017

Welsh Language Impact Assessment

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|---|---|--------------------------|--------------------------|--------------------------|--|
| Title: Regulatory Reform of Registered Social Landlords | WLIA Reference No <i>(completed by WLU): 17/04/01</i> | | | | |
| Name of person completing form: | Martin Davies | | | | |
| Date: | 3 April 2017 | | | | |
| Policy lead: | Ian Walters | | | | |
| Contact details: | HousingRegulation@Wales.gsi.gov.uk Tel: 0300 062 8973 | | | | |
| Programme/Project Type <input type="checkbox"/> Policy <input type="checkbox"/> Project or programme <input type="checkbox"/> Legislation <input type="checkbox"/> Research, evaluation <input type="checkbox"/> Grant <input type="checkbox"/> Services <input type="checkbox"/> Business change <input type="checkbox"/> Contracts, tenders <input type="checkbox"/> Infrastructure <input type="checkbox"/> Construction, Capital <input type="checkbox"/> ICT <input checked="" type="checkbox"/> Other (Please specify below) | | | | | |
| <div style="border: 1px solid black; padding: 5px; min-height: 40px;"> Regulatory Reform of Registered Social Landlords - consultation </div> | | | | | |
| Costs: How much is the projected whole life cost for the programme/project? If below £25k, then a full WLIA is not always required (see guidance). | | | | | |
| Under £25k | £25k - £49k | £50 - £249K | £250K - £1m | Over £1m | |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | |
| Of the above, please provide details if there are any identified costs directly associated with the Welsh language? None | | | | | |
| How long is the programme/project expected to run? | | | | | |
| Up to 1 yr | Up to 2yrs | Up to 5yrs | Up to 10yrs | More than 10 yrs | Unknown |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Any resulting Regulatory Reform will be indefinite |

Key milestone dates for the programme/ project:

Public consultation: 8 May to 3 July 2017

The results of the consultation will feed into the Cabinet Secretary's consideration of legislation on this matter, which would be covered by a separate Welsh Language Impact Assessment.

STAGE 1: PLANNING

What are the aims and objectives of the policy?

What are the desired outcomes/ what constitutes 'success'?

The objective of the regulatory reform of Registered Social Landlords is to remove or amend the relevant regulatory controls (the indicators of Government control) to ensure the Office of National Statistics' decision to classify Registered Social Landlords as public sector bodies for accounting purposes can be reversed in the near future.

On 29 September 2016, the ONS published the outcome of its review of the statistical classification of Registered Social Landlords (RSLs) in Wales, Northern Ireland and Scotland.

As it did for English Housing Associations, the review concluded 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. In Wales, the decision is effective from 24 July 1996.

The main reason for this conclusion is that RSLs are subject to public sector control, mainly through what are known as regulatory powers, set out in the Housing Act 1996.

Reclassification has significant financial implications for the Welsh Government and the RSL sector. As a result of reclassification into the public sector, Public Sector Net Debt and Public Sector Net Borrowing are increased. The increase in Public Sector Net Borrowing will occur as any private sector market borrowings taken out by the newly reclassified public sector RSLs will score as a charge against Welsh Government's capital budget. This means the annual movement in RSLs' private sector debt, which, based on current average, is £200 million per year, would score against the Welsh Government's capital budget.

From April 2018, new Welsh Government powers to borrow to support capital infrastructure projects come into effect. The borrowing is capped at £125m for 2018/19, rising to £150m p.a. from 2019/20 onwards to a maximum of £1bn.

Without reclassification back to private sector organisations, funding for RSLs to build and improve social housing would have to compete with other Welsh Government capital project priorities. The new borrowing, when it is available, is largely already earmarked, thus, because of the overall borrowing limits, it is likely new affordable housing development would be severely restricted, resulting in a highly negative effect on delivering social housing, and in meeting the Welsh Government's target of 20,000 new affordable homes in this administration term.

The removal or amendment of relevant regulatory controls (the indicators of Government control) would ensure the ONS reclassification decision can be reversed in the near future.

This follows a precedent set in England. There, a similar ONS review of English Private Registered Providers (essentially the English equivalent of RSLs) concluded, in the light of the regulatory controls applying (as set out primarily in the Housing and Regeneration Act 2008), PRPs should be reclassified from Private Non-Financial Corporations to Public Non-Financial Corporations.

The UK Government brought forward urgent legislation by means of amendment to the Housing and Planning Bill (now enacted) which enabled the reclassification to be reversed.

The ONS review of the classification of RSLs in Wales focused on an assessment of the regulatory controls (Indicators of Government Control) applying to RSLs, principally set out in the Housing Act 1996, including the provisions inserted by the Housing (Wales) Measure 2011.

The consultation will feed into consideration of legislation to reverse the ONS classification of RSLs so that they are once again classified as private sector organisations. .

What policy options have been considered?

and

What impacts will there be if the policy is *not* implemented?

Legislation was made in England, under similar circumstances, to remove or amend regulatory powers with the aim of ONS reconsidering their decision to reclassify PRPs. Scotland and Northern Ireland intend to introduce legislation to enable a further ONS review of the classification of the equivalent of RSLs in those two countries.

Two options are being considered in Wales:

Option 1 – Do nothing (i.e. Do not introduce regulatory reform)

RSLs fund a significant proportion of housing developments by borrowing funds from the private sector to supplement any public sector funding for development. The Welsh Government has set a target to build 20,000 new affordable homes during the term of this Administration.

The potential impacts of the ONS reclassification are detailed above.

Option 2 - The enactment of legislation to remove or amend the relevant regulatory controls (the indicators of Government control) to ensure the likely Office of National Statistics reclassification decision can be reversed in the near future.

The introduction of legislation to remove or amend the relevant regulatory controls (the indicators of Government control) would ensure the ONS reclassification decision can be reversed in the near future.

Removal of the powers deemed by ONS to demonstrate control will reduce the Welsh Government's regulatory power over the RSL sector in the same way as similar legislation has in England. Measures are being developed to mitigate any significant risks to stakeholders (Tenants, Lenders, Government) as far as possible, introducing a requirement to notify the Welsh Ministers of asset disposals to replace consent requirements, retaining power to remove Directors where there are concerns that they may be operating contrary to legal or regulatory standards and requirements, as well as introducing a new regulatory framework which ensures the Welsh Minister's view (as regulator) of the performance of RSLs is clear and public

Reform of regulatory controls is essential to get to a position where ONS can again review RSL classification decision, returning RSLs to the private sector.

The consultation on Regulatory Reform of RSLs invites comments on the changes and adjustments to central and local government influence over RSLs which are required for a further reclassification review can take place with the aim of reversing the classification decision.

Does the programme demonstrate a clear link with the Welsh Government's strategy for the Welsh language - laith fyw: laith byw?

Yes – the strategy, citing the 2011 Census, indicates that there has been a further decline in the number of communities in Wales where over 70 per cent of the population can speak Welsh – as well as a decline in the number of communities where the majority of the population can speak the language. It identifies that inward and outward migration processes, limited employment opportunities and limited availability of **affordable housing** for local people have had profound effects on the demographic and linguistic profile of many communities.

Regulatory reform measures would support the reversal of this decline this by safeguarding and maintaining social housing supply (and thus affordable housing for local people) in rural and Welsh speaking communities.

What are the impacts/ effects (both positive and/or adverse) on the Welsh language you have identified at the initial planning stage

i.e. Welsh speakers, Welsh language communities, Welsh medium education, Welsh learners, services available in Welsh?

It is anticipated that by taking measures which safeguard and maintain the supply of social housing, including in Welsh speaking areas, the proposals would help to address the limited availability of affordable housing for local people and thus prevent outward migration of Welsh speakers. This would, in turn, help to protect the linguistic integrity and sustainability of those communities. This is in line with the Welsh Government proposals for growing the number of Welsh speakers to one million by 2050 as set out in its strategy for the Welsh Language.

Technical Advice Note (TAN20) on Planning and the Welsh Language (2013) estimates that 1,200 – 2,200 fluent Welsh speakers are moving out of Wales each year. The need to maintain thriving communities that provide enough economic and cultural appeal for local people to remain in those areas is vital – and especially so in rural communities. RSLs play a vital role in this respect, in particular as they prioritise housing for local people registered on their Common Housing Registers.

RSLs, as providers of social housing, will also soon be under new Welsh language duties when dealing with their Welsh speaking tenants and the wider public. The Welsh language (Wales) Measure 2011 gave way to a new system for regulating the use of Welsh within the public and private sector. Gradually, a new Welsh language standards system is replacing the outdated Welsh language schemes, bringing with it a more robust, consistent and clear method of regulating Welsh language services available to the public. It is the Welsh Ministers' duty to make standards regulations that are applicable to the sector and regulations for providers of social housing are currently being drafted. Along with the Welsh Ministers' aim to provide more affordable housing, Welsh language standards will ensure that the rights of Welsh speakers in communities earmarked for planning are considered. Together, both policies ensure that communities across Wales can thrive – economically, socially and linguistically.

Who are the stakeholders? Are the needs of Welsh speakers and learners addressed? To what extent are Welsh language interest groups likely to respond positively to the proposals?

The stakeholders affected directly by these proposals are principally registered social landlords, their tenants and prospective tenants, who are affected indirectly.

Welsh language interest groups are likely to respond positively to the provisions of the Bill. If enacted it will safeguard and maintain social housing supply in rural and Welsh speaking communities and has the potential to impact positively in a number of ways by helping to increase:

- Sustainability of Welsh speaking communities:
- Transfer of Welsh within households/across generations
- Flow of Welsh speakers to and from traditional Welsh speaking strongholds
- Net effect of the number and percentage of Welsh speakers in a region/ or nationally
- Promotion, standing, and status of the Welsh language in everyday life.

If RSLs are not reclassified as private sector organisations and are faced with the need to compete with other Welsh Government capital project priorities, The Welsh Government's target of creating 20,000 new affordable housing would be at risk. Having an inadequate supply of housing stock in rural communities, often first language Welsh speaking communities, could have a detrimental effect on the future sustainability of the language. The pupil intake in Welsh medium schools could be affected; Welsh language community activities could begin to decline and the provision of local services delivered in Welsh could become unachievable. These unintended consequences, if the above policy does not proceed, could result in a significant shift in the linguistic nature of what would previously have been traditional Welsh speaking communities.

Where an assessment was not completed, or no impacts were identified, please provide a full account for record keeping purposes?
(This could be used in the Welsh Language Tribunal in future)

Regulatory reform is being considered in response to the ONS classification of RSLs as public sector organisations in September 2016. Without regulatory reform, it is very likely that the Welsh Government's commitment to build 20,000 affordable new homes will be threatened. The objective is to safeguard and maintain the supply of affordable homes.

This consultation will allow stakeholders to express their views on the regulatory reform measures needed. A formal Welsh Language assessment would be completed prior to introduction of any legislation.

At this initial stage, no negative impacts have been identified. Potentially, as outlined above, there are a number of positive impacts for Welsh speaking communities. Regulatory reform sets out to safeguard and maintain the supply of social housing in all areas of Wales. This will apply equally to Welsh speaking communities where it would have the added positive impact of helping to prevent the outward migration of Welsh speakers, helping to improve the sustainability of the community and helping to promote the standing and status of the Welsh language in everyday life.

What actions/ further work has been identified at the initial planning stage?

e.g. data requirements, need for peer review, external engagement with Welsh speaking groups, identify stakeholders or consultation list, need to contact Welsh Language Unit for advice)?

No further action has been identified at the initial, planning stage. As described in detail above, the regulatory reform is anticipated to impact positively on Welsh Speaking communities and no adverse impacts have been identified.

STAGE 2: IDENTIFYING AND ASSESSING IMPACTS

Impact Assessment Summary

Summarise the detailed impact assessment carried out together with the scores assigned.

Positive effects/ impacts:

The proposals to introduce regulatory reform would support the Welsh Government's strategy for the Welsh language by safeguarding and maintaining social housing supply (and thus affordable housing for local people) in rural and Welsh speaking communities, helping to increase:

- Sustainability of Welsh speaking communities:
- Transfer of Welsh within households/across generations
- Flow of Welsh speakers to and from traditional Welsh speaking strongholds
- Net effect of the number and percentage of Welsh speakers in a region/ or nationally
- Promotion, standing, and status of the Welsh language in everyday life.

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|---|--|--------------------|--|---|--------------------------|---|--------------------------|-------------------------------|--------------------------|
| Adverse effects/ impacts: | | | | | | | | | |
| No adverse impacts have been identified. | | | | | | | | | |
| Opportunities to promote the Welsh language e.g. status, use of Welsh language services, use of Welsh in everyday life, Welsh at work increased? | | | | | | | | | |
| <p>The proposals to introduce regulatory reform would help to promote the use of Welsh in everyday life by helping to increase:</p> <ul style="list-style-type: none"> • Sustainability of Welsh speaking communities: • Transfer of Welsh within households/across generations • Flow of Welsh speakers to and from traditional Welsh speaking strongholds • Net effect of the number and percentage of Welsh speakers in a region/ or nationally • Promotion, standing, and status of the Welsh language in everyday life. | | | | | | | | | |
| Evidence/ data used including demographic profile when considering the effects/ impacts: | | | | | | | | | |
| <ul style="list-style-type: none"> • Technical Advice Note (TAN) 20: Planning and the Welsh Language (2013) • A living language: a language for living - Welsh language strategy 2012 to 2017 • Discussion with Welsh Language Legislation Branch | | | | | | | | | |
| What is the overall anticipated likely impact on the Welsh language if this policy is taken forward based on the impact assessment/ risk assessment? | Positive: <input checked="" type="checkbox"/> X Adverse: <input type="checkbox"/> Neutral: <input type="checkbox"/> Unknown: <input type="checkbox"/> | | | | | | | | |
| Decision following IA | <table border="1"> <tr> <td>1. No major change</td> <td><input checked="" type="checkbox"/> X</td> </tr> <tr> <td>2. Adjust the policy to improve impacts</td> <td><input type="checkbox"/></td> </tr> <tr> <td>3. Continue the policy with mitigation measures</td> <td><input type="checkbox"/></td> </tr> <tr> <td>4. Stop and remove the policy</td> <td><input type="checkbox"/></td> </tr> </table> | 1. No major change | <input checked="" type="checkbox"/> X | 2. Adjust the policy to improve impacts | <input type="checkbox"/> | 3. Continue the policy with mitigation measures | <input type="checkbox"/> | 4. Stop and remove the policy | <input type="checkbox"/> |
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| 2. Adjust the policy to improve impacts | <input type="checkbox"/> | | | | | | | | |
| 3. Continue the policy with mitigation measures | <input type="checkbox"/> | | | | | | | | |
| 4. Stop and remove the policy | <input type="checkbox"/> | | | | | | | | |
| If answered 2,3, or 4 above – then answer the following: | | | | | | | | | |
| How will you address these impacts in order to improve the outcomes for the Welsh language? Details of mitigation measures/ action points/ alternative options to reduce adverse impacts and increase positive outcomes: | | | | | | | | | |
| If engaging or consulting, what are your plans? What questions do you wish to ask stakeholders about the Welsh Language Impact Assessment and Welsh language related issues? | | | | | | | | | |
| The consultation invites stakeholders to express views on the proposals for regulatory reform of RSLs. This Welsh Language Impact Assessment will be published alongside the consultation document and stakeholders will be able to provide comments on it if they wish. | | | | | | | | | |

STAGE 3: POST CONSULTATION AND PREPARING FOR PUBLICATION, MONITORING AND EVALUATION

Following consultation, what changes have you made to address any Welsh language issues that were raised?

How will you monitor the ongoing effects during the implementation of the policy?

Please outline how you will continue to capture effects/ impacts in future monitoring and evaluation?

Any other comments – ongoing results of evaluations, emerging impacts

4. Declaration

Policy lead:

**Please delete as appropriate:*

The policy **does / ~~does not~~* have an impact upon the Welsh language. Where there were identified adverse impacts or missed opportunities, the appropriate amendments and actions have been put in place.

Name:

Ian Walters

Department:

Housing and Regeneration

Date (s):

4 April 2017

Signature:

Planned Review Dates:

This Welsh language impact assessment will be reviewed:

- Following the consultation on the regulatory reform required to allow RSLs to be classified back into the private sector
- In the light of the findings of the current Public Accounts Committee inquiry into the regulation of housing associations

SRO ENDORSEMENT and REVIEW

I am satisfied that the WLIA is an accurate reflection of the programme/project at this stage of development. By signing, I am able to confirm that the Welsh Language Standards have been given the appropriate attention. I will re-assess the programme/project at key stages throughout the life of the programme/ project, including policy reviews.

| | | | |
|--------|--|-------------|----------|
| Signed | Ian Williams (Senior Responsible Owner) | Date | 12/04/17 |
| Signed | (Senior Responsible Owner) | Review Date | |
| Signed | (Senior Responsible Owner) | Review Date | |
| Signed | (Senior Responsible Owner) | Review Date | |