



Llywodraeth Cymru  
Welsh Government

## GUIDANCE

# Removing a registered social landlord (RSL) from the register: guidance

What RSLs must do if they request to be removed from the register.

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## Summary

The criteria for a voluntary removal from the Welsh Government's register of

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social landlords, under section 4(4) of the Housing Act 1996, are established by the Welsh Ministers under section 5(2) of the Housing Act 1996 and are published by the Welsh Ministers under section 5(4) of the Housing Act 1996.

Effective Date: February 2022

Enquires relating to this document should be directed to your Regulation Manager via the Regulation mailbox [housingregulation@gov.wales](mailto:housingregulation@gov.wales).

## Definitions

“1996 Act” means the Housing Act 1996.

“Grant” means any housing related grant received by the applicant from the Welsh Government or predecessor bodies (for example Social Housing Grant).

“Regulator” means the Welsh Ministers and any references in this document to “we” or “our” are references to the Regulator.

“Registered Social Landlord” or “RSL” means a body registered with the Welsh Ministers under Part 1 of the 1996 Act.

## Purpose

This document sets out the criteria which RSLs must meet, and the information they must provide to the Regulator, when seeking removal from the Welsh Government’s register of social landlords pursuant to section 4(4) of the 1996 Act. This document does not cover removal from the register of social landlords by the Regulator under section 4(2) of the 1996 Act.

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# Regulatory oversight

As well as providing any information detailed in this document, when applying for de-registration the RSL may be required to set out a Regulatory Assurance Plan to provide the Regulator with specific assurance it is considering the criteria in reaching its decision to apply to de-register. In addition, the Regulator may seek to attend board and other meetings convened by the RSL to consider key elements of the proposal.

## Scope

The criteria applies to all RSLs and RSL Groups in Wales.

## Legal basis

Section 4 of the 1996 Act sets out the powers of the Regulator in relation to removing a body from the register of social landlords. Under section 4(4) of the 1996 Act, an RSL may request to be removed from the register of social landlords.

Under section 5(2) of the 1996 Act, the criteria that should be satisfied where an RSL seeks to be removed from the register of social landlords are established by (and may from time to time be varied by) the Regulator and, in deciding whether to remove a body from the register, the Regulator shall have regard to whether the criteria are met.

Section 5(3) of the 1996 Act requires the Regulator to consult such bodies representative of registered social landlords and such bodies representative of local authorities as the Regulator thinks fit before it establishes or varies any criteria under section 5(2) of the 1996 Act.

Under section 5(4) of the 1996 Act, the Regulator shall publish the criteria for

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removal from the register in such a manner as the Regulator considers appropriate for bringing the criteria to the notice of bodies representative of RSLs and bodies representative of local authorities.

Under section 6 of the 1996 Act a body who is aggrieved by a decision of the Regulator to remove or not to remove it from the register of social landlords may appeal against the decision to the High Court.

## Criteria for the removal of an RSL from the register of social landlords

The criteria for removal established by the Regulator under section 5(2) of the 1996 Act are:

- satisfactory arrangements are in place to ensure the continued protection of tenants
- satisfactory arrangements are in place to protect public investment, including grants previously provided by the Welsh Government.

These criteria apply where an RSL applies to be removed from register of social landlords pursuant to section 4(4) of the 1996 Act. They do not apply to a removal from the register of social landlords by the Regulator under section 4(2) of the 1996 Act.

## Further information

An RSL may decide that it no longer wishes to continue as an RSL. In these circumstances, if an application made by the RSL pursuant to section 4(4) of the 1996 Act is approved, it can de-register and will no longer be an RSL in Wales. The de-registered body may choose to continue as a private sector landlord (in the event of the RSL winding up or becoming insolvent, the RSL must note the specific requirements of the 1996 Act (sections 39-50)) or become some other

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form of legal entity.

Each request will be assessed against the criteria set out regardless of the reason that a request is made. RSLs will need to obtain their own legal advice to ensure compliance with the requirements of the criteria and, where relevant, other regulators' guidance.

## **Assessment of application**

The grounds on which an RSL can apply for de-registration and the information an applicant RSL will need to provide for its application to be considered are detailed below.

### **No longer a provider of social housing**

If an RSL is applying for de-registration on the grounds that it is no longer a provider of social housing in Wales but is retaining assets, the applicant RSL must provide evidence that the housing it provides is no longer social housing.

### **De-registration criteria - Satisfactory arrangements are in place to ensure the continued protection of tenants**

The RSL will be required to demonstrate ongoing financial viability. We will not de-register a RSL which is unable to demonstrate this to our satisfaction. This requirement seeks to reduce the likelihood that the de-registered RSL will face insolvency and the associated risks to tenants' interests and publicly funded assets.

An applicant RSL will need to provide, as a minimum, the information set out below to demonstrate satisfactory arrangements are in place to ensure the continued protection of tenants:

An explanation of their reasons for applying to de-register.

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- a copy of the latest audited statutory accounts, which should be less than 12 months old
- a detailed cash flow projection for at least 12 months (the Regulator may require longer term projections but will discuss this with the applicant RSL)
- an asset management plan which confirms that likely repair and maintenance costs can be met
- confirmation of any future development plans and how they will be funded
- confirmation that services to tenants will be maintained at least at current levels
- confirmation of future regulatory arrangements (Charity Commission, Care Inspectorate Wales (CIW) etc.)
- evidence of robust consultation with tenants and responses to address any concerns
- confirmation of any outstanding loans and that lenders/funders consent to de-registration
- confirmation they have consulted with the relevant local authority prior to making the application with details of the response.

N.B. Further information is required in addition to the list above. A definitive list is included at [Annex 1](#).

Up to date statutory accounts and cash flow projections will need to provide assurance the applicant RSL is financially viable and, if appropriate, how the organisation will continue to be financially viable following de-registration. The projections should demonstrate that the applicant RSL has the resources to maintain the housing stock in the future, including any capital funding requirements. Services to tenants are clearly very important and we expect an applicant RSL to demonstrate that service levels will not deteriorate following de-registration.

An applicant for de-registration must consult tenants about its proposal to de-register. This consultation should adhere to the principles and values set out in [The Right Stuff - Hearing the Tenants' Voice](#).

We will need to be satisfied that the consultation process which has taken place is appropriate to the size and the nature of the applicant RSL. We would normally expect the majority of tenants to be content with the proposal and will

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require details of how any concerns raised have been responded to.

Tenants must be informed about any change in their tenancy that may occur on de-registration. An applicant RSL must ensure that appropriate advice has been made available to tenants on the advantages and dis-advantages of de-registration, if requested to ensure tenants understand any changes to their tenancies and statutory rights that may result from de-registration. This advice must be provided at the RSLs cost.

We will consider the level and nature of the RSL's response to the consultation, and any action the RSL proposes to take to address tenants' concerns. Where applicable, the information provided must clearly explain any loss of statutory rights due to de-registration. The RSL must inform tenants whether it will be replacing these by contractual rights on similar terms. We will need to be satisfied that tenants whose tenancies are affected have agreed to the change(s) in their tenancy status. Tenants should also be made aware that de-registration means that the de-registered body will no longer be regulated by the social housing Regulator and be advised of what that means in practice.

In addition to the above, whilst an application is being considered, an applicant RSL must continue to comply with all relevant statutory requirements, including any requirements to notify the Regulator of certain events that occur and the RSL must provide all supporting information to the Regulator under the relevant statutory requirements.

An applicant RSL will normally be expected to have repaid all loans (from private or public sector bodies) in full or to have obtained the agreement of the lenders/funders to de-registration. This is necessary to ensure any loan conditions are met and that the change in status does not breach any loan covenants as the lender/funder may have made the loans on the understanding that the body was an RSL.

We will be unlikely to approve an application for de-registration if:

- The applicant RSL has a regulatory judgement which is not compliant green for governance (including tenant services) and financial viability.
- An applicant RSL has development plans unless they are very small scale



self-financed projects.

We will consult the local authorities in the areas where the applicant RSL works, pursuant to the requirements in section 4(5) of the 1996 Act, and will take account of their views. We may also consult other bodies including social services, health boards and CIW for example.

If any local authority or other authority or group is consulted and raises concerns, we will discuss the issues with the RSL and will offer the applicant RSL the opportunity to set out any mitigations proposed to the concerns raised.

## **De-registration criteria - Satisfactory arrangements are in place to protect public investment, including grants previously provided by the Welsh Government.**

The Regulator's aim is to retain social housing where it can and to protect any public investment made to provide that housing.

We would not normally de-register any RSL where more than £500k of public subsidy has been provided to the applicant RSL for the development of homes which are still in its ownership. Public subsidy includes all capital grants from the Welsh Government, local authorities or their predecessor bodies as well any land provided by the public sector at a discount from open market sales value.

The expectation is that any grant would be repayable on de-registration in accordance with any grant terms and conditions. It may be possible to consider whether other arrangements can be put in place, such as deferring grant repayment, subject to an appropriate legal charge and/or restriction being placed on the property(ies) in question (see below).

An applicant RSL will need to provide, as a minimum, the information set out below to demonstrate satisfactory arrangements are in place to ensure the continued protection of public investment:

- a schedule of the total amount of capital grant or public funding provided to develop, buy or repair homes which are still in the ownership of the applicant

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## RSL

- a schedule of any land provided by the public sector at less than market value
- if the RSL is not able to repay any grant, it must set out, in full, the reasons why this is the case. Valid reasons might include ongoing viability issues or an impact on the future well-being of tenants/residents.

In the event of an agreement by the Welsh Government to defer any grant repayment, the applicant RSL will be responsible for evidencing the property(ies) is/are registered with the land registry and that an appropriate legal charge and/or restriction, in favour of the Welsh Government, is/are in place prior to de-registration being confirmed. Applicant RSLs should ensure they are fully aware of the implications of the legal charge and/or restriction before proceeding.

When grant provided to a de-registering RSL is returned to the Welsh Government, the funding will be recycled back to the local authority in which the housing in question is situated via the Social Housing Grant (SHG) Programme Delivery Plan (PDP).

## How to apply

Applications for de-registration and supporting documentation (see [Annex 1](#)) should be scanned in as PDFs and emailed to [housingregulation@gov.wales](mailto:housingregulation@gov.wales). Hard copy applications will not be accepted.

If de-registration is approved, the Regulator will write to the RSL to confirm that the request has been approved. The Regulator will also write (where applicable) to the Charity Commission, the Financial Conduct Authority's Mutual Register, Companies House, and any Local Authority in whose area the de-registered body operates, to advise them of the Regulator's action.

If a request is refused, we will contact the RSL to explain the reasons for its decision. If appropriate, we will work with the RSL to address any issues identified.

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# Annex 1: checklist

- An explanation of the reasons for applying to de-register
- A copy of the latest audited statutory accounts, which should be less than 12 months old
- A detailed cash flow projection for at least 12 months (the Regulator may require projections further into the future but will discuss this with the applicant RSL)
- An asset management plan which confirms that any likely repair and maintenance costs can be met
- Confirmation of any future development plans and how they will be funded
- Confirmation that services to tenants will be maintained at least at current levels
- Confirmation of future regulatory arrangements (Charity Commission, Care Inspectorate Wales (CIW) etc.)
- Confirmation of consultation with the relevant local authority prior to making the application along with the response
- Evidence of robust consultation with tenants and responses to address any concerns
- Confirmation of any outstanding loans and that lenders/funders consent to de-registration
- A schedule of the total amount of capital grant or public funding provided to develop, buy or repair homes which are still in the ownership of the applicant RSL
- A schedule of any land provided by the public sector at less than market value
- If the RSL is not able to repay any grant, it must set out, in full, the reasons why this is the case. Valid reasons might include ongoing viability issues or an impact on the future well-being of tenants/residents
- Details on the disposal of assets in the event of the RSL being wound up. Note there are specific requirements in respect of “winding up” procedures set out in the 1996 Act
- Confirmation that all statutory health & safety obligations are complied with
- Confirmation of the RSL’s status as a Charity/Community Benefit Society/Company with Charitable Rules or other status. Cancellation of

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## Surety

- Signed Board Minutes and any necessary shareholder approval for the application for de-registration

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