



Llywodraeth Cymru
Welsh Government

GUIDANCE, DOCUMENT

Registered Social Landlords group structures: RSL 01/24

Guidance for housing associations on mergers, group structures and partnerships.

First published: 12 February 2024

Last updated: 12 February 2024

This document was downloaded from GOV.WALES and may not be the latest version.

Go to <https://www.gov.wales/registered-social-landlords-group-structures-rsl-0124-html> for the latest version.

Get [information on copyright](#).

Purpose

This statutory guidance, which replaces Circular RSL 05/08, is issued under section 33B(1) of the Housing Act 1996 sets clear principles for housing associations seeking mergers, group structures and partnerships¹. It relates to:

- Registered Social Landlords (RSLs) group structures, whether they are the group parent or a subsidiary; and
- RSLs considering creating or joining a group structure.

This guidance relates to and amplifies the expectations on governance in relation to mergers, group structures and partnerships as set out in Regulatory Standard 1 – *The organisation has effective strategic leadership and governance arrangements which enable it to achieve its purpose and objectives.*

Policy Objectives are to

- Protect tenants and service users.
- Protect public investment in social housing.
- Protect the reputation of the sector and maintain the confidence of lenders and funders.
- Ensure the core business of RSLs in Wales remains the provision of social housing for rent.
- Ensure that surpluses generated by RSLs are used only to support their permitted objects/other housing related social purposes.
- Allow RSLs to structure their operations effectively to achieve their objectives and ensuring any risks from operating in a group structure are effectively managed.

These are the **Regulatory Principles** RSLs are expected to observe when assessing group structures.

This document was downloaded from GOV.WALES and may not be the latest version.

Go to <https://www.gov.wales/registered-social-landlords-group-structures-rsl-0124-html> for the latest version.

Get [information on copyright](#).

- An RSL that is part of a group either as parent or subsidiary, must ensure they comply with the 'Regulatory Standards' set out in **The Regulatory Framework for Housing Associations Registered in Wales**.
- An RSL must advise the Regulator promptly when it plans to set up or participate in a group structure or set up a new unregistered subsidiary and must take legal or other professional advice as appropriate which must be shared with the regulator on request.
- The parent of any group structure must be a Welsh RSL.
- Parent RSLs must be able to demonstrate that they are in control of their subsidiaries, be able to evidence good governance and maintain appropriate oversight, whether they are registered or not. Oversight could include board representation, reports from the subsidiary to the parent, auditing of the subsidiary and ensuring the subsidiary has appropriate policies & procedures in place.
- Parent RSLs must clearly define the remit of the subsidiary's powers / functions and which decisions and actions require approval from the parent RSL. Tenants must be safe, services must be high quality and homes must be well managed.
- The reputation of the sector must be protected to maintain the confidence of lenders and funders.
- Group structure proposals should be communicated clearly to tenants and their views taken into account in decision-making.
- The core business of RSLs in Wales must remain the provision of social housing for rent.
- Funding provided to support RSL objectives and surpluses generated by RSLs are used only to support their permitted objectives/other housing related social purposes.
- Social housing stock should not be used as direct security to fund activities which would not support the delivery of the housing associations social/ core purpose.
- Operations must be structured to achieve the stated objectives effectively.
- Groups must regularly review the effectiveness of governance and control

This document was downloaded from GOV.WALES and may not be the latest version.

Go to <https://www.gov.wales/registered-social-landlords-group-structures-rsl-0124-html> for the latest version.

Get [information on copyright](#).

arrangements and ensure they comply with statutory and regulatory requirements and reflect current best practice.

- Any risks to the RSL, to tenants' and other stakeholders' interests from operating within a group structure must be effectively managed/mitigated.
- Annual accounts must make clear group structures and ensure that all relationships and transactions, including funding, between group members are described in individual and group financial statements as set out in **Registered social landlords: accounting requirements general determination (Wales) 2015**.
- All group structures must comply with applicable company and charity law.
- An RSL considering setting up a group structure or an RSL considering joining a group structure must ensure that the proposed structure:
 - is consistent with, and contributes to, the RSL's purpose and objectives.
 - allows the RSL to meet all regulatory requirements.
 - is in the best interests of its tenants and service users.
 - is sustainable financially.

¹partnerships for the purposes of this guidance are limited to formal partnerships which may have financial implications for the RSL, if you are unsure whether the guidance applies contact the Regulator for clarification.

This document may not be fully accessible.

For more information refer to our [accessibility statement](#).

This document was downloaded from GOV.WALES and may not be the latest version.

Go to <https://www.gov.wales/registered-social-landlords-group-structures-rsl-0124-html> for the latest version.

Get [information on copyright](#).