
Senedd Cymru	Welsh Parliament
Y Pwyllgor Cyfrifon Cyhoeddus a Gweinyddiaeth Gyhoeddus	Public Accounts and Public Administration Committee
Y Memorandwm Cydsyniad Deddfwriaethol ar y Bil Caffael	Legislative Consent Memorandum on the Procurement Bill
Ymateb gan Gartrefi Cymunedol Cymru	Evidence from Community Housing Cymru

Public Accounts and Public Administration Committee consultation - Welsh Government Legislative Consent Memorandum on the UK Procurement Bill

About CHC and HAs

Community Housing Cymru (CHC) is the voice of housing associations in Wales. We represent and support 36 housing associations. Our members provide almost 165,000 homes to 10% of the Welsh population and contribute significantly to the Welsh foundational economy.

For the purposes of this briefing, housing associations are referred to as Registered Social Landlords (RSLs).

Clarification on exemption of RSLs from the UK Procurement Bill

This response builds upon our submission to the Welsh Government consultation on the Social Partnerships and Procurement (Wales) Bill in summer 2022.

We note the proposed benefits of the UK Procurement Bill are to apply a consistent procurement regime to all public sector bodies in England, Wales and Northern Ireland.

CHC noted the exemption of RSLs from the Social Partnerships and Procurement (Wales) Bill. The relevant text within the explanatory memorandum to the Bill as introduced reads: '*Bodies subject to the Socially Responsible Public Procurement Duties do not include HE and FE institutions or Registered Social Landlords.*' However we understand that RSLs will be considered a contracting authority under the UK legislation.

The divergence in approach risks confusion which could create additional cost and administrative burden on RSLs. It is as yet unclear what the Welsh procurement statement will require RSLs to have due regard to and therefore it

is difficult to anticipate the additional costs and requirements of RSLs who often have a small procurement function or no dedicated procurement staff at all.

We note that the Procurement Bill considers RSLs to be contracting bodies for the purpose of the bill. It would be helpful to understand the rationale for this given that RSLs are not classified as public bodies. We would like assurance that the inclusion of RSLs in this manner does not jeopardise their position as non-public bodies by extending control from the state over RSLs. The reclassification of Welsh RSLs by the ONS in 2016 presented significant risks for the sector and, if it had not subsequently been reversed, would have required the transfer of debt onto the public balance sheet and the limitation of borrowing powers by RSLs. The work of the Welsh and UK Government to reduce the degree of national and local government control of housing associations has mitigated this risk and RSLs were reclassified back into the private sector in 2018. We are keen to ensure that there are no unintended consequences from this legislation and the associated requirements on the operations and purchasing decisions of RSLs. RSLs in Wales currently have access to up to £4bn of borrowing facilities which they use to invest in homes and communities in Wales, thereby making every pound of public investment go further and it is crucial to their business model that they remain outside of the public sector.

RSLs operate on a basis of delivering maximum value for money to tenants and wider communities. Therefore, RSLs largely agree with the principles and objectives of the Bill. Welsh RSLs are committed to building the foundational economy in the areas they operate and they routinely incorporate community benefits into their tendering processes. CHC, on behalf of RSLs, are currently working with the Welsh government to better understand the UK and Welsh legislation so that they are able to operate within its spirit.