



Llywodraeth Cymru
Welsh Government

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Regulatory Board for Wales meeting: 27 June 2016

Briefing note of the meeting held 27 June 2016.

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In attendance

- Helen White (Chair) HW
- Bob Smith BS
- Ron Dougan RD
- Claire Russell-Griffiths CRG
- David Roberts DR
- Gayna Jones GJ
- Doug Elliott DE
- Ceri Victory-Rowe CVR
- Ian Williams IW
- Carol Kay CK
- Sarah Laing-Gibbens SLG
- Maria Round (minutes) MR
- John Howells (in part) JH
- Keith Edwards (in part) KE
- Mike Wiseman (in part) MW
- Julian Ashby (in part) JA

Apologies

- Julie Woollard JW
- Catrin Williams CW

Item 1: Introduction

1. HW opened the meeting, welcomed everyone and led on introductions. Minutes of the last meeting on 13 April 2016 were agreed as a true record. There were no matters arising.

Action

CW to post Board meeting minutes to the Welsh Government website.

Agenda item 2: Tenant Advisory Panel (TAP) and Review

2. MW, Interim Chair of TAP, delivered a presentation to inform the Board of the TAP's progress and work to date. This included details of the 5 current members, projects undertaken to map Housing Associations' communication with tenants and Tenant Scrutiny, as well as TAP's focus to ensure tenants are at the heart of regulation. TAP's aspirations were also highlighted; to provide tenants in Wales with a stronger voice and for TAP's future work to add meaningful value to regulation and the Board's role, with the support of partner organisations.

2.1 Independent Consultant KE followed by presenting the results of his work so far on the Review of TAP. A small sample of key stakeholders have been interviewed, including the TAP themselves and representatives from the Board, Welsh Government, TPAS Cymru, Welsh Tenants and Community Housing Cymru. The views gathered were summarised to indicate some critical findings; that TAP is not widely recognised and there is a degree of indifference amongst tenants towards TAP, but that the members are committed, knowledgeable and have some real opportunities moving forward.

2.2 Recommendations coming out of the review included TAP's need to have more recognition at senior levels within the sector, for its work to better reflect the views of tenants and for TAP to have a clear 'ask' from partners as well as an 'offer' to tenants.

2.3 The Board were pleased to see the review being carried out and hopeful that TAP could work collaboratively with all the partner organisations to refocus and make positive progress. The need to get the TAP and RAG better connected was identified as an aspiration by the Board.

Action

KE and MW to attend the next RAG meeting to present the TAP review findings and discuss its forward direction – CW to put on agenda.

2.4 The Board were keen to offer their endorsement and support to TAP, recognising the need to develop a link with and role for TAP to add value to the Board's work, such as their involvement in the upcoming value for money (VFM) thematic study.

2.5 It was recognised that there are challenges for the TAP and that they need to decide upon their priorities, such as revising their terms of reference and recruitment. It was suggested that they develop clear actions and report back to the next meeting.

Action

KE and MW to present TAP's action plan and formal 'offer' at the Board's next meeting – CW to put on agenda.

Agenda item 3: RAG feedback/update

3. GJ summarised the key issues discussed at RAG at their most recent meeting, which was also attended by BS.

3.1 The regulation team's proposed staff restructure was presented to RAG by CK. The need for further reassurance regarding cover of the finance regulation work was raised and it was agreed for discussion again at a future meeting.

3.2 RAG discussed new and emerging sector risks, including the rent setting standard.

Action

CW to ensure the Social Housing Rent Standard is put on the agenda for a future Board meeting.

3.3 CK advised RAG of the regulation team's work with Tai Pawb, developing an equality & diversity framework which is currently being piloted with an RSL. This aims to increase RSLs' focus on equalities and encourage their action to improve in this area where needed, whilst providing independent regulatory assurance to the regulation team. This could also be linked to the role of the future tenant support organisation, moving forward.

3.4 BS encouraged the other Board members to also attend RAG when they are able, as a good way of gaining views from sector representatives.

Action

CW to circulate future RAG meeting dates to the Board.

3.5 Self evaluation was discussed and it was noted that, whilst delivery outcomes are not the obstacle to quality self evaluation, their meaning and relevance to RSLs needs to be improved. A representative from the CEO Network, Duncan Forbes (DF) is working with CHC on the delivery outcomes; the results are expected by the end of July.

Action

DF to present reviewed delivery outcomes to the Board, RAG and TAP when reviewed – CW to put on agenda.

Agenda item 4: Ratings Framework – RAG and TAP feedback

4. GJ highlighted feedback from RAG regarding the proposed ratings framework; that informal consultation with the sector would be favoured first, regarding the principles involved, before more formal consultation.

4.1 MW summarised feedback from TAP members; that the proposed gradings were considered to be positive and that the suggested 'T' grading was changed to 'S' to better reflect its meaning of services.

4.2 Board members debated the potential value and impacts of the proposed ratings framework. After much discussion it was agreed that a 'green paper' approach would be developed; whereby the sector, Boards, Chairs and other stakeholders would be informally consulted over a 3 month period at upcoming events. The Board to attend these where possible with the regulation team and feedback to be minuted, then fed back to Board. A trial or pilot of the ratings would be considered again at a later stage, but the immediate priority was agreed as discussing this with the sector and stakeholders to explain the rationale behind it and seek their views.

Action

CW to gather and circulate dates of possible informal networks/events that

Board could attend to seek the views of the sector and key stakeholders.

4.3 It was noted that the Chairs' network was being held imminently and that a letter from HW needed to go to Chairs, to explain the ratings framework and informal consultation.

Action

IW to draft a letter to be sent out to Chairs on behalf of HW (via CHC).

4.4 Currently no representative from Boards or the Chairs' network is represented on RAG and there is a real appetite for Chairs to engage more with the regulation team. The Board noted this as an issue to be addressed.

Action

IW to invite a Chair's network representative to sit on RAG.

(At this point, KE and MW left the meeting.)

Agenda item 5: Regulatory Opinions and Complex Cases

5. The Board were given a flavour of current complex cases and progress being made.

5.1 The lessons learned from such cases were again discussed and how best to share these with the sector and key stakeholders. The Board were informed that a member of the regulation team is trialling an approach to gathering the lessons

learned with one such case at present. This may also be shared at CIH's the Big Question conference in October, jointly by the regulation team and the RSL concerned.

Action

CK/SLG to share any lessons learned documents re: particular complex cases with the Board when available, including work on 'warning signs', to enable their learning from such – CW to circulate

5.2 It was also suggested that the Board could hold ad hoc 1 hour telecon meetings, in between main Board meetings, to learn from complex cases.

5.3 The Board also expressed the wish to learn about good practice/shared learning from the sector in Wales. This could be in the form of hearing from RSLs' good work if the Board were to hold future meetings in various RSL offices around Wales.

Action

CW to ensure good practice/shared learning gets put on future Board agendas, to include the next Board meeting being arranged at an RSL's offices.

Agenda item 6: VFM project update

6. CK provided an update on the VFM project to date.

6.1 The steering group is working well and the project is taking shape. It is currently looking at VFM measures and the CHC Finance Forum is working on

developing these, building on the figures in the global accounts. The regulation team is gathering relevant tenant satisfaction data (by mid-July) for comparative analysis.

6.2 The next stage will be to decide how to incorporate the other aspects of the VFM study; the tenant perspective as well as the 'added value' element (the extra community benefit things that RSLs do). This is being a key element of the desk top review being undertaken by two researchers from Cardiff Metropolitan University.

6.3 CHC is working with Housemark to produce their own report, which they are using to engage with the sector. A reading group has been set up as part of this. This report is due for completion in September and will be complementary to the Board's study on VFM. Welsh Tenants has sought tenants' views for CHC, on what is important to tenants regarding VFM. They have produced a report which has been shared with the regulation team and with the researchers.

6.4 The Board confirmed the aim of the VFM project; to raise the level of debate, inform the sector and to drive improvements. The sector is closely involved in the development of the study. The outcomes will include benchmarks and an anonymised scatter gram of practice, giving an opportunity for RSLs to consider the reasons for their relative position. The Board questioned what RSLs' incentive will be to improve their position. The study will provide a clear picture of current VFM practice but it may produce more questions than answers. The Board suggested that the HCA could provide examples of English RSLs who are doing well in relation to VFM practice.

Action

CK to seek from HCA examples of good practice in VFM from England.

6.5 The Board expressed the wish to keep informed of progress with the VFM

study moving forward. It would be helpful if more substance could be included in the minutes to assist in the Board's understanding of context.

Action

CK to ensure the Board is copied in to the minutes of the VFM steering group – CW to circulate.

Agenda item 7: Working lunch break

The Board held informal discussions over lunch. At this point, JA and JH joined the meeting.

Agenda item 8: Workshop with Julian Ashby

8. HW warmly welcomed JA, Chair of the HCA Regulations Committee, to the meeting and led on introductions.

8.1 JA spoke to the Board broadly regarding the work of the HCA and the key differences between regulation in England and Wales. There is a diverse range of RSLs regulated in England; with at least 3 having over 100,000 homes and with 900 having less than 250 homes.

8.2 The HCA have published standards which cover much the same ground as those in Wales, but only cover governance and financial viability (the former being reviewed in response to stress testing). For those with less than 1,000 homes their annual accounts are looked at and the impact of rent reduction is stress tested. There is a greater focus on the largest 350 RSLs, who take part in

quarterly surveys and enter the data themselves on a portal, in order for the regulation team to keep in touch with their activities and finances. Regulatory engagement is increased for those deemed higher risk (e.g. if they don't have at least 12 months' operating costs to hand).

8.3 The key HCA regulatory elements include an annual stability check (data based, from financial forecast returns entered in a portal and reasonably automated which flags up concerns) plus in-depth assessments (reasonably new for HCA and a really detailed look every 4 years, as necessary). A risk segmentation model is used to analyse the sector on a wide range of risk based factors (takes into account impact and likelihood of failure) to determine which RSLs have in-depth assessments, whilst also considering smaller organisations, LSVTs and geographical spread.

8.4 The HCA does not do consumer regulation and is prohibited from looking at consumer data (there are tenancy/homes standards but they don't get 'policed').

Governance and financial viability gradings

8.5 JA discussed how these work in England and how useful they have been to the HCA due to their effectiveness in driving improvements and behaviours.

8.6 JA advised that within the 4 point scale are 2 compliant grades and 2 non compliant. RSLs dislike being down-graded but there have been no legal challenges to date. There is a robust approach to evidencing decisions and the HCA has an internal QA challenge process for down-gradings. The financial viability gradings relate to financial resilience.

8.7 In England there is a responsibility on RSLs to self report when in breach of the standards or likely to be in breach.

VFM

8.8 In relation to VFM in England, the focus is on costs, which is the available data. The HCA has just carried out a unit cost analysis, looking at cost comparisons based on managing a unit of social housing. The cost differences are very wide (300%), but average costs stay broadly the same (a CIH study had the same findings overall). The biggest factor by far is supported housing and care, which can make a difference of around £10,000 on average. The HCA wants to shift the debate from self assessments of VFM to look at something more data driven and has published an anonymised scatter gram of costs, within which RSLs are told where they sit.

HCA structure and Board

8.9 The HCA has a strategy and policy team, led by Jonathan Walters, which includes statisticians and some financial analysts also. This team drives internal strategy development, such as how the HCA regulates the largest RSLs and it produces the quarterly survey analysis, plus an annual sector risk paper.

8.10 HCA's Board meets monthly (except August) in the form of a formal meeting with an informal afternoon workshop (on hot topics). The regulation team are delegated to make almost every decision regarding gradings and the Board sets the future regulatory policy.

At this point JH left the meeting.

ONS

8.11 JA covered the impact in England of the ONS reclassification and some lessons learned.

At this point JA left the meeting.

Agenda item 9: Board communications – annual report

9. The Board considered what it should do differently for its next annual report and decided that for 15/16 it should be a public document.

Action

IW to ensure a Board workshop is programmed for March 2017 to consider the annual report's contents.

Agenda item 10: A.O.B

10. IW shared with the Board the new temporary restructure of the regulation team, which included the 2 functions; operations (headed up by SLG) plus learning and prevention (headed up by CK).

10.1 For the learning and prevention team, work on the ONS reclassification is a priority and a bill manager may be brought in to help move the required legislation forward. This function will also cover lessons learned from complex cases, the financial analysts will be doing wider work, the assurance architecture will be consulted on and it will also provide support to the operations team when working on mergers and complex cases.

Action

The Board to contact CK with any ideas on potential priorities for the learning and prevention team

Action

IW/CK/SLG to ensure the Board has copies of any consultation papers and CW to add the Board to the email list for any communiques sent out by the regulation team

Action

CW to ensure JH added to the agenda to speak at the Board's next meeting and invited.

At this point, CRG left the meeting

10.2 The Board discussed the impact of CRG's new appointment to a post in the Welsh Government (in a department unrelated to Housing). After some consideration, the Board agreed to ask CRG to remain on the Board for the rest of her term (until January 2019). IW advised that permission from the Minister would have to be sought and that the Board needs to adopt a conflict of interests policy to manage any associated risks with CRG's appointment.

Action

IW to draft and send a Ministerial Advice (MA) to the Minister, Carl Sargeant regarding CRG's new appointment

Action

IW to develop a conflict of interests policy for the Board.

Next meeting of the RBW 27 September 2016.

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