

Regulatory Board for Wales

Board meeting 13 April 2016

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
Julie Woollard	JW

Apologies:

Sarah Laing-Gibbens	SLG
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1. Helen White opened the meeting with a warm welcome to all, highlighting the role of the new Board in supporting the Sector to move forward with the challenges posed by a changing and more demanding housing environment.

AGENDA ITEM 2: the way we currently regulate

2. The Board discussed the Welsh approach to regulation, in particular the emphasis on, and nature of, co regulation and regulatory engagement and the use of risk to prioritise and focus the work of the Regulation team.
 - 2.1 The Board agreed the Regulation team risk sequence provided a useful tool to give the Board an overview of risk across the sector. Of particular interest, particularly for higher risk organisations, was the action being taken by the Regulation team to support those organisations to mitigate risks. For Board purposes, an additional column providing information on mitigating action was requested.
 - 2.2 The Board noted the proportionately high number of organisations posing regulatory concern and were keen to ensure that, in learning lessons from complex cases, the reasons for this were examined. Quality of governance was a consistent theme in complex cases and there is a need for elements of the sector to develop improved approaches to modern governance. The Board was pleased to note that the Regulation team is working closely with Community Housing Cymru to inform their work on developing effective governance.

2.3 The Board noted that the Regulation team's focus over the last year or so had very much been on delivery. This had been successful in developing and improving that approach and had allowed realistic proposals to achieve at least annual published regulatory opinion. However, the need to release resource to more strategic perspectives was stressed.

ACTION: Add to the Risk Sequence Paper a 'mitigating factors' column

2.4 The Board noted that guidance on regulation expectations is to be issued, eg on stress Testing and asset and Liability registers. This will be linked to a CHC publication on both topics

COMPLEX CASES

2.5 The Board were given a presentation on three of the current complex cases. For the future, it was agreed that it would be useful if the Regulation team were to carry out an initial lessons learned exercise and bring the significant elements/ lessons to the Board for discussion.

2.6 It was suggested that it would also be useful to develop learning themes.

2.7 The Board were very keen to ensure that lessons learned should be shared with the sector to promote improvement. The difficulties of doing that confidentiality in Wales were discussed. The Board felt that all concerned should be encouraged to openly share key lessons in the best interests of the wider sector.

2.8 The Regulation team advised that they had done some initial work on "warning signs" of problems. The Board indicated it would be interested in hearing more about this at a future meeting.

2.9 The importance of the quality of chairs was highlighted. The Board felt that progress on building a strong Chairs' network is essential and noted the ongoing work of CHC in this area.

2.10 The key role of lenders was also discussed and the importance of strong relationships with lenders as a firm foundation for when things go wrong.

2.11 The importance to the regulator of having clear red flags and a robust response to those was stressed. The Board was clear that openness and honesty in discussion of complex cases and lessons learned is essential. The Board will be robust in its approach but there will be no blame culture. There is a clear important role for the Board given the range of issues being encountered.

ACTION: "Warning signs" work to be shared with the Board

AGENDA ITEM 3: Presentation to Board on major issues in the Welsh Housing sector

3. RS presented a very useful outline of the big issues in housing at the current time.

3.1 The Board discussed the many important issues raised by the presentation and the implications for the sector. Questions of value for money and the added value work of the sector provided particular focus.

3.2 It was agreed that a similar focus on an annual basis would be very useful.

ACTION : to circulate the WHQ as it is a good source of information in wales and for dissemination of communications within the sector.

AGENDA ITEM 5: ONS – De-Regulation for Housing Associations

5. The Board noted that the ONS would be carrying out a classification review for the devolved nations in the Autumn.
- 5.1 This is a matter of very considerable significance for the sector and the Regulation Team will be working intensively to understand the implications of the review and respond to those.
- 5.2 The implications of reclassification would be significant with historic borrowings being moved into the public sector and ongoing borrowing potentially subject to public sector controls
- 5.3 It is presently proposed to introduce early legislation to remove the controls likely to result in reclassification. Currently, the relevant controls, as in England, appear to relate to various consents and the power to appoint members/managers.
- 5.4 England has been reclassified. A two year moratorium agreed with Treasury is intended to provide time for necessary legislation to reverse the classification before the implications of the sector being in the public sector come into force.
- 5.5 There is a possibility that the closer relationship between the Government and the regulator in Wales, where the regulator is Welsh Ministers, could be an issue and could require work to develop an independent regulator.
- 5.6 The Board noted that a likely consequence of the removal of controls would be a reduction in the powers of the regulator. The Board considered the implications of this and options to replace these hard powers with softer powers, including the option of introducing a ratings approach.
- 5.7 Given the significance of the issues, the Board asked that a special meeting of the Board be arranged for late May/early June to allow further discussion of options, to include a paper on options for a ratings framework.
- 5.8 It was noted that any rating framework would require consultation with the sector. Similarly, full consultation will form part of the work linked to legislation on the reclassification issue.

ACTION: Set up interim meeting after 9 May and before 27 June

- 5.9 DE questioned what defines a modern regulator? Needs capacity and capability; stress testing and the ability of the Regulator to define this and absorb any more complex cases.

AGENDA ITEM 6: VFM

6. The Board noted the proposals from RAG to undertake a thematic review of value for Money. This was agreed to be a key issue for the sector.
- 6.1 The importance was stressed that the study needed to take account of the social value provided by the sector and of an effective tenant input to the study with involvement of TAP.
- 6.2 The Board approved the approach proposed by RAG and asked that an update on progress should form part of each RBW agenda.
- 6.3 Gayna Jones and Bob Smith volunteered to join the steering group for the project.

ACTION: to have an Agenda item every meeting to update on VFM

ACTION: GJ and RS expressed an interest in being involved in the steering group

AGENDA ITEM 7: How we are going to work as a Board/Future meetings

7. The Regulatory Advisory Group (RAG) is now the key conduit to communicate with the sector.
- 7.1 Consider different ways of working other than face to face. Consider different venues and check what HAs offer, having 2 meetings in Cardiff and 2 elsewhere?
- 7.2 Also consider having a meeting in part with CHC Council and one meeting in part with Tenant's Advisory Panel (TAP)/RAG.
- 7.3 Have a schedule of good practice to be shared. Visit examples of good practice?
- 7.4 Consider digital workspace for non-confidential work, ie Linked In, Yammer, Twitter
- 7.5 TAP to stay the same for a few months, but is scheduled to be refreshed with Keith Edwards in place to facilitate. The good work done by Welsh Tenants over the past number of years was noted.

Next meeting of the RBW 27 June 2016