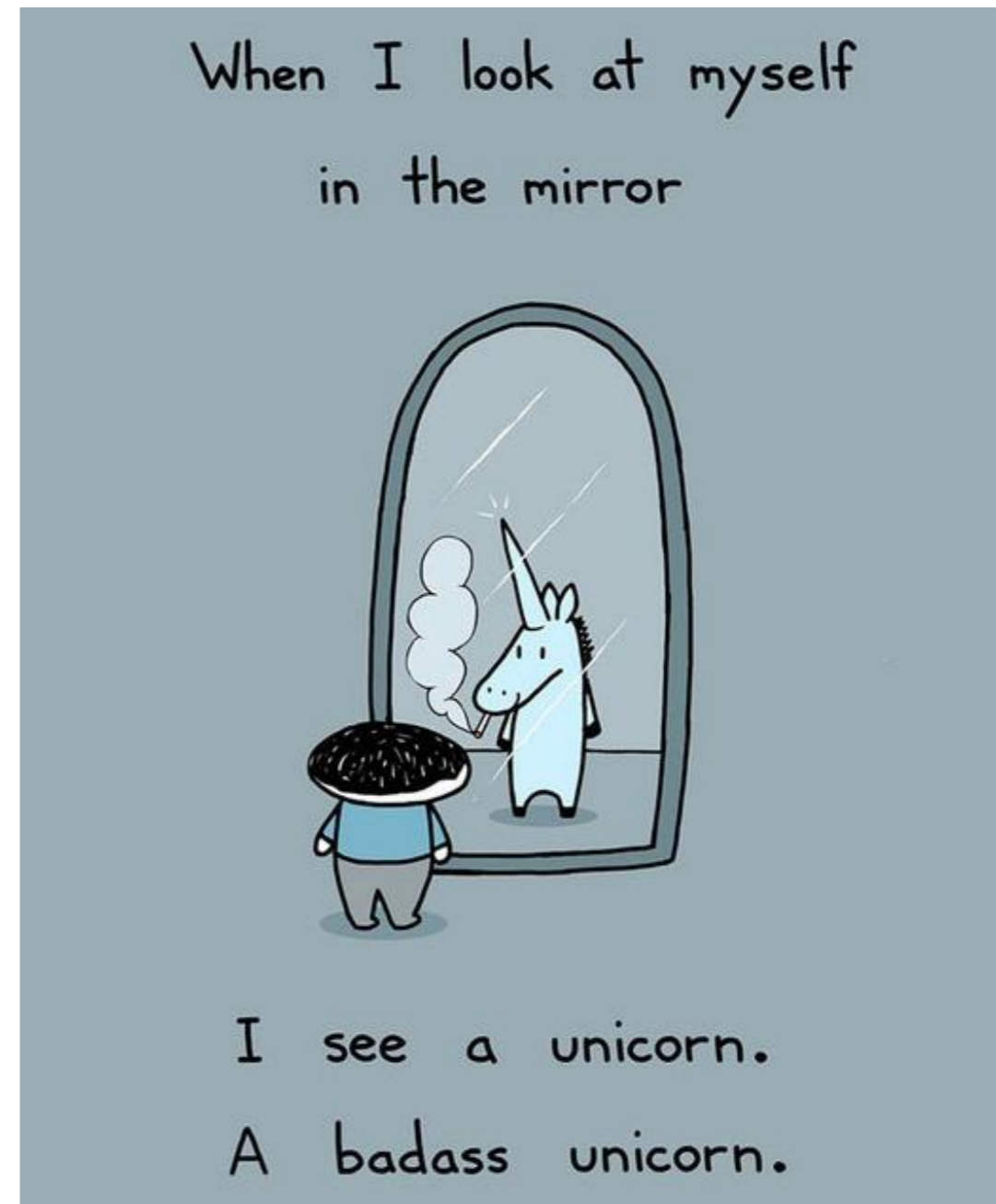


Housing and Regulation

Holding up the Mirror....

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Chair
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During this session...

- Understand the role of the Regulatory Board
- Update on the new framework
- Understand the Regulatory Board for Wales' current thinking on regulation
- Some thoughts on what can and does go wrong
- Stimulate some discussion on the role of IT and Finance in regulation and governance
- Please ask questions as we go...the only silly question is....

Role of the Regulatory Board

- Fully independent
- Advise the Minister on the performance of the sector
- Advise the Minister on ways the sector could deliver more
- Support and challenge the Regulation Team
- Keeping tenants at the heart of regulation
- Commission thematic reviews - VFM & Governance
- Work with the sector and be thought leaders on new and innovative ways to maximise the contribution RSLs make to improving outcomes for tenants and communities

The Framework

- Regulatory Judgement Framework
 - Evolution of current risk based approach/framework - the same building blocks
 - Co-regulation
 - Accountability and Transparency
 - “capacity to improve”
 - judgement by the Regulator based on the RSL’s ability to effectively manage and improve the business
- So, how do they get to a judgement?

Continuos Assessment

- What are you telling the Regulator?
- Primary Source - the Annual Compliance Statement, how RSLs meet the PerformanceStandards - assess the ability to effectively manage and improve the business and manage key business and strategic risks
- Must be evidenced
- Where the RSL tells us it does not fully meet one or more standards, it must set out an improvement plan in the Compliance Statement

Performance Standards

- Effective Board and executive management with a clear and ambitious vision for the Registered Social Landlord
- Effective and appropriate tenant involvement and high quality and improving services
- Comprehensive assessment of the business impacts of current and emerging risks, including new business and development opportunities, with robust risk management arrangements
- Clearly evidenced Self Evaluation and Compliance Statement
- A track record of achieving positive outcomes, responding appropriately to new challenges and performance issues
- Delivering value for money in all areas of the business
- Compliance with regulatory and statutory requirements and guidance
- A financial plan which delivers and supports the business plan and effective monitoring of financial performance
- Effective management of treasury operations ensuring sufficient liquidity at all times
- A clear understanding of liabilities and asset performance

Focussing on what really matters..

- Good governance (including services)
- Board and Board assurance – effective running of the Association
- Financial viability
- Strategic risks
- Business risks

Co-regulation status

Governance and Landlord Services

Standard – Identifies and Manages new and emerging risks appropriately

Increased – A risk, or combination of risks, are presenting a significant challenge to the RSL and increased regulatory oversight is required

Intervention – A significant risk (single or combination) has not been effectively managed and regulatory intervention is required to effect necessary change

Statutory Action - A significant risk (single or combination) has not been managed and statutory action is required to effect necessary change

Financial Viability

Standard – Meets viability requirements and has the financial capacity to deal with scenarios appropriately

Increased – Meets viability requirements but has limited financial capacity to deal with adverse scenarios effectively and increased regulatory oversight is required

Intervention – Does not meet viability requirements and regulatory intervention is required to improve its financial capacity

Statutory Action - Does not meet viability requirements and statutory action is required to effect necessary change

So what's different...

- Co-regulation Status – clear and transparent judgement “at a point in time”
- Significant changes in status published “in year”
- Annual Compliance Statement as well as Self Evaluation
- Performance Standards – more relevant
- Regulatory focus on strategic and financial risks – the business breakers/sector risks
- Regulatory focus on Board assurance

It's tough out there...

- External operating environment remains uncertain
- Grenfell....total game changer
- Ambitions vs. skills
- Ability to learn lessons from complex cases
- Need to steady the waters

What goes wrong?

- GOVERNANCE
 - Anything else is a symptom not a cause
 - Boards can be an incompetent group of competent individuals.
 - Weak governance
 - Ambition not matched by skills
 - Lack of attention to detail eg compliance
 - Business assurance framework
 - Role of Audit and Risk

Board Quality Critical

- Lack of grip
- Lack of challenge
- Lack of the right kind of challenge
- Unhealthy relationships
- Poor Chair
- Quality of information
- Financial reporting

Worrying Board traits...

- Complacent
- Cosy
- Passive
- Compliant
- Inexperienced
- Too many 'dignitaries'
- Self Congratulatory
- Isolated
- Belligerent
- Overly Optimistic
- Representative/ Multi Hatted Board
- Looks "Good on Paper"
- Denial
- "Rabbits in the Headlights"

What we worry about..

Senior Leadership

- Lack the right skills – and don't know it
- No demonstration or understanding of leadership
- Stale/ Out of touch
- Deluded – Hubris/Arrogance
- Infallible/ Godhead figures
- Lack of Team Work
- Grip on operational detail/eye on the ball/core services
- Organisational culture...what they want vs what they've got
- Understanding accountability
- Never seen out and about
- Too much complexity
- Plethora of ever changing new ideas
- Lack of grip on risks
- Inappropriate views of service users
- Board unaware of regulator concerns
- Unclear on purpose
- Development fixation
- Little/ no horizon scanning

It's not all doom and gloom!

- Tell me what's good about governance in your organisation
- Do you see a strong link between your role and regulation?
- Do you feel well connected to your Board?
- Do you feel close to services users/tenants?
- Are you clear on accountability?