



Llywodraeth Cymru
Welsh Government

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“Protecting tenants and investment in Welsh Housing Associations”

Changing the Way We Deliver Regulation

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Housing Regulation

Today's Workshop

- Why change?
- Where we started
- Where we've got to
- How we got here
- How will it all work in practice
- What about you? Your questions, concerns, observations

Why Change?

- ONS reclassification
- Regulatory Reform leading to
 - Reduced Government Controls
 - Need to maintain robust regulation

Where we started?

- **Clear regulatory opinions on governance and financial viability to ensure improvement action taken**

Where we've got to?

- Annual Compliance Statement
- Judgment Framework based on
 - Judgment on capacity to improve
 - Co Regulatory Status based on judgment factors for governance (including service quality) and financial resilience
- Revised more concise and focussed Performance Standards
 - Out for consultation Dec/Jan

Judgment Factors

The capacity to improve will be based on demonstration of continuous improvement which progresses the RSL's core purpose:

- Effective Board and executive management with a clear and ambitious vision for the Association
- Effective and appropriate tenant involvement and high quality and improving landlord services
- Comprehensive assessment of the business impacts of current and emerging risks, including new business and development opportunities, with robust risk management arrangements
- 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, including a clearly evidenced self evaluation and statement of compliance
- 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

Co Regulatory Status

Governance and service delivery

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

How We Got to Where We Are

- Collaboration
- Pragmatism
- Flexibility
- Communication
- Inclusivity

Mapping the way forward for future challenges?

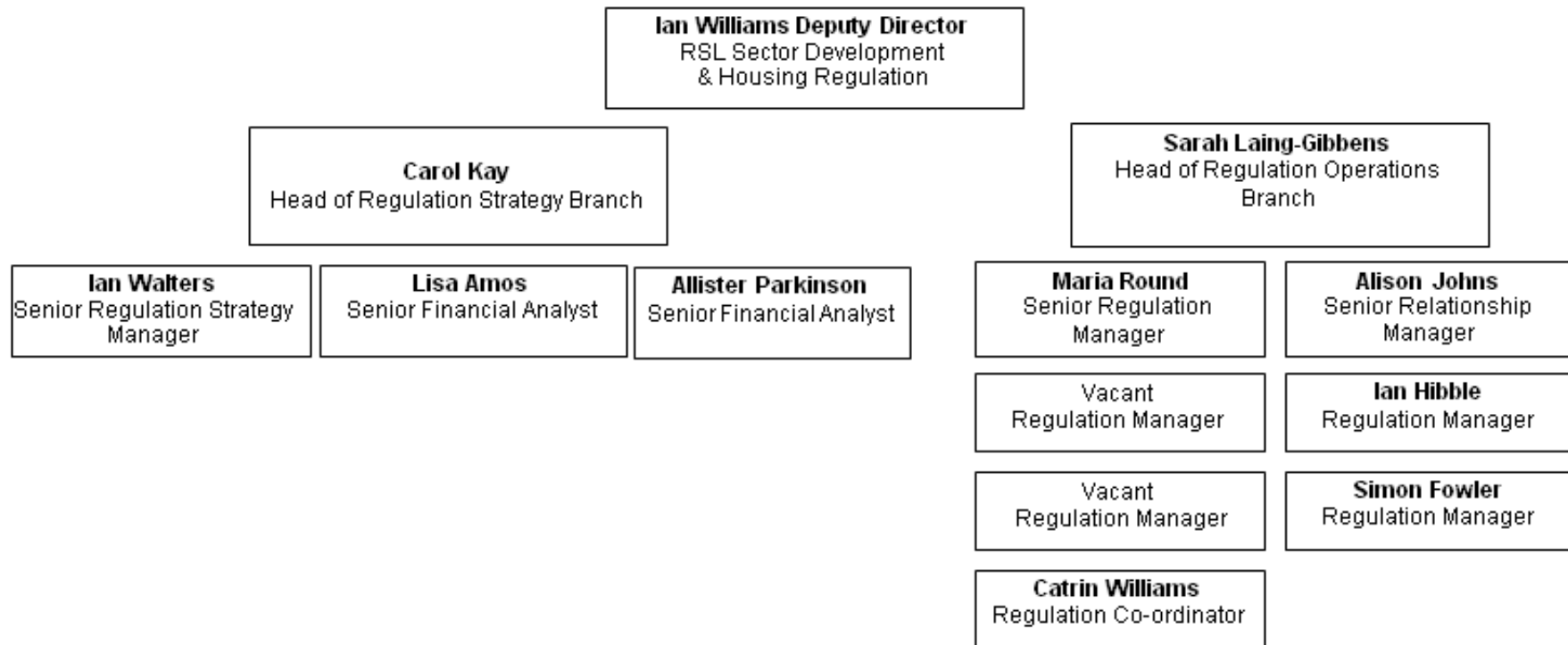
What our testing told us

- The great majority of HAs are “standard” for both governance and finance
- Co-regulatory status can be a powerful tool for the regulator to prompt action
- Judgment factors give increased strategic focus to regulation

Strong Relationships.

- Relationship based model – its our strength, it's the foundation, its unique to Wales
- Early nip it in the bud approach
- Better for you to 'fess up than us find out
- Based on TRUST. Until Its Not

- The Welsh Way – Meet The Team



How We Do It – Keep it Simple

- Continuous Assessment – Not an Exam
- At some point we will judge you. We are paid to give our opinion and we will
- It is a minimum of annually – if we feel the need to publish we will

How Do We Do it?

- Evidence Based – what will the record say? We are accountable
- Remember Regulation is as much as an art as a science
- We will be FAIR. Every RSL no matter how risky will have regulatory engagement – at the very minimum -4 Board engagements a year

Triangulation

- You tell us how you are performing
- We work with you to verify or TRIANGULATE through gathering of soft and hard intel
- If there is a mismatch between what we see, what we hear and what we are told we will seek additional assurance

Effective Credible Regulation

- Rigorous, evidence based challenge internally as part of our Quality Assurance
- Short pithy exception reporting. The rating speaks for itself, and we may take the opportunity to comment as sometimes stakeholders need more detail

Sarah & Carol' Top Tips

- Don't worry - regulation will be less of a “thing” and more closely aligned with your business
 - Don't worry – the refreshed approach won't require any more resource from you
 - Don't worry – most RSLs in Wales are doing ok and the Regulator wants to support a vibrant, viable sector