

Minutes & Actions

Financial Services Forum
Wednesday 11th February 2015
Media Resource Centre
Llandrindod Wells

Attendance

Name	Organisation
Mathew Davies	Bro Myrddin
Neil Edwards	Bron Afon
Joanne Way	Bron Afon
Sarah Cole	Cadwyn
Mark Potter	CCHA
Marc Jones	Cartrefi Cymunedol Gwynedd
Tony Deakin	Cartrefi Conwy
Howard Davies	Coastal Housing Group
Sian Evans	Coastal Housing Group
Steve Evans	Community Housing Cymru
Stuart Ropke	Community Housing Cymru
Andrew Bennett	Family HA
Bryn Ellis	Grwp Cynefin
Gareth Yeoman-Evans	Hendre
Stephen Wardrobe	Linc Cymru
Rob Humphreys	Merthyr Tydfil HA
Elizabeth Lendering	Newydd HA
John Andrew	NPT Homes
Diane Weyman	NPT Homes
Dorian Evans	Pembs HA
Gareth Williams	Pembs HA
Adam Fletcher	Pennaf Housing Group
Kayley Griffiths	RCT Homes
Sophie Taylor	RCT Homes
Andrea Phillips	Rhondda Housing
Brian Pickett	Rhondda Housing
Wayne Fox	Seren Group
Steve Smith	Taff HA
Kate Curran	Tai Ceredigion

Mair Pugh Jones	Tai Ceredigion
Amy Barrett	UWH
Stuart Epps	Wales and West
Carrie Satherley	Welsh Government
Helga Warren	Welsh Government
Jen Welsby	Welsh Government

Apologies

Dafydd Jones	Bro Myrddin
Alison Williams	Cynon Taf Community Housing Group
Steve Higginson	Monmouthshire HA
Charles Brotherton	Mid Wales Housing
Amie Chapman	Melin Homes
Adrian Williams	Pembs HA
Joanne Jones	Seren Group
Katrina Michael	Tai Ceredigion
Alun Rawlings	V2C
Tony Wilson	Wales & West

SC welcomed all present and announced apologies given.

Review of previous Minutes & Actions

SE reviewed minutes and actions from meeting of November 26th 2014

Insurance and Pensions Consortia purchase: SE has been in touch with National Federation who will provide contacts who could advise on these items w/c 16th February.

Terms of Reference have been distributed.

CHC will be rolling out **Yammer** to forum members w/c 16th February. 2 individuals per HA will be invited to join.

Global Accounts: The document should be aimed at Policy makers, politicians and lenders. Suggestion of holding an event in March (in the Senedd possibly to launch the document). The publication will be issued before end of February.

- **See Action Point 1**

Meeting dates have been amended to enhance flexibility for attendees.

Future dates are:

Tuesday 19th May 2015
Friday 25th September 2015
Tuesday 24th November 2015

Helga Warren and Jen Welsby in attendance to discuss rent related for 2015-16

General Issues from WGov:

There has been no negative feedback on the policy.

Much of their time has been employed on the HRAS exit, of which progress is going well.

A request from WGov to HAs to ensure the information (monitoring forms) is being completed correctly. WGov are continually learning and need consistent, reliable data to enhance this process. WGov will review and prepare a brief report highlighting issues and guidelines. HW will prepare a general report and share with the forum.

As fair-rented properties don't get regulated by WGov there is a suggestion to exclude them as they do not affect reporting materiality - This suggestion was not contended. WGov are to review this item for future periods.

Specific questions:

Initially the rent policy tables were to be reviewed every 3 years? Affordability criteria, local valuations, SAP enhancement adjustment, all might be reconsidered – is this still the case and is there any thought about future potential boundary changes impacting on collection of necessary information to do this?

The policy uses data indices and it is this data that changes. The indices are updated annually (3 years of data rolled forward) - The tables will be updated every year going forward.

There will be a widespread review in 2018/19 that will include looking at LAs and take account of any possible boundary changes.

WGov to also consider impact of:

Consequences of the dampening principle.

The consequences for single-authority HAs - inevitably some HAs will win / lose.

What happens with the cap and LHA.

Future changes and model changes that have not been predicted.

RPI shift to CPI – HAs need guidance from Naheed and team on what happens post year 5. Keep at +1.5% or drop to +1%? There was a mix of responses around the table on how HAs are treating post year 5 levels within business plans so some direction is required. The % differentials will impact income and consequently capacity.

HAs need to understand the status / progress of the SHG rent review group (superseded the LHA and Service Charge Groups) and the representation on this, and similar, groups. It is felt that FDs need to be involved more due to the wealth of experience and knowledge. Also, when a forum representative is on a particular group then regular feedback at forum meetings (and via Yammer) is encouraged to ensure all are up to date on current issues.

Rent Standard – Little progress to date due to time spent on HRAS exit. WGov will consult with Welsh Tenants, WLGA and CHC, with a document to be issued in near future. The Standard sets out the legalities of the rent policy

- **See Action Point 2**

Service Charges - As regards the rent review group HW stated the group's aim is to assist the development of the Service Charge Standard, not help HAs on the de-pooling aspect.

In future will the target rent be set by LAs?

No. The policy allows HAs to judge and make a decision within their own remit. This allows for flexibility.

LHA – more work is to be done over the coming year by WGov on this and the LHA ‘cap’. This work stream is to consider Benefits, Universal Credit impact and the variable nature of rent levels across Wales.

SC asked attendees if there were any problems with the rent policy generally. Everyone seemed content. Operationally it allows greater flexibility. It was noted by all that this original policy was more aligned to tenant affordability viewpoint, not strictly a development stance. This will need to be reviewed in the round for next policy.

HW and JW provided very useful information and a candid position of WGov so future updates at this forum would be extremely welcome. SC thanked them both for their input.

Further Welsh Government update – Carrie Satherley

Affordable Housing land scheme - £12m available for next year. WGov are looking to improve the scheme so please feedback ideas to Carrie and Rhidian at WGov.

HFG1 – 103 completions so far (target of 1,000). Many scheme timelines have slipped and these have to receive permission from WGov as T&Cs set September 2015 as the deadline. FDs are to contact Carrie if they are aware of timescale and delivery issues. 50% of original schemes were replaced during the project.

HFG2 – 1st meeting is set for early March, Carrie will confirm dates. As previously minuted we have good representation from HA sector. Sub-groups may be established from this initial meeting to take forward specific tasks. Start date of project set for 2017/18 so there is a good lead-in time to learn from HFG1 and implement a successful second HFG phase.

For LSVTs loan agreements was a major barrier to being involved in HFG1. Carrie stated the initial meeting will review all barriers and how LSVTs could participate.

Discussions and progress to be relayed back to forum regularly.

Stuart Ropke – Chief Executive CHC. Future for the sector and CHC’s role to deliver

SR was introduced and provided a background of his history at the National Federation of Housing.

He discussed the landscape of Housing in Wales and highlighted the 2 elections on the horizon as key events for Wales and the sector. Welfare Reform and Universal Credit, capacity and public services. Are the cuts in budgets to LAs an opportunity or a risk for our sector? There could an opportunity, if there is a margin to be gained but the reputational risk of public services delivery needs consideration. Ultimately, if there are tangible benefits to the sector then options would be seriously considered to take them up.

Profile of the sector is good so there is a need to maintain, and enhance, this.

Capital Investment – There is no current appetite from WGov to have a competitive grant bidding process, it could derail any development programme.

SR then discussed CHC's ability to help deliver items discussed. With a small team and limited resource we need to focus our offer to the sector to ensure we are adding value. SR is taking this forward with CHC Board and Staff and formulating the corporate plan going forward. With potential rationalisation of the sector, mergers possible, CHC needs to ensure resource is maintained so there will be a review of CHC's fee model this calendar year to take effect from April 2016 and request assistance from Finance forum to suggest ideas on a model to use. This is not a review of fee levels per-se, more a comprehensive look at the mechanics of the model to ensure it is fit for purpose and equitable (currently there is a cap above which no one HA pays). Comments from attendees – CHC's vfm offer is crucial. CHC is keen to codify it's offer in line with it's corporate plan and will be reporting on this during 2015

HFG2 – The £250m extension of HFG1. BP completed a paper for WGov prior to leaving. In there it was noted that LAs may not want to participate in the collective borrowing vehicle as that can access Public Sector borrowing at good rates, possibly less than on offer here. SR also commented on whether there will be enough appetite to fully utilise the funding. As LSVTs will be more mature there are opportunities for capacity but the loan covenants issue still need to be addressed.

SORP working party – There are changes to the constitution of this body. The sector will now have 2 representatives. Amy Barrett and Mark Potter expressed an interest.

- **See Action Point 3**

Regulation – SR commented on the risk-based approach as being the right one. Need to consider risk to the sector and lenders view of risk. Difficult to see how any one HA could bail out another if one fails.

For the sector to influence the Regulator it is key we give constructive feedback on processes and feedback experiences – 'knowledge sharing' with WGov so they are fully conversant with impact of policies; helping them to understand.

Final comment from around the table was the need for the Minister to understand fully, anti-poverty (i.e low rents) and a need for increased capacity are often difficult concepts to marry from a business viewpoint.

Lunch

Breakout session with smaller groups to discuss various key topics:

VfM

A growing need to show how HAs are delivering value for money so:

We need a single, consistent approach to demonstrating VfM - SROI, RBA, HACT model?

The definition is key and difficult to 'nail down' – This is the issue, what are we measuring, and which indicators can be collected reliably. Determining the Value from Assets is one option.

The possible use of Global Accounts going forward was also discussed

It is a difficult topic due to the subjective nature. SC is to meet with Sioned Hughes at CHC to gauge what is happening across other forums and networks.

- **See Action Point 4**

Loan Covenants

What discussion have you had with lenders regarding loan covenants and the possibility of any flexibility given? Consider cash-based covenants and FRS102 impact

There is an assumption amongst many that banks won't be pro-active. Very much on a lender by lender basis – i.e. the individual relationships between HAs and their lenders as opposed to any 'sector wide' flexibility.

SHPS impact will be an issue.

Do loan documents contain UK GAAP provisions?

Security – How to challenge assumptions that govern valuations.

An option going forward – WGov meet with CML on a quarterly basis. Could any collective approach be touted here and how can we get around the table.

- **See Action Point 5**

Finance Forum – Terms of Reference

What do we need from this Forum and CHC?

A need for clarification on the T&F groups selection. There is a wealth of skills within the forum so it would be useful for all concerned to have such skills on various working groups. Also a request for minutes to made available.

Include Working Groups feedback as a standing agenda item.

Intelligence needs to be fed up to National Council and also down to the forum on pertinent issues – All relevant working group actions need to be shared at the forum.

CHC Fee model

CHC need to shape the offer and include the sector on their views.

Funding from LSVT coming to the membership has been utilised to employ staff required to ensure the organisation is fit for purpose.

CHC Subsidiaries do not present a financial risk to CHC.

The fee model will be addressed at future forum meetings.

CHC Resources Conference on 9th/10th of July

Ideas for conference content:

Economics.

SORP – Mazaars possibly (Steve Danby).

A section on risk.

Stress testing of business plans.

Assets & Liabilities register.

Board skills.

VfM

Would a first day Finance programme followed by a HR day two programme add any value.

It was noted the 'quality of speaker' is key to attracting delegates.

All these items will be fed back to CHC Events team in the forthcoming Resources Conference meeting of which Sarah Cole, Steve Evans and Mark Potter will attend.

AOB

It was requested for attendees to offer thoughts on what elements of 'Stress testing' need to be focussed on. Key elements included:

- Interest rates.
- Deflation.
- Bad debts / income collection.
- Staff costs rises / Pension costs and deficit.
- Property Values.
- Funding availability.
- RPI vs CPI.
- Living wage / minimum wage.

Action points:

1. Global Accounts - Steve to liaise with Helga and Carrie at Welsh Government to source options for a Senedd launch of Global Accounts, with Minister and senior officials in attendance.
2. Rent Standard – WGov to feedback to CHC on progress to date of the Rent Standard ref: Helga Warren.
3. SORP Working Party - Steve to disseminate new protocols with the forum.
4. VfM - Sarah and Steve to speak with Joseph at Nat Fed to gauge their approach to demonstrating value for money.
5. Loan Covenants – Discuss with Stuart Ropke and Kath Palmer about attending this meeting and/or speaking with CML independently.

Close of meeting

Next meeting is to take place on Tuesday 19th May 2015 at MRC, Llandrindod Wells.

If you would like to see any item included on future agendas please contact:

Steve-Evans@chcymru.org.uk or Sarah.Cole@cadwyn.co.uk or Stuart.Epps@wwha.co.uk

