



PUBLIC MINUTES

of the Board meeting

on Tuesday 26 October 2021 at 1000

Microsoft Teams Meeting (no members were together, and the meeting was deemed to have been held in London, the location of the Chair).

6 Remote and virtual participation

6.1 Any member may validly participate in a meeting virtually through the medium of conference telephone, video conferencing or similar form of communication equipment, provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting, or relevant part thereof. A member so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in a quorum and entitled to vote.

6.2 A meeting shall be deemed to take place where the largest group of those members participating is assembled or, if there is no group which is larger than any other group, where the chair of the meeting is.

Present

Simon Dow (SD)	Interim Chair
Paul Smee (PS)	
Liz Butler (LB)	
Jo Boaden (JBo)	
Kalpesh Brahmhatt (KB)	
Deborah Gregory (DG)	
Richard Hughes (RH)	
Sukhvinder Kaur-Stubbs (SK-S)	
Fiona MacGregor (FM)	Chief Executive
Geoff Smyth (GS)	

In attendance

Jonathan Walters (JW)	Deputy Chief Executive
Harold Brown (HB)	Senior Assistant Director, Investigation and Enforcement
Maxine Loftus (ML)	Director, Regulatory Operations
Richard Peden (RBP)	Director, Finance and Corporate Services
Emma Tarran (ERT)	Senior Assistant Director, Head of Legal Services and Company Secretary
Jim Bennett (JB)	Assistant Director, Policy and Communications – workshop & item 6
Robert Dryburgh (RD)	Assistant Director, Business Intelligence – workshop & item 7
Althea Houghton (AH)	Assistant Director, Registration and New Entrants – item 9
John O'Mahony (JOM)	Assistant Director, Corporate Services – item 12

Observing for item 7

Andrew Clegg (AC)	Head of Economics
Anna Furlong (AF)	Head of Policy and Strategy
Claire Wilde (CW)	Strategy Manager
Mark Smith (MS)	Solicitor
Chris Kitchen (CK)	Board Secretary, Minutes

1 Welcome and apologies

01/10/21 There were apologies from Kate Dodsworth (KD), Director of Consumer Regulation and Will Perry (WP), Director of Strategy.

2 Declarations of Interest

02/10/21 There were no new declarations of interests.

3 Minutes of last meetings – 28 September 2021

03/10/21 The confidential and public minutes from the meeting on 28 September 2021 were considered and subject to some minor amendments, were APPROVED.

4 Matters Arising

05/10/21 Members NOTED the actions.

5 Forward Planner

06/10/21 Members NOTED the forward planner.

6 Chief Executive update

Members were given the following updates:

General Updates

- 07/10/21 *Accounting Officer Meeting:* key areas of discussion were
- *Strategic Risk Register:* department was keen to discuss reaction from the Sector on reported shortages of building supplies and labour. Also of interest to the department was the problems with recruitment of care staff for supported housing and care settings.
- 08/10/21
- *RSH Budget:* RBP's team are seeking to firm up the numbers.
- 09/10/21 *Spending Review:* the Budget was due to be announced on 27 October.
- 10/10/21 *Update on financial markets (LBP):* JW briefed members on the reactions and impact of some of our recent judgements.
- 12/10/21 *Heating and Building Strategy:* the strategy which sets out Government measures to address climate change and decarbonise the way all buildings are heated, has been published. Members NOTED the headline announcements which have been reasonably well received.
- 13/10/21 *Residential Property Development Tax (RPDT):* A proposed new levy on large developers will be introduced from April 2022 to help pay for cladding remediation. An updated note on the legislation now proposes to exclude the following from the RPDT:

- Non-profit housing companies
 - Wholly-owned subsidiary companies of a non-profit housing company
 - For-profit PRPs are expected to be liable for the tax
- Further details on the RPDT are expected in the Autumn budget.

14/10/21 *Housing Ombudsman 2022-2025 Corporate Plan*: consultation closes 12 November 2021. Members NOTED the main elements of the plan.

Operational Updates

15/10/21 *Performance September 2021*: two new AMBER targets were explained, and the existing amber targets NOTED:

- *Maintain an appropriate and flexible staffing structure to maximise our effectiveness*: this is being address with a number of roles out to advert and shortlisting on existing vacancies in Legal and I&E, and continuing recruitment to Analysis and Operational teams.
- *Develop and progress delivery of the Digital Strategy*: this is within our control as it is an internal target – the decision has been taken to move progressing this work from Q2 to Q3.

Publications, media and stakeholder engagement

16/10/21 Published in October:

Sector Risk Profile – well received in the sector

- National statistics on stock and rents in PRPs and LAs – overall a reduction in social rent units. There is an increase in development by for-profits (mainly shared ownership properties)

Members NOTED forthcoming publications, of particular interest were:

- RSH Annual Report and Accounts
- Consumer Regulation programme update
- TSM consultation
- Global Accounts

In response to a query on the status of the publication of the Lessons Learned document, CEO advised that this has been delayed as the final draft is still being reviewed.

17/10/21 Media coverage NOTED:

- Feature on the appointment of a permanent RSH chair

18/10/21 Stakeholder engagement – forward look:

- Annual Investor Conference 9 November – members were invited to attend – invitations will be sent to those interested.

WP

7 Tenant Satisfaction Measures (TSM)– Standard and Survey Methodology

19/10/21 RD, AC, AF and CW joined the meeting, and the paper was proposing the Board REVIEW and DISCUSS the content of the draft consultation document and AGREE to delegate to the Chief Executive authority to approve amendments to the consultation package and to approve the final version for publication.

20/10/21 Members had previously discussed the main consultation document, the draft standard and two technical notes. Feedback on these had been incorporated and none had resulted in any fundamental changes to the documents. This

paper set out, for consideration, a draft of the entire consultation package (excluding the Chair's foreword, which will be agreed with the Chair separately), and the previously reviewed documents and for this meeting, Members were being asked to consider:

- a. The Equalities Impact Assessment;
- b. The Regulatory Impact Assessment; and
- c. The statutory guidance about the submission of TSM information to the regulator.

22/10/21 Members asked the following questions:

Small Providers: why is it not proposed to ask small providers to submit data in the same way as large providers. RD set the scene for newer members around our criteria for what classifies an RP as a small provider and explained that in a similar way to how we gather other data returns (e.g. VfM), we propose to adopt a different approach for small providers. We propose that they be required to publish their own data, as they do on VfM, but that we would not require submission of the data to the regulator. This would reduce cost and resource burdens for the smaller providers and recognises that it will be more difficult for smaller organisations to produce data of the same level of statistical accuracy as larger providers. GS picked up on the cost point and RD confirmed that the Regulatory Impact Analysis does show that there will be cost implications to landlords but as previously stated, to ensure reliable data that we can use for our regulatory requirements, it will be a balancing act between setting robust enough requirements and managing the burden on providers. We will however, be sufficiently prescriptive and detailed in our stipulation to how small providers carry out the survey and the kind of sample sizes we would expect. DG and GS thanked RD for the explanations.

23/10/21 *With the volume of evidence landlords will need to provide, are there particular issues that will concern technical experts in the sector?* RD advised that we have had a lot of stakeholder engagement with both executives and the more "technical focussed" in the sector and there could be possible tension with the latter wanting more prescriptive data collection methods and performance measures, but as set out in the paper we have proposed a balanced approach that sets some firm parameters but also provides a degree of flexibility to landlords.

24/10/21 *Have we considered having a separate document setting out the questions to make it easier to access rather than having to read through all the guidance to get to the questions?* RD confirmed that the questions will be in the summary document so will be easy to access and we intend to use online forms and an easy to read version, but had not considered a separate printed document with just the questions. He said that we reflect on that suggestion.

RD

25/10/21 *Do we have a strategy to capture views from those who might be put off by the length/detail of document (including potentially small providers)?* We are producing a shorter, plain English summary consultation. The consultation and summary document will be less intimidating when published and the annexes will be a click through format which should hopefully mitigate risks of deterring responses. The main means of responding to the consultation will be through Microsoft Forms. We will monitor responses to consultation and if it looks like we have a particular gap (e.g. smalls/LAs) we will do some targeted work to encourage responses. We will continue to talk about this at stakeholder events to engage with and build on support for the consultation.

RD

26/10/21 *Have we built in enough time for landlord board reviews?* There will be a full 12 week consultation exercise, so we believe this should be sufficient.

- 27/10/21 *What has been the views of RPs we've engaged with to date?* The level of discussion is reflected in the paper and has covered a range of issues and views. We do recognise that there will inevitably be differences of opinion and also possibly objection in some quarters to particular propositions and the resource and cost burdens for small providers. However, we do feel that our proposals are broadly proportionate and fair, and we are conducting a full consultation, but some criticism may be inevitable.
- 28/10/21 *Has there been particular push back from LAs?*
RD confirmed that we have had a number of meetings with LAs and there has been concern from some LAs. There is also a resource and cost impact for LAs which they have flagged.
- 29/10/21 The Chair thanked members for their engagement and to RD and the team for another excellent paper and acknowledged the amount of work that has and continues to be done. The paper asked a number of questions of the Board and all members were content with annexes 2, 3, 6 and 7. They also AGREED to delegate to the Chief Executive authority to approve amendments to the consultation package and to approve the final version of the whole package for publication. FM thanked the Board for the delegation and gave them assurance that should there be any major changes to what the Board have been briefed on, they would be sighted.

8 Investigation and Enforcement update

- 30/10/21 HB introduced the I&E report which gave members background information to current cases. He gave members an update on the key developments.
- 31/10/21 *Larch Housing Association:*
- 32/10/21 *Prospect Housing Limited (Prospect):* Prospect have published a report on their experience of the LBP market.
- 33/10/21 *Eldonian Community Based Housing Association:* we are continuing our engagement.

Grading Under Review (GUR)

- 35/10/21 *3CHA and Reliance Social Housing CIC (Reliance) and Falcon Housing Association* remain on the GUR list. We have concluded our investigations on Falcon and will be publishing a non-compliant judgement shortly.

Non-compliant cases

- 36/10/21 HB gave an update on these cases.
- 37/10/21 Members NOTED the updates on Inclusion, Expectations, Best, Trinity and Norwich. Members asked about the "lessons learned" publications by Clarion, L&Q and Prospect and whilst we do not endorse these, if members were interested in reading them, we could provide them links to the publications.
- 38/10/21 Members thanked HB for the report and the updates.

9 Decisions of the Assistant Director Registration and New entrants

39/10/21 AH joined the meeting and reported that the paper covered the previous quarter during which six new entrants have been registered, two for profit and four not-profit organisations. The non-profit bodies include two community led organisations, a charity providing housing for women and a charity which is the incorporated version of a charity that was already registered with us. The for-profit companies were both new start-ups initially with modest first schemes, taking the affordable housing provision required under s106 obligations on larger development sites. Members NOTED the new entrants.

42/10/21 There was a discussion about the amount of time and resources spent on cases relating to small providers and it was AGREED that this would be picked up in a future workshop session to explain our regulatory role with small providers.

10 Operations update

43/10/21 ML presented the paper which Members had read.
IDA programme: The ops teams are well into the stability check season and 19 RJs in total were published between July and September: 16 from IDAs, one from reactive work, and two from combined reactive and stability check work. There are currently 13 IDAs in progress and we are on track to deliver the IDAs that were planned for 2021/22.

44/10/21 *Annual Engagement Meetings* continue to be very well received by the sector, and three have been completed with large providers: There is also growing interest from the sector in our increasing consumer regulation role and the recent media coverage which highlights our focus on tenant matters, customer service and complaints.

45/10/21 *Arrears and voids:* QS returns show arrears and rent collection has deteriorated slightly from last quarter but that is not unusual for the time of year. Although voids have improved in the quarter, they are still relatively high compared to Dec-19, but lower than the average for the same quarter last year. Providers with supported housing and care home units or housing for older people are reporting the highest levels of void rent losses. Although there are no viability concerns, but we will monitor the situation.

46/10/21 *Labour/material shortages:* this is having an impact on major repairs and development expenditure across RPs which are evident in the QS results. We will monitor what impact it will have on forecasts which this quarter coincides with rent outlier work.

47/10/21 The Chair thanked ML for the report and updates and members were interested to get updates on the collaborative working on decarbonisation being promoted by PfP.

11 Feedback from Audit and Risk Assurance Committee (ARAC)

48/10/21 The Chair of ARAC fed back to Board from the recent meeting. The following papers were considered.

- 49/10/21
- *Internal Audit report and opinion:* received overall Substantial Assurance, with the audit of procurement getting a Moderate assurance conclusion and other audits getting Substantial assurance conclusions.
 - *NAO report:* NAO gave a verbal updated and reported good progress with their final audit and are awaiting reports from pensions specialists, but were confident that they would be on target to meet the 8 November deadline to sign off the annual report and accounts.
 - *ARAC private meeting with the auditors:* both auditors were very complimentary of the organisation and staff and were satisfied with the segregation of duties with the finance function which had been raised in previous NAO report.

12 Finance and Corporate Services Update

- 50/10/21 RBP presented the update which sought approval from the Board to an updated payroll cost delegation to Deputy Chief Executive / Director / Senior Assistant Director to £2,000,000 (currently £1,250,000) to reflect the maximum expected monthly payroll run at full staffing establishment including the one-off impact of performance bonus payment and backdated pay awards normally paid in December but effective from July. The Board APPROVED this increase.
- 51/10/21 Board were also asked to give approval for the DF&CS to make a payment of £647k for the payment of rent for office space in 2MS. The rent has not been able to be paid since April 2020 whilst we were in negotiations on a licence to occupy as the Government Property Agency was unable to take payment without an agreement in place. We are now at the point of exchange and therefore this payment is due. The Board APPROVED the payment of £647k for the rent due.
- 52/10/21 RBP reported revenue spend versus Q1 forecast was favourable to forecast driven by variable corporate service recharges from Homes England for digital and facilities, lower NROSH+ spend and delayed L&D spend. Cost accruals mainly related to the staff holiday accrual, Marsham Street office costs and SLA costs payable to Homes England.

13 Equalities Update

- 53/10/21 JOM joined the meeting and presented the quarterly update. He highlighted three areas:
- 54/10/21 *EDI Strategy and action plan:* these were signed off in June and published in July 2021. There continues to be steady progress against the action plan which were recorded in Annex 1. There were two areas marked as Amber which was as a result of capacity and system issues. The delays are minor and assurance was given that they will be back on track shortly.
- 55/10/21 *Staff Survey:* 17 areas were targeted for improvement. Of these 12 improved, one remained static and the remaining four saw a decrease. Action planning on the recent staff survey, including with staff groups, is under way,
- 56/10/21 *Equality Objectives:* these were published in July 2020 and we agreed to keep these under review and publish an update on progress annually. Annex 2 shows that good progress is being achieved with many actions now business as usual. We intend to publish this along with the Gender Pay Gap and Ethnicity Pay Gap data which will be reviewed by REG and then come to Board.

57/10/21 Members enquired on the feedback from staff on the staff survey results. JOM reported that they were well received and that the overall sense was that staff were generally content that progress is being made or measures are being taken to progress areas. Management agreed to focus action planning on themes and areas where we can make the biggest difference rather than looking for marginal gains in already good scores.

58/10/21 L&D was discussed and an explanation given as to why we use CSL. The delay to progressing L&D in the organisation was a result of a number of courses being cancelled by CSL and not replaced. One such course was unconscious bias training and this is now being delivered whilst work is on-going on a wider management development plan.

14 Any other business

59/10/21 There were no other matters for discussion. The Chair thanked members and executives for their contributions to discussions.

Date of next meeting: 23 November 2021 – 10.00am