



PUBLIC MINUTES
of the Board meeting
on Tuesday 26 April 2022 at 1000
2 Marsham Street and Microsoft Teams Meeting

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

Bernadette Conroy (BC)	Chair
Simon Dow (SD)	
Paul Smee (PS)	
Liz Butler (LB)	
Jo Boaden (JBo)	
Kalpesh Brahmhatt (KB)	
Deborah Gregory (DG)	
Richard Hughes (RH)	
Sukhvinder Kaur-Stubbs (SK-S)	
Geoff Smyth (GS)	

In attendance

Jonathan Walters (JW)	Deputy Chief Executive (DCEO)
Harold Brown (HB)	Senior Assistant Director, Investigation and Enforcement (SADI&E)
Maxine Loftus (ML)	Director, Regulatory Operations (DRO)
Richard Peden (RBP)	Director, Finance and Corporate Services (DF&CS)
Emma Tarran (ERT)	Senior Assistant Director, Head of Legal Services and Company Secretary (SADLegal)
Will Perry (WP)	Director, Strategy (DS)
Kate Dodsworth (KD)	Director, Consumer Regulation (DCR)
Jim Bennett (JB)	Assistant Director, Policy and Communications – item 6
John O’Mahony (JOM)	Assistant Director, Corporate Services – item 7 & 8
Chris Kitchen (CK)	Board Secretary, Minutes

1 Welcome and apologies

01/04/22 There were apologies from Fiona MacGregor. The Chair welcomed members to the meeting and advised that there would be an additional standing item – Chair’s update - at this and all future meetings.

2 Declarations of Interest

02/04/22 There were no new declarations of interest.

3 Minutes of last meetings – 29 March 2022

03/04/22 The confidential and public minutes from the meeting on 29 March 2022 were considered and subject to minor amendments, were APPROVED.

4 Matters Arising

04/04/22 Members NOTED the actions.

04/03/22 – ERT advised that the separate RoI form to capture declarations from members in respect of any links/memberships they had or have with RP's over the past 10 years will be circulated shortly with the revised Board Code of Conduct. **COMPLETED.**

20/03/22 – RBP advised that the publication of this is dependent on the confirmation of the RSH budget, which is still awaiting sign-off from the Treasury and which he had been advised would be by the end of May 2022.

21/03/22 – JW confirmed that a workshop in October/November 2022 will be the appropriate time to consider revising the RSH vision statement. This will be added to the forward planner. **COMPLETED.**

34/03/22 – to be covered as part of the F&CS update.

26/02/22 – ERT provided the following update:

- a. A question was asked about terms of office. The HRA 2008, s.80C, makes it clear that board members hold and vacate office in accordance with the member's terms of appointment (subject to the powers of removal set out in that section). So, this is largely a question of the S/S's appointment terms. However, the HMT/Cabinet Office Corporate governance in central government departments (code of good practice – guidance note), the principles of which apply where appropriate to ALBs, provides in para 2.21 that the term for non-exec board members should be three years, and may be extended for one further term of three years. So, anything beyond two periods of three years would be outside good practice. Our Board agreed at the February meeting a 10-year period in the close links section, which is reflected in the Code of Conduct.
- b. A question was also asked about consequence of non-compliance with the Code. The Code itself provides that breaches of the code may result in disciplinary action up to and including removal from office. Also, as mentioned above, s.80C provides that the S/S can remove a member who:
 - [has been absent from meetings of the regulator for a period of more than 6 months without its permission,
 - has become bankrupt or has made an arrangement with the member's creditors,
 - the Secretary of State thinks has failed to comply with the member's terms of appointment,
 - the Secretary of State thinks has failed to comply with the member's obligations under section 92P (members' interests),
 - the Secretary of State thinks is otherwise unable, unfit or unsuitable to perform the functions of the member.]

CK

5 Forward Planner

05/04/22 NOTED. Any additional items identified through the meeting will be added to the planner.

Chair's Update

06/04/22 *Introductory meetings:* Chair has been in post for 3 weeks and has had introductory meetings with Board members and Executive officers.

Quarterly meetings: She has advised members that she will be having quarterly meetings with each of them, and these are in the process of being set up.

Meeting locations: she has discussed with members that she is keen to hold board meetings at different locations, and to start the June meeting will be held at the Manchester office. It was AGREED that the ARAC meeting the day before would also be in Manchester and on the evening of the 27 June she will discuss details with the DCEO about having a board dinner and perhaps an event to include stakeholders.

Self-Effectiveness surveys: these are due for both board and ARAC and following a discussion with DCEO and Company Secretary, for this year the same format will be used as in previous years. To follow-up on the IA recommendation, she too is keen to have an external review of governance, and to this end asked members for any recommendations of firms/individuals they might know who have this kind of expertise and an understanding of government organisations but are not connected to the sector or carry out reviews for providers we regulate. The Chair of ARAC AGREED to discuss a draft scope at the June ARAC meeting, and then board to discuss procurement with the aim of carrying out the review in 2023.

Succession planning: the Chair will be carrying out a skills matrix in order to be in a good position to provide the Department with some meaningful data for future recruitments to the board. Members will be contacted shortly for their input into this exercise.

LB

6 Deputy Chief Executive update

08/04/22 Members NOTED the information in the slides and the DCEO gave some additional background information.

General updates

On-going policy discussion with DLUHC

09/04/22 The policy team are working with the department following the Levelling Up White paper which has intensified its focus on decent homes. We also continue to engage with the department on social housing rent policy and the SoS's suggestion that there is a need to build more "council homes."

Stakeholder issues

10/04/22 There are concerns being raised by Registered Providers regarding the impact of energy price rises and other inflationary pressure on tenants and we continue to engage with landlords to understand the evolving situation. Despite these pressures, banks and capital markets are still keen to lend to housing associations, and liquidity remains strong. Feedback from tenant groups is that they are very supportive of the RSHs' approach to consumer regulation and Tenant Satisfaction Measures (TSMs).

Select Committee

- 11/04/22 Members NOTED the update on the Select Committee on the regulation of social housing following the survey of tenants who were asked to comment on the Housing Ombudsman Service (HOS). The survey did not cover the RSH. DCEO had attended the hearing and responded to all the questions asked by the panel in respect of the RSH, and members NOTED the range of questions he had been asked. The Housing Ombudsman was also in attendance and members NOTED the questions put to him about the service of the HOS. There is no publication date yet for the reports on the social housing inquiry.
- 12/04/22 The inquiry into exempt accommodation had taken place on 28 March and members NOTED the outcomes of the two sessions. DCEO advised that there were still questions about the overall regulation of this type of accommodation that the government's recently announced initiative was intended to address.

Policy Updates – Members NOTED updates on the following topics:

- 13/04/22 DLUHC's independent evaluation of the 2020-21 pilots on improving supported housing oversight.
- 14/04/22 *Building Safety*: the Building Safety Bill is back in Parliament, and we are considering the implications for the social housing sector as it is amended.
- 15/04/22 *Grenfell Tower Public Inquiry*
Members NOTED the update on the outcome on part 2 of module 6.

Performance updates

- 16/04/22 The movement on business plan targets were NOTED. Management was asked why the Learning from Problem Cases publication was still outstanding. The publication is being reviewed and when pushed for a publication date, HB advised that the end of June was likely to be achieved. NROSH+ redevelopment project is progressing well with the contract likely to be entered into by the end of May 2022.

Publications, media and stakeholder engagement

- 17/04/22 Members NOTED the updates and high level of stakeholder engagements undertaken and scheduled.

7 Audit and Risk Assurance Committee (ARAC) report to Board

- 18/04/22 The Chair of ARAC gave members an overview of the ARAC meeting that had taken place the previous day.
- The Committee had reviewed the current Strategic Risk Register.
 - The in-depth review had been on the implementation of Functional Standards. The comprehensive report gave a high level of assurance on our approach to achieving compliance with the standards.
 - Four IA reports had been presented to the Committee by the outgoing Homes England (HE) IA team:
 - Model Maintenance – Moderate assurance, with three recommendations
 - Information Security - Substantial assurance
 - Data Protection – Substantial assurance

- Referrals and Investigations – Substantial assurance
- Government Internal Audit Agency (GIAA) were present, and they will be our Internal Auditors from May. They presented their Charter to the Committee.
- National Audit Office (NAO) presented their interim audit report. There were no issues found with their main areas of audit focus: presumed risk of management override of controls, and valuation of pension scheme assets and liabilities. They are currently reviewing the valuations of the pension schemes noting there had been a change in actuaries. The audit timetable is still on track for the Annual Report and Accounts (ARA) to be signed off in November.

8 Operations update

19/04/22 **Regulatory Judgements and IDAs:** The report was taken as read and members NOTED the number of RJs issued following IDAs. ML advised that the IDA target for 2021-22 had been achieved and 56 were planned for the 2022-23 year.

Annual Engagement Meetings (AEMs): The main discussions from the AEMs were:

- 20/04/22
- *Operational performance:* a number of providers were reporting experiencing pressure on repairs services exacerbated by labour and material shortages. These factors were also impacting on development programmes.
 - *Energy efficiency:* A number of providers are considering their asset management strategies in the light of the need to meet zero carbon. This is a development that we are monitoring and will keep the board updated on. ML also confirmed that IDAs are picking up any knock-on effects the pandemic has had on providers.
 - *Customers:* Providers are discussing an increased emphasis at board level on customer issues particularly in respect of repairs and complaints.
 - *Rents:* continue to be a point of discussion with a number discussing the impact of inflationary pressures for them and tenants.
 - *External Audit services:* Challenges with procuring external audit services was also appearing to be an issue for some and management advised that this was affecting a number of sectors. There is a legislative requirement for RPs to submit their accounts to us in a timely manner and we do not have the powers to grant extensions. The board advised that we should be on top of any covenant waivers that are required by providers where there are external audit delays. We will continue to monitor this area.

Quarterly Survey (QS) update

21/04/22 Members NOTED the key findings of the year end QS in relation to financial performance which is stronger than forecast. Forecasts continue to be adjusted and rolled forward with record levels of capitalised repair and development spend. Our analysis tools will enable us to monitor this and cross reference performance against these forecasts. Sales performance remains robust with some increases in unsold affordable homes. Data is also showing spikes relating to building safety spend. Members were keen that we continue to assess forecasts versus actual spend to make sure that stock safety and stock quality works are being undertaken as planned.

Reactive engagement (economic standards)

22/04/22 Reactive engagement continues with an increase in activity around rents, some from annual outlier work but also a noticeable increase in self-referrals on rent issues. The increasing numbers of self-referrals is positive in that providers are responding to our publications on rents and taking action to ensure they are satisfied with the level of assurance they have on compliance with the Rent Standard. Rents is a complex area, particularly in the PRP sector, and it is common that providers are finding inadequate assurance on property classifications and/or rent setting errors. ML confirmed that providers were refunding tenants and/or housing benefit departments where there had been overcharges and that we would be transparent about material rent standard non-compliance through Regulatory Notices. Members requested future reports provide examples of the type of issues being reported.

ML

9 Finance and Corporate Services update

23/04/22 RBP presented the paper and members NOTED the year to date spend. An explanation was given in respect of the balance sheet movement in payables between January and February.

24/04/22 Our internal HR team is now established and recruiting managers are being given more support on recruitment and an applicant tracking system to support the recruitment process is in place. Workforce planning is ongoing.

26/04/22 **NROSH+ replacement procurement:** Softwire Limited has been formally selected as the preferred bidder and as reported earlier, the contracts will be finalised by the end of May.

27/04/22 **Legal Panel procurement:** the procurement process was for two Lots of legal advisers and were appointed under a framework agreement. Appointment letters have been issued to five firms, four of which will provide services under both Lots and are on the current panel. Two of the previous advisers did not bid and we have appointed one new firm.

10 Decisions of the Assistant Director, Registrations and New Entrants

28/04/22 Members NOTED the update. De-registrations were NOTED.

11 Consumer Regulation update

29/04/22 KD introduced the paper which was a hybrid of reactive consumer regulation activity and also the work being undertaken to prepare for proactive consumer regulation. Members NOTED the information on proactive consumer regulation and the outcomes from the Consumer Regulation Programme Board (CRPB).

30/04/22 Engagement continues with a range of external stakeholders to develop our proactive approach to consumer regulation, and interest from these groups on our approach remains high. There was acknowledgement of the risk of the long timescale which stretches out to 2025 as in this time there is likely to be an increase of interest in this area and so we are using every opportunity to seek change in the sector now and continue to influence this through the media, speaking engagements and direct contact with CEO's and Boards of providers. We will also be using the IDAs to challenge providers on what they are doing in

this space, acknowledging there are limits on our role until the legislation passes but there are areas of overlap between consumer regulation and operational regulation in areas such as H&S and building safety as part of the Homes standard. To this end, we are planning on challenging providers via the IDAs by introducing some additional questions but keeping the focus on governance not consumer regulation and operational staff will be involved in the work on consumer regulation modelling.

31/04/22 Members had a number of questions about how the split of focus between operational regulation via IDAs and consumer regulation will work. KD advised that the next step is to design the details of consumer regulation to ensure that there is no risk of losing our focus on economic regulation. IDAs will continue to be the stable route of our regulation of the sector and of governance in particular and can be carried out through different lenses and consumer regulation will be one of those lenses. KD advised when asked that recruitment is well underway and progress with the legislation will also provide additional assurance as to definitively setting out what our powers will be.

KD

32/04/22 *TSM Consultation:* the analysis of the consultation responses is in progress and early indications show that respondents agree with a majority of the propositions in the consultation, but there are some areas where there has been some detailed challenge and we are working through these and will report on the proposed changes to the TSMs to the Board.

33/04/22 *Reactive consumer regulation:* referrals are increasing with numbers going back to pre-pandemic numbers. The levels of complexity of these cases are increasing and demanding greater levels of scrutiny. We continue to get assurance on the mitigation's implemented by providers and that they remain focussed on protecting their tenants. Resources are now in place to pick up this work.

34/04/22 Members were concerned with the reporting on H&S failures. Assurance was sought that we have comprehensive methods to ensure that providers are doing everything to improve shortcomings. There was acknowledgement that some of these cases have been under investigation for a long time, but we do everything within our powers to engage with the providers and get the assurance that they are managing the issues and delivering on their agreed actions.

12 Investigation and Engagement update

35/02/22 HB introduced the I&E report which gave members background information to current cases. He reminded Members that the information is market sensitive and confidential. The recruitment to the I&E team has been successful with eight new staff now in post. They have all been allocated cases and will soon be up to speed, and we expect to see the benefit of this in coming months. He gave members an update on the key developments on cases, which included:

36/02/22 *Larch Housing Association:*

37/02/22 *Eldonians:*

38/04/22 *Kinsman Housing Limited and St Andrews Community Housing Association:*

Gradings under Review

39/03/22 *Shepherds Bush HA Ltd:*

40/04/22 All other updates in the paper were NOTED.

13 Any other business

41/04/22 There were no other matters of business.

42/04/22 The Chair thanked members and officers for their contributions to the meeting. She invited feedback from members on their views on how the meeting had gone.

Date of next meeting: 24 May 2022 – 10.00am