

Report to: Management Committee 8th November 2018

This report was considered and discussed at the meeting of the Governance and Finance Sub Committee on 1st November 2018. Members agreed to the proposed self-assessment programme and recommend its acceptance to the full Management Committee.

2018 Review of Regulatory Framework

1. Purpose of Report

The purpose of this report is to advise members of the outcomes of senior management team scrutiny and discussion of the proposed regulatory framework as described in SHR's current consultation. Members are encouraged to suggest responses to the consultation as appropriate.

The report also seeks agreement to the self-assessment programme as outlined in section 4.

2. Background

A summary of the Regulator's proposals was presented to the Management Committee on 11th October. Members were advised that the senior management team would be reviewing relevant sections of the consultation, and consequently, further reports would be presented for approval and/or information.

3. SHR Consultation Package and impact on YHA

The consultation package comprises a suite of documents spanning the proposed Regulatory Framework in its entirety. All social landlords are required to comply with Guidance Notes and Regulatory Standards. The focus of this report will be the issues that have a direct impact on Yorkhill Housing Association's current constitutional and operational position.

3.1 Annual Assurance Statements

New

RSL Governing Bodies will require to submit annual Assurance Statements to confirm the organisation is either:

- a) Fully compliant with all regulatory requirements
- or
- b) Not fully compliant, with area (s) of weakness identified

It is anticipated these Assurance Statements will require to be submitted to SHR by the end of October each year. More information on their format and content will be issued following the consultation period.

Action required: The Governing Body will require to undertake a review of all requirements and agree on the organisation's compliance level for each. It may be necessary to introduce new reports for specific activities to ensure ongoing compliance. These reports will form part of the validation evidence required. Section 4 of this report (**Self-Assessment Programme**) recommends a schedule of assessment from December 2018 to August 2019)

3.2 Charter Indicators

Revised

There are 18 existing RSL indicators that are to be deleted. These cover:

- Equalities information for staff and governing body members
- SHQS and EESH data
- Repair appointments and reactive repairs per unit
- Tenancy let types
- Housing Lists
- NoP and Court actions raised
- Long voids

These will not impact on current performance monitoring and reporting. We will continue to record void periods, re-let times and types and housing list numbers.

There are 3 new RSL indicators:

- Households waiting for adaptations
- Cost of completed adaptations
- Section 5 referrals / offers /lets

These new indicators will require minor amendments to the current monitoring and reporting structures

There are 12 existing indicators that are to be moved to another part of the SHR Landlord Portal. These include:

- Information on governing body members and appointments
- RSL membership
- Stock numbers , sizes and average rents
- Number of lets

This information is currently reported; changes have no impact on recording or reporting procedures.

There are 7 existing indicators where there the wording is to be amended:

- Complaints Handling Procedure outcomes
- Gas Safety checks
- Percentage of rent collected and gross arrears
- Anti-social complaints and tenants satisfaction with neighbourhood management

As the proposed wording changes are not specified in the consultation, it is not yet possible to review the implications for information collection or reporting.

Action required:

The Services Sub-Committee will review performance monitoring and reporting procedures as appropriate.

Where relevant information is available with regard to changes, report contents will be amended as soon as possible. Section 4 includes proposed dates for review.

3.3 Internal Audit

New

All RSLs must have an Internal Audit function. This may be undertaken internally or by engaging an external consultant.

Action required: Senior Staff are currently researching appropriate guidance and potential service providers. It is recommended that the Association appoints an external company. A report with recommendations will be submitted to the Management Committee in December.

3.4 Finance Guidance

Minor Amendments

Determination of Accounting Requirements

Financial Viability of RSLs

The Finance Manager has reviewed both documents and confirmed the minor amendments do not affect the Association's current full compliance.

Action required: Briefing session for Governing Body to review content and context of guidance and agree on appropriate evidence records to be maintained throughout the year.

3.5 Standards of Governance and Financial Management

Revised

There has been some re-structuring of the existing standards with a new Standard 7 to reflect legislative changes in disposals and consents.

Some standards are more explicit, reducing the potential for misinterpretation of the requirements.

Examples include:

- Specific requirements for Internal Audit and Business Planning functions
- Requirement for affordability to be directly linked to rent levels
- Guidance on severance and settlement payments

Action required: All Standards to be reviewed by Management Committee and SMT, with appropriate recording, reporting and monitoring processes continued or established.

3.7 Reporting Information of Material Significance

New

This new guidance complements the Notifiable Events guidance that remains in place with minor amendments.

It places a requirement on RSLs to notify the Regulator on issues which pose a potential or actual significant risk to the organisation's viability and/or ability to operate in accordance with its obligations.

Examples of such issues include: Insolvency, recurring breaches of legislation, criminal conduct, and deliberate breach of SHR requirements.

Action required: Briefing session for SMT and Governing Body to review the Guidance.

3.8 Notifiable Events

Minor Amendments

There are no major changes to the guidance on Notifiable Events although some wording has been changed to reflect legislative changes. Some clauses have been updated to reflect SHR's experiences with interventions.

Notifiable events cover issues that have a significant or potentially significant impact on an RSL's governance, staffing, financial position, performance or compliance status.

Action required: Briefing session for SMT and Governing Body to review the Guidance.

3.9 Regulatory Decisions - Reviews / Appeals

New

Two new pieces of guidance prescribe the process for

- Requesting a review of a regulatory decision
- Requesting an appeal of a regulatory decision

Action required: Briefing session for SMT and Governing Body to review the Guidance.

4. Self-assessment Programme for November 18 – August 19

The programme below is proposed to allow a comprehensive review and compliance assessment of the Regulatory Framework.

The schedule allows for all statutory guidance and regulatory standards to be considered by the governing body, and where appropriate, relevant sub-committees.

The objective is to enable a full compliance assessment to be completed by the end of the current committee session, thus enabling the submission of an Assurance Statement to the Regulator by 31st October 2019.

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Management Committee	Services Sub Committee	Gov + Fin Sub Committee
<p>8th November Standard 3 The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level tenants can afford to pay</p> <p>Statutory Guidance: - Viability of RSLs - Determination of Accounting</p>	<p>22nd November Charter Indicators - Adaptations - Section 5 Referrals</p>	<p>6th December Standard 3 Financial forecasts</p>

Management Committee	Services Sub Committee	Gov + Fin Sub Committee
<p>13th December Internal Audit review</p> <p>Standard 1 The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.</p> <p>Standard 3 Business planning</p>	<p>24th January Standard 3 Rent setting /affordability</p>	<p>31st January Standard 3 Rent setting /affordability</p>
<p>14th February Standard 4 The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.</p> <p>Statutory Guidance</p> <ul style="list-style-type: none"> - Review of Regulatory decisions - Appeals of Regulatory decisions - 		
<p>14th March Standard 2 The RSL is open and accountable about what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. Its primary focus is the sustainable achievement of these priorities.</p> <p>Statutory Guidance:</p> <ul style="list-style-type: none"> - Notifiable Events - Material Information 	<p>21st March Standard 4 Internal Audit Risk Management</p> <p>Standard 2 Consultation Satisfaction Surveys</p> <p>Revised Charter Indicators</p>	<p>7th March Standard 4 Internal Audit Risk Management</p> <p>Standard 2 Publication Framework</p>
<p>11th April Standard 5</p>	<p>16th May Standard 5 Equalities</p>	<p>25th April Standard 5 Codes of Conduct</p>

The RSL conducts its affairs with honesty and integrity		
Management Committee	Services Sub Committee	Gov + Fin Sub Committee
30th May ARC Approval Standard 7 The RSL ensures that any organisational changes or disposals it makes safeguards the interest of and benefits current and future tenants.		
13th June Standard 6 The governing body and senior officers have the skills and knowledge they need to be effective	20th June Standard 6 Staff and committee training and development	6th June Standard 6 Recruitment, appraisal and succession
8th August	22nd August	29th August
Compliance Checklist	Compliance Checklist	Compliance Checklist
12th September Draft Assurance Statement		

Committee members are requested to consider the contents of this report and recommend its acceptance to the Management Committee on 8th November.