

Regulation Board Meeting 05 2009/10**REGULATION BOARD****MINUTES OF MEETING****Room 7, Highlander House, Glasgow, 10:30 Wednesday 26 May 2010****Present:**

Michael Cameron Acting Chief Executive (Chair)
Ian Brennan Head of Business Analysis
Iain Muirhead Head of Policy & Corporate Services
Christine Macleod Head of Support & Intervention
Lesley Kerr Acting Head of Inspection
Mairi Keddie Non Executive Board Member
Alex Condie Non Executive Board Member
Ray Macfarlane Non Executive Board Member

In attendance:

Roisin Harris secretariat
Mia Ayres-Donnelly shadowing secretariat

**Agenda
Item****1(a) Apologies**

There were no apologies. Roisin Harris told the Board that she would have to leave the meeting at 12:30.

1(b) Declaration of Interest

There were no declarations of interest for the meeting agenda or additions to the individual Board members' published interests.

Michael Cameron told the Board about an amendment to Alex Condie's declaration between meetings. Alex has joined the Board of PACT Enterprises Ltd and his published declaration has been updated.

1(c) Register of Gifts and Hospitality

The Board considered updates to the register since its last meeting.

- Lesley Kerr declared she had received dinner bed and breakfast from TPAS on 6 June 2010 as she presented a workshop for their conference on 7 June 2010.
- Michael Cameron noted that there was a double entry for him and this should be corrected and replaced with a lunch he received from the CIH.

There were no further updates for the register of gifts and hospitality.

1 (d) Matters Arising

Michael Cameron reported that all matters from the previous meeting Minute were completed or being dealt with at today's meeting, with the exception of one matter which will be carried forward: Lesley Kerr will update the Board at its November meeting on progress with shared risk

assessment work.

Action Mia Ayres-Donnelly to:

- **carry forward the action point for Lesley Kerr to update the Board on Shared Risk Assessments at its meeting in November 2010; and**
- **amend the gifts and hospitality register as agreed by the Board.**

Strategic Management

2. Transition update and draft transition plan

Iain Muirhead presented an update paper on progress against the high level milestones and activities in SHR's transition project plan.

Iain highlighted that:

- overall work was progressing as planned;
 - a significant amount of work on staffing had been done since the last Regulation Board; and
 - work has started on planning and mapping out the possible introduction of new powers and related consultation work,
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- Iain confirmed the stage one debate on the Housing (Scotland) Bill will take place on 23 June 2010. After this, subject to Parliament's broad approval for the principles of the Bill, SHR will be able to put in place firmer plans as Parliament's intentions will be clearer. Recruitment to the Board of the new SHR could start after the stage one debate and the recruitment process would be likely to run to the end of the year.

Michael Cameron told the Board that despite the ongoing changes, SHR staff had continued to deliver high quality regulation and meet corporate objectives.

The Board discussed its role in transition and agreed it would be useful to hold a workshop later in the year on draw on the current Board's experiences and consider lessons for the Board of the new Regulator. The workshop could cover topics such as:

- induction of the new Regulation Board;
- roles and activities of the new Board; and
- the proposed overarching approach to regulation.

The Board noted the progress report and thanked all SHR staff for their professionalism.

Action Iain Muirhead to:

- **send the Board an update on staffing after the outcome of recent leavers, recruitment and voluntary redeployment is considered; and**
- **organise Regulation Board workshop for autumn 2010.**

3. Quarter Four Business Plan & Management Information report

Iain Muirhead presented the Board with the quarterly performance reports and a covering paper outlining some of the agency's key achievements during quarter four.

The Board discussed the management of the potential workload around second stage transfer business proposals from potential purchasers for Glasgow Housing Association stock.

Michael Cameron told the Board that work on the 2009/10 annual report was progressing well. NEBMs will be given an opportunity to comment on the draft report before it is presented formally to the Audit Committee in June.

The Board discussed SHR's organisational performance indicators and highlighted the importance of achieving a consistently good performance on prompt payment for suppliers.

Iain Muirhead told the Board that the business plan for 2010/11 was being finalised. The Board agreed it would like to continue to receive quarterly business plan progress reports and a separate transition plan report at each meeting.

The Board noted the rest of the information report.

4. Budget report

Iain Muirhead presented the Board with a report reviewing spend against forecast budget to the end of quarter four 2009/10. Iain told the Board that near-final budget position for 2009-10 is £3.964m (subject to final accounting changes). This represents a significant under spend against SHR's original budget, and is a slight under spend against SHR's revised budget after allowing for a contingency estimate.

The Board noted the budget report.

The Board agreed it was important to start preparing contingency plans for any future budget cuts that might result from the Scottish spending review.

Action Iain Muirhead to update the Board on any implications for SHR as and when the Scottish Government's budget position becomes clearer.

5. 209/10 Employee Survey

Iain Muirhead presented a report advising the Regulation Board on SHR's results from the UK civil service wide Employee Engagement survey, which took place in autumn 2009.

The Board noted the report. It agreed that SHR managers should focus on working with staff to improve areas where staff feedback was less

positive.

6. Risk Register

Iain Muirhead presented the risk register as agreed by the Board in February 2010 for discussion and updating. The Board discussed the risks identified and agreed to:

- amend the wording of risk one: *'We are not able to deal with the impact of changes to our budget settlement, or have underestimated or overestimated our resource requirements'* to reflect budget reductions and ability to continue to deliver against strategic objectives; and add into mitigating actions the SHR's scenario planning work.
- correct the error in the rating for risk four *'We are unable to control corporate services provided by Scottish Government, such as IT and HR support'* to give a total of nine.

The Board agreed no other changes were required to the risk register.

Action Iain Muirhead to amend the risk register as agreed by the Board.

7. Information Management

Iain Muirhead presented a paper updating the Board on ongoing developments within government around information management and data security, and explained the actions SHR has taken and plans to take in response.

Iain updated the Board about work SHR was doing to review its IT and records management systems.

Ian Brennan told the Board about progress with the new IT package SHR had purchased to improve financial scrutiny.

The Board noted the report.

Regulation Management

8. Risk Engagement Activities

Ian Brennan presented a report on SHR's risk engagement activities since November 2009. He highlighted that SHR is amending the timetable for regulatory assessments. Although regulation plans were published recently another assessment will be done in quarter three 2010/11, so the most up to date information can be used and any resulting plans will be produced in quarter four.

Ian reported that we have published 59 regulation plans; three categorised as high engagement and 56 as medium engagement. Ian highlighted that there are a further six organisations where we are currently assessing information and so there may be six more regulation plans depending on the assessed risk and assurance required. However we have also reduced our level of engagement to low or standard for three RSLs where we have received assurances and so removed three regulation plans.

The Board welcomed the active application of proportionate regulation and noted the report.

Audit

9. Audit Committee Update

Alex Condie: Chair of the Audit Committee presented the Board with the approved minutes from the last meeting of the Audit Committee on 17 March 2010. He reported the audit cycle was nearly completed and both internal and external audits had gone well to date.

Iain Muirhead told the Board that our Internal Auditors had now confirmed they would be providing 'substantial assurance' to SHR – the highest level of assurance. The external audit is nearing the end of the onsite phase. Both Internal Audit and Audit Scotland are expected to report to the Audit Committee in June.

The Board noted the minutes and Iain's update.

Michael Cameron responded to an action point from the Audit Committee and updated the Board on SHR's response to Audit Scotland's national reports on Scotland's public finances and improving public sector efficiencies.

The Board noted Michael's update.

Roisin Harris left the meeting.

AOB

10 IT developments

Ian Brennan updated the Board on work with an IT expert in partnership with the Scottish Government IT department to assess services SHR will need in the future.

The Board noted Ian's update.

Action Ian Brennan to update the Board on progress at the next Regulation Board meeting.

Audit Scotland Study: The role of Boards in Scottish public bodies

Michael told the Board that the publication of this study has been delayed and Audit Scotland will now publish it in August 2010.

Regulation Board Agenda

Ray Macfarlane noted that current meetings have as their primary focus the operational management of the agency. She asked if there was merit in considering a different balance for future Regulation Board agendas, with more emphasis on regulation of the housing sector and SHR's place within the wider Government. The Board discussed this point and agreed

that a changed balance could add value to the Board's role.

Action Michael agreed to bring a paper to the next Board meeting to set out a proposed refocused agenda. The workshop pencilled in for autumn could also cover this issue.

Michael to send Non-Executive Board Members links to the SG's Housing Discussion document and the report 'New Climate, New Challenges'.

DONM

- 10.30 Wednesday 21 July 2010, Highlander House, Glasgow

Future dates

- Wednesday 10 November 2010
- Wednesday 9 February 2011