SCOTTISH HOUSING REGULATOR BOARD
MINUTE OF THE BOARD MEETING 29 May 2018

Present

George Walker (GW)	SHR Chair
Anne Jarvie (AJ)	SHR Deputy Chair
Lisa Peebles (LP)	SHR Board member
Simon Little (SL)	SHR Board member
Bob Gil (BG)	SHR Board member
Andrew Watson (AW)	SHR Board member
Siobhan White (SW)	SHR Board member (Items 1 – 4 & 6 – 13)
Mike Dailly (MD)	SHR Board member (Items 1 – 4 & 6 – 13)
Michael Cameron (MC)	Chief Executive
Ian Brennan (IB)	Director of Regulation (Finance & Risk) (items 1 – 12)
Christine Macleod (CM)	Director of Regulation (Governance & Performance) (items 1–12)
Iain Muirhead (IM)	Director of Strategy & Communications (items 1 – 12)
Roisin Harris (RH)	Corporate Governance Manager (items 1 – 12)
Susan Campbell (SC)	Head of Planning & Performance (items 1 – 4)

Observing (Items 1– 12)

Joyce Stewart (JS)	Regulation Manager (Governance & Performance)

1. Welcome, apologies and declaration of interest
GW welcomed all present.   There were no apologies

SL reminded the Board of his published declaration of interest in relation to a friendship with the Director of Fairfield Housing Association.

LP reported that a community event she is organising for the Ready Steady Grow charity has received some grant funding from Southside Housing Association.

The Board noted the declarations.

2. Minutes & Matters Arising
The Board considered and approved minutes from the Board meeting on 20 March 2018 and it noted a summary of its strategy session on 23 April 2018. The Board also considered the matters arising report and agreed items for removal.

3. Regulatory Framework Review
MC introduced the update on the Regulatory Framework review. He highlighted that the programme is on track, but is entering the most challenging phase which will involve intensive work internally and with stakeholders. He reported that stakeholders have been positive about the next phase of engagement and the first meeting with a sounding board established by SFHA is on 31 May 2018.

AW and AJ reported on the recent Programme Board, they set out recent discussions around risk in relation to resources.

MC confirmed that SHR is working hard to ensure stakeholders are kept up to date with emerging ideas. He confirmed that the greatest risk to the review is SHR's ability to resource it if other regulatory work spikes.

SC presented a proposed outline structure for the new Framework. The Board considered each section.

The Board welcomed that a cover piece is planned that will map out changes, set out the review programme and demonstrate how SHR has listened to and been influenced by stakeholders.

The Board discussed equalities. It welcomed the potential for much closer work with EHRC and noted the forthcoming meeting. The Board agreed that it would be important to demonstrate both SHR's commitment to equalities and that any changes would still allow it to discharge its public sector duties. It also discussed the emerging socio-economic agenda and human rights narrative around fairness. The Board also agreed that homelessness should be reflected in any equalities narrative.

The Board discussed regulatory requirements and the Standards of Governance and Financial Management. It considered:
• whistleblowing and assurance statements;
• value for money and affordability, noting that the Corporate Plan will focus on priorities;
• the format and process for landlords publishing Charter performance reports; and
• the relationship between the Framework and emerging Scottish Government policy positions.

The Board discussed empowering tenants and others by gathering and publishing data in useful and accessible ways, and agreed that SHR should not collect any data that is no longer useful.

The Board discussed the process for assurance statements. It noted the intention that statements would not be directly linked to the financial year cycle and that landlords would be required to notify SHR during the year if there is any change to their compliance status. SC confirmed plans to test this approach with the landlord working group and there will be supportive guidance.

The Board considered group structures and discussed options for assurance statements for these organisations. The Board asked MC to consider the issues it raised around tenants as he works with staff and stakeholders to develop this section for consultation.

The Board considered options around how SHR can present its regulatory view. GW & MC provided the Board with some feedback from related discussions with the Regulator of Social Housing in England and with UK Finance. It considered potential risks around interpretation and agreed a preferred approach to develop further ahead of consultation.

The Board considered responsive action when matters are brought to SHR's attention. SC confirmed this section remains as it was set out in the discussion paper and along with regulatory requirements will be used to promote and facilitate whistleblowing. The Board also agreed that SHR would be mindful of timescales and the potential costs of intensive reactive regulation for tenants.

The Board noted the section on thematic work and that the Corporate Plan would identify priority themes that SHR will focus on. It also noted plans to largely replicate sections on inquiries and information and the register while allowing for some streamlining, but still discharging its duty to publish codes.

MC confirmed that unlike England there are no not-for-profit landlords in Scotland and that this position is enshrined in Scottish legislation.

The Board discussed the importance of setting out SHR's accountability to the Scottish Parliament and that SHR needs to be as transparent as possible.

SC highlighted the guidance associated with the Framework that will be refreshed for the consultation. The Board welcomed the guidance and noted the scale of work to be completed for the consultation package.

The Board noted the progress and risk update from the Programme Board. It thanked the staff team for development work to date and approved the outline Framework and the way forward for policy areas to be developed.

The Board considered the plans to communicate and engage with stakeholders ahead of and during the consultation. MC confirmed that SFHA is facilitating an RSL group and that SHR will also engage with local authorities through ALACHO. It noted plans for tenant events including in the Highlands & Islands. The Board approved the approach to communications and stakeholder engagement for the consultation and agreed to participate in events.

Action: MC and SC to work with colleagues and stakeholders to develop a Regulatory Framework package for consultation.

4. 2018/19 Restated Budget
SC presented a proposed revised revenue budget for 2018/19. She reported this reflected the latest cost information on SHR's Business Intelligence contact and that she has been able to move £57,000 into staff costs to allow SHR to make full use of this resource. SC also reported on some recent changes in staffing and on the implications of the Scottish Government pay award.

The Board noted the workforce changes and discussed recruitment. It welcomed that BI savings will give some headroom around resourcing.

The Board approved the restated revenue budget for 2018/19.

5. Kincardine Housing Cooperative (KHC)
GW reported that as the Board's decision will be open to appeal SW and MD have agreed to leave and not participate in discussions. He confirmed that they did not receive the related Board paper**.**

CM reported that there is no immediate risk to KHC's tenants as the statutory manager and statutory restrictions on KHC's dealings will remain in place to protect tenants' interests until the future of the organisation is settled. She confirmed that KHC will continue to pay for the statutory manager.

CM explained that at this stage the Board is asked to consider if it is minded to direct a transfer and if so to direct gathering of tenants' views. Only after tenants' views have been expressed can the Board take account of their views and decide on whether or not to direct a transfer of assets.

The Board discussed the report findings and noted:

- evidence from SHR's engagement and the independent investigation reports identifying issues of significant concern about the management and governance of KHC and breaches of the code of conduct; and
- KHC has been given opportunities to remedy its failures but has been unable to do so.

CM explained that SHR will commission independent advice to determine communications with KHC's tenants. The Board discussed the process and the information to be covered.

The Board noted that potential recipient RSLs will be provided with information about KHC's houses to understand the condition of the stock and any maintenance/investment needs.

CM confirmed that the transferee RSL would be identified after assessing that it is in good financial health, meets Regulatory Standards and demonstrates that it will improve the management of KHC.

The Board agreed:
- that as a result of the inquiries made it considered that there has been misconduct and mismanagement in KHC's affairs, that its viability is in jeopardy for governance reasons, and that a transfer of all its assets to another RSL under s67 of the Act would improve their management;
- to consult KHC's tenants about a proposed direction to transfer all of KHC's assets to a suitable RSL; and
- to delegate authority to MC to approve the prospective transferee RSL to be included in the tenant consultation.

It noted that CM will bring a further report to the Board to set out views expressed by Kincardine's tenants and seek a decision on a potential direction to transfer. The Board agreed it was important for Kincardine tenants that SHR streamlines timescales as much as possible and that it could convene a special meeting to take this decision. It also asked CM to keep it updated of any delays.

Actions:
- **CM to seek suitable RSLs and MC to approve the prospective transferee RSL.**
- **CM to commission a consultation with Kincardine's tenants on the proposed direction to transfer all of KHC's assets to a suitable RSL.**
- **CM to keep the Board updated on progress with the consultation.**
- **CM to bring a further report to the Board on the conclusion of the tenant consultation to seek the Board's decision about making a direction to transfer.**

6. ARAC Update
GW reported that SW has agreed to take over as ARAC Chair when LP's term as a Board member ends on 31 March 2019. GW reported that LP and SW will agree handover arrangements.

LP updated the Board on ARAC's last meeting in March 2018. She highlighted:
- an update on SHR's IT work;
- internal audit work on procurement and discussion around longer term planning for audit work; and
- the Committee's self-assessment discussion, thanking AJ for returning to participate in this.

The Board considered her update and discussed:

- the quantity, focus and timing of audit work, noting the focus during 2018/19 will be on data protection and open data and that the Committee will decide if the 2019/20 work programme will include the Regulatory Framework review;
- the difference in the relationship with the Scottish Government Internal Audit service compared to a private audit firm. It noted that audit time includes participation at ARAC meetings by the audit team members; and
- if there is scope for internal audit to consider emerging themes like culture.

The Board welcomed the self-assessment. It thanked LP and noted her update. The Board asked SW and LP to consider the discussion on internal audit work during their handover.

Action: SW and LP to consider the discussion on internal audit during their handover.

7. Chair's report
GW presented a summary of his activity and forthcoming plans. He highlighted the live survey on SHR's governance and encouraged Board members and the Executive Team to participate and provide comment. GW reported he will bring a discussion paper on the findings to the Board during October.

GW confirmed that nearly all Board member end of year reviews were completed. He also provided the Board with feedback on his review meeting with Scottish Government.

The Board noted the update and welcomed the feedback from Scottish Government colleagues.

8. Chief Executive's report
MC presented an update on issues and developments of significance in regulated bodies, the wider housing environment and SHR. He highlighted:
- cyber-security;
- the corporate performance report for quarter four; and
- the Scottish Government's report on Gypsy/Travellers' site standards.

The Board considered his report and discussed:
- SHR's planned approach to establishing if social landlords are meeting site standards and noted that the Minister wrote to SHR's Chair to highlight the report; and
- changes in working hours set out in the corporate performance report.

The Board also considered SHR's approach to implementing the elements of the Scottish Government's public sector action plan on cyber-security. It noted the comfort gained from IT systems covered by Scottish Government that are subject to additional scrutiny. It also noted:
- ongoing cyber essentials pre-assessment work on the BI system;
- further development of incident response plans;
- work to raise staff awareness; and
- work to ensure SHR has access to cyber-security networks.

The Board noted that Scottish Ministers will ask for an update from public bodies including SHR at the end of June. It noted plans to take this to ARAC for consideration on 20 June 2018.

The Board noted the updates and approved the approach to governance of cyber-security risk.

9. Members' report
AJ and BG updated members on a recent visit to Blackwood.

The Board noted the update.

10. AOB
The Board noted that CM has submitted notice to retire and that her last Board meeting will be in August 2018.

11. Effectiveness of meetings and papers and agenda planning
JW thanked the Board for the opportunity to observe the meeting and fed back on her observations.

The Board discussed a matter arising around homelessness and requested a future agenda slot. It also encouraged feedback on what it would be helpful for the Board to do with staff.

12. DONM
The Board will hold a development session on 26 June 2018. It will next meet on 7 August 2018 and the Board noted that the Minister will attend for part of that meeting.

13. Private session
The Board and the Chief Executive held a private session.

Post meeting note
Business Intelligence Procurement Spend
The Board agreed to spend £42,679 to initiate a proof of concept commission to develop new open source, open standards Business Intelligence forms. It noted this would reduce or eliminate SHR's dependency on sole suppliers. The Board noted this work will commence prior to the next Board meeting in August.