

Public Accounts Committee: Inquiry into the Regulatory oversight of Housing Associations

Submitted by Derek Lassetter: Chair, Board of Management, Tai Ceredigion Cyf

Introduction : This is my third year as Chair of Tai Ceredigion having first joined as an Independent Board member in 2012. My professional career has been in the private sector with Public service experience as a member of the British Hallmarking Council and as vice-chair of an NHS Wales research ethics committee.

That which follows is my personal view based upon 5 years' experience of operating as a Board Member of this LSVT organisation.

Effectiveness of the current Regulatory Framework for Housing Associations registered in Wales

On this subject I subscribe to the views already presented by the Regulatory Board for Wales and Community Housing Cymru. It seems self-evident that a form of Regulatory framework is essential to guard the interests of Tenants, Welsh Government and other stakeholders. The co-regulatory approach appears to be both appropriate and proportionate. However, RBW make a very valid point that the effectiveness of this approach requires Tenant involvement, strength in the Regulation team and high standards of Board governance.

The effectiveness and quality of governance arrangements

Both the CHC Code of Governance and the Regulatory Framework are excellent comprehensive documents in describing the expectations and responsibilities placed on Housing Association Boards. I fully subscribe to both documents as they outline the sector specific business practice and sound governance practices needed to guide Housing Associations through increasingly complex financial, legal and commercial situations.

However, my concern is that there is a probable discrepancy between the responsibilities invested in Boards and the ability of Boards to actually recruit the levels of skill, experience and time needed to consistently meet these expectations given the current remuneration restrictions. LSVT organisations also need to contend with a rule driven constituency Board structure which may restrict the attainment of a wider range of board skills.

Whether the current regulatory regime is effective in managing and mitigating sector wide risks

The Regulation team have circulated an interesting and comprehensive Sector Risk paper and there is no shortage of Risk Management information and training from CHC and others. Clearly, Regulation has a major role to play in seeking assurance that Boards are risk aware but the process of risk assessment, management and mitigation is one of the core business requirements of an Association. As above, there is a possibility of a Board not recruiting the correct blend of skill and experience to effectively identify and manage risk.

The effectiveness of the co-regulatory approach in practice

My own view is that the co-regulatory approach requires an open, honest and regular dialogue between the Association and the Regulator. However, my experience is that in practice the discussion is almost exclusively between the Regulator and Executive teams with limited direct interface with Boards. There may be benefits in establishing a wider and closer working relationship between the Regulatory team and Boards

The remuneration levels of senior staff members of housing associations

In the case of Tai Ceredigion responsibility in this area rests with the Board which delegates consideration to the Remuneration Committee which is then responsible for making recommendation for Board discussion and

approval. Sector pay data and sector trends are commissioned and provided by the Executive without recommendation. It is very important for the Board to establish correct and acceptable levels of remuneration for senior staff. However, as above, this requires the requisite level of skill and experience within the Board.