



PUBLIC MINUTES
of the Regulation Committee meeting
held on Monday 20 February 2017 at 10am
Marsham Street, London

Present

Julian Ashby	Chairman
Richard Moriarty	
Sarah Wall	
Ceri Richards	
Simon Dow	

In attendance

Fiona MacGregor	Director of Regulation	
Mick Warner	Deputy Director Operations	
Jonathan Walters	Deputy Director Strategy & Performance	
Isabella Freeman	Head of Legal Services	
Emma Tarran	Head of Governance, Assurance	
Karen Doran	Assistant Director Regulatory Operations	
John O'Mahony	Assistant Director Regulatory Framework & Performance	Item 8
Jim Bennett	Assistant Director Regulation Strategy	Item 9
Robert Dryburgh	Assistant Director Analysis	Item 9
Jack Lee	Assistant Director Investigation & Enforcement	Item 11
Mary Carter	Board Secretary	

01/02/17 There was a confidential session between members and the Director of Regulation.

1 Welcome and apologies

02/02/17 There were no apologies.

2 Declarations of Interest

03/02/17 Sarah Wall declared that she had a new job with AVIVA Plc.

3 Minutes of the last meeting – 12 December 2016

04/02/17 The confidential minutes were APPROVED as a true record.

05/02/17 The public minutes were APPROVED for publication.

4 **Matters Arising**

07/02/17 17/09/16 - *Managing the transition risks associated with mergers* – Committee noted the current approach.

5 **Committee forward look**

08/02/17 Members noted the planner, with the addition of a paper on the VFM Standard in March. **MC**

6 **Regulation Director's update on key issues**

09/02/17 **Policy developments:**

The recent White Paper contained specific commitments relevant to Registered Providers, to:

- set a rent policy for social housing landlords for the period beyond 2020 to help them borrow against future income;
- put social housing regulation on a more independent footing by establishing the regulator as a stand-alone body;
- deregulate so that the classification of housing associations as being in the private sector is restored;
- urge HAs to explore every avenue for building homes; and
- expect housing associations to make every effort to improve their efficiency in order to release resources for building homes.

This was against a backdrop of wider focus on supply, including accelerated construction and supporting SMEs. Four new HCA Board members had been appointed to help deliver this wider agenda. The re-branding HCA as "Homes England" would take place in summer 2017. The Regulation Directorate would be routinely refer to itself as the Social Housing Regulator at this time, ahead of any legislative changes.

10/02/17 **Regulation 2016/17:**

Progress continued for the remaining key projects: Mega Mergers, De-regulation, Housing Admin, and Value for Money. The Consumer Regulation work stream was now formally closed.

11/02/17 **Performance Management:**

Progress had been good; of the 25 targets that make up the 2016/17 business plan, one was complete and the remaining 24 targets were on track. Remaining actions following 2015/16 audits were due at the end of Q4 and no issues were currently expected with hitting these dates.

12/02/17 **Publications, media and stakeholders:**

The Deputy Director Strategy & Performance reported that the Guardian and Inside Housing had run news stories and features on the problems at Orchard Village and Old Ford, including assertions by some complainants that Circle's re-grade to G2 was motivated by the Regulator's desire to facilitate the merger. This was not the case, and the decision to maintain Clarion's grading at G2 following the merger had been carefully considered.

7 **Transition Programme update**

13/02/17 The Committee agreed to consider this item in their afternoon workshop.

8 Fees Next Steps

- 14/02/17 The Assistant Director Regulatory Framework & Performance introduced the paper, which asked the Committee to review the final draft decision statement, the final draft guidance for RPs and other associated matters. The only new resource requirement resulting from the proposals in the paper related to the proposed Fees and Resources Advisory Panel, which would be met within existing resources.
- 15/02/17 Members were satisfied with the draft documentation, subject to flagged outstanding issues. They considered that the de-registration process should be as simple as possible for small providers, and they queried when officers planned to bring forward proposals for the Fees and Resources Advisory Panel.
- 16/02/17 The Assistant Director Regulatory Framework & Performance explained that there was to be consultation with other Agencies who had a similar advisory panel. He would bring the results of that consultation to the Committee in March or April 2017.
- 17/02/17 The Regulation Committee APPROVED the final draft decision statement and draft fees guidance and DELEGATED final sign off to the Regulation Committee Chair; NOTED the analysis of fees responses in relation to questions 15, 16 & 17, and AGREED the proposed response; AGREED to setting out details of the fees and resources advisory panel at a later date; and NOTED the update on systems work.

JOM

9 VFM Consultation

- 18/02/17 The Assistant Director Analysis sought Committee's approval to proposals for regulating VFM in 2017-18 and consulting on revisions to the VFM standard.

Does Regulation Committee agree that the Regulator should publish baseline historic data on the finalised set of metrics, in advance of a new standard coming into force?

Members AGREED that the Regulator should publish baseline historic data.

10 Operations update

- 22/02/17 The Deputy Director Operations updated Regulation Committee on the work of the Regulatory Operations team and on merger activity which was in the public domain. There had been eleven regulatory judgements including three new narrative judgements published in December. Interim judgements were made on London & Quadrant, Sovereign and Guinness (all G1/V1). Two new narrative judgements (Manningham and Broadacres) were published in early February, outside the usual publication schedule. Both were downgraded due to emerging Governance issues.
- 23/02/17 67 providers have been considered at stocktake panels following the completion of IDAs. Plus Dane had been considered at a panel since the previous Committee report was produced, and assessed at G2/V2.

24/02/17 The Regulator was aware of significant merger activity underway, some of which are on track to complete before the introduction of de-regulation.

25/02/17 Members NOTED the report.

11 Investigation and Enforcement Update

26/02/17 The Assistant Director Investigation & Enforcement advised the Committee of those registered providers where a significant measure of under-performance has been identified during regulatory engagement, and provided a detailed briefing on those cases which were of most concern currently.

30/02/17 *Luminus* – they have been informed that they had been put on the Regulator's Grading under Review list.

31/02/17 *Habinteg* - they were placed on the Grading under Review list in December 2016. Habinteg have since submitted information and documents which provided sufficient additional assurance of its continued compliance with the standards and have been removed from the Gradings under Review list. We intend to publish an updated compliant regulatory judgment at the end of February 2017.

32/02/17 Members NOTED the cases under Intensive Regulatory Engagement.

12 Any Other Business – there was no other business.

Date of Next Meeting: Monday 27 March 2017.