

PUBLIC MINUTES
of the Regulation Committee meeting
held on 20 May 2014, 10.00am
Board Room, Maple House, London

Present

Julian Ashby	Chairman
Richard Moriarty	
Jonathan Adlington	
Inge Kettner	
Jane May	
Piers Williamson	(agenda items 1 – 15 only)

In attendance

Andrew Rose	Chief Executive (Items 1-9 only)
Matthew Bailes	Director of Regulation
Jonathan Walters	Deputy Director Strategy and Performance
Bronwen Rapley	Deputy Director Investigation and Enforcement
Isabella Freeman	Head of Legal Services and Company Secretary
Catherine Farrington	Principal Solicitor
John O'Mahony	Assistant Director Regulatory Framework and Performance (items 8 and 13 only)
Tom Crawshaw	(item 8)
Ros Poulson	Registrar (items 9, 10 and 15 only)
Rob Dryburgh	Assistant Director Assurance and Analysis (agenda item 9 only)
Doug Livingstone	Head of Risk and Assurance (agenda item 13 only)
Michelle Tucker	Assistant Board Secretary

1 Welcome and apologies

01/05/14 The Chairman welcomed everyone to the meeting. No apologies were given.

2 Declarations of Interest

02/05/14 No further interests were declared.

3 Cosmopolitan Lessons Learned

5/05/14 Members welcomed and ACCEPTED the report in full. They delegated to the workshop session decisions on how to respond to the recommendations, handling of the report and communications.

4 Minutes of the meeting held on 15 April 2014

6/05/14 The minutes of the meeting held on 15 April 2014 were AGREED as a true record subject to the following amendments: **MT**

- 29/04/14: Q3 and Q4 should be amended to read Q4 and Q5.
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7/05/14 The Committee AGREED the proposed public minutes.

5 Matters Arising

9/05/14 Members NOTED the matters arising.

6 Committee forward look

10/05/14 Members reviewed the forward planner and AGREED that a workshop would be added on 15/16 projects in July; a stocktake on Cosmopolitan would be added to December's agenda and Jonathan Prior would be invited to attend July's meeting to discuss IFRS. **MT**

7 Regulation Director's update on key issues

11/05/14 The Director of Regulation updated Committee on key developments since the last Committee meeting. Particular note was taken of the following points.

12/05/14 Media Coverage & Stakeholders: The Director of Regulation reported that he and the Chair of the Regulation Committee had spoken at the NHF's Regulation conferences. The sessions had been well attended and he estimated that around 200 representatives from registered providers had been in the audiences.

Statutory consultation on Framework: Once the Rent Direction was issued then the Framework would be launched.

14/05/14 Bank of England stress tests: Members queried the impact for the sector if bank rates rose especially for those providers who have exposure in the market through sales. The Director of Regulation acknowledged that this was a key risk.

15/05/14 Officers AGREED to source data on the extent of the potential risk in time for the forthcoming Investor Investment Conference. They further AGREED to investigate who was the housing contact at the Bank of England. **MB/JW**

8 Fees

17/05/14 The Assistant Director Regulatory Framework and Performance updated Committee on the latest position.

9 Policy on Rent Waivers

26/05/14 The Assistant Director Assurance and Analysis outlined the proposed approach to the issuing of rent waivers to elements of the 2015 rent standard. There were three areas where Committee's agreement was sought and this was on: the form that a waiver would take; the regulator's appetite for agreeing waivers and the framework for considering a waiver application.

27/05/14 The Assistant Director Assurance and Analysis further explained that as the rent standard would not be in place at the time of considering waiver applications, formal waivers could not be issued. The proposal therefore was to issue 'in-principle waivers' which would signal the Regulator's intention to grant a formal waiver on 1 April 2015. He believed that the number of providers who would need or request an 'in-principle' waiver would be minimal.

29/05/14 Committee AGREED the approach and communication to the sector.

10 Conversion of social housing to market rent or intermediate rent

30/05/14 The Registrar provided an update to Committee on developments in the approach to the interim policy (whilst the longer term policy was being considered and developed) on conversion of social rent properties to market or intermediate rent levels.

34/05/14 It was AGREED that a decision on an interim policy position would be deferred to the next meeting of Regulation Committee.

11 Major Financial Failure – Project update

35/05/14 The Deputy Director Investigation and Enforcement updated Committee on the conclusion of the work of the project team on drafting an initial plan for the operation of a moratorium. Committee were also sighted on the process for appointing an interim Manager and the project plan.

37/05/14 Now that a plan was in place it was intended that stress testing of a variety of scenarios would take place to ensure that the plans were as robust as possible.

the Committee APPROVED the plan.

12 Reactive Engagement

42/05/14 The Deputy Director Investigation and Enforcement sought Committee's approval on the proposed amendment to Regulating the Standards which

would cover the changes to our approach to reactive regulatory engagement.

44/05/14 The Committee APPROVED the proposed amendment to Regulating the Standards.

13 HCA Governance Statement

45/05/14 The Assistant Director Regulatory Framework and Performance sought Members' comments on the draft Regulation section of the HCA Governance Statement.

46/05/14 Members provided feedback on both the Regulation section and the main body of the HCA Governance statement text.

49/05/14 Members further requested that the Regulation Committee effectiveness review was noted somewhere in the report.

50/05/14 It was AGREED that a revised version of the HCA Governance Statement would be circulated to Members.

JOM

14 HCA Annual Report: Regulation text

51/05/14 Committee received a draft of the CEO and Chairman's report which would be included in the HCA Annual Report.

52/05/14 The document had been circulated late and Members and the Regulation Executive had not had the opportunity to fully review the Regulation sections of the report. Members requested that Regulation Executive review the document and circulate a revised version to Members.

RET

15 Decisions of the Registrar

53/05/14 The Registrar advised the Committee of the decisions taken in accordance with the delegation to the Registrar on registrations, de-registrations and restructurings since April 2014.

54/05/14 The Committee NOTED the summary of recent activity and decisions taken by the Registrar.

16 Investigation and Enforcement update

55/05/14 The Deputy Director Investigation and Enforcement advised the Committee of those registered providers where a significant measure of under-performance had been identified during regulatory engagement, and provided a detailed briefing on those cases which were of most concern currently.

56/05/14

57/05/14 Members NOTED the report.

17 Any Other Business

58/05/14 No other business was reported.

Date of Next Meeting

59/04/14 The next meeting would take place on Thursday 12 June 2014.