



PUBLIC MINUTES
of the Regulation Committee meeting
held on 15 April 2014, 10.00am
Board Room, Maple House, London

Present

Julian Ashby	Chairman
Jonathan Adlington	
Inge Kettner	
Jane May	
Piers Williamson	(agenda items 1 – 12 only)

In attendance

Andrew Rose	Chief Executive (Items 1-8, 11)
Matthew Bailes	Director of Regulation
Jonathan Walters	Deputy Director Strategy and Performance
Mick Warner	Deputy Director Operations
Bronwen Rapley	Deputy Director Investigation and Enforcement
Isabella Freeman	Head of Legal Services and Company Secretary
Will Perry	Assistant Director Commercial and New Entrants (item 3)
John O'Mahony	Assistant Director Regulatory Framework and Performance (items 8-10)
Ros Poulson	Registrar (item 12)
Mary Carter	Board Secretary

1 Welcome and apologies

01/04/14 The Chairman welcomed everyone to the meeting. Richard Moriarty's apologies were noted.

2 Declarations of Interest

02/04/14 No further interests were declared.

03/04/14 Items were taken in the following order: 3,7,8, 9-13.

4 Minutes of the meeting held on 20 March 2014

13/04/14 The minutes of the meeting held on 20 March 2014 were AGREED as a true record.

14/04/14 The Committee AGREED the proposed public minutes, subject to various adjustments to the redactions.

5 Matters Arising

15/04/14 Members NOTED the matters arising.

6 Committee forward look

16/04/14 Members reviewed the forward planner and AGREED that the workshop for May 2014 should focus on Fees and handling the communication of those matters which would be coming into the public domain during June. They agreed that the Regulation report to Board in June 2014 should be deleted from the forward plan since this was just the routine monthly update report.

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7 Regulation Director's update on key issues

17/04/14 The Director of Regulation updated Committee on key developments since the last Committee meeting. Particular note was taken of the following points.

18/04/14 *Recruitment:* The Director of Regulation reported that recruitment of Financial Analysis staff continued to be challenging, with offers made for 3 out of the 7 posts. The job advert for a new Regulation Committee member had now been published.

19/04/14 *Investment and Programmes* - The Chief Executive reported that recruitment was now underway for the new HCA-Investments (HCA-I) team, which would manage the HCA's large scale public sector financial transactions. The bidding round for the new AHP prospectus would close on 30 April. There had been a significant number of providers expressing an interest in bidding, but overall bid levels remained unclear.

20/04/14 *Market Intelligence* - the Director of Regulation reported that a new consultation on the impairment section of the SORP was being run until 30 May, following sector feedback on the original proposals.

21/04/14 *Welfare Reform* – early evidence suggested that the effect of recent welfare reforms would be in line with Regulation's projections, with an incremental impact from 2013-17 which would need to be factored into Registered Providers' business plans.

22/04/14 Members NOTED the report.

The Chairman reported that the recruitment of Tariq Kazi's replacement had now commenced.

8 Fees

23/04/14 The Assistant Director Regulatory Framework and Performance updated Committee on the outcomes of the fees discussion document, set out the proposed approach to developing a fees model, the proposed transparency arrangements, and presented an outline of the draft statutory consultation document.

36/04/14 Members were pleased with the high level of support from respondents to

the discussion document and happy with the structure of the formal consultation. They discussed timescales and noted that a final working draft would be brought to the May Committee meeting.

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9 Regulation Business Plan

37/04/14 The Assistant Director Regulatory Framework and Performance invited members to review the draft business plan 2014/15 for Regulation, ahead of a peer review by Directors Group in mid-May 2014.

38/04/14 Members discussed the plan, and agreed to email any further minor amendments to the Assistant Director. They noted the approach to VFM assessment, and hoped that the intensive feedback required this year would mean that the sector was better able to understand what was required next year.

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39/04/14 The Committee AGREED the draft business plan targets for 2014/15; NOTED the areas of work that might be slowed down / scaled back if recruitment to business critical posts was not completed by the end of Quarter 1; and AGREED the text for the regulation section of the Corporate Plan.

10 Q4 Performance Report

40/04/14 The Assistant Director Regulatory Framework and Performance introduced the quarter 4 business plan progress report.

44/04/14 The Committee NOTED the business plan progress report

11 Changes to the Governance Manual

45/04/14 The Head of Legal and Secretariat Services proposed a number of changes to the HCA's Governance Manual. These changes were proposed partly to reflect recent restructuring within the HCA, and partly to align the procedures applying to the Committee and Regulation Directorate more closely with those of the wider HCA.

46/04/14 She also proposed one consequential change to the Regulation Scheme of Delegations to ensure consistency between the delegations and the revised management scheme, removing the provision that "Any power that is delegated by the RC to officers can be exercised by the Director of Regulation in emergency situations or cases of extreme urgency, following consultation with the Accounting Officer". Under the revised management scheme the Director of Regulation must instead consult either the Chair of the Regulation Committee or his deputy in these circumstances.

47/04/14 Members discussed the proposed amendments. They agreed with the principle that the Board and Committee procedures should be aligned where possible, and accepted the recommendations, with two exceptions. They did not support the amendment of the quorum to 4, since they felt there was too much risk that a meeting might be inquorate, especially given the current vacancy on the Committee. They suggested that it would be helpful to keep the financial limit to recording of gifts and hospitality for Regulation Committee members. They suggested that £25, which is the limit set for

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local government, would be appropriate.

48/04/14 Members proposed a change to the wording of the Protocol for Working Arrangements between Regulation and the HCA, to reflect that the Regulation representative on ARC was not a member of the Committee. They asked that the Regulation section of the annual report accounts should be brought to the May Regulation Committee for their sign-off.

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49/04/14 The Committee NOTED the terms of the proposed amended Governance Manual, and APPROVED the following sections, subject to their comments being incorporated: a) the proposed amended Management Scheme set out at Part A Section 2; b) the draft Code of Conduct for the Regulation Committee set out at Part A Section 5; c) the draft Standing Orders for the Regulation Committee set out at Part C Section 11. They APPROVED the consequential amendment to the Regulation Scheme of Delegations.

12 Decisions of the Registrar

50/04/14 The Registrar advised the Committee of the decisions taken in accordance with the delegation to the Registrar on registrations, de-registrations and restructurings since March 2014.

52/04/14 Members NOTED the report.

13 Investigation and Enforcement Update

53/04/14 The Deputy Director, Investigation and Enforcement and the Director of Regulation 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.

54/04/14 Members NOTED the report.

14 Any Other Business

55/04/14 There was no other business.

15 Date of Next Meeting

56/04/14 The next meeting would take place on Tuesday 20 May 2014.