



**PUBLIC MINUTES**  
**Of the Regulation Committee meeting**  
**Held on Tuesday 25 September 2018 at 0930am**  
**FG47, 2 Marsham Street, London**

**Present**

Simon Dow (SD) Interim Chair  
Liz Butler (LB)  
Richard Moriarty (RM)  
Ceri Richards (CR)  
Richard Hughes (RH)

**In attendance**

Fiona MacGregor (FM) Director of Regulation  
Jonathan Walters (JW) Deputy Director Strategy and Performance  
Mick Warner (MW) Deputy Director Regulatory Operations  
Maxine Loftus (ML) Assistant Director, Regulatory Operations (for Richard Peden)  
Emma Tarran (ERT) Interim Head of Legal  
Harold Brown (HB) Senior Assistant Director, Investigation and Enforcement  
Jim Bennett (JB) Assistant Director of Regulatory Strategy Items 8 and 15  
Ros Poulson (RP) Assistant Director Registrations and Small Providers Item 9  
John O'Mahony (JOM) Assistant Director Regulatory Framework and Performance Items 13-15  
Christine Kitchen (CK) Committee Secretary

01/09/18 There was a confidential session between members and the Director of Regulation.

**1 Welcome and apologies**

02/09/18 There were apologies from PS, RBP and Isabella Freeman.

**2 Declarations of Interest**

03/09/18 There were no new declarations of interest.

**3 Minutes of the last meeting – 24 July 2017**

04/09/18 **Confidential Minutes:** The Committee AGREED the confidential minutes.

05/09/18 **Public Minutes:** The Committee AGREED the public minutes.

**4 Matters Arising**

07/09/18 *MAP:* members were advised that the question of resource modelling is being progressed and there will be a more in depth update on the project to the November meeting.

**WP**

08/09/18 Actions on other matters arising from the meeting on 24 July were noted.

## **5 Committee forward look**

09/09/18 Members were content with the agenda items coming to the next scheduled meetings. FM advised that there was some flexibility on the timing of the session planned for December in respect of governance and AO requirements, as it would be preferable to run that session when the additional members of the Board of RSH were recruited. Members AGREED.

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

### **10/09/18 Policy update**

#### *Rents Policy from 2020*

Members noted the Government had published the consultation on a rent direction to the regulator which closes on 8 November 2018. They noted the detail of the direction in respect of rent setting, the proposition that the RSH will regulate LA rents and a comprehensive policy statement on rents for social housing. Members were advised that an internal project group has been established to oversee delivery of the LA data collection, new rent standard and a new operational approach needed for 2020 rent regime. It is the intention to run a pilot in 2019 on LA data collection in time, in preparation for the first official returns in 2020.

### **11/09/18 NHF Summit**

The PM's speech announcing an extra £2bn of new funding over five years of the next spending review period, and the positive statements about the role of social housing had been well received by the sector.

### **12/09/18 Supported Housing**

Government had confirmed that they would not be implementing either the sheltered housing or the short term supported housing funding models. Government signalled in the announcement of the outcome that it remains committed to a sound and robust oversight regime for supported housing.

### **13/09/18 Spending Review 2019**

Work has begun on preparing for the next SR and we will provide MHCLG with relevant analysis.

### **14/09/18 Grenfell Tower Public Inquiry**

Members were advised that evidence hearings for Phase 1 of the Inquiry are on-going. We continue to work with MHCLG.

### **15/09/18 Maintaining Assurance Programme**

Members were advised that the VfM project was mainly completed and moved to BAU. The practical implementation of differentiated engagement is being developed and there will be a further report to the November meeting.

**WP/RBP**

16/09/18 The regulation assurance map in respect to our risk process has been completed and aligned with the Sector Risk Log and other areas of the programme are all progressing well albeit at varying speeds.

17/09/18 **Performance**

Members NOTED that of the 38 targets, the same two risks remain AMBER.

- Progress is being made regarding the delivery of effective registration and de-registration, however we are not achieving our target of 4 weeks for detailed applications in all cases. We are currently reviewing the appropriateness of this timescale for complex cases.
- Housing Administration regime – we are working with MHCLG to update processes, which will take account of learning from FPHA.

18/09/18 **Publications**

Members noted the publications and were advised that they would be sent a copy of the SDR once published.

19/09/18 **Media coverage**

Members noted the media coverage during September.

20/09/18 **Stakeholder engagement**

Members noted the activity in respect of general stakeholder engagements, as well as specific Green paper focussed events.

**7 Update on Green Paper**

21/09/18 Members were given an overview of the five main themes of the Green paper. Overall, it contains important principles such as continued co-regulation, risk-based and outcome focussed regulation of social housing. The Green paper rightly focusses on tenants concerns and consumer matters. The Review of regulation and call for evidence provides an opportunity to ensure any changes on the consumer side are consistent with our economic objectives. It may also give an opportunity to consider whether we need to update our economic standards to address new and emerging risks.

22/09/18 Members discussed the merits of KPIs and league tables possibly informing decision about AHP allocations and early indications are that tenants are not supportive of league tables.

23/09/18 Next steps:

- The RSH board will receive a further update at the October meeting.
- We will continue to attend speaking engagements and maintain direct engagement with tenant groups, LAs and HAs.
- Continue to work with MHCLG in relation to Government's view on the role of the regulator.

**8 Stakeholder Survey Results 2018**

24/09/18 Members noted that this was the first stakeholder survey since 2013. Feedback has been extremely positive with responses indicating:

- The regulator is meeting its objectives
- Positive feedback on our publications
- Positive feedback on our engagement with providers
- 89% of respondents understood the reasons for us asking for the type of information we do
- 89% said the regulator understands the sector
- The majority of respondents thought we take action appropriately

25/09/18 There was a discussion as to whether there was a need to repeat the survey annually and management agreed to consider this further. Members felt that future surveys could perhaps have a different focus, taking into account our position in a fee paying regime. Members congratulated management on the very positive results which were higher than other types of regulators.

## **9 Decisions of the AD Registrations, Notifications and small providers**

26/09/18 The paper invited Members to note the summary of recent activity. It reported that registrations were largely typical – for profits registering to take s106 properties from associated companies. Members discussed the use of “housing association” in provider names. The NHF action against Sage has resulted in Companies Housing altering their guidance.

28/09/18 *Registrations of new entrants:* Members NOTED the information on the non-profit organisations seeking registration. The for-profit applications were also NOTED.

30/09/18 Members NOTED the registration decisions following notification of restructurings by way of transfer of engagements, amalgamation, conversion and incorporation of unincorporated registered providers.

31/09/18 Members NOTED the compulsory and voluntary de-registrations and the breakdown of the number and type of providers.

## **10 Operations Update**

33/09/18 ML presented the report. Members noted the analysis of regulatory judgements as at 31 August 2018. Since the last report, a total of 14 regulatory judgements were published as presented in table 3 of the paper. There has been a reduction in the number of G1/V1 providers which is a result of a combination of downgrades and mergers.

34/09/18 Members NOTED the providers currently in serious merger discussions and the indicative timescale for the mergers. In addition to those listed Catalyst and Aldwyck have announced that they are in merger discussions.

## **11 IDA programme update**

35/09/18 Members NOTED the information on the 4 year IDA programme which started in October 2015 and concludes in September 2019. ML advised members that, of the 222 providers who were flagged to have an IDA with four years, 216 will be completed by the end of the 4 years. Of the remaining six, three are expected to merge with larger providers and will no longer exist as standalone entities. IDAs have been completed on the merger partner and an IDA will be scheduled on the merged entity 12-18 months post merger. The other three providers are non-compliant and therefore not eligible for an IDA until they have regained compliance.

36/09/18 Members were given assurance there has been continuous improvement in

how we scope and undertake IDAs as the teams have gained more experience. There is also continuous improvement in our approach to quality assurance and efficiency of our processes. Members noted that there have been a number of governance downgrades and ML explained that governance is an area where we find during the IDA that particularly smaller organisations may need to make some improvements on.

37/09/18 Members noted the higher proportion of governance grade changes following an IDA for smaller providers.

38/09/18 Members enquired about capacity and resources and ML advised members that forward planning is long-term and resources are being deployed from across all five Reg Ops teams. There are regular reviews of the IDA programme.

## **12 Investigation and Enforcement update**

### **Intensive regulatory engagement cases**

39/09/18 First Priority Housing Association

40/09/18 Members NOTED the continuing engagement with the other four providers; Saffron Housing Trust, Suffolk Housing Society Limited, Manningham Housing Association and Knowsley Housing Trust.

### **Gradings Under Review**

41/09/18 Members NOTED the information in respect of Pathfinder Housing Association Limited, Kinsman Housing Limited and St Andrews Community Housing Association.

42/09/18 *Inclusion Housing Community Interest Company*: Members were given an update on Inclusion who operate a business model based almost entirely on index linked long term leases. Inclusion was placed on the GuR following an IDA which found them to be potentially non-compliant with the standards particularly around risk management, mitigations and flexibility to manage downside risks should they crystalize.

43/09/18 *Trinity Housing Association*: Members were advised of a new case being placed on the GuR after viability issues had come to light. The provider leases property on both a long term basis as well as temporary supported housing.

### **Consumer Regulation**

45/09/18 Members noted the number of complaints and open consumer regulation investigations.

### **Lease based providers**

### 13 Fees Update

48/09/18 Members NOTED the update.

### 14 Governance of the Standalone Regulator of Social Housing

49/09/18 The Committee noted the contents of the paper and its annexes (some of which were further iterations of documents previously reviewed), including the legislative provisions highlighted therein. The Committee noted and discussed the recommendations made within the paper.

The Committee:

- a) **AGREED** in principle that the board of the RSH should establish an Audit and Risk Assurance Committee (ARAC).
- b) **AGREED** in principle that the board of the RSH should establish a Nominations and Governance Committee (NGC).
- c) **AGREED** in principle the terms of reference and standing orders for the ARAC and the NGC as set out at Annexes 1 and 2 to the paper, respectively.
- d) **AGREED** in principle the membership of the ARAC and the NGC as follows:  
  
    **ARAC:** LB (Chair), CR and RH.  
  
    **NGC:** SD (Chair), PS, and RM.
- e) **AGREED** in principle the form of letter of appointment for committee members as set out at Annex 3 to the paper, including the maximum terms of office as set out in the draft letter; and **DELEGATED** to the Chair, and to LB in relation to the letter to the Chair, the authority to sign letters in this form to the proposed members.
- f) **NOTED** in principle the establishment of an executive group for the RSH, under the terms of reference set out at Annex 4 and **AGREED** in principle that the establishment of this group and its procedure should be delegated to the Chief Executive of the RSH.
- g) **AGREED** in principle a scheme of delegated authority for the RSH in the form set out in Annex 5, subject to further amendments to deal with housing administration.
- h) **AGREED** in principle the slightly revised schedule of authorised signatories set out in Annex 6 and **NOTED** the matters highlighted regarding the corporate seal for the RSH.
- i) **NOTED** certain minor amendments to the Board Terms of Reference and Standing Orders, and the Code of Conduct for Members and Committee Members (reproduced for information at Annexes 7 and 8), largely resulting from changes to the Framework Document with MHCLG.
- j) **AGREED** in principle to publish the documents mentioned at paragraph 17 of the paper on its website, namely:

- RSH Board Terms of Reference and Standing Orders.
- RSH ARAC Terms of Reference and Standing Orders.
- RSH NGC Terms of Reference and Standing Orders.

50/09/18 It was recommended that in due course it would be helpful to consider how the Accounting Officer of the RSH would routinely report into the ARAC, and to consider the respective roles of the ARAC and the NGC in relation to governance.

ERT

51/09/18 Members DELEGATED final amendments to the annexed documents to the DoR and ERT.

## 16 Transition Programme Update

52/09/18 Members were invited to:

- AGREE** the Value for Money strategy attached at Annex 1 subject to ratification by the regulator's Board;
- AGREE** the Asset Management strategy attached at Annex 2 subject to ratification by the regulator's Board;
- NOTE** the position with the key deliverable items in paragraphs 4 to 19;
- NOTE** the position with the SLA and service specifications in paragraph 21;
- NOTE** the position with the Framework Document in paragraph 23 and Annex 3;
- COMMENT AND AGREE** the fees statement at Annex 4;
- NOTE** the revised MOU in Annexes 5-7;
- NOTE** the approach to the transfer schedule set out in paragraphs 30-34 and **DELEGATE** to the Chair and Director of Regulation approval of the transfer schedule; and
- NOTE** the position on equality analysis; and **REVIEW** and **AGREE** the Procurement Policy set out in Annex 8 subject to ratification by the regulator's Board.

53/09/18 Updates were provided on :

*Pensions:*

*VfM and Asset Management Strategies:* members AGREED both strategies and recommended them for ratification by the RSH Board.

*Framework agreement:* is with the Permanent Secretary for signature and will then come to the Director of Regulation.

*Fees Statement:* the draft revised fees statement will follow the same format as the current one but updated to reflect the standalone nature of the RSH and the work which has been completed since it was previously published.

*MoUs:* existing MoUs contained small naming changes in the main. The MoU with Homes England is new but based on existing MoU with the GLA and is in the final stages of agreement. All these will be reviewed in 12 months.

*Transfer Schedule:* members noted the process to identify the property, rights and liabilities to transfer to the RSH and were advised that the SoS will write to the Chair of RC and the CEO of Homes England to agree the contents of the transfer schedule. Members AGREED the delegation to DoR and Chair to finalise the transfer schedule and letter of acceptance to the SoS.

*Procurement Policy:* the RSH will be doing very little procurement – the majority will be for legal services which are covered by the RSH's legal services procurement framework. Members were assured that the Head of Finance role will have responsibility for the probity of this area and all necessary controls will be in place.

54/09/18 Members AGREED all the documents to be ratified by the Board of the RSH.

**18 Any Other Business**

55/09/18 None.

WITHDRAWN