



PUBLIC MINUTES
Of the Regulation Committee meeting
Held on Tuesday 24 April 2018 at 0930am
FG47, 2 Marsham Street, London

Present

Simon Dow Interim Chairman

Liz Butler
Richard Moriarty
Ceri Richards
Richard Hughes
Paul Smee Left after item 6

In attendance

Fiona MacGregor Director of Regulation

Mick Warner Deputy Director Regulatory Operations

Jonathan Walters Deputy Director Strategy and Performance

Isabella Freeman	General Counsel Legal and Secretariat (Homes England)	
Harold Brown	Assistant Director Investigation and Enforcement	
Will Perry	Assistant Director Commercial and New Entrants	Item 7
Ros Poulson	Assistant Director Registration, Notifications and Small Providers	Item 8
Helen Ward	Assistant Director Assurance	Item 12
Liz Knott	Performance Manager	Item 12
John O'Mahony	Assistant Director, Regulatory Framework and Performance	Item 13 & 14

Christine Kitchen Minutes

01/04/18 There was a confidential session between members and the Director of Regulation and a further confidential session about an intensive engagement case.

1 Welcome and apologies

02/04/18 There were no apologies. The Chair welcomed the two new Members to their first meeting and officers were introduced to Paul Smee and Richard Hughes.

2 Declarations of Interest

03/04/18 There were declarations of interests from Richard Hughes and Paul Smee, which are noted on the Register of Interests. Richard Hughes was not sent the minutes of the March meeting or the I&E report.

3 Minutes of the last meeting – 27 March 2017

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

05/04/18 **Public Minutes:** Members AGREED the public minutes.

4 Matters Arising

06/04/18 Noted. All outstanding matters were addressed in the papers to the meeting.

5 Committee forward look

07/04/18 Noted. Members were advised that Governance of the new organisation will be the subject of the May workshop and would cover a number of the documents which have been considered by the Core Transition Programme Board in respect of RSH being stand alone.

6 Regulation Director's update on key issues

08/04/18 Policy Developments

Housing Administration

Members were aware that the Affirmative regulations had been approved by Parliament in March. These should be laid in Parliament in 21 parliamentary sitting days subject to negative procedure. Subject to the outcome in Parliament, the scheme should be implemented by the end of May 2018

09/04/18 Green Paper

Members were advised there was not yet clarity on the final content as the new Minister was taking advice on the current regulatory framework. There may be an emerging steer on the possible direction by the May meeting and if that was the case, it would be part of the workshop session.

11/04/18 Government are considering responses to the consultations on the regulation of supported housing, "sheltered rent" and short-term supported housing models. RC will be consulted on a rent standard if we are given a Direction from SoS.

13/04/18 Labour Party Housing Green Paper

Members NOTED that the information provided on the Labour Green Paper which had a strong focus on Councils, house building and HAs. It also covered consultation on tenant representatives on Board of HAs, a national tenant commissioner. It covered the need for more affordable and shared ownership housing. RC will be kept informed.

14/04/18 Publications, stakeholders and media

Members NOTED the information provided.

15/04/18 Other matters

Registrations: Members were updated on the progress with appointing a consultant to review the material and draft a report on registration applications and the issues we encounter when considering applications.

The report will help applicants understand our approach, reasons for refusals and where there are withdrawal of applications.

16/04/18 Sue Harvey from Campbell Tickell has been commissioned to carry out this work and a workshop will take place on 30 April and the outline report is expected in mid-July.

17/04/18 *Legal Services Panel Recruitment:* under the delegation from the Homes England Board to FM to recruit a legal services panel for the RSH, interviews were held and four suppliers are to be appointed to Lot 1 (general) and five to Lot 2 (insolvency/special admin).

7 Maintaining Assurance Programme (MAP) Update

18/04/18 WP presented the update to Committee, who have considered specific aspects of MAP in the past few months. The starting point for MAP was work done on FFR returns which had identified very distinct groups of RPs with particular characteristics emerging

21/04/18 *VFM project:* this project is progressing with developing the operational approach, following the publication of the VFM standard. The aim is to be able to publish meaningful and accurate analysis as early as possible.

22/04/18 *Data and Analysis:* members were advised that work in this area was progressing well. There are a number of sub-projects including the Sector Risk Log which committee discussed as their last workshop. The project is also working on developing a revised sector flexing model, provider dashboard and as part of BAU, the specification of the revised 2019 SDR.

23/04/18 Members enquired whether whilst maintaining assurance levels, we have a systematic method of gathering learning from problem cases. Much is done by the Assurance team to capture learning from IDAs and quarterly returns, and we are considering what more can be done to ensure the themes are captured in a systematic way. This will form part of what will be in the Assurance Programme. Members will receive a further update on progress across MAP to their July meeting.

8 Decisions of the Assistant Director Registrations, Notifications and Small Providers

24/04/18 RP introduced the paper which was the regular quarterly report on registrations and de-registrations.

25/04/18 The quarter saw the typical registration applications in addition to two new subsidiaries of an existing RP. Members noted the circumstances surrounding the registration of Peabody South East Limited in order to meet the terms of Peabody's constitution relating to its obligations to operate in a specific geographical area.

26/04/18 Members NOTED the for profit registration for V&F Homes Limited, the registration decisions following ToE or amalgamations and conversions.

27/04/18 RP reported further de-registration applications since the 2018/19 fees invoices were issued. RP advised members of an error on the table providing

the breakdown of providers on the register. There were 40 for profit providers with <1000 units rather than >1000 units.

9 Operations Update

- 28/04/18 Members NOTED the report. As at 28 March a total of 13 regulatory judgements were published and the total number of published judgements had decreased by one as at 28 February.
- 29/04/18 Three providers (Chelmer, Clarion and Plus Dane) had their governance grades upgraded from G2 to G1 and Plus Dane also had their viability increase from V2 to V1. There was one governance downgrade (Abbeyfield) following the stability check and reactive engagement. There are concerns about their operating performance; however they have a healthy cash balance and no debts.
- 30/04/18 Members NOTED the analysis of movements in straplines between 31 March 2017 and 31 March 2018. 140 IDAs had been completed at the time the report was written, of which 133 providers were considered at stocktake panels and 7 were put into the RED process

10 Investigation and Enforcement Update

- 31/04/18 *Broadacres Housing Association*
- 32/04/18 *Gentoo Group Limited*
- 33/04/18 *Impact Housing Association*
Merger discussions on track and tenant consultation on-going.
- 34/04/18 *Luminus Group Limited*
Formal notification of Luminus becoming a subsidiary of PfP has been received.
- 35/04/28 *Manningham Housing Association*
- 36/04/18 *Saffron Housing Trust*
- 37/04/18 *Suffolk Housing Society Limited*
- 38/04/18 *Greenfields Community Housing Association*
The GUR concluded a G2 grading and the judgement is drafted and will be issued shortly.
- 40/04/18 *Windrush Alliance UK CIC*
- 41/04/18 *Enham Trust*

42/04/18 **Consumer Regulation:**
Members NOTED the information provided in the report.

11 Lease Based Models

43/04/18 Committee noted that work had been done to identify providers with similar models to FPHA and a letter would be sent to those providers to seek information and assurance on how those providers were approaching risk management and decision making.

45/04/18 The Committee were advised that work was on-going with these providers and updates would be provided at future meetings.

12 Performance and Risk Report – Quarter 4 2017/18

46/04/18 Members NOTED the performance risk report for Q4. Members asked officers to provide more narrative on how risks 4, 7 and 8, which are currently outside our tolerance, will be brought back with our tolerance levels. HW advised that the new style report will address this point.

47/04/18 Members NOTED the two AMBER risks. Housing Admin was outside our control. The Registration team will take time to get to full staff levels and up-skilled. Members were advised that 85% of the case load was applications from providers with lease based models, so the reviews are taking longer.

13 Fees Update

48/04/18 Members were advised that since the paper was written another payment had been received for 17/18. 97.5% of fees for 18/19 have been received; payment from four large providers was still outstanding. This represents the majority of the 2.5% outstanding. Officers reported that the fees project will be formally closed and moved to BAU. Members wanted it noted that this project had been a great success and congratulated the team and the work of the finance team. There was a discussion on refunds and officers confirmed that we had no choice but to make refunds due to Treasury guidelines.

14 Transition Programme Update

49/04/18 Good progress overall with the programme remaining on track.

50/04/18 *LRO:* Members were aware that the Commons Committee had agreed the affirmative procedure. It will be debated in the House of Lords but not until 40 days after the order is laid which will be from the week commencing 21 May. We are waiting for the scheduling dates for debates.

51/04/18 *Pensions:* the work is gaining momentum. A further meeting is planned between us, MHCLG, Homes England and the pension advisors.

54/04/18 *Governance project:* continues to make progress, but there is a large amount of work still to be completed. A number of the internal governance documents will form the subject of the May RC workshop.

JOM/MW

56/04/18 Members NOTED the other updates in the paper.

10 AOB

57/04/18 FM advised members that two additional RC meetings will be required – one towards the end of September to be sighted on the key documents which will need to be endorsed and the other on go-live day – 1 October. She also requested that the date of the June meeting be changed to Monday 25 June. Members to confirm their availability for the additional meetings. CK to confirm the September date.

58/04/18 Sally Randall joined the meeting as part of the workshop session and provided the members with an update on MHCLG business and priorities in relation to RSH and wider.

CK