



**PUBLIC MINUTES**  
**Of the Regulation Committee meeting**  
**Held on Tuesday 27 March 2018 at 0930am**  
**At Civil Aviation Authority House, 45-59 Kingsway, London WC2B 6TE**

**Present**

Simon Dow                      Interim Chairman  
Liz Butler  
Richard Moriarty  
Ceri Richards

**In attendance**

Fiona MacGregor              Director of Regulation  
Mick Warner                  Deputy Director Regulatory Operations  
Jonathan Walters              Deputy Director Strategy and Performance  
Catherine Farrington        Head of Legal Regulation Team  
Harold Brown                 Assistant Director Investigation and Enforcement  
John O'Mahony                Assistant Director, Regulatory Framework and Performance      Item 9  
  
Christine Kitchen              Minutes

01/03/18    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**

02/03/18    There were apologies from Richard Peden and Isabella Freeman.

**2            Declarations of Interest**

03/03/18    There were no declarations of interests.

**3            Minutes of the last meeting – 27 February 2017**

04/03/18    **Confidential Minutes:** members requested further clarity in the minutes on the discussion referred to in 47/02/18 and 51/02/18. Subject to these amendments, the Committee AGREED the confidential minutes.

05/03/18    **Public Minutes:** Members AGREED the public minutes subject to the review of the redactions for item 10.

**4            Matters Arising**

06/03/18    Noted.

**5            Committee forward look**

07/03/18    Noted. A member of MHCLG will be attending the workshop session at the

April meeting. The May workshop will include a session on Governance Review, including roles and responsibilities of the Board of the RSH.

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

### **08/03/18 Policy Developments**

#### *Housing Administration*

Members were advised that the regulations have been agreed. The scheme rules are currently with the Ministry of Justice. There is no formal approval process; however after the rules are laid, it will take 21 parliamentary working days to come into force.

### **09/02/18 LRO**

Members NOTED that the LRO was laid on 28 February 2018, and approved by the Lords to process subject to affirmative procedure. The Commons is expected to report after the Easter recess and have 30 sitting days to conclude on the procedure and 40 sitting days to report, so a mid-May date is expected and the Order could be debated in late May or early June.

### **11/03/18 Grenfell Tower Public Inquiry**

Members NOTED that the procedural hearings took place on 21 March and evidence hearings will start on 4 June where personal portraits of those who died in the fire will be submitted. A large volume of documents have been submitted. Phase 1 will be the evidence of what happened on the night of the fire and Phase 2 will consider wider evidence.

12/03/18 Members queried the timing of the Hackitt review and were advised that the anticipated publication date is May 2018. Reverting to the impact of the Grenfell fire, members discussed the impact on the value of tower blocks, as in the immediate aftermath of the fire there were some suggestions that the valuations of properties in tower blocks would be affected. However, in recent annual valuation exercises this does not appear to have occurred.

### **13/03/18 Registrations**

Members NOTED the update.

15/03/18 We have been considering publishing a more general report on registration applications setting out the issues we review when considering applications. To help understanding, the report will publish the reasons for refusals (anonymised) of for applications being withdrawn. As a result of resource constraints within the registrations team, and in order to accelerate the publication of this report, a consultant will be appointed to review the material and draft the report which will then be published as part of our registration guidance. Members will receive a further report on the consultant and progress to its May meeting via the DoR report.

FM

16/03/18 Members discussed the recent press coverage of Green Park and members were given the background to this provider who is on our register and on our watch list. Members discussed the need for clarity with LAs that some landlords have identified an opportunity under the Housing Benefit regime which allows them to maximise income by becoming a registered provider.

17/03/18 **New Business Models**

RC will be kept informed of emerging thinking in the sector and our approach to communicating the regulator's expectation in respect of the key risks as we see them and being clear on our role and remit in respect of the risks these models present.

18/03/18 **Maintaining Assurance Programme**

Members NOTED that this programme was working through its three main areas of focus:

- Risk appetite
- Sector segmentation and differentiated engagement
- Sector risk log

19/03/18 **Performance**

Members NOTED that two targets remain on amber; the financial failures project pending finalisation of the Housing Administration legislation and registering new providers. Committee will be kept informed of progress in these targets.

20/03/18 **Regulation Staff Conference**

Members NOTED the update on the staff conference. Feedback to date had been very positive and there will be a follow up survey for staff to complete. The frequency of such events once we are stand alone will be kept under review.

21/03/18 **Publications, Media and Stakeholders**

Members NOTED the forthcoming publications, stakeholder events and media coverage. RC will be advised of the outcome of the Legal Services Framework procurement at the next meeting.

**7 Operations Update**

22/03/18 MW presented the Operations update in the absence of RBP. Eight RJ's were published on the website which includes an additional large provider (Cobalt). There has been an interim RJ of Cobalt as a result of its demerger from Onward which was G2/V1.

23/03/18 There have been three grade changes. Byker and Radian were discussed at the last RC – WM Housing Group has been upgraded to G1 after we have had assurance that the controls framework has been strengthened. Raven G1/V1 confirmed alongside publication of RN on H&S issues previously discussed at RC.

24/03/18 The IDA programme is on track with seven more having been considered at stocktake in the last month. There are no proposed grade changes. There is a lot of merger activity in the sector with four new mergers. Devon and Cornwall and Knightstone merger is now complete – the new organisation is called Livery.

26/03/18 The final decision of the team was that the RN was taken down and Clarion is re-graded to G1 based on the improvements in governance to date and their track record in keeping to plan on their repairs and maintenance programme. Members were given assurance that our interaction with Clarion contains strong messages on the requirement for them to be open and

transparent with us and to inform us of any divergence from the plan.

27/03/18 The re-grade will be published at the same time as other judgements on 28 March 2018 as part of the normal publication timetable. Committee NOTED the decision.

## **8 Investigation and Enforcement Update**

28/03/18 HB introduced the paper and gave Members an overview of current cases under investigation.

29/03/18 *Broadacres Housing Association*

30/03/18 *Gentoo Group Limited*

31/03/18 There was some media interest before the BBC's Inside Out North East programme was broadcast in mid-March . We have followed up the specific issues raised in the programme around decent homes issues and their handling of the condensation and mould issues reported by tenants.

32/03/18 *Impact Housing Association*

33/03/18 *Luminus Group Limited*  
The case can now be closed as Luminus has joined the PfP Group.

34/03/28 *Manningham Housing Association*

35/03/18 *Saffron Housing Trust*

36/03/18 *Suffolk Housing Society Limited*

37/03/18 *Greenfields Community Housing Association*

## **9 Transition Programme Update**

39/03/18 JOM joined the meeting and informed Members that the Transition programme was progressing well.

40/03/18 *LRO*: The LRO was laid on 28 February, and members had been briefed on the next steps.

41/03/18 *Pensions*: this remains on the critical path for the programme. Whilst securing admission to the relevant pension schemes is not in our control we have been regularly liaising with Homes England and MHCLG on it. Progress to date has been slow but this was, to an extent, anticipated as the date of becoming standalone was now confirmed. Now the LRO has been laid the matter has become more urgent and MHCLG are actively engaging. Homes

England are aware that they have to make the admittance submission to both pension schemes at the June meetings to ensure the RSH is accepted as an independent body. MHCLG are aware of the need to provide the necessary guarantees for this to happen. If the regulator is not admitted it will have a knock on effect on TUPE arrangements.

- 42/03/18 Members acknowledged the importance of this being resolved as it was a small risk of happening but carried a high impact if not achieved. JOM and MW assured them that we continue to liaise with Chris Morrow (Pensions Manager) and colleagues in MHCLG and it was also discussed at the Homes England Board meeting. Advisors to the Homes England have confirmed that the process for admittance is relatively straightforward and that they do not anticipate any issues.
- 43/03/18 *Governance:* JOM reported that this was on track and work on the framework document has started and liaison with MHCLG is on-going. Committee will get further information on the framework document at the April meeting. There will be a number of Governance policies and documents reviewed by the Core Programme Board on 12 April. Updates on these will be presented to the Committee at the May meeting which will fit with the planned review of Governance. JOM
- 44/03/18 *SLA:* positive progress was reported. The draft overarching SLA document has been reviewed by the Homes England legal team and we have had positive initial feedback. Individual service specification on HR, IT, Facilities, Internal Audit and Finance will be annexed to the SLA in a standard format.
- 45/03/18 *Engagement with Trade Unions:* Members noted that the next meeting with the Unions had taken place and relations remain positive. TUPE timing will be discussed at the next Core Transition Programme Board meeting and Members will be given a further update at the April meeting. FM advised that the Unions and HCA went to ACAS in respect of the 17/18 pay offer. There was no agreed conclusion and HCA are imposing the 1% pay increase in May 2018. The Unions will be balloting their members on strike action.
- 46/03/18 *Marsham Street:* Homes England are due to move out of Marsham Street over the Easter weekend and no major issue are expected and it was acknowledged that this will be a test run for arrangements in the SLA and service specifications.
- 47/03/18 *Fees:* Invoices for 2018/19 fees have been issued and £2m in revenue has already been received. A reminder letter is also due to be sent to those providers who have not paid, flagging the due date. There remain ten outstanding payments of the 2017/18 fees. Two are suspended awaiting registration decisions, two are with I&E and, one is subject to compulsory de-registration. It had been agreed by Committee that no enforcement action will be taken on providers who have failed to pay, but every effort will be made to pursue payment. This has been now been done and Committee is due to receive a paper to the May meeting on Accounting Policies which will cover debt write-off. Members queried how long RSH would allow providers to continue as non-payers, as there was a possibility they think they could get away with paying simply by not responding to us. It was agreed that this will be discussed with the Registrations team to discuss the potential de-registration of providers who are persistent non-payers of fees. JOM/RP
- 48/03/18 Members thanked JOM and MW for the updates and were now well informed

on the Pensions issues.

**10 AOB**

49/03/18 There was no other business.

WITHDRAWN