



PUBLIC MINUTES
Of the Regulation Committee meeting
Held on Tuesday 27 February 2018 at 0930am
Marsham Street, London

Present

Simon Dow
Liz Butler
Richard Moriarty
Ceri Richards

Chairman (Cover)

In attendance

Fiona MacGregor	Director of Regulation	
Mick Warner	Deputy Director Regulatory Operations	
Jonathan Walters	Deputy Director Strategy and Performance	
Richard Peden	Deputy Director Provider Engagement	
Catherine Farrington	Head of Legal Regulation Team	
Harold Brown	Assistant Director Investigation and Enforcement	Item 13
Will Perry	Assistant Director, Commercial/New Entrants	Item 10
John O'Mahony	Assistant Director, Regulatory Framework and Performance	Item 14
Helen Ward	Assistant Director, Assurance	Item 7 & 8
Jim Bennett	Assistant Director Regulatory Strategy	Item 9 & 10
Robert Dryburgh	Assistant Director, Analysis	Item 9
Adele McNamara	Head of Strategic Analysis & VfM, Analysis	Item 9
Anna Furlong	Head of Regulatory Framework, Regulatory Framework & Performance	Item 9

Daniel Morris Minutes

01/02/18 There was a short confidential session between members and the Director of Regulation.

1 Welcome and apologies

02/02/18 There were apologies from Isabella Freeman.

2 Declarations of Interest

03/02/18 Simon Dow advised that his mother is now in an Abbeyfield Care Home. He does not know if the Care Home is a registered provider. There is unlikely to be any areas of conflict with his role on the Committee.

3 Minutes of the last meeting – 23 January 2017

04/02/18 **Confidential Minutes:** The use of the old HCA logo was noted and Members AGREED this should be updated. Subject to the change of logo, the confidential minutes were APPROVED as a true record.

4 Matters Arising

06/02/18 Noted.

5 Committee forward look

07/02/18 Noted.

6 Regulation Director's update on key issues

08/02/18 Policy Developments

Housing Administration

Members NOTED that the Affirmative Regulations were laid in Parliament on the 7 February and that the Negative Regulations in relation to the scheme rules were in the clearance process. Members were advised that the proposals are considered uncontroversial and may be in place by April.

09/02/18 *LRO*

Members NOTED that the LRO is confirmed to be laid on the 28 February.

11/02/18 *Green Paper*

Members NOTED that the new Minister is in the process of completing tenant engagement events, including with Grenfell survivors.

14/02/18 Grenfell Tower Public Inquiry

Members NOTED that the procedural hearings are underway.

15/02/18 Registrations

Members NOTED the update.

16/02/18 Performance

Members NOTED that two targets remain on amber; the financial failures project and registering new providers. Members were informed that the financial failures project is likely to be green just after year end, once the special administration provisions are in place. Registering new providers is likely to remain amber due to resourcing issues and a high volume of new registrations. FM reported that new staff will be recruited and secondments extended to bridge the resourcing gap. Members NOTED that some Providers have criticised the time taken over decisions but agreed this was due to the complexity of the submissions being received.

17/02/18 Publications, Media and Stakeholders

Members NOTED the forthcoming publications and stakeholder events. Members NOTED that SD was due to be announced as interim Chair of RC.

18/02/18 *To be published*
Members NOTED that the Quarterly Survey was due to be published on 27 February.

21/02/18 Members were informed that David Orr has announced that he is stepping down from his role as Chief Executive of the NHF in September.

7 Draft Business Plan 2018-19

22/02/18 Helen Ward (HW) joined the meeting. HW informed Members that the content and priorities of the Business Plan was approved by Committee in October 2017. HW explained that the work done for the Fees Statement has been used as it set core priorities which were agreed for 2017-20.

23/02/18 For now, the Fees statement is in the public domain. Members were informed that the full Corporate Plan of the standalone regulator would be in the public domain in due course.

26/02/18 Members discussed the proposals and were content that the Business Plan would serve as a preliminary to the full Corporate Plan required for the standalone regulator.

8 Staff Survey

27/02/18 HW and MW brought an update to Members on the staff survey and asked for guidance on the level of operational detail Committee required. Members NOTED the focus on equalities issues and L&D and acknowledged the opportunity for the standalone regulator to set its own Equality Objectives.

28/02/18 Members NOTED staff feedback over L&D opportunities and the consideration of opportunities for Home Workers to progress and undertake further development. Members noted that some staff have expressed frustration at the relative lack of opportunities for progression within the regulator compared to Homes England given the relative sizes of the two organisations. However, this has not evolved into many staff seeking posts in Homes England. FM informed Members that Homes England is undergoing large scale recruitment so it may be that the position will change.

29/02/18 Members AGREED that progress on L&D and Staff Matters would be reported via the Business Plan in future Committee meetings. Members were content to have a high-level view but NOTED that the Board of the standalone regulator may wish to consider the degree of oversight it has of staff matters.

HW

30/02/18 Members were informed that Homes England are planning to produce their own report on Equality Objectives, however, discussions are on-going given the forthcoming separation, to confirm that the regulator should not be included in this t. Members AGREED that it was not appropriate for Homes England to oversee the regulator's Equality Objectives.

31/02/18 Members discussed the Wellbeing Strategy. Members noted that recent internal blogs had been well received and were pleased to note that positive conversations were arising from publishing relevant blogs.

9 Value for Money Standard

32/02/18 Robert Dryburgh (RD), Jim Bennett (JB), Marcus Roe (MR), Adele McNamara (AM) and Anna Furlong (AF) joined the meeting. JB introduced the paper and detailed the changes made to the VfM Decision Statement and Standard as a result of the consultation. Members were asked to AGREE to the publication of the standard prior to implementation on 1 April 2018.

33/02/18 JB outlined the points raised in consultation and the changes made as a result and the rationale behind them. JB also set out those areas where it was proposed to make no change.

34/02/18 *Social Value/Impact*

Respondents had expressed concern that the Standard and code were too financially focused and did not acknowledge the social objectives of the sector. As a result paragraph 12 of the code has been strengthened to acknowledge social value.

35/02/18 *Small providers*

Small providers had raised issues with the applicability of the standard and metrics to small providers. However, the Small Provider Panel expressed confidence in the proportionate response from the regulator and in fact some small providers expressed a desire to be treated similarly to large providers. Given the range of responses, the regulator has concluded that it does not need to alter the proposed standard and the approach to small providers.

36/02/18 *Publishing VfM in the Accounts*

Some feedback had been concerned with only publishing VfM in the accounts and not in a more accessible location. Providers will be required to report in their statutory accounts, but as a result of the feedback, paragraph 26 now has clarified that providers are free to report additional detailed material outside of the accounts as they see fit.

37/02/18 *League Tables*

Respondents had raised concerns about metrics leading to crude league tables. The regulator acknowledges the risk, which mainly arises from other bodies but the decision statement is clear that, in regulating, we will consider the rationale behind any differences between providers, rather than by comparisons made by others.

38/02/18 *Maximise/Optimise*

Feedback was concerned about the wording of paragraph 12 around “maximising” financial returns as this was felt to be inappropriate for the social purpose of providers. This has been changed to “optimise” financial returns in paragraphs 12 and 13.

39/02/18 *Five Year Forecasts*

Respondents questioned the use of five year forecasts as not all providers use them. This has now been altered to “future forecasts”.

- 40/02/18 Members NOTED the key changes made to the standard and decision statement and were satisfied they were a reasonable response to the points raised in the consultation.
- 41/02/18 Members asked if those providers operating a mixed care and housing model had raised any specific points in relation to the proposed VfM Standard, as care operations could have an impact on some of the metrics. Members were assured that any impact would be minimal and that in general, providers had not expressed concern on this issue.
- 42/02/18 Members asked how non-social housing activity would be defined and whether providers would have to justify everything they did which might have a negative impact on the VfM metrics. FM explained that the regulator would look for evidence of Board oversight and conscious business decision making for non-social housing activity but was not indicating that no non-social housing activity should be undertaken. Members were satisfied with this explanation.
- 43/02/18 Members questioned the wording of the Code of Practice around reporting and AGREED that the wording should be amended in paragraph 23 to ensure providers “report” rather than “consider” their performance. Members AGREED to publication subject to this change.

RD/JB

10 Risk Appetite

- 48/02/18 Members recognised this is a working document.

11 IDA Programme

- 49/02/18 RBP gave an update to Members on the position of the IDA programme two years into its timeframe. There was a detailed discussion of the IDA programme. Members noted that the IDA programme was on target for 2019-20. 75% of the largest providers and 83% of the top fifty providers are on track to have their first visits completed by the end of 2017-18. RBP confirmed that the completion of the most significant providers in 2017-18 will open up the possibility of second visits in 2018-19 and 2019-20.
- 50/02/18 Members noted that the IDA approach has been successful in ensuring an in-depth understanding of providers. A third of IDAs have resulted in a change of either governance or viability grade, either up or down. RBP clarified that these grade changes were also influenced by stability checks and that Stock Take papers and panels ensured a robust discussion of every IDA.
- 51/02/18 Members were satisfied with the report.
- 52/02/18 Members asked how knowledge gained in IDAs was feeding into good practice and were informed that those providers visited for IDAs were being reviewed quarterly to ensure recommendations were being followed and that emerging issues are captured early. FM reported that the learning cafes and SLT discussions have provided a number of forums for operations staff to share good practice.

- 53/02/18 Members noted that the next report would be in six months and AGREED that any issues could be brought up in the regular Operations Update. Members hoped to see how the IDA programme was feeding into MAP and it was AGREED a report would be prepared for the April Committee to update members on the MAP Programme.

12 Operations Update

- 54/02/18 RBP introduced the report and gave members an update of the 16 RJs completed since the last meeting. Members NOTED the report.
- 55/02/18 Members discussed the cases.

13 Investigation and Enforcement Update

- 57/02/18 HB introduced the paper and gave Members an overview of current cases under investigation.
- 58/02/18 *Broadacres Housing Association*
- 59/02/18 *Gentoo Group Limited*
There has been some recent local press reporting and a local BBC report is due, referring to the historic issues at the organisation.
- 60/02/18 *Impact Housing Association*
- 61/02/18 *Luminus Group Limited*
- 62/01/28 *Manningham Housing Association*
- 63/02/18 *Saffron Housing Trust*
The board has strengthened its membership. Alison Inman has joined the Board of Saffron along with Alan Humphreys and Tony Hall.
- 64/02/18 *Suffolk Housing Society Limited*
- 65/02/18 Members asked if the I&E team had sufficient capacity to deal with this case load and the FPHA issue and were informed that resources are currently sufficient but are continually monitored.

14 Transition Programme Update

- 67/02/18 JOM joined the meeting and informed Members that the Transition timetable was on track to deliver the essential priorities
- 68/02/18 *LRO*: The LRO is due to be laid on the 28 February, as confirmed by MHCLG.
- 69/02/18 *Pensions*: Members noted movement on this issue.

70/02/18 *Governance*: JOM reported that this was a resource-intensive area with compliance with all relevant expectation and guidance, as well as the procurement of the legal panel framework being key deliverables. Papers are due to RET in March on the legal panel and Committee will be updated.

71/02/18 *Fees*: Invoices for Fees will be sent out on Monday 5 March for 2018-19.

72/02/18 *Engagement with Trade Unions*: Members noted that the Unions are being sighted on the transition.

73/02/18 *TUPE*: TUPE is being addressed as part of the HR project and a timetable for consultation is being developed.

15 AOB

74/02/18 Members noted that FG47 would not be available for the March Committee meeting and AGREED to use the CAA offices offered at the last meeting by Richard Moriarty.