



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

Present

Simon Dow Interim Chair
Liz Butler
Richard Moriarty
Ceri Richards
Richard Hughes
Paul Smee

In attendance

Fiona MacGregor	Director of Regulation	
Jonathan Walters	Deputy Director Strategy and Performance	
Mick Warner	Deputy Director Regulatory Operations	
Maxine Loftus	Assistant Director, Regulatory Operations (for Richard Peden)	
Emma Tarran	Interim Head of Legal	Items 1-6 and 17
Will Perry	Assistant Director, Commercial and New Entrants	Item 8
Karen Doran	Assistant Director, Investigation and Enforcement	Item 13
Robert Dyburgh	Assistant Director, Analysis	Items 14 & 15
Adele Mcnamara	Head of Strategic Analysis and VFM	Item 13
Andrew Clegg	Head of Economics and Data	Item 13
Isabella Freeman	General Counsel, Legal and Secretarial – Homes England	
Christine Kitchen	Minutes	

01/07/18 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

02/07/18 There were apologies from Richard Peden.

2 Declarations of Interest

03/07/18 There were no new declarations of interest.

3 Minutes of the last meeting – 25 June 2017

04/07/18 **Confidential Minutes:** The Committee AGREED the confidential minutes, subject to two formatting errors in 11/06/17 and 24/06/17.

05/07/18 **Public Minutes:** The Committee AGREED the public minutes.

4 Matters Arising

06/07/18 Noted.

5 **Committee forward look**

07/07/18 Members were content with the agenda items coming to the next four scheduled meetings. Apologies were noted from CR for the 1 October meeting.

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

08/07/18 **Policy update**
Green Paper

09/07/18 *Rents policy from 2020*
We continue to liaise with MHCLG on policy/implementation interface.

13/07/18 **Grenfell Tower Public Inquiry**

Members were advised that the Inquiry is still hearing evidence from fire fighters. The Inquiry will not sit during August.

14/07/18 **Registrations**

Members NOTED the registration that had been processed for both profit and non-profit providers.

16/07/18 Following a request from members for us to investigate how the Charity Commission approaches appeals against decisions taken by senior staff. Members NOTED the CC's approach, which was an approach we could take. We currently give applicants advice notice and we will continue with this approach.

17/07/18 **Publications**

Members NOTED the published and pending publications. Also included was information on media coverage in the month to date which members said they found helpful. Members noted the reaction to the Dispatches programme .

18/07/18 Members found the additional information on publications, stakeholder engagement and media coverage very useful. There was a request to see reported, forthcoming conferences our staff would be attending/speaking at.

JB

19/07/18 **Board Terms of Reference and Standing Orders and Board Code of Conduct**

Members were given a copy of the revised documents addressing their comments from the last meeting. Members accepted this.

20/07/18 Members discussed the relative merits of a positive requirement to ensure social media activity was appropriate versus a list of prohibited activity. The consensus was to leave the drafting as it is, partly because it is consistent with the general tone of the document, and work on developing more detailed guidance in due course. There was a query in respect of D&O insurance for members and management committed to confirming what arrangements were in place with Homes England.

ERT

21/07/18 Members were advised that the next steps were for both documents to be

shared with MCHLG. Committee confirmed their delegation to DoR to approve the revised version. The final version would be ratified by the Board at its first meeting. Members would be made aware if there were any substantial changes requested to either document by MHCLG. It was noted that ERT had done an excellent job to get these documents to where they were and members thanked her too.

7 Quarterly Performance Report

22/07/18 Members noted the new format of the report and agreed it was clear concise reporting.

23/07/18 Members discussed the level of vacancies and raised concerns about what impact this was having on delivering the business plan objectives. Management gave members assurance that although the numbers seem high, they reflect a particular point in time. As an example as some of the vacant posts had been filled but staff had not started in post, also some of the posts are new to the organisation and not existing posts. Consideration is being given to changing the reporting cycle of the performance report which will allow staff more time to analysis the data once it is available. ML added that there had been problems recruiting to finance posts in regulation operations, but the last round of FA recruitment had been more promising. She stressed that this had not had an adverse effect on the IDA programme, but did acknowledge that as we were moving into the stability check period the vacancy levels could impact delivery timescales. Management were monitoring the situation carefully. Members suggested that it would be helpful in future reports, if the commentary provided more assurance on any such areas.

8 Maintaining Assurance Programme update (MAP)

24/07/18 WP joined the meeting and members confirmed they had read the report. WP introduced the paper as an update. Good progress was being made with the programme with a move from the mapping to practical application stage.

26/07/18 The overarching concern from members was the increase in work and the impact that will have on the available resources. WP said that initial thinking was to rebalance the teams who carry out IDAs and make use of the changed approach to scoping and reporting of smaller IDAs which had recently been piloted. The more complex providers will continue to receive an appropriate level of seniority and experience to carry out the IDAs. The recent pilot of IDAs for smaller providers which were carried out by less senior staff (which was a good development opportunity for this group of staff), provided a high level of assurance, and saved on average 5-10 working days on each case through revised scoping and reporting. This provided a good degree of evidence and assurance that the programme is deliverable.

28/07/18 Members discussed the proposals for the large and medium-diverse providers and there were discussions about the summary proposals as set out at paragraph 26 of the paper. Members NOTED and were in support for the proposals whilst expressing caution that the proposals for all three groups were reliant on ensuring that we continue to have sufficient resources and

skills. Members were assured that this would continue to be a focus of the project, and that further updates would set out analysis of resource levels required.

9 Asset Management Strategy

29/07/18 MW presented the draft Asset Management Strategy for the Regulator which was an internal document and sought Committee agreement to delegate final sign off to the Deputy Director Finance and Corporate Services.

30/07/18 Members noted that the main tangible assets the Regulator will own will be IT hardware. Intangible assets – IT software will be included in the Digital Strategy post go-live.

31/07/18 Members accepted the strategy and AGREED to the delegation.

10 Value for Money Strategy

32/07/18 Members noted the Value for Money strategy which was also an internal document. Committee were asked to comment on the strategy and delegate final sign off to the Deputy Director Finance and Corporate Services.

33/07/18 Staff costs is the single biggest area of expenditure, and recruiting and retaining good staff is vital, and ensuring this is achieved will be a key focus of the people strategy.

34/07/18 Members discussed the office accommodation costs and were keen that office space was conducive to providing modern working conditions for staff and that should be reflected in the wording of the Strategy.

MW

36/07/18 Members accepted the strategy and AGREED to the delegation.

11 Authorised Signatories of the Regulator of Social Housing

37/07/18 Members NOTED the annex to the paper which listed the authorised signatories for the Regulator. The agreed list will be formally adopted by the board of the Regulator of Social Housing at its first meeting. Members AGREED in principle, to the list of authorised signatories.

12 Operations Update

38/07/18 ML presented the report. Members noted the analysis of regulatory judgements as at 30 June 2018. During June a total of 5 RJs were published. Advance Housing and Support Limited has been downgraded on governance (G1/V1 to G2/V1) while Arches Housing Limited (G2/V1 to G1/V1) and Wrekin Housing Group (G2/V2 to G1/V2) have been upgraded on governance. South Yorkshire Housing Association Limited has been regraded on viability (G1/V1 to G1/V2).

39/07/18 160 IDAs in total have been completed and this was in line with the IDA programme plan. 8 providers were considered through the stocktake panel in June with two (Equity Housing Group and NSAH Alliance Homes) being downgraded on governance. Equity Housing was also regraded on viability. The other six providers retained their previous grades. Members

NOTED the rationale for the change in grades for Equity Housing and Alliance.

41/07/18 Members noted the merger activity and were advised of the anticipated date for the Hanover/Anchor merger.

13 Investigation and Enforcement update

43/07/18 KD joined the meeting and members noted the update on the housing administration regime which commenced on 5 July.

44/07/18 There are 12 live cases and 5 providers on the GUR list.

45/07/18 *Saffron Housing Trust:*

46/07/18 *Suffolk Housing Society Limited:*

47/07/18 *Gentoo:* members were advised that a new CEO has been appointed.

Gradings under review

49/07/18 *Knowsley Housing Trust*

50/07/18 *Pathfinder*

51/07/18 *Kinsman Housing Limited*

52/07/18 *St Andrews Community Housing Association*

53/07/18 *Inclusion*

Consumer Regulation

14 VFM Metrics summary and technical report

56/07/18 RD, AMc and AC joined the meeting. The report was to summarise the emerging conclusions of analysis of the regulator's VFM metrics and proposals for a publication. This is a new standard with new metrics and providers will be expected to report on these metrics in their accounts for the first time this year. The paper proposed that a sector wide analysis is published initially with a view to publishing provider level data alongside the 2018 GA dataset. It would follow the same format as the 2016 publication with a summary publication drawing out the main conclusions and a more detailed technical report explain the regression methodology and results. The sector level publication would be made available to providers before the reporting deadline of 30 September, to help providers contextualise their own organisation's figures and compare themselves to sector averages.

57/07/18 Members discussed the conclusions from the regression analysis, covering units costs, operating margins, reinvestment percentage, new supply (social and non-social) and gearing.

59/07/18 Members discussed the proposed regulatory approach and next steps, advising members that the draft publication will be circulated to them for comments by correspondence in August in order to meet the proposed September publication date.

60/07/18 Committee AGREED to the publication of the sector wide analysis.

15 Sector Risk Log (SRL)

61/07/18 Members were advised that the paper was a prelude to the discussions on the sector risk log to take place at the workshop later. The team have been developing a SRL to capture the analysis of the main risks to providers and help RC and Executive to:

- Understand sector risks in broad terms and
- Make strategic decisions

16 Fees Update

62/07/18 Members NOTED the update.

63/07/18 Refunds for 2017/18 fees will now begin as the HCA accounts had been laid before parliament.

17 Transition update

64/07/18 MW updated members on progress with transition.

Pensions: The Regulator had now been accepted in principle to both pension schemes.

TUPE: the consultation had now closed with no concerns raised by staff.

Framework agreement: this was progressing. We have now had written comments from MHCLG. Members were advised that the document will be circulated again once a near final iteration is available, but would be made aware if there were any major or contentious issues arising in the meantime.

65/07/18 The project updates were NOTED.

17.1 Board Member Gifts and Hospitality policy

66/07/18 This policy has been drawn up as separate from the policy which is currently in use by both staff and committee members. It is based on the current Homes England policy, but tailored to the Board and committee members of the Regulator.

67/07/18 Members AGREED the policy subject to ratification by the regulator's board.

17.2 Scheme of financial delegations

68/07/18 These had been amended following comment from members at the June meeting in respect of the CEO authorisation levels. The document will be shared with MHCLG.

MW

17.3 Financial Forecasts

69/07/18 The forecast outturns for 2017/18 had been included as requested at the last meeting.

17.4 Shared Services: Service Level Agreement with Homes England

70/07/18 MW advised that the SLA now addressed the committee's stated objectives that had been discussed at the workshop in February. The document was now in good shape and although it had not been quite a detailed and long process, with thanks to JOM/ERT and CF, it was ready for finalising with Homes England. Members AGREED the delegation to the Director of Regulation to agree the final form of the SLA.

18 Any Other Business

71/06/18 None.

Date of next meeting: 25 September 2018.