



PUBLIC MINUTES
Of the Regulation Committee meeting
Held on Monday 25 June 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
Mick Warner Deputy Director Regulatory Operations
Althea Houghton Head of Registrations and Notifications
Ros Poulson Assistant Director , Registration and Small Providers
John O'Mahony Assistant Director, Regulatory Framework and Performance

Items 6 & 9
Item 9
Items 12 &
13

Christine Kitchen Minutes

01/06/18 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

02/06/18 There were apologies from Jonathan Walters and Isabella Freeman.

2 Declarations of Interest

03/06/18 There was a declaration of interests from Liz Butler for two new non-executive roles (Bar Standards Board and The Royal British Legion).

3 Minutes of the last meeting – 22 May 2017

04/06/18 **Confidential Minutes:** The Committee AGREED the confidential minutes.

05/06/18 **Public Minutes:** The Committee AGREED the public minutes.

4 Matters Arising

06/06/18 Noted. The Chairman thanked members for returning their Committee Effectiveness surveys and overall the results showed there were no major areas of concern. The one theme that did thread through the responses, was to think about our communications with the sector, including via the committee/Board. The Chair committed to discuss with the DoR how our

communications strategy will develop once we are a stand alone organisation.

5 Committee forward look

07/06/18 A revised version of the forward look was circulated at the meeting which contained further details of planned workshops up to November 2018, which were NOTED.

6 Regulation Director's update on key issues

08/06/18 Policy Developments

Green Paper

Members were advised that discussions were on-going.

09/06/18 Rents

The DoR explained that the SoS will consult on the direction to the regulator and then the regulator will have to consult on the proposed rent standard.

13/06/18 Housing Administration

Members noted that the affirmative order has been signed by the Minister and the rules have been laid in Parliament. The commencement order will be laid so that the regime comes into effect on 5 July 2018. There will be a workshop on this in November.

HB/JB

14/06/18 Grenfell Tower Public Inquiry

Members NOTED the information. There are a number of consultations from the Government on actions arising from the Hackitt review (about the use of desktop studies, and whether to ban completely combustible cladding),

15/06/18 Performance

Members NOTED that all targets are GREEN except the Registrations target which is AMBER rated but response times are improving. This is a result of a high level of applications, many of which are very detailed and complex and therefore time consuming. An action plan was agreed with RET who get regular reports on progress on working through the backlog.

16/06/18 Registrations

Members NOTED the registration of Calder Valley CLT (NFP) and Feldon Housing Limited (FP).

20/16/18 Consumer Regulation Review

Members noted the background to the publication of the Consumer Regulation Review. The key messages this year will focus on providers knowing:

- the importance of complying with the consumer standards
- the importance of complying with H&S requirements and boards and councillors being clear on their responsibilities and their assurance of compliance
- the importance of dealing well with complaints and ensuring boards understand and have access to the messages from their tenants and ensure there is an understanding of the implications for the trust and

confidence tenants have in their landlords.

21/06/18 This year it is our intention to publish this earlier than usual (mid-July), so members will be sent the document by email for comments, the sign-off is delegated to the DoR.

22/06/18 **Publications, stakeholders and media**
Members NOTED the information.

7 Governance Policies

7.1 Board Terms of Reference

23/06/18 Members were asked to agree in principle the Terms of Reference and Standing Orders for the board of the RSH, and to agree that these be presented to the board of RSH for formal adoption at its first meeting. Members NOTED that the drafting of the document was informed by:

- a. Fundamental provisions of the LRO
- b. Requirements and recommendations in:
 - Managing Public Money (MPM);
 - The Corporate Governance in Central Government Departments Code of Good Practice (CG CGP);
 - Public Bodies: a Guide for Departments (PBGD) and
 - provisions regarding allocation of responsibilities in the draft Framework Document with MHCLG.

24/06/18 Some specific amendments were suggested:
Terms of Reference

25/06/18 *Standing Orders*

26/06/18 Subject to the amendments the committee AGREED the Board Terms of Reference and Standing Orders, noting that they would also be presented to MHCLG, and AGREED they are presented to the board of RSH for formal adoption at the first meeting of the board.

MW/ERT

7.2 Scheme of financial delegations

27/06/18 MW introduced the paper and members were advised that the financial delegations are currently based on those of Homes England, but as the RSH will be a very different organisation a number of changes including to authority levels have been made.

28/06/18 MW had included some comments in the annex document to explain the authority levels. These were quite tight and no one below the Senior Leadership Team will have authorising permission. Flexibility had been built in to facilitate obtaining urgent legal or financial advice. MW drew members' attention to the fact that some amendments might need to be made to the draft delegations prior to 1 October in respect of Special Payments, Waiving of Claims Against a Third Party and Losses.

29/06/18 Members considered the authorisation levels in the annex document and suggested that there is a process in place to ensure that the unlimited spend allocated to the CEO has a trigger point at which there will be a consultation process with the board. Members also suggested that board should be notified at the point that any approval for expenditure was to be sought from

MW

MHCLG.

30/06/18 Members AGREED in principle the scheme of financial delegations and the revised version will need to be adopted at the first RSH board meeting.

8 Three year Financial Forecasts

31/06/18 Committee had requested a three year financial model to enable them to have a view of the range of financial issues the standalone RSH might face and where the pressure points are likely to be, taking into account fees and grant in aid. The information in the annex documents set out this information and some scenarios. Members were reminded that our options to mitigate pressures are limited as we cannot build up any cash reserves.

32/06/18 Staff costs make up about 80% of total revenue costs. Clarity was provided in respect of the process for approving future fee income levels. Fees are capped at 1% unto 2019/20. Beyond that we will need Ministerial agreement for any increase and we will need to consult with the FRAP and then have a consultation with the sector on any significant change.

33/06/18 Members NOTED the information provided. They asked that out-turn figures for 2017/18 would provide a helpful benchmark. MW to include those figures and provide members with an updated paper.

MW

9 Policy approach for re-designation

34/06/18 RP and AH joined the meeting. Members were being asked to agree the approach for proactive re-designation, decision making and transparency of our approach to re-designation. Members noted the background and importance of designation and the risks of re-designation. Therefore it is important that we get our policy for re-designation correct and transparent.

35/06/18 *Proactive re-designation*
Members discussed the basis on which we would consider a proactive re-designation of a provider.

36/06/18 Members AGREED with the proposed approach to proactive re-designation.

37/06/18 *Decision making*
Current delegations reflect that re-designation decisions from non-profit to profit are reserved to Committee and from for-profit to non-profit are delegated to the AD Registrations, Notifications and Small Providers. Members AGREED to retain the current decision making delegations.

38/06/18 *Appeal process*

39/06/18 *Transparency*
Members noted the proposed approach to transparency in respect of requests for re-designation and the principles on which our re-designation decisions would be made. Members were content with the information provided and considered this to be an operational matter. They AGREED the proposed approach to transparency.

10 Operations Update

- 40/06/18 Members noted the analysis of regulatory judgements as at 31 May 2018. During May a total of 11 RJs were published. Howard Cottage has been downgraded on governance (G1/V1 to G2/V1) while Newlon has been regraded on viability (G1/V1 to G1/V2). An interim judgement (G1/V2) has been confirmed for Notting Hill Genesis. A new G2/V2 narrative judgement was issued for One Housing Group.
- 41/06/18 152 IDAs were completed and this was in line with the IDA programme plan. 5 providers were considered through the stocktake panel process with two (Croydon Churches and Karbon) having published RJs. The other three providers South Yorkshire (regraded from V1 to V2), Advance Housing and Support (downgraded from G1 to G2) and English Rural Housing Association Limited retaining their G1/V1 grades.
- 42/06/18 Members noted the merger activity, with Anchor/Hanover being the latest. Their total social housing units will be 40,500. This is one of four identified mergers which create a provider with more than 40,000 units. There are currently 11 such providers.

11 Investigation and Enforcement Update

- 44/06/18 Members NOTED the report.
- 45/06/18 *Broadacres Housing Association*
- 46/06/18 *Gentoo Group Limited*
- 47/06/18 *Impact Housing Association*
- 48/06/18 *Manningham Housing Association*
- 49/06/18 *Saffron Housing Trust*
- 50/06/18 *Suffolk Housing Society Limited*
- 51/06/18 *Pathfinder Housing Association, Kinsman Housing Limited and St Andrews Community Housing Association*
All three providers are on the GUR list.
- 52/06/18 *Knowsley Housing*
- 53/06/18 Members will be kept informed of developments.
- 54/06/18 *Inclusion Housing Community Interest Company*
- 55/06/18 **Consumer Regulation:**
Members NOTED the information provided in the report.

12 Fees update

13 Transition Programme Update

58/06/18 Members NOTED the activity undertaken within the programme to date and were advised that the programme remains on track. The update on the LRO was NOTED.

59/06/18 *Pensions:*

60/06/18 *Governance Project:* continues to make good progress as demonstrated by the papers coming through to Committee.

61/06/18 *SLA:* JOM advised members that good progress has been made with the SLA. It was anticipated that the over-arching SLA associated service specifications will be ready to come to July Committee for formal sign off.

62/06/18 *TUPE:* we are still in the 8 week consultation period, but to date there has only been one query which was responded to.

RSH Code of Conduct and Practice for Board Members and Committee and sub-committee Members

63/06/18 Members were asked to discuss and agree the code of conduct document.

64/06/18 Subject to these changes the committee AGREED the code of conduct document for formal adoption by the RSH board. The DoR noted thanks to Emma Tarran who had worked tirelessly to ensure both the Terms of Reference and Standing Orders and the Code of Conduct documents met all the requirements of the various guidance and legislation. The members added their thanks to Emma.

14 Any Other Business

65/06/18 None.

Date of next meeting: Tuesday 24 July 2018, 0930