



PUBLIC MINUTES
Of the Regulation Committee meeting
Held on Tuesday 22 May 2018 at 0930am
FG47, 2 Marsham Street, London

Present

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

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) Items 1-9
Harold Brown Assistant Director Investigation and Enforcement
Will Perry Assistant Director Commercial and New Entrants Item 7
John O'Mahony Assistant Director, Regulatory Framework and Performance Item 10 & 11

Christine Kitchen Minutes

01/05/18 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

02/05/18 There were no apologies.

2 Declarations of Interest

03/05/18 There was a declaration of interests from Paul Smee, who reported that his daughter will be working for a subsidiary of A2 Dominion HA. Richard Hughes reported that he had resigned from the Board of Harrow Churches HA.

3 Minutes of the last meeting – 24 April 2017

04/05/18 **Confidential Minutes:** The Committee AGREED the confidential minutes.

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

4 Matters Arising

06/05/18 Noted. The action recorded under 52/04/18 had been discussed under the Pensions update at the April meeting, but it was acknowledged that the action was not pension related, but rather a wider point about financial modelling.

5 Committee forward look

07/05/18 Noted. Members were advised that any formal decisions on Transition actions will be taken to the June meeting. Any developments on Housing Admin will be picked up as part of the I&E report to the July meeting.

JOM/MW

HB

6 Regulation Director's update on key issues

08/05/18 **Policy Developments**
Housing Administration

09/05/18 *Green Paper*
Members were advised that discussions were on-going.

10/05/18 *Rents*
We are continuing to discuss with MHCLG the draft Direction to the regulator on general needs rents for RPs. Government are still considering responses to the consultation on funding for supported housing, including on the proposed 'sheltered rent' and short-term supported housing models.

11/05/18 *Voluntary Right to Buy*
The guidance has been issued.

12/05/18 **Hackitt Report**
Members were aware that the Hackitt report had been published a few days earlier. Members noted the main points and recommendations.

13/05/18 The report proposes a new regulatory framework for residential buildings 10 storeys or taller and more oversight through a single regulatory body that oversees dutyholders' management of 10+ storey buildings.

14/05/18 **Grenfell**
Members NOTED that Phase 1 of the inquiry had begun and was scheduled to be completed in w/b 29 October. The initial two weeks will be witness and survivor statements. FM is in contact with the DD in the Department leading on the Grenfell inquiry and we will be kept informed as to whether we need to report on any aspects of the Phase 1.

15/05/18 The PM has decided to appoint 2 additional panel members for Phase 2, but no names have been put forward as yet.

16/05/18 We continue to be in contact with K&C although, whilst police investigations and the inquiry continues, we do not expect to conclude whether there has been a breach of the consumer standards. We have been kept updated by K&C on its overall approach to statutory compliance.

17/05/18 **Lease Based Providers**

We have written to small providers that operate lease based models to request information which will allow us to gain assurance about their governance and viability and await responses. We will review the responses and follow up engagement, will be taken where needed.

18/05/18 *Inclusion Housing Community Interest Company*

19/05/18 We continue to look at other organisations who have non-conventional models.

20/05/18 **Registrations**

Members NOTED the registration of Sandwell Homeless and Resettlement Project.

21/05/18 **MAP**

FM reported that the work on Assurance source mapping was progressing well with contributions from the Regulation Leadership and Senior Leadership Teams and other groups across Regulator. The differentiated engagement workstream will ensure we maintain an appropriate focus on larger organisations, as well as taking a risk based approach to the regulation of smaller organisation, using our data analysis work to inform this.

22/05/18 **Performance**

Members NOTED that all targets are GREEN except the Registrations target which is AMBER rated but response times are improving.

7 Private Finance Update

23/05/18 WP joined the meeting. Members NOTED the information in the paper

24/05/18 It has been a very busy period in the funding market with high levels of bank debt raised and some substantial bond issues. This level of activity is expected to continue for the rest of the year.

25/05/18 Members noted the information provided on bank activity, capital markets and the major public transactions.

28/05/18 Overall, Members were given assurance that the overall funding market picture is stable.

8 Operations Update

29/05/18 Members NOTED the report. As at 3 May 2018 a total of 10 regulatory judgements had been published.

30/05/18 Interim judgements have been published for two providers.
Jigsaw (new name) G1/V1 - following transfer of engagements from New Charter to Adactus.

Lincolnshire Housing Partnership G2/V2 – amalgamation of Boston Mayflower (G1/V1) and Shoreline (G2/V2). Interim grade based on approach of using lower of the two organisations' grades.

26/04/18 Two providers (North Devon Housing and Paragon Asra) had their governance judgements upgraded from G2 to G1. Greenfields has been downgraded on governance G1 to G2 and HB gave members the background to this decision. Members were advised that One Housing Group, was already G2 but would have an updated RJ published in June.

27/04/18 147 IDAs have been completed at the time of this report. The teams are 2/3 the way through the programme, which is in line with the overall plan. Seven providers have been considered through the stocktake process since the last report to committee. Members noted the information on Howard Cottages and Newlon.

9 Investigation and Enforcement Update

28/05/18 Members NOTED the report.

29/05/18 *Impact Housing Association*

30/05/18 *Pathfinder Housing Association Limited*

32/05/18 **Consumer Regulation:**
Members NOTED the information provided in the report.

10 Fees update

33/05/18 Committee NOTED the report. The FRAP meeting had gone well.

34/05/18 Committee NOTED the closure of the Fees project with the work passing to BAU. Members wanted to record their thanks to the project team for a very successful project.

11 Transition Programme Update

35/05/18 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.

36/05/18 *Pensions:* Eversheds have reviewed the Deed of Participation for the HCA Pension Scheme. Members NOTED the next steps.

37/05/18 *Governance Project:* continues to make progress. Members were content with the proposals for handling policies which will require RC sign-off.

38/05/18 *SLA:* JOM advised members that Homes England had now commented on the SLA.

40/05/18 *TUPE:* formal consultation was launched on 21 May on the transfer of staff from HCA to the regulator. The consultation period is for eight weeks which was agreed with the Unions and can be extended by agreement if required.

41/05/18 *Board expenses policy:* It was considered important that the regulator should have a separate policy for ease of use by members and to aid probity and transparency. Members AGREED the policy subject to a minor amendment about the reference to expense claim forms which are not used as the system is now electronic, and also subject to the Secretary of State's determination on the eligibility criteria for payments of travelling or other allowances to appointed members.

42/05/18 *Accounting Policies:* Members NOTED the information and were advised that these policies were based on those used by the HCA, but adjusted to suit the regulator which will be a much smaller organisation. The capitalisation cut-off point for spend on IT hardware was discussed. A meeting is being scheduled to meet the NAO to discuss the external audit of the regulator. Members AGREED the accounting policies as set out in the paper subject to further consideration being given to the capitalisation cut-off point for IT hardware.

43/05/18 *Financial regulations and procedures:* MW set out the suite of documents that will form the regulator's financial regulation and procedures and advised that development of the documents is on track. The suite of documents listed at paragraph 64 of the paper, was APPROVED by Committee. It was confirmed that the scheme of delegations will be signed off by RC at the June meeting. Members were content with the next steps set out in the paper.

MW/CK

12 Any Other Business

44/05/18 *Regulation Committee 2019 meeting dates:* Members were asked to NOTE the proposed dates for 2019 meetings which will be meetings of the Board of RSH. Other committee meetings will be arranged around these dates.

45/05/18 *RC Self effectiveness survey:* SD asked the members of RC in post over the previous year to complete the survey and return to Chris Kitchen.

CK

46/05/18 *Managing Public Money:* Members to be sent a link to the MPM document.

CK

Date of next meeting: Monday 25 June 2018