

PUBLIC MINUTES
of the Regulation Committee meeting
held on 14 December 2015 at 10am
Marsham Street, London

Present

Julian Ashby	Chairman
Jonathan Adlington	
Richard Moriarty	
Sarah Wall	

In attendance

Fiona MacGregor	Director of Regulation
Isabella Freeman	Head of Legal Services & Company Secretary
Andrew Rose	HCA Chief Executive (for items 1 - 7)
Jack Lee	Assistant Director Investigation and Enforcement (for Bronwen Rapley)
Mick Warner	Deputy Director Operations
Jonathan Walters	Deputy Director Strategy & Performance
Rob Dryburgh	Asst. Director, Analysis (Items 7 - 11)
John O'Mahony	Asst. Director Regulatory Framework and Performance (item 10)
Christine Kitchen	Assistant Board Secretary

1 Welcome and apologies

01/12/15 The Chairman welcomed everyone to the meeting – there were apologies from Bronwen Rapley and Ceri Richards.

2 Declarations of Interest

02/12/15 There were no declarations of interest.

03/12/15 The Chairman updated the Committee on the recruitment of regulation committee members. The Secretary of State has approved the re-appointment of Richard Moriarty to the Committee for a further three years and has approved the appointment of 3 new members. The link for the advert will be circulated and members were asked to bring it to the attention of any suitable candidates they were aware of.

3 Minutes of the last meeting – 23 November 2015

04/12/15 The confidential minutes were APPROVED.

05/12/15 The public minutes were APPROVED.

4 Matters Arising

06/12/15 Members noted the items.

5 Committee forward look

06/12/15 The forward planner was NOTED. Members were content and there would be more information on topics to be cover in the new year.

6 Regulation Director's update on key issues

07/12/15 **Spending Review/Triennial Review:** members noted the highlights of the SR. The announcement of 200k starter homes is likely to have an impact on the work of the Agency. An increase in shared ownership funding was also announced, alongside some funding for affordable rent to buy, affordable rented supported housing. Members noted the extension of the Help to buy scheme to 2021. Members NOTED the information on the SR and the upcoming triennial review.

08/12/15 **The Housing Bill & Right to Buy:** members noted the timings of the stages of the Housing Bill. The RtB pilot was launched with five providers. Sales under the pilot will be able to complete following the enactment of the Bill.

09/12/15 **Welfare Reform and Work Bill:** members noted the progress of the Bill and the impact that setting the date from which rent reductions apply will have on providers. Exceptions are being drafted by DCLG.

10/12/15 **Select Committee Inquiry:** members were given details of the evidence session which the DoR and DD S&P would be attending that afternoon. Report on the inquiry is expected in the New Year.

11/12/15 **Innovation Plans:** members were updated on this and advised that an informal consultation will be launched mid-December and run till January 2016, using existing stakeholder engagement channels. RC will be sent a copy of the consultation document.

12/12/15 **Business Plan and Internal Audit:** two (rent project and NROSH+ migration) of the twenty four business plan targets have been flagged as amber and are being managed – all others are green and on track. Regulation will be subject to three internal audits in Q4, and a date has been set to review the ToR of these audits.

13/12/15 **Media:** Members noted the recent media coverage which had focussed on the SR and shared ownership scheme. Sector press mainly covered the de-regulation package.

14/12/15 **Stakeholders:** engagement with stakeholders is on-going. Members were advised that the article from the Chairman will appear in Inside Housing before Christmas.

7 Spending Review and Autumn Statement

15/12/15 The Committee were presented with the main points to come out of the spending review and autumn statement.

- 16/12/15 **Capital: Affordable housing capital investment:** members discussed the key elements of this programme is aimed at delivering the Governments manifesto and increasing home ownership. Members were advised on the 135k help to buy shared ownership homes and the launch of the Government consultation on changes to the planning system to support the delivery of Starter Homes. The rent to buy scheme will allow people to rent at market rents for five years, whilst saving for a deposit to buy their property. There was also funding for rented homes for older, disabled and vulnerable people.
- 17/12/15 Members discussed the changes of the proposed programme from previous affordable homes programmes, which prioritises home ownership with more limited funding for rented housing. SR also signalled that restrictions on grant allocations will be reviewed to encourage private, non-registered organisations to bid for funding.
- 18/12/15 Capital investment proposals have been generally well received by the sector and there is an appetite for shared ownership, although many providers have indicated that they also hope to continue to deliver rented properties. The Committee were given assurance that the regulator will work with the DCLG and HCA programmes teams to work up the various models as more details emerge. It was confirmed that the DCLG website contained information on the eligibility criteria of the various home ownership products currently available.
- 19/12/15 **Revenue: Welfare Reform:** the SR confirmed additional changes to the welfare budget, following those announced in the July budget. Providers have indicated that the introduction of a cap on claims at the maximum local housing allowance amount available to the private rented sector and the Shared Accommodation Rate which will apply to single people aged under 35, for new claimants signing tenancies after April 2016 are likely to have an impact on rent collection rates.
- 20/12/15 Not all the details on these new policies is currently available but the regulator is analysing the information that is available.
- 21/12/15 **Housing Association reclassification:** members discussed the impact of the reclassification of the sector. The regulator has engaged with the OBR and HM Treasury in the development of the OBR fiscal forecasts published alongside the Spending Review. The OBR anticipates that the net result of the July and November policy measures will be a reduction in RP capital investment over the period to 2020. The overall assessment is that there will be 34,000 fewer new homes built by RPs during the period of 2020-21 than there would have been if the July Budget and November SR had not taken place. The regulator is currently analysing forecasts included in FFR returns, although it was noted that these were submitted prior to the SR.
- 22/12/15 Members NOTED the information provided.

8 Regulation of small providers

- 23/12/15 The Committee were being asked to consider the approach to the regulation of small providers. Members were made aware of the current approach to regulating the 1,100 registered small providers which focusses on solvency and viability, but the regulation of these small providers have input from a number of areas of regulation.

24/12/15 Members requested that consideration be given to how we might regulate an intermediate tier of providers.

25/12/15 Members NOTED that there would be further papers to the committee on this subject as proposals were developed.

9 NROSH+ update December 2015

26/12/15 Members were given an overview of the planned migration of the NROSH+ system from the current external contractor (RM) to bring it in-house. The transfer of the system itself and the development of the software changes and enhancements to the system are progressing well and testing has been carried out.

27/12/15 The current suite of regulatory surveys is being developed, although changes to the returns will be limited, with SDR and QS to remain similar to currently to avoid introducing too many changes at the same time as migration is taking place. It is proposed that changes will come into effect in April 2016. Input dates will be staggered and the system will be shut down at the beginning of March for the migration and testing.

28/12/15 Members were assured that HCA-IT had resources available to remedy problems with the system after the system has gone live, and discussions are ongoing with RM about availability to provide support after change over. The scope for adding additional validations to ease data cleansing requirements could be considered as part of a wider review of the system once migration has been completed.

29/12/15 Members NOTED the progress made and the key milestones achieved.

10 Fees

30/12/15 Members considered the paper which set out the current position on the regulator charging fees.

34/12/14 Members NOTED the recommendations.

11 VFM & Efficiency in the social housing sector

35/12/15 The paper sighted the Committee on the next steps to the regulator's approach in assessing whether providers are delivering value for money and efficiencies.

36/12/15 VfM has been one of the economic standards since 2012 and has been assessed based on providers publishing a self-assessment which is then reviewed by the regulator. Initially the quality of data, provision of evidence and approach to reporting had been varied and in some cases the data was poor. However, there has been an improvement year on year in the quality and detail provided.

37/12/15 VfM is now an inherent part of the IDA process and stability checks and was part of the pilots IDAs. Assessment of VfM can now shift to assessing the delivery of a comprehensive and strategic approach to value for money and a greater ability to test for these elements.

38/12/15 The Committee were keen to ensure that VFM is a top priority for the sector that this is given the focus and drive required to ensure it is implemented. The Committee discussed the importance of providers, and the regulator, acting transparently to demonstrate how they are investing their resources to benefit the sector. Members agreed the proposed scope of a review into the regulator's longer term approach to VFM regulation.

RD

39/12/15 Committee AGREED the proposals set out in the paper.

12 Regulatory Judgements and IDA Programme

40/12/15 Members NOTED the regulatory judgements reported in the paper. There had been four regulatory judgements in November.

41/12/15 Six providers have been considered by the stocktake panels and had their grades confirmed following the completion of IDAs.

13 Investigation and Enforcement update

42/12/15 The Committee were sighted on cases which were of concern and NOTED the issues in each case.

43/12/15 Consumer regulation cases were also NOTED.

14 Any Other Business

44/11/15 There was no other business.

Date of Next Meeting: Monday 25 January 2015.