



Homes &
Communities
Agency

The social housing regulator

PUBLIC MINUTES
Of the Regulation Committee meeting
Held on Monday 27 November 2017 at 1pm
Marsham Street, London

Present

Julian Ashby Chairman
Liz Butler
Simon Dow
Richard Moriarty
Ceri Richards

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	
Isabella Freeman	General Counsel, Legal & Secretariat (HCA/Homes England)	
John O'Mahony	Assistant Director, Regulatory Framework and Performance	Item 7 & 8
Jim Bennett	Assistant Director Regulatory Strategy	Item 7
Will Perry	Assistant Director, Commercial/New Entrants	Item 9
Harold Brown	Assistant Director, Investigation and Engagement (Finance)	Item 10
Chris Kitchen		Minutes

01/11/17 There was a confidential session between members and the Director of Regulation.

1 Welcome and apologies

02/11/17 There were no apologies. Richard Peden was introduced to members.

2 Declarations of Interest

03/11/17 There were no declarations of interest.

3 Minutes of the last meeting – 23 October 2017

04/11/17 Subject to a minor change to 13/10/17, there were no comments on accuracy of the confidential or public minutes.

- The confidential minutes were APPROVED as a true record.
- The public minutes were APPROVED for publication.

4 Matters Arising

05/11/17 Noted.

CK

5 Committee forward look

06/11/17 Members NOTED the planner.

6 Regulation Director's update on key issues

07/11/17 Budget

DoR (FM) reported that the Budget had a high profile focus on housing. The previously announced £2bn of funding for affordable housing including funding for social rented homes was confirmed in the budget. Total AHP funding therefore stands at £9.1bn to 2020-21. £15bn of new funding, including £8bn guarantees and other funding for land, infrastructure, SME housebuilders, estate regeneration and £1bn increase to HRA borrowing caps were also included ; some of these funding areas will have implications for the investment side of the HCA which is to be renamed Homes England and will see an expansion in their role.

08/11/17 Supported Housing

Government published at the end of October, a policy statement and two consultations on the future funding of supported housing, which closes on 23 January 2018. It proposes a three strand approach: long-term supported housing to be funded via the welfare system; short-term supported housing to be funded via ring fenced LA funding and a sheltered rent system for sheltered and extracare housing with the gross rent to be part of the regulator's regulation of rents. - Members were advised that we will work closely with DLCCG to fully understand the implications and we will continue to feed into any thinking in this area.

09/11/17 Rent Policy

We expect to be directed on wider rent regulation by DCLG to cover the rent settlement from 2020.

10/11/17 Legislation

Members noted that the Regulation of Social Housing (influencing LA's), regulations were made on 15 November and since then the ONS has announced that the sector has been reclassified as private non-financial corporations. The Chairman has written to all HAs to set out the implications of the change. Members discussed the implications of this on HA Board members who have been nominated by an LA.

11/11/17

12/11/17 Grenfell tower inquiry

Members noted the information on progress with the inquiry. Expert assessors have been appointed to assist covering various areas of the inquiry, which will be dealt with in two phases. Witness statements will be gathered after the police have completed their evidence gathering and procedural hearings are scheduled for 11 and 12 December 2017.

- 14/11/17 **Global Accounts**
FM advised the Global Accounts are due to be published on 14 December and Members will be sent a copy. An update paper will come to RC in December. Members noted the information on Consolidated Income and Financial Position.
- 15/11/17 **Q2 Quarterly Survey**
Members noted the report and the steady state outlined in the paper.
- 16/11/17 **Maintaining Assurance Programme (MAP)**
FM reported that the programme board for this has now been established. Workshops held at the last Regulation Leadership Team meeting were very successful and that group will be key to ensuring buy in across the organisation. Work on individual projects and arrangements to address cross-cutting issues between MAP and the transition programme have also begun.
- 17/11/17 **Managers' Network and Regulation Leadership Team updates**
Members noted that both these meetings had been very productive and will lead to sessions on shadowing, coaching and how to get the best out of our staff, which all link into some of the areas for improvement coming out of the most recent staff survey. The results of the staff survey have been very positive and of particular note are the positive outcomes achieved by the various working groups.
- 18/11/17 **Performance**
Targets are all on track, and Members noted that just one target (registration process) was amber. Further work is being undertaken to better understand where the delays are and anticipated timescale for being back on track.
- 19/11/17 **V1/V2 re-grades**
DDS&P flagged to members for information that a number of HAs had been re-graded recently, including some large organisations.
- 20/11/17 **Publications, media and stakeholders**
Members NOTED the forthcoming publications and stakeholder events.
- 7** **Transition Programme Update**
- 21/11/17 JOM and JB joined the meeting as MW presented the paper which contained updates on the progress being made with the Transition programme. Good progress was reported on all work streams.
- 22/11/17 *Legislative Reform Order*: there is still no date for the laying of the LRO. As a result, an April implementation date is now very unlikely. Implementation by October 2018 is the next possible date if common implementation dates are to be used. Close liaison with DCLG continues on progressing this with Ministers.
- 24/11/17 **Fees**: Members were given an update on the first FRAP meeting. Overall the meeting was very positive with good discussions. FRAP members were very supportive of the amount of information they had been given on the regulator's priorities and costs.

25/11/17 *Service Level Agreement:* we continue to work with the HCA on the overarching SLA on shared services provided by HCA to the RSH covering IT, finance, HR, facilities and internal audit. The HCA have commented on drafting points some of which relate to points of principle, such as whether the SLA is a legally binding document, clarity on cancellation rights etc. A further workshop is planned with HCA colleagues, to run through some potential scenarios which will inform further drafting of the SLA. Members were keen that regulation is clear on what they wish to achieve from the next round of discussions with the HCA.

26/11/17 Members NOTED the status report and the risk map.

8 Fees Analysis

27/11/17 MW provided members with an update – all large providers had paid their fees and Finance are continuing to follow up with the providers who have not paid. Provider group representative bodies are also helping to get the message to their members of the importance of paying the fee. Members expressed their satisfaction with the low level of fees that remain outstanding.

28/11/17 The paper also posed a question for the Committee on what their preference was as to their appetite for taking more formal action against small providers who do not pay. This was to inform a more formal decision paper on the subject in December. Some of the potential options were set out in para 9 of the paper.

29/11/17 It was AGREED that committee would get another paper setting out the options available in full and the implications of those .

MW/JOM

9 Private Finance update

30/11/17 WP joined the meeting and advised that there has been a step up in activity in the last six months particularly in the debt capital markets. There is strong competition with a renewed appetite for lending from new entrants into the banking market.

31/11/17 Members discussed foreign currency borrowing and were advised that the recent loans had terms between 15-30 years, with re-hedging requirements at around 10 year intervals during the course of the loan. Some HAs appear to be interested in diversifying the range of sources of lending beyond the sterling. WP stated that the regulator cannot direct how HA meet their lending requirements, but is concerned with how borrowers manage their risks.

32/11/17 Members NOTED the Moody's rating of the sector following the downgrade of the UK in September .

33/11/17 WP explained the rationale for considering the use of off-balance sheet lease structures, particularly by providers with little existing asset base.

34/11/17 Members thanked WP for the very helpful update.

10 Investigations and Enforcement Update

35/11/17 Members NOTED the reports on the intensive regulatory cases

- 36/11/17 *Broadacres*
- 37/11/17 *Manningham Housing Association*
- 38/11/17 *Luminus Group Limited*
- 39/11/17 *Impact*
- 40/11/17 *Abbeyfield Worcester*
- 41/11/17 *Central and Cecil Housing Trust*
- 42/11/17 *Gentoo Group Limited*

11 Operations Update

- 46/11/17 DDPE-RBP introduced the paper and reported that there had been 25 regulatory judgements published in October of which 3 reflect a change in strapline as set out in para 5 of the paper. A further 46 regulatory judgements were published of which 12 reflect a change in strapline or an interim judgement. Members NOTED the updates provided in the paper on re-grades and interim judgements.
- 47/11/17 The IDA programme was noted. 113 providers have been considered at stocktake panels following the completion of IDAs.
- 48/11/17 The stability check programme continues. 92 of the 199 stability checks are with ADROs for sign-off and 66 have moved through to publication.
- 50/11/17 Merger activity in the sector was NOTED.

12 Any other business

- 51/11/17 None.