



Homes &  
Communities  
Agency

The social housing regulator

**PUBLIC MINUTES**  
**of the Regulation Committee meeting**  
**held on Monday 23 January 2017 at 10am**  
**Marsham Street, London**

**Present**

Julian Ashby	Chairman
Richard Moriarty	(by phone)
Ceri Richards	
Simon Dow	

**In attendance**

Fiona MacGregor	Director of Regulation
Mick Warner	Deputy Director Operations
Jonathan Walters	Deputy Director Strategy & Performance
Jack Lee	Asst. Director Investigation & Enforcement
Isabella Freeman	Head of Legal Services
Emma Tarran	Head of Governance, Assurance (observer)
John O'Mahony	Asst. Director Regulatory Framework & Performance
Jim Bennett	Asst. Director Regulation Strategy
Ros Poulson	Registrar
Robert Dryburgh	Asst. Director Analysis
Christine Kitchen	Asst. Board Secretary

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

**1 Welcome and apologies**

02/01/17 There were apologies from Sarah Wall.

**2 Declarations of Interest**

03/01/17 There were no new declarations of interest.

**3 Minutes of the last meeting – 12 December 2016**

04/01/17 The confidential minutes were APPROVED, subject to an amendment to 42/12/16.

05/01/17 The public minutes were APPROVED subject to an amendment to 42/12/16.

#### **4 Matters Arising**

06/01/17 Members NOTED the items.

#### **5 Committee forward look**

07/01/17 Members noted the planner and DoR confirmed that information from the timeline slide in her report will be added to the planner in due course.

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

##### **08/01/17 Policy developments:**

*Allocations:* HCA has confirmed initial allocations for SOAHP and issued a prospectus addendum for the additional flexibility and additional funding for further allocations announced at Autumn Statement 2016.

*Supported housing:* following the publication of the consultation paper on funding supported housing the task and finish groups referred to in the document have started to meet.

The forthcoming Housing White Paper was confirmed in the PM's speech on 'shared society' and may be published soon.

##### **09/01/17 Consumer Regulation:**

Members would be considering the paper on tenanted disposal and the standard later in the meeting. Members were aware of the adjournment debate which was triggered by the problems at Circle's Orchard Village development.

##### **10/01/17 Regulation 2016/17:**

*Deregulation:* Members noted that the regulations for April commencement and Land Registry changes are due to be laid soon. Transitional arrangements are expected by 8 February 2017 and notifications requirements for registered providers by 22 February 2017. DoR advised that we would be writing to the sector and stakeholders.

12/01/17 *Mega-mergers:* following the RC workshop in December on regulating large and complex providers, actions have been taken forward and Executive are considering how we link in with the changes to the notifications regime. Also being considered is the impact on the IDA programme.

13/01/17 *VfM:* Members will be getting a paper to the February meeting on the timing of a consultation on a revised standard for Q1 2017/18.

14/01/17 *Consumer Regulation:* Members noted that the programme is now complete subject to the outcome of the consultation on the TI&E and the MoU with the ombudsman.

15/01/17 **Regulation Consultation Timeline:** Members had asked for information on forthcoming consultations.

##### **16/01/17 Publications, media and stakeholders:**

Members noted that there had been quite a few RJs and RNs published

towards the end of last year. The next round of RJs were due to be published on 25 January and the Global Accounts with the Unit Cost annex on 15 February and Deregulation notifications guidance and criteria on 22 February 2017. The letter to the Minister re Clarion will be circulated to members.

**FM**

## **7 Transition Programme update**

17/01/17 DoR introduced the paper. Members were advised that Mick Warner would be joining the membership of the programme board to provide input on financial arrangements and discussions with DCLG and HCA on budgets etc given his financial expertise and qualifications. This will continue until the appointment of a new Deputy Director where it is intended to include a Corporate Services oversight function within the role's remit. There will be some consequential backfilling arrangements within Operations .

18/01/17 A workshop had been held to develop the critical path for the transition programme which had been tested with DCLG and HCA. The February meeting workshop will discuss the next iteration, but to date the two areas identified are:

19/01/17 **Legislative Reform Order (LRO):** Members were advised that a lot of the processes for the laying of the LRO is outside the control of the Regulator. Advice is awaited from the DCLG lawyers re the implementation process. Members will be provided with further information at the February meeting.

20/01/17 **Pensions:** there are two pension schemes – HCA and Westminster.

23/01/17 **Programme Governance:** Members were advised that the programme board had its first meeting on 19 January and they noted the membership of the board. Meetings will be monthly and the PB will take direction from the Regulation Committee who will remain responsible for providing strategic direction and decision making as well as reviewing programme performance at a strategic level. ToR of the PB will be taken to the Committee meeting in February.

**JOM**

## **8 Fees**

25/01/17 Members were thanked for their responses to the fees consultation feedback.

## **9 Quarterly Performance and Risk Report**

29/01/17 Members NOTED the performance report and risk highlights. Performance against business plan target delivery at the end of Q3 was good. One target has been flagged amber. Members NOTED the explanation for this in the report. Members NOTED the two revised risks from the corporate risk register to be reported to the Audit and Risk Committee and also the risks which are not at appetite.

## 10 Global Accounts update

- 30/01/17 AD Analysis introduced the paper. Members NOTED the publication timeline for the global accounts and the content. 2016 is the first year of FRS102 adoption. This had required the restatement of 2015 data, and led to increased volatility in some lines, which will need careful explanation to external stakeholders. Surplus from 2015 restated from £3bn to £2.6bn largely due to fair value derivatives. On restatement, the balance sheet increased by £48bn to £142bn due to the change in presentation of grant.
- 31/01/17 2016 key headlines were a surplus of £3.2bn A change was noted due to the volatility in the fair value of derivatives. There had been a £500m charge in 2015 due to a reduction in swap rates that year, which was not repeated in 2016. There has been improvement in interest cover. Debt has increased by £2bn to £65bn. Members noted the net increase in housing properties and the £7.5bn investment in existing stock and new supply. Members were advised that Group data includes an additional £1.4bn turnover from outright sales compared to entity level accounts which is reflected in gift aid receipts at entity level.
- 32/01/17 The commentary accompanying the global accounts will be very comprehensive given the impact of FRS102. The other change this year will be the publication of provider by provider unit cost information. The provider level data will be published alongside the global accounts publication.
- 33/01/17 There was discussion on the operating margins which appear to have improved. Members were advised that the figures are from the last set of data received (predating the rent cuts) and shows the sector is in a fairly robust position. Members enquired about the level of non-social, for sale and market rent housing there is in comparison to the 42k social housing and were advised that this had been in the region of 2-3k in the past but that there was a material increase forecast for future years
- 34/01/17 There will be more discussion on the impact of VfM and its impact on unit costs.

## 11 Decisions of the Registrar

- 35/01/17 Members were advised by the Registrar that there has been an increase in deregistration activity with a number of smaller providers applying for voluntary deregistration. Currently there are eighteen applications in hand. The documentation and process to manage high levels of requests are being reviewed.
- 36/01/17 *Deregistration:* Members acknowledged that they needed to consider the loss of tenant protections in deregistration. Members enquired if there were the same arrangements for deregistration regardless of the size of the provider and were advised that the requirement differed for providers with fewer than 50 units. However, if there is grant or lenders involved (as would be expected for larger providers) then deregistration may not be straightforward as grant would have to be repaid and lenders' consent would be required. RPs are required to be members of the Ombudsman scheme and remain members following a de-registration. It was AGREED that the policy on deregistration should be reviewed. **RP**
- 37/01/17 *Tenanted Disposals:* Members enquired if the Charity Commission consent

had any requirements around tenant protection and were advised that CC requirements are around charitable asset protection and not tenant protection.

## **12 Statutory Consultation on Revision to Tenant Involvement and Empowerment Standard**

39/01/17 Members were being asked to AGREE the approach set out in the proposed consultation document and to DELEGATE the final sign-off of the consultation to the Chair and Director of Regulation or Deputy Director Strategy and Performance.

40/01/17 A six weeks consultation period was being proposed and it was proposed that the consultation would be issued in February alongside the Consumer Standards and linked to the transition to a stand alone regulator.

41/01/17 Members considered the revised wording of 2.2.3 of the T&IE standard. There was discussion in respect of:  
*Consultation question 1:* Members agreed the consultation relates to just affected tenants.

42/01/17 *Consultation question 2:* Members were content with the inclusion of wording in respect of the consultation being, timely and effective.

43/01/17 *Consultation question 3:* disposals and change of landlord - we are not differentiating who change of landlord is to, but providers will have to set out the advantages and disadvantages of the change. This will have to be made clear in the tenant consultation.

44/01/17 *Consultation question 4:* members questioned if there should be a need for providers to be able to demonstrate how they have considered the outcome of the consultation rather than having to show who they consulted with. There should be opportunity for tenants to receive feedback about how their views have been taken on board.

45/01/17 Officers to consider the comments from members in addition to replacing “actual and potential” advantages... with “short and long-term” advantages.

**JB**

## **13 Operations Update**

46/01/17 DDRO reported that there had been thirty five regulatory judgements including three new narrative judgements published in December. Interim judgements were made on Clarion (G2/V1) and The Housing Plus Group (G1/V1).

47/01/17 Sixty six providers had been considered at stocktake panels following the completion of IDAs. There had been one IDA through the stocktake process since the December meeting – Nehemiah which has received a first judgement (G1/V1).

48/01/17 The stability check programme is virtually complete. The January judgements will be reported on to the February Committee meeting.

49/01/17 Members NOTED the merger activity and the information in the report.

**13 Investigation and Enforcement update**

50/01/17 The Committee were sighted on cases which were of concern and NOTED the issues in each case.

52/01/17 *Derwent:* The merger with Places for People has completed, and the regulatory judgement for the combined body will be published on the website imminently.

55/01/17 *Manningham:* they have been placed on the GUR list for governance.

57/01/17 Members NOTED the cases under Intensive Regulatory Engagement.

**14 Any Other Business** – there was no other business.

**Date of Next Meeting:** Monday 20 February 2017.

**Chairman's Signature:** .....

**Date:** .....