

**PUBLIC MINUTES**  
**of the Regulation Committee meeting**  
**held on Monday 24 April 2017 at 10am**  
**Marsham Street, London**

**Present**

Julian Ashby	Chairman
Richard Moriarty	
Ceri Richards	
Simon Dow	

**In attendance**

Fiona MacGregor	Director of Regulation	
Mick Warner	Deputy Director Operations	
Jonathan Walters	Deputy Director Strategy & Performance	
Isabella Freeman	Head of Legal Services	
Emma Tarran	Principle Solicitor - Regulation	
Karen Doran	Assistant Director Regulatory Operations	
Helen Ward	Assistant Director Assurance	Item 7
John O'Mahony	Assistant Director Regulatory Framework & Performance	Item 8
Jim Bennett	Assistant Director Regulation Strategy	Item 8 & 9
Robert Dryburgh	Assistant Director Analysis	Item 9
Anna Furlong	Head of Regulatory Framework	Item 9
Jack Lee	Assistant Director Investigation and Enforcement	Item 11
Chris Kitchen	Board Secretary	

01/04/17 There was a confidential session between members and the Director of Regulation.

**1 Welcome and apologies**

02/04/17 There were apologies from Sarah Wall.

**2 Declarations of Interest**

03/04/17 There were no declarations.

**3 Minutes of the last meeting – 27 March 2016**

04/04/17 The confidential minutes were APPROVED as a true record.

05/04/17 The public minutes were APPROVED for publication.

**4 Matters Arising**

06/04/17 Noted.

**5 Committee forward look**

07/04/17 Members noted the planner. There was a discussion about the timing of the business plan going to committee. It was agreed that papers to the May and September meetings would be needed, with additional updates as required.

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

**08/04/17 Policy developments:**

DoR gave members an update on the implications which the General Election on 8 June will have on Regulation in general and on key pieces of secondary legislation in particular.

No new consultations are allowed during purdah. The impact of this is:

*VfM Standard:* consultation launch date has been deferred to 12 June, but the implementation date of January 2018 is still achievable.

*TI&E:* deferred to 12 June. The decision statement will be presented to committee at its May meeting,

*Rents Policy and funding for supported housing:* the round table meetings will continue .

*MoU with Housing Ombudsman:* as a result of a lot of hard work from the Communications teams, this was published on 21 April.

The re-appointment of Ceri Richards as a committee member was confirmed.

**09/04/17 Consultation timetable:**

Members noted the revised dates in light of the general election announcement. Members NOTED the information on the slide.

There are no outstanding decisions to be made in respect of fees, so this will be unaffected by purdah. The current plan is that the consultation will be issued after the election.

**10/04/17 Deregulation**

*Deregulation* – became effective 6 April and directions and guidance were issued prior to that date. There have already been some constitutional notifications been submitted. Most disposal notifications are to be submitted on a quarterly basis in arrears. However, others, such as disposals of tenanted stock need to be submitted within two weeks of the event.

*New Registration:* members NOTED the two newly registered organisations – Seymour Street Homes and Henley YMCA.

**11/04/17 TI&E consultation:**

Members were advised there had been 156 responses to the consultation and overall there was strong agreement with the proposed amendments to the TIE standard. Committee will see the decision statement at its May meeting.

**JB**

**12/04/17 Staff Survey and Staff Action Plan:**

Members NOTED the work done on the staff action plan and the follow-up

survey. The action plan developed has had input from staff and the Positive Working Group and will be monitored and reviewed by Executive team.

13/04/16 **Publications, media and stakeholders:**  
Noted. There was discussion about the Guardian article on the poor quality of new build housing, and the role of housing associations to provide good quality housing.

## 7 **Performance and Risk**

14/04/17 **Performance:**  
Members reviewed the Quarter 4 / end of year performance report and were advised that all targets are completed for the year ending 2016/17. Majority of the targets roll over into 2017/18 as core regulatory activity.

15/04/17 Members challenged management as to whether the targets are stretching enough in light of the fact that they were all green. Management gave assurance to members that the targets set were stretching. Examples of some of the individual targets were discussed to illustrate the amount of work sitting beneath the headline description.

18/04/17 **Risk:**  
Members noted that we were at appetite for most of the strategic risks and, where we are not at appetite, there are additional actions in place to bring the risk scores within tolerance. The report highlighted two key risks, one of which had raised concerns with some members – this was the risk of our technology not keeping pace with our operational requirements. Members were given the background to the two key IT systems that the regulator uses - NROSH+ and CRM. The CRM system is currently being upgraded and, whilst the project is progressing well, it was felt important to note this in the strategic risk register as a key deliverable in 2017. The DoR also confirmed that, when the risk score for this risk was last reviewed, the inherent risk was scored high due to some uncertainty in respect of budget for IT when the regulator goes independent. There are still on-going discussions with the HCA re budget and service standards and members were given assurance that the next iteration of the risk register will show a reduction in the risk rating as a result of good progress on both systems. No decision has yet been made in respect of the level of support and interdependence there will be in respect of IT support from the HCA.

## 8 **Transition Programme Board**

19/04/17 The Assistant Director Regulatory Framework & Performance introduced the paper, which set out for the Committee progress with the Transition programme. The impact of the general election had been discussed and there have been no material changes to the critical path and key milestones since the last discussion albeit the election may impact on specific timing of LRO

21/04/17 *Tripartite agreement:* Members were advised that the agreement is ready subject to final discussions on the budget.

22/04/17 *Pensions*: work remains on track.

23/04/17 *Corporate Services*: Overall work on corporate services remains on track.

## **9 Value for Money Standard**

24/04/17 The Assistant Director Analysis and the Head of Regulatory Framework introduced the paper. Committee were being asked to:

- comment on and agree the proposed consultation document
- agree the proposed VfM Standard, Code of Practice and Business Engagement Assessment
- agree the publication of the VfM statutory consultation and VfM metrics technical paper

Papers were considered in the order they appeared in the pack:

### **25/04/17 Consultation on the VfM Standard:**

Members were advised the questions in the consultation document were high level. The consultation document sets out the 4 objective for the proposed revisions to the VfM Standard.

26/04/17 Members AGREED with the questions set out in the paper:

- Do Regulation Committee agree that the objectives are correct?
- Are Committee content with the consultation questions that have been asked within the consultation document?
- Are Committee content with the narrative on the application and regulation of the new Standard to small providers
- Are Committee happy with the revised VfM Standard?

### **27/04/17 Proposed Value for Money Standard 2017:**

Members commented on the revised standard and with the exception of a couple of suggestions on the wording of 1.2 and 2.2(b), APPROVED the Standard for publication.

### **28/04/17 Code of Practice:**

Members noted that the changes they had suggested at the last meeting had been incorporated into this version of the document. The changes were highlighted and discusses and members APPROVED the Code of Practice for publication.

### **29/04/17 Business Engagement Assessment:**

Members were advised that the same approach was being adopted to this as was with other consultations. Members APPROVED the BEA.

### **30/04/17 VfM Metrics:**

The document is short and not too technical and sets out the metrics with high level explanations for each. It was proposed that the metrics will be published at the same time as the consultation. Members AGREED this approach.

31/04/17 The metrics were mostly compatible with Efficiency Working Group, the only exception was where they are currently proposing to use cashflow data which we do not collect on the FVA.

32/04/17 Members discussed the definition of Metric 5 Subject to these comments, members APPROVED the Metrics and delegated approval of final drafting to the Chairman.

## **10 Operations Update**

33/04/17 DDRO reported that there had been twelve regulatory judgements published between 2 and 31 March 2017.

34/04/17 St Vincent's had been upgraded from G2/V1 to G1/V1 having resolved the governance issues relating to gas safety controls. The Industrial Dwellings Society (1885) Ltd had been downgraded (G1/V1 to G2/V1) as a result of improvements required in relation to board training, recruitment, appraisal and succession planning.

35/04/17 East End Homes had been re-graded on viability from G1/V2 to G1/V1 having delivered its improvement programme. Swan had been re-graded on viability from G1/V1 to G1/V2 as a result of their new business plan forecasting increased spending on development and reliance on sales income, which overall have weakened headroom on its debt-per-unit covenant and caused interest cover from core activities to reduce. A revised narrative regulatory judgement has been published for Plymouth Community Homes reflecting a change to the basis of the viability grade (G1/V2), based on assurance from the findings from the IDA.

36/04/17 There has been a reduction in the total number of entities who receive regulatory judgements over the year to 31 March 2017 and this trend is likely to continue in the coming months due to merger activity. Nine providers moved from V2 to V1 in the year which were mainly a mix of maturing LSVTS which had completed their improvement programmes and providers which had delivered and/or reduced their development plans. The number of G3 judgements had increased from three to seven over the year.

37/04/17 Members NOTED the information on the IDA programme, the merger activity and the other information in the report.

## **11 Investigation and Enforcement update**

38/04/17 *Chapter 1:* Members NOTED that Chapter 1 is now a subsidiary of Salvation Army Housing Association and the final consent has been issued. The I&E team will continue to liaise with SAHA.

39/04/17 *Hundred Houses Ltd:* having got sufficient assurance to discharge the voluntary undertaking and upgrade to G2, a revised compliant regulatory judgement will be published shortly.

40/04/17 *Broadacres Housing Association:*

41/04/17 *Luminus Group Limited*

42/07/17 *Expectations:*

43/04/17 *London District Housing Association:*

**Consumer Regulation**

46/04/17 Members noted the update on Clarion and the cases under intensive regulatory engagement.

**12 Any other business**

47/04/17 Members were given copies of the MOU between the regulator and the Housing Ombudsman, which sets out the responsibilities of both organisations.