



PUBLIC MINUTES
Of the Regulation Committee meeting
Held on Monday 23 October 2017 at 10am
Marsham Street, London

Present

Julian Ashby Chairman
Liz Butler
Simon Dow
Richard Moriarty

In attendance

Fiona MacGregor	Director of Regulation	
Mick Warner	Deputy Director Regulatory Operations	
Jonathan Walters	Deputy Director Strategy and Performance	
Emma Tarran	Principal Solicitor, Regulation	
John O'Mahony	Assistant Director, Regulatory Framework and Performance	Item 7
Jim Bennett	Assistant Director Regulatory Strategy	Item 7
Helen Ward	Assistant Director, Assurance	Item 8
Ros Poulson	Assistant Director, Registrations and Small Providers	Item 9
Harold Brown	Assistant Director, Investigation and Engagement (Finance)	Item 10
Chris Kitchen		Minutes

01/10/17 There was a confidential session between members and the Director of Regulation.

1 Welcome and apologies

02/10/17 There were apologies from Ceri Richards, Karen Doran and Isabella Freeman.

2 Declarations of Interest

03/10/17 There were no declarations of interest.

3 Minutes of the last meeting – 25 September 2017

04/10/17 There were no comments on accuracy on the confidential or public minutes.

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

4 **Matters Arising**

05/10/17 Noted.

5 **Committee forward look**

06/10/17 Members NOTED the planner.
December workshop – Risk appetite.
January workshop - Shared Services SLA.

CK

07/10/17

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

08/10/17 **Policy context**

PM's conference speech: DoR advised members that the key messages coming out of the PM's conference speech for the sector was the £2bn additional funding for affordable housing which can include social rent in areas where there are affordability issues. An average grant rate of £80k/unit was confirmed in the follow up publication, as well as rent certainty at CPI + 1% for 5 years from 2020.

09/10/17 An industry-wide roundtable meeting at No. 10 with the PM, SoS, Housing Minister and Gavin Barwell had been held. HAs and house builders were encouraged to increase the supply of new homes. The sector now needs to consider its response to Government.

10/10/17 *Green Paper:* members noted that the Housing Minister had begun his round of strategic conversations with tenant groups – Saffron HA, being the first meeting and the read-out indicates that it was a productive meeting. Sessions are expected to include discussion of the role of consumer regulation.

11/10/17 *Welfare Reform:* debate continues on the roll out of Universal Credit and the delay in claimants receiving payments.

12/10/17 *Budget:* there has been speculation that the Budget could include further housing announcements including potentially significant additional funding.

13/10/17 *Grenfell tower inquiry:* there have been no further public meetings of the Inquiry . K&C have confirmed at a public meeting that they wish the TMO to be dissolved but that decision is not yet being implemented

14/10/17 **Policy – Rents**

DoR advised that from 2020 social housing rents will be limited to CPI+1% for five years which will be implemented through a direction to the Regulator.

15/10/17 Members discussed the implications for us regulating gross rents, including service charges and it was recognised that there were a number of implications for us depending on the starting point agreed. Committee will be kept informed of progress.

16/10/17 It was AGREED that there would be a workshop on rents and change in policy.

JW

17/10/17 **Legislation**
Members noted that LA regs have been laid but consideration of these has not yet progressed pending re-constitution of the JCSI.

18/10/17 **Consultation timeline:**
Members NOTED the timings of consultations.

19/10/17 **Publications, media and stakeholders**
Members NOTED the forthcoming publications and stakeholder events.

7 Transition Programme Update

20/10/17 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 continues to be made and members were advised that they will be presented with SLAs or decisions that require sign off by RC as required. The shared services SLA will be the workshop discussion topic at the January RC meeting.

21/10/17 *Fees:* Members noted the level of fees income received. Members acknowledged the data breach which had occurred during the first stage of the debt recovery process. Members noted that the first FRAP meeting was scheduled and asked to be sent the names of the members of FRAP.

22/10/17

23/10/17 It was noted that when the HCA launch as Homes England there will be some degree of separation as we will re-brand as the Regulator of Social Housing. In respect of any conflict involving the HCA as a creditor or investor, we will treat them in the same way we would any other creditor or investor. If there is ever an obligation to share information with the HCA, that information would also be made public.

24/10/17 *Service Level Agreement:* we continue to work with the HCA on the overarching SLA on shared services provided by HCA to the RSH and it currently covers IT, finance, HR, facilities and internal audit.

25/10/17 *Staff Engagement:* there have been a number of staff engagement sessions and staff were very engaged and responsive. The discussions have more recently covered an explanation of the Fees Statement and how it links into the interim business plan, including the importance of stakeholder engagement. We also used this platform to discuss the changes to the sector and our approach to these changes. Staff recognise the issues underpinning this work. The staff survey closed last week, and RC will receive a report on the outcomes as part of the usual reporting cycle.

HW

26/10/17 Members NOTED the status report and the risk map.

8 Performance and Risk Report

28/10/17 HW joined the meeting by Lync and FM introduced the paper which presented the regular quarterly performance report. Following discussion at the last meeting, the transition programme had been added as a new risk (13) and Committee was being asked to agree the proposed risk appetite.

- 29/10/17 Members discussed the new risk and asked for an explanation of the thinking behind the proposed scoring. Officers explained that, the overall approach being taken was based on the lift and shift approach meaning many of the details were already in place. In addition, the programme now has additional resources with MW full time on transition, governance arrangements providing control and oversight (including core and full programme board meetings) are fully established and progress is on track to meet deadlines on many of the work streams. Operational staff are not impacted by this programme so operational BAU continues as planned. On that basis, members suggested that the risk could be split **HW/LK**
- 30/10/17 LB queried the position in relation to Risk 1 where we are not meeting our risk appetite but have only one action planned. MW explained that whilst recruitment to the Financial Analyst roles is on-going, currently our ability to regulate effectively is not at risk. Members suggested that we add FRAP as a mitigation and consider other ways to achieve the risk appetite we are aiming for. **HW/LK**
- 31/10/17 Members were given assurance that we are liaising with HR on the amber risk .
- 32/10/17 Members congratulated officers on the overall approach being taken to delivering the business plan, meeting targets and managing the risks. They also asked that the targets for next year are more challenging. Officers confirmed that the approach to business planning was under review to ensure we continue to set and measure meaningful targets.
- 33/10/17
- 9 Registration/De-registration decisions**
- 34/10/17 RP joined the meeting and presented the paper which will in future be a quarterly report to Committee. Any updates between the quarterly reports will be picked up in the DoR report to Committee.
- 35/10/17 The non-profit registrations are mainly YMCAs or established charities seeking registration to meet conditions of grant payments.
- 36/10/17 RP explained that the number of de-registrations were a result of the number of mergers going through. There has been an increase in applications for voluntary de-registration in the run-up to the implementation of fees.
- 37/10/17 Members NOTED the new entrants.
- 38/10/17
- 39/10/17 Members NOTED the information on amalgamations, transfer of engagements and conversions.
- 40/10/17 JA asked that the members are provided with an up to date list of the number of registered providers, charitable/non charitable, profit/non-profit and providers with over 1000 units. It was AGREED that this information will be provided in the next report following the analysis of the SDR and updates in all future quarterly reports to Committee. **RP/RD**
- 41/10/17

10 Investigations and Enforcement Update

42/10/17 Members NOTED the reports on the intensive regulatory cases

43/10/17 *Broadacres*

44/10/17 *Manningham Housing Association*

45/10/17 *Luminus Group Limited*

46/10/17 *Impact*

47/10/17 *Enham Trust*

48/10/17 *Central and Cecil Housing Trust*

49/10/17 *Gentoo Group Limited*
Gentoo has appointed an interim CEO.

50/10/17 **Consumer Regulation**
Members NOTED the updates on the consumer regulation cases.

11 Operations Update

51/10/17 DDRO-MW introduced the paper in the absence of KD and reported that there had been ten regulatory judgements published in September and October. Members noted the providers who had had grade changes and those who had been issued regulatory judgements.

52/10/17 Members noted the first judgements for Arawak Walton and EPIC as well as changes in grades of Network, Teign, Gentoo and WM.

53/10/17 The IDA programme was noted. 111 providers have been considered at stocktake panels following the completion of IDAs. 10 IDAs have been completed since the last report to Committee. Members asked for a report on the position of the IDA programme to provide assurance that we are on track. RC will get a report on this to the January meeting.

RBP

54/10/17 Members noted that all expected 2016/17 FFRs have been submitted and all but two have been signed off. FVAs and financial statements are being reviewed and are on track to be completed by the end of October. Members noted the information in the paper on mergers in the sector.

55/10/17 Members were advised that we have trailed with the sector the approach to considering the position of providers in relation to the V1/V2 boundary based on our view of exposures and financial position. Publication of narrative judgements where a re-grade from V1 to V2 has been determined will be issued in mid-November. Some providers will be taken forward through IDAs currently underway. Lines to take have been prepared and these will

WP

be shared with RC members.

56/10/17

57/10/17 Committee NOTED the report.

12 Any other business

58/10/17 Members agreed to change the start time of RC meetings in 2018 to 9.30am. **CK**