



PUBLIC MINUTES
of the Regulation Committee meeting
held on 25 April 2016 at 10 am
Marsham Street, London

Present

Julian Ashby Chairman
Richard Moriarty
Ceri Richards
Sarah Wall (from item 7)
Simon Dow
Leah Sparks (observer)

In attendance

Fiona MacGregor Director of Regulation
Mick Warner Deputy Director Operations
Jonathan Walters Deputy Director Strategy & Performance
Isabella Freeman Head of Legal Services
Catherine Farrington Principal Solicitor
Jack Lee Asst. Director Investigation and Enforcement
John O'Mahony Asst. Director Regulatory Framework and Performance (items 7 & 8)
Will Perry Asst. Director Commercial and New Entrants (item9)
Ros Poulson Registrar (items 10 & 11)
Jane Cox Head of Regulatory Framework (items 10 & 11)
Jim Bennett Asst. Director Regulation Strategy (AOB)

Christine Kitchen Asst. Board Secretary

01/04/16 There was a confidential session between members and the Director of Regulation.

1 Welcome and apologies

02/04/16 The Chairman welcomed Leah Sparks from the DLCC Sponsorship Team to the meeting and introductions were made. There were apologies from Mark Hodgkinson the HCA's Interim Chief Executive.

2 Declarations of Interest

03/04/16 Simon Dow declared that he is Executive Chair at London Housing Foundation and a Board member of Dolphin Square Foundation. He has recently resigned from the Board of Dolphin Living and his daughter works for Notting Hill Housing.

3 Minutes of the last meeting – 21 March 2016

04/04/16 The confidential minutes were APPROVED.

05/04/16 The public minutes were APPROVED.

4 Matters Arising

06/04/16 Members noted the items.

5 Committee forward look

07/04/16 Members thanked officers for inviting external speakers to future workshops.

6 Regulation Director's update on key issues

08/04/16 **HCA Review:** The Director of Regulation reported that the HCA Review team had concluded their evidence gathering at the end of March. DoR advised members that they will be kept informed as and when there is any further information.

09/04/16 **Housing and Planning Bill:** Members were advised of government's aim for the Bill to receive Royal Assent by 17 May 2016. Members noted the Governments' amendments and those from the Opposition. None of the amendments have a direct impact on the regulator. Members will be kept informed.

10/04/16 **Regulation 2016:** The programme is progressing at a pace and is taking shape with all the projects coming together giving a clearer picture. Internal and external comms plans are being developed and are updated regularly.

11/04/16 **De-regulation:** Consultation on the registration criteria may be delayed until after the EU referendum and as a result a decision from Committee will be sought by correspondence during August. Interim handling arrangements will be communicated to RPs once Royal Assent has been given.

12/04/16 Live cases will continue to be considered by RAC who will continue to meet until commencement even if final consent may not be issued where the actual merger occurs after our powers have been removed. RPs will be issued with a letter post RAC.

13/04/16 **Performance Management:** The regulation business plan has been finalised following the Committee discussions in March and have been cascaded to staff. All targets for 2015/16 have been met including NROSH+. The year end performance appraisal cycle has begun and target setting for the coming year will be completed by end of June.

14/04/16 **Media and stakeholder:** information noted.

7 Fees

21/04/16 Members thanked the officers for the progress made.

8 Performance and Risk Report Q4

22/04/16 Members NOTED the performance and risk report and the updated regulation risk strategy. As previously reported, the 2015/16 business plan targets had all been met and any on-going targets have been rolled into the current year.

23/04/16 There have been some minor wording changes to the risk register which here highlighted in the report and NOTED. Members commented on the Regulation Risk Strategy. Members were advised that the Audit and Risk Committee are positive about the level of importance the regulation committee give to risk management.

9 Private Finance Update

25/04/16 Members were asked to NOTE the private finance profile and provide any feedback on any changes in structure or contents they wished to see.

26/04/16 Members were advised that there had been relatively little activity since the General Election. New debt capital issuance had been low, as a result of uncertainty amongst RP's as to future financing requirements following changes to rents and priorities for capital grant. It was noted in discussions that it was likely that a high level of finance was raised in 2014/15 to coincide with the completion of the 2011-15 affordable housing programme which could partially explain why RPs are not currently seeking long-term debt. It was explained that re-financing activity was continuing. RPs are continuing to develop, and the forthcoming June business plans and March quarterly survey results will show the extent of planned development and the level of new financing required. There is emerging activity with new participants in the bank lending, private placement and public bond markets and discussion of alternative funding structures for shared ownership.

27/04/16 There has been recent engagement with lenders and investors on the development of the special administration regime. As part of that there has been confirmation that the de-regulation measures will not impact on the level of regulatory oversight of providers or the ability to identify and resolve issues as our principal regulatory tools remain in place.

28/04/16 Members NOTED the information provided.

10 Decisions of the Registrar

29/04/16 The Registrar introduced Jane Cox to members. Jane was the maternity leave cover for the Head of Regulatory Framework role.

30/04/16 Members noted the paper which set out the recent activity and decisions taken by the Registrar to fulfil the regulator's obligation to maintain the register of social housing providers.

31/04/16 Members were invited to note in particular the refusal to register an applicant on the basis that the Registrar was not satisfied that the housing being provided met the definition of social housing.

33/04/16 Members NOTED the new bodies registered and both the compulsory and voluntary de-registrations.

11 Statutory consultation on revised registration criteria

34/04/16 The Registrar presented the paper which set out the preferred option for the regulator's revised registration criteria for new entrants and new registration criteria for bodies arising out of restructures, as a consequence of the deregulatory measures in the Housing and Planning Bill.

12 Data Quality

40/04/16 The committee were given an overview on the regulators' approach to assessing the quality of providers' data returns and proposals. There was a discussion on how it could be better aligned with the broader operational approach and members were given assurance that improvements have been seen, particularly on timeliness but also on quality, and both these areas will remain of crucial importance and this message will continue to be given to providers.

41/04/16 Member were advised that in future we will consider data issues in the context of governance in the round, using the full range of regulatory engagement - IDAs, stability checks and bespoke reactive engagement - to assess the materiality of data issues.

42/04/16 Members AGREED to the moderation of the approach to data quality issues in terms of materiality and impact and consider a range of follow-up actions as set out in the paper. Executive to consider communicating to the sector that our change in approach to data quality and timeliness is a consequence of listening to the sector, but that they will continue to have to demonstrate that they take data quality seriously, and we will take regulatory action where it is needed. Executive to monitor trends on data quality and to report back to Committee in due course.

13 Operations Update

43/04/16 Members requested that future reports track the changes in grading, so members can easily see how many judgements have moved up and how many have moved down, rather than just the net movement. **MW**

44/04/16 Forty one judgements were published on the HCA's website in March including 14 narrative judgements. First judgements were published for Arches, One Manchester and County Durham.

45/04/16 Twenty one providers had been considered at stocktake panels following the completion of IDAs, five of which took place since the last committee meeting.

46/04/16 Of the 238 planned stability checks, 237 have been signed off. Judgements have been published on 207 of the 237 providers with the balance being taken forward through RET processes or IDA's. Members noted the merger activity. **RP**

14 Investigation and Enforcement update

47/04/16 The Committee were sighted on cases which were of concern and NOTED the issues in each case.

48/04/16 Consumer regulation cases were also NOTED.

14 Any Other Business

49/04/16 **Purpose & Vision:** Members had been sent by email prior to the meeting a Purpose statement for comment. Following feedback, a revised version of the Purpose was tabled. The revised version was AGREED.

Date of Next Meeting: Monday 23 May 2016.