

**FINAL PUBLIC MINUTES**  
**of the Regulation Committee meeting**  
**held on 26 October 2015 at 10am**  
**Marsham Street, London**

**Present**

Julian Ashby                      Chairman  
Jonathan Adlington  
Ceri Richards  
Sarah Wall

**In attendance**

Fiona MacGregor              Director of Regulation (Interim)  
Isabella Freeman              Head of Legal Services & Company Secretary  
Catherine Farrington       Principal Solicitor – Corporate & Regulation  
Andrew Rose                  HCA Chief Executive (for items 1 - 6)  
Bronwen Rapley              Deputy Director Investigation and Enforcement  
Mick Warner                  Deputy Director Operations  
Jonathan Walters              Deputy Director Strategy & Performance

Jack Lee                         Assistant Director I & E (Governance) (Item 7)  
Angela Holden                 Senior Advisor (I&E) (Item 7)  
John O'Mahony                Assistant Director Regulatory Framework and Performance (item 8 & 9)  
Sandy Pacek                    Head of Performance Management (item 8 & 9)  
Anna Simpson                 Head of Regulatory Framework (item 10)  
Emma Tarrant                 Head of Governance (item 10)

Christine Kitchen              Assistant Board Secretary

**1                      Welcome and apologies**

01/10/15      The Chairman welcomed everyone to the meeting – there were apologies from Richard Moriarty.

**2                      Declarations of Interest**

02/10/15      There were no declarations of interest.

**3                      Minutes of the last meeting – 21 September 2015**

03/10/15      The confidential minutes were APPROVED.

#### **4 Matters Arising**

05/10/15 Members NOTED the items.

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

06/10/15 The forward planner was NOTED.

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

07/10/15 **Housing and Planning Bill:** The Housing and Planning Bill was published on 13 October and the second reading debate of the Bill is due on 2 November. The Bill includes a range of clauses linked to the voluntary deal on Right to Buy put forward by the sector and accepted by Government on 12 October. The Bill includes grant making powers for the Secretary of State to allow compensation for the discount to be paid, and provision for HCA to monitor against home ownership criteria and report to Secretary of State.

08/10/15 The Bill also includes a power for the Secretary of State to amend the HRA 2008 for the purpose of reducing regulatory control over RPs. This clause is expected to be replaced by more detailed provisions as part of the voluntary deal.

09/10/15 Other measures include provisions to implement Pay to Stay policy, framework for the delivery of Starter Homes which could include S106 criteria and other planning and intervention powers including stronger regulation of the private rented sector and letting agents.

10/10/15 **Welfare Reform Bill:** The Welfare Reform and Work Bill which will bring in legislation enabling the proposed rent cuts, is currently in the committee stage. Amendments have outlined some of the expected exemptions.

11/10/15 **Spending Review:** A zero based approach to capital budgets and a clear focus on home ownership aspirations in new supply. Unprotected departments have been asked to model 25-40% revenue savings. The HCA are looking at core services and are developing a detailed plan.

13/10/15 **Select Committee:** Select Committee has started to hear evidence on the review of the sector and David Orr (NHF), Paul Smee (CML) and Jenny Osborne (TPAS) were first to give oral evidence. The session focussed on the Right to Buy deal and new supply, with CML confirming the need for the regulator.

14/10/15 **Stakeholders:** There is increased stakeholder engagement with a strong focus on the voluntary deal on Right to Buy.

15/10/15 **Investor Conference:** Very successful conference with a larger attendance than last year. Questions were focussed on FFR's and consistency of judgements, IDA's and the resource needed for Regulation to carry these out, classification, de-registration, policy impact on RTB, rent cuts and welfare reform.

- 16/10/15 **Publications:** The Q2 Quarterly Survey is due in November.
- 17/10/15 **Media:** Committee noted the coverage of the sector on Right to Buy, affordable housing and supply, PM's speech at the Conservative party conference. Specific to HCA has been the sector response to SRP, role of the HCA in monitoring of the Right to Buy extension and discussion of an application for a rent cut exemption by a landlord. The Chairman will be writing a column for Inside Housing on 3 December.
- 18/10/15 Committee were updated on the ONS review of the classification of the sector which is due for publication on 30 October. Subject to the outcome of that announcement, a range of scenario planning is underway.

## **7 Consumer Regulation Case**

## **8 Q2 Performance Report and Business Plan refresh 2015/16**

- 35/10/15 Members considered the paper which set out the Q2 performance report and the exceptions. Members noted that significant progress has been made against the business plan targets with five completed, twenty-two flagged as green and five flagged as amber for which there were detailed explanations.
- 36/10/15 Members were advised that the purpose of the refresh of the business plan was to focus on the core projects and deliverables for the remainder of the financial year in light of the significant changes to the operating environment. The revised business plan targets will form the core of performance reporting in Q3 and Q4.
- 37/10/15 The new business plan targets have been separated into three sections:
- Projects for delivery to the end of 2015/16
  - Core business as usual items
  - Completed items for removal from the plan
- 38/10/15 Members NOTED the changes to the plan.

## **9 Strategic Risk Register**

- 39/10/15 Members considered the redrafted strategic risk register which had been updated to include current risks and control measures in light of the recent government policy changes. Attention was drawn to the fact that this was the current status, however in light of potential further changes, it was likely that the register will have to be reviewed again.
- 40/10/15 Members were asked to comment on the revised presentation of the register which included a high-level dashboard and controls and actions summary report as requested by the Committee in April 2015.
- 41/10/15 Members confirmed that the new layout was very clear, giving an overview of the risks and controls and direction of travel, whilst allowing them to "deep-dive" into particular areas of interest.

42/10/15	There was a discussion about the Committee reviewing its Risk Appetite and it was agreed that this should be a subject for discussion at a workshop session early in the new year.	<b>FM</b>
43/10/15	The revised register and its presentation was NOTED and it was AGREED that it would come back for a more detailed discussion to the November meeting.	<b>JOM</b>
<b>10</b>	<b>Rents</b>	
51/10/15	<b>Regulatory Approach:</b> there is a need to determine a preferred approach to the regulation of rents from April 2016. The proposal is to seek assurance on compliance with the rent regime set out in the Bill through the existing requirement of the G&FV standard. In addition to that data from the SDR would be used to cross-check compliance.	
53/10/15	The Committee AGREED the proposed direction of travel for regulatory approach and AGREED that further work is done on this and reported back to Committee.	
<b>11</b>	<b>Regulatory Judgements and Post-Budget Priority List</b>	
54/10/15	<b>Regulatory Judgements:</b> Members NOTED that there had been seven judgements published during September. Three providers (East Thames, Joseph Rowntree and Merlin) had their governance straplines improved from G2 to G1. Plus Dane was upgraded from G3 to G2. Two providers (Soha & Suffolk) were downgraded from G1 to G2. Chapter one was downgraded from G3/V2 to G4/V3.	
56/10/15	Members asked that DDRO continues to report on post budget priority providers so Committee get assurance that these are being monitored.	<b>MW</b>
57/10/15	Results of the FFR's are expected to be available by end January 2016 which will provide a clearer view on judgements. Outcomes of Stability checks will also be reported and Committee were keen to know if there are any emerging themes.	<b>MW</b>
<b>12</b>	<b>Investigation and Enforcement Update</b>	
58/10/15	The paper sighted the Committee on cases which were causing concern.	
<b>13</b>	<b>Any Other Business</b>	
64/10/15	There was no other business.	
	<b>Date of Next Meeting:</b> Monday 23 November 2015.	