



PUBLIC MINUTES
of the Board meeting
on Tuesday 21 May 2019 at 1015am
FG47, 2 Marsham Street, London

Present

Simon Dow (SD)	Interim Chair
Liz Butler (LB)	
Richard Moriarty (RM)	
Ceri Richards (CR)	
Paul Smee (PS)	
Fiona MacGregor (FM)	Chief Executive

In attendance

Jeremy Pocklington (JP)	Director General, Housing - MHCLG
Mick Warner (MW)	Deputy Director, Finance and Corporate Services
Richard Peden (RBP)	Deputy Director, Provider Engagement
Emma Tarran (ERT)	Assistant Director, Head of Legal Services and Company Secretary
Harold Brown (HB)	Senior Assistant Director, Investigation and Enforcement
Jim Bennett (JB)	Assistant Director, Regulatory Strategy – for item 6
Will Perry (WP)	Assistant Director, Commercial and New Entrants – substitute for JW
Robert Dryburgh (RD)	Assistant Director, Analysis – for item 7
Jon Sinclair (JS)	Head of Financial Visibility Assurance – for item 7
Andrea Scaife (AS)	Senior Advisor, Investigation and Enforcement – for item 9
Chris Kitchen (CK)	Minutes

1 Welcome and apologies

01/05/19 There were apologies from Richard Hughes (RH) and Jonathan Walters (JW). The Chair welcomed Jeremy Pocklington to the meeting.

2 Declarations of Interest

02/05/19 There were no new declarations of interest.

3 Minutes of the last meeting – 30 April 2019

03/05/19 The confidential minutes and the public minutes of the last meeting were AGREED subject to some minor amendments.

4 Matters Arising

04/05/19 Actions from the meeting on 30 April 2019 had been actioned. The action regarding the date of the N&GC meeting was acknowledged as an on-going action as a meeting of that committee will be held as and when required.

5 Forward Planner

05/05/19 Members NOTED the forward planner. Members were advised that the July meeting will be held in the Manchester office. Arrangements will be made for members who wish to stay over the night before, so we can have an early

start.

6 Chief Executive update

Policy Update

- 06/05/19 *2020 Rents policy implementation*
FM advised members that the consultation on the new proposed Rent Standard will close on 30 July 2019. There may be a relatively small response to this consultation, as it principally seeks comments on whether we have correctly interpreted the direction from Government.
- 07/05/19 *Spending Review*
We are inputting analysis to MHCLG as needed. A number of external bodies are working on their submissions.
- 08/05/19 *Brexit and contingency planning*
We continue to engage with MHCLG as needed.
- 09/05/19 *Green Paper*
There continues to be constructive discussion with MHCLG.
- 12/05/19 If the Green Paper announcements are to be made before the next Board, we would consult with the Board between formal meetings.
- 13/05/19 *Regulation resource review*
Members NOTED that the response to the consultation had been published to staff and the unions and is now moving to implementation. Job matching has begun at Assistant Director level. The next levels will begin shortly and a decision on VR is awaited.
- 14/05/19 *Performance review – April 2019/20*
Member NOTED the update. Of the 47 targets, two were AMBER and all others were GREEN.
- 15/05/19 *Grenfell Tower Fire and Public Inquiry*
Members were advised that the Phase 1 report has been delayed to October 2019 and we continue to work with MHCLG in respect of what will be required of us for Phase 2.
- 16/05/19 *Stakeholder Engagement*
Members NOTED the information. The Social Housing Finance conference had a good attendance. The two Chairs' events hosted by us in London and Manchester had gone well with a lot of the focus on the Green Paper, direction of travel and consumer regulation and tenant involvement.
- 17/05/19 *Publications*
Members NOTED the recent and forthcoming publications.
- 18/05/19 *Media Coverage*
Members NOTED the update. Attention was drawn to the regulatory notice issued to Gateshead LA. FM advised that she had written to all LAs on the need for them to continue to monitor and report on consumer regulation requirements.

7 Quarterly Survey year end update

- 19/05/19 Members were reminded that the quarterly survey is our early warning system for large providers with potential problems. It provides the most up to date information on the sector and holds information going back ten years, and has been expanded over the years to include market sales and information on rent collection (as a result of welfare reform etc). The information gathered feeds into internal analysis of individual providers as well as external publications such as the Quarterly Survey report and the Sector Risk Profile.
- 20/05/19 The information in Annex 1 showed that liquidity is very strong at sector level and for the majority of providers. It has been a record quarter for new debt facilities arranged with security in place to cover most of these debt facilities. The spread of the value of new facilities was even between bank loans and capital markets. Brexit could be influencing the sector strengthening its liquidity position. Existing facilities are more than sufficient to cover the next twelve months.
- 21/05/19 The number of unsold shared ownership properties are at their highest level for almost ten years. The increase is as a result of the high number of completions during this quarter compared to the previous quarter, rather than a slowing down in sales.
- 22/05/19 Unsold market sale stock has also increased to the highest level on record. However sales activity increased and properties unsold for more than six months had reduced. Refinancing risks were low with a majority of drawn loan facilities not due for repayment for more than five years. Interest rate risk is limited as rates are fixed on more than three quarters of debt.
- 23/05/19 Board thanked JS and RD for the report.

8 Private Finance update

- 24/05/19 WP presented the six monthly private finance update. He reported that the six months to the end of March 2019 had seen an unprecedented amount of new debt raised. There has been a rise in the number of US private placements, as a result of US funds having a large amount of cash to place and favourable exchange rates. The bank funding market, has also seen a lot of activity with increasing competition from a number of new entrants to the sector.
- 25/05/19 Public bond issues continue to be oversubscribed and there is strong demand from US investors for private placements. Members noted the major public bonds issued, and the small increase in margins. Board was informed that that there were no indications that reasonable debt levels were being exceeded, and that the growth in the range of sources of finance gives providers alternatives.
- 27/05/19 Members discussed how social housing yields relate to wider UK property yields and the potential effects of additional competition for s106 properties.

9 Housing administration – update to the Regulator’s Use of Powers guidance

- 28/05/19 Members NOTED the paper and annex documents which provided an update to the regulator’s approach to intervention, enforcement and use of powers following legislative changes and introduction of the housing administration (HA) Regime. Board were being invited to discuss and APPROVE:
- Revisions to Use of Powers
 - The consultation proposals and indicative timeline
 - The consultation documents and questions
- 29/05/19 *Use of Powers – guidance notes (GN):* The Housing and Regeneration Act 2008 requires the regulator to issue guidance on how it will use its powers. All guidance notes had been updated to reflect legislative changes introduced by the Legislative Reform (Regulator of Social Housing)(England) Order 2018 that created a standalone regulator of social housing and the Co-operative and Community Benefit Societies Act 2014. Although most changes were minimal, GN4 of the guidance notes has been subject to the most change as it has been updated to reflect the introduction of the housing administration regime. It gives general guidance on how the regulator envisages the powers relating to the potential insolvency of a registered provider will be used. There were also some additional minor changes to GN4 that relate to changes to timeframes for a moratorium and notification requirements. We have now included a new short summary section to reflect how the regulator will use its powers in the event of a housing administration governed by the Housing and Planning Act 2016. It was acknowledged that a fuller review of the full suite of use of powers guidance notes will be appropriate in the future. However, this will be done in slower time in order for us to be able to include any implications on our statutory powers that might arise from the Green Paper. We have also updated the language where it was outdated. The Board APPROVED the updated content of the draft GN4 and other guidance notes.
- 30/05/19 *Consultation and indicative timetable:* There is no express duty in the legislation for the regulator to consult about making changes to GN4 on our approach to Insolvency and moratorium as they fall within Chapter 4 HRA 2008. However other enforcement or intervention powers that do require consultation are limited to chapter 6 and 7 HRA 2008 requirements under sections 215/6 HRA 2008. Therefore this requires some of the guidance notes to be considered as part of a statutory consultation. In order to streamline the process it has therefore been decided that all the updated sections should be subject to a consultation.
- 31/05/19 The legal requirement is that the consultation period is an appropriate time commensurate with the subject matter of the consultation. We intend to run the consultation during June and July, analyse the responses by September and publish our formal response and updated guidance notes, which form part of Regulating the Standards, by November. Board NOTED the indicative timetable and AGREED the consultation approach, the proposed timescales and the consultation document.
- 32/05/19 Board NOTED the internal processes that have been updated to facilitate the operation of the regime.

10 Finance and Corporate Services update

- 34/05/19 Members had NOTED the report which provided an update on the management accounts to 31 March 2019 and collection of fees.
- 35/05/19 MW advised that the unpaid fee income to date was £590k which equated to 4.7% of the amount invoiced. This was a similar level at the same time last year and there are no major concerns, but late payments were being followed up.
- 36/05/19 The Head of Digital Services has been appointed – and is due to start on 22 June. He will be involved in the RSH move to Office 365 when Homes England begin the rollout. He will also have oversight of Dynamics and NROSH+. Members were keen to know more about the level of RSH resilience and MW AGREED to provide a more detailed update on the Head of Digital's work plan to the October Board meeting.
- 37/05/19 Members were given an update on the timetable for the RSH Report and Accounts which will be filed in the autumn and not consolidated with MHCLG as a result of the NAO timetable for carrying out the audit. MHCLG have been sighted on this. Subsequent to the last ARAC meeting, FM advised that the approach to the audit for the first six months of our beign stand alone has been discussed with the NAO.

MW

11 Operations Update

- 38/05/19 RBP presented the report which was the first report in the new format. Since the last report there have been 15 judgements published.
- 39/05/19 **Bolton at Home** had an interim grade of G1/V2 following their merger with Arcon. **Brunelcare** were downgraded (G1/V1 to G2/V1) on governance. **Origin** has been downgraded on governance (G1/V2 to G2/V2) following inaccurate data returns. **Salvation Army Housing Association** was also downgraded on governance (G1/V2 to G2/V2).
- 40/05/19 **Hundred Houses Society** was upgraded on governance and regraded on viability (G2/V2 to G1/V1), **St Mungo Community Housing Association** was upgraded on governance (G2/V2 to G1/V2) and **Thrive** was regraded on viability (G1/V2 to G1/V1).
- 41/05/19 Members NOTED the merger activity and the IDA programme.

12 IDA Programme update

- 42/05/19 Members NOTED the report which gave an update on the four year programme of first IDAs, the number of first IDAs completed to date and those still to deliver and how the programming has balanced coverage by stratification of providers.
- 43/05/19 Members were reminded of the background to the implementation of the programme in 2015 which established that all providers with 1000+ units would have a first IDA within four years – ie. by September 2019. The differentiated engagement work as part of the Maintaining Assurance Programme established that an IDA will be carried out every two years on large and complex providers (40k+ units) and medium diverse providers (15k-40k units and >25% non-social housing revenue). A flexible approach to

IDAs would be taken as needed on a risk basis.

44/05/19 Subject to resources, it is projected that all large and complex providers will have had a second IDA by the end of 2021.

46/05/19 Members congratulated RBP and the RegOps staff on their achievements on the IDA programme. It was AGREED that a workshop in either September or October to discuss the approach for the second IDAs, quality assurance and details of the possible quarterly engagement with providers will be added to the forward planner.

RBP

13 Investigation and Enforcement Update

47/05/19 Members NOTED the updates on intensive regulatory engagement cases.

48/05/19 *Ongo Homes:*

49/05/19 *Knowsley Housing Trust:*

50/05/19 *Gentoo:*

Lease Based Providers Update

51/05/19 *First Priority Housing Association:*

52/05/19 *Trinity Housing Association:*

53/05/19 *Westmoreland:*

Gradings Under Review

54/05/19 *Bespoke Supportive Tenancies Limited:* A regulatory notice has been issued as we have concluded they are non-compliant with the G&FV standard.

Consumer regulation

56/05/19 *Gateshead Metropolitan Borough Council (Gateshead MBC):* members were aware that a regulatory notice had been issued. We are engaging with the Council to ensure any risks to tenants are mitigated.

57/05/19 *Inclusion:*

58/05/19 The cases listed in the annex were NOTED.

14 Any Other Business

59/05/19 None.