



PUBLIC MINUTES
of the Board meeting
on Tuesday 22 January 2019 at 0930am
FG47, 2 Marsham Street, London

Present

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

In attendance

Jonathan Walters (JW)	Deputy Director Strategy and Performance
Mick Warner (MW)	Deputy Director Regulatory Operations
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
John O'Mahony	Performance Manager - for items 9 and 11
Will Perry (WP)	Assistant Director, Commercial/New Entrants – for item13
Christine Kitchen (CK)	Board Secretary

1 Welcome and apologies

01/01/19 There were no apologies.

2 Declarations of Interest

02/01/19 There were no new declarations of interest.

3 Minutes of the last meeting – 27 November 2018

03/01/19 The confidential minutes and the public minutes of the last meeting were AGREED subject to a few minor amendments.

4 Matters Arising

04/01/19 Actions from the meeting on 27 November:
34/11/18 – will be addressed in the F&CS report to the February meeting
27/10/18 – N&GC meeting dates to be confirmed.

5 Forward look

05/01/19 Members noted the forward look. The Chairman asked for a six month forward look. Additional items for the February workshop to include a discussion on the regulator's role in relation to shared owners and LA tenants as part of the Green Paper discussion.

CK
JW

6 Chief Executive update

Policy Update

Shelter Report

06/01/19 Shelter have recently published the report of the commission on the future of social housing. Media coverage focussed particularly on the supply asks. Both the Shelter Commission and the Grenfell United response to the Green Paper suggest a separate regulator for consumer regulation which would also cover the PRS. It will be a Government decision on the role of the RSH and whether there is to be a separate regulator. Ministers will consider options as part of the Green paper discussions.

Green paper

07/01/19 MHCLG continue to analyse the responses to the consultation.

08/01/19 We have established an internal project group to look at the potential implications of the green paper and options for changes to the regulator's consumer role.

09/01/19 There was a discussion on potential regulation models

10/01/19 It was noted that building safety work was being taken forward though the Hackitt Review follow up work. The role of the ombudsman in individual complaints was noted. Members will be kept informed on progress.

Rent Regime

11/01/19 When the rent direction is issued, we will consult on a revised Rent Standard,

Spending Review

12/01/19 No date has been confirmed for the Spending Review. We are feeding into preparatory work.

Registrations

13/01/19 Members noted the registration of HFL Homes Limited a non-profit Lambeth Council owned group company.

Grenfell

14/01/19 The consultation on the next steps under the Hackitt review is due in the coming weeks and Board will be kept updated with progress with the consultation.

Stakeholder engagement

15/01/19 Members NOTED the stakeholder engagement programme for 2019. Members were advised that officers were working up proposals about holding six monthly meetings with Chairs and representative Board members in locations across the country. Members were supportive and encouraging of this suggestion. In addition consideration is being given to the RSH hosting an event of our own, and members were once again encouraging of this idea.

Media Coverage

16/01/19 Members NOTED the information provided.

7 Corporate Plan

17/01/19 JB presented the paper which reflected the discussion at the November workshop. The draft plan needs to be submitted to the Department at the end of February. He explained to members that this was a very early draft and the next iterations will have more detail, including the 2019/20 business plan priorities for the organisation, key areas of activity and what we are doing to achieve these. The purpose of the Corporate Plan is to give Government and the Sector assurance that the RSH is meeting its corporate objectives and targets.

18/01/19 Members NOTED that the Corporate Plan is pitched at a high level but will include a summary of the 2019/20 Business Plan which is a more substantive and detailed document which is being worked up in parallel to the Corporate Plan and will have a read across.

19/01/19 Members were content with the level the Corporate Plan was being pitched at. There was a discussion about the interaction of quantitative targets with our risk-based approach to regulatory engagement.

20/01/19 Members thanked the team for the work and NOTED that the next draft will be presented to them for sign-off at the February Board meeting.

8 Decisions of the Assistant Director Registrations, Notifications and Small Providers

21/01/19 Members had previously seen and commented on this paper.

9 Finance and Corporate Services update

22/01/19 **Finance:** Members were advised that the draft opening balances for the Regulator have now been agreed with Homes England, the December management accounts will include a balance sheet. The forecast out-turn for income and expenditure will also be presented in those management accounts. Action is being taken to fill identified posts in the corporate centre. In addition work is in train to consider how we might make best use of the remaining capacity within staffing budgets. A number of new staff have started in recent weeks, others are set to join in the near future and several recruitment exercises are ongoing. Staffing levels in Reg Ops was running at 90%+ and I&E are also fully resourced and are recruiting for an additional two posts. There are arrangements in place to cover the Lease Based Provider work.

23/01/19 Members were given an explanation about the treatment of Grant in Aid. Fees income underspend has been discussed with members of FRAP who are aware that there will be a refund to providers. The Department is also aware of the position on GIA.

24/01/19 **Transition lessons learned:** JOM presented the paper which was a summary of the feedback from the transition project. Feedback had been positive and the recommendations from the lessons learned will be incorporated into the Programme and Project framework that is being developed. Members congratulated management and the transition team for a successful project.

25/01/19 **Financial delegations:** the Scheme of Financial Delegations was approved by the Board on 1 October and has been in operation now for three months. There are some proposed changes which are a result of lessons learned from operating under the current scheme. These changes relate to:

- clarifying authorisation for items of expenditure which do not involve a purchase order or invoice eg: payroll payments, expense claims etc
- providing greater flexibility in terms of the approval and authorisation of general expenditure where some regular payments are expected to be in excess of the current Deputy Director and Assistant Director mandates.
- clarifying arrangements for passing authority to other officers in the event of staff absence
- tidying up of job titles

26/01/19 The Board APPROVED the amendments to the Scheme of Financial Delegations.

27/01/19 Members noted the expenditure items in annex 3 and it was confirmed that the level of detail provided was related to the changes to the scheme of financial delegation and would not be required in future reports.

10 Audit Risk and Assurance Committee – Chairs’ report to Board

28/01/19 The Chair of ARAC gave a verbal report of the first meeting which went well. The Committee noted the agreed Terms of Reference which had been circulated for information. They reviewed and discussed the Strategic Risk Register and agreed that management would bring forward a proposal to consider in more detail, areas for ARAC to consider how controls were operating, to complement those areas being covered by internal audit.

29/01/19 The Internal Audit team attended the meeting and demonstrated their knowledge and experience in relation to regulation and demonstrated an understanding of providing internal audit for a smaller organisation than they were used to. They confirmed that there were no outstanding actions and presented the work plan for 2018-19 and will bring back the plan for 2019-20 after further discussions with management.

30/01/19 The opening balances were a key area for the NAO to agree as quickly as possible. The NAO explained their proposed timetable for signing off our accounts.

11 Performance and Risk Report – Q3

31/01/19 Members NOTED the report. Performance data was good and the majority of targets were on track. The Housing Admin target was still Amber, but there is no material risk. The People Metrics target was also Amber pending updates on data quality within the HR system. Homes England have applied additional resources to that work and as a result it is anticipated that there will be additional validation of the data we receive.

12 Lease based providers (LBP) policy developments and addendum

- 32/01/19 The paper had been circulated to members in December and paper in the pack addressed the queries from members.
- 33/01/19 An additional query was raised in respect of the Health and Safety and management were asked to continue to focus on gaining assurance on this aspect where there were issues with providers and monitor whether the viability and cash flow positions of providers was having an impact on H&S.
- 35/01/19 Members asked about cross working with other regulators. Officers confirmed that the onus is on the provider to self-report, for example to CQC however, we have discussed our on-going engagement with CQC as part of wider meetings and would report any specific concerns with care providers to CQC.
- 36/01/19 The Board thanked management for the explanations, and wanted on-going assurance about LBPs cases and that where tenant safety concerns are identified that these are being addressed as part of the case strategy. Management confirmed that they would continue to flag instances where we found serious issues with a provider. It was AGREED that the regular I&E report would cover LBPs casework.

13 Quarterly Survey and Brexit Preparation

- 38/01/19 WP presented the paper which set out for members the work undertaken by the team to look at the key potential risks facing the sector if there is a no-deal Brexit. Discussions with registered providers and sector stakeholders have indicated that there is a range of factors that could raise risks to the sector:
- Deteriorating housing market conditions
 - Interest, inflation and currency risk
 - Access to finance (especially for those who need to refinance)
 - Policy impacts
 - Availability of labour
 - Access to materials and components
 - Access to data
- 39/01/19 The sector is mostly domestically-focussed with limited direct trading exposures to the European Union. The financial position is generally strong with lots of liquidity and sterling investment teams are continuing to want to lend. Provider boards need to be aware of potential risks and the indication is that there is good preparedness amongst boards. We follow up with providers where quarterly returns indicate potential exposures.

- 40/01/19 Next steps are likely to include:
- We will continue to remind providers and their boards to manage their risks carefully and to continue to undertake stress testing relevant to their specific business risks
 - We intend to write to all providers and will remind them of their obligations to advise us as of potential problems

41/01/19 There is an awareness in the sector of the potential risks to the engineered component supply chain; however this is a very difficult area to mitigate. Other areas on the radar include the domain in which data is hosted as well as risks to the on-going validity of insurance certificates.

42/01/19 Depending on the Brexit outcome, and any long-term fiscal impact, other risks may emerge and management will continue to liaise with Officials on any policy measures which may emerge.

14 Operations update

44/01/19 Members were advised that there have been 84 published judgements since November 2018. Narrative and interim judgements were published for 6 providers in November and a further 7 providers in December. RBP advised that there has been a reduction in the number of G1/V1 grades since March 2018 as a result of the number of mergers.

45/01/19 A total of 180 IDAs have been completed which is in line with the programme and 214 stability checks have been completed through to sign-off by the ADRO. There continues to be discussion on potential mergers in the sector, with the Anchor-Hanover being the most recent.

46/01/19 Members NOTED the report and the annex listing all the regulatory judgements published between 28 November and 20 December 2018.

15 Investigation and Enforcement Update

Intensive regulatory engagement cases

47/01/19 HB updated members with additional cases that are being investigated since the paper was written.

52/01/19 *First Priority Housing Association:*

Gradings Under Review

54/01/19 *Ongo Homes Limited:*

- 55/01/19 Members NOTED the updates on :
- *Suffolk Housing Society Limited*
 - *Knowsley Housing Trust*
 - *Pathfinder*
 - *St Andrews Community Housing Association*
 - *Trinity Housing Association*
 - *Westmoreland supported Housing Limited*
 - *Sustain*

56/01/19 *Inclusion:*

Consumer Regulation

57/01/19 Members noted the report on complaint numbers and consumer regulation investigations. RP

58/01/19 The cases listed in the annex were NOTED.

15 Any Other Business

59/01/19 None.

Date of next meeting: 26 February 2019