



PUBLIC MINUTES
of the Board meeting
on Tuesday 27 November 2018 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 Smee (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
Will Perry (WP)	Assistant Director, Commercial/New Entrants – for items 7 and 8
Liz Knott (LK)	Performance Manager - for item 9
Sandy Pacek (SP)	Head of Performance Management – for item 9
Christine Kitchen (CK)	Board Secretary

1 Welcome and apologies

01/11/18 There were no apologies.

2 Declarations of Interest

02/11/18 There were no new declarations of interest.

3 Minutes of the last meeting – 23 October 2018

03/11/18 The confidential minutes and the public minutes of the last meeting were AGREED subject to a few minor amendments.

4 Matters Arising

04/11/18 Actions from the meeting on 23 October:
48/10/18 – completed
50/10/18 – deferred to January 2019
27/10/18 – ARAC action completed. N&GC meeting dates to be confirmed.

5 Forward look

05/11/18 Members noted the forward look. Members agreed the item to be addressed as a workshop session at the January 2019 meeting.

ERT

6 Chief Executive update

Policy Update

06/11/18 *Green Paper*

The consultation has now closed and a range of responses were copied directly to us by respondees. There appears to be a general support for a more proactive consumer role and a review of consumer standards and increasing pressure from Grenfell United for a separate regulator for consumer regulation. There are mixed reactions to annual self-assessments, KPIs, league tables and a consumer code of practice. There is a preference amongst a number of stakeholders for an alternative to the serious detriment test, whilst others are happy with status quo. There is support from many stakeholders about the importance of achieving a good balance between strengthening consumer protection and our economic regulation role.

07/11/18 Many respondents are supportive of the need and one possible solution would be to strengthen the ombudsman's resources, reconsider the democratic filter, and publicise our relationship with them.

08/11/18 There may be an initial response to the Green Paper consultation in the new year. Members will be kept informed as this area progresses.

09/11/18 *Rents policy from 2020*

Members noted that the Government's consultation on a new rent direction to the regulator had closed. The internal project group is working with LAs to establish what data they currently submit to MHCLG and how it will marry with what information we will need. Work to date suggests that we should be able to adapt existing data but will need to make modification to provide robust data on the range of different social housing types.

10/11/18 *Accounting Officer meeting*

FM reported on the first formal AO meeting which was very constructive. The MHCLG team asked for an update on progress on post transition work. The key focus going forward will be engagement with them on the Corporate Plan. The meetings will be quarterly, next one in February 2019.

11/11/18 *Fees and Resources Advisory Panel (FRAP)*

Members noted the points for discussion at the FRAP meeting on 31 October. FM confirmed that the meeting had gone well and there were no concerns about the unit fee for 2019/2020 which has been set in line with the principles agreed during the consultation.

12/11/18 *Grenfell Tower Public Inquiry*

The inquiry continues, with the recent focus now on technical aspects.

13/11/18 *Publications*

Members NOTED the publications in what has been a very busy period for us.

14/11/18 *Media coverage*
Members NOTED the updates.

15/11/18 *Stakeholder engagement*
Members NOTED the information provided.

7 Private Finance Update

16/11/18 Members had NOTED the paper. WP advised members that the level of activity in the markets is set to continue, and margins on public bond issues had settled at around 150bps. THFC launched their new aggregation vehicle, bLEND. Members discussed the availability of debt and the risk of both borrower and buyer concentration resulting in counterparty limits being reached. WP advised that there was currently no evidence of issues not being covered, as some smaller buyers were buying larger quantities. However mergers increased pressure on counterparty limits.

17/11/18 There is a high demand for debt and a strong interest from North American, Korean and Japanese investors, many of whom are prepared to take currency risk.

18/11/18 Members noted the public bond issues since February 2018, both public and private placements. There was a discussion about Moody's view of the sector and in particular their rating actions on Commercial Mortgage Backed Securities (CMBS). There has been no material effect on Housing Association borrowing capability.

19/11/18 Members discussed the increasing interest in different ranges of products and structures and the potential impact on organisation ratings of changes in the sovereign rating.

20/11/18 Overall, funding demand remains buoyant from a wide range of sources and maturity profiles, which is in line with our quarterly survey expectations. It is likely the bond market in the first quarter of 2019 will be quiet in the run up to Brexit, but this is balanced by the high number of issues expected by the end of 2018.

8 Maintaining Assurance Programme (MAP) update

21/11/18 Members were advised that all four MAP programmes were progressing well and in line with the expected timetable. Some significant milestones have been achieved – the implementation of the new VfM standard, the completion of assurance mapping work and delivery of key elements of the Data and Analysis project.

22/11/18 *Risk Appetite and assurance*: the mapping of assurance sources has been developed into a framework for identifying the levels of assurance required and achieved. A Regulatory Assurance Advisory Panel (RAAP) has been established to consider emerging challenges to achieving the desired outcomes and advise and report to REG on meeting required assurance levels. Members NOTED the Terms of Reference for the panel who will meet in the new year.

- 23/11/18 *Data and Analysis*: the provider dashboard tool has been completed and due to be released at the end of November. Work has started on reviewing our data publications, and on how to improve consistency in our data definitions.
- 24/11/18 *Value for Money*: the project is drawing to a close, and has moved into BAU. The standard is in place and training on the operational approach has been completed.
- 25/11/18 *Differentiated Engagement*: there has been good progress with the sector stratification work.

9 Performance Report – Quarter two 2018/19

- 28/11/18 LK and SP joined the meeting to present the Q2 performance report. Members NOTED that there was one amber and two completed activities in the quarter – publication of the consumer regulation review report in July and the delivery of the transition project.

10 Leased Based Provider update

- 29/11/18 The Board were presented with an update of the progress of the work to date on the Lease Based Providers. Much of the work is currently based on dealing with the Long Term Lease model, however we are also engaging with a number of Short Term Lease models providers. In addition we are investigating a small number of other small providers operating unusual models. Members NOTED the publication of judgements on Lease Based Providers.
- 30/11/18 Officers discussed the providers who are on the Gradings Under Review list and operate a variety of lease based models.
- 36/11/18 The judgements issued and our investigations have led to ongoing discussions with a range of stakeholders and we are working with MHCLG to keep them abreast of our findings. There is a potential cross over with other agencies on some of the issues such as HB and rents and we are clear that the regulator cannot deal with all the issues that are being raised.
- 38/11/18 Since tightening up our registration criteria in 2015 we have turned down a number of registration applications on the basis that they have been unable to demonstrate sub-market rents for their properties.

- 43/11/18 Members thanked the executive for this very useful update and NOTED the next steps for continued engagement with RPs and their stakeholders .

JW/RP

11 Finance and Corporate Services Update

- 44/11/18 MW presented the update on the work of the F&CS team and Board NOTED

the reporting schedule to REG and Board for the coming year. H&S and RIDDOR reporting will be added to the list as requested by members.

MW

47/11/18 *Finance:* working with HE finance to agree the September figures which will be the opening balances for RSH.

48/11/18 *Post go-live plan:* Board NOTED the progress on the post go-live tasks and there will be an update in the F&CS report to Board in December on lessons learned.

49/11/18 *People Strategy:* members were advised that REG had considered a paper to formally launch the people strategy and this was being driven forward. The RSH will launch its First Contact Officer scheme in early December.

12 Operations Update

50/11/18 Members were advised that there have been 73 published judgements. There have been four viability regrades – three of which were downgrades as a result of increased market sales and two governance downgrades.

53/11/18 *IDA Programme – six month review:* members NOTED the progress against the initial four year programme of first IDAs. We have completed 174 as at the end of September 2018. As previously requested, members NOTED the information on resources deployed to address governance concerns in G2 providers.

54/11/18 *Stability checks and merger activity:* 100 stability checks have been completed through to sign-off by the ADRO. It was noted that a further merger had been publicly announced – Peabody and Town and County planned for spring/summer 2019.

13 Investigation and Enforcement Update

Intensive regulatory engagement cases

55/11/18 *Suffolk Housing Society Limited:*

56/11/18 *Knowsley Housing Trust:*

57/11/18 *First Priority Housing Association:*

58/11/18 *Pathfinder:* we have concluded our assessment and a regulatory notice was published which confirmed a non-compliant judgement with the governance element of the G&V standard.

59/11/18 *Gentoo Group Limited:* A permanent CEO has been appointed and is due to start in January.

Gradings Under Review

60/11/18 *Kinsman Housing Limited:*

62/11/18 The other providers had been previously discussed in the Lease Based Provider discussion.

Consumer Regulation

63/11/18 Members noted the report on complaint numbers and consumer regulation investigations.

65/11/18 *Arun District Council:* RN published.

66/11/18 *Beyond Housing (Yorkshire and Coast & Country merger):*

67/11/18 The cases listed in the annex were NOTED.

14 Any Other Business

68/11/18 None.

Date of next meeting: 18 December 2018.