

# Regulation Committee Meeting 16

## Minutes

### Nov 17<sup>th</sup>, 2016.



<b>Date</b>	17 <sup>th</sup> November, 2016
<b>Venue</b>	Housing Agency, Mount Street Upper
<b>Time</b>	11.00am
<b>Chaired by</b>	Jennie Donald (J.D.)
<b>Committee Members Present</b>	Ronan Heavey (R.H.), Donal McManus (D.M.C), Mary Lee Rhodes (M.L.R), Eddie Lewis (E.L.), Margaret Geraghty (M.G.), Michael Cameron (M.C.), Earnan O'Cleirigh (E.O'C.)
<b>In attendance</b>	Pat Fitzpatrick (P.F.) (Head of Regulation, Regulation Office, Housing Agency) Jenny Murphy (J.M) (Secretary to the Committee, Regulation Office, Housing Agency) Susanna Lyons (S.L.) (Regulation Office, Housing Agency) Brian Nevin (B.N.) (Regulation Office, Housing Agency) Sheila Power (S.P.) (Department of Housing, Planning, Community and Local Government)

## Agenda Items

### 1. Apologies

- Oonagh Breen and Gerry Hunt sent apologies.

### 2. Declaration of Interest

- No declarations were made.

### 3. Matters Arising

- The Chair welcomed Earnán O'Cléirigh to the committee.
- The Chair also welcomed Brian Nevin to his role as Financial Regulation Manager.

## Part 1 – Consent Agenda Items

- 4. a. Minutes** – removed from consent agenda in order to discuss an outstanding action point to provide recommendations to the Department regarding identifying and removing inactive organisations from the list.

### **b. Report on Sign Ups to the Code**

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| <ul style="list-style-type: none"> <li>1. Retain above Action Point for next iRC meeting.</li> <li>2. Consent Agenda items agreed by Committee.</li> </ul> |
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## Part 2 – Items for Discussion

### *Performance and Operations*

### 5. Financial Pilot Evaluation

B.N. provided the committee with an overview of the Financial Pilot for Tier 3 organisations completed in 2016. Anne O'Meara (AOM), Financial Manager with Circle Voluntary Housing Association, also provided feedback on the Tier 3 pilot for the committee from the AHB's perspective. The following points were discussed:

- Work needs to be completed in order to establish the correct base line data and it is intended to conduct a thorough check on this before sending information to the consultants to ensure the process operates efficiently.

- Work is also required around data protocols and passing data to third parties.
- B.N. also raised the issue of the level of preparedness of Tier 2 organisations to meet the standards under the proposed pilot. It was suggested that a survey of Tier 2 AHBs could be conducted to assess this, either through a self-assessment or through an engagement survey.
- The committee discussed the idea of benchmarks also. Feedback from pilot participants indicated that the benchmarks used did not reflect the Irish context and it was agreed that work needed to be conducted to establish the correct benchmarks to be used.
- The issue of the definitions used was also raised, particularly in relation to performance management. It was suggested that these definitions should be tightened so that the information is comparable across the sector.
- The potential for a SORP was also raised and it was felt that this would enable standard reporting for all AHBs. While the transition to FRS102 has required a level of standardisation, it does not provide a housing specific SORP. It was agreed that this is something the Regulation Office should reflect on.

#### **Action**

3. Conduct survey of Tier 2 organisations to determine regulatory preparedness for the Financial Standard requirements.
4. Begin work to establish the correct benchmarks for the Irish context.
5. Review definitions in the Financial Standard.
6. Reflect on the introduction of a SORP.

#### **6. Report from Head of Regulation**

P.F. gave an overview of his report to the Committee. The following points were discussed:

- **Annual Report** – the Annual Report was launched on the 19<sup>th</sup> of October. A small number of Annual Reports were printed and made available to the IRC and lenders. An electronic version was circulated to AHBs and other relevant stakeholders. It was proposed that further opportunities to promote the message of the Regulation Office and the Annual Report could also be considered with a suggestion that the Financial Regulation Manager may be able to achieve this through contact with lenders if they are planning any publications.
- **Assessment Programme 2016** – The deadline has passed for the submission of the Annual Regulatory Return for 2015. A total of 137 submissions have been received to date. Significant work has been completed in establishing processes and procedures to support the assessment programme. The committee queried the low submission rate by the due date and wondered if the Regulation Office should be stricter with deadlines considering there are extensions in place for a number of organisations. The Annual Regulatory Return should become a part of an organisation's work flow for the

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year and it was agreed that the deadline for next year's Return should be flagged with organisations in the Regulatory Assessment Report and related correspondence.

- **Annual Review Meetings** – All Annual Review Meetings have been held with Tier 3 organisations.
- **Engagement Programme** – Eight engagement meetings held with Tier 2 organisations and this engagement is. The committee agreed that the delisting process should be followed where an organisation does not engage with Regulation Office. Once the organisation has been informed, other parties such as the Minister should also be informed. It was suggested that the Regulation Office could seek advice regarding sharing information that is not currently in the public sphere and also obtain additional legal advice regarding the process being followed. These could be carried out in parallel.
- **Legislation** – The Chair and the Head of Regulation met with the Department to discuss some matters arising from changes being considered to the Bill. A decision has now been made to continue with an approach that is closely aligned to the original Bill. Intervention powers will be linked to the court process.

The committee discussed the definition of a social housing provider as included in the draft definition provided by the Department which is aligned to existing definitions. A key element is that in the case of an organisation dissolving, the assets will be transferred to another organisation with a similar objective.

There was discussion on the potential complexity in the definition that may not be intended and that there may be contradiction between the definitions provided.

- **Resources** – An additional whole-time temporary Grade 7 post for the Regulation Office has been approved by the Housing Agency. It is envisaged that this post will be advertised later this month with a start date likely in February 2017.
- **Communications and Meetings** – A number of meetings have taken place since the last IRC meeting in September. St. Vincent De Paul invited The Head of Regulation to speak at a gathering of their local housing conferences. The Regulation Office also met with the Charities Regulatory Authority to explain the role of the Office and the areas of overlap. It is intended that further meetings will be held as legislation progresses. The Regulation Office also met with representatives from the Regulation section in the Northern Ireland Department for Communities to discuss the Regulation Office's approach to regulation. The Financial Regulation Manager gave a presentation at the ICSH Finance Conference. The Governance and Assessment Manager is participating on a sub-group of the Benefacts Project Advisory Group. The Head of Regulation, the Financial Regulation Manager and the Governance and Assessment Manager travelled to meet with staff in the Scottish Housing Regulator's office to discuss their approach to Regulation.

**Action**

7. Financial Regulation Manager to use contacts with lenders to see if they are planning publications such as Outlook again.
8. Flag deadline for submission of next Annual Regulatory Return in this year's Assessment process.
9. Proceed to delist organisations if they are not engaging with Engagement process. Notify the Minister and the Department where AHBs have been delisted.

**7. Consideration of Complex AHB organisations**

S.L. provided the Committee with an overview of the complexities of the AHB sector and provided examples of AHBs that are multi-purpose organisations with numerous funding sources that currently come under the remit of a number of regulatory bodies.

- Approximately 24% of AHBs, 51 in total, receive over 40% of their revenue funding from various government sources. The complex AHBs are divided into three categories and it was proposed that these organisations require review and oversight within the longer term regulatory framework, including engagement with other regulatory bodies.
- There was a high level consensus that these are complex organisations that may not fall under the housing regulator as the lead regulator.
- The committee discussed the potential approach that could be adopted for dealing with larger, complex organisations. The discussion began with reference to the definition of a Social Housing Provider, discussed earlier in the meeting in relation to the legislation. If an organisation meets the registration criteria, then it falls under the AHB Regulator.
- It was suggested that perhaps organisations that do not have housing as a primary objective could set up a registered social housing provider, particularly if an organisation intends to apply for additional funding for the provision of housing.
- It was agreed that the Department should reflect on these organisations and the appropriate approach to take.

**Action**

10. Department to reflect on discussion relating to these complex organisations.

**Strategic Development**

**8. Schedule Strategy Day and 2017 Committee Meetings**

- The Committee discussed holding a Strategy Day in early 2017. It was agreed that the focus for the day would be the transition from the Voluntary Regulation Code to Statutory legislation. It was agreed that this session would benefit from having a facilitator. It was agreed that the secretary will circulate proposed dates to members.
- It was suggested that an update on the current status of the legislative framework would be useful, prior to the Strategy Day.

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- It was agreed that the Secretary would circulate suggested dates to members for iRC meetings in 2017.

**Action**

11. Secretary to circulate proposed dates for Strategy Day in January.
12. Secretary to circulate proposed dates for iRC meetings during 2017.

**11. AOB**

- No other business.

**The next meeting is scheduled for the 23<sup>rd</sup> of February.**