

# Regulation Committee Meeting 7 Minutes January 23rd, 2015.



<b>Date</b>	23 <sup>rd</sup> January, 2015
<b>Venue</b>	Housing Agency, Mount Street Upper
<b>Time</b>	10.30am
<b>Chaired by</b>	Jennie Donald (J.D.)
<b>Committee Members Present</b>	Damian Allen (D.A.), Oonagh Breen (O.B.), Michael Cameron (M.C.), Ann Marie Farrelly (A.M.F), Ronan Heavey (R.H.), Eddie Lewis (E.L.), Donal McManus (D.M.C), Gerry Hunt (G.H.), Mary Lee Rhodes (M.L.R)
<b>In attendance</b>	Rosalind Carroll (R.C.) (Head of Regulation, Housing Agency) Adèle Lacey (A.L.) (Secretary to the Committee, Housing Agency ) Aine Daly (A.D.) (Regulation Office, Housing Agency) John O'Connor (J.O.C.) (CEO, Housing Agency) Sheila Power (S.P.) (Department of Environment, Community and Local Government) (left after item 4)
<b>Apologies</b>	Martina Deans

The Chair welcomed the committee and attendees and gave a short overview of the key work of the iRC and the Regulation Office over 2014. The Chair thanked committee members and staff for their contributions in 2014.

## Agenda Items

### 1. Apologies

- Apologies were received from Martina Deans. The Chair advised the Committee that Martina Deans had tendered her resignation from the committee. The Chair will be formally writing to the Minister to notify him of the resignation.

### 2. Declaration of Interest

- Declarations were made as follows:
  - E. Lewis declared that he is currently doing some consultancy work for Kildare County Council
  - R. Heavey set out that he has joined the Finance Working Group stemming from the related workstream in the Social Housing Strategy
  - Donal McManus set out that he is on the workstream group for the Social Housing Strategy

### 3. Minutes and Matters Arising

#### Minutes

- The minutes of the September iRC meeting were approved for publication.
- The minutes of the December iRC meeting were approved for publication.

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## *Matters Arising*

- There were no other matters arising.

### **Actions**

- Regulation Office to publish minutes for the iRC meeting held on the 11th September, 2014 and the meeting held on 4th December 2014.

## **4. Legislation Discussion Paper**

DECLG gave a short update on the progress of the legislation and discussions with the legal adviser regarding the Heads of Bill. DECLG had hoped to be in a position to provide a further paper on the evolving legislation: however, they are currently engaging with legal advisers and there has not been any significant change to the Heads of Bill since it was presented to the Committee in December.

The Chair presented a discussion paper setting out some key issues for the Committee to consider in relation to the legislation, including:

- 1) The type of regulation model
- 2) The Objectives of regulation
- 3) The Structure of the Legislation Framework

The Chair asked if the Committee would be content to proceed with some recommendations to DECLG at this stage further to the Committee's discussion of these issues. The Committee agreed that some initial recommendations should be made to DECLG. The DECLG noted that he and colleagues would welcome the Committee's views.

### **Actions**

- It was agreed that the slides related to the paper presented would be circulated to committee members.
- It was agreed that iRC members could send any further thoughts to the secretary as soon as possible.
- It was agreed that in advance of the next meeting a paper detailing options for recommendation would be circulated for consideration.

## **5. Head of Regulation report**

The Head of Regulation presented her report to the Committee. The following key points were raised and discussed:

- The main focus of the office at present is on progressing the assessment of annual returns. The original target date for completion of assessments was the end of February: however, that is likely to extend to the end of March. In relation to the assessment of annual returns, a revised timeframe of March is likely. It was noted that this has an effect on some other timeframes set down in the communications plan e.g. the timing of issuing an annual return.
- It was noted that in relation to progressing the financial chapter, there have been meetings with some other financial institutions to get their views on the framework. The feedback from the financial institutions has generally been positive.
- In order to complete the financial chapter, an accounting resource for the Regulation team will need to be secured. Financial assessments may also have to be outsourced.
- The Head of Regulation also noted that consultation with Tier 1 AHBs needs to be undertaken on the financial analysis framework and this will take place on February 12th. Following this there will need to be some revisions to the framework on foot of consultation with lenders and the various Tier working groups. It is intended to go back to the original working group with the revised draft.
- The dates for return of the next annual return were also discussed. It was advised that the Regulation Office have been consulting with the ICSH on same. It is likely that this will shift to Quarter 3 e.g. being issued in early September, with a submission deadline at the end of October.
- The iRC queried the time frame that the AHBs would have to address issues highlighted in the “2013” set of assessment reports.
- The Committee discussed balancing the burden of information requirements with the benefit to be gained for AHBs receiving regulatory feedback.
- The Committee asked that dates are set early to ensure that AHBs have sufficient time to instigate any required changes
- The process and structure of the annual return in 2015 will be discussed further at the March iRC meeting.

- The issue of how to best structure the 2014 return was discussed. Concern was expressed regarding the ability of the AHB to have time to act on the previous year's assessment reports and whether the resources of the Regulation Office are most effectively used in doing a full assessment of all AHBs again.
- It was noted that as the Code is based on a 'comply or explain' approach that a number of AHBs are already working to address issues. It was suggested also that it might be worth identifying key areas to zone in on at different tier levels to make more effective use of resources in the Regulation Office.
- The Head of Regulation also clarified that there is an internal review process of draft assessment reports by the regulation team.

#### **6. Revised Scheme of Delegations**

The revised scheme of delegations was reviewed and it was agreed to adopt the scheme pending one minor amendment on point 26.

##### **Actions**

- Regulation Office to make agreed change to the Scheme of Delegations and circulate to committee members

#### **7. Procedures for removal from register**

The Head of Regulation set out details of legal advice that has been received in relation to those AHBs who have not submitted an annual return, thus failing to meet their commitments to the Code and their continued presence on the listing of those signed up to the code.

- There was discussion on the sanctions contained in the Code related to the consequences for AHBs of not complying.
- The Head of Regulation suggested that when the financial chapter is being completed, that a review of the Code "as is" would be appropriate to make some useful clarifications.
- It was agreed that the Head of Regulation would seek further clarifications on the legal advice obtained.

- The Committee felt that it would be appropriate to amend the Code. The Code is intended to be a live document and adapt to the practical experience of regulation. It was agreed that the Regulation Office would revise this section of the Code to add clarity and include information on sanctions. .
- The Committee agreed that where legal advice provides clarity regarding the removal of AHBs from the list, that the Regulation Office can start this process.

#### **Actions**

- Head of Regulation to seek further legal clarifications.
- The Committee agreed that the Code should be reviewed as per the Head of Regulation's advice to clarify certain areas and include a new section on sanctions

### **8. Annual Return report**

A. Daly gave an update on the assessments of AHBs. It was set out that 133 Annual Returns were received before the final deadline of 24th December 2014, representing a submission rate of 89%.

It was noted that in looking at the finances of some AHBs that there needs to be an awareness of the original funding structures for CAS in particular, and whether units were originally 100% grant funded.

Some issues arising relate to:

- the adequacy of sinking funds;
- the AHB being part of a larger group structure and the associated governance structures being unclear;
- the need for risk management processes to be developed in order to support ambitious growth plans and to reflect an organisations move to private finance;
- certain board policies not being in place.

The Committee commended the work done in relation to the assessment of AHBs. It was recognised that it will likely be March by the time that all assessment reports are completed.

### **9. Update on number of AHBs signed up to the Code**

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The report on the number of AHBs signed up to the Code was noted by the iRC. The Committee was pleased to note that the majority of all stock owned and managed by AHB is now being regulated through the Code. No questions were raised in relation to the update report.

#### **10. Proposed Communications Plan for 2015**

No further feedback on the draft communications plan has been received in advance of the meeting. It was agreed to adopt the plan.

#### **11. AOB**

It was agreed that the Secretary will send a poll regarding scheduling the next iRC meeting in March.