



Minutes of the SORP Working Party meeting of 11:30 am, Tuesday 17 March 2020

- Location:** Video-conference
- Chair:** Rob Griffiths (national housing federations)
- Present:** Anna McOwen (national housing federations)
Faye Gordon (national housing federations)
Guy Flynn (professional advisor)
Harry Mears (professional advisor)
Jonathan Clarke (professional advisor)
Maria Hallows (professional advisor)
Omadevi Jani (professional advisor)
Paul Edwards (national housing federations)
Phil Cliftlands (professional advisor)
Stuart Fisher (national housing federations)
Sarah Prescott (national housing federations)
Sarah Smith (national housing federations)
- Observers:** Easton Bilsborough (FRC)
Mark Windridge (Regulator of Social Housing)
Steve Simkins (Isio)
Katy Taylor (Isio)
- Secretariat:** John Butler, National Housing Federation
Julia Poulter, Crowe UK

Minute no

Action

1. Apologies

Apologies had been received before the meeting from Sarah Sheen and Lindsey Dryden.

Julia Poulter was welcomed to the meeting as the new Technical Adviser to the SWP.

2. Minutes of the meeting of 1 October 2020

- The minutes of the meeting were agreed as an accurate record of the meeting.

3. Matters arising

- There were no matters arising.
- Phil Cliftlands provided an update on the meeting between members of the SWP and the FRC that was held to discuss the potential implications of IFRS 16 on housing associations.

- The SWP will need to consider what IFRS 16 states and what this will mean for the sector if implemented in its unamended form. The SWP will also need to understand the overall substance of the transactions.
- The overall principles of IFRS 16 cannot be changed but we should consider the amendments that would benefit our sector.
- Further engagement with the FRC would be required.

Fed/Easton

4. **McCloud and GMP Equalisation**

- Steve Simkins and Katy Taylor from Isio updated the SWP on the implications for housing associations from the McCloud judgement and the Guaranteed Minimum Pension Equalisation (GMPE) when accounting for the Local Government Pension Scheme (LGPS).
- The approach to accounting for McCloud and GMPE in the 2019 year end accounts for some housing associations was last minute. The intention for this year's accounts preparation is to give early sight to this accounting to make the process easier.
- Isio have seen a draft paper from the big 4 accounting firms that sets what they think should be the approach of the LGPS actuaries to McCloud and GMPE.
- McCloud has become more relevant this year because there have been changes since last year (a firefighters case in December 2019 has provided further clarity) and it is likely to have a more material impact this year.
- There are two key questions when considering how to account for McCloud and GMPE. Firstly, is the impact material? If it is material should the provision be charged to Income and Expenditure (I&E) or Other Comprehensive Income (OCI)? This decision will be based on whether the changes have led to new benefits accruing (I&E) or a change in assumptions (OCI).
- The accounting treatment was debated last year for those housing associations where this had a material impact. The variance then was charged through the OCI.
- Does the SWP or the NHF want to issue some guidance this year to ensure consistency of treatment and that the correct disclosures are made?

- This was treated last year by the sector as an estimate so there should be no prior year adjustment. If it is now material this should be a current year adjustment.
- The NHF should provide an update to its members as soon as possible.

Fed/Isio

5. Covid 19 and fire safety implications

- Is there an impact from Covid 19 on shared ownership and market sale properties?
- Some housing associations were seeing problems on re-mortgages of shared ownership properties but not on new shared ownership or market sale properties.
- Some buyers were having to wait for more than 12 months for mortgage approvals because of fire safety remedial work.
- The Existing Wall System Certificate of Compliance (EWS1) should be a standing item on the SWP agenda.
- There should be a restatement of existing impairment review guidance from FRS 102 and the Housing SORP.
- Crowe UK have issued an update for housing associations on the accounting implications of Covid 19.
- A call would be held in the next few days to discuss an update for the sector.
- All members of the SWP were asked to feed any relevant issues into the NHF over the coming year.

Fed

Fed

Rob Griffiths/
Julia Poulter/
Fed/ Katy Taylor

All

7. ANY OTHER BUSINESS

There were no other items of business discussed.

8. Subsequent meetings of the SORP Working Party:

- 11:00 – 13:00 Wednesday 17 June 2020, Lion Court or VC.
- 11:00 – 13:00 Wednesday 30 September 2020, Lion Court or VC.
- 11:00 – 13:00 Monday 7 December 2020, Lion Court.