



Minutes of the SORP Working Party meeting of 11:30 am, Wednesday 20 March 2019

Location: Room 12, ACC, Liverpool.

Chair: Rob Griffiths (national housing federations)

Present: Amerjit Barret (national housing federations)
Andy Speer (national housing federations)
Anna McOwen (national housing federations)
Easton Bilsborough (professional advisor)
Jenny Brown (professional advisor)
Faye Gordon (national housing federations)
Maria Hallows (professional advisor)
Paul Edwards (national housing federations)
Phil Cliftlands (professional advisor)
Stuart Fisher (national housing federations)
Sarah Smith (national housing federations)
Guy Flynn (professional advisor)
Harry Mears (professional advisor)

Observers: Jenny Carter (FRC) (by phone)
Andy O'Regan (TPT Retirement Solutions)
Omadevi Jani (Grant Thornton)

Secretariat: John Butler, National Housing Federation

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Action

1. **Apologies**
Apologies had been received before the meeting from Philip Winter and Steven Sheridan.
2. **Minutes of the meeting of 10 December 2018**
 - Faye Gordon, Anna McOwen, Andy Speer and Amerjit Barrett confirmed their attendance at the December 2018 meeting. Paul Edwards also confirmed that he had apologised for not being able to attend the meeting.
 - The minutes of the meeting were otherwise agreed as an accurate record of the meeting.
3. **Matters arising**
 - There were no matters arising.
4. **TPT Update – Accounting for multi-employer schemes**

- Andy O'Regan updated the group on TPT Retirement Solutions (TPT) work that will enable housing associations to account for their portion of the Social Housing Pension Scheme (SHPS) and the Scottish Housing Associations' Pension Scheme (SHAPS) as a defined benefit scheme (DB).
- 84% of employers have signed up to receive the relevant information from TPT that will enable these organisations to account for their SHPS obligations on a DB basis.
- Only 3 employers have stated that they don't intend to sign up. One employer from SHAPS did not agree with this project, the other two were members of SHPS and, after discussions with their auditors, do not believe they need to DB account for their share of the SHPS DB scheme.
- TPT issued the Federation's accounting guidance that recommends to housing associations how to account for the move to DB accounting, to all participating employers to the scheme, including non-housing associations.

Assurance

- There are currently 137 controls split between existing, amended and new. Between 50 and 60 of these had been tested by the time of this meeting, with the remaining controls expected to have been tested by the end of April.

GMP

- The general impact of the Guaranteed Minimum Pension (GMP) equalisation will increase liabilities by 1-3% for an average DB pension scheme.
- For SHPS and SHAPS the increase in liabilities is much lower, ranging by employer from 0 to 0.25%. However, if this change is material housing associations may have to take this movement through their income statement.

Online tool

- Housing associations will be able to adjust assumptions within a range through the online tool. If they want to adjust their assumptions outside of any of these ranges (e.g. more than 1% on salary increase assumption) TPT will need to be contacted.

Supporting information

- Employers should contact TPT when there has been a change in business (e.g. a merger) or other 'corporate activity' so that TPT can incorporate this impact on their numbers.
- Housing associations' auditors will receive a process and controls summary in early April. This will be an early sight of all

the controls one month before the full assurance report is published in the modeller in mid-May.

- The housing associations and auditors present were asked if there were any further supporting documents that would be required.
- TPT were asked to arrange a conference call with the 12 leading audit firms of participating employers as soon as possible after the date of this meeting.
- TPT also committed to sending an example of the process and controls summary to all of the sector’s auditors before the end of Friday 22 March 2019.

5. **FRED 71 – SWP Response**

- A short response to FRED 71 will be sent to FRC and will state that the SWP supports the proposals. **Rob Griffiths**
- The final version of FRED 71 is expected to be published by the FRC by the end of May 2019 and the FRC do not anticipate any delay to this timetable.

6. **Government funding for housing associations accounting implications**

- Members of the group considered whether these payments from Government should be treated under the accrual or performance method as defined in FRS 102.
- 20% of the payment from Government will be sent to the relevant organisation on completion of the required works.
- If the work can be capitalised then it should be amortised over the life of the building to which the work is being done.
- Individual contracts should be assessed as there is unlikely to be the same grant treatment across all housing associations. **Easton
Bilsborough**
Easton Bilsborough will raise this issue with the CIPFA local authority panel.
- The group will re-assess this issue at the next meeting in September **Fed**

7. **Brexit impairment discussion**

- The housing association members of the group questioned if the auditors in the room were concerned with the slowing

housing market in the South-East of the country and the practice of switching tenure away from market sale.

- The Institute of Chartered Accountants for England and Wales (ICAEW) have significant amounts of information about preparing for Brexit.
- If housing associations are considering switching tenures then this work needs to be discussed, approved and agreed before the year end to be included in the 2018/19 financial statements. This was to be highlighted at the accounting session that was being run at Finance Conference the day after this meeting.

**Phil Cliftlands
and Rob
Griffiths**

8. Forward agenda and SORP technical adviser

- Phil Cliftlands will provide a paper to discuss key accounting implications if the main elements of IFRS 16 are adopted into FRS102 at the September 2019 meeting of this group.
- A meeting with the FRC should be arranged to discuss the impact of IFRS 16 on shared ownership accounting and to provide further clarity on the forward plan to align IFRS 16 with FRS102.
- The June 2019 meeting of this group should be cancelled.

Phil Cliftlands

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9. ANY OTHER BUSINESS

There were no other items of business discussed.

10. Subsequent meetings of the SORP Working Party:

- 11:00-13:00 Tuesday 1 October 2019, Lion Court
- 11.00-13.00 Wednesday 4 December 2019, Lion Court

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