



Regulator of
Social Housing

Regulatory Judgement on Wirral Partnership Homes Limited L4435

August 2018

Publication Details

Reason for publication

Governance downgrade

Regulatory process

In Depth Assessment

Please see the definitions in Annex 1 for more detail

Governance

G2 (Compliant)

The provider meets our governance requirements but needs to improve some aspects of its governance arrangements to support continued compliance.

Viability

V1 (Compliant)

The provider meets our viability requirements and has the financial capacity to deal with a wide range of adverse scenarios.

Key to grades

G1 / V1	Compliant
G2 / V2	Compliant
G3 / V3	Non-compliant and intensive regulatory engagement.
G4 / V4	Non-compliant, serious failures leading to either intensive regulatory engagement or the use of enforcement powers.

Provider Details

Origins

Wirral Partnership Homes Limited (WPH) is a charitable company, a registered provider and the parent of the group. It was formed in 2005 to take a transfer of stock from Wirral Council. It trades under the name Magenta Living.

The provider's core business is the provision of mainly general needs housing. Having completed its major investment programme, the provider is now focused on investing in its communities and the provision of new homes.

Registered Entities

Wirral Partnership Homes is the only registered entity in the group.

Unregistered Entities

Wirral Partnership Homes (Developments) Limited undertakes VAT efficient development for WPH.

Hilbre Project LLP, which trades under the brand name Hilbre Homes, develops homes for outright sale.

Wirral Partnership Homes (Building Services) Limited is dormant.

WPH is involved with one joint venture, Bamboo Estates LLP, which trades under the name Bamboo Lettings, and undertakes market rent activities.

Geographic Spread and Scale

The majority of WPH's 13,000 homes are in the Wirral, with a small number in Cheshire West and Chester.

Staffing and Turnover

As at 31 March 2018, the group employed 478 FTE staff and had a turnover of £64.1m (unaudited accounts).

Development

WPH intends to develop 1,165 homes in the period 2018-23.

Regulatory Judgement

This regulatory judgement downgrades the previous published assessment of WPH's governance.

WPH continues to meet the requirements on governance set out in the governance and financial viability standard. However, following an IDA, we have concluded that the provider needs to improve some aspects of its governance arrangements to support continued compliance.

WPH needs to strengthen its stress testing by including a wider range of risks and scenarios. This would allow the board to improve its understanding of the potential impact of risks and would better inform its business planning, decision making and risk management. Further development of early warning triggers and mitigation strategies is also required to assist it in recognising and controlling the impact of risks.

The IDA found weaknesses in some elements of WPH's financial reporting. WPH needs to improve reporting on loan covenant compliance and subsidiary finances to allow the board to manage its affairs with greater diligence and foresight. WPH has started to make improvements to ensure that the board has improved oversight and control in these areas.

The regulator's assessment of WPH's compliance with the financial viability element of the governance and financial viability standard is unchanged. Based on evidence gained from the IDA, the regulator has assurance that WPH's financial plans are consistent with, and support, its financial strategy. The provider has an adequately funded business plan, sufficient security in place, and is forecast to continue to meet its financial covenants under a wide range of adverse scenarios.

Annex 1: Definitions of Regulatory Processes

In Depth Assessment (IDA)

An IDA is a bespoke assessment of a provider's viability and governance, including its approach to value for money. It involves on-site work and considers in detail a provider's ability to meet its financial obligations and the effectiveness of its governance structures and processes.

Stability Checks

Based primarily on information supplied through regulatory returns, a stability check is an annual review of a provider's financial position and its latest business plan. The review is focused on determining if there is evidence to indicate a provider's current judgements merit reconsideration.

Reactive Engagement

Reactive engagement is unplanned work which is triggered by new intelligence or a developing situation which may have implications for a provider's current regulatory judgement.

Stability Checks and Reactive Engagement

In some cases, we will publish narrative regulatory judgements which combine intelligence gained from both Stability Checks and Reactive Engagement.

Further Information

For further details about these processes, please see 'Regulating the Standards' on <https://www.gov.uk/social-housing-regulation-england>.

The regulation of social housing is the responsibility of the Regulation Committee, a statutory committee of the Homes and Communities Agency (HCA).

References in any enactment or instrument to the Regulator of Social Housing are references to the HCA acting through the Regulation Committee.

Homes England is the trading name of the HCA's non-regulation functions.