



Regulator of  
Social Housing

## **Regulatory Judgement on Trinity Housing Association Limited 4645**

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**November 2018**

## Publication Details

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### Reason for publication

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First assessment.

### Regulatory process

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Reactive Engagement.

### Governance

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#### **G3 (Non-compliant)**

The provider does not meet our governance requirements. There are issues of serious regulatory concern and in agreement with us the provider is working to improve its position.

### Viability

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#### **V3 (Non-compliant)**

The provider does not meet our viability requirements. There are issues of serious regulatory concern and in agreement with us the provider is working to improve its position.

### Key to grades

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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.

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## Provider Details

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### Origins

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Trinity Housing Association Limited (Trinity) is a not-for-profit Registered Provider. It provides supported housing and works with care providers to provide accommodation and support for vulnerable adults with complex learning and physical disabilities. The March 2018 Statistical Data Return stated it owned and/or managed c1309 units containing c2,345 bed-spaces including 854 bed-spaces let as temporary social housing that are managed by other organisations.

### Registered Entities

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Trinity is the only registered entity.

### Unregistered Entities

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There are no unregistered entities.

### Geographic Spread and Scale

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Trinity operates in 56 Local Authorities nationally with the majority of its stock located in the Midlands.

### Staffing and Turnover

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According to the September 2017 annual accounts Trinity employed on average five full time equivalent members of staff and had an annual turnover of £1.2million.

### Development

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Trinity does not develop new housing. Its growth strategy is to acquire properties to rent under long and short term leases.

## Regulatory Judgement

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This regulatory judgement is the first published assessment of Trinity's governance and financial viability.

The regulator has concluded that it lacks assurance and evidence that Trinity is compliant with the governance and viability elements of the Governance and Financial Viability Standard. Investigations undertaken by the regulator obtained inadequate assurance over Trinity's long term viability, the effectiveness of its risk management and internal controls and that the board has managed Trinity's affairs with an appropriate degree of skill, independence, diligence, effectiveness, prudence and foresight.

The Trinity board has failed to effectively manage the risks the organisation faces and has not ensured there is access to sufficient liquidity at all times. This has resulted in it breaching certain lease terms due to its inability to make payments as they fell due. In addition cash flow projections presented to the regulator demonstrated it had not been able to secure access to sufficient liquidity to meet future lease payments.

Trinity has confirmed that it was unable to evidence that it is meeting its statutory Health and Safety obligations thereby potentially putting its tenants at risk. A number of properties, housing vulnerable tenants, have already been moved to other providers with a shortened tenant consultation period which is a clearly suboptimal outcome.

The fact the board has failed to manage its significant risks, has ceded control to third parties and has allowed tenants to potentially be put at risk is a fundamental failure of governance.

In addition to this there had been long standing, inherent conflicts of interest at board and management level which Trinity was unable to demonstrate it was managing effectively. The regulator has therefore concluded the board and management of Trinity have failed to ensure that its affairs are managed with an appropriate degree of skill and independence.

In response to the regulator's engagement Trinity appointed five new independent board members and a co-optee to strengthen the governance arrangements and a recovery package has been developed to secure its immediate financial future.

The recovery package has been developed in conjunction with its head landlords. While it has solved the immediate cash crisis and bought the provider time, delivery of the recovery plan remains challenging and Trinity has been unable to provide assurance that it currently has a deliverable business plan that demonstrates it will remain viable in the medium to long term.

Trinity has also implemented a programme of statutory compliance assessments to identify any Health and Safety concerns as a matter of the utmost priority.

The Trinity board's response has been positive and it has committed to work with the regulator to deliver a financial and governance improvement action plan to address the issues outlined in this Regulatory Judgement. The regulator

is actively working with Trinity and will closely monitor the delivery of this plan adjusting its strategy accordingly while keeping the use of its intervention powers under review.

## Annex 1: Definitions of Regulatory Processes

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### In Depth Assessment (IDA)

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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

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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

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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

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

### Further Information

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For further details about these processes, please see 'Regulating the Standards' on <https://www.rsh.gov.uk>