



Regulator of
Social Housing

Regulatory Judgement on Framework Housing Association LH4184

September 2019

Publication Details

Reason for publication

First assessment

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

V2 (Compliant)

The provider meets our viability requirements. It has the financial capacity to deal with a reasonable range of adverse scenarios but needs to manage material risks to ensure continued compliance.

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

Framework Housing Association (Framework) formed in 2001 following the merger of two charities, Macedon Trust and Nottingham Help the Homeless Association. A Registered Charity and Company Limited by Guarantee, Framework is a specialist provider delivering a range of community-based support services to both its own tenants and other members of the communities in which it operates. The provision of social housing forms an integral part of the overall business. All of Framework's social housing stock is supported housing.

Registered Entities

Framework Housing Association is the only registered entity.

Unregistered Entities

There are no unregistered entities.

Geographic Spread and Scale

As at 31 March 2019, Framework had 1,216 units. The majority of Framework's stock is in the East Midlands, with a small number of units in Yorkshire.

Staffing and Turnover

From the financial statements for the year ended 31st March 2019, Framework employed 916 full-time equivalent members of staff. Turnover was £42m.

Development

Framework has a small development programme of 90 units by 2022, focused on further provision of supported housing in its current area of operation.

Regulatory Judgement

This regulatory judgement is the first published assessment of Framework's governance and viability ratings.

The regulator has assurance that Framework's governance arrangements meet the requirements on governance set out in the Governance and Viability Standard. However, it needs to improve some aspects of its governance arrangements to ensure continued compliance.

On the basis of the evidence gained from the IDA we have assurance that Framework has reviewed and made significant efforts to strengthen its governance arrangements over the past year. Some of this work is ongoing and in particular, risk reporting to the board requires further development along with the embedding of key performance indicator reporting. In addition, the completion of the current stock condition survey is essential to confirm the basis of assumptions about future major repairs investment.

The regulator has assurance that Framework complies with the financial viability element of the Governance and Financial Viability standard. Framework's financial plans are consistent with, and support, its financial strategy. It has an adequately funded business plan, sufficient security and is forecast to continue to meet its financial covenants with good headroom.

As a result of its business model, Framework operates within low margins on support activities, and the lack of certainty around contracts for their services means that finances have to be carefully managed at all times. These pressures will continue in the light of economic uncertainty, although it is acknowledged that Framework has been able to maintain a positive operating surplus historically despite operating in an ever-tightening budgetary situation.

Framework's stress testing of its business plan has demonstrated that it has the financial capacity to deal with a reasonable range of exposures, but it needs to continue to manage the risks associated with the funding of its support activities, coupled with an element of reliance on grants from statutory and charitable sources.

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.rsh.gov.uk>