



Regulatory Notice October 2019

Registered Provider

Green Park Property Management Limited (Green Park) (4710)

Green Park was registered in 2012 and designated as a for-profit provider. The 2019 Statistical Data Return reports that Green Park manages 897 units of social housing, leased from private landlords. The majority of its stock is in London, where it provides general needs accommodation. Green Park also has a smaller portfolio in Birmingham, where it provides supported housing.

Regulatory Finding

The regulator has concluded that:

- a) Green Park is non-compliant with the governance element of the Governance & Financial Viability standard. It has failed to ensure that it has effective governance arrangements in place that delivers its aims, objectives and intended outcomes for tenants in an effective, transparent and accountable manner.
- b) Green Park has failed to demonstrate that it has an effective business planning, risk management and internal controls framework in place that identifies and manages risk to the delivery of its objectives.

- c) Green Park has not been able to demonstrate that it is managing its affairs with an appropriate degree of skill, independence, diligence, effectiveness, prudence and foresight.

The Regulator's Findings

The regulator received information about Green Park's operations from a number of sources and has investigated these referrals with Green Park. As a result, the regulator has identified significant failures in Green Park's compliance with the Governance & Financial Viability standard.

Based on our engagement with Green Park, it is the regulator's assessment that Green Park has failed to put in place effective governance arrangements to deliver its intended outcomes, and is also failing to comply with its own governing documents. Green Park does not have a quorate board; it currently has only one board member, which is non-compliant with its Articles. Green Park also does not have basic governing policies and procedures in place.

The Governance & Financial Viability standard requires registered providers to have an effective risk management and internal controls framework in place. Throughout our regulatory engagement, Green Park has not provided assurance that key risks associated with its operations are understood, have been identified, and are being effectively managed. Green Park is unable to evidence that it is meeting its statutory health and safety obligations thereby potentially putting tenants at risk. Tenant safety is clearly a key risk and Green Park has not put in place arrangements including monitoring, oversight and use of appropriate expertise to manage this effectively. A number of Green Park's leases have been terminated by the property owners, and during this period, Green Park failed to carry out adequate consultation and has not provided appropriate support to its tenants. In many cases, the outcome is that those Green Park tenants have become a tenant of a landlord who is not a registered provider.

The fact the board has failed to manage these significant risks, has not had appropriate oversight and has allowed tenants to potentially be put at risk is a fundamental failure of governance.

It is clear that Green Park has entered into new leases without first considering the appropriateness and risks of the arrangements. Green Park has not been able to provide evidence that the appropriate level of due diligence was carried out and that relevant information was taken into account in its decision making.

Green Park does not have an effective business planning framework in place. The information provided to the regulator in general has been of poor quality, lacking in transparency, and in relation to Green Park's financial arrangements, has had

significant errors and omissions. To ensure its medium to long term viability, Green Park assumes its material income source (rent) being 'excepted' from the requirements of the Welfare Reform and Work Act 2016 by meeting the temporary social housing criteria. Green Park has not provided assurance that the rental assumptions underpinning its financial planning are accurate and compliant with relevant legislation.

Our investigation has found that Green Park could not demonstrate that it had identified and adequately managed conflicts of interest arising as a result of connections with companies providing services to it, and in relation to a personal loan made to Green Park by the sole member of its board. Green Park's board does not have independence due to being comprised of this sole member.

Green Park has failed to demonstrate that it is managing its affairs with an appropriate degree of skill and independence.

The Governance & Financial Viability standard requires that providers shall ensure that any arrangements they enter into do not inappropriately advance the interests of third parties, or are arrangements which the regulator could reasonably assume were for such purposes. Green Park has been unable to provide compelling evidence that it has met these requirements for the arrangements it has entered into. The model operated by Green Park means that, whilst it has landlord responsibility for its tenants, it leases properties from a number of third parties who deliver all landlord services on its behalf. This means that Green Park transfers a very significant amount of the rent and income from tenants to third parties on an on-going basis. The regulator does not have assurance Green Park has effective systems in place to give it sufficient oversight of these arrangements. Given that very significant payments are made to these third parties, Green Park's inadequate monitoring and oversight means that the regulator has not received sufficient assurance from Green Park's board that the arrangements entered into are not inappropriately advancing the interests of third parties.

Based on the most recent statistical data return, Green Park had fewer than 1,000 units and is classed as a small provider. The regulator does not publish regulatory judgements for providers which fall into this category. Instead, in the interests of transparency, the regulator publishes a Regulatory Notice where it has evidence that a small registered provider is not meeting the regulatory standards. This Notice is published under those arrangements.

Section 220 of the Housing and Regeneration Act 2008 states that the regulator's regulatory and enforcement powers may be used if a registered provider has failed to meet a standard under section 194 of the Act. The regulator is considering what further action should be taken, including whether to exercise any of its powers.