



Regulator of
Social Housing

**Regulatory Judgement on
Durham Aged Mineworkers' Homes
Association A3213**

November 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

Durham Aged Mineworkers' Homes Association (DAMHA) was established in 1898 by miners in Durham to provide housing for retired miners. It is an unincorporated charity and a member of the National Association of Almshouses. Its main strategic focus is the provision of housing for people over the age of 50 years.

Registered Entities

The Charity Commission has used its powers to link two small registered provider almshouse charities to DAMHA for reasons of administrative efficiency. Brandon Aged Persons Homes has 12 homes and William Russell Bequest has seven homes.

Unregistered Entities

There are no unregistered entities.

Geographic Spread and Scale

DAMHA owns about 1,700 homes and operates in County Durham, Gateshead, South Tyneside and Sunderland.

Staffing and Turnover

DAMHA reported a turnover of £8.7m for the year ending March 2018 and employs the full-time equivalent of 43 staff.

Development

DAMHA has committed development of 24 units and forecasts future development of 20 units per annum.

Regulatory Judgement

This regulatory judgement downgrades our previous published assessment of DAMHA's governance from G1 to G2 and confirms its existing V1 grade for viability.

DAMHA continues to meet the requirements on governance set out in the Governance and Financial Viability standard. However, following an IDA we have concluded that it needs to improve aspects of its governance arrangements to support continued compliance.

Not all DAMHA board members are recruited and assessed on a skills basis, aligned to the needs of the business and its risk profile. The regulator has concluded that this hinders DAMHA's ability to manage its affairs with an appropriate degree of skill and foresight and impacts on the overall capacity of the board to lead and control its activity. DAMHA needs to strengthen its approach to board member appraisal and renewal so that the board has, and maintains, the skills required to manage its business.

On the basis of the IDA, we found only limited evidence that DAMHA has a systematic, risk-based, approach to internal controls assurance. In particular, the board has not been receiving sufficient assurance on the operation of controls on health and safety. This compromises the robustness of DAMHA's overall internal control framework.

There are gaps in DAMHA's financial reporting and stress testing. Reporting on covenants and on development needs to be improved to support board oversight. Stress testing needs to be developed to ensure that the board is sighted on the timing of potential liquidity risks and that triggers are in place to alert the board to risks crystallising.

DAMHA has already commenced work to strengthen its governance arrangements. It is in the process of introducing revised reporting arrangements for health and safety and has set up a working group to oversee a full review of its governance.

The regulator's assessment of DAMHA'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 DAMHA'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.rsh.gov.uk>