



Regulator of
Social Housing

Regulatory Judgement on Your Housing Group L4203

Including the following registered entities:

- Your Housing Limited L1700
 - Frontis Homes Limited L4204
 - Ascent Housing LLP 4724
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February 2020

Publication Details

Reason for publication

Governance downgrade

Regulatory process

Stability Check and Reactive Engagement

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

Your Housing Group (YHG) is a charitable community benefit society, a registered provider and the non-asset holding parent of the group.

Registered Entities

There are three stock owning registered providers. Your Housing Limited is the principal operating subsidiary and is a charitable community benefit society formed in July 2017 following a group consolidation. Frontis Homes Limited is a non-charitable community benefit society. Ascent LLP, a for-profit registered provider, is a joint venture with Staffordshire Moorlands District Council.

Unregistered Entities

There are four active non-registered subsidiaries within the group.

Fix360 Limited provides repairs and maintenance services to the group. Nuvu Development Limited and Your Housing (Development) Limited are property development companies. Nuvu Living LLP, a property partnership, is 99.99% owned by YHG and 0.01% by Nuvu Development Limited.

Geographic Spread and Scale

The group is based in Warrington and operates across the north west, Yorkshire and the Midlands.

It owns and manages about 25,500 homes. The majority of its homes are for general needs, but it also provides supported housing, retirement living, key worker and shared ownership housing.

Staffing and Turnover

The group employs the full time equivalent of 878 staff. Its turnover for the year ended 31 March 2019 was £148.7m.

Development

YHG's 2019/20 business plan includes planned development of 3,662 units over five years. This includes YHG's commitments through its strategic partnership with Homes England.

Regulatory Judgement

This regulatory judgement downgrades our assessment of YHG's governance from G1 to G2.

YHG continues to meet the requirements on governance set out in the Governance and Financial Viability Standard. However, following a stability check and reactive engagement we have concluded that YHG needs to improve how it delivers its aims, objectives and intended outcomes for tenants and potential tenants in an effective, transparent and accountable manner.

YHG has not revised its strategy in accordance with an agreed approach which the board set out when approving its 2017 strategy. This approach was intended to ensure transparency, a structured approach and appropriate stress testing but has not been implemented. This has wider implications for how YHG identifies and effectively manages the risks inherent in its adopted strategy, particularly in light of the extent and acceleration of YHG's growth ambitions.

There is evidence to indicate some under-investment in YHG's existing homes in recent years. Our expectation is that asset management forecasts reflect professionally sourced, reliable and up-to-date data. It has not been clear whether YHG has been using reasonable assumptions in its plans despite external stock condition survey work being commissioned and reported to its board.

As a result of YHG's approach to business planning it has not been clear to the regulator that the group's regulatory returns fully reflect its growth plans and stock investment requirements. YHG has not met the regulator's transparency requirements in this respect.

YHG also needs to improve its approach to Value for Money (VfM). YHG's board has not demonstrated that it has ensured effective use of resources in line with its objectives and charitable status. Only limited plans to address underperformance have been reported by YHG against VfM targets.

The lack of clarity about YHG's strategy, material shifts in plans and a number of abortive projects and schemes, has limited the board's ability to measure performance over time in delivering its strategic priorities. The board had committed to consider delivery of its 2017 strategy through an annual review. However, continued underperformance against delivery of YHG's objectives has not been robustly considered.

The regulator's assessment of YHG's compliance with the financial viability element of the Governance and Financial Viability Standard is unchanged. Based on evidence gained from a stability check the regulator has assurance that YHG is adequately funded, has 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>.