



Regulator of
Social Housing

Regulatory Judgement on Tower Hamlets Community Housing L4260

March 2020

Publication Details

Reason for publication

Governance upgrade

Regulatory process

In Depth Assessment

Please see the definitions in Annex 1 for more detail.

Governance

G1 (Compliant)

The provider meets our governance requirements.

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

Tower Hamlets Community Housing (THCH) is a charitable community benefit society.

It was established in 2000 to take a transfer of 1,249 homes owned by the London Borough of Tower Hamlets. It took further estate transfers in 2004 and 2006.

THCH's core focus is the delivery of social housing and related services in partnership with the diverse local communities of Tower Hamlets.

Registered Entities

THCH is the only registered entity.

Unregistered Entities

THCH has one unregistered subsidiary, THCH New Homes Limited, set up to develop homes for market sale, which is not currently active.

Geographic Spread and Scale

THCH owns and manages about 3,200 homes solely within the London Borough of Tower Hamlets.

Staffing and Turnover

In the year ending 31 March 2019 THCH reported that it employed the full time equivalent of 70 staff and had a turnover of £18m.

Development

THCH has a three year development strategy commencing in 2020/21 to deliver a small programme of 56 homes of affordable housing.

Regulatory Judgement

This regulatory judgement upgrades the regulator's assessment of THCH's governance published in December 2018 from G2 to G1 and confirms the provider's existing viability grade of V2.

In December 2018 following improvements to its governance arrangements and risk management, particularly around procurement and development, THCH was judged compliant with the governance element of the Governance and Financial Viability Standard and upgraded to G2. We concluded that to maintain compliance THCH needed to complete remaining actions arising from a series of reviews and to ensure that improvements were embedded.

On the basis of an IDA carried out in January 2020, the regulator now has additional assurance that THCH's governance arrangements are sufficient to maintain compliance with regulatory requirements.

THCH has effective governance arrangements in place. The provider has refreshed its board so that the skills and experience of board members are now better aligned with the risks associated with the delivery of THCH's strategy. Through its risk management, including a strengthened approach to stress testing, THCH has demonstrated that it has effective controls in place to manage the organisation's key risks. THCH has clear strategic targets and we have assurance that the delivery of its objectives, including value for money, is being monitored effectively.

The regulator's assessment of THCH'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 THCH'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 reasonable range of adverse scenarios.

THCH has material financial risks it needs to manage. It faces increased costs in delivering fire safety work on its high-rise buildings. This has significantly reduced THCH's ability to manage further 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>.