



Homes &
Communities
Agency

The Social Housing Regulator

HCA REGULATORY NOTICE

Registered Provider

Forest Young Men's Christian Association of East London Limited (H3927) (FYMCA)

Regulatory finding

The regulator has concluded that

- (a) FYMCA has failed to meet the governance and financial viability standard
- (b) the use of its statutory powers of enforcement is not proportionate at this time given the commitments made to improvement but will keep the position under review.

The case

FYMCA is a charitable company limited by guarantee without share capital and operates in East London. It provides 350 units of temporary supported accommodation for vulnerable homeless young people including a large direct access hostel. It also operates sport, leisure and community facilities.

FYMCA has an ambitious programme to grow its business. Its plans currently include the refurbishment of its main hostel including improvements to its sport, leisure and community facilities; the development of accommodation in converted containerized units; and the refurbishment and management of a community farm.

In November 2014 FYMCA notified the regulator of two significant issues that have had a direct impact on FYMCA's viability:

- Unanticipated and unallocated liabilities relating to the capital development project;

- Newly-discovered title restrictions which mean that FYMCA cannot use land previously earmarked to locate a number of the containerized units which are currently being built off site, putting the delivery of the units at risk.

FYMCA has failed to ensure access to sufficient liquidity at all times as it is dependent on an overdraft to manage its day to day expenditure and has had to take out an additional short-term loan to cover the unanticipated and unallocated liabilities that have come to light recently.

The regulator has significant concerns about FYMCA's strategic planning and control framework and its approach to risk. The regulator has not received satisfactory assurance in relation to governance or financial viability and has concluded that FYMCA is not compliant with the governance and financial viability standard.

FYMCA has agreed to accept assistance from a larger registered provider as they seek to address the issues identified. The regulator will continue to monitor FYMCA closely until the regulator is fully assured that FYMCA is compliant with the regulatory standards.

As a provider with less than 1,000 units FYMCA does not receive a regulatory judgement. In the interests of transparency, the regulator has introduced the publication of a regulatory notice where it has received evidence that a small registered provider is not meeting the regulatory standards. This notice is published under those arrangements.

December 2014