

HCA REGULATORY NOTICE

Registered Provider

Quadrant-Brownwood Tenant Co-operative Limited (C2157) (QBTC)

Regulatory Finding

The regulator has concluded that

- a) QBTC has failed to meet the Governance and Viability Standard;
- b) the use of its statutory powers of enforcement is not proportionate at this time given the commitments made to improvement (to be captured in a voluntary undertaking) but will keep the position under review.

The case

QBTC is a tenant membership co-operative, owning 141 general needs units and operating in North London. As a provider with less than 1,000 units, QBTC does not receive a regulatory judgement.

QBTC has experienced a number of disputes amongst members of the co-operative which has led to difficulties in maintaining an effective committee. As a consequence there have been ongoing concerns about internal controls and risk management.

The regulator has sought and received satisfactory assurance on the viability of the provider and has closely monitored the situation, seeking assurance throughout that the Committee could demonstrate effective control of the organisation and that neither tenants nor the social housing assets were being put at risk.

Last year, at the regulator's request, QBTC commissioned an independent governance review which addressed issues of regulatory concern and also addressed a number of service delivery issues raised by complainants to the regulator. The review concluded that significant improvements were needed to enable QBTC to meet the standards.

The conclusions of the review were put to a meeting of the membership of QBTC and a decision was taken to outsource the management of QBTC to another organisation to provide the capability and capacity necessary to deliver the scale of improvements required. This will be complemented by external governance training and support.

The regulator has concluded that QBTC has not complied with the governance and viability standard given its failure to demonstrate that the Committee was in effective control of the organisation. The use of statutory powers to remedy the concerns was considered but the action taken by the Committee has been sufficient to date to avoid this.

QBTC has recognised the concerns and has offered the regulator a Voluntary Undertaking to seek to address and resolve the issues which have led to this situation. The regulator will continue to monitor QBTC closely until the regulator is fully assured that the provider is compliant with the regulatory standards.

In the interests of transparency, the regulator has recently introduced the publication of regulatory notices where it has received evidence that a small association is not meeting the regulatory standards. This notice is published under those arrangements.

May 2014