

# **Tenant Services Authority Revised Regulatory Judgement**

**Great Places Housing Group Limited (L4465)**

**Great Places Housing Association Limited (L1230)  
Plumlife Homes Limited (SL3224)**

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# Tenant Services Authority

## Revised Regulatory Judgement

The Tenant Services Authority (TSA) has prepared this report to set out its overall assessment of the provider's compliance with the Governance and Financial Viability standard for registered providers (RPs). These requirements are set out in the Regulatory Framework established by the TSA.

### Overall Conclusion

In relation to Great Places Housing Group we consider that:

- **Viable:**

The Great Places Housing Group meets the requirements set out in the Governance and Financial Viability standard of the Regulatory Framework in relation to financial viability.

- **Properly Governed:**

The governing body, supported by appropriate governance and executive arrangements, maintains satisfactory control of the organisation.

This is an updated regulatory judgement to reflect the revisions made to the group structure, streamlining how the group delivers services, and a refreshed viability assessment. Our overall assessment of the group's performance remains unchanged.

The group has made good progress integrating the newly combined subsidiaries and savings delivered through the new operational model have been re-invested into new and improved services for tenants.

The group has had historically strong financial performance, a robust business plan and has experienced considerable growth through development. Whilst the external environment remains challenging, the board and leadership team anticipate that they have adequate resource and flexibility to successfully manage the challenges ahead.

### **Description of the provider**

Great Places Housing Group (Great Places) is a registered provider and the non asset holding parent of two registered providers, Great Places Housing Association (GPHA) and Plumlife Homes (Plumlife).

GPHA provides the group's social rented operations and is supported by a tenants' services committee with 14 members whose role is to scrutinise and challenge GPHA's policies and services.

Plumlife provides the group's shared ownership, intermediate products and leasehold management.

The group re-structured in Autumn 2009 with the aims of improving governance, accountability and streamlining how the group delivers services. This resulted in former registered subsidiaries Manchester Methodist Housing Association, Space New Living and Ashiana Housing Association combining to form Great Places Housing Association.

The group owns and manages over 15,000 homes across 30 local authorities employing over 600 staff and is a major developer of new affordable housing.

The group has three active unregistered subsidiaries and has in place structures and controls to mitigate risks of their activities on the registered provider.

### **Viable**

**The group meets the requirements set out in the Governance and Financial Viability standard of the Regulatory Framework in relation to financial viability.**

### **TSA Revised Regulatory Judgement**

The judgement remains unchanged from our previous assessment.

Great Places has adapted well to the difficult economic environment and has a clear strategic direction informed by timely and responsive business planning. The group's latest business plan forecasts strong financial ratios. It meets and forecasts to meet all loan covenants and has stress tested its plans through various scenarios to establish that the plan is robust.

The key covenants considered by funders are interest cover, which must remain above 105% and gearing which must remain below 65%, which the group can comfortably meet throughout the plan. Interest cover does not fall below 140% and projected gearing remains well below the covenant requirement of 65% throughout the plan, starting at 41% in the first three years and falling steadily thereafter.

The business plan demonstrates that its current funding is sufficient to deliver the proposed development programme. It has made appropriate provision to meet the investment requirements of the stock condition survey, complete the improvement programme on the recent transfer of properties in Sheffield and to carry out other key corporate objectives.

It is a delivery panel partner and lead investor with the Homes & Communities Agency. The current development programme is at its peak and a cash requirement of £60m has been identified in 2010/11, falling to £33m in the following year and £20m or less thereafter. The group has facilities of £385m with £111m of headroom and £185m unutilised security and has sufficient funding for almost three years.

The group is not reliant on surpluses from property sales to generate a net surplus. It meets the rent influencing regime.

At March 2010 it is 94% compliant with Decent Homes Standard with full compliance planned for December 2010 with the possible exception of a small proportion of its stock relating to its two Sheffield stock transfers, where compliance will be achieved in 2011, within five years of the date of transfer.

The group has identified a number of potential changes to the business plan since its approval as a result of recent changes to government policy such as the proposed increase in VAT and potential changes to housing benefit. The plan also assumes continued grant support in the form of gap funding in relation to two Sheffield stock transfers, however the group has identified a risk that the government's Comprehensive Spending Review may impact on future availability of public funding.

There are further challenges for the group in the form of margin calls and possible impairment charges, potential rent deflation and/or further cuts to supporting people income. Although sensitivity analysis shows that the group has sufficient financial capacity to withstand these problems if necessary.

### **Properly governed**

**The governing body, supported by appropriate governance and executive arrangements, maintains satisfactory control of the organisation.**

### **TSA Revised Regulatory Judgement**

The TSA is satisfied that Great Places complies with regulatory requirements in terms of the effectiveness of its governance arrangements. Risk management across the group is well developed.

Great Places' vision is to be 'strong, bright, and real' and its ambition is to be the best housing association in the North. The group's seven corporate priorities are underpinned by a series of values shaping how services are delivered. These were revisited, in consultation with customers, in 2010 to ensure their currency and relevance in the current economic environment.

The parent company (Great Places) provides strategic direction for the group and is supported by a number of committee's covering audit, remuneration and governance.

The board is currently made up of 13 members although the longer term aim is to reduce the size to 12, which when achieved, will be in line with the provisions of the group's adopted code of governance - the National Housing Federation's 'Excellence in Governance'.

Great Places' constitution sets out that two members of the board form the quorum for

meetings. Whilst this does not meet the provisions of its adopted code, Great Places will adopt standing orders which set out a minimum board size of five members, and a majority of non executive members being required to form a quorum.

The chief executive is a member of the board and two members are also tenants. The board members bring a good range of collective experience, skills and knowledge. The two registered subsidiaries have smaller boards of management and a third of their membership is independent from that of the group board.

The group has a stable and experienced executive team who engage with the TSA in an open and co-operative manner. Performance management is strong and the group has a proven track record in delivering its business plan and budgets. It has adapted well to the difficult economic environment, and business plans are subjected to scenario and sensitivity testing. Group wide balanced scorecard reports are used to monitor performance against corporate objectives and action taken where performance issues are identified.

Risk management arrangements are appropriate for a group of this scale and activity. Key risks are regularly reviewed, identified and considered by audit committee and board. All reports submitted to board include a risk matrix. Project plans include risk assessments, and risks associated with new business are brought to the attention of the board. The group's framework of assurance reflects the changes to the regulatory regime although further work is planned to review and update the framework to ensure it is appropriate and relevant.

An Audit Commission (AC) inspection of the group's housing services carried out in December 2009 found that strengths outweighed weaknesses in the group's approach to income management, voids and gas servicing. Strengths and weaknesses were in balance for value for money, access and diversity. The association was assessed as having excellent prospects for improvement for the areas inspected. Residents were consulted on how the recommendations for improving services could be achieved and are involved in ensuring that actions are carried out as planned.

The group's performance information at August 2010 reports that tenant satisfaction with repairs is 98%. Customer satisfaction that their views were being taken into account, collected using STATUS survey methodology, was 75% in November 2010. The last full STATUS survey was carried out in 2007. Time taken to deal with complaints has been identified as an area for improvement and a complaint learning forum has been put in place with resident representation. Since April 2010, time taken to close complaints has improved from 58 days to 20 days.

In line with expectations set out in the regulatory framework Great Places and Plumlife have published annual reports for their tenants setting out how they meets standards and areas for improvement. These reports have been developed in conjunction with the group's residents.

The annual report demonstrates a co-regulatory approach with mechanisms in place for tenant involvement and scrutiny through both the tenant services committee (TSC) and local forums. Feedback from tenants has been considered and resulted in the development of a 'go for it' approach for customer involvement. The group also provides training and capacity building and tailors involvement approaches to meet the diverse needs of the tenants. The TSC is represented by 56% resident membership.

Great Places has a customer base of diverse backgrounds and believes that all people have the right to be treated with dignity and respect and that everyone has a right to their distinctive and diverse identities. The group currently hold tenant profiling for 88% of its residents and this information will be used to further improve and tailor services in the future. In addition services are tailored to support vulnerable tenants and allow access to involvement for those in supported housing. In response to the AC inspection, the group has revisited its approach to Equality Impact Assessments. The group has carried out assessments on the policies and procedures of inspected services to ensure that any barriers or potentially discriminatory practice have been addressed.

<b>Profile Table</b>		
RP Code	<b>L1230</b>	<b>SL3224</b>
RP Name	<b>Great Places HA</b>	<b>Plumlife</b>
<b>Selected Indicators</b>		
Tenant satisfaction with landlord services	78	NA
National average tenant satisfaction with landlord services	82	NA
Tenant satisfaction that views are taken into account	56	NA
Tenant satisfaction with repairs & maintenance service	67	NA
% Homes that comply with Decent Home Standard	94.3	
<b>Average weekly rent levels</b>		
Weighted average weekly rent of all general needs homes	71.4	NA
<b>Number of homes by type</b>		
General Needs	10279	0
Housing for older people	420	0
Supported housing	1380	0
Shared ownership properties	996	1067
<b>Total</b>	<b>13075</b>	<b>1067</b>
<b>No. of LAs in which RP operates</b>	33	10

**Please note:** A reduced set of data requirements applies for those RPs with less than 1,000 units, hence some information is not available centrally (NA) for these providers. Data is from the 2010 RSR return.

### Sources of information and regulatory activity

The following information is generally received from all providers and is reviewed by the TSA (and prior to 1 December 2008, the Housing Corporation) for each provider:

- Audited annual accounts, including the internal controls assurance statement
- External auditors' management letter
- Financial forecasts
- Performance indicators
- Regulatory and Statistical Return

In addition to the above, the following specific activities were carried out for Great Places

- Meetings with executive; (November 2009, February, April, September 2010)
- Attendance at board away day (January 2010);
- Meeting with Chairman (February 2010);
- Viability Review (August 2010);
- Quarterly credit and housing market survey.

Additional information about the provider can be accessed on the TSA website and other websites and may include:

- Performance indicator information ([www.housingcorp.gov.uk](http://www.housingcorp.gov.uk))
- Inspection reports ([www.audit-commission.gov.uk](http://www.audit-commission.gov.uk))
- Extracts from the Public Register ([www.tenantservicesauthority.org](http://www.tenantservicesauthority.org))
- Rent information and other key facts and figures ([www.rsrsurvey.co.uk](http://www.rsrsurvey.co.uk) and [www.dataspring.org.uk](http://www.dataspring.org.uk))

The TSA is the Regulator of Social Housing. This report has been compiled to assist the TSA in its statutory duty of regulation of Registered Providers. Our report makes clear to the provider's board the conclusions we have reached regarding the provider's governance and viability.

In preparing this report the TSA has placed reliance on the completeness and accuracy of information supplied to us, and prior to 1 December 2008, to the Housing Corporation, by the provider and other parties. The TSA accepts no liability for the information contained, and third parties must make their own investigations or enquiries.

This information was used to inform our risk-based approach to regulation and to identify areas of possible non-compliance with the governance and viability standards of the Regulatory Framework for further investigation. Our risk-based approach also results in low levels of regulatory engagement with some providers, for whom the information provided in this assessment could necessarily be in less detail.

## Key to tsa regulatory judgement straplines and equivalent summary

### Viability

The group meets the requirements set out in the Governance and Financial Viability standard of the Regulatory Framework in relation to financial viability. meets expectations

The group meets the requirements set out in the Governance and Financial Viability standard of the Regulatory Framework in relation to financial viability, however exposures exist which make it vulnerable to deterioration. meets expectations but with exposures

The group's financial viability is of concern. concern

The group's financial viability is of serious concern. serious concern

### Governance

The governing body gives effective leadership and control, has a wide range of skills and experience and, supported by appropriate governance and executive arrangements, is improving its own performance and that of the organisation. effective leadership

The governing body, supported by appropriate governance and executive arrangements, maintains satisfactory control of the organisation. satisfactory control

The governing body needs to take further action to ensure capable leadership and control of the organisation. further action needed

The governing body does not demonstrate effective control of the organisation. Accordingly the provider / group is in breach of the Governance and Financial Viability standard of the Regulatory Framework. lacks effective control