



Homes &
Communities
Agency

The Social Housing Regulator

HCA Regulatory Judgement on Great Places Housing Group Limited - L4465

**Great Places Housing Association Limited -
L1230**

Plumlife Homes Limited - SL3224

July 2013

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The provider

Great Places Housing Group Limited (GPHG) is the registered, non-asset holding parent of two registered providers. Great Places Housing Association (GPHA) owns around 14,000 homes and predominantly focuses on managing the group's social rented operations. Plumlife Homes (PH) owns around 2,000 properties and mainly provides management services to the residents of the group's low cost home ownership and leasehold properties. GPHG's 16,000 properties are spread over 37 northern local authority areas with concentrations of stock in Salford, Oldham, Manchester, Blackpool, Blackburn and Sheffield.

GPHG has two active unregistered subsidiaries; Cube Great Places Limited which undertakes outright sale activity and Terra Nova Developments Limited which carries out development work. In addition the group is involved in three joint ventures.

GPHG's main strategic focus is the provision and management of a range of rental and home ownership options. It is a Homes and Communities Agency investment partner and expects to deliver 1,280 new homes within the 2011-15 Affordable Homes Programme. It had a consolidated turnover of £72m in the year to March 2012 and employed over 500 staff.

Regulatory Ratings*

- **Properly Governed: G2**

The provider meets the requirements on governance set out in the Governance and Financial Viability Standard, but needs to improve some aspects of its governance arrangements to support continued compliance.

- **Viable: V1**

The provider meets the requirements on viability set out in the Governance and Financial Viability Standard and has the capacity to mitigate its exposures effectively.

*The regulator's assessment on compliance with the Governance & Financial Viability Standard is expressed in gradings from G1 to G4 for governance and V1 to V4 for viability. For both viability and governance the first two grades indicate compliance with the standard. A G3 or V3 assessment indicates a level of concern with the organisation's performance that is likely to be reflected in intensive regulatory engagement. A G4 or V4 judgement indicates a failure of governance or viability to the extent that the regulator is using its statutory powers.

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Regulatory Judgement

This assessment updates the previous published assessment of GPHG's governance. GPHG has reported an issue to the regulator which is sufficiently material to require its board to improve some aspects of its governance arrangements to support continued compliance with regulatory requirements.

The board of GPHG has exercised weak governance when agreeing executive contracts and severance payments to an outgoing executive. An independent investigation into the circumstances surrounding these issues has been undertaken. The Regulator considers that the findings identify the potential for wider weaknesses in the group's risk management and internal control assurance frameworks which need addressing to maintain compliance with regulatory standards. GPHG has already taken remedial action with the assistance of independent advisers to strengthen its governance arrangements and is in the process of making longer term changes.

The investigation identified a number of specific weaknesses in the way that executive contracts and severance payments had been agreed. It found that the board did not make an adequate assessment of the risk of the decisions it was making. It did not always recognise the need to seek independent expert advice and did not always make the best use of advice it did receive. The roles of the remuneration committee and board in scrutinising and agreeing matters of executive pay was not clear and as a result proposals were not effectively scrutinised and challenged. The lack of challenge was compounded by close working relationships formed as a result of the long service of a number of board members. The report also concluded that decision making processes had been poorly administered.

The board of GPHG has fully accepted the investigation's conclusions and recommendations and accepts that it needs to take steps to prevent a recurrence and apply the wider lessons to the future governance of the group. The chair and two further board members, who all served on the remuneration committee, have stepped down. An interim chair has already been appointed to the board and a further interim member is expected to be appointed shortly. The group was already undertaking an external board recruitment process as part of an independently facilitated review of its governance arrangements. The recruitment exercise anticipates the appointment of a new chair and a minimum of three more new board members by September 2013. The governance review has been accelerated and will pick up the wider governance issues raised by the investigation report. The regulator will monitor progress on board renewal and implementation of both investigation and governance review recommendations.

The regulator's assessment of GPHG's compliance with the financial viability element of the governance and financial viability standard is unchanged. Based on evidence gained from contact with the executive and review of 2011/12 financial forecasts and annual accounts and the March 2013 quarterly survey, the regulator has assurance that the financial plans are consistent with, and support, the financial strategy of the group. It has an adequately funded business plan, sufficient security in place and is forecast to continue to meet its financial covenants under a range of scenarios.