



Homes &
Communities
Agency

The Social Housing Regulator

HCA Regulatory Judgement on Islington and Shoreditch Housing Association Limited – L0457

Lien Viet Housing Association Limited – LH3867

August 2014

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The provider

Islington and Shoreditch Housing Association Limited (ISHA) owns and manages around 2,000 general needs homes. These include homes with floating support, some of which are provided by specialist managing agents. ISHA's areas of operation are concentrated in the London Boroughs of Islington, Hackney and Waltham Forest, with a small number of homes in Camden, Haringey and Tower Hamlets.

The association has a registered subsidiary, Lien Viet Housing Association Limited, which joined the group in 2008 and owns and manages around 160 homes. It also has an unregistered subsidiary, Urban Style, which is currently dormant.

ISHA's main strategic focus is to provide locally based community services that manage, maintain and develop quality affordable housing. ISHA's turnover for the year ending 31 March 2013 was £17.4m. It employs about 60 staff.

ISHA leads the North River Alliance consortium, as an investment partner with the Homes and Communities Agency for the development of new homes in north and east London. ISHA expects to deliver 274 rented homes and 149 for shared ownership, within the 2011-15 Affordable Homes Programme.

Reason for publication: Governance upgrade

Regulatory Ratings*

- **Properly Governed: G1**

The provider meets the requirements on governance set out in the Governance and Financial Viability standard.

- **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 regulatory judgement upgrades our previous published assessment of ISHA's governance.

Based on evidence gained from contact with the board and executive and a review of key documentation, the regulator has concluded that ISHA has improved aspects of its governance arrangements to maintain compliance with the Governance and Financial Viability standard.

Our previous regulatory judgement, published in February 2014, reported that ISHA had not published a transparent, accessible and robust self-assessment on value for money within a reasonable timescale. Following contact with the regulator, the provider published a transparent self-assessment, but the failure to do so earlier had demonstrated that controls on regulatory compliance were not adequate in this instance.

The regulator has therefore sought further assurance that controls around meeting wider core regulatory requirements are fit for purpose. Following an externally facilitated review, ISHA has taken positive action to improve its governance arrangements in this respect and the regulator is now satisfied that ISHA's current arrangements are adequate in ensuring that Value for Money standards and reporting requirements are properly understood by Board members. ISHA complies with the requirements of the Value for Money standard.

ISHA has strengthened its governance arrangements by incorporating a schedule of all compliance assurance and regulatory reporting requirements as a standing agenda at every board meeting; ensuring that the board now receives bi-monthly reports on regulatory compliance.

The regulator's assessment of ISHA'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 a review of the latest financial forecasts, annual accounts and the quarterly survey, the regulator has assurance that the financial plans are consistent with, and support, the financial strategy of the provider. The provider 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.