



Homes &
Communities
Agency

The Social Housing Regulator

HCA Regulatory Judgement on Fabrick Housing Group – L4522

Erimus Housing Limited - L4431
Tees Valley Housing Limited - L1972

February 2014

Archived

HCA Regulatory Judgement: Fabrick Housing Group – L4522

The provider

Fabrick Housing Group (the group) was established in April 2008. The group operates in 17 local authority areas across the North East and North Yorkshire, and owns and manages around 15,000 homes.

The group's registered providers are:

- Fabrick Housing Group Limited (Fabrick), the non-stock owning parent which provides strategic direction and central services to the other members of the group.
- Erimus Housing Limited (Erimus), which owns and manages around 10,400 properties which were transferred from Middlesbrough Borough Council in 2004.
- Tees Valley Housing Limited (TVH), which owns and manages around 4,500 properties.

The group has four unregistered subsidiaries. Norcare Limited provides supported housing services. Portico Homes Limited is a subsidiary of TVH and provides development and sales services. Partnering Plus provides regeneration and development services to third parties. Optimus Homes is a subsidiary of Erimus and provides development and sales services.

In the year to March 2013, the group had a consolidated turnover of £72m and employed 655 staff. The group's core business is the provision of general needs housing. Its main strategic focus is around providing housing and housing services, opportunities for its customers and sustainable growth of the group.

TVH is a lead investment partner with the Homes and Communities Agency and is the lead member of the Spin development consortium. The Fabrick group expects to deliver 239 new homes for rent within the 2011-15 Affordable Homes Programme.

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 regulatory judgement updates the previous published assessment of Fabrck's governance.

Based on evidence gained from contact with the board and executive, a review of board papers and other published documentation, the regulator has concluded that Fabrck's governance arrangements are adequate but that it needs to improve some aspects of governance to maintain compliance.

The Value for Money standard sets a specific expectation that providers' self-assessments should enable stakeholders to understand the return on assets measured against the organisation's objectives; set out the absolute and comparative costs of delivering specific services; and evidence the value for money gains that have and will be made and how these have and will be realised over time.

Fabrck did not publish a transparent, accessible and robust self-assessment on value for money within a reasonable timescale. It is important that registered providers act in an open and transparent way, as required by the regulatory standards, and that public reporting enables stakeholders to be properly informed. Following contact from the regulator, the provider was able to publish a transparent self-assessment within a short timescale. This demonstrated that work to self-assess on value for money had already been undertaken. However, the failure to publish earlier has demonstrated that controls on regulatory compliance were not adequate in this instance. The regulator is seeking further assurance that controls around meeting wider core regulatory requirements are fit for purpose.

The regulator's assessment of Fabrck'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.