June 2017

HCA Regulatory Judgement on Rochdale Boroughwide Housing Limited 4607
Publication Details

Reason for publication

Governance upgrade and changed basis for Viability grade

Regulatory process

In Depth Assessment

*Please see the definitions in Annex 1 for more detail*

Governance

G1 (Compliant)
The provider meets our governance requirements

Viability

V2 (Compliant)
The provider meets our viability requirements. It has the financial capacity to deal with a reasonable range of adverse scenarios but needs to manage material risks to ensure continued compliance.

Key to grades

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Provider Details

Origins

Rochdale Boroughwide Housing Limited (RBH) is a Community Benefit Society established in 2012 to receive the transfer of stock from Rochdale Metropolitan Borough Council.

RBH's core business is the provision of general needs housing and housing for older people. Its main activity since transfer has been the delivery of its promises to tenants made at transfer, which it has now achieved. RBH is now focused on the regeneration and sustainability of its neighbourhoods.

Registered Entities

RBH is the only registered entity.

Unregistered Entities

RBH has two active subsidiaries RBH (Design and Build) Limited and Safegard Solutions Limited, and one dormant subsidiary (RBH Professional Limited).

All are unregistered, non-charitable companies limited by shares.

Geographic Spread and Scale

RBH owns and manages about 13,000 properties. It operates in the local authority area of Rochdale.

Staffing and Turnover

At 31 March 2016 RBH employed 610 full time equivalent staff members. Group turnover for the year to 31 March 2016 was £58.3m.

Development

RBH has a small development programme of 178 units to be delivered over the next five years, of which 99 units will be part funded from the 2016-21 Shared Ownership and Affordable Homes Programme.
Regulatory Judgement

This regulatory judgement upgrades our previous assessment of RBH's governance which was published in April 2016 and confirms the existing V2 grading for viability.

Based on evidence gained from carrying out an IDA, the regulator has sufficient assurance that RBH meets the requirements on governance set out in the Governance and Financial Viability Standard (G&FV). RBH's governance arrangements enable it to adequately control the organisation and support it in meeting its objectives.

Our previous regulatory judgement concluded that RBH met the requirements on governance but needed to improve some aspects of its arrangements to support continued compliance. A failure of RBH's risk management had led to a significant number of properties having expired gas safety certificates and RBH needed to improve control arrangements to ensure adherence to relevant legislation and regulatory requirements.

The regulator now has adequate assurance that RBH's management of gas safety risks has been strengthened. RBH now retains control and oversight for gas servicing in all its properties. It has sought external advice and has undertaken a wider review of all areas of health and safety compliance. Our assessment is that the board now has an improved understanding of the basis of the assurance it receives across its critical processes and has adequate oversight of compliance.

Our assessment of RBH's compliance with the financial viability element of the G&FV standard is unchanged. Based on evidence gained from the IDA the regulator has assurance that RBH's financial plans are consistent with, and support, its current financial strategy, and that it is forecasting to meet its financial covenants under a reasonable range of scenarios. However, RBH has to manage tight covenant headroom for the initial year of its current business plan which leaves the group vulnerable to the crystallisation of downside risks in this period.
Annex 1: Definitions of Regulatory Processes

In Depth Assessment (IDA)

An IDA is a bespoke assessment of a provider’s viability and governance, including its approach to value for money. It involves on-site work and considers in detail a provider’s ability to meet its financial obligations and the effectiveness of its governance structures and processes.

Stability Checks

Based primarily on information supplied through regulatory returns, a stability check is an annual review of a provider’s financial position and its latest business plan. The review is focused on determining if there is evidence to indicate a provider’s current judgements merit reconsideration.

Reactive Engagement

Reactive engagement is unplanned work which is triggered by new intelligence or a developing situation which may have implications for a provider’s current regulatory judgement.

Stability Checks and Reactive Engagement

In some cases, we will publish narrative regulatory judgements which combine intelligence gained from both Stability Checks and Reactive Engagement.

Further Information

For further details about these processes, please see Regulating the Standards on [http://www.gov.uk/hca](http://www.gov.uk/hca).