



Regulator of
Social Housing

RSH Narrative Regulatory Judgement

Provider: ForHousing Limited

Regulatory code: L4528

Publication date: 18 January 2023

Governance grade: G3

Viability grade: V1

Reason for publication: Governance downgrade

Regulatory route: In Depth Assessment and Reactive Engagement

Regulatory judgement

This regulatory judgement downgrades our previous assessment of ForHousing Limited's governance grade from G2 to G3. This means that there are issues of serious regulatory concern, which the provider is working with us to address.

In our previous regulatory judgement published on 28 October 2020, ForHousing Limited (ForHousing) confirmed its intention to develop an action plan to strengthen internal controls, improve the independence of its decision making, consider its current organisational structure, and assess the extent to which it facilitates ForHousing's delivery of its strategic objectives.

As a result of an In Depth Assessment and subsequent investigation, the regulator has concluded that the expected improvements and outcomes have not been delivered. ForHousing's ability to meet the regulatory standards continues to be, at times, hampered by the activities or influence of unregistered entities of the group, which has allowed risks to crystallise.

Evidence seen by the regulator in the course of its investigation has shown that group decisions have subsequently compromised ForHousing's independence in its decision-making resulting in poor outcomes. The regulator found that some legacy decision-making, coupled with insufficient oversight in ForHousing's governance arrangements and a lack of accountability in the group structure, resulted in a number of ForViva group executive contracts, incentive schemes and severance arrangements being

agreed that were not aligned with its codes of governance and the standards expected of a registered provider.

As a result, ForHousing has failed to provide assurance that it was able to actively consider the risks, and take steps to safeguard its reputation, and that of the sector in advance of decisions being made, which has resulted in poor outcomes for the organisation and its tenants, and represents a failure in governance.

Decision-making within the group has and continues to result in challenging circumstances, giving rise to a number of potential and ongoing financial, reputational and organisational risks to crystallise and for the current ForHousing board to manage.

Therefore, the regulator does not consider ForHousing to have effective governance to deliver its aims, objectives and intended outcomes for tenants in an effective, transparent and accountable manner. Nor has it managed its affairs with an appropriate degree of skill, independence, diligence effectiveness, prudence and foresight.

The controls and mechanisms in place to manage such risks included ForHousing board members with membership of the other non-social housing boards within the group. Although the decision making did not sit with ForHousing, there were opportunities for the board to identify and manage the risks associated with staff remuneration, including the potential for discretionary payments to be agreed in another part of the group.

ForHousing has completed several planned actions over the last year to strengthen the registered provider's independence within the group including a new intragroup agreement, new governance arrangements and new appointments to the board. During its time on the regulator's Gradings Under Review list, ForHousing has been open and transparent with the regulator and is committed to ensure its governance arrangements are aligned with planned changes to its organisational structure and strategic objectives, as well as completing a review of board skills and effectiveness.

The regulator's assessment of ForHousing's compliance with the financial viability elements of the Governance and Financial Viability Standard is unchanged. This Regulatory Judgement reconfirms its V1 viability grade. Based on evidence gained from an In Depth Assessment, the regulator has assurance that ForHousing's financial plans are consistent with, and support, its financial strategy. The provider has an adequately funded business plan, sufficient security in place, and is forecast to continue to meet its financial covenants under a wide range of adverse scenarios.

Other providers included in the judgement

None

About the provider

Origins

ForHousing is a registered provider of social housing within the ForViva group. ForHousing has a non-registered group parent and an investment in a multi-disciplinary property services company, Liberty Group Investments Limited, that provides construction and gas services to clients across the UK.

The current group structure was established in April 2019. City West Housing Trust Limited and The Villages Housing Association Limited formed ForHousing.

ForHousing also manages housing for a north west local authority. It is a Charitable Community Benefit Society. Its mission is to provide quality homes and places and has a vision to make more things possible for more people.

Registered Entities

ForHousing is the only registered entity in the ForViva group.

Unregistered Entities

ForHousing is the parent of four wholly owned subsidiaries:

- ForCapital Limited is a special purpose vehicle to manage the group's loan facilities;
- ForViva DevCo Limited provides design and build services for the development of new homes to ForHousing;
- ForLiving Limited is ForHousing's commercial property development company to develop and manage homes for outright sale and market rent; and
- Stockbridge Village Trust Limited, which is dormant.

Geographic Spread and Scale

ForHousing owns and manages 23,200 social housing units which are predominately general needs. It operates in seven local authorities with a concentration of stock in Salford, Greater Manchester.

Staffing and Turnover

ForHousing's turnover for the financial year 2021/22 was £114m. It employed 541 full-time equivalent staff.

Development

In its latest financial plan ForHousing plans to develop 491 new homes over the next three years. Its programme includes homes for social and affordable rent, shared ownership and outright market sale.

About our judgements

Key to Grades

Governance:

Compliant

G1 The provider meets our governance requirements.

G2 The provider meets our governance requirements but needs to improve some aspects of its governance arrangements to support continued compliance.

Non-compliant

G3 The provider does not meet our governance requirements. There are issues of serious regulatory concern and in agreement with us the provider is working to improve its position.

G4 The provider does not meet our governance requirements. There are issues of serious regulatory concern, and the provider is subject to regulatory intervention or enforcement action.

Viability:

Compliant

V1 The provider meets our viability requirements and has the financial capacity to deal with a wide range of adverse scenarios.

V2 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.

Non-compliant

V3 The provider does not meet our viability requirements. There are issues of serious regulatory concern and, in agreement with us, the provider is working to improve its position.

V4 The provider does not meet our viability requirements. There are issues of serious regulatory concern, and the provider is subject to regulatory intervention or enforcement action.

Definitions of Regulatory Routes

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 information 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 evidence gained from both Stability Checks and Reactive Engagement.

For further details about these processes, please see [Regulating the Standards](#).