



Regulatory Notice February 2018

Registered Provider

First Priority Housing Association Limited (4702) is a small Registered Provider of homes for a vulnerable client group, primarily adults with learning disabilities and mental health problems. It was incorporated in 2011 but has grown substantially in the last 18 months and now has leased properties with 26 landlord counterparties in total. The provider has 227 individual properties in 50 local authority areas that number 1,075¹ bed spaces with 759 tenancies currently in place.

In autumn 2017 First Priority Housing Association Limited (FPHA) advised the regulator that it had terminated its contract with its managing agents and had appointed a new Chief Executive. Production of the Annual Accounts had been delayed and they have still not been submitted.

Regulatory Finding

The regulator has concluded that

- a) based on the evidence submitted directly by FPHA, including communications from the board of directors and the Chief Executive Officer in January 2018, FPHA is not compliant with the Governance and Financial Viability Standard.
- b) the board has failed to ensure that it operates an appropriate strategic planning and control framework that identifies and manages risks to the delivery of its objectives and their planning has not sufficiently considered the financial implications of risks to the delivery of plans.

¹ The provider has exceeded 1,000 homes or bedspaces in the period since the last statistical return to the regulator

Subsequent enquiries and investigations undertaken by the regulator suggest that FPHA does not have sufficient working capital or the financial capacity to meet its debts as they fall due. The regulator has concluded that FPHA has failed to secure access to sufficient liquidity because it continues to trade on the goodwill of its creditors. FPHA is working with its creditors and lender to find a solution to its current financial difficulties.

The regulator also has concerns about the governance arrangements within the organisation, particularly the adequacy of resources and the skill and capability of the board to maintain effective control of the organisation. The fact the board is dependent on the goodwill of its lease counterparties in relation to rent payments indicates a fundamental failure of governance.

The board of directors and the Chief Executive recognise the seriousness of FPHA's situation and are working positively with the regulator. The regulator has taken steps to strengthen FPHA's board by appointing new board members with a range of relevant skills and expertise. These additions to the board will support FPHA as it works through the complex matrix of difficulties it faces.

Based on the most recent SDR return FPHA had fewer than 1,000 units and is classed as a small provider. The regulator does not publish regulatory judgements for providers who fall into this category. Instead, in the interests of transparency, the regulator publishes a Regulatory Notice where it has evidence that a small registered provider is not meeting the regulatory standards. This notice is published under those arrangements.

The regulation of social housing is the responsibility of the Regulation Committee, a statutory committee of the Homes and Communities Agency (HCA).

References in any enactment or instrument to the Regulator of Social Housing are references to the HCA acting through the Regulation Committee.

Homes England is the trading name of the HCA's non-regulation functions.