



Regulator of
Social Housing

**Regulatory Judgement on
Poplar Housing And Regeneration
Community Association Limited L4170**

March 2018

Publication Details

Reason for publication

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

G1 / V1 Compliant

G2 / V2 Compliant

G3 / V3 Non-compliant and intensive regulatory engagement.

G4 / V4 Non-compliant, serious failures leading to either intensive regulatory engagement or the use of enforcement powers.

Provider Details

Origins

Poplar Housing and Regeneration Community Association (Poplar) is a large scale voluntary stock transfer registered provider. An initial stock transfer from London Borough of Tower Hamlets took place in 1998 with further estates transferred until 2009. Its priority is to deliver transfer promises associated with the regeneration of estates in Poplar, an area of social deprivation in East London. Although Poplar is currently a charity and a company limited by guarantee, it is intending to convert to a Community Benefit Society from April 2018.

Registered Entities

Poplar is the only registered entity in the group.

Unregistered Entities

Poplar has four unregistered subsidiaries: Poplar HARCA (Developments) Limited, which develops property for sale; Poplar HARCA Projects Limited, which leases empty properties from its parent on a short term basis to be offered as temporary housing; and Poplar HARCA Capital Plc., which was incorporated to issue a bond on the capital markets. The fourth unregistered subsidiary is Leaside Business Centre Management, which lets office space.

Geographic Spread and Scale

Poplar currently has 8,903 units in ownership or management as well as community centres and open spaces. All stock is within East London.

Staffing and Turnover

Poplar reported an annual turnover of £59.2m for the year ended 31 March 2017 and employed 296 FTE staff at that date.

Development

Poplar's focus is on community regeneration programmes for the areas in which it operates.

Regulatory Judgement

This regulatory judgement provides an update on the regulator's assessment of Poplar's governance and financial viability.

Based on the evidence gained from an IDA, the regulator has assurance that Poplar continues to meet the requirements on governance set out in the Governance and Financial Viability standard.

The regulator also has assurance that Poplar complies with the financial viability element of the Governance and Financial Viability standard and can deal with a reasonable range of adverse scenarios. Poplar's financial plans are consistent with, and support, its financial strategy. It has an adequately funded business plan, sufficient security and is forecast to continue to meet its financial covenants.

Poplar continues to have material financial risks to manage. The performance of its social housing lettings business is currently weak and is forecast to remain so for the medium term. Earnings generated from this core element of business are not sufficient on their own to cover interest payments. In addition, the need for increased major repairs expenditure from 2019/20 is forecast to negatively impact social housing lettings earnings performance beyond the end of the rent reduction period in April 2020.

Sales represent a large proportion of Poplar's overall business activity. Open market sales, through joint ventures, introduce significant housing market exposure which is forecast to peak in 2019/20. As well as open market sales, significant additional shared ownership and fixed asset sales are also programmed. Poplar will need to manage these risks effectively to maintain compliance.

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 <https://www.gov.uk/social-housing-regulation-england>.

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.