



Regulator of  
Social Housing

**Regulatory Judgement on  
Lincolnshire Housing Partnership  
Limited 4877**

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**April 2021**

## Publication Details

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### Reason for publication

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Governance upgrade

### Regulatory process

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Stability Check and Reactive Engagement

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

### Governance

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#### **G1 (Compliant)**

The provider meets our governance requirements.

### Viability

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#### **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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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

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### Origins

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Lincolnshire Housing Partnership Limited (LHP) is a charitable community benefit society, a registered provider and parent of the group. It was formed in April 2018 following the merger of Shoreline Housing Partnership Limited and Boston Mayflower Limited. Its core business is the development and management of general needs rented housing.

### Registered Entities

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LHP is the only registered entity in the group.

### Unregistered Entities

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LHP has two active unregistered subsidiaries, Speedwell Homes Limited (SH) and Boston Mayflower Finance Plc (BMF). SH manages LHP's market rent stock and also undertakes management for private landlords of seven properties under lease. BMF is a non-trading Special Purpose Vehicle for issuing notes payable and bonds.

A third unregistered subsidiary, Humber Homes Limited, is currently dormant.

### Geographic Spread and Scale

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LHP owns and manages just over 12,500 homes. The majority of its stock is concentrated in and around Grimsby and Boston.

### Staffing and Turnover

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LHP employs 359 full time equivalent staff. Its turnover for the year ending 31 March 2020 was £53.1m.

### Development

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LHP plans to develop 419 homes between 2021 and 2024.

## **Regulatory Judgement**

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This judgement upgrades our assessment of LHP's governance from G2 to G1 and confirms its existing viability grade of V2. Based on evidence from a Stability Check and reactive engagement, the regulator has assurance that LHP's governance arrangements are sufficient to maintain compliance with regulatory requirements.

In October 2019, following an In Depth Assessment, we identified that LHP needed to improve some aspects of its governance arrangements. In particular, the provider needed to address data quality weaknesses relating to business planning and regulatory returns, and to strengthen its approach to stress testing.

Recent engagement has provided assurance that LHP has improved its controls and processes for ensuring the accuracy of business plan data, board reporting and regulatory returns. The provider's approach to stress testing and mitigation strategies now demonstrates board ownership. Scenario testing and mitigation strategy work have been expanded to include quantified and modelled mitigations and trigger thresholds are now in place. Aligned with these improvements, LHP's business planning process and timetable have also been reviewed to enhance board involvement and oversight.

Our assessment of LHP's compliance with the financial viability elements of the Governance and Financial Viability Standard is unchanged. The regulator has assurance that LHP'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.

LHP has increased its forecast investment in existing homes and in the acquisition of new housing for rent and shared ownership. This weakens its interest cover position and, in the short-term, it will be reliant on income from its sales programme to meet interest costs. The expanded acquisition programme gives rise to risks and exposures which LHP will need to manage and which, combined with increased investment in existing housing, reduce its capacity to respond to adverse events.

## Annex 1: Definitions of Regulatory Processes

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### In Depth Assessment (IDA)

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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

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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

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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

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

### Further Information

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For further details about these processes, please see 'Regulating the Standards' on <https://www.gov.uk/rsh>.