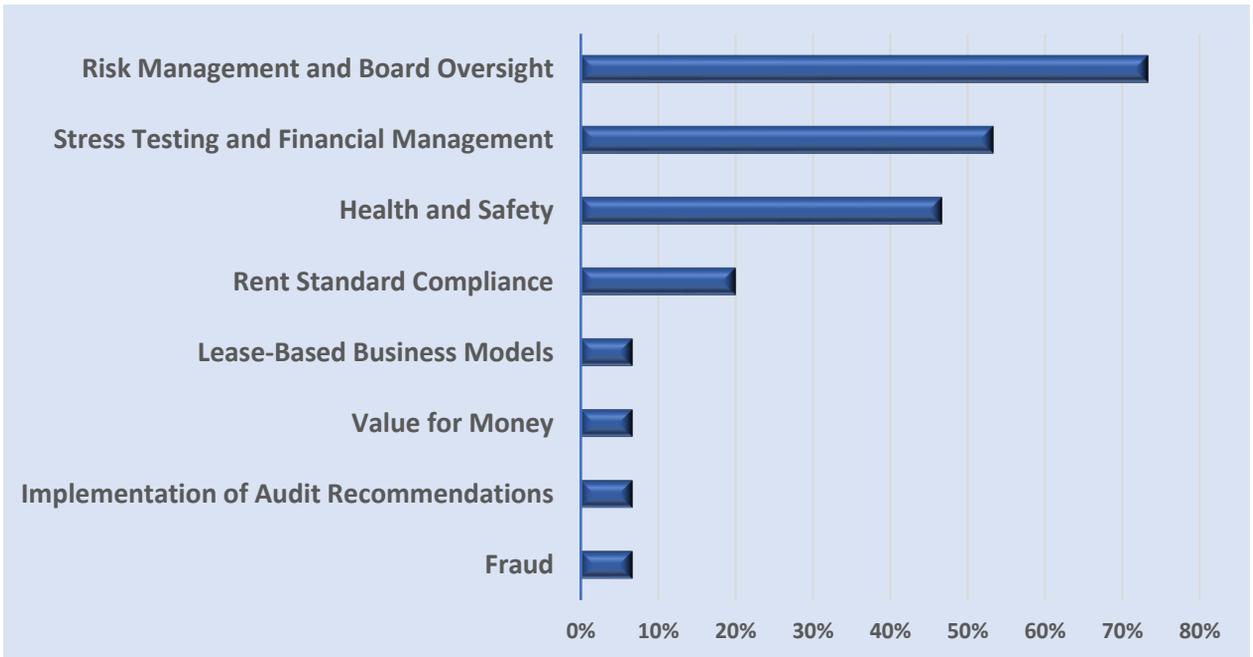




2020 GOVERNANCE DOWNGRADES – WHAT WENT WRONG?

The Regulator of Social Housing issued a number of governance downgrades during 2020. Below we provide a brief analysis of the themes and trends identified within these:



ANALYSIS OF KEY THEMES AND TRENDS

Whilst numerous issues are identified within the regulatory judgements issued during 2020, there are two key themes that stand out as the justification for a governance downgrade. These are financial management and health and safety compliance (issues that have also been commonly highlighted by the Regulator during previous years). These findings often lead to conclusions being drawn around poor risk management and board oversight, although these conclusions were also drawn for separate reasons within some of the other judgments published during 2020.

With regards to health and safety: fire, electrical and asbestos management feature predominantly in the downgrades issued during the year, although a broader range of health and safety compliance issues are inferred in some cases. The Regulator has placed a particular focus on the completeness of risk assessments and survey programmes, and the completion of the remedial actions arising from these.

Themes within those downgrades based on financial management include stress testing and recovery planning. The Regulator concludes in some cases that stress testing scenarios are not robust or sufficiently linked to actual risks faced by the business, do not consider a wide enough range of possible scenarios, and that recovery plans are vague and lack detail. Other key areas highlighted relate to poor business planning and financial reporting, including a lack of understanding around covenants, contractual arrangements, impacts of development programmes on the business plan, and understanding the performance of subsidiaries.

As downgrades of governance, board oversight, effectiveness, and the effectiveness of risk management are underlying themes within all downgrades and highlight the vital importance of effective systems of risk management and assurance, and strong governance from skilled and experienced boards.

RISK AND ADVISORY SERVICE OFFERINGS

Risk and Advisory Services UK offers a range of services aimed at assisting social housing providers identify and resolve address issues that could lead to failures of regulatory compliance. Our services include:

- Assessments of compliance with all areas or the Economic and Consumer Standards.
- Health and safety maturity assessments and assistance in the development of effective health and safety management and reporting frameworks.
- Risk management and assurance framework development.
- Training around sector risks and risk management processes for staff and board members.
- Data integrity assessments and data governance strategy development.
- Advisory and assurance assignments around all areas of your organisation's control framework.

For more information on our services, or to arrange a free consultation on how we can help your business, [contact us](#).

