



Regulator of
Social Housing

Regulatory Judgement on The Guinness Partnership Limited 4729

Including the following registered entities:

- Guinness Care and Support Limited L4497
 - Guinness Housing Association Limited L2441
-

November 2019

Publication Details

Reason for publication

Viability regrade

Regulatory process

Stability Check and Reactive Engagement

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

The Guinness Partnership Limited (Guinness) is a Community Benefit Society. It is the asset-owning parent of a group with 10 subsidiaries and the corporate trustee of The Guinness Trust. The group's main activities relate to the development and management of housing for social and affordable rent, affordable home ownership and housing for older people. It provides a range of care services, including domiciliary and extra care, supported and retirement living.

Registered Entities

Guinness is an asset-holding group parent with two registered provider subsidiaries, both Co-operative and Community Benefit Societies. Guinness Care and Support Limited owns and manages 732 units of social housing, mainly supported housing and housing for older people, and Guinness Housing Association Limited owns 566 units of rented accommodation and 172 shared ownership units.

Unregistered Entities

Guinness has five active unregistered subsidiaries, carrying out various activities for the group. City Response Limited (trading as Guinness Property) provides responsive and planned maintenance works. Guinness Developments Limited and Guinness Platform Limited deliver design and build contract services for the group's development programme, and market sale activity is undertaken by Guinness Homes Limited. Hallco 1397 Limited owns the freehold interest of a residential housing estate in the City of London.

Geographic Spread and Scale

Guinness is a national organisation which owns and/or manages 64,944 homes in 160 local authority areas across England.

Staffing and Turnover

As at 31 March 2019 Guinness employed 2,301 full time equivalent staff. Group turnover for the year ending 31 March 2019 was £360.5m.

Development

Guinness is an investment partner with the Greater London Authority and a Homes England Strategic Partner. It has secured £224m of grant funding and intends to increase its development programme to deliver about 2,500 homes annually by 2022.

Regulatory Judgement

This regulatory judgement regrades our previous published assessment of Guinness's viability from V1 to V2 following a Stability Check and reactive work.

The regulator has assurance that Guinness complies with the financial viability element of the Governance and Financial Viability Standard and that its financial plans are consistent with, and support, its financial strategy. Guinness has an adequately funded business plan, sufficient security and is forecast to continue to meet its financial covenants.

Guinness is increasing investment both in its existing homes and in developing new housing for rent and for outright sale. Its development strategy is predicated on cross-funding between affordable housing provision and a debt funded market sales programme, with a reliance on sales surpluses to meet interest costs as the development programme increases in size. The sales programme gives rise to risks and exposures which Guinness needs to manage and, combined with increased investment in existing homes, reduces the capacity it has to respond to adverse events.

The regulator's assessment of Guinness's compliance with the governance elements of the Governance and Financial Viability Standard remains unchanged. On the basis of the Stability Check, the regulator has concluded that there is no evidence to indicate a change to our current governance grading.

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.rsh.gov.uk>