



Homes &  
Communities  
Agency

The Social Housing Regulator

# **HCA Regulatory Judgement on Local Space Limited - LH4454**

**February 2016**

## HCA Regulatory Judgement: Local Space Limited – LH4454

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### The provider

Local Space Limited (Local Space) was registered in 2006 as a special purpose vehicle for temporary-to-permanent social housing. It develops and then leases properties to local authorities for a period of 10 to 15 years who use them to alleviate homelessness by using the properties as temporary housing. The primary partner in delivering their objective is the London Borough of Newham. At present, Local Space owns 1,763 properties, the majority of which (80%) are leased to London based local authorities.

In the year to 31 March 2015, Local Space had a total turnover of £24.7m and employed 27 staff.

### Reason for publication: Governance upgrade

#### Regulatory Ratings\*

- **Properly Governed: G1**

The provider meets our governance requirements.

- **Viable: V1**

The provider meets our viability requirements and has the financial capacity to deal with a wide range of adverse scenarios.

\*The regulator's assessment on compliance with the Governance & Financial Viability standard is expressed in gradings from G1 to G4 for governance and V1 to V4 for viability. For both viability and governance the first two grades indicate compliance with the standard. A G3 or V3 assessment indicates a level of concern with the organisation's performance that is likely to be reflected in intensive regulatory engagement. A G4 or V4 judgement indicates a more serious failure of governance or viability leading to either intensive regulatory engagement or the use of enforcement powers.

For further details of our regulatory approach, please see Regulating the Standards on <http://www.gov.uk/hca>.

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### **Regulatory Judgement**

This judgement upgrades the regulator's previous assessment of Local Space's governance.

Local Space's governance was downgraded in February 2015 after a review of its 2014 Value For Money self-assessment concluded that it had not evidenced compliance with the Value for Money standard. Local Space responded positively and commissioned external consultants to review its oversight of this area of work and make recommendations to strengthen regulatory compliance. The board accepted, and has now implemented, the recommendations, including more extensive benchmarking and clearer articulation of the organisation's return on assets in the published statement. The Regulator is satisfied that Local Space's 2015 Value for Money self-assessment sets out how the provider is achieving value for money in delivering its purpose and objectives in a way that is transparent and accessible to stakeholders.

Based on evidence gained in carrying out an annual stability check the Regulator has assurance that Local Space meets our regulatory requirements on governance.

The regulator's assessment of Local Space's compliance with the financial viability element of the governance and financial viability standard is unchanged. Based on evidence gained from carrying out an annual stability check, the regulator has assurance that the financial plans are consistent with, and support, the financial strategy of the provider. The provider has an adequately funded business plan, sufficient security in place, and is forecast to continue to meet its financial covenants under a wide range of scenarios.