

**Bulletin:**

# Regulatory Concerns Over Notting Hill Genesis' Governance Already Captured In Base-Case Assumptions

**November 27, 2024**

This report does not constitute a rating action.

LONDON (S&P Global Ratings) Nov. 27, 2024--S&P Global Ratings today said that its view of **Notting Hill Genesis'** (NHG's) creditworthiness is not immediately affected by the judgement published by the Regulator of Social Housing (RSH) on Nov. 27, 2024.

The RSH downgraded its governance rating on NHG to G3, from G1, revealing improvements needed to ensure compliance with health and safety standards, alongside needed enhancements to the group's risk management framework. The regulator also found NHG had failed to uphold its new consumer standards, prompting it to assign NHG its C3 consumer rating.

We incorporated these risks in our base case on NHG, published on Sept. 13, 2024, when we revised to negative from stable the outlook on the 'A-' rating on NHG. At the same time, we lowered to 'bbb' from 'bbb+' our assessment of the group's stand-alone credit profile. These actions reflected our forecast of weaker than previously expected financial indicators and risks that these would not recover. We consider the sizable program of investments on NHG's existing properties, which will include fire remediation works, resulting in significantly tighter financial headroom. For more details, see "**U.K.-Based Social Housing Provider Notting Hill Genesis Outlook Revised To Negative; 'A-' Rating Affirmed,**" published on RatingsDirect.

Our negative outlook also captures that NHG's management may not be able contain costs while executing its plans to deliver investments needed to its stock. We also see uncertainty around the group's ability to reduce debt, since its effectiveness depends on achieving its stock rationalization program.

We understand NHG is working closely with the RSH to address the regulatory concerns found in the inspection, and we will monitor the progress.

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