



Regulator of  
Social Housing

**Regulatory Judgement on  
Hastoe Housing Association Limited  
L0018**

---

**October 2018**

## Publication Details

---

### Reason for publication

---

Viability regrade

### Regulatory process

---

Stability Check

*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

---

Hastoe Housing Association Limited (HHA) is a charitable Co-operative and Community Benefit Society. It owns and manages about 7,600 homes, which consist of just over 4,000 general needs units, together with shared ownership and leasehold properties. It also manages 293 dwellings on behalf of other organisations. Its strategic aim is to provide sustainable homes and it has a strong focus on rural housing.

### Registered Entities

---

HHA is the only registered provider within the group.

### Unregistered Entities

---

HHA has four wholly owned unregistered subsidiaries:

- Hastoe Homes Limited, a company limited by shares which provides design, build and development services to the group
- Hastoe Capital plc, a special purpose borrowing vehicle providing bond funding to HHA
- Lowen Homes Limited, a company limited by shares for the development and sale of homes on the open market
- Sustainable Homes Limited (SHL), a company limited by guarantee, providing training, consultancy and benchmarking services related to environmental sustainability within the housing sector.

### Geographic Spread and Scale

---

HHA operates in 70 local authority areas across southern England.

### Staffing and Turnover

---

It currently employs 103 full-time equivalent staff and the turnover for the year to 31 March 2018 was £34.3m.

## Development

---

In the financial forecast submitted in June 2018, HHA planned, post 31 March 2018, to complete 556 units over the next five years, including 183 for shared ownership and outright sale.

## **Regulatory Judgement**

---

This regulatory judgement regrades our previous published assessment of HHA's viability from V1 to V2.

The regulator has assurance that HHA complies with the financial viability element of the Governance and Financial Viability standard. HHA'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.

HHA has significantly increased its forecast development programme in its 2018/19 business plan. Its current projections indicate a greater exposure to sales risk as market sales and shared ownership sales increase. The provider's debt burden is also forecast to rise in order to fund the expanded programme. HHA's projections of future performance show that its financial capacity will reduce as a consequence and that it can now deal with relatively less downside risk.

The regulator's assessment of HHA'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>.