



Regulator of
Social Housing

Regulatory Judgement on Hastoe Housing Association Limited

L0018

December 2020

Publication Details

Reason for publication

Viability regrade

Regulatory process

In Depth Assessment

Governance

G1 (Compliant)

The provider meets our governance requirements.

Viability

V1 (Compliant)

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

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 community benefit society and an exempt charity, which focuses on rural housing and communities.

Registered Entities

HHA is the only registered entity.

Unregistered Entities

HHA has three unregistered entities: Hastoe Capital plc is the borrowing vehicle for Hastoe's bond; Hastoe Homes Limited undertakes affordable housing development for the group; and Lowen Homes Limited which undertakes development for market sale.

Geographic Spread and Scale

HHA owns and manages approximately 7,670 properties and operates in the south of England from Cornwall through to Norfolk.

Staffing and Turnover

HHA reported a group turnover of £34.1m for the year ending March 2020 and employs the full-time equivalent of 92 staff.

Development

HHA intends to deliver 397 new affordable homes and nine units for open market sale over the next five years.

Regulatory Judgement

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

Based on the evidence gained from an In Depth Assessment (IDA), 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 in place and is forecast to continue to meet its financial covenants under a wide range of adverse scenarios.

Our previous assessment of HHA noted that due to a significantly increased forecast development programme, it had a greater exposure to sales risk and an increased debt burden. As a result, we concluded that HHA needed to carefully manage its position in relation to these exposures to ensure long-term viability.

The provider has subsequently reviewed its risk appetite and reduced its development programme, including its forecast exposure to market and shared ownership sales. Consequently, HHA's forecast borrowing requirement has reduced and its financial capacity has strengthened enabling it to deal with greater downside risk.

The regulator's assessment of HHA's compliance with the governance elements of the Governance and Financial Viability Standard remains unchanged. Based on the evidence gained from the IDA, the regulator has assurance that HHA's governance arrangements enable it to adequately control the organisation and to continue meeting its objectives.

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 information 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 evidence gained from both Stability Checks and Reactive Engagement.

Further Information

For further details about these processes, please see 'Regulating the Standards' on <https://www.gov.uk/rsh>.