Publication Details

Reason for publication

Governance upgrade

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 / V 4  Non-compliant, serious failures leading to either intensive regulatory engagement or the use of enforcement powers.
Provider Details

Origins

St Mungo Community Housing (St Mungo's) is a limited company and registered charity. It is a provider of hostels, supported housing, care homes, resettlement and other rehabilitation services for homeless people.

Registered Entities

St Mungo's is the only registered entity in the group.

Unregistered Entities

There are a number of other small unregistered subsidiaries undertaking activities linked to St Mungo’s core business. These are: Broadway Homelessness and Support; Broadway Real Enterprises Limited; Street Impact Limited, Street Impact London Limited; Street Impact Brighton Limited; and Social Impact Bristol Limited.

Geographic Spread and Scale

St Mungo’s owns, leases and manages a range of properties across about 130 projects which provide accommodation and support to around 2,800 people. It owns the freehold of 66 properties including hostels, care homes and supported housing. Its activities are concentrated in London and southern England.

Staffing and Turnover

St Mungo’s reported turnover of £90m for the year ending March 2018. It employs 1,351 full-time equivalent staff.

Development

St Mungo’s plans to grow through the leasing and acquisition of an additional 2,000 units of accommodation over the period 2018-22.
This judgement upgrades the regulator’s assessment of St Mungo’s governance published in November 2016.

In our previous judgement we concluded that St Mungo’s met the requirements on governance set out in the Governance and Financial Viability Standard but needed to improve some aspects of its governance arrangements to support continued compliance. In particular, St Mungo’s needed to strengthen its internal control and compliance environment, and board oversight of key risks, including health and safety.

Since then St Mungo’s has enhanced governance oversight and made a number of improvements to its risk management and internal control assurance framework. The board and executive management team have been strengthened. Oversight and management of health and safety is now comprehensive and extends to leased properties. It is supported by a regular audit of the health and safety control environment. Compliance at all levels has been improved through delivery of an organisational culture action plan, informed by an independent review. This has been evidenced by improved systems, accountability and monitoring. The quality of St Mungo’s data and its regulatory returns has also improved.

St Mungo’s is aware of the risk environment in which it operates and understands and has demonstrated its ability to mitigate the impact on the business. Board are clearly sighted on the impact of risk with stress testing an integral part of the risk management framework.

The regulator’s assessment of St Mungo’s compliance with the financial viability element of the Governance and Financial Viability Standard is unchanged. Based on evidence gained from a Stability Check and subsequent engagement, the regulator has assurance that St Mungo’s has the financial capacity to deal with a reasonable range of adverse scenarios but needs to manage material risks. Financial plans are consistent with, and support, the financial strategy. The business plan is fully funded and based on reasonable assumptions with clear reporting to board. St Mungo’s has no funder covenants and has access to a significant level of cash reserves.

There remain, however, risks which St Mungo’s needs to manage. The business plan and nature of its work is low margin which reduces the organisation’s ability to absorb adverse shocks. St Mungo’s is reliant upon delivery of efficiency savings and growth in revenue to break even. Whilst there is access to significant cash, a proportion of this is ring-fenced for specific projects limiting St Mungo’s ability to utilise these funds to manage adverse risks.
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