



Regulator of  
Social Housing

# Regulatory Judgement on Habinteg Housing Association Limited

LH0459

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**June 2021**

## Publication Details

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### Reason for publication

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Governance downgrade

### Regulatory process

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In Depth Assessment

*Please see the definitions in Annex 1 for more detail*

### Governance

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#### **G2 (Compliant)**

The provider meets our governance requirements but needs to improve some aspects of its governance arrangements to support continued compliance.

### Viability

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#### **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

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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.

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## Provider Details

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### Origins

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Habinteg Housing Association Limited (Habinteg) is a charitable Co-operative and Community Benefit Society. Its main focus is the delivery of housing and related services that ensure that people with disabilities have access to homes that meet their needs and enable them to live independently.

### Registered Entities

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Habinteg is the only registered entity.

### Unregistered Entities

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Holyer Developments Limited (Holyer) is a wholly owned company limited by guarantee set up to develop properties for Habinteg. At present, Holyer is dormant.

### Geographic Spread and Scale

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Habinteg operates across England and Wales. It owns and manages about 3,400 homes, across 86 different local authority areas.

### Staffing and Turnover

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Habinteg employs 98 full time equivalent staff. Its turnover for the year end 31 March 2020 was £22.5m.

### Development

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Habinteg is a Homes England investment partner and aims to develop 345 units between 2021 and 2025/26 for affordable and social rent, shared ownership and market sale.

## **Regulatory Judgement**

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This judgement downgrades our previous published assessment of Habinteg's governance from G1 to G2 and confirms its existing V1 grade for viability.

Following completion of an In Depth Assessment (IDA), we have concluded that Habinteg needs to improve aspects of its governance arrangements to ensure continued compliance with regulatory requirements. Habinteg needs to strengthen elements of its risk management and internal controls assurance framework, its stress testing and its delivery of value for money.

Habinteg needs to improve the alignment of its strategic and operational risk assessments and the assurance the board receives on the management of key risks. The board has not got adequate assurance on the management of health and safety risks. Data weaknesses need addressing to ensure it has reliable compliance data as a basis for its assurance.

Habinteg also needs to strengthen its approach to stress testing so that it can be used to inform business planning and risk management. Scenarios do not test against security in stress situations and the quality of routine reporting to board on security does not give it adequate assurance on its non-stressed security position and requires strengthening. Recovery planning is under-developed and the effectiveness of identified mitigation strategies needs to be evidenced.

In addition, Habinteg's delivery of value for money requires improvement. It cannot evidence that it has used its financial capacity effectively over a number of years to deliver its strategic objectives and it has under-performed against its strategic targets in some important areas across its 2018-21 Corporate Plan, including development and customer satisfaction.

The regulator's assessment of Habinteg's compliance with the financial viability elements of the Governance and Financial Viability Standard is unchanged. Based on evidence gained from the IDA, the regulator has assurance that Habinteg's financial plans are consistent with, and support, its financial strategy. 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 adverse scenarios.

## Annex 1: Definitions of Regulatory Processes

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### In Depth Assessment (IDA)

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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

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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

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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

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In some cases, we will publish narrative regulatory judgements which combine evidence gained from both Stability Checks and Reactive Engagement.

### Further Information

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