



Homes &  
Communities  
Agency

The Social Housing Regulator

# **HCA Regulatory Judgement on Boston Mayflower Limited – LH4237**

**March 2013**

# HCA Regulatory Judgement: Boston Mayflower Limited – LH4237

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## The provider

Boston Mayflower Limited (Boston) was established in 1999 following a transfer of stock from Boston Borough Council. It owns and manages over 4,800 units, delivering housing and support services primarily in Lincolnshire. It operates in seven local authority areas, employs around 130 staff and it had an annual turnover of around £18.9m in the year to 31 March 2012.

Boston has one unregistered subsidiary, Speedwell Homes Limited, which lets three residential properties at market rents in Boston.

Boston's core business is the provision of general needs and supported housing. Its main strategic focus has been completing a substantial refurbishment programme of its sheltered housing schemes, reinvestment in local housing stock and completion of a small programme of Empty Homes works.

## Regulatory Ratings\*

- **Properly Governed: G1**

The provider meets the requirements on governance set out in the Governance and Financial Viability standard.

- **Viable: V1**

The provider meets the requirements on viability set out in the Governance and Financial Viability standard and has the capacity to mitigate its exposures effectively.

\*The regulator's assessment on compliance with the Governance & Financial Viability Standard is expressed in gradings from G1 to G4 for governance and V1 to V4 for viability. For both viability and governance the first two grades indicate compliance with the standard. A G3 or V3 assessment indicates a level of concern with the organisation's performance that is likely to be reflected in intensive regulatory engagement. A G4 or V4 judgement indicates a failure of governance or viability to the extent that the regulator is using its statutory powers.

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## Regulatory Judgement

The regulator's assessment of Boston's viability has been upgraded to reflect the improvement in its financial position.

The regulator has reviewed Boston's latest financial forecasts in conjunction with its strategic plan and discussions with the executive. Boston achieved a surplus of £2.4m in 2011/12.

The regulator's previous assessment identified two key areas of exposure that could potentially impact on Boston's viability; these are now being effectively managed.

The first exposure was a projected deterioration of financial performance in 2012/13 followed by a long period of deficits due to remodelling and maintenance works. As a result of Boston's re-profiling of refurbishment works, financial performance is expected to continue to strengthen in the medium term.

The second exposure related to the business plan's limited capacity to absorb any unplanned increases in cost without matched increases in income. Boston's improved financial position has increased this capacity. In 2011/12, cost restraint and internal efficiencies contributed to the achievement of a £2.4m surplus. Sensitivity analysis has demonstrated that the provider has sufficient financial resources at its disposal to allow time for corrective action to be taken in response to potential adverse financial events.

The regulator is satisfied that Boston's financial plans are consistent with, and support, its financial strategy. The business plan is fully funded, with adequate security in place and has been tested to demonstrate it meets funders' covenants under a range of realistic scenarios.

The assurances provided regarding Boston's financial performance and the outcomes of sensitivity analysis were material factors in the upgrade of the regulator's viability assessment.

The regulator's assessment of Boston's governance remains unchanged. Based on evidence gained from contact with the board and executive and a review of board papers, the regulator has assurance that governance arrangements remain sufficient to adequately control the organisation to enable it to continue meeting its objectives.