Homes & Communities Agency

The social housing regulator

HCA Regulatory Judgement on Thrive Homes - L4520

January 2013

The provider

Thrive Homes Limited (Thrive) was formed in March 2008 to take the transfer of stock from Three Rivers District Council. It owns and manages just over 4,000 homes. The organisation's principal area of operation is in Three Rivers district and it also has some stock in Watford local authority area. As of March 2012, Thrive had a total turnover of £19.3m and employed around 100 staff.

The provider's core business is the provision of general needs and supported housing. Its main strategic focus since registration has been to deliver a significant improvement programme, which it successfully completed in December 2010.

Thrive is a member of a development consortium led by Circle Anglia, an investment partner with the Homes and Communities Agency. Thrive expects to deliver 30 new homes, primarily for rent, within the 2011-15 Affordable Homes Programme.

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.

Regulatory Judgement

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

The regulator has reviewed Thrive's latest (2012) financial forecasts in conjunction with its strategic plan and held discussions with the executive. A surplus of £3.5m was generated in 2011/12, which was generally in line with budget. There was some variance as a result of timing differences in the re-investment programme.

The regulator's assessment in September 2010 identified Thrive's capacity to remain within the agreed business plan peak debt as a key exposure that could potentially impact upon its viability. Since then, by monitoring and control of cash flows, Thrive has successfully delivered its refurbishment programme and remained within its agreed peak debt terms. Following the end of its major stock investment programme the provider is now generating a surplus from operating activities.

Based on the evidence gained from the review of documentation and discussions with the executive, the regulator is satisfied that Thrive's financial plans are consistent with, and support the financial strategy of the provider. Its business plan is fully funded with adequate security in place and has been tested to demonstrate it meets funders' covenants under a variety of realistic scenarios.

The assurance provided by the improved cash flow position, successful delivery of the refurbishment programme and outputs from scenario analysis were material factors in the upgrade of the regulator's viability assessment.

The regulator's assessment of Thrive'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.