



Homes &  
Communities  
Agency

The social housing regulator

# HCA Regulatory Judgement on Heantun Housing Association Limited - L1669

May 2013

Archived

# HCA Regulatory Judgement: Heantun Housing Association Limited – L1669

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## The provider

Heantun Housing Association (Heantun) owns and manages approximately 1,200 homes mainly in the Wolverhampton area. It also has properties in Walsall, Dudley, Sandwell, Cannock and South Staffordshire.

Heantun provides a combination of general needs and supported housing. Almost half of the homes it manages are sheltered or supported accommodation for a range of client groups.

Heantun has two unregistered subsidiaries, Heantun Care Housing Association Limited, which carries out nursing care at its sheltered schemes and children's services at registered nurseries, and New Bilston Limited, which undertakes community development and regeneration.

Heantun is a member of the Spectrum development consortium, an investment partnership with the Homes and Communities Agency (HCA), which is led by WM Housing Group Limited. Heantun expects to deliver 29 new homes within the 2011-15 Affordable Homes Programme. Heantun also has development partner status with the HCA for its empty homes work.

Heantun works with a wide range of statutory and voluntary agencies to meet the needs of its client groups, including the provision of support to enable people to remain in their own homes. It employs about 200 staff and its turnover for the financial year to 31 March 2012 was £9.4m.

## 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 Heantun's viability has been upgraded to reflect the improvement in its financial position.

The regulator's previous assessment identified two specific risk exposures that could potentially impact on Heantun's viability. The first of these was a need to contain cost increases below inflation to achieve business plan targets and to achieve growth, in order to spread overheads across a wider operating base.

Heantun has been able to demonstrate control over costs in line with its business plan projections and has benefited from a larger number of homes in management as stock has been developed.

The second exposure was a reliance on supporting people funding within the business plan. In common with other supported housing providers, Heantun's main cost element is the staff delivering supporting people contracts. These costs have been reviewed and reduced while ensuring that the terms of the contracts have been maintained. Heantun continues to receive support from the agencies providing its revenue funding and this is demonstrated by their agreement to renew and extend service contracts. In addition, Heantun has become less dependent on supporting people income with the successful completion of its 'self-reliance' work' contract. This generated a surplus and the subsequent award of a further two contracts to provide similar training opportunities to the unemployed. Both the successful delivery of existing contracts and its new contracts will provide additional and alternative funding streams.

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

The material factors which have led the regulator to upgrade Heantun's viability assessment are the way in which the provider is now controlling its costs and the greater security of income it has achieved through the award of key contracts.

The regulator's assessment of Heantun's compliance with the governance element of the governance and financial viability standard 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.