



Regulator of Social Housing

RSH Narrative Regulatory Judgement

Provider: Saxon Weald

Regulatory code: L4299

Publication date: 15 November 2022

Governance grade: G1

Viability grade: V2

Reason for publication: Viability regrade

Regulatory route: Stability Check and Reactive Engagement

Regulatory judgement

This judgement regrades our previous published judgement of Saxon Weald's viability grade from V1 to V2 and confirms its existing G1 grade for governance.

The regulator has assurance that Saxon Weald is compliant with the financial viability elements of the Governance and Viability Standard and that its financial plans are consistent with, and support, its financial strategy. Saxon Weald has an adequately funded business plan, sufficient security, and is forecast to continue to meet its financial covenants.

Saxon Weald needs to manage a number of material exposures including increased fire safety and energy efficiency costs and additional debt to fund development. It is also more exposed to the housing market arising from increased development of homes for sale. These exposures have a detrimental impact on interest cover and when coupled with the current economic uncertainty in relation to inflation and interest rates, Saxon Weald's capacity to deal with adverse scenarios is reduced.

The regulator's assessment of Saxon Weald's compliance with the governance elements of the Governance and Financial Viability Standard remains unchanged. On the basis of the Stability Check, the regulator has concluded that there is no evidence to indicate a change to Saxon Weald's current governance grading.

Other providers included in the judgement

None

About the provider

Origins

Saxon Weald is a community benefit society. It was formed to take the transfer of stock from Horsham District Council in 2000.

Its primary business is to build and rent homes for those who cannot afford to buy or rent in the private market and/or those who need additional support to maintain an independent home and lifestyle.

Registered Entities

Saxon Weald is the only registered entity.

Unregistered Entities

There are two unregistered entities within the group structure.

- Saxon Weald Capital Plc is a wholly owned subsidiary set up to secure funding from the capital markets to on-lend to Saxon Weald; and
- Weald Property Development Limited is a wholly owned non-charitable subsidiary set up to develop homes for open market sale.

Geographic Spread and Scale

Saxon Weald provides social housing in Sussex and Hampshire.

Staffing and Turnover

Saxon Weald has 243 full-time equivalent employees. It reported a turnover of £45m in the year ended 31 March 2022.

Development

Saxon Weald intends to develop a mix of around 750 affordable and shared ownership units over the next five years.

About our judgements

Key to Grades

Governance:

Compliant

G1 The provider meets our governance requirements.

G2 The provider meets our governance requirements but needs to improve some aspects of its governance arrangements to support continued compliance.

Non-compliant

G3 The provider does not meet our governance requirements. There are issues of serious regulatory concern and in agreement with us the provider is working to improve its position.

G4 The provider does not meet our governance requirements. There are issues of serious regulatory concern, and the provider is subject to regulatory intervention or enforcement action.

Viability:

Compliant

V1 The provider meets our viability requirements and has the financial capacity to deal with a wide range of adverse scenarios.

V2 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.

Non-compliant

V3 The provider does not meet our viability requirements. There are issues of serious regulatory concern and, in agreement with us, the provider is working to improve its position.

V4 The provider does not meet our viability requirements. There are issues of serious regulatory concern, and the provider is subject to regulatory intervention or enforcement action.

Definitions of Regulatory Routes

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 information 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 evidence gained from both Stability Checks and Reactive Engagement.

For further details about these processes, please see [Regulating the Standards](#).