



Regulator of Social Housing

RSH Narrative Regulatory Judgement

Provider: Ocean Housing Group Limited

Regulatory code: L4422

Publication date: 27 March 2024

Governance grade: G1

Viability grade: V2

Reason for publication: Changed basis for viability grade

Regulatory route: In Depth Assessment

Regulatory judgement

This judgement confirms the regulator's existing assessment of Ocean Housing Group Limited's governance and viability grades (G1/V2).

Based on the evidence gained from an In Depth Assessment (IDA), the regulator has assurance that Ocean Housing Group Limited (Ocean) continues to comply with the financial viability elements of the Governance and Financial Viability Standard and that its financial plans are consistent with, and support, its financial strategy. Ocean has an adequately funded business plan, sufficient security in place and is forecast to continue to meet its financial covenants under a reasonable range of scenarios. However, there are material risks that it needs to manage to deliver its plans.

Ocean's financial plans continue to forecast a reliance on revenues from the sale of both current and fixed assets to generate future liquidity. Although it has access to undrawn secured loan facilities to begin to address a sales shortfall, its ability to raise additional facilities is restricted by it holding a limited number of properties that it can use as security. These factors, set in the context of economic pressures, reduce Ocean's capacity to respond to adverse events.

The regulator's assessment of Ocean's compliance with the governance elements of the Governance and Financial Viability Standard remains unchanged. Based on the evidence gained from the IDA, the regulator has assurance that Ocean's governance arrangements enable it to adequately control the organisation and to continue meeting its objectives.

Other providers included in the judgement

Ocean Housing Limited

About the provider

Origins

Ocean is a registered provider and a company limited by guarantee. It manages and maintains its homes and develops affordable housing and properties for sale.

Registered Entities

Ocean is the registered parent of the group. It has one registered subsidiary, Ocean Housing Limited, a community benefit society and the main stockholding entity within the group.

Unregistered Entities

Gilbert and Goode Limited is a company limited by shares. It provides new build affordable homes for the group, develops housing for market sale and contracts externally.

Geographic Spread and Scale

Ocean operates exclusively within the county of Cornwall and owns around 4,200 homes.

Staffing and Turnover

At 31 March 2023, Ocean employed 128 full-time equivalent staff and had a turnover of £26.3m.

Development

Ocean plans to develop 1,000 new homes by 2030, split between homes for open market sale and affordable units.

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.

Note: The use of an asterisk (*) against a grade indicates that the assessment refers to a provider that is designated as being for-profit.

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](#).