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Welsh Government

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# Welsh Government Housing Regulation

Regulatory Judgement

North Wales Housing – L033

July 2019

The Welsh Ministers have powers under Part 1 of the Housing Act 1996 to regulate Registered Social Landlords in relation to the provision of housing and matters relating to governance and financial management.

The Welsh Ministers are publishing this Regulatory Judgement under sections 33A and 35 of the Housing Act 1996.

The judgement is published in accordance with the Regulatory Framework for Registered Social Landlords in Wales and the related performance standards.

<https://gweddill.gov.wales/topics/housing-and-regeneration/publications/regframeworkhousingassoc/?skip=1&lang=en>

The judgement is based upon the Association's own evaluation of its compliance with the performance standards together with regulatory intelligence gained through on-going, co-regulatory, relationship management between the Regulator and the Association.

### **Basis of Judgement**

This judgement is designed to provide the Registered Social Landlord, its tenants, service users and other stakeholders with an understanding of its financial viability and how well it is performing, at a specific moment in time, in relation to:

- Governance and Service Delivery
- Financial Management

The judgement must not be relied upon by any other party for any other purpose. The Registered Social Landlord is responsible for the completeness and accuracy of information provided to the Regulator.

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## Profile

The Group consists of North Wales Housing Association (“North Wales Housing” or “the Group”), the parent company, with subsidiary member Domus Cambria Limited.

North Wales Housing is a Registered Social Landlord. It is registered under the Co-operative and Community Benefit Societies Act 2014, with charitable rules.

Domus Cambria Limited is a company limited by shares that provides residential property development services to the parent company. Its future direction is currently under review.

The Group provides homes and delivers services to over 2,658 households across North Wales.

For the year ending 31 March 2018, the Group’s turnover was £15.8m (2017: £15.9m), its retained surplus was £1.4m (2017: £1.4m) and it employed 160 staff (2017: 171).

## Key Financial Data

	Historical Data		Covenant Limit	Sector Average
	2016/17	2017/18		
<b>Performance</b>				
Operating surplus as % of turnover	27.0%	25.8%	n/a	20.1%
Surplus/(deficit) for the year as % of turnover	9.1%	8.7%	n/a	8.1%
Loss from empty properties and uncollected rent as % of rental income	1.1%	1.2%	n/a	2.1%
<b>Funding</b>				
Fixed borrowing as a % of total	68%	69%	n/a	75%
Gearing (Net worth)	54%	56%	60%	61%
Interest cover	164%	147%	110%	165%
Cash balances are sufficient to cover committed developments for a period of 24 months. The Group is in the final stages of re-financing to fund development and to remove restrictive covenants, with completion expected before the Autumn.				

## Regulatory Judgement – Co-Regulation Status

### **Co-Regulation Status – July 2019**

#### **Governance and Service Delivery - Standard**

- Identifies and manages new and emerging risks appropriately.

#### **Financial Viability - Standard**

- Meets viability requirements and has the financial capacity to deal with scenarios appropriately.