



Llywodraeth Cymru
Welsh Government

www.wales.gov.uk

Welsh Government Housing Regulation

Regulatory Judgement

Hafan Cymru – J096

March 2017

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.

<http://gov.wales/topics/housing-and-regeneration/services-and-support/regulation/regulatory-framework/?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.

Housing Regulation Team
RSL Sector Development and Regulation Division
Welsh Government
Merthyr Tydfil Office
Rhydycar
CF48 1UZ
e-mail: housingregulation@wales.gsi.gov.uk

Profile

Hafan Cymru (“Hafan” or “the Association”) is a registered charitable housing association established in 1989 and is registered under the Cooperative and Community Benefit Societies Act 2014 with charitable rules.

The Association has 167 units and provides housing support and specialist services to women, men and children across 16 of the local authority areas in Wales. Hafan Cymru has a 100% owned subsidiary company, Carmarthen Domestic Abuse Services based in Carmarthen.

Key Financial Data

	Historical Data		Covenant Limit
	2014/15 Restated	2015/16	
Performance			
Operating surplus as % of turnover	2.75%	1.31%	n/a
Surplus/(deficit) for the year as % of turnover	2.58%	1.14%	n/a
Loss from empty properties and uncollected rent as % of rental income	7.66%	4.28%	n/a
Funding			
Fixed borrowing as a % of total	N/A	N/A	n/a
Gearing	17.6%	16.6%	45%
Interest cover to gross rental income	103.6x	109.9x	1.5x

Regulatory Judgement – Co-Regulation Status

Co-Regulation Status – March 2017

Governance and Service Delivery - Increased

- A risk or combination of risks, are presenting a significant challenge to the RSL and increased regulatory oversight is required.

Financial Viability - Increased

- Meets viability requirements but has limited financial capacity to deal with adverse scenarios effectively and increased oversight is required.

Increased regulatory oversight is required to meet the following performance standards:

PS 1.0 Effective Board and executive management with a clear and ambitious vision for the Association

The Board needs to ensure it has the necessary skills in place to deliver the corporate plan. It needs to ensure it is compliant with its code of governance with particular respect to maximum terms of members and effective succession planning.

PS 3.0 Comprehensive assessment of the business impacts of current and emerging risks, including new business and development opportunities, with robust risk management arrangements

The Board needs to ensure that appropriate and relevant stress testing is carried out on the business plan.

PS 8.0 A Financial plan which delivers and supports the business plan and effective monitoring of financial performance.

The Board needs to ensure that it is focussed on the monitoring of the financial impact of the business restructure.