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Welsh Government

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# Welsh Government Housing Regulation

Regulatory Judgment

Bro Myrddin Housing Association – L069

June 2018

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.

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## Profile

Bro Myrddin Housing Association (“Bro Myrddin” or “the Association”) is a traditional housing association registered under the Co-operative and Community Benefit Societies Act 2014, with charitable rules.

Bro Myrddin owns and manages 879 homes within Carmarthenshire and Pembrokeshire County Councils. They include general needs homes, two shared ownership properties and two group care homes with eight bed spaces.

For the year ending 31 March 2017, the Association’s turnover was £4.6m (2016: £4.3m), its retained surplus was £643k (2016: £534k) and it employed 40 staff (2016: 34).

### Key Financial Data

|                                                                                                                                  | Historical Data |         | Covenant Limit | Sector Average |
|----------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|----------------|----------------|
|                                                                                                                                  | 2015/16         | 2016/17 |                | 2016/17        |
| <b>Performance</b>                                                                                                               |                 |         |                |                |
| Operating surplus as % of turnover                                                                                               | 23.5%           | 23.4%   | n/a            | 21.3%          |
| Surplus transferred to reserves as % of turnover                                                                                 | 12.3%           | 13.9%   | n/a            | 6.5%           |
| Loss from empty properties and uncollected rent as % of rental income                                                            | 1.9%            | 1.9%    | n/a            | 2.0%           |
|                                                                                                                                  |                 |         |                |                |
| <b>Funding</b>                                                                                                                   |                 |         |                |                |
| Fixed borrowing as a % of total                                                                                                  | 61%             | 68%     | n/a            | 74%            |
| Gearing                                                                                                                          | 44%             | 39%     | 55%            | 61%            |
| Interest cover                                                                                                                   | 181%            | 181%    | 120%           | 172%           |
| Current cash balances and undrawn facilities are sufficient for the Association to complete its committed development programme. |                 |         |                |                |

## Regulatory Judgement – Co-regulation Status

### **Co-Regulation Status – June 2018**

#### **Governance and Services - 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.