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Welsh Government Housing Regulation

Regulatory Judgement

Cartrefi Conwy – L148

December 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.

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Profile

The Group consist of Cartrefi Conwy Cyfyngedig (“Cartrefi Conwy” or “the Group”), a Registered Social Landlord registered under the Co-operative and Community Benefit Societies Act 2014 and has charitable rules, and Creating Enterprises C.I.C, a wholly owned subsidiary which was established in 2015 and operates as a social enterprise. Cartrefi Conwy was created following a large scale voluntary transfer from Conwy County Borough Council in September 2008.

The majority of the Group’s activity arises from around 2,858 general needs homes and over 988 supported housing places. They also provide leasehold homes.

Cartrefi Conwy brought 50 homes into management in 2016/17 and is committed to building 33 new homes by 2017/18.

For the year ending 31 March 2017, the Group’s turnover was £21.3m (2016: £19.9m), its surplus for the year was £1.7m (2016: deficit £0.4m) and it employed 202 staff (2016: 186).

Key Financial Data

	Historical Data		Covenant Limit	Sector Average
	2015/16	2016/17		2015/16
Performance				
Operating surplus as % of turnover	3.7%	12.0%	n/a	19.1%
Surplus/(deficit) for the year as % of turnover	(2.0)%	8.1%	n/a	8.7%
Loss from empty properties and uncollected rent as % of rental income	1.9%	2.1%	n/a	1.6%
Funding				
Fixed borrowing as a % of total	82%	82%	n/a	74%
Group borrowings £ million	28.5	28.5	40.5	n/a
The Group has sufficient secured loan facilities in place in order to fund its forecasted spending on property maintenance and improvements, and it has sufficient income generating ability to service and repay such borrowings.				

Regulatory Judgement – Co-Regulation Status

Co-Regulation Status – December 2017

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.