



Llywodraeth Cymru
Welsh Government

www.gov.wales

Welsh Government Housing Regulation

Regulatory Judgement

Cartrefi Conwy – L148

December 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.

<https://gov.wales/topics/housing-and-regeneration/publications/regframeworkhousingassoc/?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
Welsh Government
Sarn Mynach
Llandudno Junction
LL31 9RZ
e-mail: housingregulation@gov.wales

Profile

The Group consists 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 operates as a social enterprise.

Cartrefi Conwy was created following a large scale voluntary transfer from Conwy County Borough Council in September 2008. As it has matured, the Group has expanded outside of Conwy County, and now also has developments in Gwynedd and Denbighshire.

During the year 2018/19 Calon Homes LLP was established as a Joint Venture between Creating Enterprise C.I.C. and Brenig Developments Limited, with each having 50% membership of the LLP. The purpose of this Joint Venture is to generate opportunities for commercial and market sale development with the intention of delivering additional income back to the Group.

The majority of the Group’s activity arises from around 2,850 general needs homes and over 988 supported housing places. They also provide leasehold homes. Cartrefi Conwy managed 113 homes for Conwy County Borough Council and other private landlords in 2017/18 and had 72 properties in development at the end March 2018

Cartrefi Conwy brought 50 homes into management in 2016/17 and is committed to building 68 new homes by 2018/19.

For the year ending 31 March 2018, the Group’s turnover was £22.1m (2017: £21.3), its surplus for the year was £3.3m (2017: £1.7m) and it employed 208 staff (2017: 202).

Key Financial Data

	Historical Data		Covenant Limit	Sector Average
	2016/17	2017/18		2016/17
Performance				
Operating surplus as % of turnover	12.0%	10.7%	n/a	21.3%
Surplus/(deficit) for the year as % of turnover	8.1%	15.4%	n/a	6.5%
Loss from empty properties and uncollected rent as % of rental income	2.1%	2.4%	n/a	2.0%
Funding				
Fixed borrowing as a % of total	82%	100%	n/a	74%
Gearing (historical costs)	n/a	37%	70%	n/a
Interest cover	n/a	131%	110%	172%
Current cash balances and undrawn facilities are sufficient for the Group to meet its commitments over the next 15 months and complete its committed development program. Loan funding was restructured in 2017/18 to include interest cover and gearing covenants and allow borrowing from more than one funder.				

Regulatory Judgement – Co-Regulation Status

Co-Regulation Status – December 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.