



Llywodraeth Cymru
Welsh Government

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Welsh Government Housing Regulation

Regulatory Judgement

Hendre – L132

June 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

Hendre (or “the Group”) was formed in 2002 and can trace its history to the establishment of Hafod Housing Association in 1968. The Group operates in 10 local authority areas in South Wales, manages 6,000 properties and provides services to 20,000 individuals and families.

Hendre Limited is the parent of the Group and exercises control over all subsidiaries. It is a Registered Social Landlord and registered under the Cooperative and Community Benefit Societies Act 2014. All other Group members, with the exception of Hafod Resources, operate under charitable rules.

The Group structure comprises:

- ❖ Hendre Limited – the parent organisation;
- ❖ Hafod Resources Limited which provides finance, human resources, development and other corporate services to Group members and a small number of external organisations;
- ❖ Hafod Housing Association, a Registered Social Landlord, which provides general needs housing and a range of home ownership initiatives;
- ❖ Yellow Wales, a registered charity and subsidiary of Hafod Housing Association, providing employment and training opportunities to young people;
- ❖ Hafod Care Association, a Registered Social Landlord, which provides specialist care housing and support, including residential and nursing care, domiciliary care and housing with support; and
- ❖ Foundation Housing Tai Sylfaen, a non Registered Social Landlord, which is currently dormant. Its services for homeless people and supported housing have been transferred to Hafod Housing Association and Hafod Care Association.

The Group has an equity stake in the Welsh Housing Partnership which is a joint venture with three other housing associations.

Key Financial Data				
	Historical Data		Covenant Limit	Sector Average
	2014/15 Restated	2015/16		2014/15
Performance				
Operating surplus as % of turnover	16.2%	17.7%	n/a	19.1%
Surplus/(deficit) for the year as % of turnover	8.4%	9.7%	n/a	8.7%
Loss from empty properties and uncollected rent as % of rental income	1.9%	2.2%	n/a	1.6%
Funding				
Fixed borrowing as a % of total	100%	100%	n/a	74%
Gearing	49%/46%	45%/45%	60%/65%	69%
Interest cover	161%/920%	162%/420%	110%/120%	153%
Current cash balances and undrawn facilities are sufficient for the Group to complete its committed development programme. Covenants are calculated at subsidiary level with the figures being shown for Hafod Housing and Hafod Care respectively. Figures for loss from empty properties and uncollected rent are based on Hafod Housing only, being more comparable to the sector average.				

Regulatory Judgement – Co-Regulation Status

Co-Regulation Status – June 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.