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Welsh Government Housing Regulation

Regulatory Judgement

Merthyr Valleys Homes – L150

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

Merthyr Valleys Homes (“MVH” or “the Association”) is a Registered Social Landlord which was established in 2009 as a result of the transfer of housing stock from Merthyr Tydfil County Borough Council.

It is a Mutual Housing Association and is registered under the Co-operative and Community Benefit Societies Act 2014.

The Association owns and manages 4,160 homes, including 206 units of sheltered accommodation, 283 leasehold properties, 40 commercial units and 628 garages. It operates in the Merthyr Tydfil Local Authority area.

For the year ending 31 March 2017, the Association’s turnover was £18.437m (increase of £0.756m). Its operating surplus was £3.229m (increase of £0.953m) and at 31 March 2017 it employed 191 staff.

Key Financial Data

	Historical Data		Covenant Limit	Sector Average
	2015/16	2016/17		2015/16
Performance				
Operating surplus as % of turnover	12.9%	17.5%	n/a	19.1%
Surplus for the year as % of turnover	15.1%	10.7%	n/a	8.7%
Loss from empty properties and uncollected rent as % of rental income	2.9%	1.6%	n/a	1.6%
Funding				
Fixed borrowing as a % of total	83%	83%	n/a	74%
Association Borrowings £ million	24.5	24.5	40.0	n/a
The Association has adequate 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.