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Welsh Government

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# Welsh Government Housing Regulation

Regulatory Judgement

North Wales Housing – L033

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 consists of North Wales Housing Association Limited (“North Wales Housing” or “the Group”), the parent company, with subsidiary member Domus Cambria Limited.

North Wales Housing is a Registered Social Landlord. It is registered under the Co-operative and Community Benefit Societies Act 2014, with charitable rules.

Domus Cambria Limited is a company limited by shares that provides residential property development services to the parent company. Its future direction is currently under review.

The Group provides homes and delivers services to over 2,671 (March 2017) households across North Wales. The Group is active in the Conwy, Denbighshire, Gwynedd, Anglesey and Wrexham local authority areas.

North Wales Housing has built 54 new homes in 2016/17, and is committed to building 14 new homes during 2017/18.

For the year ending 31 March 2017, the Group’s turnover was £15.9m (2016: £16.9m), its retained surplus was £1.4m (2016: £0.6m) and it employed 171 staff (2016: 181).

## Key Financial Data

	Historical Data		Covenant Limit	Sector Average
	2015/16	2016/17		2015/16
<b>Performance</b>				
Operating surplus as % of turnover	19.5%	27.0%	n/a	19.1%
Surplus/(deficit) for the year as % of turnover	3.6%	9.1%	n/a	8.7%
Loss from empty properties and uncollected rent as % of rental income	1.7%	1.1%	n/a	1.6%
<b>Funding</b>				
Fixed borrowing as a % of total	64%	64%	n/a	74%
Gearing	55%	56%	60%	68%
Interest Cover	135%	163%	110%	153%
Current cash balances and undrawn facilities are sufficient for the Group to complete its committed development programme.				

## Regulatory Judgement – Co-Regulation Status

### Co-Regulation Status – December 2017

#### Governance and Service Delivery - Increased

- A risk, or combination of risks, are presenting a significant challenge to the RSL and increased regulatory oversight is required.

#### Financial Viability - Standard

- Meets viability requirements and has the financial capacity to deal with scenarios appropriately.

Increased regulatory oversight is required to meet the following performance standards:

#### **PS2 Effective and appropriate tenant involvement and high quality and improving landlord services**

- Demonstrates how tenants are effectively involved in strategic decision making and shaping services in ways appropriate for tenants and the organisation.
- Demonstrates how the Board assures itself of current service performance, including tenant satisfaction, and drives continuous improvement.

#### **PS3 Comprehensive assessment of the business impacts of current and emerging risks, including new business and development opportunities, with robust risk management arrangements**

- Assessment of capacity to take on new business and development opportunities is robust.
- Before taking on any new liabilities, ensures obligations are fully understood and demonstrates consideration of how the likely impact on current and future business and regulatory compliance will be managed.

#### **PS6 Delivering value for money in all areas of the business**

- Demonstrates a strategic approach to and delivery of value for money across the business.