



Llywodraeth Cymru
Welsh Government

www.gov.wales

Welsh Government Housing Regulation

Regulatory Judgement

Polish Housing Society – J068

April 2019

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.

Housing Regulation Team
Welsh Government
Sarn Mynarch
Llandudno Junction
LL31 9RZ

e-mail: housingregulation@gov.wales

Profile

The Polish Housing Society Limited (“the Society”) is a Registered Social Landlord. It is registered under the Co-operative and Community Benefit Societies Act 2014, with charitable rules.

The Society owns and manages 93 extra care flats, together with a residential care and nursing facility. The Regulator for the care and nursing activities is Care Inspectorate Wales, who publish their own inspection reports.

Key Financial Data

	Historical Data		Covenant Limit	Sector Average
	2016/17	2017/18		2016/17
Performance				
Operating surplus as % of turnover	7.1%	(7.4%)	n/a	21.3%
Surplus/(deficit) for the year as % of turnover	7.0%	(7.5%)	n/a	6.5%
Funding				
Fixed borrowing as a % of total	100%	100%	n/a	74%
Association borrowings £ million	0.2	0.1	n/a	n/a

Regulatory Judgement – Co-Regulation Status

Co-Regulation Status – April 2019

Governance and Services – Intervention

- A significant risk (single or combined) has not been effectively managed and regulatory intervention is required to effect necessary change.

Financial Viability – Intervention

- Does not meet viability requirements and regulatory intervention is required to improve its financial capacity.

Regulatory intervention is required to ensure the Society addresses the regulatory concerns. This includes continuing to progress the Board's decision to secure a business model which protects residents and service users.

There are concerns around the Polish Housing Society's compliance with the following performance standards:

PS 1.0 Effective Board and executive management with a clear and ambitious vision for the Association

- Governance arrangements establish and maintain clear roles, responsibilities and accountabilities for the Board, Chair and Chief Executive and ensure appropriate probity arrangements are in place.
- Complies with governing documents including adopting and complying with an appropriate code of governance.

PS 3.0 Comprehensive assessment of the business impacts of current and emerging risks, including new business and development opportunities, with robust risk management arrangements

- Safeguards taxpayers interest and the reputation of the sector and protects social housing assets.
- Carries out robust stress testing of financial plans against a range of scenarios, identifying appropriate mitigation strategies.

PS 5.0 A track record of achieving positive outcomes, responding appropriately to new challenges and performance issues

- Demonstrates how the Board assures itself of current performance and drives continuous improvement.
- Demonstrates how lettings make best use of available housing, compatible with the core purpose of the Association.

PS 8.0 A financial plan which delivers and supports the Business Plan and effective monitoring of financial performance

- Ensures that the organisation is financially sound.
- Effective systems and controls are in place to monitor and accurately report delivery of the Association's plans.

PS 9.0 Effective management of treasury operations ensuring sufficient liquidity at all time

- Ensures sufficient funding is available to deliver the Business Plan.
- Ensures financial forecasts are based on appropriate and reasonable assumptions.

PS10 A clear understanding of liabilities and asset performance

- Data on the financial and social performance of assets and is used to inform investment decisions.
- Ensures data on the condition of their assets is up to date and is able to demonstrate the consideration of the short and long term costs of maintenance, repair and renewal.