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Welsh Government Housing Regulation

Regulatory Judgement

First Choice Housing Association – J094

November 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.

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Profile

First Choice Housing Association (“First Choice” or “the Association”) was established in 1988 and is a specialist Association providing supported housing for vulnerable people throughout Wales and Shropshire. The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and has charitable rules.

First Choice owns and leases around 314 properties, providing 838 bed spaces. The Association currently manages properties in 18 out of 22 Welsh local authorities.

First Choice delivered 43 homes, providing 68 bed spaces during 2018/19. It plans to build 203 properties providing 469 new bed spaces by 2024.

For the year ending 31 March 2019, the Association’s turnover was £6.5m, its surplus was £1.6M and it employed 28 staff.

Key Financial Data

	Historical Data		Covenant Limit	Sector Average
	2017/18	2018/19		2017/18
Performance				
Operating surplus as % of turnover	44.2%	36.0%	n/a	20.1%
Surplus for the year as % of turnover	36.8%	30.2%	n/a	8.1%
Loss from empty properties and uncollected rent as % of rental income	0.3%	0.5%	n/a	2.1%
Funding				
Fixed borrowing as a % of total	42%	46%	n/a	75%
Gearing (net worth)	44%	44%	70%	61%
Interest cover	577%	480%	110%	165%
Conclusion of security work on an agreed new facility will mean that current cash balances and undrawn facilities are sufficient for the Association to complete its committed development programme for the next 18 months.				

Regulatory Judgement – Co-Regulation Status

Co-Regulation Status – November 2019

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.