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Welsh Government Housing Regulation

Regulatory Judgement

Adra (Tai) Cyfyngedig – L152

December 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.

<https://gov.wales/housing-associations-registered-wales-regulatory-framework>

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
Housing Policy
Welsh Government
Merthyr Tydfil Office
Rhydycar
CF48 1UZ
e-mail: housingregulation@gov.wales

Profile

Adra (Tai) Cyfyngedig (“Adra” or “the Association”) is registered, with charitable rules, under the Co-operative and Community Benefit Societies Act 2014.

The Association was created under the name of Cartrefi Cymunedol Gwynedd Cyf following a large scale voluntary transfer of homes from Gwynedd Council in April 2010. In October 2019 it changed its registered name to Adra (Tai) Cyfyngedig. Adra has one subsidiary, Medra, which is a limited company registered with Companies House. It is currently dormant, and intends to commence trading during December 2019. As the Association has matured, it has expanded outside of Gwynedd, with developments in Conwy, Denbighshire, Flintshire and Wrexham.

Adra owns and manages over 6,375 properties, consisting of around 5,995 general needs homes, 66 leasehold homes and 314 supported housing places.

Adra brought 44 homes into management in 2018/19 and plans to complete a further 749 units by 2025.

The Association refinanced its loan facilities in mid-December 2019. This also involved securing additional facilities which will allow the Association to continue with its development programme into the medium to long-term.

For the year ending 31 March 2019, the Associations’ turnover was £34.7m (2018: £32.6m), its surplus for the year was £6.8m (2018: £6.6m) and it employed 289 staff (2018: 251).

Key Financial Data

	Historical Data		Covenant Limit	Sector Average
	2017/18	2018/19		2017/18
Performance				
Operating surplus as % of turnover	31.6%	30.7%	n/a	20.1%
Surplus/(deficit) for the year as % of turnover	20.2%	19.7%	n/a	8.1%
Loss from empty properties and uncollected rent as % of rental income	2.1%	2.2%	n/a	2.1%
Funding				
Fixed borrowing as a % of total	80%	71%	n/a	75%
Association borrowing £million	69.0	68.7	82.0	n/a
Current cash balances and undrawn facilities are sufficient for the Association to complete its committed development programme.				

Regulatory Judgement – Co-Regulation Status

Co-Regulation Status – December 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.