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Welsh Government

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Welsh Government Housing Regulation

Regulatory Judgement

Linc Cymru Housing Association – L109

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.

<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

Linc-Cymru Housing Association Limited (“Linc” or “the Association”) is a traditional housing association operating across ten local authority areas in South Wales and is registered under the Cooperative and Community Benefit Societies Act 2014, with charitable rules.

Linc owns and manages 4,590 homes; 210 of which are for people with nursing home support needs. The Association provides homes for rent, both at social, intermediate and market rent levels and also operates shared ownership and 7 retail premises. Linc has a range of housing for people with support needs, such as sheltered, supported and extra care accommodation, as well as registered nursing homes.

Linc operates nine extra care schemes across Cardiff, Newport, Blaenau-Gwent and Bridgend, with two further schemes on site with Rhondda Cynon Taf Council in Aberdare and Pontypridd. A further 295 homes are due to come into management between March 2020 – March 2021.

During 2019 Linc became the preferred merger partner for Baneswell Housing Association. The transfer of engagements from Baneswell to Linc has been registered by the FCA and Linc will become the landlord of Baneswell homes on the 13th January 2020

Key Financial Data

	Historical Data		Covenant Limit	Sector Average
	2017/18	2018/19		
Performance				
Operating surplus as % of turnover	17.7%	16.8%	n/a	20.1%
Surplus for the year as % of turnover	5.7%	7.6%	n/a	8.1%
Loss from empty properties and uncollected rent as % of rental income	1.5%	2.0%	n/a	2.1%
Funding				
Fixed borrowing as a % of total*	43%	59%	n/a	75%
Gearing*	37%	38%	70%	44%
Interest cover	158%	155%	110%	165%
Current cash balances and undrawn facilities are sufficient for the Association to complete its committed development programme.				
*By 30 th November 2019, fixed borrowing as a % of total increased to 68%. The gearing based on net historic cost of completed properties at this date was 44%.				

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.