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Welsh Government

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# Welsh Government Housing Regulation

Regulatory Judgement

Monmouthshire Housing Association – L144

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](mailto:housingregulation@gov.wales)

## Profile

Monmouthshire Housing Association Limited (“MHA” or “the Group”) is a social landlord created following a large scale voluntary transfer of homes from Monmouthshire County Council in January 2008. It is registered under the Co-operative and Community Benefit Societies Act 2014 with charitable rules.

MHA owns and manages over 3,747 (including MHA intermediates managed by Capsel) general needs homes and provides management to over 244 leaseholders, throughout Monmouthshire County Borough.

MHA has one trading subsidiary - Capsel. It provides home, property and maintenance services to people, organisations and businesses across South Wales.

MHA completed its 5 year WHQS programme in 2012/13 with the exception of:

- tenants that had chosen to opt out of the WHQS work or consistently failed to provide access to enable the work to take place. Much of this work has subsequently been completed.
- the environmental improvement work, which was programmed for later years. This work is now well advanced.

MHA plans to build 100 new homes per annum until 2022, increasing to 150 new homes per annum by 2024. It will complete 104 new homes in the financial year 2019/20 and has entered into agreements to deliver 152 new homes in 2020/21.

For the year ending 31 March 2019, the Group’s turnover was £20.4 (2018: £20.9m), its surplus for the year was £2.4m (2018: £3.4m) and it employed 234 staff (2018: 243).

## Key Financial Data

	Historical Data		Covenant Limit	Sector Average
	2017/18	2018/19		
<b>Performance</b>				
Operating surplus as % of turnover	20.7%	18.0%	n/a	20.1%
Surplus/ (Loss) for the year as % of turnover	16.5%	12.0%	n/a	8.1%
Loss from empty properties and uncollected rent as % of rental income	1.2%	1.5%	n/a	2.1%
<b>Funding</b>				
Fixed borrowing as a % of total	62%	54%	n/a	75%
Group borrowings £ million	27.9	32.4	45.0	n/a

The Group has sufficient secured loan facilities in place in order to fund its forecast spend on property maintenance and improvements, and it has sufficient income generating ability to service and repay such borrowings.

## 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.