

# Regulatory Judgement

March 2023

Grŵp Cynefin – L029

## Judgement

Governance and Tenant Services		
Non-Compliant	<b>Amber</b>	The Association partially meets the regulatory standards and is unlikely to be able to achieve the required improvements without regulatory intervention.
Financial Viability		
Compliant	<b>Yellow</b>	The Association partially meets the regulatory standards and has the potential to be able to achieve the required improvements with increased regulatory oversight.

### Governance and Tenant Services

Grŵp Cynefin has self-reported significant risks and concerns in relation to tenant services and governance, specifically in relation to assurance on compliance including statutory safety and the Welsh Housing Quality Standard.

Regulatory intervention is required to ensure Grŵp Cynefin addresses the identified concerns with the regulatory standards listed below. The improvements required are also listed. The Regulator is working closely with the Association to develop/agree an improvement plan which will include independent reviews of its leadership and governance at Executive and Board level, as well as immediate improvements to statutory compliance.

The Association will be expected to provide a formal indication of its commitment to the agreed improvement plan and its implementation.

### Financial Viability

The Association meets the financial viability tests. However, increased regulatory oversight will be required as the financial implications of the improvement programme are assessed.

**Note** – This is an exceptions report. Where there are regulatory concerns, the regulatory standard along with the improvements required will be listed. If no regulatory standards are listed, there are no significant regulatory concerns at this time.

	<b>Regulatory Standard</b>
<b>RS1</b>	<p><b>The organisation has effective strategic leadership and governance arrangements which enable it to achieve its purpose and objectives</b></p> <p>The social landlord:</p> <ul style="list-style-type: none"> <li>• Complies with its own governing documents and meets the requirements of an appropriate Code of Governance.</li> <li>• Makes logical decisions based on clear, good quality information which includes assessment of risk and, where appropriate, the views of tenants.</li> <li>• Complies with all relevant legislation, regulatory requirements and statutory guidance and communicates in a timely manner with the Regulator, including on material issues that relate to actual or potential non-compliance.</li> </ul>
<b>RS2</b>	<p><b>Robust risk management and assurance arrangements are in place</b></p> <p>The social landlord:</p> <ul style="list-style-type: none"> <li>• Has an effective framework for risk management, internal controls and assurance that enables it to successfully identify and manage existing and emerging risks which threaten delivery of its strategy or compliance with legislative or regulatory requirements.</li> <li>• Does not put social housing assets or tenants at undue risk.</li> </ul>
<b>RS3</b>	<p><b>High quality services are delivered to tenants</b></p> <p>The social landlord:</p> <ul style="list-style-type: none"> <li>• Keeps tenants safe in their homes and promptly identifies and corrects any under-performance or non-compliance on landlord health and safety matters.</li> </ul>
<b>RS4</b>	<p><b>Tenants are empowered and supported to influence the design and delivery of services</b></p> <p>The social landlord:</p> <ul style="list-style-type: none"> <li>• Can demonstrate diverse tenant views and expectations inform the development and review of housing and related services, and the response to any under-performance.</li> </ul>
<b>RS8</b>	<p><b>Assets and liabilities are well managed</b></p> <p>The social landlord:</p> <ul style="list-style-type: none"> <li>• Has an accurate and up to date understanding of its assets and liabilities.</li> <li>• Uses accurate information about assets and liabilities to inform strategic and financial decisions.</li> </ul>

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<b>RS9</b>	<p><b>The organisation provides high quality accommodation</b></p> <p>The social landlord:</p> <ul style="list-style-type: none"> <li>• Ensures publicly funded homes meet all applicable standards, rules and statutory guidance issued in connection with quality of accommodation, including the current Welsh Housing Quality Standard.</li> </ul>
<p><b>Improvements Required</b></p> <p>The Board and Executive must:</p> <ul style="list-style-type: none"> <li>• Ensure it has the range of skills and experience and operates with appropriate culture and behaviours to make effective decisions to deliver the core purpose and values of the business.</li> <li>• Evidence full compliance with all governing documents and adopted Code of Governance.</li> <li>• Ensure Board decisions are based on fully up to date, accurate and comprehensive information, with consideration of options/recommendations and access to expert advice if required.</li> <li>• Comply fully with the Regulatory Framework which requires RSLs to be co – regulatory, transparent about risks, issues and challenges identified and the plan to address these. The RSL must raise relevant matters with the Regulator promptly.</li> <li>• Establish a risk management and Board assurance framework which is effective and can be relied on to provide the Board with the level of assurance it needs across the business. This must include, but is not limited to, compliance across the business, that assets and tenants are not at undue risk and that under-performance in relation to tenant safety can be urgently corrected.</li> <li>• Evidence how diverse tenant views are taken into account when developing and reviewing services, including recognising and responding to under-performance.</li> <li>• Evidence that up to date information about assets and liabilities is informing relevant strategic and related financial decisions, review evidence to provide accurate assurance that all homes meet the current Welsh Housing Quality Standard and that HHSRS hazards are being dealt with effectively.</li> </ul>	

As well as routine oversight, the Regulator will require additional regulatory assurance on the following:

**RS1**

- Has a diverse Board, reflecting the communities the RSL works in and with, and has the skills and knowledge required to be effective.

**RS3**

- Delivers services which meet the diverse needs of tenants.
- Makes landlord performance information available to tenants.

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**RS4**

- Enables tenants to understand the organisation’s approach to tenant involvement, how they can get involved and how the organisation will listen to and act on tenants’ feedback and learns from complaints.
- Provides opportunities for tenants to be involved, can demonstrate that tenants are satisfied with them and can demonstrate the difference involvement is making.

**RS7**

- Sets financial plans which enable it to deliver its strategy and achieve its social purpose, and there is appropriate reporting to the Board against these plans.
- Is financially viable in the short, medium and longer-term, and maintains sufficient funding and liquidity to support this.

**Grŵp Cynefin: Profile**

<b>Number of Units</b>	<b>4,139</b>
<b>Annual Group Turnover</b>	<b>£30.8m</b>
<b>Gearing Ratio</b>	<b>35%</b>
<b>Interest Cover</b>	<b>144%</b>
<b>Type of RSL</b>	<b>Traditional</b>
<b>Geography</b>	<b>North Wales</b>

*The numbers in the table are as at 31 March 2022, the date of the most recently published financial statements.*

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