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Welsh Government Housing Regulation

Regulatory Judgement

Grŵp Cynefin – L029

October 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.

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Profile

Grŵp Cynefin (“the Group”) provides 4,738 homes across seven local authority areas. The Group has three subsidiary companies: Canllaw (Eryri) Cyfyngedig, Cywaith Cyfyngedig and Gofal a Thrwsio Conwy a Sir Ddinbych.

The Group’s Registered Social Landlords are:

- Grŵp Cynefin, providing 3,250 general needs and 468 supported housing homes, (including 145 homes in four extra care schemes) as well as 1,020 intermediate market homes;
- Canllaw (Eryri) Cyfyngedig, providing care and repair services to older people in Anglesey and Gwynedd.

Grŵp Cynefin is registered under the Co-operative and Community Benefit Societies Act 2014 and has charitable rules. Canllaw is a registered charity limited by guarantee.

Cywaith Cyfyngedig is a company limited by guarantee, which develops community assets for a variety of social, economic or cultural purposes and facilitates local regeneration activity. It is currently inactive.

Gofal a Thrwsio Conwy a Sir Ddinbych is a company limited by guarantee. It is a registered charity providing care and repair services in Conwy and Denbighshire.

Grŵp Cynefin also has an equity stake in the Welsh Housing Partnership which is a joint venture with three other housing associations.

Key Financial Data

	Historical Data		Covenant Limit	Sector Average
	2017/18	2018/19		
Performance				
Operating surplus as % of turnover	18.8%	21.1%	n/a	20.1%
Surplus/(deficit) for the year as % of turnover	6.9%	7.0%	n/a	8.1%
Loss from empty properties and uncollected rent as % of rental income	2.2%	1.8%	n/a	2.1%
Funding				
Fixed borrowing as a % of total	48%	65%	n/a	75%
Gearing	51%	48%	60%	61%
Interest cover	117%	178%	*110%	165%
Current cash balances and undrawn facilities are sufficient for the Group to complete its committed development programme.				
* Interest cover was temporarily reduced to 90% until 2018.				

Regulatory Judgement – Co-Regulation Status

Co-Regulation Status – October 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.