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Welsh Government

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Welsh Government Housing Regulation

Regulatory Judgement

Wales & West Housing Association – L032

July 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/topics/housing-and-regeneration/publications/regframeworkhousingassoc/?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.

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

Profile

Wales & West Housing Association (“Wales & West Housing” or “the Group”) provides homes and services to more than 22,000 people. Working in 15 local authority areas, the Group has approximately 12,000 homes, owned or managed.

Wales & West Housing has over 660 staff and offices in Cardiff, Ewloe and Newcastle Emlyn. The Group was founded in 1965. It is registered in England and Wales with charitable rules and under the Co-operative and Community Benefit Societies Act 2014.

Wales & West Housing has four subsidiaries:

- Cambria Maintenance Services Limited, providing repairs, maintenance and improvements to all Wales & West Housing homes.
- Castell Ventures Limited – providing catering, cleaning and care and support services to Wales & West Housing service users and others.
- Enfys Developments Ltd, providing development agent services internally.
- Castell Homes Ltd, providing homes for sale.

Key Financial Data

	Historical Data		Covenant Limit	Sector Average
	2017	2018		
Performance				
Operating surplus as % of turnover	26.1%	25.3%	n/a	20.1%
Surplus/(deficit) for the year as % of turnover *	12.9%	(0.5%)	n/a	8.1%
Loss from empty properties and uncollected rent as % of rental income	2.3%	2.4%	n/a	2.1%
Funding				
Fixed borrowing as a % of total	64%	93%	n/a	75%
Gearing (historic cost)	32%	32%	50%	44%
Interest cover	185%	212%	95%	165%
Current cash balances and undrawn facilities are sufficient for the Group to complete its committed development programme.				
*2018 performance reflects exceptional items of £8.5m, comprising an increase in the pension provision following a triennial valuation (£4.4m), breakage costs from the repayment of housing loans (£3.5m) and impairment charges (£0.6m). Exceptional items in 2017 amounted to £0.6m.				

Regulatory Judgement – Co-Regulation Status

Co-Regulation Status – July 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.