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Welsh Government

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Welsh Government Housing Regulation

Regulatory Judgement

Bron Afon Community Housing – L147

March 2018

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

Bron Afon Community Housing Limited (“Bron Afon” or “the Group”) is a Registered Social Landlord, which was created following a large scale voluntary transfer of properties from Torfaen County Borough Council in March 2008. It is registered under the Co-operative and Community Benefit Societies Act 2014 with charitable rules.

It has three subsidiaries:

- Afon Community Services - a non-charitable limited company set up as a commercial subsidiary.
- Afon Community Trust - a registered charity and company limited by guarantee. It attracts and directs charitable funding to support those in distress, support employment and contribute to the regeneration of communities.
- Afon Energy, which is currently dormant.

The Group owns and manages 7,995 general needs homes throughout Torfaen County Borough. It provides management to 901 leasehold and 77 shared ownership homes.

85% of the Group’s properties currently meet the Welsh Housing Quality Standard and this will rise to 100% by 2020. It has a significant development programme planned, to provide 478 new homes by 2020.

For the year ending 31 March 2017, the Group’s turnover was £43.6m (2016: £41.7m), its surplus was £41k (2016: £1.5m) and it employed an average of 497 staff (2016: 507).

Key Financial Data

	Historical Data		Covenant Limit	Sector Average
	2015/16	2016/17		
Performance				
Operating surplus as % of turnover	9.9%	6.6%	n/a	19.1%
Surplus/(deficit) for the year as % of turnover	3.7%	0.1%	n/a	8.7%
Loss from empty properties and uncollected rent as % of rental income	1.6%	2.3%	n/a	1.6%
Funding				
Fixed borrowing as a % of total	81%	75%	n/a	72%
Group borrowings £million	73.9	80.0	135.0	n/a
The Group has sufficient secured loan facilities in place in order to fund its forecasted spending on development, 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 – March 2018

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.