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Welsh Government

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# Welsh Government Housing Regulation

Regulatory Judgement

Cardiff Community Housing Association – L035

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

Cardiff Community Housing Association Limited (“CCHA” or “the Association”) is a traditional community based Registered Social Landlord. It is registered under the Co-operative and Community Benefit Societies Act 2014 with charitable rules.

The majority of the Association’s activity arises from around 2,840 general needs homes. The Association operates in Cardiff with around 90 staff.

CCHA built 57 homes during 2016/17 and plans to complete 47 new homes by the end of 2017/18. For 2018/19 the Association is planning to build 113 new homes.

## Key Financial Data

	Historical Data		Covenant Limit	Sector Average
	2015/16	2016/17		
<b>Performance</b>				
Operating surplus as % of turnover	22.7%	26.8%	n/a	19.1%
Surplus/(deficit) for the year as % of turnover	9.0%	16.5%	n/a	8.7%
Loss from empty properties and uncollected rent as % of rental income	2.0%	2.1%	n/a	1.6%
<b>Funding</b>				
Fixed borrowing as a % of total	73%	73%	n/a	74%
Gearing	54%	50%	60%	68%
Interest cover	190%	208%	115%	153%
Current cash balances and undrawn facilities are sufficient for the Association to complete its committed development programme.				

## Regulatory Judgement – Co-Regulation Status

### Co-Regulation Status – March 2018

#### Governance and Services - Intervention

- A significant risk (single or combination) has not been effectively managed and regulatory intervention is required to effect necessary change.

#### Financial Viability - Standard

- Meets viability requirements and has the financial capacity to deal with scenarios appropriately.

CCHA has given the Welsh Ministers a voluntary undertaking in accordance with section 6A of the Housing Act 1996 in response to regulatory concerns regarding governance & service delivery performance including:

- Assurance on health and safety matters plus the repairs and maintenance services
- Governance and Board assurance arrangements
- Risk management
- Approach to co-regulation

Regulatory intervention has been and continues to be required to ensure the Association addresses identified regulatory concerns.

In order to comply with the voluntary undertaking, CCHA will be required to undertake a series of independent reviews agreed with the Regulator and implement the resulting recommendations and improvement actions to an agreed timetable.

There are concerns around CCHA's compliance with the following performance standards:

#### **PS 1.0 Effective Board and executive management with a clear and ambitious vision for the Association**

- Governance arrangements establish and maintain clear roles, responsibilities and accountabilities for the Board, Chair and Chief Executive and ensure appropriate probity arrangements are in place.

#### **PS 2.0 Effective and appropriate tenant involvement and high quality and improving landlord services**

- Demonstrates how tenants are effectively involved in strategic decision making and shaping services in ways appropriate for tenants and the organisation.
- Demonstrates how the Board assures itself of current service performance, including tenant satisfaction, and drives continuous improvement.
- Meets all applicable statutory requirements providing for the health and safety of the occupants in the home.

**PS 3.0 Comprehensive assessment of the business impacts of current and emerging risks, including new business and development opportunities, with robust risk management arrangements**

- Safeguards taxpayers' interests and the reputation of the sector and protects social housing assets.
- Before taking on any new liabilities, ensures obligations are fully understood and demonstrates consideration of how the likely impact on current and future business and regulatory compliance will be managed.

**PS 5.0 A track record of achieving positive outcomes, responding appropriately to new challenges and performance issues**

- Demonstrates how the Board assures itself of current performance and drives continuous improvement.

**PS 7.0 Compliance with regulatory and statutory requirements and guidance**

- Communicates in a timely manner with the regulator on material issues that relate to non-compliance.
- Adheres to all regulatory requirements.