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Welsh Government

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Welsh Government Housing Policy – Regulation

Regulatory Judgement

Coastal Housing Group – L146

December 2017

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

The Group comprises Coastal Housing Group Limited (“Coastal” or “the Group”), the parent company, and its subsidiary, Pennant Housing Association Limited (trading as Pennant Homes). Both are RSLs, with Coastal providing general needs homes and Pennant Homes developing new homes for sale.

Coastal was created following a merger of Swansea Housing Association and Dewi Sant Housing Association in 2008. Coastal is registered under the Co-operative and Community Benefit Societies Act 2014 and has charitable rules. Pennant Homes is a non charitable RSL.

The Group owns and manages over 5,500 homes, including 960 homes for older people (including two extra care schemes), 122 adapted homes and 360 homes via the Welsh Housing Partnership, and provides services to 166 leaseholders. It operates in four Local Authority areas in Wales - Swansea, Neath Port Talbot, Carmarthenshire and Bridgend.

Coastal applies a lean systems thinking approach to the delivery of its business and services. This approach gives prime importance to the issues and services that matter most to the service user, removing anything that does not add value to the service user and by learning from all service user contact to secure continuous improvement.

Key Financial Data

| | Historical Data | | Covenant Limit | Sector Average |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|----------------|----------------|
| | 2015/16 | 2016/17 | | 2015/16 |
| Performance | | | | |
| Operating surplus as % of turnover | 31.2% | 31.4% | n/a | 19.1% |
| Surplus for the year as % of turnover | 11.2% | 9.7% | n/a | 8.7% |
| Loss from empty properties and uncollected rent as % of rental income | 3.4% | 3.3% | n/a | 1.6% |
| | | | | |
| Funding | | | | |
| Fixed borrowing as a % of total debt | 89% | 67% | n/a | 74% |
| Gearing (net borrowings) | 58% | 61% | 70% | 68% |
| Interest cover | 176% | 142% | 120% | 153% |
| Current cash balances and undrawn facilities are sufficient for the Group to meet its commitments over the next 12 months. Gearing covenant has been renegotiated to 75%. | | | | |

Regulatory Judgement – Co-Regulation Status

Co-Regulation Status – December 2017

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.