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Welsh Government Housing Regulation

Regulatory Judgement

Cartrefi Conwy – L148

November 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.

Housing Regulation Team
Welsh Government
Sarn Mynach
Llandudno Junction
LL31 9RZ
e-mail: housingregulation@gov.wales

Profile

Cartrefi Conwy (“the Group”) was created following a large scale voluntary transfer from Conwy County Borough Council in 2008. As it has matured, the Group has expanded outside of Conwy County, with developments in Gwynedd and Denbighshire.

The Group consists of Cartrefi Conwy Cyfyngedig (“Cartrefi Conwy” or “the Group”), a Registered Social Landlord registered under the Co-operative and Community Benefit Societies Act 2014 and has charitable rules, and Creating Enterprises C.I.C, a wholly owned subsidiary which operates as a social enterprise. Calon Homes LLP was established as a Joint Venture between Creating Enterprise C.I.C. and Brenig Developments Limited, with each having 50% membership of the LLP. The purpose of this Joint Venture is to generate opportunities for commercial and market sale development with the intention of delivering additional income back to the Group.

The majority of the Group’s activity arises from 2,835 general needs homes, 986 supported housing places, 142 intermediate rental homes and 10 rent to own homes. They also provide leasehold homes. Cartrefi Conwy managed 103 homes for Conwy County Borough Council, fully managed 41 for other private landlords in 2018/19 and had 177 properties in development at the end March 2019.

Cartrefi Conwy brought 56 homes into management in 2018/19 and is committed to building 100 new homes by 2019/20.

Key Financial Data

	Historical Data		Covenant Limit	Sector Average
	2017/18	2018/19		2017/18
Performance				
Operating surplus as % of turnover	10.7%	17.6%	n/a	20.1%
Surplus/(deficit) for the year as % of turnover	15.4%	15.2%	n/a	8.1%
Loss from empty properties and uncollected rent as % of rental income	2.4%	2.1%	n/a	2.1%
Funding				
Fixed borrowing as a % of total	100%	100%	n/a	75%
Gearing	37%	48%	70%	44%
Interest cover	131%	252%	110%	165%
Current cash balances and undrawn facilities are sufficient for the Group to meet its commitments over the next 24 months and complete its committed development programme.				

Regulatory Judgement – Co-Regulation Status

Co-Regulation Status – November 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.