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Welsh Government Housing Policy – Regulation

Regulatory Opinion

Rhondda Housing Association Limited – L056

April 2016

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 Opinion under sections 33A and 35 of the Housing Act 1996.

The opinion is published in accordance with the Regulatory Framework for Registered Social Landlords in Wales 2011 and the related performance standards.

<http://gov.wales/topics/housing-and-regeneration/services-and-support/regulation/regulatory-framework/?lang=en>

In Wales, these standards are known as “Delivery Outcomes” and relate to governance, financial management and landlord services. The opinion is based upon the Association’s own evaluation of its effectiveness (<http://rhondda.org/wp-content/uploads/2015/09/2015-performance-evaluation.pdf>) performance together with regulatory intelligence gained through on-going, co-regulatory, relationship management between the Regulator and the Association.

Basis of Opinion

This opinion 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
- Financial Management
- Landlord Services

The opinion 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

Rhondda Housing Association Limited (“Rhondda” or “the Association”) is a Registered Social Landlord which was established in 1978. It is registered under the Co-operative and Community Benefit Societies Act 2014 with charitable rules.

The Association owns and manages around 1,660 homes, including 69 sheltered homes and 28 supported homes. It operates in the Rhondda, Cynon and Taff Ely areas of the Rhondda Cynon Taff local authority borough.

For the year ending 31 March 2015, the Association’s turnover was £6.8m (2014:£6.6m). Its retained surplus was £0.7m (2014: £0.7m) and it employed an average of 57 staff (2014: 58) on a full time equivalent basis.

Key Financial Data

	Historical Data		Covenant Limit	Sector Average
	2013/14	2014/15		2014/15
Performance				
Operating Surplus as % of Turnover	20.5%	22.1%	n/a	19.4%
Surplus transferred to Reserves as % of Turnover	11.1%	10.9%	n/a	9.0%
Loss from empty properties and uncollected rent as % of rental income	2.4%	3.2%	n/a	2.7%
Funding				
Fixed Borrowing as a % of Total	52%	62%	n/a	72%
Gearing	39%	35%	50%	58%
Interest Cover	222%	197%	120%	147%
Current cash balances and undrawn facilities are sufficient for the Association to complete its committed development program.				

Regulatory Opinion

Since Rhondda’s last published regulatory assessment (January 2013), it has sought to continuously improve. A review of governance and Board development has been undertaken and identified improvements have been actioned, to strengthen and enhance its governance. Rhondda has also improved its approach to performance management, to ensure better internal co-ordination and comprehensive, structured reporting to Board.

The Association has a healthy development programme, which has seen it make a significant contribution to the supply of high quality new homes.

Tenants indicate good levels of satisfaction with its services overall. Rhondda has plans to carry out a follow up tenant survey, to gain a higher response rate and therefore a more robust perspective on tenant satisfaction with its services.

Regulatory Assurance

The areas set out below have been identified as requiring further regulatory assurance that the Association is achieving the expected standards of performance (Delivery Outcomes). Assurance will be through ongoing regulatory engagement with the Association.

This is an exceptions report. Areas of performance not referred to specifically are considered to be appropriately managed at this time. This opinion may change as circumstances change. We intend to issue a revised regulatory opinion at least annually, but may also do so at any time to reflect any significant changes in the organisation's performance.

Governance and Financial Management

Areas requiring further regulatory assurance:

- **Further development of the self evaluation process, to ensure it supports corporate planning, is used as a live business tool and is centred around outcomes**
- **Effective continued implementation of the tenant involvement strategy action plan, to enable involvement of a wider body of tenants in having their say, influencing service review/provision and strategic decision making**
- **Formalisation of the existing strategic and comprehensive organisation-wide approach to value for money**
- **Widening of equalities monitoring, to cover all core services, tenant involvement and demonstration of the equalities impact of key strategies and policies**
- **Effective implementation of the asset management action plan, developed to ensure delivery of a planned and strategic approach to asset management**
- **Continued development of preparedness to respond to the challenges posed by the rolling out of Universal Credit and the capping of Housing Benefit to Local Housing Allowance rates for new tenants, to mitigate the risks posed to tenancy sustainability and rental income**

Financial Viability

Our judgement of the Association's financial viability remains unchanged from last year. As at April 2016, the judgement is

- **Pass**

The Association has adequate resources to meet its current and forecasted future business and financial commitments.

Areas requiring further regulatory assurance:

- **Continue the development of evidencing the mitigating strategies in response to the stress testing of the 30 year forecast**

Landlord Services

Areas requiring further regulatory assurance:

- **Implementation and analysis of a planned tenant survey, to gain additional perspective on tenant satisfaction with services, including satisfaction with the anti-social behaviour service and new build properties**
- **Continue to gather tenant profiling information and to increase its use further, to enhance service provision to meet tenants' individual needs**
- **Further development of service standards, agreed jointly with tenants, covering all services and monitored for their delivery, to promote accountability for the quality of services**
- **Implementation of tailored neighbourhood action plans, identified through detailed analysis of the issues in different areas and with various property types, to improve efficiencies and reduce stock turnover**