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Welsh Government

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Welsh Government Housing Regulation

Regulatory Judgement

Rhondda Housing Association – LO56

September 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

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 1,681 homes, including 269 properties for the over 55s and 40 supported homes. It operates in the Rhondda, Cynon and Taff Ely areas of the Rhondda Cynon Taff local authority.

For the year ending 31 March 2017, the Association’s turnover was £8.2 m (2016: £7.8m). Its surplus was £1.7m (2016: £0.4m) and it employed an average of 57 staff (2016: 56) on a full time equivalent basis.

Key Financial Data

	Historical Data		Covenant Limit	Sector Average
	2015/16	2016/17		2015/16
Performance				
Operating surplus as % of turnover	19.8%	21.1%	n/a	19.1%
Surplus for the year as % of turnover	5.4%	13.7%	n/a	8.7%
Loss from empty properties and uncollected rent as % of rental income	1.6%	1.9%	n/a	1.6%
Funding				
Fixed borrowing as a % of total	55%	67%	n/a	74%
Gearing	37%	48%	60%	68%
Interest cover	214%	170%	110%	153%
Current cash balances and undrawn facilities are sufficient for the Association to complete its current committed development programme. The surplus as % of turnover fell in 2015/16 by 5.6% following an increase in the accounting valuation of the pension deficit. Similarly the 2016/17 surplus has increased by 2.7% for the same reason.				

Regulatory Judgement – Co-Regulation Status

Co-Regulation Status – September 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.