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Welsh Government

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Welsh Government Housing Regulation

Regulatory Opinion

Mid Wales Housing – LO13

August 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://www.mid-walesha.co.uk/sites/default/files/downloads/Self%20Evaluation%20Report%20Q4%202015-16%20%28Eng%29.pdf> 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

The Group consists of Mid-Wales Housing Association Limited (Mid-Wales Housing), the parent, with a subsidiary company called Care and Repair in Powys Limited. Both are Registered Social Landlords who are registered under the Co-operative and Community Benefit Societies Act 2014 and have charitable rules.

The majority of the Group's activity arises from 1,300 general needs homes and 230 supported housing and sheltered accommodation places. The Group is active in Ceredigion and Powys local authority areas in Wales, and also Shropshire in England with general needs.

Mid-Wales Housing has built 53 new homes in 2014/15, and is committed to building 54 new homes during 2015/16.

For the year ending 31 March 2015, the Association's turnover was £7.3m (2014: £6.9m), its retained surplus was £0.5m (2014: £0.3m) and it employed 74 staff (2014: 75).

Key Financial Data

Mid Wales

	Historical Data		Covenant Limit	Sector Average
	2013/14	2014/15		
Performance				
Operating Surplus as % Turnover	29.7%	28.1%	n/a	19.4%
Surplus transferred to Reserves as % Turnover	6.1%	4.8%	n/a	9.0%
Loss from empty properties and uncollected rent as % Gross Rent Receivable	5.1%	4.8%	n/a	2.7%
Funding				
Fixed Borrowing as a % of Total	75%	75%	n/a	72%
Gearing	61%	57%	65%	58%
Interest Cover	131%	133%	115%	147%
Current cash balances and undrawn facilities are sufficient for the Associations needs				

Regulatory Opinion

Mid Wales Housing is financially viable and has adequate resources to meet its current and forecasted future business and financial commitments. Our viability judgement remains unchanged since February 2016 – a Pass.

Since the regulatory assessment in March 2012, Mid Wales Housing has considerably strengthened the Board's governance arrangements. The current Board of Mid Wales Housing is strong and robust with an appropriate range of skills and expertise. The Association's Self Evaluation is, robust and can be relied upon as the primary tool to monitor the health and performance of Mid Wales Housing.

The Association can demonstrate high levels of tenant satisfaction with landlord 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, Financial Management & Landlord Services

Areas requiring further regulatory assurance:

- **The Association complies with its new Standing Orders and the regulator is notified of any significant event in a timely fashion.**
- **An appropriate succession plan for Board Members and the Executive team is in place**
- **Board Members receive appropriate fiduciary training so all are able to fulfil their roles effectively and all can fully participate in Board activity**
- **The Association has in place effective measures to manage major or specialist development schemes which allow Board members to properly consider the appropriateness, risk and accumulative financial viability of each scheme and which promotes the consideration of a suitable risk mitigation process in these instances.**