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Welsh Government Housing Regulation

Regulatory Opinion

Cadwyn Housing Association Limited – L019

December 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.cadwyn.co.uk/wp-content/uploads/2016/10/Our-Self-Evaluation-WEB-Update.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

Cadwyn Housing Association Limited (“Cadwyn” or “the Association”) is a traditional; community based housing association and is registered under the Cooperative and Community Benefit Societies Act 2014 with charitable rules.

Cadwyn owns 1,376 homes and manages a further 571 homes, principally within the city of Cardiff. 76 of these homes are units of hostel accommodation for vulnerable single people and families.

‘CanDo Lettings’, a social letting agency set up by the Association in 2006, assists families and single applicants threatened with homelessness to access affordable private rented housing. The agency lets and manages properties on behalf of private landlords and provides property management solutions for tenants. The ‘Calon’ scheme, also within Cadwyn, provides temporary accommodation for homeless people where properties leased from private landlords are managed and let by the Association.

Cadwyn has diversified into supporting the employability of its tenants and others in the local community through the ‘Realise your Potential’ scheme. The Association additionally provides refurbished furniture and goods for vulnerable people and those on low incomes, through the Big Lottery funded ‘Nu Life Furniture’ project.

For the year ending 31 March 2016, the Association’s turnover was £12.0m (2015: £11.4m), its surplus was £0.6m (2015:£0.8m) and it employed 119 staff (2015:115).

Key Financial Data

	Historical Data		Covenant Limit	Sector Average
	2014/15 Restated	2015/16		2014/15
Performance				
Operating Surplus as % of Turnover	19.1%	23.2%	n/a	19.4%
Surplus transferred to Reserves as % of Turnover	7.0%	5.2%	n/a	9.0%
Loss from empty properties and uncollected rent as % of Rental Income	2.9%	2.9%	n/a	2.7%
Funding				
Fixed Borrowing as a % of Total	95%	89%	n/a	72%
Gearing	51%	51%	65%	58%
Interest Cover	147%	158%	110%	147%
Current cash balances and undrawn facilities are sufficient for the Association to complete its committed development program.				

Regulatory Opinion

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

- **Pass**

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

Cadwyn is a well governed organisation which uses a 'Results Based Accountability' system for measuring performance, evaluating results and evidencing outcomes. Community Housing Cymru's Code of Governance has been fully adopted, with regular appraisal by the Board and Directors, as well as evaluation of ongoing compliance.

The Association supports continuous improvement and focusses on outcomes for all tenants and the whole organisation through a robust business planning approach. This approach is complimented by positive and demonstrable resident engagement and a comprehensive self evaluation of the business. Improvement is also augmented by learning lessons from complaints and aligning staff objectives to business objectives.

Comprehensive risk management is embedded throughout the organisation to further support the clear mission Cadwyn has of providing good quality homes and building communities through partnership and innovation.

Governance structures provide robust challenge and control arrangements to achieve positive outcomes, whilst providing suitable assurances. The Association makes a valuable contribution to the wider community objectives, through their diversified services and excellent community engagement that demonstrates a mature, innovative and well developed collaborative approach in supporting their tenants and those in the wider community. Cadwyn is held in high regard by its stakeholders through its collaborative and partnership approaches.

Cadwyn achieved the Welsh Housing Quality Standard for its housing in 2014 and currently has high levels of tenant satisfaction. The Association has plans to develop a minimum of 88 homes and to be managing a further 102 homes in the next two years. Cadwyn utilises innovative approaches to development and has been proactive in exploring cooperative approaches to the management of new developments to further empower tenants.

The Association has a strategic approach to achieving and demonstrating value for money, employing its Results Based Accountability framework to evidence value to tenants and value within the organisation. Cadwyn is continuing to look to develop these mechanisms to show a clearer picture of value both to tenants and wider stakeholders.

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 secured 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.

Areas requiring further regulatory assurance:

- **Board involvement in stress testing the financial Business Plan, and planning mitigating actions should they be required**