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Welsh Government

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# Welsh Government Housing Regulation

Regulatory Judgement

Bron Afon Community Housing – L147

March 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.

<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

Bron Afon Community Housing Limited (“Bron Afon” or “the Group”) is a Registered Social Landlord, which was created following a large scale voluntary transfer of properties from Torfaen County Borough Council in March 2008. It is registered under the Co-operative and Community Benefit Societies Act 2014 with charitable rules.

It has three subsidiaries:

- Afon Community Services - a non-charitable limited company set up as a commercial subsidiary.
- Afon Community Trust - a registered charity and company limited by guarantee.
- Afon Energy, which is currently dormant.

The Group owns and manages 7,989 general needs homes throughout Torfaen County Borough. It provides management to 906 leasehold and 73 shared ownership homes.

85% of the Group’s properties currently meet the Welsh Housing Quality Standard and this will rise to 100% by 2020. It has a significant development programme planned, to provide 450 new homes over 5 years.

For the year ending 31 March 2018, the Group’s turnover was £45.2m (2017: £43.6m), its surplus was £960k (2017: £41k) and it employed an average of 474 staff (2017: 497).

## Key Financial Data

	Historical Data		Covenant Limit	Sector Average
	2016/17	2017/18		2016/17
<b>Performance</b>				
Operating surplus as % of turnover	6.6%	9.5%	n/a	21.3%
Surplus for the year as % of turnover	0.1%	2.1%	n/a	6.5%
Loss from empty properties and uncollected rent as % of rental income	2.3%	2.7%	n/a	2.0%
<b>Funding</b>				
Fixed borrowing as a % of total	75%	74%	n/a	74%
Group borrowings £ million	80.0	81.5	110.5	n/a
The Group has sufficient secured loan facilities in place in order to fund its forecasted spending on development, property maintenance and improvements, and it has sufficient income generating ability to service and repay such borrowings.				

## Regulatory Judgement – Co-Regulation Status

### **Co-Regulation Status – March 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.