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Welsh Government Housing Regulation

Regulatory Judgement

Bro Myrddin Housing Association – L069

May 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

Bro Myrddin Housing Association (“Bro Myrddin” or “the Association”) is a traditional housing association registered under the Co-operative and Community Benefit Societies Act 2014, with charitable rules.

Bro Myrddin owns and manages 888 homes (as at 31 March 2019) within Carmarthenshire and Pembrokeshire County Councils. They include general needs homes, two shared ownership properties and two group care homes with eight bed spaces.

For the year ending 31 March 2018, the Association’s turnover was £5.1m (2017: £4.6m), its retained surplus was £792k (2017: £643k) and it employed 38 staff (2017: 40).

Key Financial Data

	Historical Data		Covenant Limit	Sector Average
	2016/17	2017/18		2016/17
Performance				
Operating surplus as % of turnover	23.4%	24.0%	n/a	21.3%
Surplus transferred to reserves as % of turnover	13.9%	15.6%	n/a	6.5%
Loss from empty properties and uncollected rent as % of rental income	1.9%	1.8%	n/a	2.0%
Funding				
Fixed borrowing as a % of total	68%	59%	n/a	74%
Gearing	39%	40%	55% *	61%
Interest cover	181%	160%	120% *	172%
Current cash balances and undrawn facilities are sufficient for the Association to complete its committed development programme.				
* Gearing covenant limit has subsequently been increased to 60%, and interest cover limit reduced to 110%.				

Regulatory Judgement – Co-Regulation Status

Co-Regulation Status – May 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.