



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

# Welsh Assembly Government Housing Regulation

## Financial Viability Judgement

### Cymdeithas Tai Cantref Cyf

Registration number: J080

31 March 2011

# Welsh Assembly Government Financial Viability Judgement

The Welsh Ministers have powers under the Housing Act 1996 to regulate Registered Social Landlords (RSLs) in Wales. This report has been prepared by the Housing Regulation Team of the Welsh Assembly Government acting under authority of the Welsh Ministers. It has been produced to assist the Welsh Ministers in exercising their regulatory functions in connection with the financial viability of RSLs.

The work undertaken has followed our risk-based approach to regulation and seeks to identify areas of concern relating to financial viability delivery outcomes of the new Regulatory Framework which is intended to replace the Regulatory Code for Housing Associations Registered in Wales

This report sets out the overall assessment of the financial viability of Cymdeithas Tai Cantref Cyf (“the Association”).

<b>Description of the Association</b>
<p>Cymdeithas Tai Cantref Cyf is a traditional housing association registered under the Industrial and Provident Societies Act 1965 and has charitable rules.</p> <p>The Association has over 1,400 homes in West Wales: Ceredigion, North Pembrokeshire, North Carmarthenshire and the Machynlleth area in Powys providing homes for families, young people, the elderly, and people with special needs, The Association is forecasting delivery of 100 new homes in the next 2 years</p> <p>Cantref operates a Care &amp; Repair Service to enable people to continue to live independently in local communities.</p>

## **Overall conclusion**

In relation to the Association, our Financial Viability Judgement as at 31 March 2011 is:

### **Pass**

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

Our judgement is explained as follows:

- The 30 year forecast has been prepared on a reasonable set of assumptions and demonstrates sufficient prudence to remain viable under a variety of economic scenarios.
- The Association has adequate private financing in place to fund its forecast spending on property maintenance and it has sufficient income generating ability to service such borrowings. The level of costs included in the forecast seems reasonable to deliver substantial Welsh Housing Quality Standard compliance by the Association's own target date.
- We are content that the Association can operate without breaching its lenders' financial covenants.
- The level of committed development included in the forecast is within our expectations of what the Association can achieve and is sufficiently funded. There is a history of the Association delivering schemes of a similar size in the past to those currently being undertaken.
- There is no over reliance on property sales or commercial activities to fund the Association's operations.

## **Sources of information and regulatory activity**

As part of our work, the following information has been received from the Association and reviewed by the Welsh Assembly Government:

Audited annual accounts, including the Board's internal control statement (31 Mar 2010)

External auditor's opinion (31 Mar 2010)

30 year financial forecast (2010 to 2040)

Private finance return (31 Mar 2010)

Management accounts (30 Sept 2010)

5 Year Business Plans (2010 to 2015)

In addition, we have met with the Association's finance management team as part of the Financial Viability Judgement process.

## **Basis of judgement**

We have formed our view based on financial information submitted by the Association, our accumulated knowledge and experience of the Association, its management and the RSL sector as a whole.

In preparing this report, the Welsh Ministers have relied on the information supplied by or on behalf of the Association. The Directors of the Association remain responsible for the completeness and accuracy of such information.

This report has been prepared for the Association as a regulatory judgement. It must not be relied upon by any other party, or for any other purpose. Any other parties are responsible for making their own investigations or enquiries.