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# Welsh Government Housing Policy – Regulation

Regulatory Assessment Report

Cynon Taf Community Housing Group Limited – L145

July 2015

# Welsh Government Regulatory Assessment

The Welsh Ministers have powers under the Housing Act 1996 to regulate Registered Social Landlords (RSLs) in Wales in relation to the provision of housing and matters relating to governance and financial management. Part 1 of the 1996 Act is amended by Part 2 of the Housing (Wales) Measure 2011 ('The Measure') and provides the Welsh Ministers with enhanced regulatory and intervention powers concerning the provision of housing by RSLs and the enforcement action that may be taken against them.

The Welsh Ministers are publishing this Regulatory Assessment report under section 33A of the Housing Act 1996.

The work undertaken follows the risk-based approach to regulation and seeks to identify strengths and areas for improvement in meeting the delivery outcomes (standards of performance) set out in 'The Regulatory Framework for Housing Associations Registered in Wales' ('The Regulatory Framework').

<http://gov.wales/topics/housing-and-regeneration/services-and-support/regulation/regulatory-framework/?lang=en>

## Basis of Regulatory Assessment

The report is designed to provide the RSL, its tenants, service users and other stakeholders with an understanding of how well it is performing, at a specific moment in time in relation to:

- Governance
- Financial management
- Services

This report has been prepared for the RSL as a Regulatory Assessment. It is based on information provided by the RSL and the Regulator's knowledge and must not be relied upon by any other party for any other purpose. The RSL remains responsible for the completeness and accuracy of information provided to the Regulator.

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# Introduction

## Cynon Taf Community Housing Group Limited (Cynon Taf)

The Group comprises Cynon Taf Community Housing Limited (Cynon Taf), the parent company, and its subsidiary, Care and Repair Rhondda Cynon Taf Limited.

Cynon Taf was created following the merger of Cynon Taf Housing Association and Pontypridd and District Housing Association in 2008. Cynon Taf is an RSL. Both Group members are registered under the Co-operative and Community Benefit Societies Act 2014 and have charitable rules.

Care and Repair Rhondda Cynon Taf Limited provides services throughout the County Borough, aimed at enabling older people to remain at home in greater comfort, warmth and security.

The Group owns and manages over 1,850 homes, including 300 sheltered homes and 30 supported homes. It operates in the Rhondda Cynon Taf County Borough Council area.

## Scope

Details of the risks identified for the social housing sector in Wales can be found at:

<http://gov.wales/topics/housing-and-regeneration/publications/sector-risks-facing-housing-associations/?lang=en>

An assessment of these risks identified the following as significant for Cynon Taf:

**Significant risks which are part of this Regulatory Assessment:**

- **Governance**
- **Risk management**
- **Costs**
- **Differential inflation rates**
- **Service risks**

# Governance and Financial Management

## Governance

Cynon Taf's Board governance is sound. It acknowledges that improvement is required in some areas.

The Group has adopted Community Housing Cymru's Code of Governance ('The Code'). It plans to assess its Board performance against 'The Code' and to undertake a review of governance and Board development, with external input and facilitation.

Annual Board appraisals are undertaken and a skills matrix informs the development of a core training programme, succession planning and Board recruitment.

The Board has clear ownership of all key corporate plans and strategies, using Board away days to focus on longer term strategic business planning. Cynon Taf's recently implemented I.T. based performance management system is enabling more effective monitoring of delivery of the business strategy and more comprehensive and structured reporting to the Board, resulting in better informed decision making.

The Board has a positive relationship with its senior management team, holding staff to account for delivery. There is evidence of well considered decision making and scrutiny at Board meetings.

The Group's Board members and staff have clearly demonstrated understanding of, and adherence to, the principles of co-regulation.

Cynon Taf's Self Evaluation has been developed in accordance with guidance issued by the Welsh Government and currently provides some evidence to demonstrate performance on delivery outcomes. Gathering more robust evidence to demonstrate outcomes is a key element of Cynon Taf's ongoing review and improvement of its approach to self evaluation and of performance management more generally. To further improve, the Group needs to integrate its Self Evaluation into its wider performance monitoring and corporate planning approach and develop its use as a live business tool.

The Group provides a range of information about its services, is open about its activities and publishes balanced performance information. It encourages complaints, manages them well and there is evidence that it analyses and learns from them.

Cynon Taf's staff and culture encourages early tenant involvement in shaping and reviewing services through several strategic groups. This includes its well established Tenants' Forum, which has been involved in organisational decision making and recruitment of senior staff. The Tenants' Forum could be more effective, particularly in relation to its level of challenge and scrutiny. The Group needs to develop a more effective and comprehensive approach to engaging with tenants and service users. It has reviewed its existing approach and has developed a new strategy, which includes plans to develop further strategic groups, including a Tenant Scrutiny Group and Youth Forum.

A positive staff culture is evident. This perspective is supported by Investors in People Gold accreditation, a national quality standard which recognises organisations which improve by developing and investing in staff. The Board accepts that it could benefit from further external assurance as to the quality of staff culture and morale, and is developing plans to obtain this.

Board members have an understanding of value for money and ownership of an appropriate strategy. To date, the Group has not evaluated the value for money strategy's effectiveness and has started to gather evidence to demonstrate this.

Cynon Taf's governance promotes equality of opportunity by monitoring the diversity of its Board, staff & tenants. The Board currently has 11 members out of a possible 12, 45% of whom are female.

**Future regulatory engagement will focus on:**

- **formal assessment of governance against 'The Code'**
- **quality of self evaluation**
- **quality of measuring and monitoring of outcomes**
- **level of challenge and scrutiny of the Tenants' Forum and development of a more comprehensive and effective approach to engaging with tenants and service users**
- **gaining further assurance regarding the quality of staff culture and morale**
- **evaluation of effectiveness of the value for money strategy**

## Financial Viability

Our judgement of the Association's financial viability remains unchanged from last year. As at 30 June 2015, the judgement is "Pass" - the Group has adequate resources to meet its current and forecasted future business and financial commitments".

## Risk Management

Cynon Taf has a recently improved risk management process, which is working well in practice. The new approach needs to bed down to be fully effective.

Staff have an awareness of risk and a framework is in place which enables relevant staff to identify, assess, manage and review risks effectively. The Group recognises it has more work to do to embed risk identification and management across the whole organisation. This includes the need to cascade the Board's risk appetite statement to staff throughout the organisation, to provide a clear basis for decision making and planning.

The Board has ownership of key strategic risks. It has defined its risk appetite as being not averse to taking beneficial and fully evaluated risks, which are adequately controlled and monitored.

**Future regulatory engagement will focus on:**

- **development of a culture of risk identification and management throughout the whole organisation**
- **communication of the Board's risk appetite statement to staff throughout the organisation**
- **embedding of improved risk management approach**

## Costs

The Group created an in-house maintenance team during the year and incurred an overspend in the transitional period. Cynon Taf is currently implementing improvements to systems and processes to enable better monitoring of the team's financial performance.

### **Future regulatory engagement will focus on:**

- **financial performance of the Group's in-house maintenance team**

## Differential Inflation Rates

The Group currently undertakes limited sensitivity testing on its Business Plan. It plans to undertake detailed stress testing of its current Business Plan, to include complex scenarios and an assessment of the impact of more than one risk occurring at the same time.

### **Future regulatory engagement will focus on:**

- **detailed sensitivity testing of the Business Plan, to include more complex scenarios and assessment of the impact of more than one risk occurring at the same time**

## Services

Cynon Taf's tenants indicate good overall levels of satisfaction with its services. Low survey response rates for, and thus reduced reliability of, the most recent tenant survey have prompted a recognition that the Group needs to do more to gain a robust, up to date perspective on tenant satisfaction with its services, so a follow up survey is planned.

The turn around times for vacant properties need to improve. The Group recognises this and is taking action to achieve this.

Cynon Taf has an excellent level of tenant profiling information, gathered for 96% of its tenants. It is currently using this information to tailor services in some, but not all, key service areas. The Group recognises the need to make better use of the information it already has to further enhance service provision to meet tenants' individual needs. There is good satisfaction amongst tenants for the opportunity to make their views known. Tenants are involved in carrying out post service satisfaction surveys and have the opportunity to be involved in shaping and reviewing services through a variety of methods. The Group could use its feedback from tenants more effectively and is developing plans to address this.

Service standards exist for key service areas. Cynon Taf does not monitor its performance against the standards. Further work is required to develop service standards, to ensure they

promote accountability to tenants for the quality of services delivered. The service standards need to be more thoroughly reviewed with tenants, more specific and measured more directly against their delivery. This is acknowledged by the Group.

Anti-social behaviour is dealt with by generic staff, using a variety of prevention, early intervention and enforcement methods. Tenant satisfaction with this service is lower than for other services. A lack of service related feedback means Cynon Taf is unable to fully understand its tenants' views on this service. The Group plans to establish an Anti-Social Behaviour Group, to work with tenants to develop a better understanding of this service and to inform improvements.

Domestic abuse is dealt with appropriately, via support for victims, appropriate partnership working and target hardening. The Group offers domestic violence awareness training to its service delivery staff.

Cynon Taf makes a valued contribution to supporting the Local Authority in its duty to rehouse homeless households, on both operational and strategic levels.

The Group does not have assurance that it is providing its services on the basis of equality. Equalities monitoring is not undertaken for core services, apart from new lettings, which are monitored by the Local Authority via the common housing register. Equality Impact Assessments have not been carried out for services. The Group accepts the need to extend its equalities monitoring to cover all core services, including tenant satisfaction and to undertake Equality Impact Assessments.

**Future regulatory engagement will focus on:**

- **gaining a robust, up to date perspective on tenant satisfaction with all services**
- **review of approach to and improvement of turn around times for vacant properties**
- **increasing the use of tenant profile information to further enhance service provision to meet tenants' individual needs**
- **more effective use of tenant feedback in shaping and reviewing services**
- **review of service standards to ensure they promote accountability to tenants**
- **work with tenants to improve the anti-social behaviour service and implement improved service linked feedback**
- **equalities monitoring of service and tenant satisfaction outcomes**
- **undertaking of Equality Impact Assessments**

## Shared Learning

Cynon Taf's approach to the lessons learned from complaints ensures that these are fully communicated with tenants. When the response to a tenant complaint results in an improvement to services, individual tenants are advised of that. This is communicated to all tenants through publication of the outcomes of complaints and resulting improvements in the tenant newsletter.

The Group's approach to asset management to date has involved a thorough asset grading of its stock, providing the Board with robust data to inform decisions regarding future stock options. A detailed Operational Plan will be developed to inform strategic decisions in line with the Business Plan. This analysis has been used to inform housing management decisions, with the full team's involvement, resulting in more staff resources being deployed in areas with higher stock turnover, refusals, arrears, deprivation and crime rates etc. Cynon Taf now intends to undertake a pro active appraisal of the performance of its portfolio of stock every two years. This will include 'people tests', based on quality assessment of customer perspective and behaviour, staff tests and subsidy risks, as well as 'asset tests', based on costs such as financial performance, asset investment/performance and stock sustainability.

Cynon Taf's service charge information for tenants has been developed to ensure that it is very clear and easy to understand. The information covers a full, but simple, breakdown of costs, including pictorial representations of each service, making it very reader friendly and accessible for those with lower levels of literacy.