



Llywodraeth Cymru
Welsh Government

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Welsh Government Housing Regulation

Regulatory Judgement

Melin Homes – L110

September 2017

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

Melin Homes Limited (Melin Homes) is a registered social landlord which was established in 2007. The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and has charitable rules.

The Association owns and manages 4,136 homes, providing 3,504 general needs homes and supported housing places, 604 shared equity/ownership/leasehold homes and 28 commercial properties. It operates in 5 local authority areas: Torfaen, Monmouthshire, Newport, Blaenau Gwent, and Powys.

During 2014, Melin Homes set up an unregistered subsidiary; NowYourHome, which will act as its development agent for properties developed for sale.

Melin Homes built 128 new homes during 2016/17 and is committed to building 119 new homes by the end of March 2018.

For the year ending 31 March 2017, the Association's turnover was £25.7m (2016: £51.9m), its total comprehensive income was (£116k) (2016: £595k) and it employed 224 staff (2016: 227). £3.8m (2016: £30m) of turnover relates to energy efficiency projects.

Key Financial Data

	Historical Data		Covenant Limit	Sector Average
	2014/15 Restated	2015/16		2015/16
Performance				
Operating surplus as % of turnover	12.4%	7.9%	n/a	19.1%
Surplus/(deficit) for the year as % of turnover	1.3%	1.1%	n/a	8.7%
Loss from empty properties and uncollected rent as % of rental income	1.7%	2.2%	n/a	1.6%
Funding				
Fixed borrowing as a % of total	64%	61%	n/a	74%
Gearing	50%	50%	60%	68%
Interest cover	294%	166%	110%	153%
Current cash balances and undrawn facilities are sufficient for the Association to complete its current committed development programme. Gearing covenant limit is currently being renegotiated.				

Regulatory Judgement – Co-Regulation Status

Co-Regulation Status – September 2017

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.