



Llywodraeth Cymru
Welsh Government

www.gov.wales

Welsh Government Housing Regulation

Regulatory Judgement

Melin Homes – L110

November 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.

Housing Regulation Team
Welsh Government
Merthyr Tydfil Office
Rhydycar
CF48 1UZ
e-mail: housingregulation@gov.wales

Profile

Melin Homes (“Melin” or “the Association”) 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 4,246 homes, providing 3,516 general needs homes and supported housing places, 664 shared equity/ownership/leasehold homes and 66 commercial properties. It operates in five local authority areas; Torfaen, Monmouthshire, Newport, Blaenau Gwent and Powys.

During 2014, Melin set up an unregistered subsidiary; Candleston, which acts as its development agent for properties developed for sale.

Melin built 124 new homes during 2018/19 and is committed to building 139 new homes by the end of March 2020. For the year ending 31 March 2019 the Group made a surplus of £734,000 and it employed 260 staff.

Key Financial Data

	Historical Data		Covenant Limit	Sector Average
	2017/18	2018/19		2017/18
Performance				
Operating surplus as % of turnover	15.2%	15.7%	n/a	20.1%
Surplus for the year as % of turnover	3.1%	3.1%	n/a	8.1%
Loss from empty properties and uncollected rent as % of rental income	1.6%	1.4%	n/a	2.1%
Funding				
Fixed borrowing as a % of total	58%	63%	n/a	75%
Gearing (net worth)	50%	51%	60%	61%
Interest cover	143%	166%	110%	165%
Current cash balances and undrawn facilities are sufficient for the Association to fund its committed development programme for the next 12 months. Since the financial year end the gearing covenant limit has been renegotiated to a historic cost basis.				

Regulatory Judgement – Co-Regulation Status

Co-Regulation Status – November 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.