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Welsh Government Housing Regulation

Regulatory Judgement

ClwydAlyn Housing – L051

September 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.

<https://gov.wales/housing-associations-registered-wales-regulatory-framework>

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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978-1-83876-752-5

Digital ISBN 978-1-83876-751-8
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Profile

The Group consists of ClwydAlyn Housing Limited (“ClwydAlyn” or “the Group”), the parent company and a Registered Social Landlord, with subsidiary members TirTai Limited, TaiElwy Limited and PenArian Housing Finance PLC. The Group provides 5,915 homes including general needs, Low Cost Home Ownership and supported housing places.

ClwydAlyn is registered under the Co-operative and Community Benefit Societies Act 2014 and has charitable rules.

TirTai Limited is a company limited by guarantee and provides development services within the Group.

PenArian Housing Finance Plc is a special purpose vehicle set up to administer bond finance to the Group.

Tai Elwy Limited is a company limited by shares. Tai Elwy is the commercial vehicle to undertake activities outside of the charitable aims of ClwydAlyn and currently provides lettings and property management services to private landlords.

The majority of the Group’s activity arises from 4,029 general needs and sheltered homes, 449 extra care apartments and 685 supported housing, residential and nursing home places. They also provide 752 properties through Low Cost Home Ownership and Rent to Own. The Group is active in six local authority areas in north Wales.

Key Financial Data

	Historical Data		Covenant Limit	Sector Average
	2017/18	2018/19		
Performance				
Operating surplus as % of turnover	27.5%	22.6%	dd/g	20.1%
Surplus/(deficit) for the year as % of turnover *	(30.6%)	6.1%	dd/g	8.1%
Loss from empty properties and uncollected rent as % of rental income	2.4%	2.0%	dd/g	2.1%
Funding				
Fixed borrowing as a % of total	100%	100%	dd/g	75%
Gearing (historic cost)	40%	37%	65%	44%
Interest cover	176%	139%	110%	165%
Current cash balances and undrawn facilities are sufficient for the Group to complete its committed development programme. * During 2017-18, the Group incurred one-off loan breakage costs of £15.9m in the course of re-financing the Group's historic debt.				

Regulatory Judgement – Co-Regulation Status

Co-Regulation Status – September 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.