

Financial Update – Summer 2024

Overview

Given the challenging external conditions, ClwydAlyn performed well during 23/24.

We maintained strong liquidity, ending 23/24 with cash balances of £55.8m.

Our turnover for 2024/25 is budgeted at just under £64m and our operating margin remaining at 20%. We are on site with over 470 new homes and have recently been awarded £4m grant to invest in decarbonisation projects and the opportunity to bid for a further £2m. All new homes are constructed to EPC A standard.

The handover of our latest Extra Care Home has been delayed by several months and will now not be open until the autumn causing budget pressures, however this has been offset by the successful lobbying of the Welsh Government to substantially increase fees paid for care and supported living schemes. These fees increased by 7.8% which was not in the original budget.

We saw a reduction in voids during 23/24 and these have remained stable for the first quarter of the year. Our expenditure is currently forecast to remain within budget. In July we re-let our gas supply contract and saw a £1.1m reduction in the annual contracted cost. Most of this saving will be passed on to tenants as lower service charges.

At the end of 23/24, an issue emerged across the sector regarding the administrative requirements of the new Renting Homes Wales Act. Non-compliance has the potential to bring with it a financial liability. This is currently the subject of legal action in the high court and ClwydAlyn is awaiting the outcome. We do not expect that the implications of this judgement will be material for ClwydAlyn.

We are continuing to invest in fire safety works across our complex buildings. One extra care scheme has just been awarded £3m grant towards structural works that include fire safety. In addition, we had a programme to replace £1m of fire doors across our properties and this has now completed. Unlike in England, sprinklers have been mandatory on all new builds including houses since 2016, so a large proportion of our stock has these fitted.

There has been significant turbulence in the Welsh Senedd with the newly elected leader stepping down along with his cabinet. This creates delays in policy support from Welsh Government, however they recently announced their continuation of the existing social rent policy meaning that rent for next year can be set at CPI+1%.

Cashflow

Cashflow throughout 23/24 was very strong with £40m drawn on the bond and over £40m received in grants. Cash has continued to be strong in 24/25 and we continue to hold a minimum of 24 months-worth of funds or facilities available for drawdown.

We do not build properties to sell and rely on a relatively small amount (£1m per year) of income from disposal of surplus properties and staircasing of shared ownership. Despite increased interest rates there is still reasonable interest from residents in staircasing and we are on target to reach our budget.

Rating

We were pleased to retain our 'A Stable' credit rating with Standard and Poor's after their review in July 24. Our Moody's rating was reviewed in October 23 and remained at A3. However, we were pleased that Moody's improved our outlook from 'negative' to 'stable.'

Staffing

In April 24, our Executive Director of People retired, her replacement started in July.

Our Executive Director of Resources has left to take up a post with a larger English RP. The recruitment process is complete, and we are delighted to announce the appointment of Sandy Murray to the Position of Executive Director of Resources.

Sandy takes up the position on the 1st of October 2024. In the interim, should you have any queries you can contact:

Company Secretary
Chief Financial Officer

rachel.storr-barber@clwydalyn.co.uk or the
adam.fletcher@clwydalyn.co.uk.