Annual Report and Financial Statements

For the Year Ended 31 March 2023

newport city homes

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Board members and professional advisors

For the year ended 31 March

Newport City Homes housing association limited board members and professional advisors

For the year ended 31 March 2023

Board members

Lynda Sagona	Chair (appointed 28 September 2022)
Nicola Somerville	Chair (retired 28 September 2022)
Christian Cadwallader	Vice Chair
Kevin Ward	Colleague & Culture Committee Chair
Guy Stenson	Audit & Risk Committee Chair
James Tarrant	
Chris Sutton	
Michael Usher	
Robiu Salisu	(retired 28 September 2022)
Anne Wildeman	(retired 28 September 2022)
Samantha Williams	(retired 28 September 2022)
Andrew Gregory	(appointed 28 September 2022)
Dale Walker	(appointed 28 September 2022)
Dr. Jenifer Baxter	(appointed 28 September 2022)
Sarah Ann Croft	(appointed 28 September 2022)

Company Secretary

Joanna Fairley

Registered Office

Nexus House
Mission Court
Newport
NP20 2DW

Executive Officers

Ceri Doyle	Chief Executive
Sonia Furzland	Executive Director of Operations
Matthew Davies	Executive Director of Development
Gareth Yeoman-Evans	Executive Director of Finance and Resources

Bankers

Barclays Bank plc
Windsor Court
3 Windsor Place
Cardiff
CF10 3ZL

Lenders

Royal Bank of Scotland plc
Barclays Bank plc
Legal and General Assurance Society Limited
The Housing Finance Corporation Limited
bLEND Funding plc

Principal Solicitors

Hugh James
Two Central Square
Cardiff
CF10 1FS

Blake Morgan
11 Park Place
Cardiff
CF10 3DR

Towers & Hamlins LLP
55 Princess Street
Manchester
M2 4EW

CEO and Chair Introduction

Ceri Doyle
Chief Executive

Lynda Sagona
Chair

In the last 12 months the consequences of the economic turbulence we all face has been acutely felt by our customers and communities across Newport. Good quality, affordable housing in thriving communities is now more important than ever. Which is why we have doubled our efforts to provide excellent services to our customers, ensuring their homes are well maintained and in the communities in which they want to live.

Earlier this year, we conducted a mid-point review of NCH Strategy 2025. It confirmed that, despite the significant changes in the world around us, we remain focused on the right things – our customers, communities and colleagues.

Customer

We're proud of our new 'Customer Voice' strategy, which helps us listen to our customers and use their feedback to inform how we design and shape our work. Their views have developed our digital offer, including the launch of a new self-service app to enhance our customer experience.

We've supported our customers through the cost-of-living crisis by nurturing relationships through our place-based housing management approach. By redesigning our 'moving-in' experience, we've helped customers get off to the best start when they join us. And we've provided early intervention when required and support when customers need help to maintain their tenancies.

We're proud of our health and safety record but recognise that the cost-of-living crisis has brought associated challenges to our customers' wellbeing. Whilst our commitment to keeping our customers safe in their homes remains uncompromising, we've also introduced enhanced assurance processes around damp and mould, and fire safety.

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Community

Communities can transform a house into a home. That's why 'place' is at the centre of our delivery model. We've been engaging with our customers to map the strengths of our communities. We want to bring together those with shared ambitions to use these strengths and assets to deliver citizen-led change.

We remain committed to playing our part in tackling the housing crisis and in working with partners in the regeneration of Newport. We're pleased to confirm that we developed 96 new homes during the year and are on site with another 204.

We've also accelerated our efforts to meet our strategic commitment to environmental sustainability, which recognises that the climate and nature emergencies need urgent action. We've launched a programme to improve the energy efficiency of our homes and help us tackle fuel poverty. All our new-build homes meet the highest assessed energy efficiency rating, and we are piloting innovative renewable energy solutions for our customers and the planet. We're also looking for sustainable ways to reduce the carbon impact of our operations on travel to net zero.

We are still unwavering in our commitment to equality, diversity and inclusion. We're pleased that Newport City Homes is more representative of the communities it serves this year than last. But we'll continue to focus on areas that will make a real and sustainable difference to the lives of those we serve.

We're pleased to confirm that we developed 96 new homes during the year and are on site with another 204.

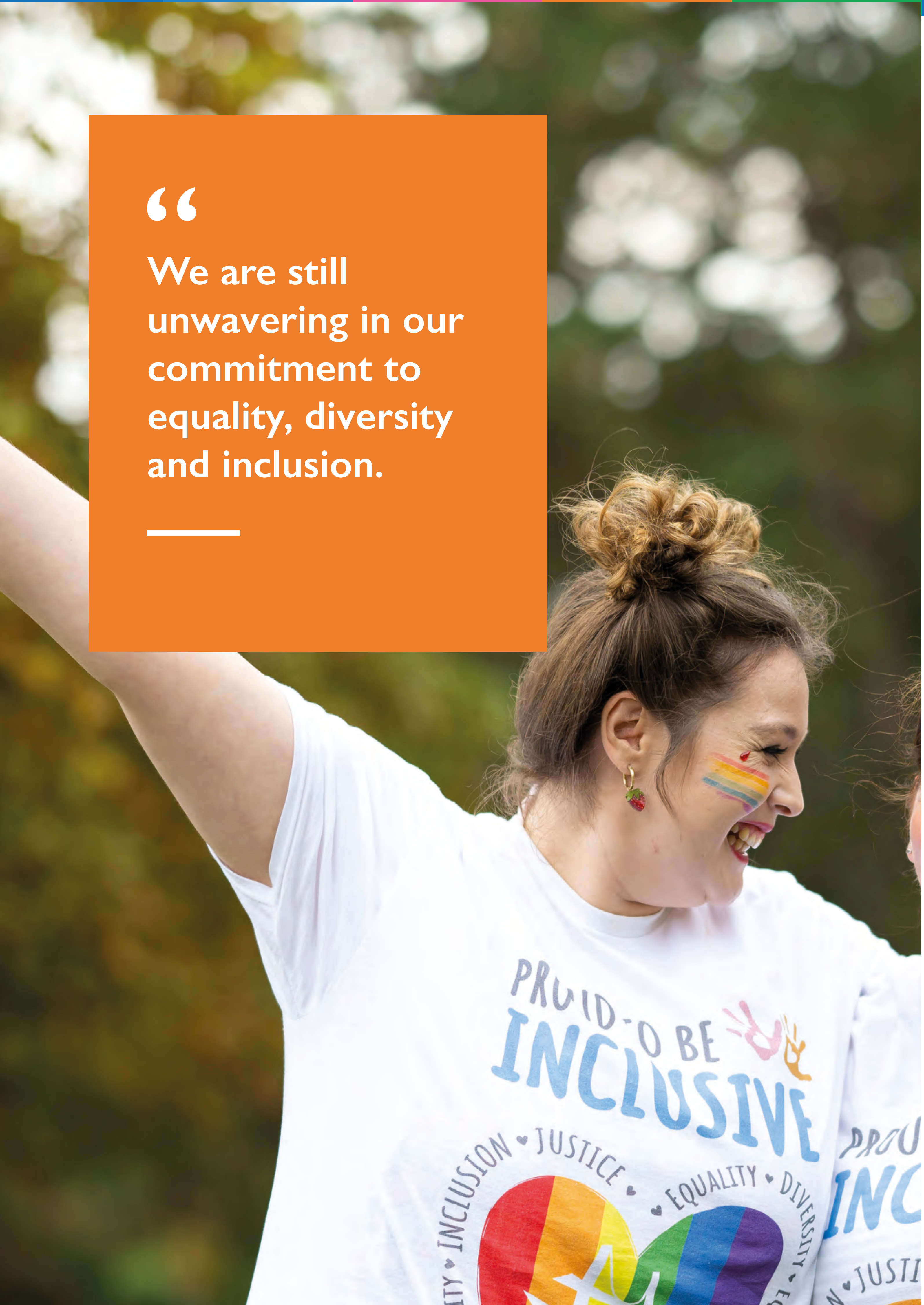
Colleague

All our achievements over the last 12 months have only been possible because of our colleagues. Investing in our people remains a priority. During the year, we implemented our People Plan – with the ambition of ensuring we have the right colleagues, with the right skills, in the right roles.

Despite the challenging operating environment, we remain financially strong, but recognise that we need to do more with less. Our strategic objectives are fully aligned to our financial planning and our business plan, and we are taking steps to make our services more efficient to provide more financial capacity.

> **All our achievements over the last 12 months have only been possible because of our colleagues**

The uncertain and complex environment we're operating in is likely to remain for a while, and it is within this context that we plan ahead. Our priorities will remain resolutely focused on 'customer, community and colleague' – and we know we must continue to grow to succeed. We will not shy away from the risks we need to take to achieve what our customers and communities want and to support them to live their best lives.



> We are still unwavering in our commitment to equality, diversity and inclusion.

About NCH

Our purpose

We provide homes in communities where people want to live. We have a proud history of investing in Newport and delivering services that support our customers. As the largest provider of social housing in a city that's facing a housing crisis, we're providing much needed affordable homes. Home is not just a roof and four walls. It provides safety. It supports good health and wellbeing. It creates a sense of belonging within a community and a foundation for people and families to have a better quality of life. That's why we do much more than provide homes. We're investing for the future by listening to our customers and working with communities to achieve the best for Newport and the broader region.

Legal status

The association is a registered society under the Cooperative and Community Benefit Society Act 2014 and is a registered provider of social housing. We are registered with Welsh Government (WG) as a registered social landlord (RSL). We were set up to take the transfer of housing stock from Newport City Council (NCC) in 2009.

What we do and where

We are a social business, a not-for-profit housing association overseen by a paid management board. Our 9,150 homes are in all within the administrative boundary of Newport City Council. These include 8,972 homes for social rent, 20 private rent, 143 shared ownership homes and 15 rent to own. In addition, the association owns and manages 670 leasehold homes, 149 garages and a commercial portfolio of 139 units.

8,972
Social rent

143
Shared ownership

15
Rent to own

20
Private rent

Our values

Our colleagues at NCH are incredibly passionate about doing their best for each other, our customers and our communities. Defining the values, behaviours and the priorities that are most important to colleagues and customers is vital to deliver NCH Strategy 2025. It means that we all know what to expect from every colleague at NCH. Our values are:

Active

We take action and get things right first time

Collaborative

Individually we're good, but together we're great

Trusted

We work hard to earn the trust of customers and colleagues every day

Inclusive

We celebrate our differences and embrace diversity in people and ideas.

NCH Strategy 2025

In 2020 we set out our priorities to deliver our purpose of providing homes in communities where people want to live.

2022 marked our halfway point, and we reviewed how we were doing to ensure NCH Strategy 2025 still contained the right ambition and focus in a fast-changing world.

After talking to our customers, colleagues and partners, we updated our NCH Strategy 2025. Our ambition remains to place our customers and communities at the heart of everything we do, along with inspiring colleagues to do their best work.

Strategic commitments

Addressing societal issues that affect our customers underpins everything we do. Colleagues at every level deliver the three cross-cutting strategic commitments identified in Strategy 2025.

> “Our ambition remains to place our customers and communities at the heart of everything we do

Our strategic priorities:

Customer

Placing our customers at the centre of everything we do

Community

Creating and sustaining communities where people want to live.

Colleague

Empowering our colleagues to achieve great things.

Customer

Great, safe and energy-efficient homes

The safety of our customers will always be our number one priority. We have kept standards of health and safety high and invested further in building-safety measures.

99.9%
Homes are gas safe compliant

99.9%
Homes are electrical compliant

100%
Communal areas with asbestos survey complete

100%
Passenger lift check

100%
Legionella control check

100%
Homes with fire risk assessments complete

Reducing the risk of fire

It's critical that we make sure our buildings are as safe as possible for our customers, and that we stay up to date with the latest safety requirements and regulations. Last year the Welsh Government supported us in conducting further improvements to our high-rise buildings at Greenwood in St Julian's, Hillview in the Gaer and Milton Court in Ringland.

Making the best use our resources

Our homes are more than just bricks and mortar. They affect a community's quality of life, socially, environmentally and economically.

Investing in our existing homes is part of our Asset Management Strategy. It helps us to best serve the needs of both current and future customers – improving the quality and desirability of our homes and communities while delivering value.

Repairs Done Right

Our Repairs Done Right project does exactly what it says. By imagining ourselves as a customer, we are able to concentrate on what matters most to our customers – clear communication and ensuring the right tradesperson completes the job on the first visit.

Milton Court: Using pioneering technology to keep our customers safe

Our investments in Milton Court, a community for people aged over 55, reconfigured the fire alarm system in support of our 'stay put' evacuation policy that encourages customers to stay in their flat until told to leave by the fire service if the alarm does sound. With our upgraded smoke detection, strobes and sounders enable the fire service to pinpoint the exact problem in an emergency, and enables us to use pioneering technology to set the evacuation alerts to specific floors.

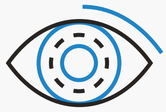
We also carried out work to reduce the risk of fire from waste, and further upgraded our sprinkler systems to deal with utility failures.

A warm, secure home

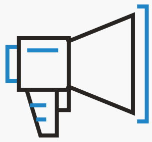
Safety, warmth and security in our customers' homes is also a top priority, and eliminating damp and mould has always been part of this.

- In the face of rising heating costs, we've set up a dedicated project team to continuously review and improve upon our damp and mould management and monitoring.
- This involves training all colleagues who enter our customers' homes to recognise damp and mould so they can provide the best advice and support to customers.

We rely on everyone involved – from painters, to plumbers and policy advisors – to proactively promote our mantra …
Spot it. Shout it. Sort it.



Spot it



Shout it

Sort it

Upgrades and improvements	2022/23
Roofing and external wall insulation	£3.16m
Welsh Housing Quality Standard (WHQS) and major improvement works inc. windows, doors, electrical rewiring	£4m
Health and safety works	£3.24m
Aids and adaptations inc. level-access showers, stairlifts and ramps	£0.5m
External painting and communal redecoration	£0.25m
Environmental improvements inc. path and retaining wall renewals	£0.25m

Duffryn: Taking action – fast

A quick response is our priority when we need to minimise disruption to our customers and resolve issues. This is exactly what we did when leaks across the Duffryn district heating system affected heating and hot water supplies to homes. Now we're also planning to upgrade the heat network and replace the 7km of pipework that provides heat and hot water to our customers who live there.

Customer satisfaction

70.9%
With their neighbourhood as a place to live

63.3%
Repairs & maintenance service

79.6%
Latest repair

73.3%
Repairs being done right first time

57%
Dwellings EPC C or above

Improving energy efficiency

We support the decarbonisation of homes in Wales through the Optimised Retrofit Programme, a Welsh Government initiative. Our least efficient homes will benefit from improved energy efficiency thanks to an award of £3.1m towards our £6.2m project. We'll be retrofitting 158 homes with external wall insulation, enhanced doors and windows to increase air tightness, and solar PV & battery storage.

Each home will have Environmental Sensors installed to track the progress of the retrofit works. We're also taking care to decrease fuel poverty and not raise heating expenses for households. This is in line with our Environmental Sustainability Commitment.

Great customer experience

Our services are designed to meet the highest standards, with customers at the heart. Our delivery model changed during the year, with new neighbourhood place-based delivery teams established. This helps our colleagues to be visible and connected to our customers, and to build great relationships. It also means we can tailor our services and support our customers when they need it.

24/7 services

Over the past year we've developed the NCH App – a new digital tool allowing customers 24/7 access online to some of our services. It'll be available from summer 2023 with a wider rollout planned for early 2024.

Initially, the app will let customers:

- Message our customer service team
- Book routine repairs online, choosing a time and date that works best
- View booked repairs as a reminder to be home when our trades team call
- Change a repair booking if their plans change
- Pay their rent online and view their account
- Report anti-social behaviour
- View their tenancy agreement (occupancy contract).

Our social-rented customers will have access first to this brand-new technology, but we plan to expand it to all customers in the future.

Our least efficient homes will benefit from improved energy efficiency

Using digital to improve communication

Successfully delivering rent notices via email for the first time was made possible by capturing digital consent from 2,300 customers earlier this year. By doing so, we're not only cutting costs and reducing our carbon footprint but also making our communication more accessible to customers. This way they can enlarge the text, and use screen readers and other digital tools to understand our messages and their new charges.

> Successfully delivering rent notices via email for the first time was made possible by capturing digital consent from 2,300 customers earlier this year

Keeping our customers informed and up to date

We want customers to know about our hard work and what we've achieved thanks to their input. Our fresh, newly launched, and now digital report Customer & Communities at the Heart has replaced Bridge Brief. It's published twice a year, and customers without digital access can request a print copy.

Listening to customers' experiences

We depend on our customers' experiences of living in our homes and using our services to shape how we design and improve what we do. We've set up ways to capture this valuable information to help us be more efficient and effective in how we work. Besides the formal ways we engage, every time we hear from a customer is a chance for us to learn and improve.

Putting the customer first

Our ambition is to become a customer-first association, as set out in our new Customer Voice Strategy. By putting the customer first, we can:

- Better understand our customers and communities
- Deliver inclusive services
- Improve relationships with our customers
- Increase trust and satisfaction with us as a landlord
- Shape better and more efficient services that support our customers through challenging times.

1,635
Number of NCH connected members

10,868
Number of engagements

Turning feedback into actions

We use a group of dedicated customer volunteers – our Scrutiny Partnership – to review our services and how well we use customer feedback. They evaluate our ability to listen to customers by reviewing our service standards and performance information. They also hold us to account for the delivery of agreed improvement actions.

We agree new priorities each year with the partnership so they can decide where to focus their efforts to improve services. The audit and risk committee (ARC) and our board receives their assessment to be assured that our customer engagement is effective.

This year, the Partnership will focus on day-to-day services that have the biggest impact on customers. These priorities cover a diverse range of services:

- Regeneration
- Cost-of-living crisis
- Working with Communities Together
- Delivering a better customer experience.

“

This year, the Partnership will focus on day-to-day services that have the biggest impact on customers

Clear communication

We make sure that our communication is clear, easy to read and contains the right information with the help of our Editorial Panel. These are a group of customers who act as a sounding board.

They've reviewed and revised several documents over the last year. Their feedback has helped us to improve:

- Cost of Living Leaflet
- Renting Homes Act
- Successful Tenancies Policy
- Adaptations Policy.

Engagement through social media

Our aim is to involve our customers as much as possible at a time convenient for them. We want to hear their feedback, ideas and understand how it feels to be an NCH customer. Our closed Facebook group – NCH Connected – helps us to do this as we strive to improve our services.

The growth of the group has led to customers chatting about queries – moving it towards an online community instead of just a service page.

“

We celebrated Black History Month last October by asking school children to draw posters promoting diversity in Newport. Our Facebook group voted on their favourite which won a £200 art voucher for their school.

Support for customers

Our aim is to involve our customers as much as possible at a time convenient for them. We want to hear their feedback, ideas and understand how it feels to be an NCH customer. Our closed Facebook group – NCH Connected – helps us to do this as we strive to improve our services.

The growth of the group has led to customers chatting about queries – moving it towards an online community instead of just a service page.

Making rent affordable

Every year we assess our rent and service charges against our affordability model, and we make sure that our rents remain affordable.

We also talk to our customers about affordability – nearly 1,000 during summer and autumn alone. Our online survey revealed that 41% of customers said that paying their rent was a challenge during the cost-of-living crisis. We also asked how they were managing routine expenses, such as food and clothing. Findings showed that some customers were already struggling due to steep price hikes on everyday items and being forced to reduce what they spend on fuel, food and leisure. During the year we awarded £89,225 to our customers from the Discretionary Housing Payment (DHP) and Homelessness Prevention Fund.

Help for rent arrears

We reached out to support customers through a social media campaign launched earlier this year. #ThinkHomeFirst highlighted how we can help customers facing arrears to get back on track.

We're also introducing a rent analytics system to help colleagues support customers to maintain healthy rent accounts and prevent arrears.

Our **rent increase** in April 2022 saw 100% of our homes with an **affordable rent**.

Changing the way we rent

The Renting Homes (Wales) Act 2016 came into force on 1 December 2022 and was the biggest change to housing law in Wales for decades. It has improved how homes are rented and managed, and how our customers live in their homes, making renting easier and providing greater security. We know change can be hard and so we have been thorough in preparing the association and our customers for this positive change in Welsh housing. The major changes implemented by the Act are:

- Receiving a new written contract setting out clear rights and responsibilities
- An increase in the 'no fault' notice period from two to six months
- Greater protection from eviction
- Improved succession rights to pass on a home to family or carers
- More flexible arrangements for joint contract-holders, making it easier to add or remove others.

We wanted to make sure this transition was as smooth as possible to get the best possible outcomes for our customers. Our colleagues were prepared and informed through awareness-raising campaigns throughout the year, compulsory training and easy-to-access information in a centralised resource hub. Our customers were informed of the changes and the benefits through constant communication, letting them know what was happening and how their rights were being strengthened prior to sending out the new contracts.

"

The Covid pandemic and current cost-of-living crisis is having a huge effect on our customers. We're incredibly concerned at the impact the cost-of-living crisis may continue to have in our communities.

Sharon Wilkins, Deputy Director of Homes & Communities

Community

Thriving Communities

We want to create lasting homes and communities, giving customers access to the right amenities, infrastructure and green space. To make sure we're constantly improving, we need to tap into the knowledge and experience of our customers and colleagues and try new ways of doing things.

We've spent the last year building our approach to community development, which is all about recognising and using community strengths for long-term success. After mapping these out, we're now bringing together individuals, agencies and groups to drive changes to make communities thrive.

Working in partnership

We know that we can't do it alone. We believe in the importance of working with organisations that share our values and vision to get the best possible outcomes for our customers, communities and colleagues.

Securing funding to lower energy costs

- We're helping customers and communities reduce energy costs through a grant of almost £500k from the Ofgem Energy Industry Voluntary Redress Scheme (and we're the only organisation in Wales to receive this funding!).
- The grant will help us support around 6,000 homes in the city across the next 2 years.
- Over the same period, working with Warm Wales, we'll offer energy-saving advice, distribute energy-smart packs (LED bulbs, standby plugs and draught excluders) and provide advocacy support – such as liaising with energy companies, to make sure a customer's tariff is the most affordable.

We're helping customers and communities reduce energy costs through a grant of almost £500k

Reducing waste

- We've extended the life cycle of materials used in our homes. 'Resultery', a Community Interest Company in Bettws, recycles and repurposes items left behind when our homes become void. This reduces landfill and provides affordable furniture for customers. The project will become self-sustaining, helping to reduce waste.

Creating facilities for parents

- Together with Monnow Primary school, we secured £31k from Save the Children Innovation fund to create a community-based resource. Parents can now use the 'Community Cwtch' to stay warm and cosy whilst meeting with partners and parent support networks, such as finance, housing, skills development and training. Parents can even join forest school and outdoor wellbeing activities with their children or other adults.

Nurturing nature

- When customers at Aneurin Bevan Court said that they wanted to update and care for their communal gardens, we applied for a Keep Wales Tidy grant. Now, using their £15k grant and expert guidance, customers can create spaces to grow plants and get everyone connected to local nature while boosting health and wellbeing.

More quality homes

We're all still facing a housing crisis both locally and nationally. But we're determined to address the shortage in Newport and South East Wales by building more quality homes.

The economy has presented challenges in building new homes. Materials and labour costs have risen, and disruption to the supply chain has caused delays across the country. Despite this, we're committed to supplying new homes in Newport.

"

We are really excited to bring top rated energy-efficient homes to the city to help us plan how we continue to use technology in the homes we build in the future.

Matthew Davies, Executive Director of Development

70.9%
With their neighbourhood as a place to live

63.3%
Repairs & maintenance service

79.6%
Latest repair

73.3%
Repairs being done right first time

57%
Dwellings EPC C or above

Vale Mews: Low-carbon homes

Our pilot scheme at Vale Mews, completed in 2022/23, is trialling new technology in low-carbon homes. Using Insulated Concrete Formwork (ICF), each home is testing heating technology to find the best solution for our customers and the climate.

Coverack Road: Homes for everyone

As part of our commitment to meet housing needs at various price points, this year we completed our first mixed tenure development, at Coverack Road. Close to the bank of the River Usk, the 76 apartments offer 38 general needs homes, 8 for private rental and 30 affordable home ownership dwellings.

“

We are really excited to bring top rated energy-efficient homes to the city to help us plan how we continue to use technology in the homes we build in the future.

Matthew Davies, Executive Director of Development

Olympia: Transforming city living

We've teamed up with the local authority and other registered social landlords to turn the centre of Newport into a modern community that plays an important role in South East Wales. We're revitalising the city centre, converting existing buildings, preserving their historic façade and reusing the embodied carbon. In our contemporary, mixed tenure developments, everything our customers need is within 15 minutes of their home. We're redefining the city centre as a place where people live, work and play. This project will create 268 much needed homes by 2025.

We've already transformed Newport's old passport office, Olympia, into a new, modern apartment complex. The mixed tenure development provides 60 new mixed tenure homes, including commercial retail units. Two of the retail units have been used to support our social purpose. The Remake Café, in partnership with Repairs Café Wales, offers free repairs for household items and the Gap Cycle Hub provides secure bike storage.

Regenerating existing communities

We know how important it is to regenerate existing communities. We're doing everything we can to build stronger, more cohesive communities and to help boost regeneration.

Pillgwenlly

For over seven years, we've listened to customers and the local community of Pillgwenlly to identify their aspirations. Our aim is to offer not just houses but homes, and create a thriving community in this historic and popular neighbourhood. Pillgwenlly's homes are located in an area with a rich history, close to the distributor road and the iconic Newport Transporter Bridge, and only a 5-minute walk from the city centre.

Upper Dock Street

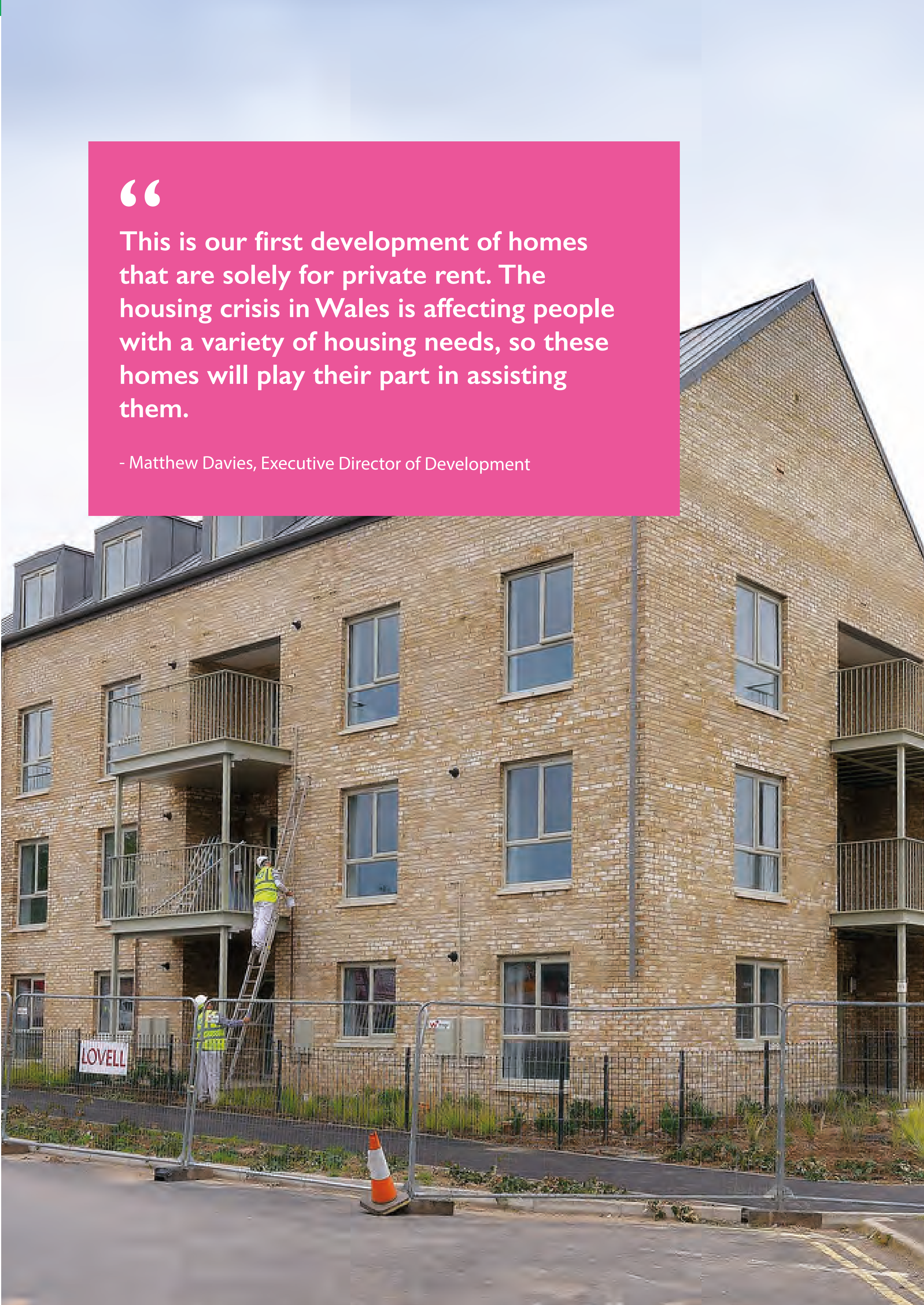
We've refurbished the upper floors of a landmark building in the city centre near Newport Market, creating 18 new apartments. The mix of one-bed and two-bed homes are in high demand in the city centre.

Ringland Regeneration

We aim to create an attractive, vibrant and modern place to live and work for the Ringland community. We're creating 158 new homes and relocating Ringland Shopping Centre in consultation with the local community. Alongside this, the Mountbatten development is nearly complete, which will see 24 well-designed and energy-efficient homes.

We've refurbished the upper floors of a landmark building in the city centre near Newport Market, creating 18 new apartments

> This is our first development of homes that are solely for private rent. The housing crisis in Wales is affecting people with a variety of housing needs, so these homes will play their part in assisting them.
>
> - Matthew Davies, Executive Director of Development



Colleague

Great colleague experience

Our ambition is to be an employer of choice, with highly skilled and engaged colleagues who can deliver exceptional services to our customers and communities. Colleagues across the association continue to show their dedication to doing the right thing with their motivation, skills and passion.

We have continued to reward and recognise our colleagues at NCH through market-rate salaries, agile working, pension schemes and social events. Our enhanced colleague offer provides support through:

- enhanced annual leave
- emergency and compassionate leave
- maternity, paternity and adoption leave
- a health cash plan
- cycle to work scheme
- a strong focus on health and wellbeing.

We also invest in our colleagues' professional development with a mix of training and development as well as volunteering.

Our new People Plan aims to build on our skilled and engaged workforce. It underpins our ambition to have the 'right skills, right colleagues, in the right roles, who put customers at the heart of all they do'.

Our people ambition

Right Skills

Future-proof for the now and anticipate future requirements and skills shortages. Proactively develop plans and budget to upskill, train and develop colleagues.

Right Colleagues

Empower colleagues that are self-motivated to deliver and live our values – and reward them for it. Ensure we attract and retain the best talent that are engaged and put the customer first to deliver great and efficient services.

Right Roles

Focus on colleagues' strengths and invest in upskilling and growing our own to ensure colleagues are in the best roles for them to perform to their full potential. Have leaders that coach, grow and develop their team.

STRIVE

Delivering our ambition is only made possible by our colleagues. That's why investing in our people is a key element in our colleague experience. In 2022/23 we launched our STRIVE programme to support managers' personal growth, coaching skills and team development.

It gives our managers the learning and skills they need to play a key role in the association delivering on our priorities. It supports them to embed the NCH way of working and prepares them to become the leaders of tomorrow.

Our Values, Our Voice

It's important that we listen to our colleagues and work with them to improve our services and experiences.

We refreshed our internal colleague forum in March 2023 called 'Our Values, Our Voice'. The group gathers and shares ideas and feedback about colleagues' experiences of working at NCH. These insights are vital to help improve the wider colleague, customer and community experience.

It's important that we listen to our colleagues and work with them to improve our services

75%
of colleagues said they are motivated to do their best work

86%
of colleagues said they understand how their work contributes to the objectives of NCH

72%
of colleagues said they understand NCH's overall goals for NCH Strategy 2025

80%
of colleagues feel empowered to do their job effectively

94%
of colleagues believe their work is important to the success of their department

90%
of colleagues believe they have the support of colleagues when needed

84%
of colleagues believe their line manager cares about them as a person

Improving services through Digital and Data

Data Strategy

Our ambition and vision to become an association that uses mature data is set out in our Data Strategy. It helps us to provide insights that empower colleagues to deliver effective services and drive continuous improvement. We also aim to look at how we use data to support organisational development

Our data ambition

Data Experience

Provide an outstanding data offer to colleagues that drives improvement through insight, that in turn drives improvement to customers and colleagues.

Data Confidence

Build confidence in colleagues' use of data by providing the right skills and working practices to be a data-driven organisation where data matters.

Data Enterprise

Ensure data quality and improve data maturity by controlling data entry, storage and accessibility with effective governance through defined setups and processes.

Digital Strategy

Technology can improve how we operate, make us more efficient and enhance the customer and colleague experience. We're now putting into action our newly updated digital strategy. The strategy aims to provide a user experience that empowers colleagues and customers through secure, affordable services and innovative solutions.

Our digital ambition

Digital Experience

Provide an outstanding digital offer to customers and colleagues for simple engagement, while empowering customers and colleagues to self-serve at a time and location convenient to them.

Digital Confidence

Build confidence by empowering customers and colleagues with the right skills, supported by the right services, to better use digital services.

Digital Enterprise

Ensure digital services and data are readily available for our colleagues and customers while being secure against cyber threats.

A well-run association

Our approach to strategic planning provides assurance on how the association is run. Housing is facing challenges because of the unpredictable environment. Rising costs and rent increases below inflation have reduced the sector's capacity. Despite these challenges, the association has maintained a strong financial position. And we're aware of the need to do more with less. We know it's been tough for our customers, communities and partners and we're doing everything we can to get the most out of every penny we spend.

In 2022/23 we strengthened our strategic planning to better integrate our priorities and finance. Our approach to risk and opportunity management also plays a role in this process.

The sector and the association know it's hard to deliver in many priority areas, like investing in our current homes and building more. The board and executive plan together to review priorities based on the environment to make sure our investment is balanced, meets our ambitions and has a manageable risk level.

Our goal to deliver more value for money aligns with the association's ambition. Everything we do aims to make things better for our customers by doing the things that matter and stopping the things that don't. We're trying to balance cost and quality but also improve customer satisfaction. Our efforts to change and improve are part of our strategic planning framework, with progress overseen by the board and executive.

Strategic Commitment Spotlight

Our commitment to equality, diversity and inclusion

We remain fully committed to equality, diversity and inclusion as an employer and provider of services. We're keeping this promise by focusing on areas that will make a real and ongoing difference to colleagues' and customers' lives.

As a social housing provider, we value the diversity of the people we work with and the communities we serve. We're committed to making society more equal. During 2022 we focused on education, gathering data and intelligence to work better and build teams closer to our customers.

We were honoured to sponsor and celebrate Newport's first ever Pride event at Belle Vue Park, a sponsorship commitment that will continue for future years. Colleagues from NCH joined the LGBTQ+ community and hundreds at the event, where they talked to both current and potential customers.

We know that having a diverse and inclusive workforce benefits everyone. In 2022/23 we changed our recruitment process to help us attract more diversity. Our efforts led to 10.1% of our appointments coming from ethnic minority candidates, which is representative of our communities.

In 2023/24 we'll do more on this front, changing how we operate and making sure our processes support improving diversity and equality.

This is a long-term commitment, and we're determined to make equality, diversity and inclusion part of everything we do.

We remain fully committed to equality, diversity and inclusion as an employer and provider of services.

Our commitment to environmental sustainability

Climate change is happening, with humans and nature feeling the effects. We must invest and act wisely for the future while putting our customers and communities first. But we can't achieve our commitment to environmental sustainability alone. That's why we work with our customers, the community, colleagues and partners who share our ambition.

As a socially responsible landlord, we know our homes must be fit for the future. We're making homes more energy efficient, building brand-new low-carbon ones and regenerating existing. More than 57% of our homes are rated as EPC C or higher and we're working on a plan to get to net zero for every home while also tackling fuel poverty. We're still trialling Modern Methods of Construction (MMC) and building to the latest standards, like the Welsh Development Quality Requirements (WDQR 2021), in our new homes.

We've also put a lot of effort into making sure our homes are as energy efficient as possible, meeting the Welsh Housing Quality Standard (WHQS) for all of them. We're working with other social landlords, Newport City Council and partners to try out the best energy-saving solutions for our homes through the Optimised Retrofit Programme (ORP).

At NCH we also know it's important to support our customers to live sustainably. That's why we always listen to our customers and involve them, raise awareness on protecting the environment and keep working to alleviate fuel poverty.

We work hard to create sustainable places to live. We're enhancing our green spaces, working with Newport City Council to improve how we manage waste, planning for severe weather and continuing our approach of place-making. On top of this we're pushing for sustainable travel and backing community-led projects that help the environment and everyone's wellbeing. We're making a biodiversity management plan to improve the environment and do our bit to save the planet.

We care strongly about the environment, but we're conscious that we need to do more. We're looking at every possible way to change our fleet to low carbon, make sustainable purchases and use resources more efficiently to cut waste. We're also talking with colleagues about how we can reduce our environmental footprint in our work and travel. Finally, we're using our funds to invest as much as we can, but as a last resort we'll find a way to offset our carbon emissions.

Our commitment to growth

Our new strategic commitment to growth addresses how we will respond to the significant demand for social housing across Wales and the UK. We must do our part to address the housing crisis, while minimising our impact on the environment and future generations.

We'll make sure that any investment benefits our customers, communities, environment and colleagues as much as possible. We will take opportunities to achieve growth in residential and commercial property, growth from investment activity and through collaboration.

Our investment in different tenures and commercial opportunities are helping communities to thrive sustainably. Our projects in the city centre prove that affordable housing helps local businesses, preserves historical buildings and re-energises the city. This is strengthened by our support for local, new and community-focused businesses that have commercial spaces which offer social, economic and environmental benefits. This also helps us to reinvest more in communities.

We're still very much focused on meeting the needs of our customers and communities within Newport, but are also keen to expand our housing stock across South East Wales. As we deliver our commitment to growth, we'd like to work with others who share our ambitions to explore opportunities and make the most of them.

Our strategic commitments are a promise to embrace opportunities and address the biggest challenges our customers, communities and colleagues face. Together, these commitments will help us to achieve the aims in NCH Strategy 2025.

“

We must do our part to address the housing crisis, while minimising our impact on the environment and future generations

Financial Performance

For the year ended 31 March 2023

The association remains in a strong financial position, and we're responding to the challenges of the operating environment, including increasing costs and disruptions to the supply chain. Our long-term business plan continues to show that we can keep operating sustainably despite the challenges faced. We re-invest all surplus into our work, which includes our homes and communities, strengthening our commitment to providing new homes for Newport and South East Wales. We are committed to keeping our existing assets in good condition, in line with WHQS, while investing in the future sustainability of our homes, and providing great services for our customers.

After tax, the association's surplus was £1.1m. Comparisons of the major items for this year and last:

	2023 £'000	2022 £'000
Surplus on social housing letting	**1,727**	4,002
Surplus on commercial properties and garages	**968**	1,064
Surplus on shared ownership properties	**364**	354
VAT recovery	**–**	212
Interest received	**1,750**	211
Gain on disposal of property, plant and equipment	**437**	168
Interest payable	**(4,122)**	(3,748)
Total surplus	**1,124**	2,263

The decrease in surplus on social housing lettings is mainly due to the increased cost of property maintenance for the year. A number of costs associated with the maintenance function have increased, including sub-contractor costs and fuel.

Interest receivable increased by £1.5m to £1.8m due to higher interest rates on deposits, combined with higher cash balances. Sale proceeds relate to the shared ownership homes that have staircased and sales of land.

Summary Five Year Financial Performance

	2022/23 £'000	2021/22 £'000	2020/21 £'000	2019/20 £'000	2018/19 £'000
Income & Expenditure Account					
Turnover	55,403	52,586	51,811	49,783	48,791
Operating Costs (incl'ds finance costs)	(54,279)	(50,323)	(45,048)	(75,505)	(45,326)
Surplus/(Deficit)	1,124	2,263	6,763	(25,722)	3,465
Balance Sheet					
Fixed Assets	205,113	177,852	162,066	149,263	129,744
Net Assets / (Liabilities)	(17,965)	(17,084)	(43,080)	(43,326)	(38,404)
Loans	(141,704)	(142,653)	(113,450)	(97,571)	(63,000)
	45,444	18,115	5,536	8,366	28,340
Reserves	45,444	18,115	5,536	8,366	28,340

	2022/23 £'000	2021/22 £'000	2020/21 £'000	2019/20 £'000	2018/19 £'000
Cash flow Statement					
Net Cash Inflow - Operating Activities	14,358	12,754	19,978	13,545	13,795
Servicing of Financing and Investing	(3,712)	(3,614)	(2,990)	(4,171)	(5,358)
Exceptional Items	–	–	–	(30,095)	–
Capital Expenditure (net of grant)	(12,024)	(15,322)	(9,676)	(15,828)	(2,669)
Financing	(237)	29,920	15,162	34,571	–
(Decrease)/Increase in cash	(1,615)	23,738	22,474	(1,978)	5,768

Turnover

Turnover in the year was £55.4m (2021/22: £52.6m). The majority of this was made up of rent from social housing, £45.6m, service charge income, £2.5m and amortisation of social housing grants £4.0m. The remainder came from a number of smaller sources.

Expenditure

Our main operating costs are management costs, the costs of maintaining our properties and depreciation. The table below shows expenditure on maintenance compared with the previous year.

	2023 **£'000**	2022 £'000
Day-to-day maintenance*	**15,670**	14,186
Planned maintenance*	**7,042**	6,284
Capital maintenance	**12,430**	11,602
	35,142	32,072

*Planned and day-to-day maintenance include direct costs plus an allocation of central costs.

Expenditure on planned and capital maintenance in 2022/23 was higher than in 2021/22 as we have continued to address a backlog of work caused by the pandemic. In addition, a number of costs have increased during the year, including materials and fuel. This also includes the costs of the work on the Duffryn heating system. Capital spend levels have been impacted by grant-funded building safety and void property projects, as well as the association's continued programme of component replacement.

Our overall management costs in 2022/23 were £13.6m compared with the previous year of £12.8m. The increase is due to inflationary growth and increased staffing costs as noted below.

Overall employee costs were £21.9m compared with £21.1m in 2021/22. Salaries and social security costs have increased by 7% – partially due to the effect of the pay award of 3.5% from 1 April 2022, along with an increase in staff numbers. Pension costs reduced by £0.4m due to a reduction in the current service costs in the Local Government Pension Scheme actuary report. There were no changes to the employer's contributions rates deducted from employees.

Gain on disposal of properties

The association received £438k net income from five properties that were shared ownership staircased (homeowners took the opportunity to increase their equity share in the property), and five land sales.

Depreciation

This is a measure of the wear and tear of our properties with other assets such as existing components including kitchens, windows and bathrooms. We replace these periodically. Depreciation costs in 2022/23 were £9.1m compared with £9.1m in 2021/22. Depreciation has remained stable as the increase in the asset base in line with continued investment is offset by assets being fully written down.

Treasury risk management

There is a well-defined framework for key financial controls with a robust process of reporting and monitoring financial performance to the board. The association's treasury management policy is the mechanism by which the board outlines the type and amount of risk it is prepared to assume to deliver its strategy and run day-to-day operations. Its treasury management activities are defined as:

"The management of the association's investments and cash flows, its banking, money market, capital markets and derivative transactions, and its security portfolio; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

The board has an approved set of 'golden rules' that provides a clear view of the association's financial risk appetite and how they are used as a control in balancing strategic ambitions with continued financial resilience. These include maintaining appropriate thresholds on covenant compliance and a liquidity rule that outlines the requirement to have the next 18-month business plan activity funded, through a combination of cash and revolving credit facilities. Currently the business plan is showing a requirement for new funding to be secured during 2024/25.

Loan Covenants

NCH is required by its lenders to meet two key covenants within the loan agreements: (i) EBITDA-MRI interest cover; and (ii) net debt per unit. The association operated comfortably within the covenant limits for the year ended 31 March 2023, with actual interest cover at 422% and net debt per unit of £5,229.

Other Balance Sheet items

The value of social housing properties in Fixed Assets have increased by £17.2m. This is as a result of the costs of the development and capital maintenance programmes during the year.

The value of investment properties has increased by £10m, primarily due to the purchase of Usk House during the year.

Debtors falling due within one year includes accrued grant payable from the Welsh Government at the year end. Debtors falling due after more than one year is disclosed at £1.9m. This reflects deferred Welsh Government Housing Finance Grant (HFG) which has been awarded towards covering the borrowing costs associated with the Pillgwenlly and Cot Farm schemes over a thirty-year period.

Pensions

The association participated in two pension schemes during the financial year.

The Aviva Pension Scheme is a defined contribution (DC) scheme. The contributions payable is charged to the statement of comprehensive income as an expense during the year in which the employees have become entitled to this benefit. The association is only liable for the contributions and therefore there is no requirement to include a liability in the statement of financial position.

The Local Government Pension Scheme (LGPS) is a defined benefit (DB) scheme managed by Torfaen County Borough Council (Greater Gwent). Contributions are assessed in accordance with the advice of an independent qualified actuary. The pension deficit on the LGPS scheme is recorded in the accounts. The recognised surplus at 31 March 2023 was £3.3m compared with a deficit of £19.2m at 31 March 2022. This largely reflects a significant increase in gilt yields which has been sufficient to offset a fall in pension asset valuations. The surplus is a non-cash adjustment that does not impact on the association's loan covenants and ongoing employers' pension contribution rates. The March 2022 triennial valuation is now complete, and has indicated a reduction in employer contribution rates commencing from April 2023 as a result of the favourable conditions noted above.

Assurance and risk management

For the year ended 31 March 2023

Our board manages the risks faced by the association using a risk management framework and assurance reporting. We continually adapt these to make sure they remain effective in the increasingly uncertain, volatile and complex operating environment.

Our framework gives the board confidence to delegate management of key activities to the executive knowing key controls are in place. The audit and risk committee (ARC) meet regularly to oversee the delivery of the framework and provides assurance to the board on its effectiveness.

As we progress our NCH Strategy 2025 and plan longer term ambitions, we remain aware of the increasingly volatile operating environment. We recognise that to achieve our ambitions we will need to take risks – meaning that it is more important than ever to identify, assess and manage these. We work with all parts of the association to identify risks, collaborating with those closest to where they occur. We also look at external sources using the Regulator's sector risk profile, information or advice from peers and our independent risk advisor. This provides board assurance that we understand our risk profile and that appropriate mitigation actions are in place and being effectively managed.

Risks are reported to and reviewed by the ARC every quarter, including in-depth reviews of the most significant risks. We carry out sensitivity analysis and scenario testing on the association's thirty-year business plan and report annually to the board.

The board regularly reviews and confirms the association's risk appetite. To inform this, the association's risk capacity is reviewed within the context of the strategic priorities, with the association understanding the aggregate risk exposure and the effectiveness of key controls. The risk appetite is agreed within strict parameters that ensure we are not exposed to a risk level that compromises the integrity or viability of the association.

Using our risk management framework, we have identified the following risks as being the most significant to achieving the strategic ambition. Our key risks and emerging areas of concern, with key controls and sources of assurance, are shown in the table below.

Risk Area	Key control(s) and actions	Key Assurance
Asset Management & decarbonisation Key Concern Significant costs to meet regulatory and association ambition for low energy homes.	Asset management strategy including 5-year rolling programme of stock condition surveys supported by decarbonisation roadmap.	Asset management strategy progress reported to board annually.
Customer Voice, Complaints & Service Delivery Key Concern Failure to provide services that meet customer expectations	Control: Customer Voice Strategy Action: Repairs end-to-end review – informed by customer voice & key driver of satisfaction (31 March 2024)	Quarterly reporting of performance and improvement actions through integrated reporting.
Repairs & Maintenance Service Quality Key Concern Ineffective business practices leading to services that do not meet customer expectations	Control: Quarterly transactional performance monitoring by team and strategic forum. Action: Repairs end-to-end review – informed by customer voice & key driver of satisfaction (31 March 2024)	Monitoring of demand, customer satisfaction, spend against budget and service level by strategy forum executive team. Quarterly reporting to board.

Risk Area	Key control(s) and actions	Key Assurance
External Environment/ Risk Management Key Concern Failure to effectively monitor, anticipate, and respond to changes in the external environment.	Control: Annual risk appetite review. Control: Risk management framework & Risk reporting to board, ARC and Executive including scheduled in-depth risk reviews of major risks Control: strategic planning framework – risk environment aligned to strategic planning	Independent review of risk management system reported to ARC annually.
Income Collection /Rent Arrears Key Concern Rent arrears rise as a result of cost-of-living crisis	Control: Clear processes in place for income collection and debt recovery, recently overhauled to place an additional emphasis on taking a supportive, customer focused approach to rent payment	Weekly monitoring of demand and service level by management. Quarterly reporting to board
Development Key Concern Development programme viability threated by increased contract costs and delays	Development Governance Framework: all schemes reviewed and approved by Investment Forum Control: Contract management approach, identifying "at risk situations, supporting early dialogue and intervention and options for collaborative approach to enable risk to be managed without exposing any party to unnecessary risk	Post-development review of all schemes. Lessons Learnt report is provided to Investment Forum quarterly.

Risk Area	Key control(s) and actions	Key Assurance
Cyber Security Key Concern Significant increase in threat level including ransomware.	Control: Maintains up-to-date firewalls and Next-Gen Anti-virus software. Control: Independent and continuous penetration testing with live reporting to manager.	Independent cyber security review on "effectiveness of measures in place to ensure its environment is "secure", reported to ARC. Cyber Essentials Plus Accreditation awarded in 2022.
Tenancy Support Key Concern Increased economic turbulence and cost of living crisis adversely impacted customers of NCH	Control: Dedicated support team working alongside neighbourhood place-based teams to identify and work with households requiring support. Control: Tenancy support – monitoring and risk assessment of all new tenancies with early intervention actions agreed for "at risk tenancies" and delivered by the dedicated and specialist team.	Monitoring of key tenancy sustainability metrics including arrears, tenancy turnover and anti-social behaviour.

Value for Money (VFM)

For the year ended 31 March 2023

Delivering value for money will strengthen the association's financial position and improve performance in delivering services and drive improved customer satisfaction through aligning our activities to focus on the cost and quality of service provision. This will help us to achieve our ambition to supply as many new homes as possible and to reinvest in services that are valued by customers. The association is committed to giving customers maximum value and in making sure the outcomes from investment deliver sustainable benefits.

VfM Principles

The VfM framework aims to achieve five principles through an ongoing action plan that is aligned to the strategic priorities and cross-cutting themes of equality, diversity and inclusion (EDI), growth and environmental sustainability:

1. Embedding value in everything we do

This is about ensuring that the business activities align with our strategic priority of being a well-run association, where all our effort and investment is targeted at what customers value most and not wasted on activities that do not contribute to this.

2. Maximise the investment in development and regeneration

This sets out the focus on the association's effectiveness in funding and delivering new homes or regenerating poor-performing homes or communities. Our strategic commitment to growth recognises our strong financial position and the potential we have to reinvest in communities. With the aim of delivering 2,500 new homes in the next 10 years, we can ensure value for money is realised through balancing our management and maintenance costs.

3. Maximise the social return and benefit to the community

This focuses on using our finances to get the best return from our services and reinvesting in activities that add value and will support the delivery of the social purpose strategic priority.

4. Maximising the return from our housing and commercial assets

This focuses on getting the best out of our assets, in terms of quality and cost to make sure that we carry out their upkeep in the most efficient and effective way and that their quality attracts high occupancy.

As part of our asset strategy, we assess the performance of our homes against financial and social parameters to make sure that they're in the right condition for our customers. To identify whether investments are suitable for regeneration or refurbishment, we consult closely with residents who may be affected.

5. Delivering our services efficiently

This is focused on a culture of value for money throughout the association, supporting year on year improvements. We'll make the best use of colleagues and business processes to deliver good quality homes and services.

Value for money key metrics

The VfM framework is agreed by the board. They are responsible for monitoring progress to gain assurance that VfM is appropriately embedded in our culture through our four values (Active, Collaborative, Trusted and Inclusive) and delivered by colleagues. Our approach to VfM and our achievements are monitored quarterly through the integrated report.

Performance is measured using the recognised 'Sector Score Card'. This provides our board, leadership team and key stakeholders (including Welsh Government and lenders) with assurance that the VfM principles are embedded into everything we do to meet our customers' needs.

The comparative data is set out in the table below and compares our value for money performance over the last two years against the sector averages for 2021/22.

Principles	Metrics	2022/23	2021/22	Sector Averages* 2021/22
1. Embedding value in everything we do	Operating margin (overall)	6.3%	11.0%	20.2%
	Operating Margin (SH lettings)	3.3%	8.0%	26.4%
	EBITDA MRI %	422%	268%	182%
2. Maximise the investment in development and regeneration	New supply % (SH)	0.9%	0%	1.2%
	New supply % (non SH)	60%	0%	0%
	Gearing	27.1%	31.0%	35.8%
3. Maximise the social return and benefit to the community	Customer satisfaction	69.4%	72.6%	84.7%
	Reinvestment %	16.7%	18.5%	5.7%
	Investment in communities	76,419	149,223	–
4. Maximising the return from our housing and commercial assets	Return on capital employed (ROCE)	2.4%	2.2%	2.8%
	Occupancy	97.6%	99.6%	99.5%
	Ratio of responsive repairs to planned maintenance	0.74	0.79	0.70
5. Delivering our services efficiently	Headline social housing cost per unit	5,441	5,501	4,230
	Rent collected	99.9%	99.5%	100%
	Overheads as a % of adjusted turnover	18.4%	22.0%	14.9%

The comparative data provides the association with an understanding of our performance and where we can target action to make further improvements. Our costs are higher, and satisfaction is lower than the sector average 2021/22 in some areas. The main findings of the comparative analysis are:

- Operating margin reduced compared to the prior year, mainly due to the increased maintenance costs per unit. This is because we did more to address the backlog of repairs, plus costs increased, like materials and fuel. The association is undertaking a number of change programme initiatives focusing on repairs, income collection and customer experience, and it is anticipated that these activities will improve the quality of services and drive better customer satisfaction.
- Total reinvestment spend increased during the year because of more work on our existing homes and spending more on development than in the previous year. Although the absolute spend is higher, the percentage has reduced due to the underlying increase in the value of housing.
- Income collection levels have declined since April 2022, resulting in an increase in rent arrears. The cost-of-living crisis has been a challenge for customers. However, since 1 November 2022 we've seen the pace slowing of rent arrears and declining towards the end of Q4.
- The total number of empty homes has declined during the year. The void turnaround time has decreased over the same period, but continues to fluctuate as longer-term voids are let. There has also been a reduction in re-let times.
- Overall customer satisfaction has stayed consistent since 2015. However, the last three quarterly returns suggest that satisfaction levels have slightly decreased. We've already taken steps to address the level of satisfaction. Our approach to providing a great customer experience is set out on page 11 of the strategic report.

Our Approach to ESG

Environmental

57% of our homes are rated EPC C and above.

We've continued to replace old gas boilers with new, more efficient ones. We've also installed External Wall Insulation and installed triple glazing in homes.

Using more funding from the Welsh Government Optimised Retrofit Programme, we've improved the efficiency of homes.

We've continued to replace old gas boilers with new, more efficient ones. We've also installed External Wall Insulation and installed triple glazing in homes.

Social

Customer satisfaction has slightly decreased over the year, with 69.4% of customers satisfied with NCH's overall service compared with 72.6% the year before. We're already taking steps to improve satisfaction – our approach to providing a great customer experience is outlined on page 12 of the strategic report.

99.9% of our homes have an in date accredited gas safety check, while 100% have an in date and compliant fire risk assessment.

Our commitment to equality, diversity and inclusion in employment and services remains unwavering. To achieve this, we are focusing on areas that will make a real and sustainable difference to colleagues' and customers' lives.

We've spent the last year building our approach to community development, which is all about recognising and using community strengths for long-term success. In the year ahead, we'll be focusing on helping 6,000 households deal with high energy costs through the energy redress scheme.

Governance

The Association holds a Regulatory Judgement of Standard/Standard from June 2021.

27%
of our board are women.

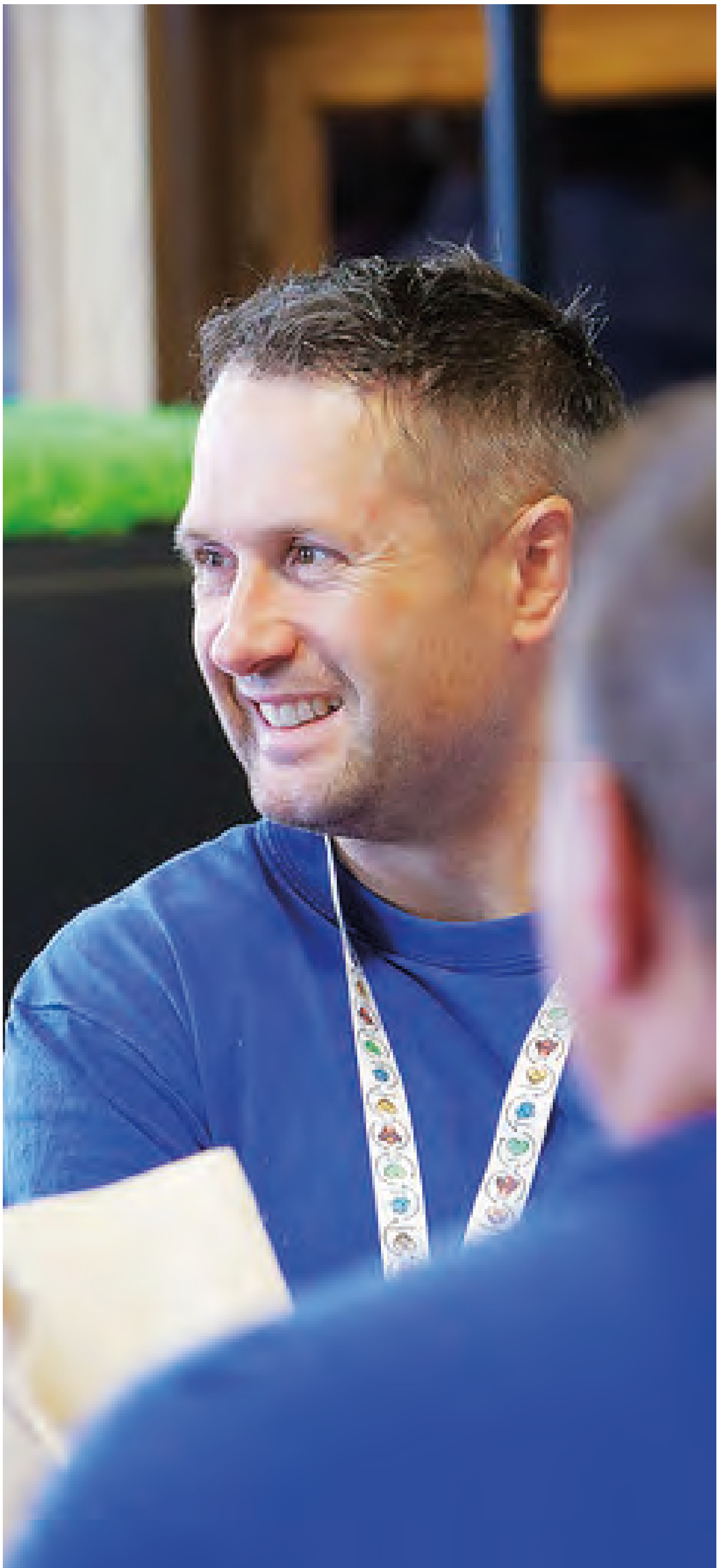
4.5
The Association pays the Real Living Wage; the CEO to median worker pay ratio is 4.5.

3.6%
gender pay gap

10.9
average number of sick days

Governance report

for the year ended 31 March 2023



Board and senior executives

Membership of the board and the executive team is set out on page 3, with more information about their roles found here. Although they do not have the legal status of directors, senior executives of the association act under authority delegated by the board without holding share capital.

Board member obligations

The board has role profiles in place for its chair, vice chair, chairs of committees and board members and co-optees. The profiles set out the personal attributes, skills, knowledge and experience, and eligibility criteria of the roles, which includes shared accountability to ensure the effectiveness of:

- Strategic direction
- Internal controls
- Governance
- Financial viability.

Responsibilities of the board

The board is responsible for preparing the financial statements in accordance with applicable law and regulations. The Co-operative and Community Benefit Societies Act 2014 requires the board to prepare financial statements for each financial year. Under those regulations the board has elected to prepare the financial statements in accordance with UK Accounting Standards.

The Financial Statements are required by law to give a true and fair view of the state of affairs of the association and of the surplus or deficit for that period.

In preparing these financial statements, the board is required to:

- select suitable accounting policies and then ensure that they are applied consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) have been followed, subject to any material departures disclosed and explained in these financial statements
- ensure that the Financial Statements are prepared on the going concern basis unless it is inappropriate to presume that the association will continue to operate.

The board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the association and enable it to ensure that its Financial Statements comply with the Cooperative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, the Statement of Recommended Practice for registered local housing providers 2018 and the Accounting Requirements for Social Landlords Registered in Wales: General Determination 2015. The board is also responsible for ensuring that the assets of the association are safeguarded and to prevent and detect fraud and other irregularities. The board has a current policy on the prevention, detection and reporting of fraud and has delegated responsibility to the audit and risk committee (ARC) to receive compliance information in relation to fraud and other matters.

The Financial Statements are required by law to give a **true and fair** view of the state of affairs of the association and of the surplus or deficit for that period.

Board member skills, qualities and experience

The board annually assesses its collective and individual members' skills as part of its governance effectiveness process.

The board uses this analysis to determine the skills needed by the association for effective strategic decision making. These skills are added to the role profiles and used to identify learning and development opportunities for existing board members and to assess any future candidates who apply for board and co-optee vacancies.

For the period 2022/23, the board identified the following necessary skills:

- Legal & regulatory compliance
- Asset management
- Strategic information communications technology (ICT) and security
- Sustainability, modern methods of construction & decarbonisation of homes
- Marketing/PR/Media/Branding.

Board remuneration

We introduced remuneration for members in April 2020 following the board decision in November 2019.

Remuneration is listed on page 69 and reflects the fees agreed by the board:

£10k
Board chair

£7k
Vice chair, chair of committees

£5k
Board members and co-optees

The board agreed that the Colleague & Culture Committee will review the remuneration and supporting policies every three years, benchmarking with support from an independent third party if necessary. The committee will then make any recommendations to the board for consideration.

Board membership

The board's membership is reported at every Annual General Meeting (AGM) with each member serving for a term of up to three years. They can serve a maximum of three consecutive terms: nine years in total.

The board can comprise of up to 12 non-executive members and is responsible for our strategic direction and monitoring the activities of the association. However, the board's preferred size is 11, with the flexibility to increase to 12 when and if required.

Board members are selected from a broad range of backgrounds, bringing a mix of professional, commercial, local and customer perspectives.

The board can co-opt up to three members who have particular skills identified as a gap or vulnerability in the board's skills matrix. These members have specific terms of office, as determined by the board.

The board met five times during the reporting period, attended two workshops on the themes of Rent, Business Plan and Budget, and held two strategic planning days.

The board is supported by the audit and risk committee (ARC) and the Colleague & Culture Committee (CCC).

The CCC replaced the Remuneration Committee (RC) in July 2022. This followed the RC's annual review of its effectiveness, which recommended to the board that the RC should be replaced with a new CCC that had a wider remit and a foundation framework that better reflected its roles and responsibilities.

The board is responsible for the association's strategic planning framework. It delegates day-to-day management and implementation of that framework to the Chief Executive and other senior executives who meet regularly and attend board meetings.

Board recruitment

The board's approach to succession planning allows board members who have completed their first and second terms to stand for a further term through an internal process. A selection panel reviews the individual's supporting statement, skills, and experience to determine if they are still relevant and still needed to deliver the association's strategic vision for a further three-year term.

Any current co-optees who wish to be considered for the role of board member must undergo an external competitive process, part of the board's commitment to openness and transparency.

A recruitment campaign held in April 2022 by the board resulted in a new chair and four members being appointed during the September 2022 AGM. This recruitment followed the retirement of the previous chair and co-optees completing their term of office.

The board's internal succession planning process resulted in Chris Sutton being reappointed to a second term of office after selection panel considerations and recommendation to the board.

Board diversity and succession planning

The 2022 recruitment process was successful in identifying suitably skilled and experienced members, but did not identify candidates from more diverse backgrounds beyond the shortlisting stage.

To address this and meet our aspirations in the Equality, Diversity and Inclusiveness (EDI) commitment, in March 2023 the board approved creating a new board trainee position.

A board trainee is able to act in the same way as a board member, by attending meetings and contributing to discussions, but cannot vote, is not remunerated and is not bound by fiduciary duties.

The position highlights our commitment to the Pathway to Board programme, created to address a lack of ethnic diversity on boards across Wales. The programme aims not only to change the profile of housing association boards, but to change the leadership landscape. It strives to boost ethnic diversity by offering training and experiences to skilled candidates to build their confidence to apply and join boards across statutory, third and private sectors in Wales.

Governance effectiveness

The board regularly reviews its effectiveness and skills, including a meeting between each member and the board chair where individual objectives are set for the year ahead.

We introduced committee effectiveness reviews in 2022 to complement the board process. Each committee considers its effectiveness and reports to the board annually. Committee skills reviews began in 2023 to support the board in identifying specific gaps or vulnerabilities at committee level.

Adopted Code of Governance

The association adopted the Community Housing Cymru (CHC) 2022 Code of Governance following a compliance review which was reported to the board in July 2022, with recommendations for improvement.

The board **regularly reviews** its effectiveness and skills

Regulation

The association has not yet gone through its regulatory judgement process by Welsh Government but continues to hold the highest judgement level available under the previous regulatory framework of standard: standard, awarded on 30 June 2021.

We completed a compliance review against the new regulatory standards which was reported to the board in July 2022, with recommendations for improvement. The board approved the association's self-evaluation at their meeting in July 2022.

The Chair and Chief Executive meet regularly with the association's allocated regulation manager. They are waiting for confirmation on when the new judgement process will begin, where the association will be judged on its approach to governance (including service delivery) and financial viability.

Improvement action monitoring

Progress against improvement actions identified through the compliance reviews undertaken in 2022 are monitored quarterly by the ARC and reported to the board annually through the ARC's annual report.

Scrutiny Partnership (SP)

The Scrutiny Partnership (SP) is a group of highly involved and skilled customers who help continuous improvement for our customers and communities.

As part of its work, the SP gathers, reviews and analyses a range of evidence and provides insight on areas identified for improvement. This intelligence is used in the re-design of services and to contribute to the decision making around the development of operational improvements. The SP works closely with the ARC, which helps to ensure that customer scrutiny is embedded within the association's internal governance.

the SP **gathers, reviews** and **analyses** a range of evidence and provides insight on areas identified for **improvement**

Committees

Audit & Risk Committee (ARC)

The ARC comprises six members and meets at least four times a year. It is there to advise and provide assurance to the board on the adequacy and effectiveness of internal controls to ensure the association is operating at appropriate levels of risk and is compliant with its adopted code of governance, legislation and regulation.

The chair of SP is a participating observer in ARC meetings and can contribute fully towards non-confidential discussions. A standard agenda item at each ARC enables the SP to make observations and comments.

Colleague & Culture Committee (CCC)

The CCC comprises five members and meets at least three times a year. It is there to advise and provide assurance to the board on the adequateness and effectiveness of providing a great colleague experience, ensuring the association is an employer of choice.

Internal Control

The board takes seriously its responsibility for ensuring that the association has a system of controls appropriate for the various business environments in which it operates. These controls are designed to give reasonable assurance on:

- the reliability of financial information used by the association or for publication
- the maintenance of proper accounting records
- the safeguarding of assets against unauthorised use or disposition.

It is the board's responsibility to establish and maintain systems for internal financial control. Such systems only provide reasonable but not absolute assurance against material misstatement or loss. Key elements include ensuring that:

- experienced and suitably qualified staff take responsibility for important business functions
- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restricts the unauthorised use of the association's assets
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures.

The ARC receives reports from management, and the internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed.

This includes a general review of the major risks facing the association not otherwise dealt with directly by the board. Formal procedures have been established to take appropriate action to correct material weaknesses identified from the above reports. The ARC undertakes regular deep dives of the top strategic risks and provides assurance to the board.

Colleagues

The strength of the association relies upon our colleagues' commitment and performance. They help us to deliver our vision and strategy, in line with our values and behaviours, and our commitment to customer service standards.

We continually review how we deliver our services and how colleagues' roles support this. We have continued to invest in training and development of colleagues during the year, as it is recognised that this drives improved business performance and service delivery outcomes for customers.

We're fully committed to equal opportunities, and we value the diversity of all our colleagues, customers and communities, which is reflected in the new EDI Strategic Commitment, EDI policy and implementation plan.

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The board takes seriously its responsibility for ensuring that the association has a system of controls appropriate for the various business environments in which it operates

Gender pay gap

The board received an annual gender pay gap data report in March 2023, for April 2022 data, its sixth report to date.

Our mean hourly wage gap is 0.3%. As at 5 April 2022, 41% of our workforce were women and 59% men

Monitoring the gender pay gap helps us to understand gender equality at different pay points. We use this information to target areas for improvement and review the colleague offer as we work towards a fully inclusive and diverse workforce.

An equal, diverse and inclusive workforce is critical to achieving our NCH Strategy 2025 ambitions. Only by achieving a fairer and more equal workplace will we truly represent the customers and communities we serve and remain an employer of choice for years to come.

41% of our workforce were women and **59%** men

Modern Slavery

The board received an annual modern slavery and human trafficking statement in July 2022, which updated them on how we minimised risks and managed incidents during the year.

The ARC receives information at each meeting on any incidents of allegations and/or investigations in relation to modern slavery, which includes a nil return if applicable.

The association identified nine cases of modern slavery in the year ending 31 March 2023, compared with 11 the year before.

All recorded cases were in relation to customer homes being taken over (cuckooed). We worked closely with Gwent Police and the local authority to support affected customers and find them another home if this was needed.

We publish an annual Modern Slavery and Human Trafficking Statement on our website.

Share membership

We have a policy for share membership – all our customers are eligible. The board considers all applications.

Subsequent events

There have been no events since the date of these financial statements that have had a material effect on the position of the association.

Disclosure of Information to Auditors

The board members who held office at the date of approval of this board report confirm that, so far as they are each aware, there is no relevant audit information of which the association's auditors are unaware, and each board member has taken all the steps that they ought to have taken as a board.

Members are required to ensure that they are aware of any relevant audit information, in addition to reporting any issues or concerns with the association's auditor as and when they become aware.

A resolution to reappoint the association's External Auditors will be proposed at the Annual General Meeting on 13 September 2023.

Approved by the board and signed on its behalf by:

Lynda Sagona
Chair of the board

Independent Auditor's Report

To the members of Newport City Homes Limited registered under The Co-Operative and Community Benefit Societies Act 2014

For the year ended 31 March 2023

Opinion

We have audited the financial statements of Newport City Homes for the year ended 31 March 2023 which comprise the statement of comprehensive income, the statement of changes in reserves, the statement of financial position, the cash flow statement and its related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31st March 2023 and of the association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the parent association has not kept proper accounting records; or
- the parent financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the board

As explained more fully in the Statement of Responsibilities of the Board (set out on page 39), the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and then, design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We discussed our audit independence complying with the Revised Ethical Standard 2019 with the engagement team members whilst planning the audit and continually monitored our independence throughout the process.

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We discussed our audit independence complying with the Revised Ethical Standard 2019 with the engagement team members

Identifying and assessing potential risks related to irregularities.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
    - identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
    - internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas;
    - Purchasing in relation to the development and maintenance programmes, including any sales to connected individuals at below market value;
    - The recognition of development and maintenance expenditure in the correct period;
    - The rationale of any major fund flows during the period;
    - The potential of rent fraud arising as a result of collusion between the asset and housing teams.
- obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the Association, the key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation.

Audit response to risks identified

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- enquiring of management concerning actual and potential litigation and claims; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the Association's members, as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Bevan Buckland LLP

Chartered Accountants & Statutory Auditors
Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

Date:

In addition to our audit on the financial statements for the year ended 31st March 2023, we have reviewed the Board's statement of Newport City Homes Housing Association Limited's ("The Association") compliance with the Welsh Government Circular 02/10, Internal Financial Control and Financial Reporting ("the Circular").

The objective of our review is to enable us to conclude on whether the Board has provided the disclosures required by the Circular and whether the statement is consistent with the information of which we are aware from our audit work on the financial statements.

We are not required to form an opinion on the effectiveness of the organisation's corporate governance procedures or its internal financial control.

Opinion

With respect to the Board's statement on internal financial control on page 43, in our opinion the Board of Management has provided the disclosures required by the Circular and the statement is consistent with the information of which we are aware from our audit work in the financial statements.

Bevan Buckland LLP

Bevan Buckland LLP

Chartered Accountants & Statutory Auditors
Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

Date:

Statement of Comprehensive Income

For the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Turnover	2	**55,403**	52,586
Operating expenditure	2	**(52,344)**	(46,954)
Gain on disposal of property, plant and equipment	4	**437**	168
Operating surplus	2	**3,496**	5,800
Interest receivable	9	**1,750**	211
Interest and financing costs	10	**(4,122)**	(3,748)
Surplus before taxation		**1,124**	2,263
Taxation		**–**	–
Surplus for the year		**1,124**	2,263
Actuarial gain in respect of pension schemes	25	**26,205**	10,316
Total comprehensive income for the year		**27,329**	12,579

Statement Of Changes In Reserves

For the year ended 31 March 2023

	2023 £'000	2022 £'000
At beginning of year	**18,115**	5,536
Surplus for the year	**1,124**	2,263
Actuarial gain in respect of pension schemes	**26,205**	10,316
At end of year	**45,444**	18,115

Statement Of Financial Position

As at 31 March 2023

As at 31 March 2023	Note	2023 £'000	2022 £'000
Fixed assets			
Tangible Fixed Assets			
Social Housing Properties	11	**185,192**	168,008
Investment Properties	12	**18,020**	8,067
Intangible assets	13	**606**	561
Other property & fixed assets	14	**1,295**	1,216
		205,113	177,852
Current assets			
Inventories	15	**2,781**	4,062
Debtors: amounts falling due within one year	16a	**14,391**	4,616
Debtors: amounts falling due after more than one year	16b	**1,874**	1,911
Cash and cash equivalents	17	**86,533**	88,148
		105,579	98,737
Fixed assets			
Less: Creditors: amounts falling due within one year		**(33,266)**	(17,208)
Total current assets less current liabilities		**72,313**	81,529
		277,426	259,381
Creditors: amounts falling due after more than one year	19	**(235,324)**	(222,106)
LGPS pension asset/ (liability)	25	**3,342**	(19,160)
Total net assets		**45,444**	18,115
Capital and reserves			
Share capital	21	**–**	–
Reserves		45,444	18,115
		45,444	18,115

The financial statements were approved by the Board of Management on 26 July 2023 and signed on its behalf by:

L Sagona
Chair

J Fairley
Company Secretary

Cash Flow Statement

For the year ended 31 March 2023

As at 31 March 2023	Note	2023 £'000	2022 £'000
Net cash flow from operating activities	(a)	**14,358**	12,754
Cash flows from investing activities			
Purchase of property, plant and equipment		**(36,267)**	(25,595)
Proceeds from sale of property, plant and equipment		**437**	168
Grants received		**23,806**	10,105
Interest received		**410**	123
Net cash flows from investing activities		**(11,614)**	(15,199)
Cash flows from financing activities			
Interest paid		**(4,122)**	(3,737)
New loans		**–**	29,920
Repayments of borrowings		**(237)**	–
Net cash flows from financing activities		**(4,359)**	26,183
Net increase in cash and cash equivalents		**(1,615)**	23,738
Cash and cash equivalents at the beginning of the year		**88,148**	64,410
Cash and cash equivalents at the end of the year	17	**86,533**	88,148

a. Net cash generated from operating activities

	2023 £'000	2022 £'000
Surplus for the year	**1,124**	2,263
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	**9,140**	9,101
Decrease/(Increase) in inventories	**1,281**	(3,298)
Increase in debtors	**(614)**	(566)
Increase in creditors	**1,330**	1,123
Pension costs less contributions payable	**3,703**	4,159
Non-cash adjustment to fixed assets	**–**	610
Carrying amount of property, plant & equipment disposals	**6**	1
Adjustments for investing or financing activities:		
Proceeds from the sale of property, plant and equipment	**(443)**	(169)
Government grants utilised in the year	**(3,991)**	(4,007)
Interest payable	**4,122**	3,748
Interest receivable	**(1,750)**	(211)
Net cash generated from operating activities	**14,358**	12,754

b. Free cash flow

	2023	2022
	£'000	£'000
Net cash generated from operating activities	**14,358**	12,754
Interest paid	**(4,122)**	(3,737)
Interest received	**410**	123
Component replacements	**(12,430)**	(11,602)
Dowry Grant	**6,500**	6,500
Major Repairs Grant	**6,858**	–
Purchase of other replacement fixed assets	**(779)**	(457)
Free cash generated before loan repayments	**10,795**	3,581
Loans repaid (excluding revolving credit and overdrafts)	**–**	–
Free cash generated after loan repayments	**10,795**	3,581

c. Reconciliation of net cash inflow to movement in net debt

	2023	2022
	£'000	£'000
(Decrease)/Increase in cash in year	**(1,615)**	23,738
Cash (outflow)/inflow from changes in debt	**237**	(29,920)
Movement in net debt in the year	**(1,378)**	(6,182)
Net debt at 1 April	**(54,505)**	(48,323)
Net debt at 31 March	**(55,883)**	(54,505)

d. Analysis of net debt

	At 1 April 2022	Cash flows	At 31 March 2023
	£'000	£'000	£'000
Cash and cash equivalents	88,148	(1,615)	**86,533**
Housing loans	(142,653)	237	**(142,416)**
Net debt	(54,505)	(1,378)	**(55,883)**

Notes to the financial statements

For the year ended 31 March 2023

1. Principal accounting policies

A summary of the more important accounting policies, which have been applied consistently, are set out below:

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting in accordance with applicable financial reporting standards in the United Kingdom, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice (SORP) 2018 for "Accounting by Registered Social Housing Providers", and comply with the Accounting Requirements for Social Landlords registered in Wales General Determination 2015.

The asociation is a public benefit entity in accordance with FRS 102 and the financial statements are presented in Sterling (£).

Financial instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model. Basic financial instruments are recognised at amortised historical cost.

Turnover

Turnover comprises rental income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale and other services included at the invoiced value (excluding VAT where recoverable) of goods and services supplied in the year and grants receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Sales of Properties

Surpluses or deficits resulting from the sale of properties other than any first tranche shared ownership sales and fixed asset investments are shown in the Statement of Comprehensive Income under surpluses/deficits from the sale of property, plant and equipment, and reported in the operating surplus.

Shared ownership properties, including those under construction, are split between non-current assets and current assets. The split is determined by the percentage of the property to be sold under the first tranche disposal which is shown on initial recognition as a current asset, with the remainder classified as a non-current asset within property plant and equipment. Where this would result in a surplus on the disposal of the current asset that would exceed the anticipated overall surplus, the surplus on disposal of the first tranche is limited to the overall surplus by adjusting the costs allocated to current or non-current assets.

Social housing properties

In March 2009, all housing properties transferred at no cost from Newport City Council. Housing properties are included at cost within the accounts.

Investment works in the housing property stock that have been capitalised are valued at cost less depreciation.

"Housing properties in the course of construction" are stated at cost and transferred into "housing properties" when completed.

Any overhead costs directly attributable to bringing fixed assets into their working condition for their intended purpose are capitalised. Expenditure on initial purchase of land and buildings is capitalised and disclosed as part of housing properties in course of construction within tangible fixed assets. Any directly attributable finance costs (other than interest costs) are capitalised as the asset is developed and amortised over the life of that asset.

Some residents have rights under their tenancy agreement to purchase their homes at prices which are at a discount below the open market price. Surpluses or deficits on disposals of properties are recognised as at the date a sale becomes certain.

The surplus or deficit arising on a disposal of a property is the difference between the sale price and the aggregate of the depreciated cost and any associated costs of disposal such as valuation and Legal fees. Any Social Housing grant (SHG) originally received on a property is repayable in full in the case of a disposal, demolition or change of use to an ineligible activity, save that in circumstances where the Welsh Government considers appropriate it may reduce the amount repayable. Where this arises on a disposal, the grant repayable so waived is added back to the surplus or deficit on that disposal.

Interest payable

Interest payable is charged to the statement of comprehensive income to reflect the costs of loan finance attributable to each accounting period.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components.

The association depreciates its housing properties in accordance with the Statement of Recommended Practice (SORP) "Accounting by Registered Social Housing Providers". Depreciation is charged on the historic cost of property (excluding land).

	Houses	**Flats**
New build properties	150 years	110 years
Acquisition/ refurbishments	100 years	80 years

Properties on long leases are depreciated over the shorter of the above and/or the remaining period of the lease.

The policy in respect of expenditure to refurbish or replace major components is that all such work is assessed against life cycle costing principles. Any cost in respect of repairs with a life of less than 10 years is charged directly to the statement of comprehensive income. Refurbishment or replacement of major components which have an estimated useful life in excess of 10 years are capitalised and depreciated over the useful life of the component as follows:

Windows and doors	30 years
Kitchens	15 years
Bathrooms	25 years
Central heating	15 to 30 years
Roofing	15 to 55 years

Depreciation is charged over the expected useful economic life of other fixed assets as follows:

Office refurbishment	15 years
Office & I.T. equipment	4 to 10 years
Vehicles and equipment	5 to 20 years

Dowry Grant/Gap Funding

The association received financial assistance from the Welsh Government to support the delivery of the business plan and the achievement of the WHQS. There is no requirement to repay this grant when disposal occurs. The Grant is accounted for using the accrual method, whereby, Grant is amortised over the expected useful economic life of the components.

Housing Finance Grants

Housing finance grants (HFG) are capital grants receivable from the Welsh Government which are repayable to the extent that such amounts have been received in the event of the disposal, demolition or change of use to an ineligible activity. These are designed as a contribution towards the capital cost of providing new social housing and are received in instalments over a term of 30 years commencing once a scheme is approved for development.

Government Grants

Government grants include grants receivable from the Welsh Government, local authorities and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with the Welsh Government. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in income and expenditure. Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to income and expenditure. Upon disposal of the associated property, the association is required to recycle these proceeds and recognise them as a liability.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as deferred income.

Impairment

Annually, housing properties are assessed for impairment indicators. Where indicators are identified, an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a scheme is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell.

Repairs and maintenance

The costs of repairs and maintenance are expensed as incurred on the basis of work done at the statement of financial position date.

Operating leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the association. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring the surplus or deficit. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to income and expenditure on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the association recognises annual rent expense equal to amounts owed to the lessor.

Intangible Assets

Intangible assets are stated at historic cost, less accumulated amortisation and any provision for impairment. Amortisation is charged to operating costs in the Statement of Comprehensive Income. Amortisation is provided on all intangible assets at a rate calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Computer software including development 20.0%.

Other tangible fixed assets

Other tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land.

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

Investment properties

Investment properties consist of commercial properties and other properties not held for the social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value triennially, with changes in fair value recognised in income and expenditure. Although an independent valuation was not carried out for March 2023, as there has been no change to the occupancy of the building by commercial tenants and no indication of a change in demand for this property, the carrying value is considered to remain unchanged.

Inventories

Inventory, shared ownership first tranche sales, completed properties for outright sale, and property under construction are valued at the at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises materials, direct labour and direct development overheads.

Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Where deferral of payment terms has been agreed at below market rate, and where material, the balance is shown at the present value, discounted at a market rate.

Creditors

Short-term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Classification of loans as basic

The association has a number of loans which have a 'two-way break clause' which is applicable where the loan is repaid early and could result in a break cost or a break gain. The loans in question are fixed-rate loans. In a prepayment scenario that results in a break gain, the loan agreement provides for the repayment of the capital at par. Any break gain payable by the lender would be in relation to future interest periods only. Management have considered the terms of the loan agreements and concluded that they do meet the definition of a basic financial instrument, therefore are held at amortised cost.

Right to Buy sales

Surpluses arising from sales of properties under the Right to Buy legislation are disclosed on the face of the statement of comprehensive income. The Right to Buy legislation ended in Wales on 26 January 2019 for new applications.

Value Added Tax

The association is partially exempt for VAT purposes and claims are made for repayment of VAT for items that are specifically allowable. Expenditure is shown inclusive of non-recoverable VAT.

Provisions

Provisions are recognised when the association has a present obligation (legal or constructive) as a result of a past event, it is probable that the association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

The association recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Pension costs

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

The association participated in two pension schemes during the financial year:

- The Aviva Pension Scheme is a defined contribution scheme. The contributions payable for by the association are charged to the statement of comprehensive income as an expense during the year in which the employees have become entitled to this benefit. The association is only liable for the contributions and therefore no requirement to include a liability in the statement of financial position.
- The Local Government Pension Scheme (LGPS), a defined benefit scheme managed by Torfaen County Borough Council (Greater Gwent). Contributions are assessed in accordance with the advice of an independent qualified actuary. Certain information concerning the assets, liabilities, income and expenditure relating to the LGPS scheme are disclosed in accordance with FRS102 – Employee Benefits.

Management's estimate of the defined benefit asset or liability is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 25).

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets including investment properties. This involves developing estimates and assumptions consistent with how market participants would price the instrument or asset. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case management uses the best information available.

Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

The following are management judgements in applying the accounting policies of the association that have the most significant effect on the amounts recognised in the financial statements.

- Impairment of social housing properties – the association has to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. Specifically, this includes whether there is an impairment indicator for a cash-generating unit. For these purposes a cash-generating unit is defined as a property scheme.
- Defined benefit pension scheme – the association has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the asset or liability depend upon a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension asset or liability in the balance sheet, as well as the appropriateness of the recognition of any asset. The assumptions reflect historical experience and current trends. When a scheme has surplus the asset to be recognised is calculated at the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling is the higher of the economic benefit that could be achieved from a refund of surplus on exiting the Fund, and the economic benefit from payment of future service contributions to the Fund below future expected Current Service Costs. The asset ceiling has been calculated as the difference between the net present value of (employer) future service costs over the future working lifetime and net present value of (employer) future contributions over the future working lifetime.
- Bad debt provision – the association must provide for any outstanding debt where management consider the full value is not recoverable. The level of provision is based on historical experience and future expectations set out in the association's bad debt policy.
- Accruals – the association will provide for items that have been incurred or earnt during the financial period but have not been recorded within the financial statements. The accruals would be either based upon actuals where available or estimates based upon the latest information available.
- Categorisation of properties between investment properties and property, plant and equipment – the association bases this assessment depending upon the use of the asset and the level of rent charged.

Estimation uncertainty

The association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- Depreciation – tangible fixed assets, other than investment properties, are depreciated over their useful lives based upon various factors. The actual lives of the assets are re-assessed on a periodic basis and may vary depending upon the standard of the asset. For housing property assets, the assets are broken down into components based upon management's assessment of the properties and the specific costs incurred in replacing these components. Individual useful economic lives are assigned to these components.

Going Concern

The associations activities, its current financial position and factors likely to affect its future development are set out within the financial performance and value for money (VfM) sections of the Strategic Report. The association has secured more flexible and lower cost long-term debt to replace the existing facilities which will continue to provide adequate resources to finance committed reinvestment and development programmes, along with the association's day-to-day operations. The association also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants. On this basis, the board has a reasonable expectation that the association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

2. Turnover, operating costs and surplus

	Year ended 31 March 2023			Year ended 31 March 2022		
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing Lettings						
General needs housing	52,391	50,664	1,727	50,229	46,227	4,002
Other Social Housing Activities						
Tenanted Garages	75	6	69	55	–	55
Properties for Community Benefit	435	31	404	332	58	274
Shared Ownership	364	-	364	354	–	354
Rent to Own	67	17	50	–	–	–
1st tranche sales	1,276	1,301	(25)	–	–	–
PESM tax refund	–	–	–	212	–	212
Non-Social Housing Activities						
Commercial Properties	556	197	359	422	43	379
Private Market Rent	63	–	63	–	–	–
Other activities	176	128	48	982	626	356
Gain on disposal of property, plant and equipment	–	–	437	–	–	168
Operating surplus	**55,403**	**52,344**	**3,496**	52,586	46,954	5,800
Interest receivable			**1,750**			211
Interest and financing costs			**(4,122)**			(3,748)
Surplus before tax			**1,124**			2,263

3. Turnover from lettings

	2023 £'000	2022 £'000
Rents receivable (net of void loss)	**45,587**	43,949
Service charges receivable	**2,509**	2,273
Amortisation of Social Housing & Other Government Grants	**3,991**	4,007
Revenue Grants	**304**	–
Turnover from social housing lettings	**52,391**	50,229
Operating costs from lettings		
Management costs	**13,606**	12,755
Service charge costs	**4,989**	4,232
Planned maintenance	**7,042**	6,284
Day-to-day maintenance	**15,670**	14,186
Depreciation of housing properties	**8,485**	8,533
Rent losses from bad debts	**872**	237
Operating costs on social housing activities	**50,664**	46,227
Operating surplus on social housing lettings	**1,727**	4,002
Rent loss due to voids (memorandum note)	**1,316**	1,091

4. Disposal of Property, plant and equipment

	2023 £'000	2022 £'000
Sales proceeds	**443**	169
Cost of sales	**(6)**	(1)
Surplus on disposal	**437**	168

Sales proceeds above comprise income from five properties that were shared ownership staircased (homeowners took the opportunity to increase their equity share in the property) and five land sales.

5. Operating surplus for the period

	2023 £'000	2022 £'000
Operating surplus on disposals for the period is stated after charging/(crediting):		
Amortisation of social housing & government grants	**(3,991)**	(4,007)
Depreciation and amortisation	**9,140**	9,101
Rent losses from bad debts	**872**	237
Operating leases	**336**	862
Auditor's remuneration (inclusive of VAT)	**20**	18

6. Board members and senior executive's emoluments

The remuneration paid to the senior executives of the association was:

	2023 £'000	2022 £'000
Emoluments (including pension contributions and benefits in kind)	**671**	732
Emoluments (excluding pension contributions) paid to the highest paid senior executive	**162**	153

The emolument of board members and senior employees, excluding pensions contributions were in the following ranges:

	2023 No.	2022 No.
£ Nil	**–**	–
£1–50,000	**16**	11
£50,001–£60,000	**–**	–
£80,001–£90,000	**–**	1
£110,001–£120,000	**2**	3
£120,001–£130,000	**1**	–
£150,001–£160,000	**–**	1
£160,001–£170,000	**1**	–

The Chief Executive is an ordinary member of the LGPS pension scheme, and no enhanced or special terms apply. The association's contribution in respect of the Chief Executive's pension fund amounted to £25,060 (2022: £23,720). Newport City Homes does not make any further contribution to any individual pension arrangement for the Chief Executive. The emoluments paid to the Chief Executive include a 10% car allowance.

7. Employee and employer costs

	2023 £'000	2022 £'000
Staff costs during the year:		
Wages and salaries	**15,075**	14,118
Social security costs	**1,577**	1,373
Other pension costs	**5,118**	5,595
Past service cost	**105**	-
	21,875	21,086

	2023 Number	2022 Number
Average number of full-time equivalent employees during the year:		
Management and administration	**262**	261
Wardens, caretakers and cleaners	**61**	60
Housing repair service	**100**	98
	423	419
Full-time equivalents at the end of the year were	**452**	440

8. Interests and related party transactions

During the year the association did not provide rented accommodation to any board members who were tenants of the association nor charged rent to those members on the association's standard terms.

9. Interest receivable

	2023	2022
	£'000	£'000
Interest receivable	**1,750**	211

10. Interest and financing costs

	2023	2022
	£'000	£'000
Interest payable and similar charges	**4,122**	3,748

11. Property, Plant and Equipment Social Housing Properties

	Freehold Housing properties held for letting £'000	Housing properties in the course of construction £'000	Completed shared ownership housing properties £'000	**2023 Total £'000**	2022 Total £'000
Cost					
At beginning of year	201,719	33,294	648	**235,661**	217,275
Additions during the year	–	25,157	–	**25,157**	16,658
Components replaced in year	12,430	–	–	**12,430**	11,602
Transfer to inventory	–	(1,965)	–	**(1,965)**	(3,220)
Schemes completed during the year	7,448	(8,487)	1,039	**–**	–
Transfer to investments	–	(9,953)	–	**(9,953)**	(6,055)
Disposals during the year	–	–	–	**–**	(599)
At end of year	221,597	38,046	1,687	**261,330**	235,661
Depreciation					
At beginning of year	67,653	–	–	**67,653**	59,120
Charges for the year	8,485	–	–	**8,485**	8,533
At end of year	76,138	–	–	**76,138**	67,653
Net book value					
At end of year	**145,459**	**38,046**	**1,687**	**185,192**	**168,008**
At beginning of year	134,066	33,294	648	168,008	158,155

11. Property, Plant and Equipment Social Housing Properties continued

	2023 Total No.	2022 Total No.
Planned maintenance (revenue)	**7,042**	6,284
Investment (capital)	**12,430**	11,602

	2022 No.	2021 No.
Units in Management:		
General needs housing properties in management	**8,972**	8,918
Shared ownership	**143**	130
Rent to Own	**15**	–
Private Market Rent	**20**	–
Leasehold management services	**670**	648
Garages	**149**	149
	9,969	9,845

12. Investment Properties

	2023 £'000	2022 £'000
Cost		
At beginning of year	**8,067**	2,012
Transfers during the year	**9,953**	4,339
Additions during the year	**–**	1,716
At end of year	**18,020**	8,067

13. Property, Plant and Equipment

Intangible Assets

	2023	2022
	£'000	£'000
Cost		
At beginning of year	**3,286**	3,060
Additions during the year	**269**	226
At end of year	**3,555**	3,286
Depreciation		
At beginning of year	**2,725**	2,544
Charge for the year	**224**	181
At end of year	**2,949**	2,725
Net book value		
At end of year	**606**	561
At beginning of year	**561**	516

14. Property, Plant and Equipment

	Other Property £'000	Office premises £'000	Service assets £'000	Vehicles & office equipment £'000	**2023 Total £'000**	2022 Total £'000
Cost						
At beginning of year	512	1,532	767	3,736	**6,547**	6,327
Additions during the year	–	–	101	409	**510**	231
Write-off adjustments	–	–	–	–	**–**	(11)
At end of year	512	1,532	868	4,145	**7,057**	6,547
Depreciation						
At beginning of year	108	1,266	672	3,285	**5,331**	4,944
Charge for the year	12	92	36	291	**431**	387
At end of year	120	1,358	708	3,576	**5,762**	5,331
Net book value						
At end of year	**392**	**174**	**160**	**569**	**1,295**	**1,216**
At beginning of year	404	266	95	451	1,216	1,383

15. Inventories

	2023 £'000	2022 £'000
Stocks of materials	**101**	194
Investment in Shared Ownership properties	**2,680**	3,868
	2,781	4,062

16a. Debtors: amounts falling due within one year:

	2023 £'000	2022 £'000
Arrears of rent and service charges	**3,474**	2,441
Less: Provision for bad and doubtful debts	**(2,102)**	(1,216)
	1,372	1,225
Social Housing accrued grant income	**5,690**	–
Major repairs grant income	**2,544**	–
Government Grant Debtor (note 20)	**39**	36
Accrued interest receivable	**1,655**	315
Debtors and prepayments	**3,091**	3,040
	14,391	4,616

16b. Debtors: amount falling due after more than one year:

	2023 £'000	2022 £'000
Government Grant Debtor (note 20)	**1,874**	1,911

17. Cash and cash equivalents:

	2023 £'000	2022 £'000
Treasury deposits		
Instant	**50,873**	57,897
32-day notice	**–**	10,000
35-day notice	**10,000**	10,000
95-day notice	**10.000**	10,000
243-day term	**15,000**	–
	85,873	87,897
Cash at bank and in hand	**660**	251
	86,533	88,148

18. Creditors: amounts falling due within one year:

	2023	2022
	£'000	£'000
Trade Creditors	**1,764**	2,672
Housing loans (Note 19)	**712**	238
Social Housing Grant in advance	**13,902**	4,667
Major repairs grant in advance	**4,902**	–
Social housing and other Government grants (Note 20)	**3,991**	4,008
Employee benefits	**286**	174
Accruals and deferred income	**4,303**	2,373
Capital retentions	**1,423**	1,289
Loan interest	**584**	584
Prepayments of rents and service charges	**1,240**	1,083
Prepayments of other charges	**102**	92
Deposits	**57**	28
	33,266	17,208

19. Creditors: amounts falling due after more than one year

	2023	2022
	£'000	£'000
Housing loans	**132,724**	132,838
Loan premium	**8,980**	9,577
Social housing and other Government grants (Note 20)	**93,620**	79,691
	235,324	222,106

As part of the Welsh Government's 'Land for Housing' initiative, the Association has a balance of public benefit entity concessionary loan totalling £1.5m. The loan was specifically used for the acquisition of land and is repayable when construction of the scheme begins or within five years, whichever is earlier. In addition, the Association has a balance of £1m under the Welsh Government 'Social Housing Loan' scheme; the loan is specifically allocated to the development activities of the Association, and is repayable within 3 years.

Loans are secured on 47% of properties where the association holds an interest.

At 31 March 2023, the association had un-drawn loan facilities of £30.5m.

Average loan interest payable is 2.75%.

Prepaid loan arrangement fees totalled £1,366k as at 31 March 2023.

	2023	2022
	£'000	£'000
Loans repayable by instalments fall due as follows:		
In five years or more	**138,484**	138,982
Between two and five years	**3,220**	3,433
	141,704	142,415
In one year or less	**712**	238
	142,416	142,653

20. Grants

	Dowry	Other Grants	SHG/HFG/ R2O	Total
	£'000	£'000	£'000	**£'000**
Cost				
At beginning of year	80,983	4,823	24,925	**110,731**
Additions during the year	6,500	4,500	6,903	**17,903**
At end of year	**87,483**	**9,323**	**31,828**	**128,634**
Amortisation				
At beginning of year	25,921	832	279	**27,032**
Amortised in year	3,721	167	103	**3,991**
At end of year	**29,642**	**999**	**382**	**31,023**
Net book value				
At end of year	**57,841**	**8,324**	**31,446**	**97,611**
At beginning of year	55,062	3,991	24,646	83,699

	2023	2022
	£'000	£'000
Grants fall due as follows:		
In one year or less	**3,991**	4,008
Between one and two years	**9,082**	8,002
Between two and five years	**13,972**	12,380
After more than five years	**70,566**	59,309
In one year or less	**97,611**	83,699
	142,416	142,653

21. Non-equity share capital

	2023	2022
	£	£
Shares of £1 issued:		
At beginning of year	**107**	100
Issued during the year	**5**	8
Cancelled during the year	**(29)**	(1)
At end of year	**83**	107

The shares provide members with the rights to vote at general meetings. The shares carry no right to dividends, there is no provision for the redemption of shares and there is no provision for a distribution following a winding up.

22. Operating leases

	2023	2022
	£'000	£'000
Motor vehicle and office equipment expiring:		
Within one year	**22**	85
Between one and two years	**–**	7
Between two and five years	**–**	–
	22	92

	2023	2022
	£'000	£'000
Land and buildings expiring:		
Within one year	**304**	308
Between one and two	**197**	308
Between two and five years	**518**	925
Over five years	**1,037**	1,824
	2,056	3,365

The expenditure incurred during the year is detailed in Note 5 – Operating Surplus for the period.

Following the pandemic, the association conducted an office accommodation review in 2022/23 and determined to reduce its portfolio and refocus its customer service provision in the city centre. This led a provision of £125k being made in the 2022/23 accounts to allow for dilapidation works required as part of the exit strategy.

23. Capital commitments

	2023	2022
	£'000	£'000
Capital expenditure contracted but not provided for in the financial statements	**76,195**	68,229
Capital expenditure authorised by the board but not contracted	**33,719**	39,244

These capital commitments will be funded by existing loan facilities and capital grants from the Welsh Government.

24. Net assets

The net assets of the association were £45.4m as at 31 March 2023, an increase of £27.3m from the previous year.

The association made an operating surplus of £3.5m on ordinary activities during the year (2022: £5.8m).

The Welsh Government has undertaken to pay a dowry to the association in acknowledgement of the level of work required. This dowry is payable in annual instalments phased to reflect the association's long-term financial plan.

The board is satisfied that the availability of future loan finance and the dowry payment to be paid by the Welsh Government are sufficient to ensure that the association will be able to meet its future liabilities as they fall due.

25. Pension costs

The association participates in the Torfaen County Borough Council (Greater Gwent) pension scheme which is a defined benefit scheme based on final pensionable salary. Certain employees of the association participated in the scheme prior to the stock transfer taking place and, as such, assets or liabilities attributable to these individuals were identified at the transfer date i.e. 9 March 2009. As part of the transfer agreement, liability for the proportions of the debt attributable to these employees that relates to the pre-transfer period rests with Newport City Council. The gains and losses recognised by the association therefore relate solely to the period since transfer.

The most recent valuation was carried out at the 31 March 2022 year end and has been updated by independent actuaries to the scheme to take into account the requirements of FRS102 in order to assess the position of the fund at 31 March 2023. The scheme is valued on an actuarial basis using the projected unit method, which assesses the future assets or liabilities discounted to their present value. Where a pension scheme shows a surplus, accounting standards require the economic benefit of the asset to be calculated. The amount of asset being recognised has therefore been restricted to reflect the lower of the scheme surplus or the economic benefit achievable either through a refund or from payment of future service contributions to the Fund below future expected Current Service Costs. The surplus recognised has been restricted to the economic benefit from payment of future service contributions to the fund below future expected Current Service Costs

The association's contribution rate from 1 April 2020 to 31 March 2023 was 17.0% of members' contributions. This reduced from 1 April 2023 to 14.7% and will continue at this rate until 31 March 2026.

The principal assumptions used by the independent qualified actuaries in updating the latest valuations of the fund for FRS102 purposes were:

	2023 %pa	2022 %pa
Rate of increase in pension (CPI)	2.95%	3.15%
Rate of increase in salaries	3.45%	3.45%
Discount rate	4.75%	2.05%
Actual returns from the period	(0.40%)	6.00%

	2023 £'000	2022 £'000
The movement in the net surplus for the period were:		
Fair value of plan assets	66,280	65,004
Value of funded obligations	(56,425)	(84,164)
Funded Status	**9,855**	(19,160)
Unrecognised asset	(6,513)	–
Asset recognised on the statement of financial position	**3,342**	(19,160)

	2023 £'000	2022 £'000
Market value of plan assets		
Equities	52,361	52,653
Bonds	11,268	11,051
Property	1,988	1,300
Cash/liquidity	663	–
	66,280	65,004
Components of pension costs for year:		
Current service cost	**4,851**	5,358
Past service cost	**105**	–
Net interest cost	**569**	556
Total pension cost recognised in income and expenditure account	**5,525**	5,914
Statement of recognised surpluses and deficits		
Expected return on assets	**(2,059)**	2,383
Changes in financial assumptions	**38,712**	7,694
Changes in demographic assumptions	**4,107**	430
Other Experience	**(8,042)**	(191)
Unrecognised asset	**(6,513)**	–
Total pension surplus recognised in the statement of comprehensive income	**26,205**	10,316

	2023	2022
	£'000	£'000
Changes to the fair value of assets during the year:		
Present value of scheme assets at 1 April	65,004	59,821
Interest income on plan assets	1,808	1,241
Contributions by the employer	1,875	1,755
Contributions by the participants	734	708
Benefits and transfers paid	(1,029)	(904)
Other Experience	(53)	–
Expected return on assets	(2,059)	2,383
Total fair value of plan assets at 31 March	**66,280**	65,004
Changes to present value of liabilities during the year:		
Changes to present value of liabilities during the year:		
Present value of scheme liabilities at 1 April	84,164	85,138
Current service cost	4,851	5,358
Past service costs	105	–
Interest costs	2,377	1,797
Contributions by the participants	734	708
Benefits and transfers paid	(1,029)	(904)
Changes in financial assumptions	(38,712)	(7,694)
Changes in demographic assumptions	(4,107)	(430)
Other experience	8,042	191
Total value of funded obligations at 31 March	56,425	84,164

Sensitivity analysis

The sensitivity regarding the principal assumptions used to measure the LGPS scheme liabilities are set out in the table below:

Change in assumptions at 31 March 2023:	Approximate % increase to Defined Benefit Obligation	Approximate monetary
0.1% decrease in Real Discount Rate	2%	1,312
0.1% increase in the Salary Increase Rate	0%	178
0.1% increase in the Pension Increase Rate (CPI)	2%	1,154
1 year increase in life expectancy	4%	2,257

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We're available from 8am – 6pm, Monday to Friday