



Annual Report and Financial Statements

For The Year Ended 31 March 2022

Contents

Board members and professional advisors	3
Strategic report	4-7
Financial performance	8-10
Report of the board	40-47
Assurance and risk management	48-51
Value for money	52
Governance report	53
Auditors' report	54
Statement of comprehensive Income	55
Statement of changes in reserves	56-83
Statement of financial position	56-83
Cash flow statement	56-83
Notes to the cash flow statement	56-83
Notes to the financial statements	56-83

Board members and professional advisors

For The Year Ended 31 March 2022

Board Members			
Chair	Nicola Somerville		
Vice Chair	Christian Cadwallader		
Remuneration Committee Chair	Kevin Ward (from 15 September 2021)		
Remuneration Committee Chair	Janice Morgan (to 15 September 2021) (Retired 15 September 2021)		
Audit & Risk Committee Chair	Guy Stenson		
Board Members	James Tarrant		
	Chris Sutton		
	Robiu Salisu		
	Michael Usher		
	Anne Wildeman (Appointed 15 September 2021)		
	Samantha Williams (Appointed 15 September 2021)		
Company Secretary	Joanna Fairley		
Registered Office	Nexus House, Mission Court, Newport, NP20 2DW		
Executive Officers			
Chief Executive	Ceri Doyle		
Executive Director of Transformation	Tim Jackson (to 30 April 2022)		
Executive Director of Operations	Sonia Furzland		
Executive Director of Development	Matthew Davies		
Executive Director of Finance and Resources	Gareth Yeoman-Evans		
Bankers	Barclays Bank plc, 3 Windsor Place, 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	Blake Morgan, 11 Park	Trowers & Hamblins
	Central Square, Cardiff,	Place, Cardiff, CF10	LLP, 55 Princess Street,
	CF10 1FS	3DR	Manchester, M2 4EW
Valuers	Savills, Embassy House, Queens Avenue, Bristol, BS8 1SB		
External Auditors	Bevan Buckland LLP, Cardigan House, Castle Court, Swansea Enterprise Park, Swansea, SA7 9LA		
Internal Auditors	RSM UK, Regus House, Malthouse Avenue, Cardiff Gate Business Park, Cardiff, CF23 8RU		

Chairs Forward

The board is pleased to present its strategic report, board report and the audited financial statements for Newport City Homes Housing Association Limited (“association” or “NCH”) for the year ended 31 March 2022.

Good quality affordable housing has never been so important, and I’m pleased to share this, my last report as chair before my retirement, which reflects the work and achievements of a mature and resilient association that has continued its investment in homes and communities, whilst supporting our customers.

The last two years have brought about huge changes to the way we live and work. They have been two of the most inspiring years I can remember, and I could not be prouder of the commitment shown by everyone at Newport City Homes as well as our partners including Welsh Government, fellow housing associations and Newport City Council.

The operating environment has changed so much in this period, and to reflect this, the board took the opportunity to review its strategy and agreed it remains achievable. There is still so much to achieve as we approach the mid-term of NCH Strategy 2025, and we will continue to put our customers, communities, and colleagues at the heart of everything we do.



The housing sector faces some long-term challenges, and our board has outlined its commitments to equality, diversity, and inclusion, environmental sustainability, and growth. As we enter a new financial year and a period of re-building in society and economy, these important issues are very much at the forefront of Newport City Homes' plans.

We're all looking forward to working closely with communities and bringing our services closer to our customers. We have established our development and regeneration programme to play our part in tackling the housing crisis. We are continuing to support our customers and are ensuring our rents remain affordable at a time when household incomes are being

put under even greater pressures. We're also enhancing our digital offer to provide customers with more choice on how they engage with us.

I joined Newport City Homes in 2013 because I saw its huge potential to be part of the regeneration of communities across the city. As I approach my retirement from the board, I can reflect on the strong financial position of the association which enables us to invest for the long-term future of Newport and south-east Wales.

The substantial efforts made by my fellow board members and colleagues will ensure our customers continue to benefit from a better experience and improvements to the services they value.

Having served my maximum term of service as a Board Member, including four years as the Chair, I will be stepping down in September. I would like to take this opportunity to thank Ceri Doyle, our Chief Executive, the executive team, and my fellow board members for their support throughout my time here. I am very proud of what Newport City Homes has achieved to date and I'm excited by the plans for the months and years ahead.



Nicola Somerville
Board Chair



We will continue to put our customers, communities and colleagues at the heart of everything we do.

Chief Executive's Statement

An aerial photograph of a city, likely Glasgow, Scotland, featuring a wide river (the River Clyde) flowing through the center. Several bridges cross the river, including a prominent railway bridge and a multi-arched road bridge. The city is surrounded by green hills and residential areas. The sky is clear and blue, suggesting a bright day. The overall scene is a panoramic view of the city and its surrounding landscape.

“

As we step into another year, we remain focussed on delivering against NCH Strategy 2025.

It's been another year where the impact of the pandemic has affected our lives in so many ways. Fortunately, the roll out of vaccines and boosters have brought a great amount of relief and optimism as we recover from this difficult period.

Once again, I want to thank our customers for their understanding and cooperation with us. Towards the end of this year our colleagues have enjoyed spending more time in communities and re-establishing those vital local connections. The year ahead is an exciting opportunity for us as we change the way we deliver our services to customers in a new place-based approach.

The safety and wellbeing of our customers will always be our number one priority and since March 2020 we have supported our customers through thousands of wellbeing calls, in addition to securing over £2m in additional income to support customers specific needs. In the last year we also implemented a new rent policy based on the Joseph Rowntree Foundation affordability model, and our board agreed to a below-inflation rent uplift for 2022/23.

I'd also like to extend my thanks to colleagues and partners for continually adapting and embracing new ways of working together. The achievements within this report are a result of their dedication and commitment to putting customers at the heart of their work.

As we step into another year, we remain focused on delivering against NCH Strategy 2025. We know the challenges with the economy and supply chains will continue to impact our work, alongside rising house prices, and increasing labour and materials costs. Whilst we shall adjust our priorities accordingly we are acutely aware of the impact rising costs-of-living are having on our customers, and are committed to working with our customers and partners to mitigate the worse effects of inflation on the most vulnerable.

Through the pandemic and the changing economy the housing crises remains. We are currently on-site building over 270 homes, with a pipeline of identified projects demonstrating our ambitious plans to play our part in providing much needed affordable housing for years to come. Growing the association and capitalising on our reinvestment potential will help us to deliver on priorities for customers, communities, and colleagues. We're building to high standards of design and energy efficiency to provide homes fit for future and we've committed to delivering significant investment in our homes to improve their energy efficiency and tackle fuel poverty.

Our outgoing chair's commitment to placing customers and communities at the heart of NCH has been unwavering, as has her passion to help Newport realise its full potential. The association will continue to build on her legacy, and we are eternally grateful for her commitment and dedication over the last nine years.

Ceri Doyle
Chief Executive



About NCH

Our purpose

We are here to provide homes in communities where people want to live.

There's a housing crisis in Newport. As the largest provider of social housing in the city, we're playing our part by providing more much-needed affordable homes.

Home is not simply a place with a roof and four walls. Home is where everything begins. It provides safety. It supports good health and wellbeing. It creates a sense of belonging within a community. It's the foundation for people and families to have a better quality of life.

That's why we do much more than provide homes. We have a proud history of investing in Newport and delivering services that support our customers. By listening to our customers and working with communities, we're investing for the long term to achieve the best possible outcomes for them, colleagues, and the city of Newport.

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.

Principal activities and geographical coverage

We are a not-for-profit housing association administered by a remunerated board of management. We have 9,696 homes in management located within the administrative boundary of Newport City Council. These include 8,918 homes for social rent, 648 leasehold homes and 130 shared ownership homes. In addition, the association owns and manages 149 garages and a commercial portfolio of 127 units.

Our values

We have incredibly passionate colleagues at NCH who want to do their very best for each other, for our customers, and for our communities. We recognise the importance of clearly defining our values, behaviours and the priorities that are most important to colleagues and customers to deliver NCH Strategy 2025. It means that we all know what to expect from every colleague at NCH.



We recognise the importance of clearly defining our values, behaviours and the priorities that are most important to colleagues and customers to deliver NCH Strategy 2025.

**Active**

We take action
and get things right first
time

**Collaborative**

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

**Inclusive**

We celebrate our
differences and embrace
diversity in people
and ideas

**Trusted**

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

NCH Strategy 2025

Our strategy, launched in 2020, sets out our priorities to deliver our purpose of providing homes in communities where people want to live. This annual report outlines our progress and performance against the strategy.

Our strategy has guided us through the most challenging of circumstances and turbulent operating environment during its first two years of delivery. It has ensured that as we respond to the risks and opportunities we're presented with, we remain focussed on delivering the best possible outcomes for our customers, communities, and colleagues..



Our strategic priorities:

- ✓ **Quality homes and services**
 We will invest in homes and services that our customers want.
- ✓ **Social purpose**
 We will define and deliver our social purpose to support thriving communities, where people want to live.
- ✓ **Provide more new homes**
 We will maximise the supply of quality new homes and regenerate our communities where people want to live.
- ✓ **Strong & effective organisation**
 We will be an employer of choice, demonstrating we are a well-run association with a strong financial performance.

Strategic commitments

We have three strategic commitments, which the board approved in November 2021. These commitments explain how we aim to deliver against significant crossing cutting themes identified in Strategy 2025. They include actions that we want to take over the short, medium, and long-term.



Equality, Diversity & Inclusion:

How we'll contribute to a fairer and more equal society



Growth:

How we'll respond to the housing crisis and make the most of our financial strength



Environmental Sustainability:

How we'll respond to the climate and nature emergencies

Quality homes and services

Keeping our customers safe

The safety of our customers will always be our number one priority. We have maintained our high levels of compliance in health and safety and have delivered investment programmes that further enhance our building safety measures.

We've also adapted our ways of working and processes in line with new building safety legislation in Wales to ensure we meet our new obligations to customers.

99.9%

Homes are gas safe compliant

97.9%

Communal areas with a valid fire risk assessment

100%

Communal areas with asbestos survey completed

99.8%

Homes are electrical compliant

100%

Communal areas with asbestos survey completed



Our work to protect our customers goes beyond looking after the physical aspects of homes and buildings. Maintaining good relationships and regular contact with all our stakeholders is crucial to this. Over the last year, our partnership working with South Wales Fire and Service has continued to grow.

We have also teamed up with Gwent Police and partners to help prevent and reduce crime in communities.

As one training exercise was taking place this year, a real cooking fire broke out in a kitchen in the same building. During the incident, our sprinkler system activated and brought the fire under control immediately. This has been just one incident where our sprinklers have helped to put a fire out before it could spread. This is why we will continue to invest in these devices to protect customers in the years ahead.

“We are very pleased in the success of our sprinkler system, which did exactly what it was designed to do – protect our customers if a fire breaks out in their home and minimise the devastating consequences fire can have.”

Lela Pirouet, Fire Safety Officer.

Where we've invested

We invested over £14.3m on improving the condition and quality of our customers' homes in 2021/22 and carried out work to maintain homes to the Welsh Housing Quality Standard. We also spent £11.7m on responsive repairs – a service we know our customers value and we're improving to offer a better customer experience.

Identifying and addressing issues relating to property condition or disrepair is vital for us to deliver on our purpose and obligations as a social landlord. We reviewed our approach to managing damp and mould following media reports of social housing customers in England living in homes in significant damp and mould and that their concerns were not being addressed by their landlords. The association has established procedures in place to ensure customers are listened to and their concerns are addressed including a robust complaints process. Our effective management, maintenance and monitoring of homes is underpinned by the association's programme of stock condition surveys which identify any damp and mould.

Investing in their energy efficiency is one of the most important investments we will make over the coming decade. By reducing the amount of energy needed to heat a home, we can help our customers with the energy costs and limit our impact on the environment. We will identify the optimal solutions for each home to inform new investment programmes to decarbonise our existing homes. We're committed to engaging with customers throughout this journey to ensure we limit any disruption and ensure they can maximise the benefits of new energy efficiency measures.

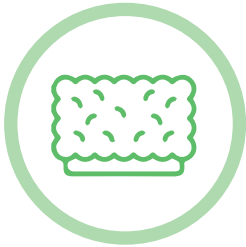


We invested over £14.3m on improving the condition and quality of our customers' homes in 2021/22

Our estates and grounds maintenance teams also maintained over...



5km of
water courses



11km of hedges



and cut just under 9
million sq mt of grass
in local communities

£4.3m	Roofing and external wall insulation
£3.0m	Welsh Housing Quality Standard (WHQS) and major improvement works Inc. windows, doors, electrical rewiring
£4.5m	Health and safety works Inc. sprinkler installations
£0.8m	Aids and adaptations Inc. level access showers, stairlifts, and ramps
£1.3m	External painting and communal redecoration
£0.5m	Environmental improvements Inc. path and retaining wall renewals

69% *Customers satisfied with the quality of their home*

68% *Customers satisfied with their neighbourhood as a place to live*

69% *Customers satisfied with repairs & maintenance service*

84%
Customers satisfied with repairs service

87%
Customers found Newport City Homes easy to deal with

78%
Customers satisfied with repair being done right first time



From routine repair to home upgrade

When carrying out routine repairs, we can sometimes come across other unreported problems. Instead of just fixing the leak in a customer's kitchen, we carried out work throughout the home to bring it up to standard. With the support and reassurance of our Community Development Facilitator, Cheryl Price, our customers moving into a guest room at one of our 55+ schemes as we started work to improve their home.

When furniture was moved, we spotted damp issues, the kitchen and bathroom needed modernising and the property needed an electrical rewire. The customer was thrilled when they moved back into their home. We also fitted new windows which will reduce their heating costs.

Dealing with waste differently

The association's partnership working with Newport City Council and Wastesavers has continued to improve waste management and reduce fly tipping in key areas in Newport. A successful pilot was completed in Bettws in 2021 where problematic communal waste facilities at flat blocks were replaced with individual bins and recycling receptacles. NCC secured additional funding from Welsh Government to support the roll out of this approach across the city, including almost 2,500 new facilities for homes the association provides.

Delivering a better customer experience

We're improving the services that our customers value the most. We're simplifying the customer journey when people contact us, moving to a place-based approach to delivering some services, and enhancing our digital offer to customers.

✔ **We'll be focussing on neighbourhoods**

We know from customer feedback that having to speak with several people when they need help does not make for a great customer experience. From April 2022, we'll be introducing Neighbourhood Managers – this means that our colleagues will be focussed on delivering services within a specific area and each customer will have a dedicated person to speak with if they need help..

We've grown and upskilled our colleagues, upgraded our vehicle fleet and appointed new material suppliers to help complete more jobs in one visit.

Customers have also told us that we're not clear enough on the repairs services we offer. We know that we need to do better, so we have reviewed the way we deliver repairs from start to finish. A dedicated project team working to deliver the findings. A new scheduling system has already been introduced to help us make best use of time. This will allow us to operate more efficiently and integrate our systems as we make it easier for customers to book a repair online.

✔ **A better experience when a customer needs a repair.**

We want to deliver a great repairs service, which is efficient, effective, and consistent; a service our customers are satisfied with and a service our colleagues feel proud to be a part of delivering.



The customer voice

Customer feedback is so important to us and offers the best insight into what services our customers value and need. Customer involvement in the decisions we make about the services we offer is shaping the improvements we're making.

Our customer Scrutiny Partnership continues to play an invaluable role in ensuring the customer voice is heard. They hold us to account and ensure we learn from and act on feedback. They've been closely involved in our transformation programme and more recently in our recruitment process, along with other NCH customers, for all new customer-facing roles that will help us deliver place-based services.

Enhancing our digital offer to customers

Making the most of digital technology and online solutions is just one of the ways we can make our services more convenient to access. We're working on our first mobile app which will allow customers to book repairs 24 hours a day 7 days a week, report ASB, or pay their rent.

Also, NCH Connected, our online community which we launched in December 2020, now has over 700 customers getting involved in conversations about the area in which they live and the services we provide. Our work to develop this distinctive online customer only engagement platform has been shortlisted in the TPAS Cymru Awards 2022 'communicating with tenants and residents' category.

We completely understand that not all our customers are online. We're also improving our contact centre, to make it easier for customers to get in touch with us when they need it.

Supporting our customers

The safety of our customers will always be our number one priority. We have maintained our high levels of compliance in health and safety and have delivered investment programmes that further enhance our building safety measures.

We've also adapted our ways of working and processes in line with new building safety legislation in Wales to ensure we meet our new obligations to customers.



**additional
income secured
for customers**



**supported to achieve successful
outcomes based on their needs
and circumstances.**

Sian McDonald, Housing Support Advisor, knows our communities have been affected by fuel poverty.

“The Housing Support team have been inundated with requests from customers who are struggling to pay their energy bills, many of whom call us when they no longer have the money to top up their gas/electric. It’s a really difficult time for people across the country as energy prices rise and demand for support and funding is likely to be at an all-time high. We’re here to support customers experiencing fuel poverty or the burden of the cost of living going up and will do all we can to help them find assistance.”

Tackling homelessness in Newport

Everyone has a right to a warm, safe, and secure place to call home. However, the demand for homelessness and accommodation services across Newport unfortunately remains high.

Our priority is to support our customers to sustain their tenancies and ensure they access the support they need. This year we provided a home to 177 people experiencing homelessness.

Through the Housing First partnership in Newport, we continue to work with Newport City Council and partner associations to make suitable accommodation available for Housing First users. To date, we have helped 13 people who were sleeping rough and who have significant support needs to find the right home and access tailored support.



**“
We’re here to support
customers experiencing fuel
poverty or the burden of the
cost of living going up and
will do all we can to help
them find assistance.”**

Social purpose

Why it's so important to us

Our social purpose has always been to provide good quality homes in communities where people want to live. We have a proud history of investing in Newport and delivering services that support you, our customers, and communities. As the world around us continues to change, we too will respond to the new challenges and change the way we work. We have a responsibility to adapt our offer and support as the needs of customers and communities change.

We have worked hard to make sure we create the biggest positive difference to our customers for every pound invested. This involved listening to our customers, re-building our understanding of community needs, considering the priorities of our partners as well as how these relate to our strategic objectives.

These are the five priorities our customers have helped develop:

- ✓ Employability Support: Help you get work, volunteering and education opportunities
- ✓ Safe and Connected Communities: Help you connect with others, live in safe homes and neighbourhoods, and be involved in your community
- ✓ Financial Inclusion: Help you get affordable financial services and products to make the most of your money
- ✓ Digital Inclusion: Help you benefit from being online with access to information, services, and other opportunities
- ✓ Health & Wellbeing: Help you make choices to improve and maintain your physical and mental health

Embedding our social purpose

With the changes we're introducing to deliver place-based services from April 2022, we will ensure that our social purpose is embedded in how we want to work with communities. We know that many of our customers volunteer with community groups and clubs across the city and have great ideas about how to develop their neighbourhood further.

An asset-based community development (ABCD) model is being adopted to ensure we empower communities to harness their assets and strengths and realise their potential. This approach connects people who want to work together to shape their locality in ways that matter most to them. Strengthening local partnerships will take time to embed but our colleagues will be working in the heart of communities and focussing on how we can work together to deliver on local priorities for the long term.



NCH in the community

Here are just some of the initiatives and partnerships we've supported over the last year. Our work with contractors and businesses to improve our homes and communities have once again shown the social, economic, and environmental value we can create with local groups and schools.

The Dolman Theatre had been closed for 15 months due to the pandemic and we helped them repair a damaged roof ready to welcome theatregoers back to this popular arts venue.

“This venue is popular with so many of our customers of all ages, thousands of people would usually visit the venue every year. The last year has been a challenge for the Dolman Theatre so we hope this money will make things a bit easier.”

Laura Palfrey, Development Partnerships Coordinator

Newport Aces run eight different teams and provide six hours of community sessions each week for youngsters to enjoy the sport. A £2,000 grant from Newport City Homes and contractor Jehu Group will help the club host open days at locations across the city to make it easier for new players to try out the sport.

“I truly believe that basketball helps young people along their pathway.”

**Club Coach
Asa Waite**



Our social purpose has always been to provide good quality homes in communities where people want to live.

Providing more new homes

Tackling the housing crisis

The housing crisis across the UK requires sustained investment in affordable, high quality, and energy efficient housing. We set out our ambition in NCH Strategy 2025 to play a major role in addressing this acute shortage and to create sustainable communities. We're committed to delivering 2,500 new homes within the next 10 years.

Our strategic commitment to growth recognises the potential we have to reinvest more in communities as a result of increasing the number of homes we provide and growing the association. This includes providing a variety of tenures and identifying investment opportunities where they will provide good financial returns and will benefit customers and communities for the long term. Our strategic commitment to environmental sustainability also recognises the need to build new homes that are low carbon and achieve high standards of energy efficiency to not only tackle climate change but to futureproof our investment.

Building with modern methods

Responding to these challenges provides the opportunities to innovate and find new solutions. Several of our developments will be utilising modern methods of construction and new heating systems. Piloting different approaches is helping the association understand the real-world costs and benefits. We're also looking to use off-site manufacturing on forthcoming developments, taking a collaborative approach where possible to achieve standardised and cost-effective solutions.

We're building five homes on our Cardiff Road development site using insulated concrete formwork (ICF). This aims to achieve higher levels of thermal mass, which helps the building to remain cool in the summer months and retain heat during the winter. This method should help us to deliver new homes quicker compared to traditional construction.

143

New homes completed to date

274

New homes on-site under construction

158

New homes due to start on site in 2022/23

1,209

Additional homes in the pipeline

£16.3m

Investment in development and regeneration in 2021/22

£7.3m

Social Housing Grant funding received from Welsh Government during the 2021/22 financial year to support the provision of new homes

Here are some of our ongoing developments:

Olympia House

Our transformation of Newport's old passport office into a new modern apartment complex is providing 60 new homes into the city centre for social rent, market rent, rent-to-own and shared ownership. Not only are we providing quality flats the commercial units below are being refurbished internally and externally will receive new shop fronts which will be the beginning of the commercial uplift for the whole area.

Coverack Road

76 apartments across two blocks with a mix of social rent, market rent, rent-to-own and shared ownership will be ready in June 2022. After an extended development period, partially due to construction commencing during Covid-19, these apartments will become home to a mix of social, shared and market rent customers.

Living sustainably with Re:Make Newport

An innovative repairs 'cafe and library of things' has opened in a commercial space within our Olympia House development. Re:Make Newport was set up by Repairs Café Wales to help Newport residents become more environmentally friendly through repairing and reusing instead of buying new. The new space gives residents access to free repairs, skills sharing, and volunteering roles. Residents can also borrow household items such as a drill or sewing machine at a low cost.



Cycle to the city

A community bike hub is being set up in an empty shop to encourage more people to cycle to the city. The hub is a partnership between Newport City Homes, Newport City Council, Gwent Police, and local charity The Gap Wales. It will provide pay-as-you-go indoor secure bike parking and other activities such as bike safety sessions and repair workshops. It will also become home to a community bike recycling scheme which gives them to refugees and asylum seekers on low incomes.





Regenerating Ringland

The Ringland masterplan aims to create an attractive, vibrant, and modern place to live and work for the Ringland community. We're providing 158 much needed new homes in total and relocating Ringland Shopping Centre in close consultation with the local community.

We welcomed 55 families into their new homes at Cot Farm. The £7.5m redevelopment was the first phase of our regeneration work consisting of one and two-bedroom apartments, two and three-bedroom homes and a bungalow. All were available for social rent. Our work at Mountbatten Close involves demolishing the existing four-storey 1960's apartment block and replacing with affordable housing. We anticipate these being available from early 2023.

Future regeneration schemes

As part of our asset strategy, we assess how our homes are performing and make sure that they're in

the right condition for our customers. In addition to assessing whether they are financially viable, we take into account issues such as anti-social behaviour and whether they are let easily.

Over the last year we have carried out a significant engagement programme with 1,000 residents across six wards and 16 different areas where we've identified future investment decisions to consider. We've worked closely with local communities to gather information that would inform our future plans. Options including regeneration, refurbishment, or a mixture of both have been considered by project teams with the input of Newport City Homes customers as well as private homeowners and leaseholders who may be affected.

More information on our regeneration activity can be found on our website.



We welcomed 55 families into their new homes at Cot Farm.

Strong and effective organisation

Strong financial position

The association remains in a strong financial position and is responding to the challenges posed by the operating environment including increasing costs and disruptions to the supply chain. Our long-term business plan continues to show that the association can operate sustainably and is well placed to respond to various scenarios in the short, medium, and long-term such as in the event of a national or global recession.

We remain focussed on maximising our reinvestment potential as a result of our financial strength. In order to deliver on our growth ambition, invest in our communities, and respond to the climate and nature emergencies, we must take a balanced investment approach.

Delivering further operational efficiencies will enhance our capacity to invest in homes and services. Also, we're considering what new partnerships, delivery models and collaborations could be available to us to help us deliver on our strategic priorities, including the consideration of joint ventures and subsidiaries.

Our effective governance structures and approach to risk management continues to support the association to deliver NCH Strategy 2025. The association's approach to governance and financial viability received the highest judgement level available, standard: standard, in its most recent regulatory judgement from Welsh Government in June 2021.

This report contains further information on financial performance as well as our approaches to risk and assurance, value for money and governance in the following sections.

A skilled and engaged workforce

Colleagues from across the association continue to prove how motivated, skilled, and passionate they are to do the right thing for our customers and communities. We have continued to support them with their wellbeing through our enhanced colleague offer, Your NCH. We invest in their professional development through a mix of training opportunities, including online learning and our Sponsorship to Study scheme. The scheme has funded qualifications for 15 colleagues this year including three colleagues who have since progressed into new roles where they'll be putting their training to great use. We've also updated our agile working policy having listened to colleagues and reflected on how the way we work has changed. We've ensured this is an inclusive approach, offering flexibility to colleagues to balance their home and work lives.

74% Colleagues said they were motivated to do their best work

79% Colleagues said they understand how their work contributes to the objectives of Newport City Homes

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

A diverse and inclusive workforce is critical to achieving our NCH Strategy 2025 ambitions. We are proud of our work to date, but we recognise we need to continue to improve. It is only by achieving a fairer and more equal workplace that we will truly represent the customers and communities we serve and become an employer of choice.

Our strategic commitment to equality diversity and inclusion was launched earlier this year setting out the priority areas we will address. This year we also set up our new Engagement Forum, which is a representative and diverse group of colleagues from across NCH. Forum members have actively helped us develop our plans and make sure changes are the right ones for you and our customers.

Apprenticeship success

Our apprenticeship programme has been running since 2009 and we love seeing new colleagues arrive and move through their qualifications before going on to get a job. Six new apprentices joined us following our summer recruitment campaign and each one has been paired with an experienced member of our trades team. In total we have 13 apprentices, including six who started with NCH this year. These are mainly working in a variety of trades roles, but also our homes and communities teams.

One of our apprenticeships, Oliver Swanton, won Construction Apprentice of the Year for his professional dedication to achieving a high standard of work and great service to our customers.

“Oliver is an enthusiastic member of the Maintenance Team who commits to working with NCH customers. He is always willing to learn new skills and put them into practice. Oliver should be very proud of himself as he thoroughly deserves this award.”

**Work Delivery Team Leader,
Sarah Palmer**



**13 Apprentices
including six starting
with NCH this year.**

Our commitment to equality, diversity, and inclusion

We've set out the steps we're taking to create an environment that's equal and fair for all.

Individuals from ethnic minority backgrounds, individuals with disabilities, those who experience drug and alcohol dependencies, individuals on low incomes, single parents, and carers are all potentially at risk of reduced access to services, discrimination, and bias.

As a social housing provider, we must step up and play our part in reducing the systemic and pervasive inequalities that exist within society and communities.

As an employer we want everyone to feel supported, valued and treated with respect and kindness. That is why inclusion is one of our values and why we are building our systems, processes and actions around positively promoting a sense of belonging.

We know we have got a long way to go, and we will focus on deepening our understanding of the people living in our homes and communities, as well as those who work for and with us.

To deliver on this commitment we recognise that we must focus on areas that will make a real and sustainable difference to the lives of our colleagues and customers. To deliver on our commitment, we will:

- ✓ increase representation across all levels
- ✓ publish EDI data
- ✓ be an anti-racist association
- ✓ remove inequalities in our services
- ✓ educate and engage
- ✓ build an inclusive culture

Throughout 2022, we'll focus on education, gathering data and intelligence, reviewing our ways of working and building our teams to be closer to our customers.

In 2023 we'll develop our plans based on data and take proactive steps to change the way we work, making sure we have processes and systems in place that will make a tangible difference to the lives of our customers and colleagues.

We have also identified ongoing and long-term actions that will help us to adapt our culture, making sure that equality, diversity, and inclusion is built into everything we do.

Our commitment to environmental sustainability

Climate change is happening now, and we have a responsibility to act and to invest wisely for the long term and future generations. Achieving net zero greenhouse gas emissions by 2050 is an ambitious goal. Our intention is to do all we can to get there sooner.

We have completed a baseline carbon assessment to understand the carbon impact of our homes and our activities and to inform the formulation of our response to the climate and nature emergencies.

Our transition will focus on the people we serve. Our customers will continue to feel the effects of climate change, and our investment in homes to make them more energy efficient will play an important role in tackling fuel poverty.

To deliver on this commitment, we have identified four areas that will ensure we take a holistic approach to reducing our environmental impact and maximising the social, economic, and environmental benefits. Our approach involves both mitigating the causes and adapting to the impacts of climate change. Given the scale of the challenge to reach net zero greenhouse gas emissions by 2050, this requires significant investment in the homes we provide as well as achieving wider changes to our daily business activities and ways of working.



Our commitment to growth

Our new strategic commitment to growth sets out how we will respond to the significant demand for social housing across Wales and the UK. We have a responsibility to play our part in addressing the housing crisis, as well as making sure that any action we take minimises our impact on the environment, and the future generations who will live in and around our communities.

We will ensure that any investment maximises the opportunity to benefit our customers, communities, environment and colleagues. We will take opportunities to achieve growth through the following:

- Growth in Residential Property
- Growth in Commercial Property
- Growth from Investment Activity
- Growth through Collaboration
- Areas for Growth

We're playing our part to address the housing crisis through a key commitment to delivering 2,500 new homes within the next 10 years.

Our investment in different tenures as well as commercial investment opportunities can support sustainable and thriving communities. Our ongoing projects in the city centre of Newport show how providing more affordable housing in the area can support local business growth, preserve buildings with historical significance and help re-energise the city. This is strengthened by supporting local, new, and community-focussed businesses with commercial spaces where they can provide social, economic, and environmental value while providing good financial returns to help the association reinvest further in communities.

Whilst we're still very much focused on meeting the needs of our customers and communities within Newport, we know that in the future, we might look beyond the city borders too. Where there may be opportunities to expand our housing stock beyond Newport towards other areas across Southeast Wales, we will carefully consider all of our options. As we deliver this commitment, we want to work with others who share our ambitions to explore the opportunities and maximise the benefits.



We're playing our part to address the housing crisis through a key commitment to delivering 2,500 new homes within the next 10 years.

Financial Performance

For the year ended 31 March 2022

The association remains in a strong financial position and is responding to the challenges posed by the operating environment, including increasing costs and disruptions to the supply chain. Our long-term business plan continues to show that the association can operate sustainably and is well placed to respond to various scenarios in the short, medium and long-term such as in the event of a national or global recession. All our surpluses are re-invested in our on-going activities, including investing in our homes and communities, together with our commitment to provide new homes to meet the housing needs of Newport and South East Wales. We are committed to maintaining existing assets in a sound condition, in line with WHQS, as well as investing in the future sustainability of our properties, and to providing great services for our customers.

Overall, the association achieved a surplus after tax of £2.3m. Comparisons of the major items for this year and last year are set out in the table below:

	2022 £'000	2021 £'000
Surplus on social housing letting	4,002	9,146
Surplus on commercial properties and garages	1,064	521
Surplus on shared ownership properties	354	-
VAT recovery	212	-
Interest received and disposal of assets	379	683
Interest payable	(3,748)	(3,587)
Total surplus	2,263	6,763

The decrease in surplus on social housing lettings is primarily due to the increased cost of property maintenance and increased depreciation charges for the year.

During the year the association received £212k of income in relation to a reclaim of VAT paid under the Partial Exemption Special Method (PESM).

Interest receivable decreased by £376k to £211k due to lower rates being available for money placed on deposit. Sale proceeds relate to the shared ownership properties that have staircased, sales of land and a freehold reversion.

Summary Five Year Financial Performance

	2021/22 £'000	2020/21 £'000	2019/20 £'000	2018/19 £'000	2017/18 £'000
Income & Expenditure Account					
Turnover	52,586	51,811	49,783	48,791	47,326
Operating Costs (incl'ds finance costs)	(50,323)	(45,048)	(75,505)	(45,326)	(46,228)
Surplus/(Deficit)	2,263	6,763	(25,722)	3,465	1,098

Balance Sheet					
Fixed Assets	177,852	162,066	149,263	129,744	119,134
Net Assets / (Liabilities)	(17,084)	(43,080)	(43,326)	(38,404)	(26,787)
Loans	(142,653)	(113,450)	(97,571)	(63,000)	(63,000)
	18,135	5,536	8,366	28,340	29,346
Reserves	18,135	5,536	8,366	28,340	29,346

Cashflow Statement					
Net Cash Inflow - Operating Activities	12,754	19,978	13,545	13,795	9,786
Servicing of Financing and Investing	(3,614)	(2,990)	(4,171)	(5,358)	(4,307)
Exceptional Items	-	-	(30,095)	-	-
Capital Expenditure (net of grant)	(15,322)	(9,676)	(15,828)	(2,669)	(9,496)
Financing	29,920	15,162	34,571	-	-
Increase/(decrease) in cash	23,738	22,474	(1,978)	5,768	(4,017)

Turnover

Turnover in the year was £52.6m (2020/21: £51.8m). The majority of this was made up of rent from social housing, £43.9m, service charge income, £2.3m 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.

	2021 £'000	2021 £'000
Day to day maintenance*	14,186	13,645
Planned maintenance*	6,284	4,785
Capital maintenance	11,602	9,293
	32,072	27,723

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

Expenditure on planned and capital maintenance in 2021/22 was higher than in 2020/21; in the previous year, both revenue and capital spend levels were impacted significantly by the periods of lockdown caused by the pandemic. During 2021/22, contractors were engaged to carry out works on empty homes to increase the availability for occupation and respond to the backlog of works caused by the pandemic; this resulted in increased maintenance costs. Capital spend levels have been impacted by large roofing and external wall insulation projects taking place in the final quarter of the year.

Our overall management costs in 2021/22 were £12.8m compared with the previous year of £11.0m. The increase is due to inflationary growth and increased staffing costs as noted below.

Overall employee costs were £21.1m compared with £17.5m in 2020/21. Salaries and social security costs have increased by 10%; this is partially due to the effect of the pay award of 3.5% from 1 April 2021 along with an increase in staff numbers. Pension costs increased by £2.1m due to an increase in the current and past 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 £168k net income from one property that was shared ownership staircased (homeowners took the opportunity to increase their equity share in the property), one freehold reversion and 15 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 2021/22 were £9.1m compared with £8.7m in 2020/21. Depreciation has increased as the asset base increases in line with continued investment.

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 utilised 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 months 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 2023/24.

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 2022, with actual interest cover at 269% and net debt per unit of £5,126.

Other Balance Sheet items

The value of social housing properties in Fixed Assets, have increased by £9.8m. This is as a result of the costs of the development and capital maintenance programmes during the year.

The value of inventories has increased by £3.3m; this includes the value of shared ownership properties currently under construction.

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.

The cash invested has increased since 2020/21, which is primarily due to delays on the development programme.

Pensions

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

The NOW 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. As of 1 April 2022, the association changed its DC provider and launched a new Aviva pension scheme for auto-enrolment.

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 deficit at 31 March 2022 was £19.1m compared with £25.3m at 31 March 2021. This largely reflects an increase in the real discount rate applied by the actuaries in their calculations along with a better than expected performance on scheme assets. The reduced liability 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 currently being performed and will be published later in 2022; the outcome of the valuation is used to develop the scheme funding strategy, and may impact on the level of employer contributions paid into the scheme.

Assurance and Risk Management

For the year ended 31 March 2022

Our board actively manages the risks faced by the association through our risk management framework and assurance reporting which are continually adapted to remain effective in the increasingly uncertain and volatile operating environment.

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

As our ambitions for growth increase and our operating environment becomes more volatile, it is important that we are able to identify and assess risks and how we will manage them. To identify risks, we take input from all parts of the association, by working with those who are closest to where the risk occurs. We also examine 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. Sensitivity analysis and scenario testing on the association's thirty-year business plan are carried out and reported annually to the board.

The board annually 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 validity of the association.

Using our risk management framework, we have identified the following risks as being the most significant to achieving the association's 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
<p>Income Receivable</p> <p><u>Key Concern</u></p> <p>Loss of dowry funding – reallocation of resources by Welsh Government (WG) due to public finance pressure.</p>	<p>Control: Stress testing of the business plan and contingency planning.</p> <p>Action: Asset management plan incorporating decarbonisation investment plan aligned with business plan (2022).</p>	<p>Business plan (including stress-testing) presented to board for review and approval annually.</p>

Risk Area	Key control(s) and actions	Key Assurance
<p>Landlord Health & Safety</p> <p><u>Key Concern</u></p> <p>Ineffective working practices leading to H&S failure.</p>	<p>Control: Health & Safety Policy with delivery and compliance reporting to Health & Safety Committee</p> <p>Asset golden record: weekly reconciliation and reporting with management spot-checks.</p>	<p>Six monthly health & safety reporting to ARC. Key metrics reported to board and leadership team quarterly.</p>
<p>Customer Engagement and Service Delivery</p> <p><u>Key Concern</u></p> <p>Failure to provide services that meet resident expectations.</p>	<p>Action: Placed-based delivery model to maintain effective customer relations, provide customer insight and enable proactive delivery of service offer</p>	<p>Quarterly reporting of performance and improvement actions through integrated reporting</p>
<p>Development</p> <p><u>Key Concern</u></p> <p>Development programme delayed or disrupted due to supply chain disruption and/or shortage of labour.</p>	<p>Development: Governance Framework: all schemes reviewed by Treasury and Development Group and approved by board.</p>	<p>Post-development review of all schemes.</p>
<p>Income Collection</p> <p><u>Key Concern</u></p> <p>Rent arrears rise as a result of cost-of-living crisis</p>	<p>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</p>	<p>Weekly monitoring of demand and service level by management. Quarterly reporting to board</p>
<p>Cyber Security</p> <p><u>Key Concern</u></p> <p>Significant increase in threat level including ransomware.</p>	<p>Control: Maintains up-to-date firewalls and Next-Gen Anti-virus software.</p> <p>Control: Independent and continuous penetration testing with live reporting to manager.</p>	<p>Independent cyber security review on “effectiveness of measures in place to ensure its environment is “secure”, reported to ARC.</p> <p>Cyber Essentials Plus Accreditation awarded in 2022.</p>
<p>Tenancy Support</p> <p><u>Key Concern</u></p> <p>Increased economic turbulence and cost of living crisis adversely impacted customers of NCH</p>	<p>Control: Dedicated support team working alongside neighbourhood place-based teams to identify and work with households requiring support.</p>	<p>Monitoring of key tenancy sustainability metrics including arrears, tenancy turnover and anti-social behaviour.</p>

Value for money (VfM)

For the year ended 31 March 2022

Delivering value for money will strengthen the association's financial position and improve performance in the delivery of services. This will enable the association to deliver on its ambition to maximise the supply of new homes and to reinvest in services that are valued by customers. The association is committed to maximising the value for customers and in ensuring the outcomes from investment deliver sustainable benefits.

VfM Principles

The VfM framework is focused on achieving five principles which will be delivered through a rolling delivery action plan that is aligned to the strategic priorities and cross-cutting themes of EDI, growth and environmental sustainability:

1. Embedding value in everything we do

This is about ensuring that the business activities are aligned to the 'strong and effective' strategic priority, where all our effort and investment is targeted at what customers value the most and not wasted on activities that do not contribute to achieving them.

Utilising our robust strategic planning framework has enabled the association to fully align delivery plans towards meeting our strategic ambition. The joint approach to planning and budget setting ensures that our financial planning fully aligns with our work to deliver our objectives and that our delivery plans are fully funded. Effective mechanisms for the monitoring of service and financial performance are in place as well as for providing assurance on the management of risks that threaten delivery.

The golden rules of the association were reviewed and updated in March 2022. The refreshed set of golden rules will be utilised as a control in balancing strategic ambitions with continued financial resilience. The confirmation of our risk appetite ensures that the association has in place effective controls, parameters, and capacity to take the risk we need to take to achieve our ambition.

Performance in relation to VfM will be reported to board on a quarterly basis via the integrated report; VfM metrics have been established in line with the 'Sector Score Card'. We will scrutinise our performance through an annual VfM statement to board. Following the approval of the VfM framework, the supporting action plan is in the process of being developed and will include a communications plan to ensure that it is successfully rolled out to the whole association.

The association's approach to business partnering is currently being reviewed, with the intention that Value for Money will be a core principle in relation to this approach. VfM will be embedded into all conversations and decisions that take place in relation to resource allocation, procurement approach etc. the principle of Value for Money is embedded into all procurement activities, ensuring that the approach is not just cost focused but also considers quality, community benefits, and environmental factors where appropriate.

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 through growing the association. 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.

The association owns an increasing number of units on commercial and other terms, including several acquisitions within the city centre. This supports sustainable and thriving communities and placemaking objectives. We're able to support local, new, and social businesses that strengthen our economy and can benefit our customers and communities while providing good financial returns to help reinvest further.

3. Maximise the social return and benefit to the community

This focuses on maximising the financial performance in core service activities and reinvesting in prioritised added value activities that will support the delivery of the social purpose strategic priority.

We have worked closely with our contractors so that community, environmental and educational initiatives have benefitted from the practical and financial support they have donated as part of their agreement to work with us. Together we have made a difference to a range of projects including those that promote the arts, improve the environment, give school pupils in our communities the chance to learn more about our developments. During 2021/22, we contributed over £20,000 in community grants to sixteen projects helping people into work, better manage the increases in cost of living, improve their digital skills, empowering them to reconnect in the community post the Covid pandemic and provide opportunities to improve health and wellbeing. Together with our contractors NCH also has provided work experience and apprenticeships opportunities for 15 local people over the last year.

The delivery of our social purpose is now embedded within the new Homes and Communities Structure. A place-based approach is complemented by Community Development Facilitators' who connect with local people and associations to deliver positive change in their communities. An Asset Based Community Development (ABCD) model is used to empower the community to identify, harness and build on existing 'community assets; connecting people who want to work together to shape their locality in ways that matter most to them by building capacity and unlocking potential.

4. Maximising the return from our housing and commercial assets

This focuses on maximising the quality and financial performance of assets to ensure that their upkeep is delivered in the most efficient and effective way and the quality drives high occupancy levels.

As part of our asset strategy, the performance of our homes, against both financial and social parameters, is assessed to make sure that they're in the right condition for our customers. In identifying investment needs and considering whether they are suitable for regeneration or refurbishment, we consult closely with residents who may be affected.

Following extensive consultation, several areas have been identified in the last year, namely Somerton, Always, Gaer, and Oak Road in Rogerstone. The asset strategy will also be reviewed in Spring/Summer 2022, through which our data will be reviewed, updated, and utilised for future option appraisals in a continual process of assessing their performance.

Our repairs service is a service our customers value, particularly when the repair is carried out by an NCH colleague. In recent years, we have grown our in-house trades teams, delivered training in multiple skills, appointed new material suppliers, and invested in a vehicle fleet so we can complete more jobs in one visit. We know we can deliver a better service. The repairs service review has been carried out and we're implementing the findings in the months ahead. A new scheduling system has been introduced which will help us integrate our first mobile app for customers to book a repair online.

As part of our Ways of Working Programme, our accommodation review will be considering the needs of customers and colleagues to make best use of current and new offices and business premises. While many colleagues still work from home, we want to offer all colleagues modern accommodation that's fit for purpose, encourages collaboration and enables them to deliver great services to customers.

5. Delivering our services efficiently

This is focused on embedding a VfM culture throughout the association and will support year on year improvements by making the best use of colleagues and the business processes in delivering good quality homes and services.

Our business change programme is focused upon transforming our services to deliver against the strategic priorities and ambitions identified within NCH Strategy 2025. The programme delivery approach enables the right people to be focussing on the right things at the right time, by fostering an environment of continuous improvement. Through this work we are continuing to develop the picture of what customers and communities want and need to improve our delivery models, resulting in higher quality services and improved efficiencies.

We recognise that using digital technology enables more efficient and effective ways of working, we continue to review our processes and are automating wherever possible to deliver an improved user experience for colleagues and customers. We have already made some progress in shifting online interactions with customers, with web chat being a great success. A significant amount of work has been undertaken in recent months to develop an NCH App, which is currently going through the testing phase, and will enable customers to access self-service functionality at a time that suits them.

Value for money key metrics

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

Performance is measured using the recognised 'Sector Score Card' which provide our board, leadership team and key stakeholders (including Welsh Government and lenders) the assurance that the VfM principles are embedded into everything we do in meeting our customer's 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 2020/21.

Principles	Metrics	2021/22	2020/21	Sector Averages* 2020/21
Embedding value in everything we do	Operating margin (overall)	11.0%	18.7%	24.3%
	Operating Margin (SH lettings)	8.0%	18.2%	26.4%
	EBITDA MRI %	268%	477%	176%
Maximise the investment in development and regeneration	New supply % (SH)	0%	0.9%	1%
	New supply % (non SH)	0%	0%	0%
	Gearing	31.0%	30.5%	46.5%
Maximise the social return and benefit to the community	Customer satisfaction	72.6%	72.8%	83.0%
	Reinvestment %	18.5%	13.2%	7.1%
	Investment in communities	149,223	143,438	618,867
Maximising the return from our housing and commercial assets	Return on capital employed (ROCE)	2.2%	4.5%	3.4%
	Occupancy	99.6%	98.0%	99.3%
	Ratio of responsive repairs to planned maintenance	0.79	1.02	0.62
Delivering our services efficiently	Headline social housing cost per unit	5,501	4,674	3,514
	Rent collected	99.5%	99.6%	99.9%
	Overheads as a % of adjusted turnover	22.0%	16.0%	12.4%

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 2020/21 in some areas. The main findings of the comparative analysis are:

Operating margin reduced compared to the prior year, as 2020/21 was impacted by delayed expenditure caused by the pandemic. The reduction in operating margin has been primarily driven by the increased maintenance costs per unit; it is anticipated that the implementation of the recent Repairs Review will address some areas of waste and inefficiency and reduce the cost per unit going forward.

Reinvestment increased during the year, driven primarily by increased levels of works to our existing properties. In addition, although delays associated with material availability and labour shortages meant that there were no handovers achieved by the 2021/22-year end, development activity was significantly higher than in the prior year.

Rent collection remained strong during the year but continues to be a priority area of focus due to the economic uncertainty and impact upon customer income of the cost-of-living crisis.

The number of empty homes has continued to fluctuate with occupancy at a level below what is required. Relet time remains above the required level and will remain high until the backlog of routine and major works are eliminated.

Overall customer satisfaction has remained at a consistent level since 2015. The association has in progress actions to address the level of satisfaction and to make the step-change in performance including the implementation of the place-based delivery model in the homes and communities department that will enhance the relationship with customers and improve the support for customer and community driven services, and the redesign of the repairs service from a customer perspective to deliver repairs right first time and at a time that meets customer expectations. The customer experience strategy will be presented to board for approval in September 2022, it is being formulated to drive activities and improvements in satisfaction across all customer facing services.

Governance Report

For the year ended 31 March 2022

Board and senior executives

Membership of the board and the executive team is set out on page 3 and additional information for board members can be found here. The senior executives of the association do not hold share capital in the association and although not having the legal status of directors, they act as executives within the authority delegated to them by the board.

Board member obligations

The board has role profiles in place for the chair of the board, vice chair of the board, chairs of committees and board members and Co-optees setting out the personal attributes, skills, knowledge & experience and eligibility criteria of the roles, this includes the collective accountabilities 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; and
- 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 ARC to receive compliance information in relation to fraud and other matters.

Board member skills, qualities and experience

The board assesses its collective and individual member's skills on an annual basis as part of its governance effectiveness process.

The analysis is used by the board to inform the skills required by the association in order to deliver its strategic decision making effectively and these skills are added to the role profile 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 2021/22, the board identified the following skills being required:

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

Board remuneration

Remuneration for members was introduced in April 2020 following the Board decision to remunerate in November 2019.

Remuneration fees are set out on page 67 and reflect the specific fees agreed by the Board of:

- Board chair - £10k
- Vice chair, chair of committees - £7k
- Board members and co-optees - £5k

As approved by the board, remuneration will be reviewed every three years by the Remuneration Committee who will consider benchmarking with support from an independent third party, before making any recommendations to the board for consideration.

Board membership

Membership of the board is reported to each Annual General Meeting (AGM) and each member serves for a term of up to three years, with the opportunity to 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 strategic direction and monitoring the activities of the association. The board have determined a preferred size of 10, with the flexibility to increase to 12 when and if required.

Board members are drawn from a wide background bringing together a professional, commercial, local and customer focus. Co-optees have specific skills identified as a gap or vulnerability in the board's skills matrix and have specific terms of office, as determined by the board.

The board met five times during the reporting period, attended four workshops on the themes of Rent, Business Planning, Subsidiaries and EDI & Culture, together with one strategic planning day.

The board is supported by the audit and risk committee (ARC) and the remuneration committee (RC).

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 launched a recruitment campaign in May 2021.

The board's approach to succession planning allows those board members who have completed their first three-year term to re-stand through an internal process where a selection panel considers the individual's skills and experience and whether these are still relevant and required to deliver the association's strategic vision.

Co-optees who wish to be considered for the role of board member are required to enter into an external competitive process as part of the board's commitment to openness and transparency.

The board has launched a campaign in April 2022 to recruit a new chair and members to the board.

The 2021 process resulted in:

- Guy Stenson, James Tarrant and Christian Cadwallader being successful in being re-appointed for a second term of office of three years
- Chris Sutton and Mike Usher being appointed as board members for the remainder of their terms of office, having previously held the position of co-optees
- Robiu Salisu extending his term of office as a co-optee for a further term of one year
- Anne Wildeman and Samantha Williams being appointed as co-optees for a term of one year.

Governance effectiveness

The board undertakes an annual review of its effectiveness, which includes an appraisal meeting between each member and the board chair and annual objectives are set for the forthcoming year.

Under the adopted code of governance, the board has agreed to consider external support every three years in undertaking its review. RSM, the association's internal auditors conducted an advisory review to support the board in identifying and agreeing improvement actions e.g. the introduction of committee effectiveness reviews which will be undertaken in the 2022/23 period.

Adopted Code of Governance

The association has adopted the Community Housing Cymru (CHC) 2018 Code of Governance. CHC has undertaken a review and launched a new Code in 2021, the board will consider the adoption of, and compliance with, the new code in 2022.

Regulation

As a result of the Covid-19 pandemic, the Welsh Government determined to defer its approach to regulatory judgements and introduced an interim approach to regulation.

The association was awarded the highest judgement level available of standard: standard on 30 June 2021.

In January 2022, Welsh Government launched its new regulatory framework following consultation with the sector.

The chair and chief executive have regular meetings with the association's allocated regulation manager and is awaiting confirmation of when the association will undertake the new judgement process which will see judgements made on the association's approach to governance and financial viability.

Scrutiny Partnership (SP)

The Scrutiny Partnership (SP) is a group of highly involved customers, who have been recruited for their skills, in order to assist in the continuous improvement of Newport City Homes' services to customers and communities.

As part of their work programme, the SP gather, review and analyse a range of evidence and provide 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.

Committees

Audit & Risk Committee (ARC)

The ARC comprises of five members, including two co-optees, and meets at least four times a year. Its purpose is 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.

The chair of SP attends ARC meetings as a participating observer, with the ability to contribute fully towards non-confidential discussions held at the meeting. A standard agenda item is included at each ARC for observations and comments to be made by the SP.

Remuneration Committee (RC)

Membership of the RC comprises of five members, including one co-optee, and its purpose is to support the board by making recommendations on annual pay settlements for all colleagues and/or any other changes to the association's terms and conditions of employment, the association's approach to recognition and reward and a three-year review of board remuneration.

Internal Control

The board acknowledges its ultimate responsibility for ensuring that the association has in place a system of controls that is appropriate for the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used by the association or for publication;
- the maintenance of proper accounting records; and
- 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; and
- 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 for instituting 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 the commitment and performance from its colleagues. Our colleagues drive the association's performance to deliver on our vision and strategy, in line with our expected values and behaviours including our commitment to our customer service standards.

We have continued to review the way we deliver our services and how colleague's roles are aligned to support this. As part of this process we have continued to invest in targeted training and development of colleagues during the year, as it is recognised this is one of the key drivers for improved business performance and service delivery outcomes for residents.

The association is fully committed to equal opportunities and values the diversity of all its colleagues, customers and the communities in which it works and this is reflected in the new EDI Strategic Commitment, EDI policy and implementation plan.

Gender pay gap

The board received an annual gender pay gap data report in March 2022, for April 2021 data, its fifth report to date.

At NCH, women earn 99p for every £1 that men earn when comparing median hourly wages. The median hourly wage gap at NCH is 1.0%, which compares positively against the Office of National Statistics (ONS) median gender pay gap of 15.4% in 2021. The mean hourly wage gap at NCH is 0.8%.

The association employs marginally more men (57%) than women (43%).

Monitoring the gender pay gap supports the association to better understand its levels of gender equality at different pay points. This information is used to target areas for improvement and review the colleague offer as we strive to become a fully inclusive and diverse workforce.

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

Modern Slavery

The board received an annual modern slavery and human trafficking statement in July 2022 which provided an update on activity that had taken place to minimise risks and manage incidents during the year.

The Audit & Risk Committee receives information at each of its meetings on all incidents of allegations and/or investigations and also 'nil' returns if no incident have occurred in relation to modern slavery.

The association identified 11 cases of modern slavery in the year ending 31 March 2022, as opposed to five in the previous year.

All recorded cases were in relation to customer homes being taken over (cuckooed) and the association worked closely with Gwent Policy and the local authority to support affected customers into suitable alternative accommodation where this is deemed necessary.

An annual Modern Slavery and Human Trafficking Statement is published on the association's website.

Share membership

The association has a policy in relation to share membership and all tenants, leaseholders and those who share ownership of their home with NCH, are eligible to become share members. Share Membership applications are considered by the board. Individuals who are interested in becoming a share member can obtain more information from the Company Secretary of the association at the address on page 3.

Subsequent events

There have been no events subsequent to the date of the association's financial position that have had a material effect on the results of the association as reported in these financial statements.

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 28 September 2022.

Approved by the board and signed on its behalf by:



Nicola Somerville

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 2022

Opinion

We have audited the financial statements of Newport City Homes for the year ended 31 March 2022 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 2022 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 41), 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.

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 2022, 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 45, 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

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 2022

	Notes	2022 £'000	2021 £'000
Turnover	2	52,586	51,811
Operating expenditure	2	(46,954)	(42,144)
Gain on disposal of property, plant and equipment	4	168	96
Operating surplus	2	5,800	9,763
Interest receivable	9	211	587
Interest and financing costs	10	(3,748)	(3,587)
Surplus before taxation		2,263	6,763
Taxation		-	-
Surplus for the year		2,263	6,763
Actuarial gain/ (loss) in respect of pension schemes	25	10,316	(9,593)
Total comprehensive income for the year		12,579	(2,830)

Statement of Changes in Reserves

For the year ended 31 March 2022

	2022 £'000	2021 £'000
At beginning of year	5,536	8,366
Surplus for the year	2,263	6,763
Actuarial gain/ (loss) in respect of pension schemes	10,316	(9,593)
At end of year	18,115	5,536

Statement of Financial Position

For the year ended 31 March 2022

	Notes	2022 £'000	2021 £'000
Fixed Assets			
Tangible Fixed Assets			
Social Housing Properties	11	168,008	158,155
Investment Properties	12	8,067	2,012
Intangible assets	13	561	516
Other property & fixed assets	14	1,216	1,383
		177,852	162,066
Current assets			
Inventories	15	4,062	764
Debtors: amounts falling due within one year	16a	4,616	3,926
Debtors: amounts falling due after more than one year	16b	1,911	1,947
Cash and cash equivalents	17	88,148	64,410
		98,737	71,047
Less:			
Creditors: amounts falling due within one year	18	(17,208)	(15,531)
Total current assets less current liabilities		81,529	55,516
		259,381	217,582
Creditors: amounts falling due after more than one year	19	(222,106)	(186,729)
LGPS pension liability	25	(19,160)	(25,317)
Total net assets		18,115	5,536
Capital and reserves			
Share capital	21	-	-
Reserves		18,115	5,536
		18,115	5,536

The financial statements were approved by the Board of Management on 27 July 2022 and signed on its behalf by:



N Somerville
Chair



J Fairley
Company Secretary



Christian Cadwallader
Vice Chair

Cashflow Statement

For the year ended 31 March 2022

	Notes	2022 £'000	2021 £'000
Net cash flow from operating activities	(a)	12,754	18,910
Cash flows from investing activities			
Purchase of property, plant and equipment		(25,595)	(24,478)
Proceeds from sale of property, plant and equipment		168	230
Grants received		10,105	15,638
Interest received		123	509
Net cash flows from investing activities		(15,199)	(8,101)
Cash flows from financing activities			
Interest paid		(3,737)	(3,497)
New loans		29,920	15,162
Repayments of borrowings		-	-
Net cash flows from financing activities		26,183	11,665
Net increase in cash and cash equivalents		23,738	22,474
Cash and cash equivalents at the beginning of the year		64,410	41,936
Cash and cash equivalents at the end of the year		88,148	64,410

a. Net cash generated from operating activities

	2022 £'000	2021 £'000
Surplus for the year	2,263	6,763
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	9,101	8,679
Increase in inventories	(3,298)	(600)
(Increase)/Decrease in debtors	(566)	2,087
Increase in creditors	1,123	1,811
Pension costs less contributions payable	4,159	1,937
Non-cash adjustment to fixed assets	610	(1,069)
Carrying amount of property, plant & equipment disposals	1	137

Cashflow Statement

For the year ended 31 March 2022

a. Net cash generated from operating activities	2022 £'000	2021 £'000
Adjustments for investing or financing activities:		
Proceeds from the sale of property, plant and equipment	(169)	(233)
Government grants utilised in the year	(4,007)	(3,602)
Interest payable	3,748	3,587
Interest receivable	(211)	(587)
Net cash generated from operating activities	12,754	18,910

b. Free cash flows	2022 £'000	2021 £'000
Net cash generated from operating activities	12,754	18,910
Interest paid	(3,737)	(3,497)
Interest received	123	509
Component replacements	(11,602)	(9,293)
Dowry Grant	6,500	6,500
Purchase of other replacement fixed assets	(457)	(781)
Free cash generated before loan repayments	3,581	12,348
Loans repaid (excluding revolving credit and overdrafts)	-	(587)
Free cash generated after loan repayments	3,581	12,348

c. Reconciliation of net cash inflow to movement in net debt	2022 £'000	2021 £'000
Increase in cash	23,738	22,474
Increase in loans	(29,920)	(15,162)
(Increase)/ decrease in net debt	(6,182)	7,312
Net debt at 1 April	(48,323)	(55,635)
Net debt at 31 March	(54,505)	(48,323)

d. Analysis of net debt	At 1 April 2021 £'000	Cashflows £'000	At 31 March 2022 £'000
Cash and cash equivalents	64,410	23,738	88,148
Housing loans	(112,733)	(29,920)	(142,653)
Net debt	(48,323)	(6,182)	(54,505)

Notes to the Financial Statements

For the year ended 31 March 2022

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 association 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.

Notes to the Financial Statements (cont)

For the year ended 31 March 2022

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).

Notes to the Financial Statements (cont)

For the year ended 31 March 2022

The depreciable amount is written off over the estimated useful lives as follows:

	Houses	Flats
Adjustments for investing or financing activities:		
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.

Notes to the Financial Statements (cont)

For the year ended 31 March 2022

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.

Notes to the Financial Statements (cont)

For the year ended 31 March 2022

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.

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 2022, 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.

Notes to the Financial Statements (cont)

For the year ended 31 March 2022

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.

Notes to the Financial Statements (cont)

For the year ended 31 March 2022

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 NOW 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 obligation 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.

Notes to the Financial Statements (cont)

For the year ended 31 March 2022

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 obligation 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 obligation in the balance sheet. The assumptions reflect historical experience and current trends.
- 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 earned 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.

Notes to the Financial Statements (cont)

For the year ended 31 March 2022

2. Turnover, operating costs and surplus

	Year ended 31 March 2022			Year ended 31 March 2021		
	Turnover £'000	Operating Costs £'000	Operating Surplus £'000	Turnover £'000	Operating Costs £'000	Operating Surplus £'000
Social Housing Lettings						
General needs housing	50,229	46,227	4,002	50,387	41,241	9,146
Other Social Housing Activities						
Tenanted Garages	55	-	55	40	6	34
Properties for Community Benefit	332	58	274	409	99	310
Shared Ownership	354	-	354	-	-	-
PESM tax refund	212	-	212	-	-	-
Non Social Housing Activities						
Commercial Properties	422	43	379	173	-	173
Other activities	982	626	356	802	798	4
Gain on disposal of property, plant and equipment	-	-	168	-	-	96
Operating surplus	52,586	46,954	5,800	51,811	42,144	9,763
Interest receivable			211			587
Interest and financing costs			(3,748)			(3,587)
Surplus before tax			2,263			6,763

Notes to the Financial Statements (cont)

For the year ended 31 March 2022

3. Particulars of income and expenditure from social housing lettings

	2022 £'000	2021 £'000
Turnover from Lettings		
Rents receivable (net of void loss)	43,949	43,703
Service charges receivable	2,273	3,082
Amortisation of Social Housing & Other Government Grants	4,007	3,602
Supporting People Grant	-	-
Turnover from social housing lettings	50,229	50,387
Operating costs from lettings		
Management costs	12,755	10,960
Service charge costs	4,232	3,661
Planned maintenance	6,284	4,785
Day to day maintenance	14,186	13,645
Depreciation of housing properties	8,533	7,966
Rent losses from bad debts	237	224
Operating costs on social housing activities	46,227	41,241
Operating surplus on social housing lettings	4,002	9,146
Rent loss due to voids (memorandum note)	1,091	952

4. Disposal of Property, plant and equipment

	2022 £'000	2021 £'000
Sales proceeds	169	233
Cost of sales	(1)	(3)
Prior year dowry disposal	-	(134)
Surplus on disposal	168	96

Sales proceeds above comprise 1 staircase property, 15 land sales and 1 freehold reversion.

Notes to the Financial Statements (cont)

For the year ended 31 March 2022

5. Operating surplus for the period

	2022 £'000	2021 £'000
Operating surplus on disposals for the period is stated after charging/(crediting):		
Amortisation of social housing & government grants	(4,007)	(3,602)
Depreciation and amortisation	9,101	8,679
Rent losses from bad debts	237	224
Operating leases	862	499
Auditor's remuneration (inclusive of VAT)	18	18

6. Board members and senior executive's emoluments

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

	2022 £'000	2021 £'000
Emoluments (including pension contributions and benefits in kind)	732	471
Emoluments (excluding pension contributions) paid to the highest paid senior executive	153	152

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

	2022 £'000	2021 £'000
£ Nil	-	-
£1 - 50,000	11	12
£50,001 - £60,000	-	1
£80,001 - £90,000	1	-
£110,001-£120,000	3	1
£150,001-£160,000	1	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 £23,720 (2021: £23,484). 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.

Notes to the Financial Statements (cont)

For the year ended 31 March 2022

7. Employee and employer costs

Staff costs during the year:	2022 £'000	2021 £'000
Wages and salaries	14,118	12,854
Social security costs	1,373	1,255
Other pension costs	5,595	3,418
	21,086	17,527

Average number of full-time equivalent employees during the year:	2022 Number	2021 Number
Management and administration	261	258
Wardens, caretakers and cleaners	60	65
Housing repair service	98	90
	419	413
Full time equivalents at the end of the year was:	440	436

8. Interests and related party transactions

During the year the association provided rented accommodation to one board member who was a tenant of the association and charged rent on the association's standard terms. Board members who are tenants are unable to use their position to their advantage. The board member retired from their position on 12th September 2021.

9. Interest receivable

	2022 £'000	2021 £'000
Interest receivable	211	587

10. Interest and financing costs

	2022 £'000	2021 £'000
Interest payable and similar charges	3,748	3,462
Refinancing fees	-	125
	3,748	3,587

Notes to the Financial Statements (cont)

For the year ended 31 March 2022

11. Property, Plant and Equipment, Social Housing Properties

Cost	Housing properties held for letting £'000	Housing properties in the course of construction £'000	Completed shared ownership housing properties £'000	2022 Total £'000	2021 Total £'000
At 1 April	194,452	22,175	648	217,275	198,968
Additions during the year	-	16,658	-	16,658	11,899
Components replaced in year	11,602	-	-	11,602	9,293
Transfer to inventory	-	(3,220)	-	(3,220)	-
Schemes completed during the year	4	(4)	-	-	(648)
Transfer to investments	(4,339)	(1,716)	-	(6,055)	(1,788)
Disposals during the year	-	(599)	-	(599)	-
Write off adjustments during the year	-	-	-	-	(449)
At 31 March	201,719	33,294	648	235,661	217,275

Depreciation

At 1 April	59,120	-	-	59,120	51,555
Charges for the year	8,533	-	-	8,533	7,970
Disposals during the year	-	-	-	-	-
Write off adjustments during the year	-	-	-	-	(405)
At 31 March	67,653	-	-	67,653	59,120

Net book value

At 31 March	134,066	33,294	648	168,008	158,155
At 31 March	135,332	22,175	648	158,155	147,413

Notes to the Financial Statements (cont)

For the year ended 31 March 2022

	2022 £'000	2021 £'000
Planned maintenance (revenue)	6,284	4,785
Investment (capital)	11,602	9,293

Units in Management:	2022 Number	2021 Number
General needs housing properties in management	8,918	8,917
Shared ownership	130	132
Leasehold management services	648	646
Garages	149	153
	9,845	9,848

12. Investment Properties

Cost	2022 £'000	2021 £'000
At 31 March 2021	2,012	-
Transfers during the year	4,339	1,788
Additions during the year	1,716	224
Disposals during the year	-	-
At 31 March 2022	8,067	2,012

Notes to the Financial Statements (cont)

For the year ended 31 March 2022

13. Property, Plant and Equipment, Intangible Assets

Cost	2022 £'000	2021 £'000
At 31 March 2021	3,060	2,751
Additions during the year	226	309
Disposals during the year	-	-
Write off adjustments	-	-
At 31 March 2022	3,286	3,060

Depreciation

At 31 March 2021	2,544	2,392
Charge for the year	181	152
Disposals during the year	-	-
At 31 March 2022	2,725	2,544

Net book value

At 31 March 2022	561	516
At 31 March 2021	516	359

Notes to the Financial Statements (cont)

For the year ended 31 March 2022

14. Property, Plant and Equipment, Other Fixed Assets

Cost	Other Property* £'000	Office premises £'000	Service assets £'000	Vehicles & office equipment £'000	2022 Total £'000	2021 Total £'000
At 31 March	512	1,532	732	3,551	6,327	5,877
Additions during the year	-	-	37	194	231	472
Disposals during the year	-	-	-	-	-	-
Write off adjustments	-	-	(2)	(9)	(11)	(22)
At 31 March	512	1,532	767	3,736	6,547	6,327

Depreciation

At 31 March	95	1,174	645	3,030	4,944	4,387
Charge for the year	13	92	27	255	387	557
Disposals during the year	-	-	-	-	-	-
At 31 March	108	1,266	672	3,285	5,331	4,944

Net book value

At 31 March	404	266	95	451	1,216	1,383
At 31 March	417	358	87	521	1,383	1,490

15. Inventories

	2022 £'000	2021 £'000
Stocks of materials	194	116
Investment in Shared Ownership properties	3,868	648
	4,062	648

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

	2022 £'000	2021 £'000
Arrears of rent and service charges	2,441	1,834
Less: Provision for bad and doubtful debts	(1,216)	(988)
	1,225	846

Notes to the Financial Statements (cont)

For the year ended 31 March 2022

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

	2022 £'000	2021 £'000
Accrued grant income	-	642
Government Grant Debtor (note 20)	36	34
Accrued interest receivable	315	227
Debtors and prepayments	3,040	2,177
	4,616	3,926

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

	2022 £'000	2021 £'000
Government Grant Debtor (note 20)	1,911	1,947

17. Cash and cash equivalents:

Treasury deposits	2022 £'000	2021 £'000
Instant	57,897	38,943
32 day notice	10,000	5,028
35 day notice	10,000	-
95 day notice	10,000	20,079
	87,897	64,050
Cash at bank and in hand	251	360
	88,148	64,410

Notes to the Financial Statements (cont)

For the year ended 31 March 2022

18. Creditors: amounts falling due within one year:

	2022 £'000	2021 £'000
Trade Creditors	2,672	751
Housing loans (Note 19)	238	135
Social Housing Grant in advance	4,667	466
Dowry Grant in advance	-	444
Social housing and other Government grants (Note 20)	4,008	3,470
Employee benefits	174	165
Accruals and deferred income	3,502	8,071
Capital retentions	160	258
Loan interest	584	573
Prepayments of rents and service charges	1,083	1,078
Prepayments of other charges	92	102
Deposits	28	18
	17,208	15,531

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

	2022 £'000	2021 £'000
Housing loans	132,838	107,198
Loan premium	9,577	5,400
Social housing and other Government grants (Note 20)	79,691	74,131
	222,106	186,729

Notes to the Financial Statements (cont)

For the year ended 31 March 2022

As part of the Welsh Government's 'Land for Housing' initiative, the Association received a further public benefit entity concessionary loan of £0.5m during the year, in addition to the £1m received previously. 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 received £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 48% of properties where the association holds an interest.

At 31 March 2022, the association had un-drawn loan facilities of £30.5m.

Average loan interest payable is 2.75%.

Prepaid loan arrangement fees totalled £1,424k as at 31 March 2022.

Loans repayable by instalments fall due as follows:

	2022 £'000	2021 £'000
In five years or more	138,982	110,939
Between two and five years	3,433	1,659
	142,415	112,598
In one year or less	238	135
	142,653	112,733

Notes to the Financial Statements (cont)

For the year ended 31 March 2022

20. Grants

Cost	Dowry £'000	Other Grants £'000	SHG/HFG/ R2O £'000	Total £'000
At 31 March 2021	74,039	4,815	21,772	100,626
Additions during the year	6,944	8	3,153	10,105
Disposals during the year	-	-	-	-
Write off adjustments	-	-	-	-
At 31 March	80,983	4,823	24,925	110,731

Amortisation

At 31 March 2021	22,172	665	188	23,025
Amortised in year	3,749	167	91	4,007
Amortisation written back on disposal	-	-	-	-
Write off adjustments	-	-	-	-
At 31 March 2022	25,921	832	279	27,032

Net book value

At 31 March 2022	55,062	3,991	24,646	83,699
At 31 March 2021	51,867	4,150	21,584	77,601

Grants fall due as follows:

	2022 £'000	2021 £'000
In one year or less	4,008	3,775
Between one and two years	8,002	8,438
Between two and five years	12,380	13,699
After more than five years	59,309	51,689
	83,699	77,601

Notes to the Financial Statements (cont)

For the year ended 31 March 2022

21. Non-equity share capital

Shares of £1 issued:	2022 £'000	2021 £'000
At 31 March 2021	100	196
Issued during the year	8	3
Cancelled during the year	(1)	(99)
At 31 March 2022	107	100

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

At 31 March 2022 the association had commitments under operating leases as follows:

Motor vehicle and office equipment expiring:	2022 £'000	2021 £'000
Within one year	85	85
Between one and two years	7	12
Between two and five years	-	7
	92	104

Land and buildings expiring:	2022 £'000	2021 £'000
Within one year	308	302
Between one and two years	308	308
Between two and five years	925	925
Over five years	1,824	2,084
	3,365	3,619

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

The association signed a fifteen-year lease for office accommodation at Nexus House, Newport which expires in March 2034. The terms of the lease are subject to review after five years, with the first review having taken place on 12 March 2014. A further review took place during 2017/18 where it was agreed to reduce the number of floors from four to three from April 2019. The City Centre Office lease expires in March 2027.

Notes to the Financial Statements (cont)

For the year ended 31 March 2022

23. Capital commitments

	2022 £'000	2021 £'000
Capital expenditure contracted but not provided for in the financial statements	68,229	34,367
Capital expenditure authorised by the board but not contracted	39,244	41,007

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 £18.1m as at 31 March 2022, an increase of £12.6m from the previous year.

The association made a surplus of £5.8m on ordinary activities during the year (2021: £9.7m)

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.

Notes to the Financial Statements (cont)

For the year ended 31 March 2022

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 2021 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 liabilities of the fund at 31 March 2022. Liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities discounted to their present value. The association's contribution rate during the year was 17.0% of members' contributions. This rate will continue until 31 March 2023.

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

	2022 %pa	2021 %pa
Rate of increase in pension (CPI)	3.15%	2.80%
Rate of increase in salaries	3.45%	3.10%
Discount rate	2.05%	2.05%
Actual returns from the period	6.00%	30.60%

The movement in the net surplus for the period were:	2022 £'000	2021 £'000
Fair value of plan assets	65,004	59,821
Value of funded obligations	(84,164)	(85,138)
Total estimated scheme (deficit)/surplus	(19,160)	(25,317)

Market value of plan assets

Equities	52,653	48,455
Bonds	11,051	10,170
Property	1,300	1,196
Cash/liquidity	-	-
	65,004	59,821

Notes to the Financial Statements (cont)

For the year ended 31 March 2022

Components of pension costs for year:	2022 £'000	2021 £'000
Current service cost	5,358	3,355
Past service cost	-	-
Net interest cost	556	335
Total pension cost recognised in income and expenditure account	5,914	3,690

Statement of recognised surpluses and deficits	2022 £'000	2021 £'000
Actuarial gains/(losses)	10,316	(9,593)
Total pension surplus / (cost) recognised in the statement of comprehensive income	10,316	(9,593)

Changes to the fair value of assets during the year:	2022 £'000	2021 £'000
Present value of scheme assets at 1 April	59,821	44,381
Interest income on plan assets	1,241	1,039
Contributions by the employer	1,755	1,753
Contributions by the participants	708	697
Benefits and transfers paid	(904)	(813)
Expected return on assets	2,383	12,764
Total fair value of plan assets at 31 March	65,004	59,821

Notes to the Financial Statements (cont)

For the year ended 31 March 2022

Changes to present value of liabilities during the year:	2022	2021
Present value of scheme liabilities at 1 April	85,138	58,168
Current service cost	5,358	3,355
Past service costs	-	-
Interest costs	1,797	1,374
Contributions by the participants	708	697
Benefits and transfers paid	(904)	(813)
Changes in financial assumptions	(7,694)	21,769
Changes in demographic assumptions	(430)	1,140
Other experience	191	(552)
Total value of funded obligations at 31 March	84,164	85,138

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 2022:	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £000s
0.1% decrease in Real Discount Rate	2%	2,094
0.1% increase in the Salary Increase Rate	0%	244
0.1% increase in the Pension Increase Rate (CPI)	2%	1,836
1 year increase in life expectancy	4%	3,367



newport
city homes



Pay PRIDE IN THE PORT
TWO THOUSAND
POUNDS

1237 123 598247 0008463





Date 08/08/22

£ 2000

Signed NCH

www.newportcityhomes.com | @NewportCityH

#PrideinthePort

#OneCommunity



newport
of homes

scruffs

