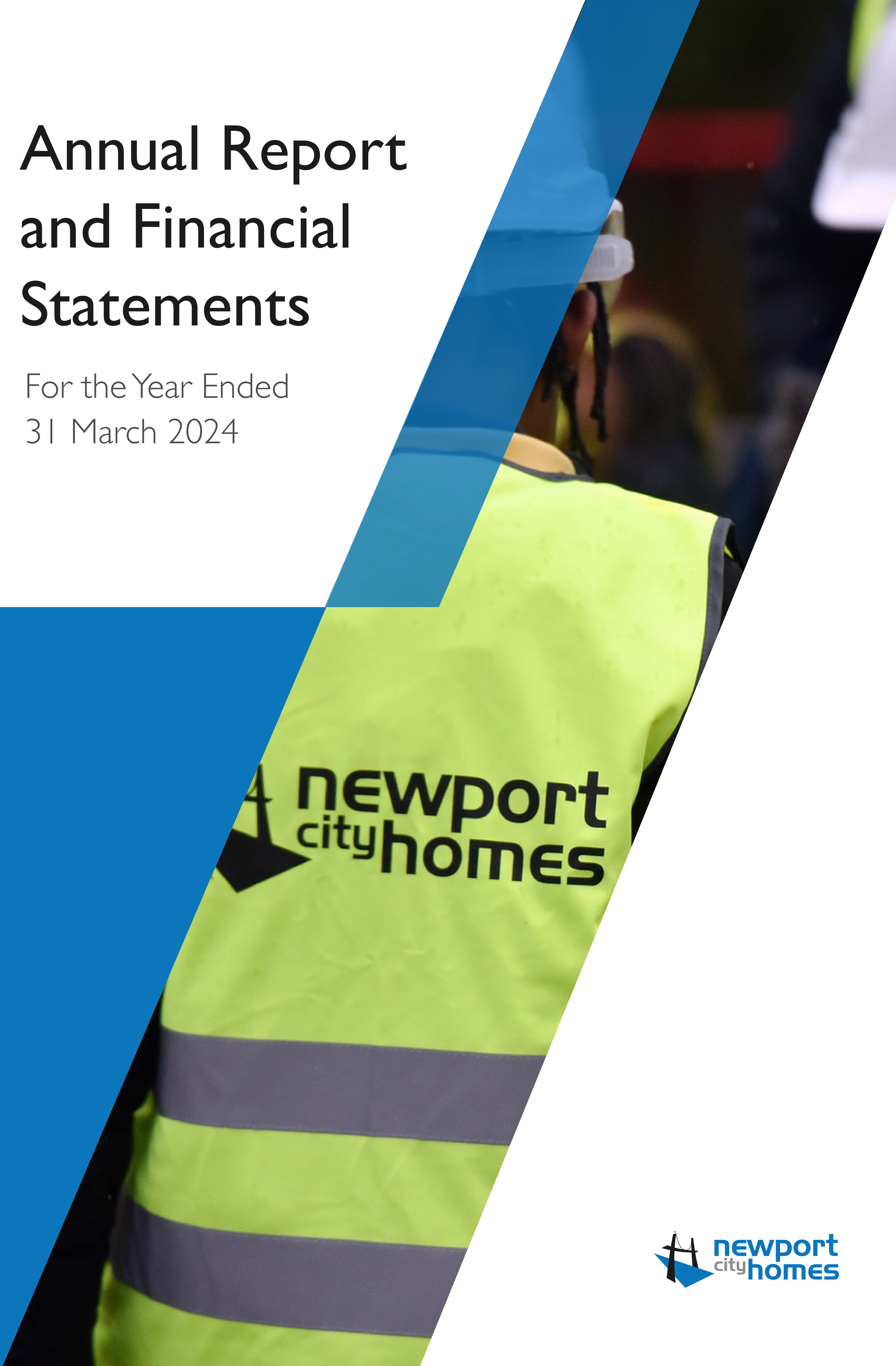
Annual Report and Financial Statements

For the Year Ended
31 March 2024



Contents

Board members and professional advisors

For the year ended 31 March 2024

Board members

Lynda Sagona	Chair
Christian Cadwallader	Vice Chair
Kevin Ward	Colleague & Culture Committee Chair
Guy Stenson	Audit & Risk Committee Chair
James Tarrant	
Chris Sutton	
Michael Usher	
Andrew Gregory	
Dale Walker	
Dr. Jenifer Baxter	
Sarah Ann Croft	

Company Secretary

Joanna Fairley

Registered Office

Nexus House
Mission Court
Newport
NP20 2DW

Executive Officers

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

Bankers

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

Lenders

Royal Bank of Scotland plc

Barclays Bank plc

Legal and General Assurance Society Limited

The Housing Finance Corporation Limited

bLEND Funding plc

Principal Solicitors

Hugh James
Two Central Square
Cardiff
CF10 1FS

Blake Morgan
11 Park Place
Cardiff
CF10 3DR

Trowers & Hamlins LLP
55 Princess Street
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

Bishop Fleming
Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS


VITAL

CEO and Chair Introduction

The complexity, volatility and challenges in our operating environment and society more broadly are having a major impact on our communities, and we know that access to a good home, and support to live well in that home, can make all the difference to people. We're also acutely aware of the important role we play in making this happen. It's against this backdrop that we reflect on our work and impact over the last 12 months, while looking ahead to what's on the horizon.

Our customers remain at the heart of everything we do. Whether it's the introduction of our new Customer App; listening and acting on the complaints and compliments we receive; or the work of our customer group, the 'Scrutiny Partnership' – our residents help shape our services. We've been using their voice to better understand what matters most to them, so we can continue to improve the services we provide to them.

In addition to this, we've been strengthening the connections we have in our communities, through our Neighbourhood Managers, initiatives such as our 'At Your Door' weeks, and our wider partnerships. Our support services target areas where there's greatest need. A key example being our energy-advice team, that has served over two thousand people since its launch in February 2023, helping to achieve a combined saving of over £200,000 on people's bills thus far.

The same can be said for our work on diversity and inclusion, where we've placed a greater emphasis on awareness and education, recruitment, and gathering data to enable us to work better and build teams closer to our customers.

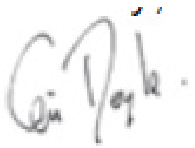
Investment in our homes remains a priority, and we've increased our investments this year, enhancing our repairs service, trialling energy-efficient innovations, and gearing up for the new Welsh Housing Quality Standard. We're proud of our track record of keeping health and safety compliance high and are investing even more in building-safety measures.

With sustainability as our cornerstone, we've applied the latest thinking and materials to our development and regeneration work. Over the last year, we've constructed new low-carbon homes, piloted innovative technologies – including energy-efficient heating and software to prevent damp and mould. We aren't just catering for customers now, we're preparing for a lower-carbon future.

All that we achieve is down to our fabulous colleagues – they make the difference to our customers and communities. We've been developing them through STRIVE, our management development programme, we've introduced a new learning platform, and launched a new reward and recognition scheme. New digital technology is increasingly enabling and empowering them to do the right thing. By embracing new technology, such as the roll-out of new rent-analytics software, we are streamlining our services, improving the insights we gather and consequently providing more targeted support to customers.

We're proud of our collective achievements, but we know we need to do more. That's why we've been working closely with our friends at Melin Homes to explore the possibility of merging. By combining our passion, resources and expertise, we can have an even greater impact in this wonderful part of Wales. Throughout the process, we're engaging our customers and colleagues to make sure the new organisation puts them at the centre from the very start.

Our plans are progressing, and we're excited for the future. As we use this report to reflect our achievements over the last year, we want to thank everyone who has worked with us, and supported us, to serve our customers and communities in the best way possible.



Ceri Doyle
Chief Executive

Lynda Sagona
Chair

About NCH

Our purpose

We provide homes in communities where people want to live. We have a proud history of investing in Newport and delivering services that support our customers. As the largest provider of social housing in a city that's facing a housing crisis, we're supplying much-needed affordable homes. Home is not just a roof and four walls. It provides safety and supports good health and wellbeing. It creates a sense of belonging within a community and a foundation for people and families to have a better quality of life. That's why we do much more than provide homes. We're investing for the future by listening to our customers and working with communities to achieve the best for Newport and south-east Wales. We are focused on increasing our capacity to enable us to deliver more for our customers and communities in the complex and volatile operating environment.

Legal status

Newport City Homes Housing Association Limited is a registered society (No. 30192R) under the Co-operative and Community Benefits Societies Act 2014 and is a registered social landlord with the Welsh Government (No. L149).

What we do and where

We are a social business, a not-for-profit housing association overseen by a paid management board. Our 9,951 homes are in all within the administrative boundary of Newport City Council. These include 9,285 homes for social rent, of which 70 are private rent, 34 intermediate rent, 142 shared ownership and 15 rent to own. In addition, the association owns and manages 666 leasehold homes, 149 garages and a commercial portfolio of 113 units.

Our values

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

Active

We take action and get things right first time

Trusted

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

Collaborative

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

Inclusive

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

NCH Strategy 2025

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

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

Our ambition remains to place our customers and communities at the heart of everything we do, while inspiring colleagues to do their best work.

Our strategic priorities:

- Customer
  Placing our customers at the centre of everything we do.
- Community
  Creating and sustaining communities where people want to live.
- Colleague
  Empowering our colleagues to achieve great things.

As we enter the final year in delivering our 2025 strategy, we are confirming our ambition and plans for what comes next. While making the difference for our customers, communities and colleagues will remain our priorities, we will focus on increasing our capacity so we can achieve even more.

And at a time when sector capacity is diminishing, we must achieve more. We'll keep pushing for better performance in service delivery and business efficiency, and value for money will remain central to our decision-making.

Strategic commitments

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

- **Diversity & Inclusion:** How we'll contribute to a fairer and more equal society.
- **Environmental Sustainability:** How we'll respond to the climate and nature emergencies.

Customer

Great, safe and energy-efficient homes

The safety of our customers is and always will be our number one priority. It's critical that we make sure our buildings are as safe as possible, and that we stay up to date with the rules and regulations. We have kept standards of health and safety high and invested more in building-safety measures.

99.66%
Homes that are gas-safe compliant

99.85%
Homes that are electrical compliant

100%
Communal areas with asbestos survey complete

100%
Passenger lift check

100%
Legionella control check

100%
Homes with fire risk assessments complete

A warm, secure home

Safety, warmth and security in our customers' homes are our top concerns. Identifying and eliminating damp and mould has always been part of this. Damp, mould and condensation can affect any home. They can damage the fabric of the building and also cause health problems for customers living in affected homes.

- We train all our colleagues to recognise damp and mould so they can provide the best advice and support.
- We launched a colleague app so any colleague can report damp and mould immediately.
- We regularly track progress post a surveyor's appointment to make sure that the resolved issues don't come back in our customers' homes.

We've also begun to trial new devices that will help us identify improvements to make our homes more energy efficient. The devices monitor things like temperature, humidity, and moisture in the air, which we can use to predict if cold spots are likely to form in a home. Surveyors then monitor the home and can contact customers if there are any alerts.

The work is being funded as part of a £3.2m grant from the Welsh Government's Optimised Retrofit Programme. The data will help us to understand what is effective in different types of homes.

“

This technology will give us vital information to help our homes produce less carbon and be more energy efficient to minimise bills. The device will be installed in homes where we will be doing certain types of energy-efficiency work, allowing us to see the difference it has made.

Vicki Farrow, Head of Asset Strategy and Investment

Milton Court: Using pioneering technology to keep our customers safe

Milton Court is a community for people aged over 55 in a high-rise building, the tallest in our Ringland community. Here, we reconfigured the fire alarm system to support the 'stay put' policy – so that if the alarm does sound, most people should stay in their flat until told to leave.

Thanks to our upgraded smoke detection, strobes and sounders, the fire service can now pinpoint the exact problem in an emergency. Not only that, but new pioneering technology can set the evacuation alerts to specific floors. There's only a handful using this technology in Wales, and we're proud to be bringing it to our customers.

We also carried out work to stop the spread of fire and smoke by confining it to one place (compartmentation), and reduced the risk of fire from waste, with outside purpose-built fire (and rain!) resistant storage areas.

Finally, upgraded sprinklers will now help save lives thanks to a special valve that diverts extra water to them in an emergency. A backup generator has also been installed for the water pumps in case of power failure.

What's next?

Our vital fire safety work doesn't stop there. With an additional £4m grant from the Welsh Government, we'll replace every fire-door set in our high-rise buildings – that's more than 750 across three buildings – Milton Court, Greenwood and Hillview!

Also in our plans are updated signs, emergency lights on the upper floors of each tower block, and removal of the timber ceilings.

In the meantime, we've issued fire-safety information leaflets to help keep customers abreast of what to do in simultaneous evacuation or safe to stay situations.

Investment in our existing homes

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

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

Our goal is to provide decent, safe, energy-efficient and affordable homes that we can adapt to meet the changing needs of our customers.

Upgrades and improvements	**2023/24**
Roofing and external wall insulation	£3.5m
Welsh Housing Quality Standard (WHQS) and major improvement works, inc. windows, doors, electrical rewiring	£3.9m
Health and safety works, inc. sprinkler installations	£5.1m
Aids and adaptations, inc. level-access showers, stairlifts and ramps	£0.9m
External painting and communal redecoration	£0.3m

Reactive repairs

Our maintenance teams carry out hundreds of reactive repairs each week. We actively ask our customers what they think of our service to make sure it meets their needs and helps to maintain safe and secure homes.

We regularly discuss their feedback with colleagues from across NCH to make sure we are using it to take action. We are always striving to improve, and we look for ways to make Customer Voice a part of reviewing how well we deliver our services. Every response helps us get a little better!

Customer satisfaction

66%
With overall service provided

65%
With their neighbourhood as a place to live

79.4%
Latest repair

59%
Repairs & maintenance service

73.3%
Repairs being done right first time

Making repairs easy

Whether our customers have only just moved in or they've lived in their homes for years, maintaining a home can be daunting. We know for many of our customers some tasks can be a struggle and home maintenance challenging to stay on top of.

We want to make sure our customers are confident and safe in their homes, that's why over the past year, we've created a brand-new library of home DIY tutorials to make home maintenance easy and help our customers to take control of those everyday tasks.

The tutorials cover all the quick-fix tasks, such as:

- maintaining doors and windows
- topping up boiler pressure
- bleeding radiators
- unblocking sinks.

Hoarding support

Hoarding is frequently overlooked or misunderstood and can often be dismissed as just 'having too many things'. But here at NCH, we know the reality of the situation is much more complex and can be related to issues of mental health and isolation, and result in issues impacting the safety of homes.

Our Hoarding Support Service has been in place for over a year, offering practical, hands-on support to customers who may struggle with the condition of their home. We focus on the relationship with customers, building trust and confidence until we are invited into the homes to help them transform their lives. Our friendly and supportive hoarding coaches worked closely and carefully with 65 customers last year to provide that extra bit of help.

Duffryn: Jumping into action

The Duffryn heat network provides heating and hot water to over 970 homes, local schools and businesses. First installed in the 1970s, it has been a great example of innovation and sustainability. The network uses locally sourced woodchip instead of fossil fuels, which reduces carbon emissions and contributes to better local air quality.

When leaks affecting the heating and hot water supplies were discovered, we immediately jumped into action. In a challenging time for our customers, communities and colleagues, everyone pulled together to do the right thing and implement emergency repairs.

In October 2023, we began replacing the system and are now delighted that the essential work has been completed, replacing over 7.5km of pipework. This was one of the largest upgrades in the UK and makes sure our customers can count on a sustainable source of heating and hot water for decades to come.

We were thrilled to pick up a TPAS Cymru good practice award to recognise the way we communicate with our customers and to acknowledge the NCH-wide response from colleagues in difficult circumstances.

“

These works are a significant investment in sustainable energy and we are very grateful to have received some of the funding for these vital works from the Heat Network Efficiency Scheme, funded by the Department for Energy Security and Net Zero. The improvements we are delivering will ensure the Duffryn heat network will continue to offer affordable, environmentally friendly heating and hot water for our customers and wider community for many years to come.

Sonia Furzland, Executive Director of Operations at Newport City Homes

Improving energy efficiency of existing homes

It's important for our homes to be as energy efficient as possible to reduce bills and save the environment. We've continued to do our part this year to support the decarbonisation of homes in Wales.

Central to this is the Welsh Housing Quality Standard (WHQS), which all our homes meet. Introduced by the Welsh Government in 2002, the standard aims to improve the quality of homes and provide a common target for property condition.

In 2023 the Welsh Government published the widely anticipated new standard that social landlords will be required to meet: Welsh Housing Quality Standard 2023 (WHQS23).

Some changes will come earlier than others, like the installation of flooring in our empty properties, and some targets are longer term, such as greatly improving the energy efficiency of our homes. We have already placed environmental sustainability at the very heart of our NCH Strategy 2025 as one of our strategic commitments.

The Welsh Government's new standard is a challenge we welcome at NCH with a warm embrace. We're already developing decarbonisation roadmaps for each of our properties, exploring and testing new technologies and identifying what works best. Currently, 61% of our homes are rated at EPC C or above, with an average SAP rating of 69, with plans in development to implement an affordable-warmth pathway for all our homes.

Great customer experience

Our services are designed to meet high standards, with customers at the heart. Our place-based delivery teams help our colleagues be visible and connected to our customers, and build great relationships. Our teams also help us tailor our services and support our customers when they need it.

Our customer app – 24/7 services

We launched our new NCH customer app to help our social renting customers manage routine tasks like paying rent or booking a repair. The app offers our customers convenience, with access to many of our services 24 hours a day, 7 days a week – whenever and wherever they want. Already, we've had over 2,000 customers sign up.

Customers can:

- book, track and reschedule routine repairs
- view a live booking system which updates with the latest appointments available
- make a payment and view charges and payments made
- report any anti-social behaviour in their neighbourhood
- message us direct and receive group messages for important updates
- sign-up to community events
- view important documents.

Listening to customers' experiences

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

We do everything we can to make sure that our customers receive the best possible service. Our customers tell us that most of the time, we get it right, and we appreciate hearing when our colleagues do exceptional work.

However, now and then, we know the standard of our work might not meet customers' expectations. If this happens, we do our best to put it right. Complaints are valuable to us because they let us know what means the most to our customers and how we can do better. We were recently commended by the Public Service Ombudsman for Wales for our complaints process as best practice for the sector.

Improving customer experience

One of the ways we improve the customer experience is through our Customer Voice Panel. The group gathers and analyses a broad range of customer feedback and data to ensure that we make our services better and make our customers always feel satisfied. The panel makes sure that, where there is opportunity, we learn from our complaints to help improve services.

partnership so they can decide where to focus their efforts to improve services. Our board receives their assurance report which gives them confidence that our customer engagement is effective.

This year, the partnership will focus on services that have the biggest impact on our customers:

- our repairs service
- major works
- anti-social behaviour.

Engagement through social media

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

The growth of the group has led to customers chatting about queries: moving the space towards an online community instead of just a service page. Through our new Facebook Live Sessions, we've also supported customers with information on topics such as:

- fire safety hints & tips
- helping to reduce energy bills
- helping to pay rent
- how we set rent & service charges.

NCH Connected	2022	2023	2024
Membership total	714	1,484	1,905
Active members	492	1,152	1,556

Support for our customers

With the ongoing cost-of-living crisis, it's essential to support our customers to save money and keep their rent accounts healthy so they can sustain their tenancies.

Making rent affordable

Every year, we review our rent and service charges because it's important to us that they are fair and affordable for our customers. We're proud that 100% of our rents and service charges are below the affordable cap set out in our social rents policy.

We use our social-rent-setting policy to make sure that our customers receive good value for money, and we never take lightly any decision to increase rent. To make sure the rent we set is affordable, we use methodology from the Joseph Rowntree Foundation (JRF), an independent organisation working to solve UK poverty.

But we also know that individual circumstances vary widely for our customers, which is where our support services are helping.

“

In August 2023, our Housing Support team secured £32,194 in Individual Assistance Payments (IAP) from the Discretionary Assistance Fund to help our customers get white goods like fridges, cookers and washing machines, and essential home furnishing such as beds, sofas or chairs.

Think Home First

We want to make sure that our customers are safe and financially resilient. With rising energy prices, rent costs and the cost of living, financial security has never been more important. Our #ThinkHomeFirst social media campaign highlighted how we can help customers facing financial challenges to get back on track.

We understand that a home is everything in life, so being able to pay rent is vital. Without a home, not only is our customers' sense of security at risk, but also their safety and wellbeing.

This year we've continued to provide lots of advice and support to our customers if they're worried about money. We know how tough things can be, but we're here to help, listen, understand, and work with our customers to:

- help budget income and outgoings to support with rent and other bills.
- provide energy and debt advice to ensure our customers are getting value for money.
- make sure all entitled benefits are claimed, helping with the applications.
- ensure rent is paid in a sustainable way, suiting different lifestyles and setting up a direct debit to make things easier.
- signpost to and help them access extra support services such as food banks.

Community

Thriving communities

We're creating lasting homes and communities, connecting people to what they need, when they need it. We know we can't do it alone, which is why we partner with like-minded organisations and work with the community too, through our asset-based community development approach.

We've been working hard the past year to build on our approach, which is all about recognising and using community strengths for long-term success to create understanding, build resilience and strengthen relationships locally.

Helping reduce energy costs

We know that many customers are worried about increasing energy bills. In 2023 we established a team of energy advisors to work across Newport for two years, helping people reduce their energy bills and make their homes warmer, safer and healthier.

We're delivering this service in partnership with the Community Interest Company, Warm Wales, after securing a £500k grant from the Ofgem Energy Industry Voluntary Redress Scheme in March 2023.

“

What an outstanding job the energy team have done. This service is so very helpful and has helped take a big worry off my mind. Again, thank you all for your help – outstanding service.

What one of our customers had to say

NCH at your door

We promised our customers and communities that we would get to know them better so that we can provide services that suit them. We want to give our customers the right support, at the right time, and in the right way.

Our colleagues are regularly out and about in our communities. As well as their usual visits and activities, they take the time to visit customers in their home – especially if we've not heard from them in a while. It's an opportunity to catch up about anything, from paying rent, our repairs, to wellbeing support and feedback on how we're doing.

Reducing waste

Our Watercourse Team and Estates Caretakers helped clear Broadmead Park of fly-tipped rubbish that was left in the watercourse. We removed a whopping 4.8 tons of household waste and we're working closely with Newport City Council and other partners to crack down on the illegal waste disposal in our wild spaces.

Community garden

In Alway, two green-fingered customers took on the task of revitalising the unused space behind their homes, to create a community garden. We supported them to transform the space so that members of the local community can enjoy it and grow plants too.

Bettws Food Bank

We supported Bettws Food Bank to get set up in their new home in Bettws Shopping Centre. The food bank does incredible work supporting those who need a bit of extra help, and their new central location in Bettws will help them to reach even more people in our communities.

Additional investment in communities leveraged through partnerships: £91,000

More quality homes

We're still facing a housing crisis, in Newport and across Wales. The challenging economy, increasing cost of materials and labour, and disruption to the supply chain have caused delays across the country. Despite this, we're determined to address the shortage through building more quality low-carbon homes.

In 2023/24:

120
New homes completed

1,437
Ten-year new-home pipeline programme

£23.6m
Investment in development & regeneration

£3.16m
Social Housing Grant from Welsh Government

Black Horse Inn: Leading the way in sustainable design

In March 2024 we opened our new development Cwrt Y March, 6 two-bedroom houses and 2 one-bedroom flats on the site of the former Black Horse Inn, in Lliswerry.

We're proud to have built the first homes in Wales using a new type of low-carbon, high-performance sustainable frame system. The roof solar panels also help customers to save substantially on their energy bills, as the batteries store the renewable energy for use at peak times.

> Working towards net-zero carbon is key for us, and we're thrilled to be the first in Wales to use these new panels in our development of homes in Somerton.

> We know energy bills are a worry for many of our customers, and the solar panels built into the design of these new homes will help facilitate the use of renewable energy and keep costs down for customers, now and in the future.

Peter Page, Development Manager at Newport City Homes

Mountbatten Close: Modern, affordable homes

We're excited to bring 24 new, modern, eco-friendly, affordable homes to Mountbatten Close, part of the wider Ringland Masterplan. These homes replace the now demolished four-storey 1960s apartment block.

> As each part of the project gets completed, customers can see the improvements being made around the area and this demonstrates our commitment to the communities we work with. We are proud to be bringing a range of affordable homes to sites throughout the city to help the housing crisis.

Matthew Davies, Executive Director of Development

Regenerating existing communities

We know how important it is to regenerate existing communities. We're doing everything we can to build stronger, more cohesive communities and to make the most of what's already in place.

Ringland regeneration

We're making good progress with the next phase of work on our Ringland Masterplan, where we'll build 158 new homes by 2028 and relocate the shopping centre during 2026. We're doing this work alongside Aneurin Bevan University Health Board (ABUHB) who are building the new 19 Hills Health and Wellbeing Centre.

We've continued our efforts in the past few months with partners to demolish portions of the vacated shops, start drainage work and reduce the ground levels to the site. We're looking forward to getting the foundations in and then installing the steel-frame structures from autumn 2024.

Griffin Island

We teamed up with MVR Solutions to sensitively refurbish this listed building on Skinner Street to help meet the growing need for housing in the city centre.

Twelve modern apartments for a mix of social and private rent were completed, with a further eight underway! The homes have beautiful views across the city and maintain some original features of the building, such as wooden beams.

Colleague

Great colleague experience

Our ambition is to be an employer of choice, with highly skilled and engaged colleagues who can deliver exceptional services to our customers and communities.

Colleagues across the association continue to show their dedication to doing the right thing through their motivation, skills and passion. They share and push forward the values of the association and shape the services we provide. We invest in our colleagues' professional learning with a mix of training and development, as well as volunteering opportunities.

Right skills

Delivering our ambition is only made possible by our colleagues. That's why investing in our people is a key element in our colleague experience. It's been over one year since we introduced our STRIVE programme, which supports managers' personal growth, coaching skills and team development.

It gives our managers the learning and skills they need to play a key role in the association delivering on our priorities. It supports them to embed the NCH way of working and prepares them to become the leaders of tomorrow. The programme supports our managers to lead value-driven, empowered and high-performing teams.

72 managers through 8 different cohorts have completed the scheme since the launch. We've continued to expand the programme and recently launched STRIVE skills, a catalogue of short modules where managers can enrich their skills through practice, hands-on training from Diversity & Inclusion for managers, and Resilience through Change.

Right colleagues

We know we need the right colleagues – ones that are truly empowered and self-motivated to deliver and live our values. We reward colleagues for their dedication through market-rate salaries, agile working, pension schemes, a health cash plan and social events.

We also recognise colleagues across NCH – we know they often go above and beyond to make a real difference to our customers and communities. As well as regular shout-outs, we've launched three schemes this year:

A values certificate scheme – for colleagues living and breathing our values.

A manager recognition scheme – for managers to recognise colleagues going above and beyond.

A monthly recognition scheme – where our Executive Directors recognise colleagues delivering exceptional performance.

Right role

We're taking steps to make sure that we have colleagues in the 'right roles'. We want to focus on colleagues' strengths, investing, upskilling and 'growing our own', to make sure colleagues are in the best roles to succeed and shine.

This year we launched our role families to help colleagues understand their place in the association and to support colleague development within their family to gain knowledge and to support career progression.

> “Our colleagues are our greatest asset – investing in our managers and future leaders through the STRIVE Programme is already delivering results, both in enhancing the colleague experience and in supporting continuous improvement in the delivery of services to our customers and communities.

Gareth Yeoman-Evans, Executive Director of Finance & Resources

Listening to our colleagues

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

Our internal colleague forum, ‘Our Values, Our Voice’, gathers and shares ideas and feedback about colleagues’ experiences of working at NCH. These insights are vital to help improve the wider colleague, customer and community experience.

We want to create an environment where colleagues feel engaged and motivated. The forum helps colleagues to express freely their views, opinion, concerns and suggestions. Our colleagues are the experts, and we know we need their help to influence decisions to best serve our customers and communities. This is what the forum found out from our colleagues:

75%
are motivated to do their best work

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

80%
feel empowered to do their job effectively

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

90%
believe they have the support of colleagues when needed

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

A well-run association

Housing is facing challenges because of the constantly changing and unpredictable environment we live and work in. Despite these challenges, the association has maintained a strong financial position, but we're aware of the need to do more with less. We know it's been a tough year for our customers, communities, colleagues and partners, and we're doing everything we can to get the most out of every penny we spend.

Everything we do aims to make things better for our customers by doing the things that matter and stopping the things that don't. We're trying to balance cost and quality but also improve customer satisfaction. Our efforts to change and improve are part of our corporate plan.

Using digital and data to improve the experience

Technology can improve how we operate as a business, make us more efficient and enhance the customer and colleague experience. We also know that using data well gives us insights that help colleagues to provide even more effective services. We want to be a safe and secure organisation, using technology and data for the better. The association has in place digital and data strategies that are driving the improvements to enhance business processes, decision-making, the efficiency of services and the security of data.

Keeping NCH cyber safe

Cyber security is an essential part of any organisation, but with recent attacks across the sector and beyond, it's obvious that we all need to be ever more vigilant in our day-to-day lives. Over the year, we've worked hard to improve our approach, running simulation exercises to test our defences and make them stronger. This helps us ensure that we're ready to handle any new threats and keep NCH safe.

We've kept our strong record, successfully retaining our Cyber Essentials Plus accreditation for 2023.

Better together: Merging with Melin Homes

We are currently working on a plan to merge Melin Homes and Newport City Homes into a new organisation. We're starting from a great position because both organisations have a lot in common.

In tackling the sector's challenges, our new 15,000-home organisation will have:

- greater financial capacity and resilience;
- additional investment in affordable and sustainable homes; and
- the ability to respond better to the challenges being faced by customers, residents, and communities.

From day one, NCH and Melin Homes approached the plan together, setting up ten workstreams focused on key areas for the new organisation. We started by looking at the similarities and differences, but now we're moving into a programme to shape how services could be delivered under the new organisation.

We want our customers to be involved and supported throughout the whole process. That's why we wrote to all our customers and created a customer panel with an experienced Independent Tenant Advisor to support them while we work through each stage of the merger.

“

There are some sound economic reasons for this proposed merger and, importantly, we have received assurances that residents will be consulted, involved and updated in a timely manner, throughout this proposed merger process.

Keith Wood, Chair of Newport City Homes Scrutiny Partnership

The strong partnership between both our organisations will continue as we make the merger happen over the coming year. We promise to keep our customers, colleagues, communities and partners up to date every step of the way.

Strategic Commitment Spotlight

Our commitment to environmental sustainability

Climate change is happening, with humans and nature feeling the effects. We must invest and act wisely for the future while putting our customers and communities first. We are committed to long-term actions that reduce our impact and achieve net-zero greenhouse gas emissions by 2050.

But we'll do all we can to get there sooner, in a way that protects and benefits our customers, communities and future generations, working with them on our shared ambition for lasting change. Our focus is on four vital areas:

1. Provide homes fit for the future
2. Supporting customers to live sustainably
3. Provide sustainable places to live
4. Be an environmentally friendly association.

We're making our homes fit for the future, building brand-new low-carbon ones, testing modern methods of construction and new technologies. All our new homes will be specified to a minimum of EPC A to improve our current whole-stock rating of SAP 69.

We have a confirmed development pipeline of over 900 new-build homes all specified to a minimum EPC A energy rating. The pipeline includes homes to be developed using MMC to mitigate supply chain pressures and to deliver consistency in construction standards.

We have completed new homes incorporating innovative and renewable energy solutions, including solar panels, batteries and heated wallpaper. We ensure our new developments have good active and sustainable travel links, including the provision of bike storage areas for all new homes.

We have undertaken an updated carbon assessment, achieving 'SHIFT Bronze' status. Assessment includes full analysis of opportunities for improvement that have informed the evolution of our environmental sustainability delivery plan.

We have undertaken association-wide colleague consultation to support the alignment of activity across the environmental sustainability delivery plan, to enthuse colleagues of the association's potential and ambition, and to support them in living low-carbon lives.

No Mow May

We helped the bees, butterflies and other wildlife by letting wildflowers grow on lawns and green spaces instead of mowing them during Plantlife's bee-friendly campaign, No Mow May.

Active and sustainable travel

As part of our Active and Sustainable Travel Plans, we partnered up with Momentwm to get colleagues cycling, walking and wheeling more! Drop-in sessions offered the opportunity to try out new bikes, fix old ones, test electric bikes and try out foldable ones to identify ways to increase participation.

Our commitment to diversity and inclusion

We remain fully committed to diversity and inclusion as an employer and provider of services. We know we have a long way to go, but we're keeping this promise by focusing on areas that will make a real difference:

1. Increase representation across all levels
2. Publish D&I data
3. Be an anti-racist association
4. Remove inequalities in our services
5. Educate and engage
6. Build an inclusive culture.

We value the diversity of the people we work with and the communities we serve. This year we've been laying the groundwork for our long-term commitment, focusing on awareness and education, and gathering data and intelligence in order to work better and build teams closer to our customers.

We know that having a diverse and inclusive workforce benefits everyone. In 2023/24 we changed our recruitment process to help us attract more diversity. Our efforts led to 8% of our appointments coming from ethnic minority candidates and 7% from candidates with a declared disability, which is representative of the communities we serve.

We'll continue to do more on this front, changing how we operate and making sure our processes support improving diversity and inclusion. We're committed to this long term, and are determined to make diversity and inclusion part of everything we do.

Pride in the Port

Colleagues from across the association joined the LGBTQ+ community to celebrate Newport's second ever Pride in the Port at the Riverfront Theatre. We hosted a trailer where we met current and future customers and gave away merchandise, alongside important information about the NCH App, damp and mould, advice on the cost of living, and ways to get involved.

Black History Month

We're committed to becoming an 'anti-racist' association and know we need to be more proactive and positive in our actions. We helped spread the word about the month to celebrate the lives and achievements of our black and mixed-race customers, communities and colleagues.

Financial Performance

For the year ended 31 March 2024

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

After tax, the association's surplus was £8.9m. Comparisons of the major items for this year and last:

	2024	2023
	£'000	£'000
Surplus on social housing letting	**6,746**	1,727
Surplus on commercial properties and garages	**1,474**	968
Surplus on shared ownership properties	**276**	364
Gain on disposal of property, plant and equipment	**121**	437
Interest received	**4,404**	1,750
Interest payable	**(4,128)**	(4,122)
Total surplus	**8,893**	1,124

The increase in surplus on social housing lettings is mainly due to additional turnover received from rental income, plus a lower non-cash pension charge in respect of the Local Government Pension Scheme.

Interest receivable increased by £2.7m to £4.4m due to higher interest rates on deposits, combined with higher cash balances. Sale proceeds relate to the shared ownership homes that have staircased and sales of land.

Summary Five-Year Financial Performance

	2023/24	2022/23	2021/22	2020/21	2019/20
	£'000	£'000	£'000	£'000	£'000
Income & Expenditure Account					
Turnover	**60,590**	55,403	52,586	51,811	49,783
Operating Costs (inc. finance costs)	**(51,697)**	(54,279)	(50,323)	(45,048)	(75,505)
Surplus/(Deficit)	**8,893**	1,124	2,263	6,763	(25,722)
Balance Sheet					
Fixed Assets	**242,154**	205,113	177,852	162,066	149,263
Net Assets / (Liabilities)	**(49,148)**	(17,965)	(17,084)	(43,080)	(43,326)
Loans	**(141,732)**	(141,704)	(142,653)	(113,450)	(97,571)
	51,274	45,444	18,115	5,536	8,366
Reserves	**51,274**	45,444	18,115	5,536	8,366
Cash Flow Statement					
Net Cash Inflow - Operating Activities	**15,918**	14,358	12,754	19,978	13,545
Servicing of Financing and Investing	**(3,014)**	(3,712)	(3,614)	(2,990)	(4,171)
Exceptional Items	**–**	–	–	–	(30,095)
Capital Expenditure (net of grant)	**(20,950)**	(12,024)	(15,322)	(9,676)	(15,828)
Financing	**(461)**	(237)	29,920	15,162	34,571
(Decrease)/Increase in cash	**(8,507)**	(1,615)	23,738	22,474	(1,978)

Turnover

Turnover in the year was £60.6m (2022/23: £55.4m). The majority of this was rent from social housing, £49.0m; service charge income, £3.6m; and amortisation of social housing grants, £4.9m. The remainder came from a number of smaller sources.

Expenditure

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

	2024	2023
	£'000	£'000
Day-to-day maintenance*	**13,194**	13,756
Planned maintenance*	**14,872**	15,781
Capital maintenance	**13,824**	12,430
	41,890	41,967

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

Expenditure on day-to-day maintenance was lower than the previous year; although a number of costs associated with repairs have increased; the 2022/23 outturn was significantly affected by the work required to address the backlog of repairs built up during the pandemic. Capital spend levels have been impacted by grant-funded building safety and void property projects, as well as the association's continued programme of component replacement.

Our overall management costs in 2023/24 were £8.2m compared with the previous year of £7.9m; increases due to inflationary growth have been partially offset by a reduction in overall staffing costs.

Gain on disposal of properties

The association received £121k net income from one property that was shared ownership staircased (homeowners took the opportunity to increase their equity share in the property), and five land sales.

Depreciation

This is a measure of the wear and tear of our properties with other assets such as existing components, including kitchens, windows and bathrooms. We replace these periodically. Depreciation costs in 2023/24 were £9.7m compared with £9.1m in 2022/23. Depreciation has increased in line with the increase in the asset base.

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 determines the risk threshold the board is prepared to

“

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.

assume to deliver its strategy and run day-to-day operations. Its treasury management activities are defined as:

The treasury strategy sets out the association's approach to treasury management, and the key treasury management objectives, including funding arrangements, investments, credit quality and ESG accreditation. It is reviewed annually to consider progress against the objectives and any revised focus, and reported to the board through the quarterly integrated performance report.

The board has an approved set of 'golden rules' that clearly show the association's financial risk appetite and the board's role as a control in balancing strategic ambitions with continued financial resilience. These include maintaining appropriate thresholds on covenant compliance and a liquidity rule that outlines the requirement to have the next 18-month business plan activity funded, through a combination of cash and revolving credit facilities. Currently, the business plan is showing a requirement for new funding to be secured during 2025/26.

Loan Covenants

The association restructured its covenant suite during the year in order to provide greater capacity for investment, and is now required by its lenders to meet two key covenants within the loan agreements: (i) EBITDA-only interest cover; and (ii) historical cost gearing. The association operated comfortably within the covenant limits for the year ended 31 March 2024, due to the high levels of interest receivable.

The association is aware that the requirements of the Renting Homes (Wales) Act has resulted in the potential for some Welsh RSLs being non-compliant with the EICR (Electric Installation Condition Report) requirements, specifically related to the issuing of certificates to customers for domestic properties and communal areas. The financial impact of this issue is immaterial to the association, and therefore there is no impact on the financial statements or the covenant compliance position.

Other Balance Sheet items

The value of social housing properties in Fixed Assets has increased by £17.1m. This is as a result of the costs of the development and capital maintenance programmes during the year.

Debtors falling due within one year include accrued grant payable from the Welsh Government at the year end. Debtors falling due after more than one year is disclosed at £1.8m. 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.

Creditors falling due after one year have increased due to a rise in Social Housing and other government grants.

Pensions

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

The Aviva Pension Scheme is a defined contribution (DC) scheme. The contributions payable 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 there is no requirement to include a liability in the statement of financial position.

The Local Government Pension Scheme (LGPS) is a defined benefit (DB) scheme managed by Torfaen County Borough Council (Greater Gwent). Contributions are assessed in accordance with the advice of an independent qualified actuary. The pension deficit on the LGPS scheme is recorded in the accounts. The recognised asset at 31 March 2024 was £0m compared with an asset of £3.3m at 31 March 2023. Although the underlying position in the scheme remains favourable, as the association has no immediate plans to exit the scheme, the asset has been de-recognised. This is a non-cash adjustment that does not impact on the association's loan covenants and ongoing employers' pension contribution rates. The next triennial valuation will take place in March 2025, and if the underlying position remains favourable, this will be reflected in the future employer contribution rates.

Financial Statements

For the year ended 31 March 2024

Our board manages the risks faced by the association using a risk management framework and assurance reporting. We continually adapt these to make sure they remain effective in the increasingly uncertain, volatile, and complex operating environment. The board is committed to the management of risk to support the association in achieving our priorities, to ensure we remain a strong and sustainable business. The board is clear on the key risks the association faces and is provided with assurance that these risks have been properly mitigated and that key controls are operating effectively.

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

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

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

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

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

Risk Area	Key control(s) and actions	Key Assurance
Asset Management Key concern Significant costs to meet customer, regulatory and association ambition for quality homes.	Control: management strategy, including 5-year rolling programme of stock condition surveys supported by decarbonisation roadmap.	Asset management strategy progress reported to board annually.
Repairs & Maintenance Service Quality Key concern Ineffective business practices leading to services that do not meet customer expectations.	Control: Quarterly transactional performance monitoring by team and strategic forum. Action: Repairs end-to-end review – informed by customer voice & key driver of satisfaction (30 June 2025).	Monitoring of demand, customer satisfaction, spend against budget and service level by strategy forum executive team. Quarterly reporting to board.
External Environment/ Risk Management Key concern Failure to effectively monitor, anticipate and respond to changes in the external environment.	Control: Annual risk appetite review. Control: Risk management framework & Risk reporting to board, ARC and Executive, including scheduled in-depth risk reviews of major risks. Control: Strategic planning framework – risk environment aligned to strategic planning.	Independent review of risk management system reported to ARC annually.

Risk Area	Key control(s) and actions	Key Assurance
Income Collection /Rent Arrears Key concern Rent arrears rise as a result of cost-of-living crisis.	Control: Clear processes in place for income collection and debt recovery, recently overhauled to place an additional emphasis on taking a supportive, customer-focused approach to rent payment.	Weekly monitoring of demand and service level by management. Quarterly reporting to board.
Community Development & Neighbourhoods Key concern Reductions in public expenditure leading to decrease or loss of services by local authority and other agencies to NCH communities.	Control: Dedicated community development team in place and utilising asset-based community development to support communities to build resilience through their strengths.	Performance reporting and analysis of resident feedback.
Development Key concern External challenges leading to under-delivery.	Control: Identification of external challenges; management of identified risks to achieve delivery. Development Governance Framework: all schemes reviewed and supported by Investment Forum.	Post-development review of all schemes. Lessons Learnt report is provided to Investment Forum quarterly.
Cyber Security Key concern Significant increase in threat level, including ransomware.	Control: Maintain up-to-date firewalls and Next-Gen Anti-virus software. Control: Independent and continuous penetration testing with live reporting to manager. Control: Cyber essential plus accreditation.	Independent cyber security review on 'effectiveness of measures in place to ensure its environment is secure', reported to ARC.

Risk Area	Key control(s) and actions	Key Assurance
Landlord Health & Safety Key concern Ineffective working practices leading to H&S failure.	Control: Health & Safety Policy with delivery, compliance & assurance reporting to Health & Safety Forum	Quarterly health & safety reporting to ARC. Key metrics reported to board and executive team quarterly.
Damp, mould & condensation Key concern Failure to keep customers safe from damp and mould caused by ineffective business practices.	Control: Damp & Mould project monitoring progress of effectiveness of working practices. Control: Asset management strategy, including 5-year rolling programme of stock condition surveys.	Triangulation of repairs, complaints, and satisfaction data – to be reported to operational management team.

Value For Money (VfM)

For the year ended 31 March 2024

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

VfM Principles

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

1. Embedding value in everything we do

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

2. Maximise the investment in development and regeneration

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

3. Maximise the social return and benefit to the community

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

4. Maximising the return from our housing and commercial assets

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

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

5. Delivering our services efficiently

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

Value for money key metrics

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

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

The comparative data is set out in the table below and compares our value for money performance over the last two years against the sector averages for 2022/23.

Principles	Metrics	2023/24	2022/23	Sector Averages* 2022/23
1. Embedding value in everything we do	Operating margin (overall)	14.2%	6.3%	18.2%
	Operating Margin (SH lettings)	11.7%	3.3%	19.8%
	EBITDA MRI %	−4,482%	422%	128%
2. Maximise the investment in development and regeneration	New supply % (SH)	0.9%	0.9%	1.3%
	New supply % (non SH)	250%	60%	0%
	Gearing	21.2%	27.1%	45%
3. Maximise the social return and benefit to the community	Customer satisfaction	65.6%	69.4%	–
	Reinvestment %	16.2%	16.7%	6.7%
	Investment in communities	278,840	316,619	–
4. Maximising the return from our housing and commercial assets	Return on capital employed (ROCE)	2.9%	2.4%	2.8%
	Occupancy	97.5%	97.6%	–
	Ratio of responsive repairs to planned maintenance	0.46	0.49	–
5. Delivering our services efficiently	Headline social housing cost per unit	6,045	5,989	4,586
	Rent collected	99.4%	99.9%	–
	Overheads as a % of adjusted turnover	17.6%	18.4%	–

** Based on the Regulator for Social Housing VFM report 2023 – note that not all metrics were reported against at this date.*

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

- Operating margin has improved compared to the prior year, mainly due to additional turnover received from rental income and a lower non-cash pension charge.
- Total reinvestment has fallen slightly during the year; although there has been additional capital spend on our existing homes, the operating environment remains challenging for development, with a number of pipeline schemes experiencing delays resulting in the overall reinvestment metric falling.
- The income collection rate has been steady following a period of significant challenge caused by the cost-of-living crisis. The association remains alert to the ongoing challenges faced by households.
- The total number of empty homes has declined from a peak of 270 in April 2022 to 245 in March 2024. Work remains ongoing to reduce the number of major-works empty homes in progress and the re-let time for routine voids.
- Overall customer satisfaction has remained relatively consistent since 2015, with a marginal increase in Q4. Customer satisfaction continues to be a priority area where we aim to improve our performance. Our approach to providing a great customer experience is set out on page 13 of the strategic report.

Our approach to ESG

One of the key outcomes of the treasury strategy is to evidence the association's environmental, social and governance credentials to stakeholders. As part of this commitment, the association reports against the criteria set out in the Sustainability Reporting Standard for Social Housing (SRSS), and became a formal adopter of the standard during the year. Key achievements during the year are set out below:

Environmental

61% of our homes are rated EPC C and above compared to 57% the year before, an increase in the year of 4%.

We've used Optimised Retrofit Programme funding to work on our corner blocks in Bettws under PAS2035 guidelines, with clearly defined detailing for EWI work being paramount. Welsh Government visited the Bettws scheme in February and has asked to use it as an example of good practice.

As of the end of 2023, we have installed 66 Switchees and 16 Integrated Environmental Solutions (IES) systems. The data is now available on the dashboards so customers can use it to optimise and reduce their energy consumption and help lower heating bills.

We are determined to become a net-zero association, and that ambition is set out in our environmental sustainability strategic commitment: to provide homes that are energy efficient and deliver affordable warmth, eliminate the negative environmental impact of all our activities, support our customers and colleagues to live low-carbon lives and to improve biodiversity and tackle the nature emergency.

Social

Customer satisfaction has slightly decreased over the year, with 65.6% of customers satisfied with NCH's overall service compared with 69.4% the year before. Customer satisfaction remains a priority area in which to improve, and our approach to providing a great customer experience is outlined on page 13 of the strategic report.

99.7% of our homes have an in date accredited gas safety check, while 100% have an in date and compliant fire risk assessment.

Actual rent charged was an average of 62% of local market rent during the year, compared to 59% in the prior year.

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

Our community connections are going from strength to strength. Our place-based approach and commitment to NCH becoming a community-anchor organisation has developed considerably. Local community groups are talking about the challenges they face and we're working with them to find potential solutions.

Governance

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

27% of our board are women.

The Association pays the Real Living Wage; the CEO to median worker pay ratio is 4.6 compared to 4.5 in the prior year.

The gender pay gap median is 6.7% and the mean is −1.0%.

The average number of sick days was 9.5 days, compared to 10.9 days in the prior year.

ESG future plans and next steps

The focus for the next 12 months will be embedding the ESG principles across the association; this will involve ensuring that appropriate data is collected, and that this data is used to drive business decisions. Enhancing the reporting and visibility of ESG metrics will be important to drive and support the ongoing focus on securing sustainable finance.

Governance Report

For the year ended 31 March 2024

Board and senior executives

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

Board member obligations

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

- strategic direction
- internal controls
- governance
- financial viability.

Responsibilities of the board

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

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

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

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

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

Board member skills, qualities and experience

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

The board uses this analysis to determine the skills needed by the association for effective strategic decision-making. The skills analysis is 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 2023/24, the board identified no immediate skills gaps or vulnerabilities.

Board remuneration

Member remuneration is reported on page 73 and reflects the fees agreed by the board:

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

The board agreed that the Colleague & Culture Committee would review the remuneration and supporting policies every three years, benchmarking with support from an independent third party if necessary. A review was undertaken in the spring of 2024 and recommendations were made to the board for approval and implementation from 1 April 2024.

Board membership

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

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

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

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

The board met six times during the reporting period, consisting of five board meetings and one special board meeting, attended two workshops on the themes of rent, and strategic business planning, and held two strategic planning days in June 2023 and January 2024.

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

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 succession

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

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

The board's internal succession-planning process, following selection panel considerations and recommendation to the board, resulted in:

- Kevin Ward being reappointed to a third and final term of office
- Mike Usher being reappointed to a second term of office.

Board diversity and succession planning

The board has a board trainee position, who, in the main, can act in the same way as a board member, attending meetings and contributing to discussions. In circumstances where the board is required to consider and discuss personal and commercially sensitive information, the trainee may be excluded from those discussions. The trainee cannot formally vote, is not remunerated and is not bound by fiduciary duties.

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

Governance effectiveness

The board regularly reviews its effectiveness and skills. The approach includes an annual meeting between each member and the board chair, as well as an annual meeting between the committee chair and committee member.

Adopted Code of Governance

The association adopted the Community Housing Cymru (CHC) 2022 Code of Governance in July 2022, with reporting on compliance and recommendations for improvement presented annually to the board and progress against actions monitored quarterly by the ARC.

Regulation

The association continues to hold the highest judgement level available under the previous regulatory framework of standard: standard, awarded on 30 June 2021.

An annual compliance review against the regulatory standards is conducted and reported to the board, with recommendations for improvement.

The Chair and Chief Executive meet regularly with the association's allocated regulation manager.

Improvement action monitoring

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

Scrutiny Partnership (SP)

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

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

Committees

Audit & Risk Committee (ARC)

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

The purpose of the SP is to provide assurance that the customer voice is embedded across the association. The SP sets its own annual work programme, and gathers, reviews, and analyses a range of information to gain assurance and identify opportunities for improvement. In June each year, the SP considers its overall assurance position against the priorities it set for the year, and presents its annual customer voice assurance report to the ARC, setting out its assessment on how well the customer voice has been considered and embedded within service delivery.

Colleague & Culture Committee (CCC)

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

Internal control

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

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

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

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

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

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

Colleagues

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

We continually review how we deliver our services and how colleagues' roles support this. We have continued to invest in training and development of colleagues during the year because we know that this makes the business and its services perform for our customers.

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

Gender pay gap

The Colleague and Culture Committee received an annual gender-pay-gap data report in January 2024, for April 2023 data.

Our mean hourly wage gap is –1.04%. As at 5 April 2023, 41% of our workforce were women and 59% men.

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

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

Modern slavery

The board received an annual modern slavery and human trafficking statement in July 2023, which updated them on how we minimised risks and managed incidents during the year.

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

The association identified four cases of modern slavery in the year ending 31 March 2024, compared with nine the year before.

All recorded cases were in relation to customers, and we have worked closely with Gwent Police and the local authority to support affected customers and find them another home if this was needed.

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

Share membership

Board members must be a share member of the association. When acting as share members, they are required to do so in the interests of the association and for the benefit of the community as guardians of the objects of the association.

The association has a share membership policy, and a process for admitting and ending new shareholders in accordance with its Rules.

Subsequent events

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

Disclosure of Information to Auditors

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

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

A resolution to reappoint the association's External Auditors will be proposed at the Annual General Meeting on 25 September 2024.

Approved by the board and signed on its behalf by:

Lynda Sagona

Chair of the board

Independent Auditor's Report

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

For the year ended 31 March 2024

Opinion

We have audited the financial statements of Newport City Homes for the year ended 31 March 2024 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 31 March 2024 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

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

Date: 24 July 2024

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 2024

In addition to our audit on the financial statements for the year ended 31 March 2024, 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 56, in our opinion the Board of Management has provided the disclosures required by the Circular and the statement is consistent with the information of which we are aware from our audit work in the financial statements.

Bevan Buckland LLP

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

Date: 24 July 2024

Statement of comprehensive income

For the year ended 31 March 2024

	Note	**2024 £'000**	2023 £'000
Turnover	2	**60,590**	55,403
Operating expenditure	2	**(52,094)**	(52,344)
Gain on disposal of property, plant and equipment	4	**121**	437
Operating surplus	2	**8,617**	3,496
Interest receivable	9	**4,404**	1,750
Interest and financing costs	10	**(4,128)**	(4,122)
Surplus before taxation		**8,893**	1,124
Taxation		**–**	–
Surplus for the year		**8,893**	1,124
Actuarial (loss)/ gain in respect of pension schemes	25	**(3,063)**	26,205
Total comprehensive income for the year		**5,830**	27,329

Statement Of Changes In Reserves

For the year ended 31 March 2024

	2024 £'000	2023 £'000
At beginning of year	**45,444**	18,115
Surplus for the year	**8,893**	1,124
Actuarial (loss)/ gain in respect of pension schemes	**(3,063)**	26,205
At end of year	**51,274**	45,444

Statement Of Financial Position

As at 31 March 2024	Note	2024 £'000	2023 £'000
Tangible Fixed Assets			
Social Housing Properties	11	**202,285**	185,192
Investment Properties	12	**30,499**	18,020
Intangible assets	13	**647**	606
Other property & fixed assets	14	**8,723**	1,295
		242,154	205,113
Current assets			
Inventories	15	**112**	2,781
Debtors: amounts falling due within one year	16a	**12,888**	14,391
Debtors: amounts falling due after more than one year	16b	**1,839**	1,874
Cash and cash equivalents	17	**78,026**	86,533
		92,865	105,579
Less: Creditors: amounts falling due within one year	18	**(33,719)**	(33,266)
Net Current Assets		**59,146**	72,313
Total current assets less current liabilities		**301,300**	277,426
Creditors: amounts falling due after more than one year	19	**(250,026)**	(235,324)
LGPS pension asset	25	**–**	3,342
Net assets		**51,274**	45,444
Capital and reserves			
Share capital	21	**–**	–
Reserves		**51,274**	45,444
Association's funds		**51,274**	45,444

The financial statements were approved by the Board of Management on 24 July 2024 and signed on its behalf by:

L Sagona
Chair

Christian Cadwallader
Vice Chair

J Fairley
Company Secretary

Cash Flow Statement

For the year ended 31 March 2024

	Note	2024 £'000	2023 £'000
Net cash flow from operating activities	(a)	**15,918**	14,358
Cash flows from investing activities			
Purchase of property, plant and equipment		**(44,753)**	(36,267)
Proceeds from sale of property, plant and equipment		**121**	437
Grants received		**23,682**	23,806
Interest received		**1,158**	410
Net cash flows from investing activities		**(19,792)**	(11,614)
Cash flows from financing activities			
Interest paid		**(4,172)**	(4,122)
New loans		**406**	–
Repayments of borrowings		**(867)**	(237)
Net cash flows from financing activities		**(4,633)**	(4,359)
Net increase in cash and cash equivalents		**(8,507)**	(1,615)
Cash and cash equivalents at the beginning of the year		**86,533**	88,148
Cash and cash equivalents at the end of the year	17	**78,026**	86,533

a. Net cash generated from operating activities

	2024 £'000	2023 £'000
Surplus for the year	**8,893**	1,124
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	**9,900**	9,140
Decrease in inventories	**2,669**	1,281
Increase in debtors	**(254)**	(164)
(Decrease)/Increase in creditors	**(1,154)**	1,330
Pension costs less contributions payable	**279**	3,703
Non-cash adjustment to fixed assets	**537**	–
Carrying amount of property, plant & equipment disposals	**4**	6
Adjustments for investing or financing activities:		
Proceeds from the sale of property, plant and equipment	**(125)**	(443)
Government grants utilised in the year	**(4,555)**	(3,991)
Interest payable	**4,128**	4,122
Interest receivable	**(4,404)**	(1,750)
Net cash generated from operating activities	**15,918**	14,358

b. Free cash flow

	2024 £'000	2023 £'000
Net cash generated from operating activities	**15,918**	14,358
Interest paid	**(4,172)**	(4,122)
Interest received	**1,158**	410
Component replacements	**(13,824)**	(12,430)
Dowry Grant	**6,500**	6,500
Major Repairs Grant	**8,371**	6,858
Purchase of other replacement fixed assets	**(7,657)**	(779)
Free cash generated before loan repayments	**6,294**	10,795
Loans repaid (excluding revolving credit and overdrafts)	**(867)**	–
Free cash generated after loan repayments	**5,427**	10,795

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

	2024 £'000	2023 £'000
Decrease in cash in year	**(8,507)**	(1,615)
Cash inflow from changes in debt	**461**	237
Movement in net debt in the year	**(8,046)**	(1,378)
Net debt at 1 April	**(55,883)**	(54,505)
Net debt at 31 March	**(63,929)**	(55,883)

d. Analysis of net debt

	At 1 April 2023 £'000	Cash flows £'000	**At 31 March 2024 £'000**
Cash and cash equivalents	86,533	(8,507)	**78,026**
Housing loans	(142,416)	461	**(141,955)**
Net debt	(55,883)	(8,046)	**(63,929)**

Notes To The Financial Statements

For the year ended 31 March 2024

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.

Sales of Properties

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

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

Social housing properties

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

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

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

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

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

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

Interest payable

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

Useful lives of depreciable assets

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

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

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

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

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

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

Windows and doors	30 years	Structural works	25 – 60 years
Kitchens	15 years	Landscaping & groundworks	60 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
Infrastructure asset	50 years

Dowry Grant/Gap Funding

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

Housing Finance Grants

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

Government Grants

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

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

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

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

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

Other grants

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

Impairment

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

Repairs and maintenance

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

Operating leases

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

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

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

Intangible Assets

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

Computer software including development 20.0%.

Other tangible fixed assets

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

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

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

Investment properties

Investment properties consist of commercial properties and other properties not held for the social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value triennially, with changes in fair value recognised in income and expenditure. Although an independent valuation was not carried out for March 2024, as there has been no change to the occupancy of the building by commercial tenants and no indication of a change in demand for this property, the carrying value is considered to remain unchanged.

Inventories

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

Debtors

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

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

Creditors

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

Classification of loans as basic

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

Right to Buy sales

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

Value Added Tax

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

Provisions

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

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

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

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

Pension costs

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

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

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

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

Fair value measurement

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

Significant management judgements and key sources of estimation uncertainty

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

Significant management judgements

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

- *Impairment of social housing properties* – the association has to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. Specifically, this includes whether there is an impairment indicator for a cash-generating unit. For these purposes a cash-generating unit is defined as a property scheme.
- *Defined benefit pension scheme* – the association has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the asset or liability depend upon a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension asset or liability in the balance sheet, as well as the appropriateness of the recognition of any asset. The assumptions reflect historical experience and current trends. When a scheme has surplus the asset to be recognised is calculated at the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling is the higher of the economic benefit that could be achieved from a refund of surplus on exiting the Fund, and the economic benefit from payment of future service contributions to the Fund below future expected Current Service Costs.

Although the underlying position in the scheme remains favourable, as the association has no immediate plans to exit the scheme, the asset has not been recognised.

- Bad debt provision – the association must provide for any outstanding debt where management consider the full value is not recoverable. The level of provision is based on historical experience and future expectations set out in the association's bad debt policy.
- Accruals – the association will provide for items that have been incurred or earnt during the financial period but have not been recorded within the financial statements. The accruals would be either based upon actuals where available or estimates based upon the latest information available.
- Categorisation of properties between investment properties and property, plant and equipment – the association bases this assessment depending upon the use of the asset and the level of rent charged.

Estimation uncertainty

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

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

Going Concern

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

2. Turnover, operating costs and surplus

	Year ended 31 March 2024			Year ended 31 March 2023		
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing Lettings						
General needs housing	57,762	51,016	6,746	52,391	50,664	1,727
Other Social Housing Activities						
Intermediate rents	114	22	92	-	-	
Tenanted Garages	43	8	35	75	6	69
Properties for Community Benefit	518	14	504	435	31	404
Shared Ownership	415	139	276	364	-	364
Rent to Own	112	21	91	67	17	50
1st tranche sales	154	276	(122)	1,276	1,301	(25)
Non-Social Housing Activities						
Commercial Properties	741	323	418	556	197	359
Private Market Rent	439	191	248	63	-	63
Other activities	292	84	208	176	128	48
Gain on disposal of property, plant and equipment	–	–	121	–	–	437
Operating surplus	60,590	52,094	8,617	55,403	52,344	3,496
Interest receivable			4,404			1,750
Interest and financing costs			(4,128)			(4,122)
Surplus before tax			8,893			1,124

3. Turnover from lettings

	2024 £'000	2023 £'000
Rents receivable (net of void loss)	**48,977**	45,587
Service charges receivable	**3,578**	2,509
Amortisation of Social Housing & Other Government Grants	**4,877**	3,991
Revenue Grants	**330**	304
Turnover from social housing lettings	**57,762**	52,391

Operating costs from lettings

	2024 £'000	2023 £'000
Management costs	**8,035**	7,947
Service charge costs	**4,629**	3,823
Planned maintenance	**14,872**	15,781
Day-to-day maintenance	**13,194**	13,756
Depreciation of housing properties	**9,202**	8,485
Deficit on replacement of components	**871**	-
Rent losses from bad debts	**213**	872
Operating costs on social housing activities	**51,016**	50,664
Operating surplus on social housing lettings	**6,746**	1,727
Rent loss due to voids (memorandum note)	**923**	1,316

4. Disposal of Property, plant and equipment

	2024 £'000	2023 £'000
Sales proceeds	**125**	443
Cost of sales	**(4)**	(6)
Surplus on disposal	**121**	437

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

5. Operating surplus for the period

	2024 £'000	2023 £'000
Operating surplus on disposals for the period is stated after charging/(crediting):		
Amortisation of social housing & government grants	(4,877)	(3,991)
Depreciation & amortisation	10,534	9,140
Rent losses from bad debts	213	872
Operating leases	316	336
Auditor's remuneration (inclusive of VAT)	22	20

6. Board members and senior executive's emoluments

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

	2024 £'000	2023 £'000
Emoluments (including pension contributions and benefits in kind)	691	671
Emoluments (excluding pension contributions) paid to the highest paid senior executive	175	162

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

	2024 No.	2023 No.
£1 - £50,000	11	16
£110,001 - £120,000	1	2
£120,001 - £130,000	1	1
£130,001 - £140,000	1	-
£160,001 - £170,000	-	1
£170,001 - £180,000	1	-

The Chief Executive is an ordinary member of the LGPS pension scheme, and no enhanced or special terms apply. The association's contribution in respect of the Chief Executive's pension fund amounted to £23,439 (2023: £25,060). Newport City Homes does not make any further contribution to any individual pension arrangement for the Chief Executive. The emoluments paid to the Chief Executive include a 10% car allowance.

7. Employee and employer costs

	2024 £'000	2023 £'000
Staff costs during the year:		
Wages and salaries	**16,763**	15,075
Social security costs	**1,723**	1,577
Other pension costs	**2,523**	5,118
Past service cost	**-**	105
	21,009	21,875

	2024 Number	2023 Number
Average number of full-time equivalent employees during the year:		
Management and administration	**286**	262
Wardens, caretakers and cleaners	**63**	61
Housing repair service	**98**	100
	447	423
Full-time equivalents at the end of the year were	**449**	452

8. Interests and related party transactions

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

9. Interest receivable

	2024 £'000	2023 £'000
Interest receivable	**4,404**	1,750

10. Interest and financing costs

	2024 £'000	2023 £'000
Interest payable and similar charges	**4,128**	4,122

11. Property, Plant and Equipment

Social Housing Properties

	Freehold Housing properties held for letting £'000	Housing properties in the course of construction £'000	Completed shared ownership housing properties £'000	**2024 Total £'000**	2023 Total £'000
Cost					
At beginning of year	221,597	38,046	1,687	**261,330**	235,661
Additions during the year	1,341	6,961	28	**8,330**	25,157
Components replaced in year	13,824	-	-	**13,824**	12,430
Transfer from/(to) inventory	-	2,491	-	**2,491**	(1,965)
Schemes completed during the year	9,980	(9,980)	-	**-**	-
Transfer from/(to) investments	-	3,019	-	**3,019**	(9,953)
Disposals of components during the year	(4,664)	-	-	**(4,664)**	-
Disposals of properties during the year	-	-	(225)	**(225)**	-
Reclassification of assets to other property	(324)	-	-	**(324)**	-
At end of year	241,754	40,537	1,490	**283,781**	261,330
Depreciation					
At beginning of year	76,138	-	-	**76,138**	67,653
Charge for the year	9,202	-	-	**9,202**	8,485
Disposals of components during the year	(3,793)	-	-	**(3,793)**	-
Reclassification of assets to other property	(51)	-	-	**(51)**	-
At end of year	81,496	–	–	**81,496**	76,138
Net book value					
At end of year	160,258	40,537	1,490	**202,285**	185,192
At beginning of year	145,459	38,046	1,687	**185,192**	168,008

Planned maintenance (revenue)	**14,872**	15,781
Investment (capital)	**13,824**	12,430

	2024 No.	2023 No.
Units in Management:		
General needs housing properties in management	**9,024**	8,972
Shared ownership	**142**	143
Rent to Own	**15**	15
Intermediate rent	**34**	-
Private Market Rent	**70**	20
Leasehold management services	**666**	670
Garages	**149**	149
	10,100	9,969

12. Investment Properties

	2024	2023
	£'000	£'000
Cost		
At beginning of year	18,020	8,067
Transfer (to)/from housing properties	(3,019)	9,953
Additions during the year	15,498	-
At end of year	30,499	18,020

13. Intangible Assets

	2024	2023
	£'000	£'000
Cost		
At beginning of year	3,555	3,286
Additions during the year	272	269
Disposals during the year	(2,478)	-
At end of year	1,349	3,555
Depreciation		
At beginning of year	2,949	2,725
Charge for the year	231	224
Disposals during the year	(2,478)	-
At end of year	702	2,949
Net book value		
At end of year	647	606
At beginning of year	606	561

14. Other property, plant and equipment

	Other Property £'000	Office premises £'000	Service assets £'000	Vehicles & office equipment £'000	Infra-structure Assets £'000	**2024 Total £'000**	2023 Total £'000
Cost							
At beginning of year	512	1,532	868	4,145	-	**7,057**	6,547
Additions during the year	-	-	60	154	7,171	**7,385**	510
Disposals during the year	-	(1,125)	(614)	(2,327)	-	**(4,066)**	-
Reclassification of assets from housing properties	324	-	-	-	-	**324**	-
At end of year	836	407	314	1,972	7,171	**10,700**	7,057
Depreciation							
At beginning of year	120	1,358	708	3,576	-	**5,762**	5,331
Charge for the year	30	92	39	306	-	**467**	431
Disposals during the year	-	(1,125)	(622)	(2,556)	-	**(4,303)**	-
Reclassification of assets from housing properties	51	-	-	-	-	**51**	-
At end of year	201	325	125	1,326	-	**1,977**	5,762
Net book value							
At end of year	635	82	189	646	7,171	**8,723**	1,295
At beginning of year	392	174	160	569	-	**1,295**	1,216

15. Inventories

	2024 £'000	2023 £'000
Stocks of materials	**112**	101
Investment in Shared Ownership properties	**-**	2,680
	112	2,781

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

	2024 £'000	2023 £'000
Arrears of rent and service charges	**4,173**	3,474
Less: Provision for bad and doubtful debts	**(3,231)**	(2,102)
	942	1,372
Social Housing accrued grant income	**-**	5,690
Major repairs grant income	**3,196**	2,544
Government Grant Debtor	**35**	39
Accrued interest receivable	**4,901**	1,655
Debtors and prepayments	**3,814**	3,091
	12,888	14,391

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

	2024 £'000	2023 £'000
Government Grant Debtor	**1,839**	1,874

17. Cash and cash equivalents:

	2024 £'000	2023 £'000
Treasury deposits		
Instant	**47,296**	50,873
32-day notice	**5,000**	-
35-day notice	**-**	10,000
65-day notice	**2,000**	-
95-day notice	**18,000**	10,000
243-day notice	**-**	15,000
365-day term	**5,000**	-
	77,296	85,873
Cash at bank and in hand	**730**	660
	78,026	86,533

18. Creditors: amounts falling due within one year:

	2024 £'000	2023 £'000
Trade Creditors	**1,281**	1,764
Housing loans (Note 19)	**223**	712
Social Housing Grant in advance	**12,915**	13,902
Major repairs grant in advance	**4,700**	4,902
Social housing and other Government grants (Note 20)	**4,452**	3,991
Employee benefits	**217**	286
Accruals and deferred income	**3,632**	4,303
Capital retentions	**4,470**	1,423
Loan interest	**540**	584
Prepayments of rents and service charges	**1,059**	1,240
Prepayments of other charges	**111**	102
Deposits	**119**	57
	33,719	33,266

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

	2024 £'000	2023 £'000
Housing loans	**134,146**	132,724
Loan premium	**7,586**	8,980
Social housing and other Government grants (Note 20)	**108,115**	93,620
Sinking funds	**179**	-
	250,026	235,324

During the year, the Association entered into a new £30m revolving credit facility with Barclays Bank PLC on a 5 year term, with an option for a 2 year extension. As at the year end, only £15m of this facility was available to draw down, as the remaining £15m had not yet been secured. Following the year end, the Association served notice on the £15m revolving credit facility in place with Natwest Bank.

As part of the Welsh Government's 'Land for Housing' initiative, the Association has a balance of public benefit entity concessionary loan totalling £1.45m. A further £375k is being held by lawyers in an escrow account pending successful acquisition of the land to which the loan associates. The loans are specifically used for the acquisition of land and is repayable when construction of the scheme begins or within five years, whichever is earlier. In addition, the Association has a balance of £1m under the Welsh Government 'Social Housing Loan' scheme; the loan is specifically allocated to the development activities of the Association, and is repayable within 2 years. A further two loans totalling £8.2m will be drawn in April 2024 for specific development and infrastructure activities, repayment of which carries a 30 and 35 year term.

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

At 31 March 2024, the association had un-drawn loan facilities of £54.05m.

Average loan interest payable is 2.75%.

Prepaid loan arrangement fees totalled £1.48m as at 31 March 2024.

	2024 £'000	2023 £'000
Loans repayable by instalments fall due as follows:		
In five years or more	**137,725**	138,484
Between two and five years	**4,007**	3,220
	141,732	141,704
In one year or less	**223**	712
	141,955	142,416

20. Grants

	Dowry £'000	Other Grants £'000	SHG/HFG/R2O £'000	**Total £'000**
Cost				
At beginning of year	87,483	9,323	31,828	**128,634**
Additions during the year	6,500	9,225	4,108	**19,833**
Disposals during the year	(1,022)	(9)	-	**(1,031)**
At end of year	92,961	18,539	35,936	**147,436**
Amortisation				
At beginning of year	29,642	999	382	**31,023**
Amortised in year	4,065	326	164	**4,555**
Disposals during the year	(709)	-	-	**(709)**
At end of year	32,998	1,325	546	**34,869**
Net book value				
At end of year	59,963	17,214	35,390	**112,657**
At beginning of year	57,841	8,324	31,446	**97,611**

	2024 £'000	2023 £'000
Grants fall due as follows:		
Due within one year (see note 18)	**4,452**	3,991
Due after more than one year (see note 19)	**108,115**	93,620
Total Government grants	**112,567**	97,611

21. Non-equity share capital

	2024 £	2023 £
Shares of £1 issued:		
At beginning of year	83	107
Issued during the year	-	5
Cancelled during the year	(6)	(29)
At end of year	77	83

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 2024 the association had commitments under operating leases as follows:

	2024 £'000	2023 £'000
Motor vehicle and office equipment expiring:		
Within one year	29	22
Between one and two years	12	–
Between two and five years	8	–
	49	22
Land and buildings expiring:		
Within one year	200	304
Between one and two	173	197
Between two and five years	518	518
Over five years	864	1,037
	1,755	2,056

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

23. Capital commitments

	2024 £'000	2023 £'000
Capital expenditure contracted but not provided for in the financial statements	70,605	76,195
Capital expenditure authorised by the board but not contracted	44,606	33,719

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 £51.3m as at 31 March 2024, an increase of £5.8m from the previous year.

The association made an operating surplus of £8.6m on ordinary activities during the year (2023: £3.5m).

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

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

25. Pension costs

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

The most recent valuation was carried out at the 31 March 2022 year end and has been updated by independent actuaries to the scheme to take into account the requirements of FRS102 in order to assess the position of the fund at 31 March 2024. The scheme is valued on an actuarial basis using the projected unit method, which assesses the future assets or liabilities discounted to their present value. Where a pension scheme shows a surplus, accounting standards require the economic benefit of the asset to be calculated. The amount of asset being recognised has therefore been restricted to reflect the lower of the scheme surplus or the economic benefit achievable either through a refund or from payment of future service contributions to the Fund below future expected Current Service Costs. Although the underlying position in the scheme remains favourable, as the association has no immediate plans to exit the scheme, the asset has not been recognised.

The association's contribution rate from 1 April 2023 was 14.7% and will continue at this rate until 31 March 2026.

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

	2024 %pa	2023 %pa
Rate of increase in pension (CPI)	**2.75%**	2.95%
Rate of increase in salaries	**3.25%**	3.45%
Discount rate	**4.85%**	4.75%
Actual returns from the period	**12.30%**	(0.40)%

The movement in the net surplus for the period were:

	2024 £'000	2023 £'000
Fair value of plan assets	76,014	66,280
Value of funded obligations	(58,187)	(56,425)
Funded Status	17,827	9,855
Unrecognised asset	(17,827)	(6,513)
Asset recognised on the statement of financial position	-	3,342

Market value of plan assets		
Equities	56,251	52,361
Bonds	12,922	11,268
Property	4,561	1,988
Cash/liquidity	2,280	663
Actual returns from the period	76,014	66,280

Components of pension costs for year:		
Current service cost	2,230	4,851
Past service cost	-	105
Net interest (income)/cost	(458)	569
Interest on the effect of the asset ceiling	309	-
Total pension cost recognised in income and expenditure account	2,081	5,525

Statement of recognised surpluses and deficits		
Expected return on assets	5,064	(2,059)
Changes in financial assumptions	4,319	38,712
Changes in demographic assumptions	343	4,107
Other experience	(1,784)	(8,042)
Unrecognised asset	(17,827)	(6,513)
Changes in effect of asset ceiling	6,822	-
Total pension surplus recognised in the statement of comprehensive income	(3,063)	26,205

	2024 £'000	2023 £'000
Changes to the fair value of assets during the year:		
Present value of scheme assets at 1 April	**66,280**	65,004
Interest income on plan assets	**3,183**	1,808
Contributions by the employer	**1,802**	1,875
Contributions by the participants	**846**	734
Benefits and transfers paid	**(1,161)**	(1,029)
Other experience	**-**	(53)
Expected return on assets	**5,064**	(2,059)
Total fair value of plan assets at 31 March	**76,014**	66,280

	2024 £'000	2023 £'000
Changes to present value of liabilities during the year:		
Present value of scheme liabilities at 1 April	**56,425**	84,164
Current service cost	**2,230**	4,851
Past service costs	**-**	105
Interest costs	**2,725**	2,377
Contributions by the participants	**846**	734
Benefits and transfers paid	**(1,161)**	(1,029)
Changes in financial assumptions	**(4,319)**	(38,712)
Changes in demographic assumptions	**(343)**	(4,107)
Other experience	**1,784**	8,042
Total value of funded obligations at 31 March	**58,187**	56,425


Managing your account and booking repairs is getting a whole lot easier.
STOMER
PERIENCE
newport city homes

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 2024:	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £000s
0.1% decrease in Real Discount Rate	2%	1,379
0.1% increase in the Salary Increase Rate	0%	168
0.1% increase in the Pension Increase Rate (CPI)	2%	1,235
1 year increase in life expectancy	4%	2,327

Newport City Homes,
Nexus House,
Mission Court,
NP20 2DW

E: Enquiries@newportcityhomes.com

T: 01633 381 111

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