



Monmouthshire Housing
Tai Sir Fynwy



Monmouthshire Housing Association

Annual Report & Financial Statements

2022/23

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Registered Office

Nant Y Pia House,
Mamhilad Technology Park, Mamhilad,
Monmouthshire, NP4 0JJ

External Auditor

Beever and Struthers Statutory Auditor
One Express, 1 George Leigh Street, Manchester,
M4 5DL

Principal Solicitors

Trowers and Hamlin, 3 Bunhill Row, London,
EC1Y 8YZ

Principal Bankers

Barclays Bank Plc, 57 Frogmore Street,
Abergavenny, NP7 5AT

Members, Executives & Advisors

Group Board Membership



Andy Jones
MHA Group
Chair (retiring
September
2023)



Tony Deakin
MHA Group
Vice Chair,
Chair of
Finance,
Governance
& Audit
Committee &
Group Board
Member



Dimitri Batrouni
Interim Chair of
Development
Committee &
Group Board
Member



Emma Brute
Chair of
Community
Voice
Committee &
Group Board
Member



Colin Lewis
Chair of
Operations
Committee,
Group Board
Member &
Capsel
Member



Alan Soper
Chair of Audit
and Risk
Committee,
Group Board
Member &
Capsel Board
Member



John Miller
Group Board
Member & Vice
Chair, Capsel
Board



Cael Sendell-Price
Group Board
Member



Reg Kilpatrick
Group Board
Member



Mat Cooling
Independent
Audit & Risk
Committee
Member



Hannah Vickers
Independent
Development
Committee
Member

We are currently starting a recruitment campaign to identify 2 further members with HR and construction specialisms.

Executive Officers



John Keegan
Chief Executive



Gwyndaf Tobias
Director of Resources &
Deputy Chief Executive



Karen Tarbox
Director of Property
Services



Michele Morgan
Director of Housing &
Communities

Our Chairperson's statement



MHA's foundation is firmly rooted in its vision to provide high quality homes and services that meet our stakeholders'

expectations, seeking to transform lives by enabling communities to realise their ambitions. Creating an environment where people can have a brilliant quality of life, in areas where they aspire to live and work.

Whilst a lot has changed as we hit our 15-year milestone since our stock transfer from Monmouthshire County Council in 2008; our enduring social purpose remains as strong as ever and is embedded in everything we do and every decision we take.

The past year has continued to present challenging circumstances for many businesses including MHA as well as for the communities we serve. The ongoing impact of the Coronavirus pandemic, removal of the Universal Credit uplift, alongside rising National Insurance, inflation, energy, and fuel costs have contributed to significant difficulties for many of our residents.

The cost-of-living crisis brings with it an increased demand for our services as well as a responsibility to ensure the homes we offer are truly affordable and as energy efficient as possible; a responsibility shared across both our development programme and our existing housing stock.

In response to these challenges, MHA established COLIN a 'cost of living increase' consortium comprising staff across the Group, who regularly

come together to brainstorm ideas for new ways of supporting residents; we have already successfully started actioning some of the suggestions.

MHA remain committed to building more homes and this year received planning permission for its largest development to date, bringing over 120 new mixed tenure homes to Undy. Despite cost and labour challenges across the sector, we built 30 new homes and purchased 22 new homes, therefore bringing a total of 52 new affordable homes to Monmouthshire. Over the longer term we expect to increase the average to 100 properties a year.

We continue working closely with local authorities, developers and Welsh Government, as well as forging new partnerships with likeminded organisations; collaborating to tackle the critical lack of affordable homes in South Wales.

MHA continue to increase its use of modern methods of construction ensuring pioneering techniques are progressively adopted. As part of our net zero journey, MHA are committed to eradicating the use of fossil fuels in all new homes for rent and sale by 2025, creating healthier communities for residents, whilst helping to lower utility costs.

As I come to the end of my term as Chair of MHA, it has been a real privilege being involved with MHA since 2008, initially providing funding advice to MHA and latterly as a board member, and then appointed its Chair 5 years ago.

A forward thinking, passionate organisation going from strength to strength, with a wealth of talent from my fellow board members, the executive team and its wonderful staff, who go above and beyond daily to achieve MHA's vision.

Andy Jones

Chair

Strategic Report

Our Values

Our Values underpin our purpose and mission. They reflect who we are and the way we go about our business. **We are proud to be:**



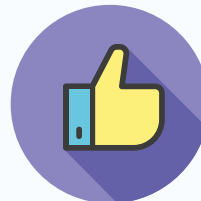
Open

We will act honestly and with integrity and our decisions will be made inclusively and transparently.



Flexible

We will be innovative and proactive and view change as opportunity.



Fair

We are committed to delivering services with an even-hand and ensuring equality of opportunity for everyone.



Achieving

We will set and reach ambitious goals and targets.

Our key objectives

Making our money go further enables us to devote more resources to achieving and exceeding our business objectives, increasing the provision of affordable homes, maintaining existing homes and creating services that our customers' value. For a full breakdown of our objectives for 2023/24, please refer to our Corporate Plan

Finance & Business Model

MHA continues to hold private placement loan funding from the Pension Protection Fund with **£50m** drawn at the end of the financial year and a further **£15m** to be drawn down in one years' time. We also have access to a competitive 5-year revolving credit facility with Barclays of **£20m**, which is currently undrawn with 3 years remaining, leaving MHA with a truly solid foundation to meet its' future corporate plan ambitions. Alongside this external funding, we expect Welsh Government will continue to provide an annual dowry of **£2.6m** which is vital to the funding of our planned repairs programme and the financial health of the organisation.

The MHA Group will continue to invest heavily in its development programme and a budget of **£9.8m** has been earmarked for the financial year to March 2024. The current business plan shows the Association's ability to work within its current debt limits and comfortably meet all covenants. The Association's cash flow continues to be strong with a balance of **£11.0m** at the end of the year whilst the cash balance for the Group is slightly higher at **£11.6m**. These cash balances are fully committed to implement the Group's capital maintenance programme in line with its Asset Management Strategy and do not include undrawn facilities to the value of **£35m**.

The Association continues to stress test its financial robustness by changing single or multiple variables in its business forecasting model and this has been demonstrated to the Board with a number of alternative scenarios discussed and modelled, along with associated mitigation plans.

Performance in the Year

The Association's core turnover increased by **4.3%** during the year from **£23.3m** to **£24.3m** with rents contributing **£0.8m** of this increase. Operating margins reduced, mainly as a result of less disposals during the year and significant inflationary increases on maintenance & utility costs in particular. The average rent increase was **3.1%** in accordance with the guidelines of Welsh Government and bad debts were less than **0.8%**.

The Association's core profitability for the year was impacted heavily by inflationary pressures that have impacted the wider economy, resulting in a Group operating surplus for the year of **£1.2m** (2022: **£4.4m**) and net cash generated from operating activities being **£5.6m** (2022: **£11.9m**). There is an actuarial pension gain of **£15.6m** made in the year, compared to **£6.1m** in the previous year, leading to a Group Comprehensive income of £15.6m for the year (2021: **£9.2m** surplus).

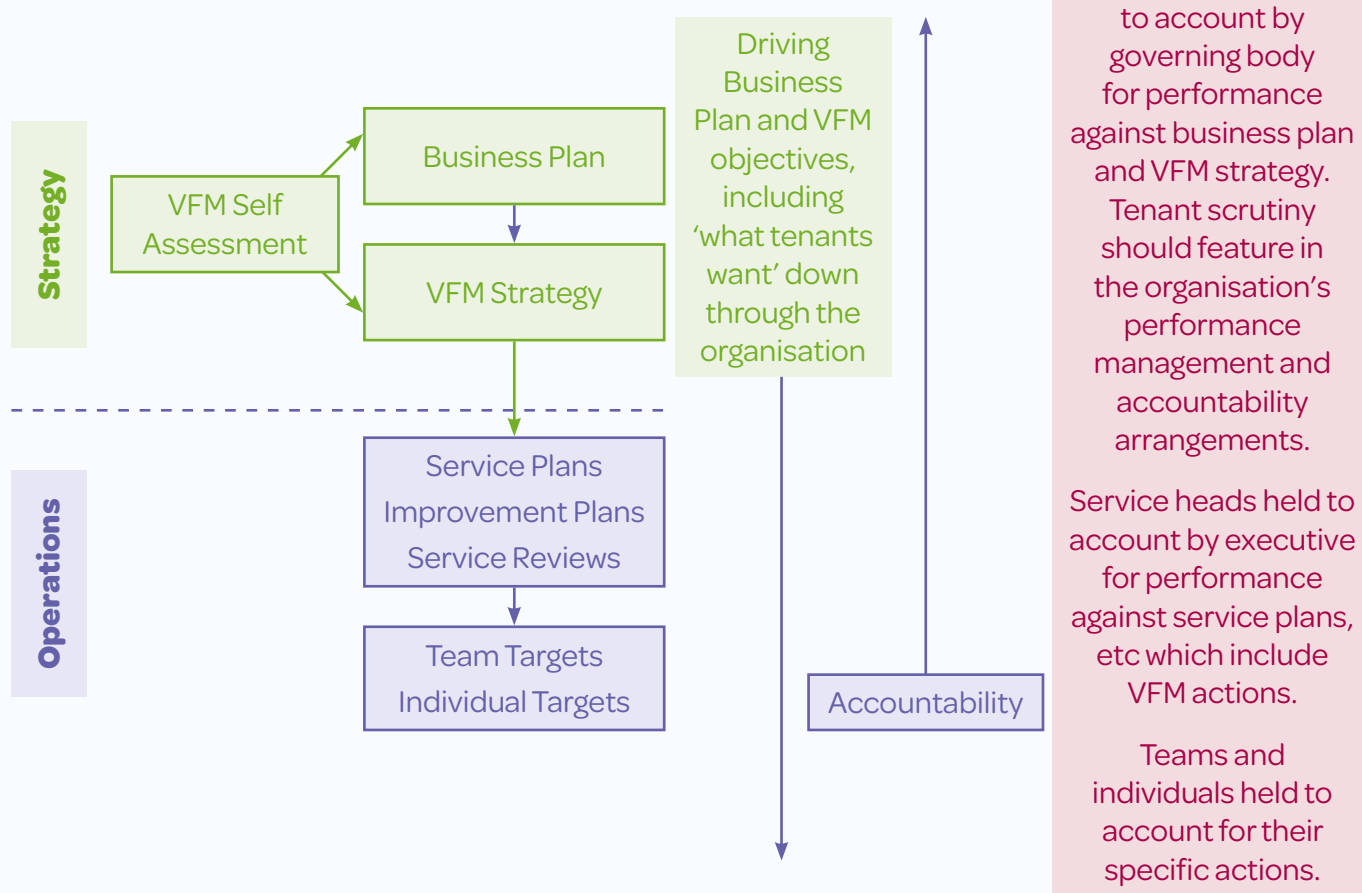
The budget for 2023/24 sees the Association continuing to show a strong surplus and fund its planned maintenance programme from operating cash generated in the year, despite the operating environment becoming increasingly more challenging due to continued challenging inflationary pressures.

Value for Money (VFM)

Operationally MHA strives for high performance and high satisfaction, whilst considering its costs. Our key drivers and values are culturally embedded throughout the organisation, so all are making the right choices in how the Group uses its money and resources. Staff are encouraged to think not just about saving money but also about VFM in its wider sense, such as the cost to the customer, service quality, performance and social value.

According to our representative body Community Housing Cymru and Housemark, "VFM is about ensuring that every pound spent delivers the maximum impact possible in terms of quality and/or quantity. Without VFM as an overarching principle: you will inevitably spend more than you need to achieve your objectives. Nobody likes throwing money away and our tenants certainly can't afford for us to do so" This statement parallels with our VFM Policy, which sets out MHA Group's approach to value for money. It illustrates key aspects of the VFM process and identifies the main reporting procedures. The policy is reviewed annually by the Board of Management and complies with Welsh Government's regulatory requirements, to ensure our costs and performance are transparent and accessible to our stakeholders.

This is the model adopted by MHA Group:



We will continue to work with a wide range of partners from the local community so that the best possible outcomes are achieved for our residents, making sure we are delivering services equitably and addressing those in greatest need. Service users are at the heart of the decision-making process, from the Community Voice Committee and mystery shoppers to dedicated service improvement focus groups.

Our Commitment to VFM, is to:

Continue to improve our understanding of our current value for money position
Promote and embed a value for money culture

Optimise the future returns on assets deployed

Direct resources to achieve the right balance between frontline services, maintaining existing assets and providing new homes

Maintain a high level of resident satisfaction with value for money, for example, in relation to rent & service charges

Some of the Association's key VFM deliverables can be attested by outputs from the Welsh Government's Social Landlords Tenant Satisfaction survey 2022:

89% of tenants are satisfied that their rent provides Value for Money

91% of tenants are satisfied with the service provided by MHA

88% of tenants are satisfied with their neighbourhood as a place to live

90% of tenants satisfied with the way MHA deals with repairs and maintenance

Risk and Uncertainty

The Association's register of key risks is reviewed annually by the Board and quarterly by the Audit & Risk Committee. In addition it is included in all Board papers in order to provide a context for discussions.

The risk environment has changed considerably during the past financial year with the continuing general cost of living crisis impacting on both the association and its residents. At present, the main items of risk have been identified as decarbonisation of properties, increased inflationary pressures from multiple sources, cyber and data security threats and current difficulties in delivering new developments in Monmouthshire due to planning constraints.

Governance

The last full regulatory opinion in December 2019 stated that "MHA has standard governance arrangements and identifies and manages new and emerging risks appropriately; meets the viability requirements; and has the financial capacity to deal with scenarios appropriately". This opinion was reaffirmed with our latest interim regulatory judgement received in 2021.

The latest internal audit reports on Governance and Internal Regulation produced the conclusion that the Board could take substantial assurance from existing governance arrangements.

The Future

Our economic vision for 2023/24 will be to remain financially viable, build on our resilience and invest in our growth within the region, and explore collaborative opportunities to achieve additional income for reinvestment in core activities. We will focus on the external policy context:

- Financial viability
- Efficiency and value for money
- Welsh Government Grant Reform
- Collaboration & partnership working
- Diversification
- Supply chain management

The Association has a significant development programme scheduled for the next five years along with the further growth of our trading subsidiary (Capsel Limited) which will enable it to continue undertaking commercial activities for the benefit of the Association. All of which will strengthen the organisation and feed back into our corporate vision to provide high quality homes for both existing and new customers. We seek to transform lives and help people realise their ambitions within vibrant communities and areas where they aspire to live and work.

This will help MHA to combat the impact of increasing inflationary costs within its operations and for its residents.

MHA's local rent policy has enabled us to set a fair, transparent and affordable rent for all, with 89% of tenants satisfied that rents charged provide value for money. Further work will be undertaken during 2023/24 to review service charges to ensure value for money and affordability for tenants.

Following a restructuring exercise during the year, Capsel's plan for the next five years is to focus on its core work streams of construction and open market sales development to increase turnover and profitability. The Association and its trading subsidiary will continue to strive for excellence and will seek to achieve accreditations which will support our commitment to providing good quality, efficient services.

MHA has ambitious plans to extend the provision of affordable homes in Monmouthshire and will continue to seek development opportunities, creating 100 new homes in the next year alone. We continue to benchmark our services against other RSLs in Wales and England and will seek to identify efficiency opportunities from any sector to bring into MHA's own work processes.

In order to support our plans we continue to invest in our digital strategy, improving our customer experience and continually improving and streamlining our services to benefit our customers.

We have also produced a Corporate Plan which outlines our key objectives for the next five years. We believe this is an important tool in ensuring we can continue to serve our customers, maintain our financial strength, and tackle the economic challenges facing our communities and our sector.

The Strategic Report was approved by the Board on 19th July 2023 and signed on its behalf by:

Gwyndaf Tobias - Company Secretary



MHA staff with the Health and Wellbeing Standard Award

MHA staff at the CIPD Awards



The iConnect Team



Board Report

MHA Highlights



Financial & Governance

Increased our Annual Turnover to **£24.282m**

Group revenue
£25.917m



Operational

First housing association in Wales to be accredited with a Housing Quality Network award for “Maximising Income and Sustaining Tenancies”.

iConnect, our digital inclusion project, secured over **£400,000** of funding from the UK Government’s Shared Prosperity Fund.

Our money experts maximised income for tenants by **£673,411.70**.

Attained 6th position and **91%** satisfaction for our landlord services, in Welsh Government’s sector-wide survey of **46** housing associations. For the full results, please visit our website.



Homes

Received planning permission for our largest site to date, creating **120** mixed tenure homes in Undy.

A total of **1,257** properties now have solar panels installed.

Achieved a tenant satisfaction level of **93.3%** for our repairs service.



People

Awarded Gold and Platinum Corporate Health Standard (CHS) Award, for our high standard of staff health and wellbeing.

Shortlisted for the CIPD Wales Learning and Development award for Best Organisational Development Initiative..

Great People



Supporting staff health and wellbeing

MHA were recognised by Welsh Government for its high standard of health and wellbeing through its successful reaccreditation of the Gold and Platinum Corporate Health Standard awards.

MHA were commended for having “a very proactive, well considered, intelligently planned, and inclusive approach to health and wellbeing” by the Gold Corporate Health Standard Lead Assessor.

The average staff sickness for 2022/23 was **2.86%**, below our target of **3%**.

Developing our staff

We currently have **12** employees undertaking an apprenticeship and are currently recruiting for **2** further positions.

Our 5-year HR strategy aims to support our colleagues’ personal growth by having a dynamic approach to reskilling existing and attracting new talent. We have introduced ‘Career Conversations’ to identify ambitions we are able to support and create opportunities which will develop existing skills. A programme of management development supported this aim.

Our annual Future Leaders programme is supporting **4** employees to develop their leadership skills with a tailored personal development plan, mentoring and project experience.

60 volunteering days were undertaken by MHA staff this year, further supporting the communities we serve by painting local community centres to weeding and planting communal flower beds.

We are currently training **13** employees to be Mental Health First Aiders.



What else have we achieved

In 2022/23 we ...

Introduced a new defined contribution pension scheme to provide more beneficial contributions for employees

Provided an additional one-off payment to all employees and completed annual pay reviews in a timely process to help financial concerns

Introduced a salary sacrifice scheme.

Held a "Fri-Yay fun day" to welcome colleagues back together following the pandemic

Held an Innovation Week to bring colleagues together to generate ideas for continuous improvement of our services



A diverse and inclusive business

We undertook a Health Check by Tai Pawb to review our procedures in relation to Equality, Diversity, and Inclusion (EDI).

So far, we have:

Created a dedicated steering group which leads on our EDI strategy, which is scrutinised by Board

Launched our new revised EDI Strategy to coincide with National EDI week, with 5 days full of interactive activities, videos, resources, and an empowering talk from the co-founder of Stonewall, Lisa Power

Encouraged staff to show their commitment to the strategy by 'making a pledge' that could be work or personal related

Created a new central directory, listing support services available in Monmouthshire, so staff can easily access whilst out in our communities

Rolled out Hate Crime training to all front-line staff

Completed more actions from our 'Deeds Not Words' racism pledge which aims to eliminate racial inequality in housing

Screened a live 'Neurodiversity: We don't all fit into one box' event in our boardroom

Introduced a scheme to guarantee an interview for applicants who have a disability or are from a minority ethnic group and meet the essential criteria for a job vacancy

Great Services

Education, employment and training

MHA's work and skills team provide employability support and training to tenants looking to start their career.

In 2022/23 ...

53 people found employment

48 people were engaged in volunteering

18 people were supported with MHA bursaries totalling £8,382

MHA officially became part of the Working Wardrobe project expanding across South Wales, providing preloved clothing for people looking for work and we are looking to launch **3** Monmouthshire hubs during 2023



Tackling hardship

In 2022/23 we ...

Maximised income for tenants by **£673,412** to **290** households, with advice provided by our money saver experts

Allocated and spent a hardship fund of **£25,000**; helping support tenants living with the stress and trauma caused by financial hardship

Provided money, benefit and debt advice to **442** tenants

Provided specialist energy support to **156** households in three months since our Energy Officer commenced employment in January

Maximised incomes through energy saving measures by **£9,691**

Supported tenants to claim **£24,309** in one off Discretionary Housing Payments

Supported tenants to claim **£149,079** in disability benefits



Tenant involvement

This year we adopted a 'community connector' approach that links our tenants, partners, and communities; providing continuous opportunities for community consultation to help us better understand the need on the ground, ensuring the right resources are available to encourage self-reliance, community action and long-term sustainable change.

Community Planning

We have continued to work within our two identified community planning areas of Monmouth and Caldicot, with **18** tenant volunteers actively working within their community to deliver projects and activities that meet their main **3** priorities identified.



Community highlights

In 2022/23 we ...

Co-produced **60** events, projects and activities in partnership with our tenants, partners and communities, attracting **752** attendees

Were awarded **£50,080** in small grants or ad hoc financial support to spend in MHA communities

Received **£23,413** in Community Benefits from Development and Asset Management contracts

Supported our tenants to complete **1,253** volunteering hours within their community

Referred **82** residents to internal/external partners for additional support

Hosted a summer programme attended by **208** people

Continued to roll out the RNIB Visibility Better Standard in our sheltered schemes



2022/23 Project highlights

Cost of living support

6 Cost of Living Summits were held across Monmouthshire to map local provision and innovative ways to plug gaps in service delivery to meet the needs of our residents and communities - **120** residents attended.

Games and Grub project

Funded by Monmouthshire County Council, designed to save money and to encourage families to eat together. To date **162** meals have been enjoyed.

MasterChef

MasterChef is about sharing cooking skills to support residents and communities to 'cook on a budget', spend time with their children and find healthy family recipes. We were awarded **£6,900** from MCC, **31** families took part in the 5-week project.



Pitch For Your Project

Our Dragon's Den style project continues to support our local communities. This year we supported **15** communities, spending **£25,000** to provide a range of activities and services including a community kitchen and silver surgery digital group.

Sustainable You Sustainable Me

SYSM is a period dignity project working in partnership with the Council. We successfully secured **£8,000** for reusable period products and a further **£8,000** towards education and training.

Food Pantries

In partnership with MCC we have been able to secure funding from Family Action to set up **3** new 'Food Pantries' across Monmouthshire which will provide **120** families per week with discounted groceries.



Making A Difference Awards

After an absence of two years the awards made a welcome return. We received **48** nominations across the **8** categories. Over **100** residents attended the gala awards evening, sponsored by internal and external partners.



iConnect project

This offers all-round digital support ranging from getting online, to accessing services and more. To date iConnect has supported **170** people and helped **40** people to get online. Supported by Monmouthshire County Council, we secured over **£400,000** of funding from the UK Government's Shared Prosperity Fund.

Tackling fuel poverty

With the cost of living and energy prices continuing to rise, residents are facing increased financial hardship.

A special edition of our resident magazine 'In It Together', focussing on financial and wellbeing advice, was sent to all residents and a suite of heating advice videos created.

Reinvesting in its communities is equally as important to our subsidiary Capsel, who kindly gift-aided **£300,000** to MHA during the year to fund additional loft insulation works for our residents.

Our Community Voice resident group undertook a 'Tackling Fuel Poverty' research project putting forward innovative solutions and recommendations for consideration.

Other support and initiatives created throughout the year included ...



Of our **£768,000** budget last year, **£336,385** was received in income.



Supported our tenants to complete **1,253** volunteering hours within their community.



100% of respondents said they were very satisfied with the Money Wise service.

94% said the team were easy to contact

99% said contact from the service was just right



We have secured **£673,411** in additional income for tenants and support clients.



Supported **32** tenants to complete training courses.



We successfully secured a further **£417k** of funding from UK Government's Levelling Up funding to support iConnect until 2025.



46 people were supported into employment representing a social value of **£592,296**.



We secured **£23,413** in Community Benefits from our contracts.



Co-produced **60** events, projects and activities attracting **752** attendees.



We received over **£145,000** in Community Renewal funding to support the iConnect digital inclusion project.



£50,000 allocated to directly support communities - **£25,000** given to local groups through Pitch for Your Project and **£25,000** provided to alleviate hardship for households.



Held **11** focus groups over the last year with **97** tenants attending to discuss service improvements.



We secured **£12,500** in small grants to spend in MHA communities.



CASE STUDY...

Empowering tenants to become more resilient

Having the self-belief and confidence to make things happen themselves is incredibly rewarding for us. Tenant P is one such tenant positively impacting her community in ways she never thought she could.

After decades of juggling a volatile, controlling marriage alongside bringing up her large family, she made the brave decision to leave her husband, even though she had nowhere to go. As she wasn't considered a housing priority and didn't wish to burden her supportive children or friends she selflessly slept in her car, until she was eventually rehoused by MHA.

Tenant P initially began engaging with MHA when we established our community planning group in her area, coming along with her daughter. Up until then she had limited involvement with MHA, avoiding calls and visits. P disclosed that she wished to join in, but her anxiety had got the better of her. We offered to help with the barriers preventing her attending events.

Since then, she's become a regular contributor, helping with resources, organising community jubilee events, and establishing the Monmouth Motivators community planning group.

"You provided me with a safe space in the way of a community group that I could come to and just be me. I don't think you realise just how special those meet ups were. I also never knew that my community had so much to offer and slowly I am starting to venture out more – It's scary but

not as scary as it was 3 years ago. I enjoy working with the team and can't wait to get back out in the community more!! MHA truly are more than just a landlord – you actually care".

Tenant P felt her emotional scars had severely impacted her confidence and our "friendly messages" had given her that push to step out of her comfort zone. "It was the best thing I have done in ages!!"

Following the support of the planning group and staff, tenant P's confidence has come on massively. "I have been able to socialise within my local community for the first time since I have lived on my own and made a new group of friends. My involvement has increased and with support from the Motivators I have provided an afternoon tea and soup and roll event where 30+ people attended.

We are looking to set up a food pantry and hub in Wyesham which is very much needed! This wouldn't have happened without MHA's support".

With support from MHA and her community, Tenant P finally feels she is getting her life back and is channelling her growing confidence and passion into creating new goals and helping and supporting others in her community to positively thrive. We are very proud of Tenant P.

Housing and Wellbeing Service

Demand for our health and wellbeing service has never been so great. The service provides support to people in housing need or who are at threat of homelessness and is funded by MCC through the Housing Support Grant.

The team provided support to **98** people in the Abergavenny, Caldicot and Usk areas. Drop-in surgeries in Abergavenny and Caldicot have been introduced, enabling a more responsive service.

Providing additional support for older residents

We recruited **2** Community Living Officers, based at MHA's older person's schemes and who have proved instrumental in highlighting the specific needs of this older client basis. The officers are the first point of access for tenants, helping foster tenant engagement and co-ordinating events.

Tenancy Coaching

MHA's 3 tenancy coaches continue to provide essential support to our most vulnerable and at-risk tenants experiencing issues with managing their property and tenancy including prioritising rent payments and issues such as hoarding and clutter.

Customer Service Excellence

We maintained our high level of customer service throughout the year.

"Spoke to a member of the customer service team about my rent balance. She was extremely pleasant and helpful. She had taken her time to listen to what my query was about and gave me an in-depth answer. What a delightful lady."

In 2022/23 we achieved ...

96.07% of calls answered. (96% were within 20 seconds)

31% of contacts are made by email / Live Chat

84% of calls resolved at first point of contact

99.3% satisfied with Customer Service Team service

Managing Monmouthshire's housing register 'Homesearch'

We have seen an overall increase in applications of **7.59%** in the past 3 years. There are **3,629** households on the housing register, largely due to the number of homeless presentations and cost of living pressures. Since 2020 homeless household figures have increased by around **340%**.

In 2022/23 we...

Processed a total of **1,697** new housing applications

Registered **326** homelessness applications

Let **244** homes through the Homesearch scheme, comprising **76** older persons and **168** general needs

Supported **42** moves to a new home via the Mutual Exchange scheme

Keeping our Communities Safe

In line with Welsh Government's aim for no evictions into homelessness, MHA's Community Safety Team have worked hard to address issues without resorting to serious enforcement through legal action. Three cases went to court resulting in 1 eviction; the last resort for a very serious case.

In 2023/24 we will be exploring more of a 'restorative' type approach; looking closer at behaviours, interactions and approaches, helping to build and maintain positive, healthy relationships and resolve and repair neighbourhood disputes.

Key stats from 2022/23 include ...

49 Support referrals made

9 Counselling referrals

56 Victims of domestic abuse supported

102 Monthly average live cases

94 Homes that have had Improved security

117 Cases requiring intervention to access for gas safety service

Resident Complaints Received

26 Formal complaints

15 Compensation claims

74.19% Claims/Complaints responded within target

Average time taken to respond was **19** days

Corporate Sponsorship Scheme

MHA have a corporate funding pot comprising £7,000 that is available for Monmouthshire communities and groups to bid for. Some of the groups supported this year include ...

- Under 8's Rugby Club
- Jubilee Big Lunch Celebrations at St Arvans
- MHA Older Person scheme Christmas parties and events
- The Baby Bank, at CORE Hub Caldicot
- Musical Theatre – Caldicot

Creating thriving & sustainable tenancies

Our award-winning Income team

MHA are the first Welsh and Celtic organisation to be awarded the Housing Quality Network (HQN) accreditation for its income service. The accreditation is awarded to organisations who meet or exceed good practice standards, reflecting our best-in class service to our customers.

Gill Stead HQN's Accreditation Lead said

"Partnership working, both internal and external is well developed, appears effective and is supporting the delivery of positive outcomes for customers. This includes partnership support for people with mental health issues.

There is a strong, focussed and effective approach to supporting customers and ensuring that successful tenancies are maintained.."



CASE STUDY...

Tackling Transgender Hate Crime

J was experiencing anti-social behaviour and hate crime in her community due to being transgender. Her perpetrators would shout at her when she was talking to other neighbours and say offensive things when she was leaving her home. The perpetrators also threatened to expose the fact she is transgender to the wider community, causing her a great deal of anxiety.

Due to the location of her home, she also felt isolated and had no support close by. J felt reluctant to report the incidents to the Police as she was concerned she would not be taken seriously and feared reprisals from her close neighbours that were causing her issues.

She contacted the Community Safety Team and discussed her concerns. They gave her advice and told her to log the incidents and report any new issues to them and the Police where possible. They also provided safety equipment, including CCTV and window alarms to make her feel safer. Despite interventions, J's situation got gradually worse to the extent she was keeping her curtains closed during the day, so she didn't have to see anybody. J also would not let her dog out into the garden as she was worried the perpetrators would cause the dog harm.

J was out in the road when a neighbouring property captured CCTV evidence of verbal abuse. She contacted the Community Safety Team and they were able to warn the perpetrators for their unacceptable behaviour and this improved things and the verbal abuse stopped. J made the decision

she wanted to move as she didn't feel safe despite interventions. J was fearful about never being able to live peacefully and enjoy a safe home.

So how did we support J...

- The Community Safety Team assisted J with registering on Monmouthshire Homesearch and supported her application. They also put J in touch with the local Hate Crime Officer for further support and offered her counselling.
- J was eventually offered another property out of the area due to her current safety and welfare concerns. J is now thriving in her new home and is a strong member of her community, using her experiences as a transgender person to empower others. She enjoys great relationships with her new neighbours who are very supportive of her and this has made a big difference to her life.

Today

J feels she is finally 'able to move forward and be herself, without the fear of being judged' and feels safe in her home and community.



CASE STUDY...

Caldicot Baby Bank is borne thanks to MHA

MHA's Corporate Sponsorship Scheme encourages local community groups to apply for up to £1,000 to support projects benefiting the community. Caldikidz Community was one of the lucky recipients this year.

Caldikidz is a baby bank offering essentials for newborn to 12 months, including toiletries, food and clothing to support local families in lower Monmouthshire, and was the brainchild of local baby shop owner and MHA resident Phillipa Reeks.

Phillipa has first-hand experience of the impact that both the financial cost, coupled with the natural stress of parenthood can have on a family and acknowledges that it has never been greater than in the current economic climate.

"I have been there myself and have seen the level of poverty currently out there. Also, whilst at my Baby Shop talking to people, I realised early on there was a clear need for a Baby Bank.

MHA's funding has given me the courage and financial means to move forward with my idea. It's allowed me to purchase new items for the baby bank that are essential, as well as looking at advertising stands and a professional launch including creating a logo and other design work".

"Without MHAs funding I wouldn't have been able to start this project as I'd have always doubted my ability to pull it off."

Phillipa recognises financial hardship doesn't discriminate and aims to alleviate poverty in children by supporting everyone she can who's in need of support, she is passionate that Caldikidz Community is an inclusive facility.

The Baby Bank is open to everyone who needs support, Phillipa believes "every family is as important as the next, with the core focus to ensure people leave feeling they can support their babies".

Caldikidz Community stocks everything from cots to socks to toiletries and Moses' baskets. There are also hygiene and sanitary products available and information to signpost to other services offering wrap around support.

When parents or guardians leave the Baby Bank, the baby is provided for with a 3, 5 or 7 day pack. Emergency packs cover items such as milk, nappies, clothing and wipes, everything a family or guardian needs to support their baby.

The baby bank relies on people generously donating good quality baby items and equipment to give to the families who need them.

Great Homes

When we build new homes we aim to make them as energy efficient as we possibly can. We currently operate across Monmouthshire and manage **3,865** homes for rent and a further **229** leasehold properties.

New Homes

We are passionate about providing high quality, well designed affordable homes to help address the housing and cost of living crisis in Wales.

We are working with local authorities to identify areas of housing need and with Welsh Government to assist with delivering **20,000** new homes in Wales.

Whilst we are supportive of the actions to protect and improve the water quality in our rivers, the phosphorous levels have impacted our build programme in some areas. We continue to work with partners and stakeholders to find solutions to continue delivery of new homes in affected areas whilst continuing to preserve and enhance the environment.

Developing and nurturing existing partnerships is important to MHA's growth as we continue to investigate opportunities to extend our areas of operation across a wider geographical area.

In 2022/2023 we ...

Received planning permission to build **120** homes in the village of Undy. Our largest development to date, in partnership with MHA's in-house construction company Capsel Ltd. All homes will have enhanced energy efficiency with non-fossil fuel heating to help residents and buyers reduce their carbon footprint

Developed **17** highly sustainable, mixed tenure homes for rent in Chepstow. The developments formed part of the Innovative Housing Programme and were constructed by Capsel

Delivered **9** beautiful new homes for affordable rent and sale through the Homebuy scheme in Devauden, helping local people to access the property ladder. Delivered as part of a S106 Agreement with Duncan Mitchell Developments

Progressed the delivery of **11** affordable homes for rent at Hillcrest, Wyesham, as well as a replacement vicarage for the Diocese of Hereford. Capsel are the construction partner

Started on site to deliver **3** affordable homes for rent, **2** homes for open market sale and **1** home to be retained by the landowner at Cross Ash, Abergavenny. Capsel are the construction partner

Signed build contracts to secure the delivery of **8** affordable homes for rent in Little Mill, near Usk. Capsel are the construction partner

In 2022 Capsel started on site to deliver **10** homes for outright sale at Peterchurch, Herefordshire.

Building cleaner, greener homes is important to us. The majority of our new homes are now constructed using modern methods of construction to reduce construction waste. All new homes started from 2023 are designed to use non-fossil fuel heating technologies such as heat pumps and supplemented with solar panels to make them both energy efficient and cheaper to run.

Breakdown of our housing stock

*market rent and intermediate

C1	Core	For properties subject to the rent regulation regime, report against one or more Affordability Metric: 1) Rent compared to Median private rental sector (PRS) rent across the Local Authority 2) Rent compared to Local Housing Allowance (LHA)	% of PRS rent (e.g. 80%)	1.4%*		
			% of LHA rent (e.g. 90%)	98.6%	% of stock	
C2	Core	Share, and number, of existing homes (owned and managed) completed before the last financial year, broken down into type of housing units / %.	General Needs	2,771	71.88%	
			Intermediate Rent	43	1.12%	
			Affordable Rent	0	0%	
			Supported Housing	0	0%	
			Housing for Older People	986	25.58%	
			Low-cost Home Ownership	0	0%	
			Care Home	0	0%	
			Private Rented Sector	0	0%	
			Other	11	0.29%	*market rent
C3	Core	Share, and number, of new homes (owned and managed) that were completed in the last financial year, broken down into type of housing units / %.	General Needs	39	1.01%	*Purchases and new builds
			Intermediate Rent	0	0%	
			Affordable Rent	0	0%	
			Supported Housing	0	0%	
			Housing for Older People	5	0.13%	
			Low-cost Home Ownership	0	0%	
			Care Home	0	0%	
			Private Rented Sector	0	0%	
			Other	0	0%	

Safety Performance

T2	C6	Core	What % of homes with a gas appliance have an in-date, accredited gas safety check?	% of homes	100%
	C7	Core	What % of buildings have an in-date and compliant Fire Risk Assessment?	% of buildings	100%
	C8	Core	What % of homes meet the national housing quality standard with acceptable fails?	% of homes	100%



CASE STUDY...

Passionate about placemaking

MHA worked with the 1st Bulwark Scout Group, Chepstow on a substantial refurbishment of their scout hall, located off Pembroke Road.

In order to build the development to the size and quality we aspired, MHA agreed a mutually beneficial trade-off with the owners of the adjacent Scout Hall. The Scout Hall gifted MHA a small piece of land, in return for support in renovating their building.

This highly successful agreement enabled the creation of 9 new affordable homes and an excellent sociable space, with first class amenities, to be utilised by both the scouts and the wider community.

MHA are passionate about 'placemaking'. It is not just about the bricks and mortar or timber frame, it is also about creating a community, a place and environment around the houses where people want to live. The collaboration with the 1st Bulwark Scout Group is a fantastic example of working together for the benefit of our communities.

The scout group had been meeting at the scout hall in Pembroke Road for over 50 years. The group had experienced a growing number of challenges with the upkeep of an ageing hall, including a leaky roof, which made it no longer viable for scouting groups to meet there.

Scout Group Treasurer, Cathy Allen said...

"The scout hall had been built in the 50's and needed substantial improvement and investment. We had pretty much exhausted every funding avenue; this collaboration has been revolutionary for us. It is amazing, we have a brand-new community space.

It was important for the facility to be in walking distance from the community it is based in. We have got the same space but with added features we didn't have before; we have disabled access, wet rooms, and a lovely in-door mezzanine for storage.

When we first started talking to MHA I thought we might get a roof out of it, but this is a miracle!"

The development at Pembroke Road was one of two developments in Bulwark developed by MHA in partnership with Welsh School of Architecture and Capsel and received an injection of £3.1m of Welsh Government's funding from their Innovative Housing Programme.

Maintaining existing homes

MHA are committed to building and maintaining sustainable communities where residents feel safe, secure and are great places to live.

In 2022/23 we delivered significant improvements across our housing stock, spending a total of circa **£5.67m** improving existing homes and a further **£4.82m** repairing and maintaining them and keeping them safe.

This year, we commenced work on a major retrofit programme at Cwrt Severn, Caldicot – One of MHA's largest older person's complexes with **31** self-contained units. We replaced the entrance doors to all flats and commenced the replacement of the windows in readiness for our first optimised retrofit project. This project is partly funded by Welsh Government with the aim of reducing carbon emissions through the installation of external wall installation to improve the thermal properties of the building and the installation of solar panels to generate electricity to supply the individual flats and communal areas.

In 2022/23 we installed ...

154 Kitchens and Bathrooms

375 Windows and doors

145 Boilers heating upgrades

63 New Roofs

External works programme

We invested **£1.59m** upgrading and maintaining gates, fences, paths, car parks and boundary walls.

Undertaking repairs

MHA has worked hard over the past twelve months ensuring we are prepared for the Renting Homes (Wales) Act 2016 and the compliance for Fitness for Human Habitation as part of the Act.

We have continued to provide an excellent repairs service ensuring repairs are completed Right First Time and attending over **95%** of appointments when we say we will and achieving **93.3%** satisfaction for the repairs service.





Before

After



In 2022/23 we spent a total of £10.48m in our repairs and maintenance programme...

Planned repairs - **£5.666m**

Cyclical repairs- **£358k**

Responsive repairs - **£2.435m**

Voids repairs- **£1.727m**

Compliance - **£298K**



In 2022/23 we ...

Carried out a gas safety check to **100%** of our homes

Actioned **3,214** emergency repairs (**4,424** including out of hours repairs)

Achieved a tenant satisfaction level of **93.3%** for our repairs service

Started to plan for the implementation of a new repairs system that will allow increased flexibility for appointments, improved efficiency and scheduling for repairs and ensuring future development for a tenant portal allowing tenants to raise repairs themselves.

Great Business

The knock-on impact of rising costs has generated many challenges for tenants and staff alike. It has also put significant pressures on our business budgets. Despite these challenges, we have prioritised support, worked hard with customers to keep rent arrears low, and made savings across the business to remain financially strong.

Digitalisation of our services

We continue to move forward at a pace, modernising our digital landscape; enabling MHA to continue to improve its customer service, which will ultimately benefit both our customers and colleagues.



In 2022/23 we ...

Completed our first two Customer First projects with one focused on ensuring we're easy to access as a landlord and the other on our responsive repairs service. Both projects involved tenants in the creation of a suite of recommendations which are now being implemented

Successfully trialled 'Betty our Bot' enabling colleagues to work more efficiently by automating manual and transactional processes, giving our community-based colleagues more time to do more valuable work

Upgraded our housing management and responsive repairs systems, ensuring we're safeguarding these key services and that our technology is supporting service excellence

Embedded a Geographic Information System which will support colleagues to access and analyse data more easily, ensuring our services are data informed

Invested time in transforming the way we work collaboratively across teams through our second phase of implementing Microsoft 365. This will go live in the first half of the next financial year and include a brand-new intranet, improved data governance/document management, as well as enable colleagues across teams to work collaboratively more easily

Set the groundwork to introduce a Tenant App, P2P and Hybrid Mail systems later in 2023

Environmental and Compliance

We recognise climate change is one of the key issues facing us all and, as a developer of new houses and landlord with more than **3,500** properties, we have a significant part to play.

MHA has a responsibility to all its stakeholders to deliver environmental good practice, energy and waste reduction and assist the Welsh Government to meet its target of net zero carbon emissions in Wales by 2050.

MHA acknowledges that organisations have a legal duty to put in place suitable arrangements to manage health and safety. It is part of the everyday process of running the organisation and an integral part of workplace behaviours and attitudes.

MHA have adopted the sector-wide Sustainability Reporting Standard (SRS) for social housing. This will help us to prioritise and measure our efforts in achieving our long-term sustainability goals, helping MHA to grow whilst maintaining a sustainable business, as well as enabling us to be more transparent and open with our performance, with our stakeholders and customers.

In progressing the management strategy of health and safety, MHA, continues to observe the ISO 45001 model "Managing for Health and Safety". This is an international Health & Safety standard.



In 2022/23 we achieved ...

ISO 14001 (Environmental) and ISO 45001 (Health & Safety) certification (March 2023)

Green Dragon certification (December 2022)

A CO₂ saving of 46.87%.

In 2022/23 we completed ...

100% Water Risk Assessments (Legionella) and Fire Risk Assessments

100% Passenger lift Service inspections and independent inspections (LOLER)

97.06% Stairlift service inspections

96.08% Stairlift independent inspections (LOLER)

98.14% Smoke alarm inspections

97.32% CO alarm inspections

Statement of Board Members' Responsibilities

The Board are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Housing Association legislation requires the Board to prepare financial statements for each financial year. Under that legislation the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Housing Association legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Association and of the surplus or deficit of the Group and Association for that period. In preparing these financial statements, the Board are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Association will continue in business.

The Board are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that the financial statements comply with Housing Association legislation, the Co-operative and Community Benefit Societies Act 2014 and the Accounting Requirements for Registered Social Landlords General Determination (Wales)

2015. They are also responsible for safeguarding the assets of the Group and Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board are responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditor

Each of the Board Members at the date of approval of this report has confirmed that:

- As far as the Board Members are aware, there is no relevant audit information of which the Group's auditor is unaware; and
- The Board Members have taken all the steps that they ought to have taken as Board Members in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Statement of Internal Control

1. Introduction

In accordance with the terms of reference and the best practice referred to in the Welsh Government's Housing Association Circular RSL 02/10 Internal Controls and Reporting, the Deputy Chief Executive on behalf of the Audit & Risk Committee presents an annual report to the Board covering the period from 1 April 2022 to 31 March 2023. The purpose of this report is to record an assessment of the adequacy and effectiveness of the Association's system of internal control during this period.

2. Internal Control framework

2.1 In accordance with the Welsh Government's Housing Association Circular RSL 02/10 Internal Controls and Reporting, the MHA Board acknowledges its responsibilities for the Association's system of internal control and for reviewing its effectiveness. The Board also acknowledges its responsibility for the wider aspects of risk management.

2.2 The Association's systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss, regarding the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information and the management of risks, any of which could adversely affect the Association's ability to achieve its Business Plan objectives.

2.3 The following mechanisms constitute the key elements of the framework designed and implemented by management to provide effective internal control in key areas of the business.

3. Strategic leadership & governance

- MHA's Strategic vision and values are reviewed annually to inform the latest Corporate Plan which was approved by Board in March 2023.
- Ongoing review of new and upcoming legislation takes place to inform policies, processes and decision making.
- Standing orders and financial regulations setting out clearly the system of delegation have been reviewed during 2022/23.
- There are clearly defined corporate and management responsibilities and reporting structures ensuring that experienced and suitably qualified staff take responsibility for important business decisions.
- Board Risk Appetite is clearly communicated to the business.
- MHA has a skills based Board.
- The MHA Board has set strategic KPI's which continue to be monitored on a regular basis by officers to provide assurance to members in relation to key risk areas.
- Three members of MHA Board sit on Capsel Board.

4. Internal & External Audit & Assurance

- An established programme of internal audit activities exists which are derived from an assessment of key business risks;
- The Audit & Risk Committee reviews and monitors reports from management, from the Internal Auditors and from External Audit to provide reasonable assurance that control procedures are in place and are being followed;
- Internal reports on the effectiveness of Internal & External Audit have been undertaken during the year and presented to the Audit & Risk Committee. Throughout the period 2022/23 a total of 30 (at the time of writing) recommendations have been raised by internal auditors and have been accepted by MHA. These include 10 advisories.
- All Internal Audit recommendations are reported to Audit & Risk Committee and progress reports provided at each meeting.
- A Health and Safety Management system is in place with updates on Health & Safety at each Audit & Risk Committee meeting provided by the Head of Facilities.
- MHA have the following external accreditations - ISO 45001 (H&S & Environmental), Green Dragon Level 5 – Environmental.
- There is ongoing compliance with data protection legislation which is also monitored by external consultants.
- A comprehensive Compliance Monitoring Framework is in place which is regularly reviewed by Board & Committees to provide assurance and evidence of ongoing compliance with Welsh Government Regulatory Standards.
- Business Continuity Plans are in place and have been tested during the year.
- IT Disaster Recovery Plans which have been tested during the year by external specialist companies.
- A new tenant satisfaction survey is planned for later in 2023.
- The latest regulatory opinion published in May 2021 confirmed a standard assessment for both governance & financial viability.

5. Risk Management Policy & Framework

- MHA has a Risk Management Policy in place which clearly outlines MHA's approach to risk management and defines roles and responsibilities throughout the organisation.
- The Corporate Risk Map is regularly reviewed by managers and SMT and dashboards presented at each Audit & Risk Committee meeting. A Corporate Risk Dashboard summarising the main risks and movements in trends is also presented and discussed at every Board and Committee meeting. The full Corporate Assurance Map is presented annually, with a copy available in the Reading Room of every Board or Committee meeting.
- The Association continues to maintain or put in place a number of procedures designed to mitigate risks facing the Association. These include specific delegated authorities to managers and staff, insurances, performance management reporting, contract procurement processes and an annual self-certification of risks and how they are controlled by the Senior Management Team.
- A Risk Appetite session was held for Board in November 2022 and a refreshed Risk Appetite Statement is now in place.

6. Financial Planning & Management including Value for Money

- There is a defined business and strategic planning process in place including the preparation of annual budgets, rolling five year corporate plans, a 30 year financial forecasting model and the production and review of monthly management accounts. These are supported by specific operational/directorate action plans and a process for the monitoring of results against budgets. Appraisal modelling of new developments is undertaken.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation through relevant committees or the Board.
- Board approved treasury policy and annual treasury strategy is in place, which is reported against on a quarterly basis .
- The business plan is stress tested on an annual basis with results presented to Board.
- There is a VFM Policy in place that sits alongside an annual statement & self-assessment publication.
- Updated Procurement Policy is in place.
- Internal audit assessment of VFM controls are in place for each area of review.
- An Asset and Liability Register is maintained.

7. Fraud Reporting Systems

7.1 The Association aims to prevent fraud and corruption and has in place policies in respect of preventing, detecting and investigating fraud. These include Standing Orders and Financial Regulations; Anti-Fraud, Theft & Corruption Policy; Whistleblowing Policy; Code of Conduct Policy & Internal Audit programme.

7.2 The Company Secretary maintains the register of detected frauds. There are no frauds to report in the period covered by this report.

8. Adequacy and Effectiveness of the Association's Internal Control System

8.1 The Deputy Chief Executive reviewed the adequacy and effectiveness of the Association's internal control and risk management systems for the period 1 April 2022 to the date the annual accounts for 2022/23 are approved and confirms that they are operating effectively.

8.2 The Board Report, Statement of Board Members' Responsibilities and the Statement of Internal Control were approved by the Board on 19th July 2023 and signed on its behalf by:

Gwyndaf Tobias - Director of Resources & Deputy Chief Executive

Independent Auditor's Report To The Members Of Monmouthshire Housing Association Limited

Opinion

We have audited the financial statements of Monmouthshire Housing Association Limited (the 'Association') and its subsidiary (the 'Group') for the year ended 31 March 2023 which comprise the Consolidated and Association Statement of Comprehensive Income, the Consolidated and Association Statement of Financial Position, the Consolidated and Association Statement of Changes in Equity and Reserves, the Consolidated and Association Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2023 and of the Group's and Association's income and expenditure for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, 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 Group and 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

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Strategic Report and Board Report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and 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 in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

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

Opinion on other matters prescribed by the housing association circular RSL 02/10: Internal Controls and Reporting

With respect to the Board's statement of internal control on pages 31-33, in our opinion:

- The Board have provided the disclosures required by the housing association circular RSL 02/10: Internal Controls and Reporting; and
- The Board's statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

Responsibilities of the Board

As explained more fully in the Statement of Board Members' Responsibilities set out on page 30, 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 determines 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 is responsible for assessing the Group's and 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 intends to liquidate the Group or the Association or to cease operations, or has 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

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

- We obtained an understanding of laws, regulations and guidance that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that

had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015, tax legislation, health and safety legislation, and employment legislation.

- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed the controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the Association's members as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. 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.

Beever and Struthers
Statutory Auditor
One Express
1 George Leigh Street
Manchester
M4 5DL

Date:

Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31st March 2023

	Notes	Group		Association	
		£'000	£'000	£'000	£'000
		2023	2022 (restated)	2023	2022 (restated)
Turnover	3	25,917	29,151	24,282	23,319
Operating expenditure	3	(24,837)	(26,832)	(23,233)	(21,655)
Gain on disposal of PPE	4	74	2,114	71	2,092
Operating surplus		1,154	4,433	1,120	3,756
Interest receivable	5	218	112	301	262
Interest and financing costs	6	(1,482)	(1,459)	(1,482)	(1,459)
Fair value movement - investment properties	12	25	80	25	80
Dividends received		-	-	300	490
(Deficit)/Surplus before tax	7	(85)	3,166	264	3,129
Taxation	10	25	(98)	2	(8)
(Deficit)/Surplus for the year		(60)	3,068	266	3,121
Other comprehensive income:					
Actuarial gain in respect of pension schemes	19	15,577	6,145	15,577	6,145
Deferred Tax	10	38	-	-	-
Total comprehensive income for the year		15,555	9,213	15,843	9,266

There were no recognised gains or losses in either the current or prior year except those reported in the Statement of Comprehensive Income. The notes on pages 45 - 81 form part of these financial statements.

The financial statements on pages 38 - 81 were approved and authorised for issue by the Board on 19th July 2023 and were signed on its behalf by:

Signed

Andy Jones
Chair

.....

Tony Deakin
Vice Chair

.....

Gwynnaf Tobias
Company Secretary

Statement of Financial Position

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2023

Registered number: 30087R

		Group		Association	
	Notes	2023	2022 (restated)	2023	2022 (restated)
		£'000	£'000	£'000	£'000
Intangible fixed assets	11	58	158	58	155
Housing properties	12	126,046	111,702	124,000	109,445
LCHO Properties	12	432	-	432	-
Homebuy loans receivable	12	3,782	3,782	3,782	3,782
Investment properties	12	1,515	1,490	1,515	1,490
Other property, plant and equipment	13	3,806	3,853	3,800	3,846
Non Current Assets		135,639	120,985	133,278	118,718
Current assets					
Inventories	14	1,240	1,428	95	69
Debtors	15	5,119	4,966	8,182	8,605
Cash and cash equivalents		11,586	18,420	11,024	17,339
		17,945	24,814	19,301	26,013
Current Liabilities					
Creditors: amounts falling due within 1 year	16	(5,637)	(6,207)	(5,104)	(5,590)
Net current assets		12,308	18,607	14,197	20,423
Total assets less net current assets		147,947	139,592	147,784	139,141
Non-current liabilities					
Creditors: amount falling due after 1 year	17	(105,738)	(99,395)	(105,738)	(99,395)
LGPS Asset/Liability	19	1,691	(11,849)	1,691	(11,849)
SHPS Liability	19	(239)	(242)	(239)	(242)
Net assets		43,661	28,106	43,498	27,655
Capital and Reserves					
Share capital	20	-	-	-	-
Pension Reserve		1,452	(12,091)	1,452	(12,091)
Revenue Reserve		42,209	40,197	42,046	39,746
Total Reserves		43,661	28,106	43,498	27,655

The notes on pages 45 – 81 form part of these financial statements. The financial statements of Monmouthshire Housing Association Limited on pages 38 – 81 were approved and authorised for issue by the Board on 19th July 2023 and signed on its behalf by:

Signed

Andy Jones
Chair

.....

Tony Deakin
Vice Chair

.....

Gwyndaf Tobias
Company Secretary

Statement of Changes in Equity & Reserves

	Group			Association		
	Called up share capital £'000	Revenue Reserve (including pension reserve) £'000	Total £'000	Called up share capital £'000	Revenue Reserve (including pension reserve) £'000	Total £'000
Balance at 1 April 2021	-	18,721	18,721	-	18,217	18,217
Prior period adjustment - Housing Finance Grant (note 28)	-	172	172	-	172	172
As at 1 April 2021 (restated)	-	18,893	18,893	-	18,389	18,389
Surplus for the year as previously reported	-	3,036	3,036	-	3,089	3,089
Prior period adjustment - Housing Finance Grant (note 28)	-	32	32	-	32	32
Surplus for the year (restated)	-	3,068	3,068	-	3,121	3,121
Actuarial gain in respect of pension schemes	-	6,145	6,145	-	6,145	6,145
Total comprehensive income for the year (restated)	-	9,213	9,213	-	9,266	9,266
As at 31 March 2022 (restated)	-	28,106	28,106	-	27,655	27,655

Statement of Cash flows

		Group		Association	
		2023 £'000	2022 (restated) £'000	2023 £'000	2022 (restated) £'000
	Notes				
Net cash generated from operating activities	21	5,601	11,900	5,688	11,890
Cash flows from investing activities					
Purchase of property, plant and equipment		(21,194)	(13,167)	(20,842)	(13,371)
Proceeds from sale of property, plant and equipment		848	2,816	845	2,816
Grants received		6,106	3,556	6,106	3,556
Interest received		121	16	204	166
Net cash flows from investing activities		(14,119)	(6,779)	(13,687)	(6,833)
Cash flows from financing activities					
New loans		2,810	3,000	2,810	3,000
Interest paid		(1,126)	(1,112)	(1,126)	(1,112)
Net cash flows from financing activities		1,684	1,888	1,684	1,888
Net (decrease)/increase in Cash and Cash Equivalents		(6,834)	7,009	(6,315)	6,945
Cash and cash equivalents at beginning of the year		18,420	11,411	17,339	10,394
Cash and cash equivalents at end of the year		11,586	18,420	11,024	17,339

The notes on pages 45 - 81 form part of these financial statements.

Statement of Cash flow

Free cash flow for the reporting year ended 31 March 2023

		2023	2022	2023	2022
		£'000	(restated) £'000	£'000	(restated) £'000
	Note				
Net cash generated from operating activities	21	5,601	11,900	5,688	11,890
Interest paid		(1,126)	(1,112)	(1,126)	(1,112)
Interest received		121	16	204	166
Adjustments for reinvestment in existing properties					
Component replacements		(5,599)	(4,627)	(5,599)	(4,627)
Purchase of other replacement fixed assets		(16)	(5)	(9)	-
Dowry grant received		2,600	2,600	2,600	2,600
Free cash generated before financing activity		1,581	8,772	1,758	8,917
Loan drawdowns		2,810	3,000	2,810	3,000
Loans repaid		-	-	-	-
Free cash generated after financing activity		4,391	11,772	4,568	11,917

Notes to the Financial Statement

1. Registration of the Association

Monmouthshire Housing Association Limited (the 'Association') is a registered society under the Co-operative and Community Benefit Societies Act 2014, incorporated and domiciled in England and Wales. The address of the registered office is Nant Y Pia House, Mamhilad Technology Park, Mamhilad, Pontypool, Monmouthshire, NP4 OJJ.

The main activities of the Association and its subsidiary is the provision of affordable homes for rent for people in housing need.

2. Principle Accounting policies and Basis of Accounting

The financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers 2018 (SORP), the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015. Monmouthshire Housing Association Group is a public benefit entity, as defined in FRS 102, and applies the relevant paragraph prefixed 'PBE' in FRS 102.

The financial statements are presented in pounds sterling and, unless otherwise noted, amounts are rounded to the nearest £1000.

Basis of Consolidation

The Group financial statements consolidate the financial statements of the Association and its subsidiary undertaking drawn up to 31 March each year. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Going concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Board Report. The Group has in place long-term debt facilities, which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group also has a long-term business plan, which shows that it can service these debt facilities whilst continuing to comply with lenders' covenants. The board has also considered the impact of the parent recoverability of the intercompany debtor and the value of WIP. Expected sales proceeds, and market demand post year end, have remained in line with business plan assumptions and scheme appraisals. On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of 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.

Property, plant and equipment – housing properties

Housing properties, held at cost less depreciation, were transferred from Monmouthshire County Council at no cost and were subject to a nil valuation based on an independent report using the basis of existing use value for social housing.

Housing properties are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings and directly attributable development costs.

Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight line basis, over their useful economic lives. Freehold land is not depreciated.

	Houses	Flats
New build	150 years	110 years
Purchased	100 years	80 years

Major components of housing properties, which have significantly different patterns of consumption of economic benefits, are treated as separate assets and depreciated over their expected useful economic lives at the following annual rates:

Structure	80 – 150 years
Roofs	50 Years
Doors and Windows	30 Years
Kitchens	15 Years
Bathrooms	25 Years
Heating Systems	15 Years
Other works	20 Years
Photovoltaic panels	22 Years

Properties held on long leases are depreciated over their estimated useful economic lives or the lease duration if shorter.

Improvements

Where there are improvements to housing properties that are expected to provide incremental future benefits, these are capitalised and added to the carrying amount of the property. Any works to housing properties which do not replace a component or result in an incremental future benefit are charged as expenditure in the Statement of Comprehensive Income.

Leaseholders

Where the rights and obligations for improving a housing property reside with the leaseholder or tenant, any works to improve such properties incurred by the Association is recharged to the leaseholder and recognised in surplus or deficit in the Statement of Comprehensive Income along with the corresponding income from the leaseholder or tenant.

Non-housing property, plant and equipment

Non-housing property, plant and equipment is stated at historic cost less accumulated depreciation and any provision for impairment.

Depreciation is provided on all non-housing property, plant and equipment, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Other fixed assets

Head Office (building and furniture) 5 – 100 Years

Computer equipment 3 – 10 Years

Intangible assets

Software purchased and developed, or developed in house, is an intangible asset. Cost is measured initially at acquisition cost or costs incurred to develop the asset. Development expenditure incurred on an individual project is capitalised only if specific criteria are met including that the asset created will probably generate future economic benefits. These assets will be amortised over 3 – 5 years.

Impairment of social housing properties

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in surplus or deficit in the Statement of Comprehensive Income.

Social Housing Grant and other Government Grants

Where grants are received from government agencies such as the Welsh Government, local authorities, devolved government agencies, health authorities and the European Commission which meet the definition of government grants they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and that the grant will be received.

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support, with no future related costs, it is recognised as revenue in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Grants received from non-government sources are recognised as revenue using the performance model.

Housing Finance Grant

The Welsh Government Housing Finance Grants (HFG) provides annual housing grant payments in equal instalments over a period of up to 30 years to fund loan principal and interest costs of constructing affordable housing. The net present value of future grant receipts is recognised as a capital grant with an equal amount recognised as a deferred income debtor. The debtor is credited upon receipt of each grant payment and the difference between grant payments and the discounted value of the relevant portion of the debtor released to the Statement of Comprehensive income as a contribution towards the financing cost of that scheme. The discount rate used for the net present value calculations is the same rate that applies to the association borrowing to fund the housing assets.

Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Payments under operating leases are charged to surplus or deficit in the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Properties for outright sale

Properties developed for outright sale and land held for sale are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes materials, direct labour and an attributable proportion of overheads based on normal levels of activity.

Interest payable

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined on the basis of the carrying amount of the financial liability at initial recognition. Under the effective interest method, the amortised cost of a financial liability is the present value of future cash payments discounted at the effective interest rate and the interest expense in a period equals the carrying amount of the financial liability at the beginning of a period multiplied by the effective interest rate for the period.

Community benefit loans

Community benefit loans represent Land for Housing loans in connection with the acquisition of land for development and held by the Association's legal advisers until legal conveyancing has completed. They are recognised when there is reasonable assurance that the conditions attached to them will be complied with and that the loan will be received.

Community benefit loans are initially recognised at the amount paid to the Association's legal advisers and reviewed annually for impairment.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Statement of Financial Position date. Timing differences are differences between the Group's taxable surpluses and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date that are expected to apply to the reversal of the timing difference.

Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

VAT

The Association is registered for VAT and operates a VAT shelter for its programme of planned works.

A large proportion of its income, including rents, is exempt from VAT. Most of its expenditure is subject to VAT which cannot be reclaimed and expenditure is therefore shown inclusive of VAT. Any VAT recovered under partial exemption rules is credited to the Statement of Comprehensive Income.

Pensions

Local Government Pension Scheme and Social Housing Pension Scheme

The Group participates in both a local government and social housing pension scheme which are multi-employer schemes where it is possible for individual employers as admitted bodies to identify their share of the assets and liabilities of the pension scheme. For these schemes, the amounts charged to operating surplus are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to revenue and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded with the assets of the scheme, held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each Statement of Financial Position date.

Turnover

Turnover represents rent and service charges receivable (net of rent and service charge losses from voids) and disposal proceeds of current assets, such as properties developed for outright sale, at completion together with revenue grants from local authorities and the Welsh Government and charitable fees and donations. Rental income is recognised when the property is available for let, net of voids. Service charge income is recognised when expenditure is incurred as this is considered to be the point at which the service has been performed and the revenue recognition criteria met.

Other income is recognised once the work has been undertaken, this also applies to the recognition of the intercompany income. Revenue from services is recognised on completion of the service and the Association becomes entitled to payment. Revenue from photovoltaic panels is recognised on the basis of the feed-in-tariff receivable for the period.

Financial assets carried at amortised cost

Financial assets comprise rent and service charge arrears, other debtors and cash and cash equivalents. Where the effect of discounting is material, financial assets are measured at amortised cost using the effective interest method.

A financial asset is derecognised when the contractual rights to cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest bearing loans and borrowings.

Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at the transaction value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Inventories

Stocks of materials are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If there is evidence of impairment, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in Statement of Comprehensive Income.

HomeBuy Loans

The Group operates this scheme by lending a percentage of the cost to home purchasers, secured on the property. The loans are interest free and repayable only on the sale of the property. On a sale, the fixed percentage of the proceeds is repaid. The loans are financed by an equal amount of social housing grant (SHG). On redemption:

- The SHG is recycled,
- The SHG is written off, if a loss occurs,
- The Group keeps any surplus.

Homebuy loans are treated as concessionary loans and are initially recognised at the amount paid to the purchaser and reviewed annually for impairment. The associated Homebuy grant is recognised as deferred income until the loan is redeemed.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents also includes amounts held by solicitors.

Provisions

Provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. However there are currently no provisions for the year end 31 March 2023.

Key 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 on 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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Any estimates and underlying assumptions are reviewed on an ongoing basis and any revisions to accounting estimates would be recognised in the period in which the estimate is revised and in any future periods affected. Detailed below are the key management judgements and estimates MHA have made within the financial year.

Fair value measurement

Management uses valuation techniques to determine the fair value of assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual process that would be achievable in an arm's length transaction at the reporting date.

Investment properties were valued as at 31 March 2023 by professional qualified external valuers. The valuation of properties was undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation Standards.

Impairment of social housing properties

The Group have 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. The Group carries out an impairment review, assessing the Useful Economic Lives of properties and their future value to the Group, taking into account the current level of demand for properties, the level of void losses, projected discounted cash flows and the ongoing investment in property maintenance and improvement. There are no other indicators of impairment present in our housing stock or other fixed assets at 31 March 2023.

Valuation of work in progress

Work in progress (WIP) relates to the construction of new-build dwellings for sale, valued at the lower of cost or net realisable value. The directors have reviewed the situation and do not believe that the WIP needs to be impaired as all recent market intelligence and board updates show that there is no significant detriment to the sales environment by July 2023.

Defined benefit pension scheme

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

FRS 102 requires that defined benefit plan surpluses are recognised only to the extent that they are recoverable either through reduced contributions in the future or through refunds from the plan. The accounting valuation of the Greater Gwent (Torfaen) Pension Fund at 31 March 2023 identified an accounting surplus of £4.001m.

The scheme's actuary has provided a calculation of the economic benefit arising to MHA from reduced contributions in the future. This amounts to £1.691m. Accordingly, MHA has recognised the plan surplus to this extent, reducing the pension asset by £2.310m, and reducing actuarial gains by the same amount.

3. Particulars of turnover, operating costs and operating surplus

Group

	Turnover	2023 Operating Costs £'000	Operating Surplus £'000	Turnover £'000	2022 (restated) Operating Costs £'000	Operating Surplus £'000
Social Housing lettings (Note 3a)	23,878	(22,686)	1,192	22,827	(20,889)	1,938
Other Social Housing Activities						
Building services external income	195	(107)	88	101	(115)	(14)
Non Social Housing activities:						
Property development and sales	1,336	(1,369)	(33)	5,570	(4,672)	898
Property maintenance and refurbishment	24	(335)	(311)	167	(753)	(586)
Estate agency services	40	(172)	(132)	64	(292)	(228)
Photovoltaic panels	444	(168)	276	422	(111)	311
Total	25,917	(24,837)	1,080	29,151	(26,832)	2,319

Association

	2023			2022 (restated)		
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing lettings (Note 3b)	24,025	(22,900)	1,125	23,219	(21,540)	1,679
Other Social Housing Activities						
Building services external income	256	(108)	148	101	(115)	(14)
Non Social Housing activities:						
Property development and sales	1	(225)	(224)	(1)	-	(1)
Total	24,282	(23,233)	1,049	23,319	(21,655)	1,664

3a. Particulars of income and expenditure from social housing lettings – Group

	General Needs £'000	Supported Housing £'000	2023 Total £'000	2022 (restated) Total £'000
Income				
Rents receivable	20,360	-	20,360	19,548
Service charge income	500	-	500	512
Income for support services	-	109	109	138
Amortised government grants	2,295	-	2,295	2,066
Leaseholders income	110	-	110	64
Other income	504	-	504	499
Turnover from social housing lettings	<u>23,769</u>	<u>109</u>	<u>23,878</u>	<u>22,827</u>
Cost				
Management costs	(5,117)	(309)	(5,426)	(4,992)
Service charge costs	(1,179)	-	(1,179)	(596)
Routine maintenance	(5,913)	-	(5,913)	(7,985)
Major repairs expenditure	(4,594)	-	(4,594)	(1,963)
Bad Debts	(152)	-	(152)	50
Depreciation of housing properties	(5,135)	-	(5,135)	(4,888)
Other costs	(287)	-	(287)	(515)
Operating costs on social housing lettings	<u>(22,377)</u>	<u>(309)</u>	<u>(22,686)</u>	<u>(20,889)</u>
Operating surplus/(deficit) on social housing lettings	<u>1,392</u>	<u>(200)</u>	<u>1,192</u>	<u>1,938</u>
Rent loss due to voids	167	-	167	131

3b. Particulars of income and expenditure from social housing lettings – Association

	General Needs £'000	Supported Housing £'000	2023 Total £'000	2022 (restated) Total £'000
Income				
Rents receivable	20,360	-	20,360	19,548
Service charge income	500	-	500	512
Income for support services	-	109	109	138
Amortised government grants	2,295	-	2,295	2,066
Leaseholders income	110	-	110	64
Other income	651	-	651	891
Turnover from social housing lettings	<u>23,916</u>	<u>109</u>	<u>24,025</u>	<u>23,219</u>
Cost				
Management costs	(5,142)	(309)	(5,451)	(5,031)
Service charge costs	(1,179)	-	(1,179)	(596)
Routine maintenance	(6,165)	-	(6,165)	(8,539)
Major repairs expenditure	(4,594)	-	(4,594)	(1,963)
Bad Debts	(152)	-	(152)	50
Depreciation of housing properties	(5,072)	-	(5,072)	(4,734)
Other costs	(287)	-	(287)	(727)
Operating costs on social housing lettings	<u>(22,591)</u>	<u>(309)</u>	<u>(22,900)</u>	<u>(21,540)</u>
Operating surplus/(deficit) on social housing lettings	<u>1,325</u>	<u>(200)</u>	<u>1,125</u>	<u>1,679</u>
Rent loss due to voids	167	-	167	131

4. Surplus on disposal of property, plant and equipment

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Housing properties – proceeds	875	1,738	875	1,738
Housing properties - cost of sales	(802)	(301)	(805)	(309)
LCHO proceeds	1	1,624	1	1,624
LCHO cost of sales	-	(947)	-	(961)
Total	74	2,114	71	2,092

During the year MHA disposed of 1 property under the Association's asset management strategy, as it was uneconomical to repair and met the criteria for disposal. No properties were sold under the under the Right to Buy scheme which has now ended.

5. Interest receivable

	Group		Association	
	2023	2022	2023	2022
	£'000	(restated) £'000	£'000	(restated) £'000
Bank interest receivable	121	16	121	16
HFG interest receivable	97	96	97	96
Other interest receivable	-	-	83	150
Total	218	112	301	262

Other interest receivable includes money received from Capsel in relation to the Photovoltaic panel lease.

6. Interest and financing costs

		Group		Association	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Interest payable		(1,126)	(1,112)	(1,126)	(1,112)
Net interest cost on DB pensions	19	(356)	(347)	(356)	(347)
Total		(1,482)	(1,459)	(1,482)	(1,459)

7. (Deficit)/Surplus for the year

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
(Deficit)/Surplus stated after charging / (crediting):				
Depreciation - housing properties	5,135	4,888	5,072	4,734
Depreciation – other	63	76	55	72
Amortisation - intangible assets	100	98	97	96
Amortised government grant	(2,295)	(2,066)	(2,295)	(2,066)
Gain on disposal of fixed assets	(74)	(2,114)	(71)	(2,092)
Auditor's remuneration (excluding VAT)				
Audit of the financial statements of the Association	19	16	19	16
Audit of the financial statements of the Subsidiary	5	3	5	3
Other Services	1	1	1	1
	25	20	25	20
Operating lease rentals	304	280	289	254

8. Employee Information

	Group		Association	
	2023 No.	2022 No.	2023 No.	2022 No.
Average number of employees	266	270	249	253
Actual number of employees employed at 31 March 2023	<u>265</u>	<u>270</u>	<u>250</u>	<u>254</u>
<u>FTE's - 37 hours / week</u>				
Direct labour organisation including admin	87	81	74	70
Head office staff	145	146	142	142
Total	<u>232</u>	<u>227</u>	<u>216</u>	<u>212</u>

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Wages and salaries	7,320	7,318	6,900	6,830
Social security costs	691	652	655	593
Pension costs	2,753	3,022	2,745	3,010
Total	<u>10,764</u>	<u>10,992</u>	<u>10,300</u>	<u>10,433</u>

9. Key Management Personnel

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Wages and salaries	475	432	439	432
Social security costs	52	48	52	48
Other pension costs	68	67	68	67
Total	<u>595</u>	<u>547</u>	<u>559</u>	<u>547</u>

Key management personnel are defined as the Chief Executive and any other person who is a member of the executive management team and board.

9. Key Management Personnel (continued)

As a result of moving to a skills based board during 2020/21, board members are now remunerated and receive a salary based on their roles and responsibilities. Total remuneration of £71.5k was paid to MHA group non-employee members of the Board during the year (2022: £75.5k).

For a full calendar year the Chair of the Board is paid £9k, Vice Chair £6.5k, other Chairs £5.5k, Board members £4k and co-opted members £2.5k. For Capsel the Chair is paid £6k, the Vice Chair £5k and members £4k. The total remuneration paid to key management personnel during this year was £595k (2022: £547k).

	2023 £'000	2022 £'000
Remuneration of the highest paid director (excluding pension contributions)	132	128

The Chief Executive is an ordinary member of the pension scheme. No additional contributions to any pension scheme have been made and there were no special or enhanced terms which applied. The employer's contribution to the pension scheme on behalf of the Chief Executive in the year was £23k (2022: £22k).

The number of key management personnel who received emoluments (including pension contributions) in the following range was:

Salary Band (£)	Group		Association	
	2023 No.	2022 No.	2023 No.	2022 No.
60,000 - 69,999	-	-	-	-
70,000 - 79,999	-	-	-	-
80,000 - 89,999	-	-	-	-
90,000 - 99,999	-	1	-	1
100,000 - 109,999	2	2	2	2
110,000 - 119,999	1	-	1	-
120,000 - 129,999	-	-	-	-
130,000 - 139,999	-	-	-	-
140,000 - 149,999	-	-	-	-
150,000 - 159,999	1	1	1	1
Total	4	4	4	4

10. Tax on surplus on ordinary activities

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Current Tax				
UK corporation tax on surplus for the year	5	98	-	8
Adjustments in respect of prior years	(30)	-	(2)	-
Total Current Tax	(25)	98	(2)	8

The standard rate of tax applied to the reported surplus is 19% (2022: 19%).

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the surplus is as follows:

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Overall (deficit)/surplus before tax	(85)	3,166	264	3,129
(Loss)/Profit on taxable activities before tax	(200)	565	(224)	14
Profit multiplied by tax rate:	-	107	-	3
UK corporation tax charge (subsidiary)	5	-	-	-
Expenses not tax deductible	-	-	-	5
Capital allowances in excess of depreciation:	-	(9)	-	-
Group relief	-	-	-	-
Utilisation of tax losses	-	-	-	-
Adjustment to tax in respect of prior periods	(30)	-	(2)	-
Current tax charge for the year	(25)	98	(2)	8
Deferred tax				
Deferred tax charge to OCI	(38)	-	-	-

11. Intangible fixed assets

Intangible fixed assets include software purchased and developed in house. Cost is measured initially at acquisition cost or costs incurred to develop the asset.

	Group 2023 £'000	Association 2023 £'000
Cost		
As at 1 April 2022	486	482
Additions	-	-
Disposals	-	-
As at 31 March 2023	486	482
Amortisation		
As at 1 April 2022	328	327
Charged	100	97
Eliminated on disposal	-	-
As at 31 March 2023	428	424
Net book value		
As at 31 March 2023	58	58
As at 31 March 2022	158	155

12. Tangible Fixed Assets – Housing Properties (Group)

	Group		
	Completed Properties £'000	Under Construction £'000	Total £'000
Cost			
At 1 April 2022	139,158	11,357	150,515
Schemes completed in the year	1,532	(1,532)	-
Additions			
New developments	-	14,759	14,759
Component additions	5,599	-	5,599
Aborted development written-off	-	(89)	(89)
Disposals	(63)	(744)	(807)
As at 31 March 2023	146,226	23,751	169,977
Depreciation			
At 1 April 2022	(38,813)	-	(38,813)
Charge for the year	(5,151)	-	(5,151)
Eliminated on disposal	33	-	33
As at 31 March 2023	(43,931)	-	(43,931)
Net Book Value			
As at 31 March 2023	102,295	23,751	126,046
As at 31 March 2022	100,345	11,357	111,702

12. Tangible fixed assets – Housing Properties (Association)

	Association		
	Completed Properties £'000	Under Construction £'000	Total £'000
Cost			
At 1 April 2022	135,640	11,407	147,047
Schemes completed in the year	1,532	(1,532)	-
Additions			
New developments	-	14,891	14,891
Component additions	5,599	-	5,599
Aborted development written-off	-	(89)	(89)
Disposals	(63)	(744)	(807)
As at 31 March 2023	142,708	23,933	166,641
Depreciation			
At 1 April 2022	(37,602)	-	(37,602)
Charge for the year	(5,072)	-	(5,072)
Eliminated on disposal	33	-	33
As at 31 March 2023	(42,641)	-	(42,641)
Net Book Value			
As at 31 March 2023	100,067	23,933	124,000
As at 31 March 2022	98,038	11,407	109,445

Freehold land and buildings with a carrying value of £24.0m are pledged as security. Those measured at an Existing Use Value – Social Housing valuation currently total £23.6m (2022: £23.6m) which both include market rent properties(note 12a), have been pledged to secure undrawn revolving credit facilities for the Association. New long term loans secured in 2020-21 against housing assets are valued on a MV-STT basis and are currently valued at £81.2m (2022: £81.2m). Under its current lending facilities the Association is not permitted to pledge these assets as security for other borrowings or sell them to another entity. In total, 2,179 properties are uncharged whereas the remaining 1,686 properties are charged.

Work to existing properties includes costs charged by contractors, external consultants, and related in-house supervision and administration costs which have been capitalised. The Association capitalised £1.30m of replaced components undertaken by the Association's Building Services department (2022: £0.77m). This represents the element of the Group and Association's planned replacement programme which is undertaken by the Association's workforce. The balance of the programme is undertaken by contractors.

12. Tangible fixed assets – Housing Properties (Association) (continued)

	2023 £'000	2022 £'000
Analysis of work to existing properties:		
Capitalised replacement of components	5,599	4,627
Charge to Statement of Comprehensive Income	4,594	1,963

12a. Investment Properties

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
At 1 April 2022	1,490	1,410	1,490	1,410
Movement in fair value	25	80	25	80
At 31 March 2023	1,515	1,490	1,515	1,490

At 31 March 2023, 10 properties remain as market rent valued at £1.515m (2022: 10 properties valued at £1.490m). These properties were valued on the basis of MV-STT by an independent valuer with a recognised and professional qualification in March 2023.

12b. Low Cost Home Ownership

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Cost as at 1 April 2022	-	-	-	-
Additions during the year	432	947	432	947
Disposals during the year	-	(947)	-	(947)
As at 31 March 2023	432	-	432	-

The LCHO balances do not form part of the figures in note 12 above.

12c. Home buy Loans Receivable

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
At 1 April 2022	3,782	3,241	3,782	3,241
Loans issued in year	-	541	-	541
Loans redeemed during the year	-	-	-	-
At 31 March 2023	3,782	3,782	3,782	3,782

Low Cost Home Ownership (LCHO) loans receivable represent the initial value of MHA's remaining equity share in properties funded under the equity share LCHO Schemes.

13. Property, Plant and equipment – other

	Group			Association		
	Freehold property £'000	Fixtures & Fittings £'000	Total £'000	Freehold property £'000	Fixtures & Fittings £'000	Total £'000
Cost						
At 1 April 2022	4,492	748	5,240	4,492	705	5,197
Additions	-	16	16	-	9	9
Eliminated on disposal	-	-	-	-	-	-
	<u>4,492</u>	<u>764</u>	<u>5,256</u>	<u>4,492</u>	<u>714</u>	<u>5,206</u>
As at 31 March 2023						
Depreciation						
At 1 April 2022	(661)	(726)	(1,387)	(661)	(690)	(1,351)
Charge for the year	(43)	(20)	(63)	(43)	(12)	(55)
Eliminated on disposal	-	-	-	-	-	-
	<u>(704)</u>	<u>(746)</u>	<u>(1,450)</u>	<u>(704)</u>	<u>(702)</u>	<u>(1,406)</u>
As at 31 March 2023						
Net Book Value						
As at 31 March 2023	<u>3,788</u>	<u>18</u>	<u>3,806</u>	<u>3,788</u>	<u>12</u>	<u>3,800</u>
As at 31 March 2022	<u>3,831</u>	<u>22</u>	<u>3,853</u>	<u>3,831</u>	<u>15</u>	<u>3,846</u>

14. Inventories

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Raw materials and consumables	95	84	95	69
Work in progress	1,145	1,344	-	-
Total	<u>1,240</u>	<u>1,428</u>	<u>95</u>	<u>69</u>

Inventories are valued at the lower of cost or net realisable value.

13. Property, Plant and equipment – other

	Group			Association		
	Freehold property £'000	Fixtures and Fittings £'000	Total £'000	Freehold property £'000	Fixtures and Fittings £'000	Total £'000
Cost						
At 1 April 2021	4,492	736	5,228	4,492	690	5,182
Additions	-	12	12	-	15	15
Eliminated on disposal	-	-	-	-	-	-
As at 31 March 2022	4,492	748	5,240	4,492	705	5,197
Depreciation						
At 1 April 2021	(609)	(702)	(1,311)	(609)	(670)	(1,279)
Charge for the year	(52)	(24)	(76)	(52)	(20)	(72)
Eliminated on disposal	-	-	-	-	-	-
As at 31 March 2022	(661)	(726)	(1,387)	(661)	(690)	(1,351)
Net Book Value						
As at 31 March 2022	3,831	22	3,853	3,831	15	3,846
As at 31 March 2021	3,883	34	3,917	3,883	20	3,903

16. Creditors – Amounts falling due within one year

	Group		Association	
	2023	2022 (restated)	2023	2022 (restated)
	£'000	£'000	£'000	£'000
Rents in advance	361	416	361	416
Deferred rental income	118	167	118	167
Other creditors	1,757	909	1,319	699
Accrued interest	196	194	196	194
Accruals	797	1,484	721	564
SHG in advance	-	98	-	98
Government grants	2,260	2,064	2,260	2,064
Retentions	113	286	113	286
Contractors - planned improvements	-	477	-	477
Tax and social security	19	112	-	3
Pensions	16	-	16	-
Intercompany creditor	-	-	-	622
Total	5,637	6,207	5,104	5,590

17. Creditors – Amounts falling due after more than one year

	Group		Association	
	2023	2022 (restated)	2023	2022 (restated)
	£'000	£'000	£'000	£'000
Housing loans	49,697	49,697	49,697	49,697
Welsh Government dowry grant	21,550	21,055	21,550	21,055
Social Housing grant	25,184	22,749	25,184	22,749
Housing Finance Grant	2,660	2,776	2,660	2,776
Community benefit loan	5,810	3,000	5,810	3,000
Other government grants	837	118	837	118
	105,738	99,395	105,738	99,395

The housing loans are secured on the Association's freehold properties. In 2021 MHA refinanced its housing loan portfolio and interest is now payable at 2.25% (2022: 2.25%).

Community benefit loans are secured on the Association's freehold properties. Interest is payable at a rate of 1% above European Commission base rate in respect of the proportion of loan relating to open market housing. Otherwise no interest is payable in respect of affordable units developed. The maximum term of the loan is for 5 years.

17. Creditors – Amounts falling due after more than one year (continued)

Analysis of debt repayments:	Group		Association	
Housing loans	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Due within:				
Between one and two years	-	-	-	-
Between two and five years	5,810	3,000	5,810	3,000
In five years or more	49,697	49,697	49,697	49,697
	<u>55,507</u>	<u>52,697</u>	<u>55,507</u>	<u>52,697</u>

MHA refinanced its housing loans in 2020/21 with a 40 year private placement. £50m was drawn in February 2021, with a further undrawn facility of £15m available for draw down by February 2024. The interest rate is fixed for the duration of the loan at 2.247% on the first tranche £50m and 2.297% on the second tranche delayed drawdown. The Association also has undrawn revolving credit facilities of £20m (2022: £20m). All loans are secured against the Association's housing assets at either MV-STT or EUV-SH valuations. Under its current lending facilities the Association is not permitted to pledge these assets as security for other borrowings or sell them to another entity. In total 2,179 properties are uncharged whereas the remaining 1,686 properties are charged.

17a. Creditors – Government Grants Group and Association

	Dowry Grant	SHG	HFG	Other Government Grants	Total
	£'000	£'000	£'000	£'000	£'000
Grant Received					
As at 1 April 2022 (restated)	36,900	26,242	3,389	237	66,768
Received	2,600	2,660	-	764	6,024
Reclassified	-	-	-	-	2,892
As at 31 March 2023	39,500	28,902	3,389	1,001	72,792
Amortisation					
As at 1 April 2022(restated)	14,000	3,400	497	109	18,006
Amortised	1,975	159	116	45	2,295
As at 31 March 2023	15,975	3,559	613	154	20,301
As at 31 March 2023	23,525	25,343	2,776	847	52,491
As at 31 March 2022(restated)	22,900	22,842	2,892	128	48,762
Due within:					
Less than one year	1,975	159	116	10	2,260
Between two and five years	7,900	636	460	40	9,036
In five years or more	13,650	24,548	2,200	797	41,195
	23,525	25,343	2,776	847	52,491

18. Provisions – Group and Association

There are no provisions for the year end 31 March 2023. (2022:none)

19. Defined benefit schemes

SCHEME: Local Government Pension

Monmouthshire Housing Association is an admitted member of the Greater Gwent (Torfaen) Pension Fund, which is part of the Local Government Pension Scheme (LGPS) – a funded defined benefit scheme based on final salary. The Association's contributions in the year were 17.8% of pensionable salary (2022: 17.8%).

The schemes are funded schemes.

The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 31 March 2023 by Hymans Robertson LLP. The present value of the defined benefit obligations, the related current service costs and the past service costs were measured using the projected unit credit method.

The key assumptions used are:	2023	2022
	% p.a.	% p.a.
Pension increase rate	2.95%	3.15%
Salary increase rate	3.45%	3.45%
Discount rate	4.75%	2.75%

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with 10% weighting of 2021 (and 2020) data, standard smoothing (sk7), initial adjustment of 0.25% and a long term rate of improvement at 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males		Females	
	2023	2022	2023	2022
Current pensioners	20.7 years	20.5 years	24.3 years	23.2 years
Future pensioners*	21.8 years	21.8 years	25.6 years	25.1 years

*Figures assume members aged 45 as at the last formal valuation date.

Historic Mortality

Life expectancies for the prior period end are based on the Fund's VitaCurves. The allowance for future improvements are shown below:

Current Pensioners	Future Pensioners
CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.	CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.

Please note that the mortality assumptions used to value the Obligations in the Employer's Closing Position are different to those used to value the Obligations in the Employer's Opening Position.

A commutation allowance is included for future retirements to elect to take 65% of the maximum additional tax-free cash up to HMRC limits.

All other demographic assumptions are as per the latest funding valuation of the Employer.

19. Defined benefit schemes (continued)

SCHEME: Social Housing Pension

Monmouthshire Housing Association participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 28 February 2024 inclusive.

The liabilities are compared, at the relevant accounting date, with the Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus.

The key assumptions used are:

	2023	2022
	% p.a.	% p.a.
Discount Rate	4.83%	2.77%
Inflation (RPI)	3.16%	3.42%
Inflation (CPI)	2.81%	3.12%
Salary Growth	3.81%	4.12%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

19. Defined benefit schemes (continued)

SCHEME: Social Housing Pension (continued)

The mortality assumptions adopted imply the following life expectancies:

	2023		2022
	Life expectancy at age 65 (Years)		Life expectancy at age 65 (Years)
Male retiring in 2023	21.0	Male retiring in 2022	21.1
Female retiring in 2023	23.4	Female retiring in 2022	23.7
Male retiring in 2043	22.2	Male retiring in 2042	22.4
Female retiring in 2043	24.9	Female retiring in 2042	25.2

Assets

	31 March 2023 £'000	31 March 2022 £'000
Global Equity	23	393
Absolute Return	13	82
Distressed Opportunities	37	73
Credit Relative Value	46	68
Alternative Risk Premia	2	68
Emerging Markets Debt	6	60
Risk Sharing	89	68
Insurance-Linked Securities	31	48
Property	52	55
Infrastructure	138	146
Private Debt	54	53
Opportunistic Illiquid Credit	52	69
High Yield	4	18
Opportunistic Credit	-	7
Cash	9	7
Corporate Bond Fund	-	137
Long Lease Property	37	53
Secured Income	56	76
Liability Driven Investment	557	572
Currency Hedging	2	-8
Net Current Assets	3	6
Total Assets	1,211	2,051

None of the fair value of the assets shown above, include any direct investments in the employer's own financial instruments, or any property occupied by, or other assets used by, the employer.

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

19. Defined benefit schemes (continued)

Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net (Liability)/Asset for year end 31 March 2023 for LGPS and SHPS

	LGPS Net (liability)/asset £'000's	SHPS Net (liability)/asset £'000's	Total Pensions (liability)/asset £'000's
Fair value of plan assets	37,964	2,051	40,015
Present value of funded obligations	(49,813)	(2,293)	(52,106)
Present value of unfunded obligations	-	-	-
Opening position as at 31 March 2022	(11,849)	(242)	(12,091)
Service cost			
Current service cost	(2,780)	(44)	(2,824)
Expenses	-	(4)	(4)
Past service cost (including curtailments)	-	-	-
Effect of settlements	-	-	-
Total service cost	(2,780)	(48)	(2,828)
Net interest			
Interest income on plan assets	1,053	58	1,111
Interest cost on defined benefit obligation	(1,403)	(64)	(1,467)
Total net interest	(350)	(6)	(356)
TOTAL defined benefit cost recognised in SOCI	(3,130)	(54)	(3,184)
Cash flows			
Participants' contributions	405	17	422
	(405)	(17)	(422)
Employer contributions	1,020	130	1,150
Estimated benefits paid	(693)	(36)	(729)
	693	36	729
Estimated unfunded benefits paid	-	-	-
Estimated contributions in respect of unfunded benefits paid	-	-	-
Effect on business combinations and disposals	-	-	-
Expected closing positions	(13,959)	(166)	(14,125)
Remeasurements			
Changes in financial assumptions	21,469	773	22,242
Changes in demographic assumptions	2,067	3	2,070
Other experience	(4,310)	160	(4,150)
Return on assets excluding amounts included in net interest	(1,266)	(1,009)	(2,275)
Total remeasurements in OCI	17,960	(73)	17,887
Fair value of plan assets	37,999	1,211	39,210
Present value of funded obligations	(33,998)	(1,450)	(35,448)
Surplus not recognised	(2,310)	-	(2,310)
Closing position as at 31 March 2023	1,691	(239)	1,452

The Greater Gwent (Torfaen) Pension Fund has a gross accounting surplus at the reporting date of £4.001m. In line with FRS 102 requirements MHA has recognised an asset on the balance sheet to the extent that it is able to recover the surplus, either through reduced contributions in the future, or through refunds from the plan.

The scheme's actuary has provided a calculation of the economic benefit arising to MHA from reduced contributions in the future. This amounts to £1.691m. Accordingly, MHA has recognised the plan surplus to this extent, reducing the pension asset by £2.310m, and reducing actuarial gains by the same amount.

Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for year end 31 March 2022 for LGPS and SHPS

	LGPS Net (liability)/asset £'000's	SHPS Net (liability)/asset £'000's	Total Pensions (liability)/asset £'000's
Fair value of plan assets	35,183	1,784	36,967
Present value of funded obligations	(50,497)	(2,421)	(52,918)
Present value of unfunded obligations	-	-	-
Opening position as at 31 March 2021	(15,314)	(637)	(15,951)
Service cost			
Current service cost	(2,935)	(71)	(3,006)
Expenses	-	(4)	(4)
Past service cost (including curtailments)	-	-	-
Effect of settlements	-	-	-
Total service cost	(2,935)	(75)	(3,010)
Net interest			
Interest income on plan assets	727	41	768
Interest cost on defined benefit obligation	(1,061)	(54)	(1,115)
Total net interest	(334)	(13)	(347)
TOTAL defined benefit cost recognised in SOCI	(3,269)	(88)	(3,357)
Cash flows			
Participants' contributions	378	33	411
	(378)	(33)	(411)
Employer contributions	949	123	1,072
Estimated benefits paid	(669)	(47)	(716)
	669	47	716
Estimated unfunded benefits paid	-	-	-
Estimated contributions in respect of unfunded benefits paid	-	-	-
Effect on business combinations and disposals	-	-	-
Expected closing positions	(17,634)	(602)	(18,236)
Remeasurements			
Changes in financial assumptions	4,246	253	4,499
Changes in demographic assumptions	255	32	287
Other experience	(112)	(42)	(154)
Return on assets excluding amounts included in net interest	1,396	117	1,513
Total remeasurements in OCI	5,785	360	6,145
Fair value of plan assets	37,964	2,051	40,015
Present value of funded obligations	(49,813)	(2,293)	(52,106)
Present value of unfunded obligations	-	-	-
Closing position as at 31 March 2022	(11,849)	(242)	(12,091)

20. Share Capital – Group and Association

	2023 £	2022 (Restated) £
As at start of year	72	68
Issued during the year	-	12
Shares cancelled during the year	(4)	(8)
As at end of year	<u>68</u>	<u>72</u>

The shares provide members with the right to vote at general meetings but do not have a right to any dividend or distribution in a winding up, and are not redeemable.

21. Statement of Cash Flows

	Group		Association	
	2023 £'000	2022 (restated) £'000	2023 £'000	2022 (restated) £'000
Cash flow from operating activities				
(Deficit)/Surplus for the financial year	(60)	3,068	266	3,121
<i>Adjustments for non cash items:</i>				
Depreciation of tangible fixed assets	5,215	4,763	5,127	4,805
Amortisation of intangible fixed assets	100	98	97	96
Movement in fair value of investment properties	(25)	(80)	(25)	(80)
Decrease/(increase) in stock	188	4,883	(26)	14
(Increase)/decrease in trade and other debtors	(199)	(289)	340	4,797
(Decrease)/increase in trade and other creditors	(166)	254	(582)	152
Profit on disposal of tangible fixed assets	(74)	(2,114)	(71)	(2,092)
Amortisation of government grants	(2,295)	(2,066)	(2,295)	(2,066)
Pension costs less contributions payable	1,678	1,938	1,678	1,938
<i>Adjustments for investing or financing activities:</i>				
Interest payable	1,482	1,459	1,482	1,459
Interest receivable	(218)	(112)	(301)	(262)
Taxation	(25)	98	(2)	8
Net cash generated from operating activities	<u>5,601</u>	<u>11,900</u>	<u>5,688</u>	<u>11,890</u>

Net debt reconciliation – Group

	At 1 April 2022 £'000	Cash flows £'000	Other non- cash changes £'000	At 31 March 2023 £'000
Cash and cash equivalents				
Cash	18,098	(6,686)	-	11,412
Cash equivalents	322	(148)	-	174
	<u>18,420</u>	<u>(6,834)</u>	<u>-</u>	<u>11,586</u>
Borrowings				
Debt due within one year	(3,000)	3,000	-	-
Debt due after one year	(49,697)	(5,810)	-	(55,507)
	<u>(52,697)</u>	<u>(2,810)</u>	<u>-</u>	<u>(55,507)</u>
Total	<u>(34,277)</u>	<u>(9,644)</u>	<u>-</u>	<u>(43,921)</u>

Net debt reconciliation – Association

	At 1 April 2022 £'000	Cash flows £'000	Other non- cash changes £'000	At 31 March 2023 £'000
Cash and cash equivalents				
Cash	17,017	(6,167)	-	10,850
Cash equivalents	322	(148)	-	174
	<u>17,339</u>	<u>(6,315)</u>	<u>-</u>	<u>11,024</u>
Borrowings				
Debt due within one year	(3,000)	3,000	-	-
Debt due after one year	(49,697)	(5,810)	-	(55,507)
	<u>(52,697)</u>	<u>(2,810)</u>	<u>-</u>	<u>(55,507)</u>
Total	<u>(35,358)</u>	<u>(9,125)</u>	<u>-</u>	<u>(44,483)</u>

22. Financial Commitments

Capital commitments are as follows:

Capital Commitments

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Contracted but not provided for	3,754	2,216	3,754	2,216
Approved by the Board but not contracted for	17,089	34,087	17,089	34,087
	<u>20,843</u>	<u>36,303</u>	<u>20,843</u>	<u>36,303</u>

The expenditure will be funded by a combination of Social Housing Grant, an existing long –term loan facility of £65m of which £15m remains undrawn and undrawn revolving credit facility of £20m as at 31 March 2023.

23. Operating Leases

The total minimum lease payments under non-cancellable opening leases are as follows:

Operating leases	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Payments due:-				
Not later than one year	15	35	13	12
Later than one year and not later than five years	13	19	13	13
Later than five years	-	-	-	-
Total	<u>28</u>	<u>54</u>	<u>26</u>	<u>25</u>

24. Housing Stock

	As at 1 April 2022	Acquisitions	Disposals	As at 31 March 2023
Housing accommodation at a social rent	3,762	48	(12)	3,798
Housing accommodation at an intermediate rent	43	-	-	43
Supported Housing Accommodation	11	-	(1)	10
Housing accommodation at market rent	10	-	-	10
LCHO - held for sale	-	4	-	4
	<u>3,826</u>	<u>52</u>	<u>(13)</u>	<u>3,865</u>

At 31 March 2023, the Association was developing an additional 343 units (2022: 116 units) for social housing. Of the social housing units above 15 are leased to partner organisations who lease them at social rents.

25. Related party transactions

Monmouthshire Housing Association's board consists of ten independent members. All members are remunerated based on their responsibilities. No board member can use their position to their advantage. These travel expenses total £4.1k in the year (2022: £591). There are no tenant board members.

Capsel Limited is a non-charitable company which is 100% owned by Monmouthshire Housing Association Limited and any staff time and costs are recharged from the parent company. The recharge varies from 2% to 100% dependent on the level of involvement. For the year ending 31 March 2023 the total recharge was £31k (2022: £41k).

During the year, Capsel Limited undertook £2,718k (2021: £3,958k) of work for Monmouthshire Housing Association Limited. Monmouthshire Housing Association undertook £208k (2022: £881k) of work for Capsel Limited.

The yearend inter-company balances were:

- Owed by Monmouthshire Housing Association to Capsel £1k (2022: £622k)
- Owed by Capsel to Monmouthshire Housing Association £3.23 million (2022: £3.86 million)

26. Ultimate controlling party

The ultimate controlling party of Monmouthshire Housing Association is the Board. The Group prepare publicly available Annual Financial Statements; copies of which are available upon request from the registered office.

27. Investments - Association

Capsel Limited is a company registered in the U.K. and is 100% owned by Monmouthshire Housing Association Limited. The primary activities of Capsel Limited are construction and repair of properties, renewable energy and property management.

Capsel has made an £35k profit (2022: £461K) with their net assets totalling £211k at 31 March 2023 (2022: net assets totalling £476k).

28. Prior period adjustment

	At 1 April 2021 £'000	Surplus for the year ended 31 March 2022 £'000	Actuarial gain for the year ended 31 March 2022 £'000	At 31 March 2022 £'000
Group Reserves				
As previously stated	18,721	3,036	6,145	27,902
Reverse Housing Finance Grant recognised in income	(653)	(180)	-	(833)
Housing Finance Grant interest receivable	443	96	-	539
Housing Finance Grant amortisation	382	116	-	498
	172	32	-	204
As restated	18,893	3,068	6,145	28,106
Association Reserves				
As previously stated	18,217	3,089	6,145	27,451
Reverse Housing Finance Grant recognised in income	(653)	(180)	-	(833)
Housing Finance Grant interest receivable	443	96	-	539
Housing Finance Grant amortisation	382	116	-	498
	172	32	-	204
As restated	18,389	3,121	6,145	27,655

Housing Finance Grant (HFG) has been restated in year, an adjustment has been made to prior periods for this restatement. Debtors have increased to account for the total HFG awarded as a deferred income debtor and Creditors now include a separate grant and is amortised along with other existing Government grants. The annual grant received had previously been recognised as income.



Monmouthshire Housing Association

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