



Monmouthshire Housing
Tai Sir Fynwy



Monmouthshire Housing Association

Annual Report & Financial Statements

2023/24

Contents

3	Members, Executives & Advisors
4	Chairperson's Statement
5	Strategic Report
11	Board Report
32	Statement of Board Members' Responsibilities
33	Statement of Internal Control
36	Independent Auditor's Report
40	Statement of Comprehensive Income
42	Statement of Financial Position
44	Statement of Changes in Equity and Reserves
45	Statement of Cash Flows
47	Notes to the Financial Statements

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
(resigned
20/09/2023)



Tony Deakin
MHA Group
Chair



Dimitri Batrouni
MHA Group
Vice Chair



Emma Brute
Chair of
Community
Voice
Committee &
Group Board
Member
(Resigned
13/02/2024)



Colin Lewis
Board
Member
& Capsel
Member
(resigned
from Capsel
(30/11/2023)



Alan Soper
Chair of
Audit & Risk
Committee,
Group Board
Member &
Capsel Board
Member
(resigned
from Capsel
30/04/2024)



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
(Resigned
31/05/2024)



Hannah Vickers
Independent
Development
Committee
Member



Lynda Campbell
Chair of
Finance,
Governance &
Remuneration
Committee &
Group Board
Member
(Appointed
20/09/2023)



Nicola Tindale
Group Board
Member
(Appointed
20/09/2023)

Executive Officers



John Keegan
Chief Executive



Gwyndaf Tobias
Director of
Resources & Deputy
Chief Executive



Karen Tarbox
Director of Property
Services (resigned
31/05/2024)



Michele Morgan
Director of Housing
& Communities

Our Chairperson's statement



Welcome to MHA Group's Annual report and Financial Statements, my first in the role as Group Chair.

With over 25 years' experience in social housing and 7 years

as MHA Vice Chair, my combined knowledge of the sector and MHA Group has equipped me to continue to bring our ambitious plans to life and deliver on our commitments to our customers.

It has been another successful year for MHA despite the economic backdrop of inflationary pressures, cost of living challenges and regulatory requirements. We have continued to focus on our strategic priorities and ensure our customers remain at the heart of what we do.

We know the sector faces a number of challenges ahead - we have continued to take proactive steps to prevent and treat damp and mould in our properties and make significant improvements to the energy efficiency of our homes.

Some of our key focuses for the forthcoming year include:

- Increasing the supply of affordable homes in Monmouthshire and beyond.
- Maintaining our high customer satisfaction.
- Continuing to support our customers, strengthen our communities and evolve our services.
- Investing in our existing homes to make them modern, safe and energy efficient.

We are delighted to have further strengthened our board and welcomed two new members; Nicola Tindale and Lynda Campbell who bring a wealth of expertise in the construction and HR / organisational management sectors and are already making a significant impact.

Thank you to the many stakeholders who took part in our stakeholder survey. The exercise has helped us gain a clear understanding of needs and aspirations, proving invaluable in shaping our priorities and strategies. We are excited about potential opportunities and partnerships and are confident our goals and plans will deliver positive maximum impacts to those important to us. The results have also helped direct our Corporate Plan and our Responsible Business Strategy.

A key priority remains supporting some of our most vulnerable tenants beyond their front door. In fact, this year MHA's small moneywise team achieved the impressive milestone of putting over £1 million back into our tenants' pockets through income maximisation and access to grants.

We continue to move at a pace with enhancing our digital offering. This Summer, we will be launching a new app for tenants; providing 24/7 access to accounts, enabling residents to make payments, book and track repairs, and more. Additionally, we have created a new website with increased functionality and improved accessibility, which will offer an improved customer journey.

Congratulations must also go to MHA's Homesearch team who won a Chartered Institute of Housing Award for Excellence in Customer Service.

A final thank you must go to MHA's board, executive team and our colleagues who display an abundance of enthusiasm and hard work and continue to deliver a first class service. We look forward to continuing our journey, building a brighter and more sustainable future together.

Anthony Deakin

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 Objectives

Driving value for money throughout our activities ensures our money goes further and 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 2024/25, please refer to our [Corporate Plan](#).



Finance & Business Model

MHA continues to hold private placement loan funding from the Pension Protection Fund with **£65m** drawn at the end of the financial year at very competitive fixed rates of interest which were agreed in 2021 when interest levels were much lower than they are currently. We also have access to a competitive 5-year revolving credit facility with Barclays of **£20m**, which is currently undrawn with 2 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 in its development programme and a budget of **£10.3m** has been earmarked for the financial year to March 2025. 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 **£32.20m** at the end of the year whilst the cash balance for the Group is slightly higher at **£32.78m**. 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 **£20m**.

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. For example, the impact of reduced grant funding; reduced rental income; increased build costs; costs of decarbonising homes and the impact of Welfare reform on the association's finances.

Performance in the Year

The Association's turnover increased by **7.1%** during the year from **£24.3m** to **£26.0m** with rents contributing **£1.6m** of this increase. Operating margins increased, mainly as a result of increased rental levels and reduced repairs expenditure, along with increased disposals during the year. The average rent increase was **6.5%** in accordance with the guidelines of Welsh Government.

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 **£6.6m** (2023: £1.2m) and net cash generated from operating activities being **£5.9m** (2023: £5.6m). There is an actuarial pension loss of **£1.7m** made in the year, compared to a gain of £15.6m in the previous year, leading to a Group Comprehensive income of **£4m** for the year (2023: £15.6m surplus).

Our net interest cost during the year was **£497k** (2023: £922m). We drew the final part of our private placement in the year and we remain very liquid in these challenging economic times, with over **£32m** held in cash and a further **£20m** revolving credit facility available to us. Our average interest rate as **2.3%** (2023: 2.2%) and our debt comprised 100% bearing at fixed rates (2023: 100%). We comfortably met our interest cover and gearing covenants for our bank loans in both 2024 and 2023.

One of our key financial metrics is the free cash generated by the Association. In 2024 free cash inflow increased to **£22.6m** from the **£4.6m** generated the previous year. This increase was mainly as a result of drawing down **£21.4m** in fixed interest bearing loans during the year.

The budget for 2024/25 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 tenant 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.

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 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

£10,000 Saving was made by bringing the Cleaning Service inhouse. Satisfaction levels also improved

Understanding that residents are satisfied is a good check to ensure that efficiency is being achieved without adversely affecting services.

Some of the Association's key VFM deliverables can be attested by outputs from the Welsh Government's Social Landlords Tenant Satisfaction survey 2024:

87% of tenants are satisfied that their rent provides Value for Money

90% of tenants are satisfied with the service provided by MHA

84% of tenants are satisfied with their neighbourhood as a place to live

85% 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 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 2024/25 will be to remain financially viable, build on our resilience and invest in regional growth, and explore collaborative opportunities for additional income to reinvest in core activities. We will focus on the external policy context, including:

- 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 **87%** of tenants satisfied that rents charged provide value for money. Further work will be undertaken during 2024/25 to finalise an internal review of service charges to ensure value for money and affordability for tenants and leaseholders.

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 wider afield in neighbouring local authority areas. 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 8th August 2024 and signed on its behalf by:

Gwyndaf Tobias

Company Secretary



Board Report

MHA Highlights



Financials & Governance

Increased our Annual Turnover to **£26m**

Group revenue
£26.3m

Current Arrears for MHA tenants at the end of March were considerably better at **2.18%** against a target of 3%



Operational

Awarded **£193,221** from the UK Government's 'Multiply' programme, to provide increased financial capability and improved numeracy skills to people living in Monmouthshire

Our first working wardrobe hub opened in Abergavenny.



Homes

Achieved a satisfaction level of **96.54%** for works completed following repairs carried out via Internal Surveys.

700 properties benefitted from loft insulation being topped to 400mm.

Received planning permission to build **46** affordable homes in Caldicot



People

Awarded a Chartered Institute of Housing Award for Excellence in Customer Service for Monmouthshire Homesearch

Maximised apprenticeship opportunities

Three future leaders secured promotions

Great People



Supporting staff health and wellbeing

MHA's 'Life & Soul' group supports our People objectives by ensuring the health & wellbeing of our colleagues and communities are a key focus of our activities. Some of the group's recent activities include a supported weight-loss programme, walking and running groups.

We have 10 employee Mental Health Champions who are trained mental health First Aiders to help support any staff who are struggling with their wellbeing.

The average staff sickness for 2023/24 was 3%, slightly over our target of 2.9%.



Developing our staff

We currently have 8 employees undertaking an apprenticeship in various roles across the business.

Our 5-year HR strategy aims to support our colleagues' personal growth by having a dynamic approach to reskilling existing and attracting new talent. Our employee 'Career Conversations' help to identify ambitions whilst supporting and creating opportunities to develop existing skills. A refresher programme of management development will be made available this year to support this aim.

Our annual Future Leaders programme supports 3 employees each year to develop their leadership skills with a tailored personal development plan, mentoring and project experience.

33.5 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.

What else have we achieved

In 2023/24 we ...

Relaunched the Life and Soul Group

Themed Breakfast meetings to bring colleagues together to talk mental health etc.

Better Together Briefings are held regularly to keep staff up to date with important news and opportunities to ask Senior Management questions

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

Donated **£123** to Shelter Cymru following completion of the staff survey



A diverse and inclusive business

Our Equality, Diversity and Inclusion (EDI) Steering Group comprises staff across the Group responsible for delivering the EDI Strategy action plan, which is scrutinised and monitored by our Board regularly.

In 2023/24 we...

Trained 2 colleagues to carry out Equality Impact Assessments

Investigated why minority groups find it more difficult to get hold of the right person

Reviewed our Recruitment and Selection Policy, as well as procedures to reflect the recommendations made within the Equality Health Checks

Added alerts to Customer Relations systems to notify staff that English is not the tenants' first language

Promoted access to the Language Line resource

Reviewed our Procurement Policy and produced a quick guide for contractors establishing the expectations as representatives of MHA Group

Researched best practice via external auditors and networks to review EDI training including formal and informal awareness raising sessions

We've also made great progress on our Welsh Language Action Plan.

In 2023/24 we...

Relaunched the Welsh Language Scheme and the process of dealing with enquiries from Welsh Speakers

Published a language directory of staff who are proficient in Welsh, verbal and written

Promoted internal courses and online resources available for staff to engage

Staff Email signatures are now bilingual

Procurement Framework

Great Services



Education, employment and training

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

In 2023/24 we ...

32 people supported into employment

41 tenants have signed up to access online training including academic courses, employability skills, financial literacy and health and wellbeing

9 community spaces have been supported with **£1715.26** worth of digital equipment to support schools, foodbanks, churches and community hubs

984 hours were volunteered by the digital champions to the value of **£10,253.28** (based on minimum wage)



Tackling hardship

In 2023/24 we ...

Maximised income for tenants by **£1.132m** to **522** households, with advice provided by our welfare benefits and income experts

Allocated and spent a hardship fund of **£41,798**, and leverage a further **£92k** in external resources such as fuel vouchers and grants, helping support tenants living with the stress and trauma caused by financial hardship

Provided money, benefit and debt advice to **444** tenants

Supported tenants with utilities savings of **£14,852.93**

Supported tenants to claim **£18,050.09** in one off Discretionary Housing Payments

Supported tenants to claim **£228,373** in disability benefits

Secured **£200,000** grant for Multiply Initiative to help improve household finances and more



Tenant involvement

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 Partnerships

We have continued to work with our Volunteer led hubs and now have a total of 10 throughout the County with tenant volunteers actively working within their community to deliver projects and activities that meet their identified priorities.



Community highlights

In 2023/24 we ...

Co-produced **39** events, projects and activities in partnership with our tenants, partners and communities, attracting **1,739** attendees

Awarded **£31,858** to community groups through Pitch for Your Project

Received **£2,750** in Community Benefits

Supported our volunteer led hubs to the value of **£4,926**

500 snack attack packs to support parents to help feed their children during the summer holidays

2023/24 Project highlights



Games and Grub project Funded by Monmouthshire County Council, designed to save money and to encourage families to eat together. To date 121 meals have been enjoyed.



Pitch For Your Project - Our 'Dragon's Den' style project continues to support our local communities. We supported **21** communities, spending **£31,858**. 12 of these projects were dedicated to environmental initiatives. This year's funding pot was also supported by Monmouthshire County Council and has helped to provide a range of activities and support services as well as essential equipment to get facilities ready for opening such as new flooring.



MasterChef Veggie was funded by a grant of **£4,500** from Monmouthshire County Council food partnership. The Project allowed families to engage in learning new cooking skills, promote healthier eating habits and foster a sense of community through shared culinary experiences. **31** families comprising **47** adults and **51** children took part.



Monmouthshire Volunteering Awards - We held our first joint volunteering awards in partnership with GAVO. Collaborative working has demonstrated the benefits to our community leaders and broken down engagement barriers. This has led to closer relationships for both staff and communities and a **60%** reduction in event costs.

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



7 members of a team of **25** are grant funded.



Through our 'Trellis' provision we bolstered MHA's **£50,000** hardship budget with a further **£92,000** in external resources.



We received over **£50,000** from small grants and ad hoc funding to deliver community projects.



Of our **£996,000** budget last year, **£440,096** was received in income.



We recouped over **£149,000** in Levelling Up funding for the iConnect digital inclusion project.



32 people were supported into employment this year representing a social value of **£412,032**

Through income maximisation and money advice we have secured **£1.1 million** in additional income for tenants and support clients.



iConnect has engaged **278** participants and inducted **17** digital champions.



Co-produced **39** events, projects and activities attracting **1,739** attendees.



Our Tenancy Coaches supported **63** vulnerable households to sustain their tenancies, and Housing & Wellbeing supported **86** households over the year to prevent homelessness.



A total of **13,467** community volunteering hours was delivered, equating to the value of **£140,326***



984 digital champion volunteer hours creating a total value of **£10,253.28***

**Calculated using national minimum wage rate @ £10.42 per hour).*



iConnect Project - This offers all-round digital support ranging from getting online, to accessing services and more. The project has demonstrated significant progress and success and has supported **278** participants and **17** digital champions inducted.



Through the **Community Fridge** projects base in our Community Hubs across the County **29.7** tonnes of food waste was saved from landfill.



Our **Community Voice** group currently has **7** members, who draw on their backgrounds and life experiences to bring their own unique perspectives and views to the table.

Although a relatively new group, they are already making an impact and have played a key role in the creation of the damp and mould surveys, been involved in the planning of MHA's new website and helped create our Customer Care Strategy. They also shared their ideas on home improvements, which will feed into our Asset Management Strategy.



CASE STUDY...

Empowerment Through Community Engagement

For several years Mrs X was a shy member of a Community Group in Monmouth, reluctant to participate in community events.

A pivotal move back to Caldicot and more hands-on family support, helped ignite a remarkable transformation in both levels of her engagement and a newfound commitment to participating in community initiatives, including signing up as a fully-fledged member of MHA's Community Voice resident group.

Mrs X's passion and enthusiasm was also instrumental in establishing 'MasterChef minis'; a 5-week online programme for children dreaming of becoming the next Jamie Oliver or Prue Leith!

Armed with a small budget she created recipes, recorded easy to follow cooking videos, and devised social media content to share the videos. MasterChef minis proved extremely popular, largely down to the immense dedication and leadership displayed by Mrs X – we are very proud of her.

Following the success of MasterChef minis, Mrs X extended her involvement by organising a Halloween party and Christmas celebration, further demonstrating her commitment to bringing her local community together.

Mrs X has participated in various tenant conferences recently, and has clearly found her voice, to the delight of MHA staff. Her confidence continues to grow, rather than sit in the background she is happy to share her views and ideas and even advocates for fellow tenants, her community and MHA.

Feedback from the event "an absolutely brilliant event all round! Getting the kids involved in cooking meals had been enjoyable and a wonderful experience. The recipes were not complicated and the step by step instructions were provided by Mrs X and her family were fantastic."

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 86 people in the Abergavenny, Caldicot and Usk areas. Drop-in surgeries in Abergavenny and Caldicot have been introduced, enabling a more responsive service.

Support for older residents

Our Community Living Officers have been supporting our older person's schemes to help tenants feel safe and remain in their own homes. They have also carried out lots of activities to promote wellbeing and reduce isolation.

Tenancy Coaching

The 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.

A Market style shopping event was held, where a company is invited to set up clothing rails to sell items such as diabetic socks and essentials items, alongside a range of clothes for our residents to purchase. As well as encouraging the wider community to come into our older accommodation, the event enables its residents to purchase items, which is particularly helpful for less mobile residents.

In 2023/24 we...

Answered **96.07%** of calls (92% were within 30 seconds)

Responded to **31%** of queries within the target response time for email and Live Chat

Resolved **84%** of calls at first point of contact

Achieved a **99.8%** satisfaction rate from the service provided by the Customer Service Team

Managing Monmouthshire's housing register 'Homesearch'

We have seen an overall increase in applications of 2.94% in the last 12 months. There are 3736 households on the housing register. The increase is largely due to the number of homeless presentations, cost of living pressures and lack of alternative affordable accommodation in the county. Since 2020 homeless household figures have increased by around 341%.

In 2023/24 we...

Processed a total of **1,572** new housing applications

Registered **318** homelessness applications

Let **347** homes through the Homesearch scheme, comprising **125** older persons and **222** general needs

Won Excellence in Customer Service Award

Keeping our Communities Safe

In 2023/24 we explored 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.

MHA is also committed to supporting those experiencing domestic abuse and is working towards attaining the Domestic Abuse Housing Alliance (DAHA) accreditation.

Improved Anti-Social Behaviour (ASB)

Our residents spoke loud and clear that it was important to have clear advice, an agreed action plan and to have regular contact and feedback with your allocated officer, when reporting any concerns or neighbourhood nuisance to us.

Following team brainstorming sessions we made some tweaks to our processes. As a result, we have seen customer satisfaction levels for the second half of the year soar from 63% to 90%.

"I am very satisfied with how my case has been managed, the support offered, and the feedback received. The new officer listened patiently to me explaining about the issues with my neighbour, they were empathetic and supportive, and went out of her way trying to find a solution. The officer has been an absolute god send."

Key ASB stats from 2023/24 include ...

77 Support referrals made

22 Counselling referrals

58 People supported experiencing domestic abuse

102 Monthly average live cases

87 Homes that have had Improved security

190 Cases requiring intervention to access for gas safety service

Resident Complaints Received

17 Formal complaint

21 Compensation claims

76.19% Claims/Complaints responded within target

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 ...

- Tintern Festival Group
- Goytre Children's Choir
- Caldicot Under 8's Football
- Monmouthshire Lantern Parade
- Gateway Church Baby Bank
- Sudbrook Cricket Club

Great Homes

Despite the challenges we face to deliver new affordable homes, we are committed to assisting Welsh Government to deliver on its target of 20,000 new low carbon affordable homes in Wales.

We are passionate about providing high quality, well designed affordable homes for the communities we serve and to help address the housing and cost of living crisis.

We are working with partners and stakeholders to focus development in areas of need whilst continuing to preserve and enhance the local environment and biodiversity.

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 2023/2024 we ...

Received planning permission to build **46** new low carbon affordable homes adjoining Caldicot Town Centre. The design supports the Local Authorities' strategic active travel route between the town centre and the castle

Purchased **26** homes from the open market to support those in temporary accommodation or facing homelessness

Completed the purchase of land for **20** new affordable homes in St. Arvans near Chepstow

Continued to deliver **12** new affordable homes in partnership with our subsidiary Capsel while completing on another 12 affordable homes

Continued to work in partnership with Barratt and David Wilson in Caldicot to deliver **45** new affordable homes through planning conditions

Actively supporting the Delivering **Net Zero** project to create standardised pattern book homes to achieve operational net zero carbon and make a stepped change in embodied carbon emissions

Supported Monmouthshire County Council's town centre regeneration agenda through the purchase and refurbishment of Holman House

Every new home we built in partnership with Capsel achieved EPC A using low carbon space and water heating solutions and supplemented with solar PV

All our new homes designed and built by us will achieve an energy efficiency rating 'EPC' A using low carbon space and water heating solutions and solar PV. We will also consider employing modern methods of construction, where appropriate, and new innovations in pursuit of continuous improvements in safety and speed of delivery. We are committed to reducing construction waste and improving the quality of our homes even further.

CASE STUDY...

From financial hardship to entrepreneurialism

Couple X, both in their early twenties with a large family, had long harboured the dream of starting their own business. However, the harsh reality of financial hardship stood as a formidable barrier to realising their aspirations with their business ideas seemingly put on permanent hold.

With limited resources and mounting debts, they found themselves struggling to keep up with everyday expenses. The burden of unpaid bills loomed large, including rent arrears and overdue utility bills added to their financial woes.

At this point couple X realised they needed professional assistance and contacted MHA to arrange one-to-one personalised budgeting sessions with a financial wellbeing coach, who specialises in coaching and mentoring people to overcome financial challenges.

What did we help and empower couple X to do ...

Implemented a robust budgeting plan enabling them to meticulously track their income and expenditure, enabling them to identify areas for making savings.

Tapped into local social tariffs and resources available in their community enabling them to reduce utility bills and other essential expenses.

Developed a cost saving meal planning strategy focused on minimising food wastage and creating budget friendly meals, significantly reducing their food expenses.

Devised a systematic debt repayment strategy, prioritising their bills such as rent, whilst making consistent payments towards clearing their

outstanding balances.

This holistic approach reaped major rewards for the family, transforming their financial outlook for the better.

What they achieved:

Improved financial stability - they have significantly improved their financial stability and are no longer burdened by the constant stress of living UC payment to UC payment.

Reduced their outstanding debts – the debt repayment plan helped them tackle their growing debts, alleviating a source of significant financial strain for the family.

Couple X have worked extremely hard with the financial wellbeing team, their strategic planning coupled with bags of perseverance and determination has transformed what was a bleak existence into a truly prosperous future.

Empowered by their newfound financial stability they are now channelling their energies into making their entrepreneurial dreams a reality, they are launching their new business and laying the foundation for what promises to be a thriving future.

The financial wellbeing team are very proud of what the family have achieved.

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%)	1.38%*		
			% of LHA rent (e.g. 90%)	98.62%		
				Units	% 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	2802	72.66%	
			Intermediate Rent	43	1.12%	
			Affordable Rent	0	0%	
			Supported Housing	10	0.26%	
			Housing for Older People	991	25.70%	
			Low-cost Home Ownership	0	0%	
			Care Home	0	0%	
			Private Rented Sector	0	0%	
		Other	10	0.26%	*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	36	94.74%	*Purchases and new builds
			Intermediate Rent	0	0%	
			Affordable Rent	0	0%	
			Supported Housing	0	0%	
			Housing for Older People	2	5.26%	
			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	99.94%
	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...

Working to decarbonise our homes

MHA's older persons development Cwrt Severn, in Caldicot comprising 30 flats and a communal area was awarded £1.4m from Welsh Government's optimise retrofit programme.

The Welsh Government's optimise retrofit programme, was created to support social housing providers achieve decarbonisation of their homes.

What have we done at 'Cwrt Severn'...

- Installed a 62kw Solar Panels system – which has seen a reduction in tenants' electricity bills.
- 15kw storage battery solar system - reducing electricity and service charges for the communal areas.
- New windows to all flats –Aesthetically improved the overall look to the building. Residents noticed an instant improvement there was no longer drafts and a dramatic reduction in the level of external noise.
- AOV windows installed in the corridors. Enhanced fire safety measure and has impacted on the overall control temperature in the corridors.
- Power assisted front and rear doors – enables easier access for everyone entering the building.
- Fire Doors – to flats and communal doors to ensure compliance with current fire regulations.
- External Wall Insulation - 140mm Rockwall insulation to increase the energy performance of the building and reduce the co2 emissions
- The balconies have been repaired and resurfaced in non-slip covering.
- Ground floor flats have had a below damp proof course insulation installed to eliminate thermal bridging.
- New handrails to ground floor flats.
- Ramp access to rear fire escapes to enable easy access for all.



Maintaining existing homes

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

In 2023/24 we delivered significant improvements across our housing stock, spending a total of circa **£6.5m** improving existing homes and a further **£8.78m** repairing and maintaining them and keeping them safe.

In 2023/24 we installed ...

128 Kitchens and Bathrooms

147 Windows and doors

187 Boilers heating upgrades

122 New Roofs



External works programme

We invested £969k upgrading and maintaining gates, fences, paths, carparks and boundary walls.

We have continued to provide an excellent repairs service ensuring repairs are completed Right First Time and attending 99% of appointments when we say we will.

In 2023/24 we spent a total of £15.8m in our repairs and maintenance programme...

Planned repairs - **£6.723m**

Cyclical repairs - **£195k**

Responsive repairs - **£5.898m**

Void repairs - **£2.827m**

Compliance - **£154K**

In 2023/24 we ...

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

Actioned **2,854** emergency repairs

Achieved a tenant satisfaction level of **96.54%**

Our Building Services Team were commended in the 'Digital Transformation' categories of both National Housing Digital and Housing Technology awards "for the efficiencies made and excellent satisfaction levels received for the repairs survey carried out via Voicescape".





CASE STUDY...

“Don’t Walk By” is MHA’s mantra

Tenant D first came to our attention when our repairs team raised a ‘Don’t Walk By’ card to raise their concern about D’s living conditions and that he was struggling financially.

The case was initially referred to the moneywise team who then forwarded his ‘case’ to the wellbeing and welfare team for a more holistic approach.

D had been living in a property which was in a poor state, he was experiencing alcohol misuse and had not been looking after himself, he was not eating and washing which lead to poor memory and not attending medical appointments or being able to manage his finances.

D was subsequently allocated a housing support and wellbeing officer Wendy. Over the last 15 months they developed a trusting, supportive relationship, and achieved the following outcomes:

- He has addressed his alcohol dependency and is working well with Gwent Drug and Alcohol Service.
- D is prioritising his health and now attends all medical appointments.
- His home has gone from poor to excellent, in fact he’s become house proud.
- He cares for his appearance and showers, shaves, and changes his clothes daily.
- D cooks meals himself and manages all aspects of his life very independently.

Wendy said:

“D has gone from living in a poor place to having money, pride in himself and his home and is enjoying his life again – it has been a real success. He has worked fabulously with me and with all the external support services. He is even enjoying his cooking, going out for walks and is excited about going on holiday. I feel super proud of what D has achieved – thank goodness for our ‘Don’t Walk By’ scheme”.

D said:

“When I met Wendy, I was rudderless, I had a lot of problems in my life. Moving into the flat was a lovely thing to do but I didn’t seem to be able to keep the place in a good condition and it impacted on my mental health. I wanted to metaphorically pull the duvet over my head, but Wendy helped me get the right support and to deal with everything”.

“I am now going abroad for the first time in 5 years, everything is really positive at the moment. Wendy has been wonderful and without her intervention I fear to think what might have happened to me”.

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 2023/24 we ...

Continued with our Customer First projects, this will realign with Community Voice and the policy review framework next year

Following a successful pilot of Betty, the robotic processing automation bot we have now rolled this out to a further 10 processes within the income team to ensure we have the most up to date and accurate information when collecting rent arrears as well as helping colleagues work smarter

Launched an expenses app to claim mileage

Implemented a Hybrid mailing system

Invested time in transforming the way we work collaboratively across teams through our second phase of Microsoft 365. Went live with the implementation of Microsoft 365, this included a brand-new intranet, improved data governance/document management, as well as enable colleagues across teams to work collaboratively more easily

Introduced a Purchase **2** Pay system, ensuring suppliers are paid efficiently and providing more control and a stronger segregation of duties

Testing of the tenant app is underway and will be going live later in 2024



New solar panels

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 2023/24 we achieved ...

ISO 14001 (Environmental) and ISO 45001 (Health & Safety) certification (March 2024)

Green Dragon certification (December 2023).

In 2023/24 we completed ...

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

98.11% Stairlift service inspections

99.06% Stairlift independent inspections (LOLER)

99.34% Smoke alarm inspections

99.12% CO alarm inspections

4 Pillars For Group

Pledging our commitment and focus for the year ahead...



Places

We are committed to delivering high quality, safe and affordable homes with vibrant surroundings, collaborating with partners to create thriving communities.



Prosperity

Investing in growth we will remain a financially strong and resilient business, championing fair and local procurement.



Planet

Adaptable stewards of the environment, we will continue to build sustainable and eco-friendly homes, championing ecological resilience and contribute towards national zero carbon targets.



People

By championing a culture of inclusivity, diverse talent and healthy living we will support people to flourish and fulfil their true potential

Statement of Board Members' Responsibilities

The Board is 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 is 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. The Board is 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 2023 to 31 March 2024. 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, MHA's Board acknowledges its responsibilities for the Association's system of internal control and for reviewing their effectiveness. The Board also acknowledges its responsibility for the wider aspects of risk management.

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 2024.
- 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 2023/24.
- 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.
- One member of the MHA Board sits on Capsel Board.

4. Internal & External Audit & Assurance

- The Internal Audit Service was re-tendered during 2023 with Mazars appointed for a new term from the 2023/24 financial year.
- 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.
- Throughout the period 2023/24 a total of 19 recommendations have been raised by internal auditors and have been accepted by MHA.
- 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 with the support of external consultants.
- IT Disaster Recovery Plans are in place which have been tested during the year by external specialist companies.
- A tenant satisfaction survey was undertaken during the year.
- 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. A Corporate Risk Dashboard summarising the main risks and movements in trends is 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 Statement is 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.
- 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 & Bribery 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 2023 to the date the annual accounts for 2023/24 are approved and confirms that they are operating effectively.

The Board Report, Statement of Board Members' Responsibilities and the Statement of Internal Control were approved by the Board on 8th August 2024 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 2024 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 2024 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 annual 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.

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 33 – 35, in our opinion:

- The Board has 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 22, 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, Renting Homes (Wales) Act 2016, 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

For the year ended 31st March 2024

	Notes	Group		Association	
		£'000	£'000	£'000	£'000
		2024	2023	2024	2023
Turnover	3	26,341	25,917	26,011	24,282
Operating expenditure	3	(21,210)	(24,837)	(21,087)	(23,233)
Gain on disposal of PPE	4	<u>1,427</u>	<u>74</u>	<u>1,409</u>	<u>71</u>
Operating surplus		6,558	1,154	6,333	1,120
Interest receivable	5	459	218	658	301
Interest and financing costs	6	(1,184)	(1,482)	(1,184)	(1,482)
Fair value movement - investment properties	12a	(80)	25	(80)	25
Dividends received		<u>-</u>	<u>-</u>	<u>-</u>	<u>300</u>
Surplus/ (Deficit) before tax	7	5,753	(85)	5,727	264
Taxation	10	<u>(49)</u>	<u>25</u>	<u>(41)</u>	<u>2</u>
Surplus/ (Deficit) for the year		5,704	(60)	5,686	266
Other comprehensive income:					
Actuarial (loss)/gain in respect of pension schemes	19	(1,685)	15,577	(1,685)	15,577
Deferred Tax	10	<u>15</u>	<u>38</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>4,034</u>	<u>15,555</u>	<u>4,001</u>	<u>15,843</u>

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 47 - 85 form part of these financial statements.

The financial statements on pages 41 - 85 were approved and authorised for issue by the Board on 8th August 2024 and were signed on its behalf by:

Signed

Tony Deakin
Chair

.....

Dimitri Batrouni
Vice Chair

.....

Gwyndaf Tobias
Company Secretary

Statement of Financial Position

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2024

Registered number: 30087R

	Notes	Group		Association	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
Intangible fixed assets	11	39	58	39	58
Housing properties	12	139,935	126,046	138,087	124,000
LCHO Properties	12	-	432	-	432
Homebuy loans receivable	12	4,287	3,782	4,287	3,782
Investment properties	12	1,435	1,515	1,435	1,515
Other property, plant and equipment	13	3,755	3,806	3,749	3,800
Non Current Assets		149,451	135,639	147,597	133,587
Current assets					
Inventories	14	3,206	1,240	98	95
Debtors	15	5,428	5,119	10,472	8,182
Cash and cash equivalents		32,784	11,586	32,201	11,024
		41,418	17,945	42,771	19,301
Current Liabilities					
Creditors: amounts falling due within 1 year	16	(7,525)	(5,637)	(7,220)	(5,104)
Net current assets		33,893	12,308	35,551	14,197
Total assets less net current assets		183,344	147,947	183,148	147,784
Non-current liabilities					
Creditors: amount falling due after 1 year	17	(135,360)	(105,738)	(135,360)	(105,738)
LGPS Asset	19	-	1,691	-	1,691
SHPS Liability	19	(289)	(239)	(289)	(239)
Net assets		47,695	43,661	47,499	43,498
Capital and Reserves					
Share capital	20	-	-	-	-
Pension Reserve		(289)	1,452	(289)	1,452
Revenue Reserve		47,984	42,209	47,788	42,046
Total Reserves		47,695	43,661	47,499	43,498

The notes on pages 47-85 form part of these financial statements. The financial statements of Monmouthshire Housing Association Limited on pages 41-85 were approved and authorised for issue by the Board on 8th August 2024 and signed on its behalf by:

Signed

Tony Deakin
Chair

.....

Dimitri Batrouni
Vice Chair

.....

Gwyndaf Tobias
Company Secretary

Statement of Changes in Equity & Reserves

For the year ended 31st
March 2024

	Group			Association		
	Called up share capital	Revenue Reserve (including pension reserve)	Total	Called up share capital	Revenue Reserve (including pension reserve)	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2022	-	28,106	28,106	-	27,655	27,655
(Deficit)/Surplus for the year	-	(60)	(60)	-	266	266
Actuarial gain in respect of pension schemes	-	15,577	15,577	-	15,577	15,577
Deferred Tax	-	38	38	-	-	-
As at 31 March 2023	-	43,661	43,661	-	43,498	43,498
Surplus for the year	-	5,704	5,704	-	5,686	5,686
Actuarial loss in respect of pension schemes	-	(1,685)	(1,685)	-	(1,685)	(1,685)
Deferred Tax	-	15	15	-	-	-
As at 31 March 2024	-	47,695	47,685	-	47,499	47,499

The revenue reserve represents the accumulated surplus of the Group and Association.

The notes on pages 47 – 85 form part of these financial statements.

Statement of Cash flows

For the year ended 31st March 2024

	Notes	Group		Association	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
Net cash generated from operating activities	21	5,840	5,601	5,710	5,688
Cash flows from investing activities					
Purchase of property, plant and equipment		(19,405)	(21,194)	(19,477)	(20,842)
Proceeds from sale of property, plant and equipment		1,432	848	1,414	845
Grants received		12,034	6,106	12,034	6,106
Interest received		301	121	500	204
Net cash flows from investing activities		(5,638)	(14,119)	(5,529)	(13,687)
Cash flows from financing activities					
New loans		22,120	2,810	22,120	2,810
Interest paid		(1,124)	(1,126)	(1,124)	(1,126)
Net cash flows from financing activities		20,996	1,684	20,996	1,684
Net increase/(decrease) in Cash and Cash Equivalents		21,198	(6,834)	21,177	(6,315)
Cash and cash equivalents at beginning of the year		11,586	18,420	11,024	17,339
Cash and cash equivalents at end of the year		32,784	11,586	32,201	11,024

The notes on pages 47 - 85 form part of these financial statements.

Statement of Cash flow

Free cash flow for the reporting year ended 31 March 2024

	Note	Group		Association	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
Net cash generated from operating activities	21	5,840	5,601	5,710	5,688
Interest paid		(1,124)	(1,126)	(1,124)	(1,126)
Interest received		301	121	500	204
Adjustments for reinvestment in existing properties					
Component replacements		(6,505)	(5,599)	(6,505)	(5,599)
Purchase of other replacement fixed assets		(7)	(16)	-	(9)
Dowry grant received		2,600	2,600	2,600	2,600
Free cash generated before financing activity		1,105	1,581	1,181	1,758
Loan drawdowns		22,120	2,810	22,120	2,810
Loans repaid		-	-	-	-
Free cash generated after financing activity		23,225	4,391	23,301	4,568

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. Principal 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 paragraphs 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 on the parent of 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.

Grant Funding

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.

Dowry

The Association received financial assistance from the Welsh Government to support the achievement of the Welsh Housing Quality Standard (WHQS). To meet the requirements of WHQS, the association has been replacing components of the housing stock. The Grant is accounted for using the accrual method, whereby, Grant is amortised over the expected useful economic life of the components. There is no requirement to repay this grant when disposal occurs.

Social Housing Grant and other Government Grants

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 associated 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 are 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 local government and social housing pension schemes 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 when 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 costs 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 on-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 2024.

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.

Judgements:

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 2024.

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 2024.

Estimates:

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 2024 by professional qualified external valuers. The valuation of properties was undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation Standards.

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 2024 identified an accounting surplus of £8.667m.

The scheme's actuary has confirmed that they can demonstrate no economic benefit arising to MHA from an 'asset ceiling' calculation comparing the present value of future service costs to the present value of future contributions.

Accordingly, MHA has not recognised the pension asset position, restricting the surplus to £nil, and reducing actuarial gains by the same amount.

3. Particulars of turnover, operating costs and operating surplus

Group

	Turnover	2024		2023		
		Operating Costs	Operating Surplus/ (Deficit)	Turnover	Operating Costs	Operating Surplus/ (Deficit)
		£'000	£'000	£'000	£'000	£'000
Social Housing lettings (Note 3a)	25,805	(20,931)	4,874	23,878	(22,686)	1,192
Other Social Housing Activities						
Building services external income	34	(41)	(7)	195	(107)	88
Non Social Housing activities:						
Property development and sales	2	(66)	(64)	1,336	(1,369)	(33)
Property maintenance and refurbishment	-	-	-	24	(335)	(311)
Estate agency services	2	(140)	(138)	40	(172)	(132)
Photovoltaic panels	447	(32)	415	444	(168)	276
Commercial Rents	51	-	51	-	-	-
Total	26,341	(21,210)	5,131	25,917	(24,837)	1,080

Association

	2024			2023		
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing lettings (Note 3b)	25,911	(20,913)	4,998	24,025	(22,900)	1,125
Other Social Housing Activities						
Building services external income	44	(41)	3	256	(108)	148
Non Social Housing activities:						
Property development and sales	5	(133)	(128)	1	(225)	(224)
Commercial Rents	51	-	51	-	-	-
Total	26,011	(21,087)	4,924	24,282	(23,233)	1,049

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

	General Needs £'000	Supported Housing £'000	2024 Total £'000	2023 Total £'000
Income				
Rents receivable	21,974	-	21,974	20,360
Service charge income	640	-	640	500
Income for support services	-	106	106	109
Amortised government grants	2,453	-	2,453	2,295
Leaseholders income	91	-	91	110
Other income	541	-	541	504
	<hr/>	<hr/>	<hr/>	<hr/>
Turnover from social housing lettings	25,699	106	25,805	23,878
Cost				
Management costs	(4,197)	(300)	(4,497)	(5,426)
Service charge costs	(1,375)	-	(1,375)	(1,179)
Routine maintenance	(8,775)	-	(8,775)	(5,913)
Major repairs expenditure	(567)	-	(567)	(4,594)
Bad Debts	(19)	-	(19)	(152)
Depreciation of housing properties	(5,431)	-	(5,431)	(5,135)
Other costs	(267)	-	(267)	(287)
	<hr/>	<hr/>	<hr/>	<hr/>
Operating costs on social housing lettings	(20,631)	(300)	(20,931)	(22,686)
	<hr/>	<hr/>	<hr/>	<hr/>
Operating surplus/(deficit) on social housing lettings	5,068	(194)	4,874	1,192
	<hr/>	<hr/>	<hr/>	<hr/>
Rent loss due to voids	180	-	180	167

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

	General Needs £'000	Supported Housing £'000	2024 Total £'000	2023 Total £'000
Income				
Rents receivable	21,974	-	21,974	20,360
Service charge income	640	-	640	500
Income for support services	106	-	106	109
Amortised government grants	2,453	-	2,453	2,295
Leaseholders income	-	90	90	110
Other income	648	-	648	651
Turnover from social housing lettings	<u>25,821</u>	<u>90</u>	<u>25,911</u>	<u>24,025</u>
Cost				
Management costs	(4,197)	(300)	(4,497)	(5,451)
Service charge costs	(1,375)	-	(1,375)	(1,179)
Routine maintenance	(8,725)	-	(8,725)	(6,165)
Major repairs expenditure	(567)	-	(567)	(4,594)
Bad Debts	(19)	-	(19)	(152)
Depreciation of housing properties	(5,312)	-	(5,312)	(5,072)
Other costs	(418)	-	(418)	(287)
Operating costs on social housing lettings	<u>(20,613)</u>	<u>(300)</u>	<u>(20,913)</u>	<u>(22,900)</u>
Operating surplus/(deficit) on social housing lettings	<u>5,208</u>	<u>(210)</u>	<u>4,998</u>	<u>1,125</u>
Rent loss due to voids	180	-	180	167

4. Surplus on disposal of property, plant and equipment

	Group		Association	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Housing properties – proceeds	835	875	835	875
Housing properties - cost of sales	(101)	(802)	(110)	(805)
LCHO proceeds	1,122	1	1,122	1
LCHO cost of sales	(429)	-	(438)	-
Total	1,427	74	1,409	71

During the year MHA disposed of 5 properties under the Association's asset management strategy, as they were uneconomical to repair and met the criteria for disposal.

5. Interest receivable

		Group		Association	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
Bank interest receivable		301	121	301	121
HFG interest receivable		92	97	92	97
Other interest receivable		-	-	199	83
Net interest cost on DB pensions	19	66	-	66	-
Total		459	218	658	301

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

6. Interest and financing costs

	Group		Association	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Interest payable	(1,184)	(1,126)	(1,184)	(1,126)
Net interest cost on DB pensions 19	-	(356)	-	(356)
Total	(1,184)	(1,482)	(1,184)	(1,482)

7. Surplus/(Deficit) for the year

	Group		Association	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Surplus/(Deficit) stated after charging / (crediting):				
Depreciation - housing properties	5,431	5,135	5,312	5,072
Depreciation – other	58	63	51	55
Amortisation - intangible assets	19	100	19	97
Amortised government grant	(2,453)	(2,295)	(2,453)	(2,295)
Gain on disposal of fixed assets	(1,427)	(74)	(1,409)	(71)
Auditor's remuneration (excluding VAT)				
Audit of the financial statements of the Association	22	19	22	19
Audit of the financial statements of the Subsidiary	6	5	6	5
Other Services	1	1	1	1
	29	25	29	25
Operating lease rentals (2023 restated)	29	26	27	11

Restated operating leases to exclude vehicle rental not on an operating lease.

8. Employee Information

	Group		Association	
	2024 No.	2023 No.	2024 No.	2023 No.
Average number of employees	259	266	251	249
Actual number of employees employed at 31 March 2024	<u>258</u>	<u>265</u>	<u>250</u>	<u>250</u>
<u>FTE's - 37 hours / week</u>				
Direct labour organisation including admin	69	87	69	74
Head office staff	151	145	144	142
Total	<u>220</u>	<u>232</u>	<u>213</u>	<u>216</u>

	Group		Association	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Wages and salaries	7,443	7,320	7,157	6,900
Social security costs	674	691	656	655
Pension costs	1,208	2,753	1,203	2,745
Total	<u>9,325</u>	<u>10,764</u>	<u>9,016</u>	<u>10,300</u>

9. Key Management Personnel

	Group		Association	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Wages and salaries	495	475	465	439
Social security costs	53	52	53	52
Other pension costs	70	68	70	68
Total	<u>618</u>	<u>595</u>	<u>588</u>	<u>559</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 £68.8k was paid to MHA group non-employee members of the Board during the year (2023: £71.5k).

For a full calendar year the Chair of the Board is paid £9.5k, Vice Chair £6.9k, other Chairs £5.8k, Board members £4.2k and co-opted members £2.7k. For Capsel the Chair is paid £.9k, and members £4.2k. The total remuneration paid to key management personnel during this year was £618k (2023: £595k).

	2024	2023
	£'000	£'000
Remuneration of the highest paid director (excluding pension contributions)	140	132

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 (2023: £23k).

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

Salary Band (£)	Group		Association	
	2024	2023	2024	2023
	No.	No.	No.	No.
90,000 - 99,999	-	-	-	-
100,000 - 109,999	1	2	1	2
110,000 - 119,999	2	1	2	1
120,000 - 129,999	-	-	-	-
130,000 - 139,999	-	-	-	-
140,000 - 149,999	-	-	-	-
150,000 - 159,999	-	1	-	1
160,000 – 169,999	1	-	1	-
Total	4	4	4	4

10. Tax on surplus on ordinary activities

	Group		Association	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Current Tax				
UK corporation tax on surplus for the year	26	5	15	-
Adjustments in respect of prior years	23	(30)	26	(2)
Total Current Tax	49	(25)	41	(2)

The standard rate of tax applied to the reported surplus is 25% (2023: 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	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Overall Surplus/(deficit) before tax	5,753	(85)	5,727	264
Surplus/(deficit) on taxable activities before tax	94	(200)	59	(224)
Profit multiplied by tax rate:				
UK corporation tax charge	23	5	15	-
Expenses not tax deductible	3	-	-	-
Capital allowances in excess of depreciation:	-	-	-	-
Group relief	-	-	-	-
Utilisation of tax losses	-	-	-	-
Adjustment to tax in respect of prior periods	23	(30)	26	(2)
Current tax charge for the year	49	(25)	41	(2)
Deferred tax				
Deferred tax charge to OCI	(15)	(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 2024 £'000	Association 2024 £'000
Cost		
As at 1 April 2023	486	482
Additions	-	-
Disposals	-	-
As at 31 March 2024	<u>486</u>	<u>482</u>
Amortisation		
As at 1 April 2023	428	424
Charged	19	19
Eliminated on disposal	-	-
As at 31 March 2024	<u>447</u>	<u>443</u>
Net book value		
As at 31 March 2024	<u>39</u>	<u>39</u>
As at 31 March 2023	<u>58</u>	<u>58</u>

12. Tangible Fixed Assets – Housing Properties (Group)

	Group		
	Completed Properties £'000	Under Construction £'000	Total £'000
Cost			
At 1 April 2023	146,226	23,751	169,977
Schemes completed in the year	8,016	(8,016)	-
Additions			
New developments	-	12,893	12,893
Component additions	6,505	-	6,505
Aborted development written-off	-	(48)	(48)
Disposals	(51)	-	(51)
	<hr/>	<hr/>	<hr/>
As at 31 March 2024	160,696	28,580	189,276
Depreciation			
At 1 April 2023	(43,931)	-	(43,931)
Charge for the year	(5,431)	-	(5,431)
Eliminated on disposal	21	-	21
	<hr/>	<hr/>	<hr/>
As at 31 March 2024	(49,341)	-	(49,341)
Net Book Value			
As at 31 March 2024	<hr/> 111,355 <hr/>	<hr/> 28,580 <hr/>	<hr/> 139,935 <hr/>
As at 31 March 2023	<hr/> 102,295 <hr/>	<hr/> 23,751 <hr/>	<hr/> 126,046 <hr/>

12. Tangible fixed assets – Housing Properties (Association)

	Association		
	Completed Properties £'000	Under Construction £'000	Total £'000
Cost			
At 1 April 2023	142,708	23,933	166,641
Schemes completed in the year	8,016	(8,016)	-
Additions			
New developments	-	12,972	12,972
Component additions	6,505	-	6,505
Aborted development written-off	-	(48)	(48)
Disposals	(51)	-	(51)
	<hr/>	<hr/>	<hr/>
As at 31 March 2024	157,178	28,841	186,019
Depreciation			
At 1 April 2023	(42,641)	-	(42,641)
Charge for the year	(5,312)	-	(5,312)
Eliminated on disposal	21	-	21
	<hr/>	<hr/>	<hr/>
As at 31 March 2024	(47,932)	-	(47,932)
Net Book Value			
As at 31 March 2024	109,246	28,841	138,087
As at 31 March 2023	100,067	23,933	124,000

Freehold land and buildings with a carrying value of £20.2m (2023: £24m) are pledged as security. Those measured at an Existing Use Value – Social Housing valuation currently total £25.8m (2023: £23.6m) which both include market rent properties (note 12a), have been pledged to secure undrawn revolving credit facilities for the Association. Long term loans secured in 2020-21 against housing assets are valued on a MV-STT basis and are currently valued at £81.2m (2023: £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, 2,207 properties are uncharged whereas the remaining 1,687 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 £1.110m of replaced components undertaken by the Association's Building Services department (2023: £1.3m). 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)

	2024 £'000	2023 £'000
Analysis of work to existing properties:		
Capitalised replacement of components	6,505	5,599
Charge to Statement of Comprehensive Income	567	4,594

12a. Investment Properties

	Group		Association	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
At 1 April 2023	1,515	1,490	1,515	1,490
Movement in fair value	(80)	25	(80)	25
At 31 March 2024	<u>1,435</u>	<u>1,515</u>	<u>1,435</u>	<u>1,515</u>

At 31 March 2024, 10 properties remain as market rent valued at £1.435m (2023: 10 properties valued at £1.515m). These properties were valued on the basis of MV-STT by an independent valuer with a recognised and professional qualification in March 2024.

12b. Low Cost Home Ownership

	Group		Association	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Cost as at 1 April 2023	432	-	432	-
Additions during the year	-	432	-	432
Disposals during the year	(432)	-	(432)	-
As at 31 March 2024	<u>-</u>	<u>432</u>	<u>-</u>	<u>432</u>

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

12c. Home buy Loans Receivable

	Group		Association	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
At 1 April 2023	3,782	3,782	3,782	3,782
Loans issued in year	505	-	505	-
Loans redeemed during the year	-	-	-	-
At 31 March 2024	4,287	3,782	4,287	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 and Fittings £'000	Total £'000	Freehold property £'000	Fixtures and Fittings £'000	Total £'000
Cost						
At 1 April 2023	4,492	764	5,256	4,492	714	5,206
Additions	-	7	7	-	-	-
Eliminated on disposal	-	-	-	-	-	-
As at 31 March 2024	4,492	771	5,263	4,492	714	5,206
Depreciation						
At 1 April 2023	(704)	(746)	(1,450)	(704)	(702)	(1,406)
Charge for the year	(43)	(15)	(58)	(43)	(8)	(51)
Eliminated on disposal	-	-	-	-	-	-
As at 31 March 2024	(747)	(761)	(1,508)	(747)	(710)	(1,457)
Net Book Value						
As at 31 March 2024	3,745	10	3,755	3,745	4	3,749
As at 31 March 2023	3,788	18	3,806	3,788	12	3,800

14. Inventories

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Raw materials and consumables	98	95	98	95
Work in progress	3,108	1,145	-	-
Total	3,206	1,240	98	95

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

15. Debtors

	Group		Association	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Rent arrears (gross)	1,350	1,307	1,350	1,307
Provision for bad debts	(339)	(379)	(339)	(379)
Net rental debtors	<u>1,011</u>	<u>928</u>	<u>1,011</u>	<u>928</u>
Intercompany debtor	-	-	61	7
Finance lease (inter co debtor)	-	-	187	182
Other debtors	315	144	117	139
HMRC - VAT Refund	352	288	330	254
Prepayments and accrued income	785	709	719	639
Housing Finance Grant	91	88	91	88
Total	<u>2,554</u>	<u>2,157</u>	<u>2,516</u>	<u>2,237</u>

The following debtors are due after more than one year:

	Group		Association	
	2024 £'000	2023 £'000	2023 £'000	2023 £'000
Housing Finance Grant	2,822	2,924	2,822	2,924
Finance lease - intercompany debtor	-	-	2,034	2,221
Other intercompany debtor	-	-	3,100	800
Deferred Tax Debtor	52	38	-	-
Total falling due after more than one year	<u>2,874</u>	<u>2,962</u>	<u>7,956</u>	<u>5,945</u>
Total debtors	<u>5,428</u>	<u>5,119</u>	<u>10,472</u>	<u>8,182</u>

The finance lease debtor is with Capsel for PV panels. See note 25 for further details.

16. Creditors – Amounts falling due within one year

	Group		Association	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Rents in advance	347	361	347	361
Deferred rental income	-	118	-	118
Other creditors	1,732	1,757	1,404	1,319
Accrued interest	256	196	256	196
Accruals	743	797	641	721
SHG in advance	1,695	-	1,695	-
Government grants (Note 17a)	2,453	2,260	2,453	2,260
Retentions	61	113	61	113
Tax and social security	226	19	213	-
Pensions	12	16	12	16
Intercompany creditor	-	-	138	-
Total	7,525	5,637	7,220	5,104

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

	Group		Association	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Housing loans	64,697	49,697	64,697	49,697
Welsh Government dowry grant (Note 17a)	21,915	21,550	21,915	21,550
Social Housing grant (Note 17a)	32,513	25,184	32,513	25,184
Housing Finance Grant (Note 17a)	2,544	2,660	2,544	2,660
Community benefit loan	12,930	5,810	12,930	5,810
Other government grants (Note 17a)	761	837	761	837
	135,360	105,738	135,360	105,738

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% and 2.3% (2023: 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	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Due within:				
Between one and two years	-	-	-	-
Between two and five years	12,930	5,810	12,930	5,810
In five years or more	64,697	49,697	64,697	49,697
	<u>77,627</u>	<u>55,507</u>	<u>77,627</u>	<u>55,507</u>

MHA refinanced its housing loans in 2020/21 with a 40 year private placement. £50m was drawn in February 2021, with a further £15m drawn down in January 2024. The interest rate is fixed for the duration of the loan at 2.25% on the first tranche £50m and 2.3% on the second tranche. The Association also has undrawn revolving credit facilities of £20m (2023: £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 2,207 properties are uncharged whereas the remaining 1,687 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 2023	39,500	28,902	3,389	1,001	72,792
Received	2,600	7,548	-	-	10,148
As at 31 March 2024	42,100	36,450	3,389	1,001	82,940
Amortisation					
As at 1 April 2023	15,975	3,559	613	154	20,301
Amortised	2,105	189	116	43	2,453
As at 31 March 2024	18,080	3,748	729	197	22,754
As at 31 March 2024	24,020	32,702	2,660	804	60,186
As at 31 March 2023	23,525	25,343	2,776	847	52,491
Due within:					
Less than one year	2,105	189	116	43	2,453
Between two and five years	8,402	756	464	172	9,794
In five years or more	13,513	31,757	2,080	589	47,939
	24,020	32,702	2,660	804	60,186

18. Provisions – Group and Association

There are no provisions for the year end 31 March 2024. (2023: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 16.4% of pensionable salary (2023: 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 2024 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:	2024	2023
	% p.a.	% p.a.
Pension increase rate	2.75%	2.95%
Salary increase rate	3.25%	3.45%
Discount rate	4.85%	4.75%

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, 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. for both males and females. Based on these assumptions, the average future life expectancies at age 65 for the Employer are summarised below:

	Males		Females	
	2024	2023	2024	2023
Current pensioners	20.6 years	20.7 years	24.1 years	24.3 years
Future pensioners*	21.6 years	21.8 years	25.4 years	25.6 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

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.

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.

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 2023. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2024 to 28 February 2025 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:	2024 % p.a.	2023 % p.a.
Discount Rate	4.92%	4.83%
Inflation (RPI)	3.09%	3.16%
Inflation (CPI)	2.79%	2.81%
Salary Growth	3.79%	3.81%
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:

	2024		2023
	Life expectancy at age 65 (Years)		Life expectancy at age 65 (Years)
Male retiring in 2024	20.5	Male retiring in 2023	21.0
Female retiring in 2024	23.0	Female retiring in 2023	23.4
Male retiring in 2044	21.8	Male retiring in 2043	22.2
Female retiring in 2044	24.4	Female retiring in 2043	24.9

Assets

	31 March 2024	31 March 2023
	£'000	£'000
Global Equity	119	23
Absolute Return	47	13
Distressed Opportunities	42	37
Credit Relative Value	39	46
Alternative Risk Premia	38	2
Emerging Markets Debt	15	6
Risk Sharing	70	89
Insurance-Linked Securities	6	31
Property	48	52
Infrastructure	121	138
Private Equity	1	-
Private Debt	47	54
Opportunistic Illiquid Credit	47	52
High Yield	-	4
Opportunistic Credit	-	-
Cash	24	9
Corporate Bond Fund	-	-
Liquid Credit	-	-
Long Lease Property	8	37
Secured Income	36	56
Liability Driven Investment	486	557
Currency Hedging	-	2
Net Current Assets	2	3
Total assets	1,196	1,211

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 were notified in 2021 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 is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before mid-2025 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

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 2024 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	37,999	1,211	39,210
Present value of funded obligations	(33,998)	(1,450)	(35,448)
Present value of unfunded obligations	-	-	-
Effect of Asset Ceiling	(2,310)	-	(2,310)
Opening position as at 31 March 2023	1,691	(239)	1,452
Service cost			
Current service cost	(1,292)	(20)	(1,312)
Expenses	-	(4)	(4)
Past service cost (including curtailments)	-	-	-
Effect of settlements	-	-	-
Total service cost	(1,292)	(24)	(1,316)
Net interest			
Interest income on plan assets	1,815	61	1,876
Interest cost on defined benefit obligation	(1,630)	(70)	(1,700)
Interest on the effect of the asset ceiling	(110)	-	(110)
Total net interest	75	(9)	66
TOTAL defined benefit cost recognised in SOCI	(1,217)	(33)	(1,250)
Cash flows			
Participants' contributions	443	13	456
	(443)	(13)	(456)
Employer contributions	1,070	124	1,194
Estimated benefits paid	(1,088)	(37)	(1,125)
	1,088	37	1,125
Estimated unfunded benefits paid	-	-	-
Estimated contributions in respect of unfunded benefits paid	-	-	-
Effect on business combinations and disposals	-	-	-
Expected closing positions	1,544	(148)	1,396
Remeasurements			
Changes in financial assumptions	2,461	27	2,488
Changes in demographic assumptions	195	15	210
Other experience	(1,020)	(7)	(1,027)
Return on assets excluding amounts included in net interest	3,067	(176)	2,891
Changes in effect of the asset ceiling	2,420	-	2,420
Total remeasurements in OCI	7,123	(141)	6,982
Fair value of plan assets	43,306	1,196	44,502
Present value of funded obligations	(34,639)	(1,485)	(36,124)
Surplus not recognised	(8,667)	-	(8,667)
Closing position as at 31 March 2024	-	(289)	(289)
Total remeasurements in OCI	7,123	(141)	6,982
Surplus not recognised	(8,667)	-	(8,667)
Actuarial (loss) in respect of Pension Schemes - charged to OCI	(1,544)	(141)	(1,685)

19. Defined benefit schemes (continued)

The Greater Gwent (Torfaen) Pension Fund has a gross accounting surplus at the reporting date of £8,667k. 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 confirmed that they can demonstrate no economic benefit arising to MHA from an 'asset ceiling' calculation comparing the present value of future service costs to the present value of future contributions.

Accordingly, MHA has not recognised the pension asset position, restricting the surplus to £nil, and reducing actuarial gains by the same amount.

19. Defined benefit schemes (continued)

Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability 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 2021	(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 2022	1,691	(239)	1,452
Total remeasurements in OCI	17,960	(73)	17,887
Surplus not recognised	(2,310)	-	(2,310)
Actuarial gain/(loss) in respect of Pension Schemes - charged to OCI	15,650	(73)	15,577

20. Share Capital – Group and Association

	2024	2023
	£	£
As at start of year	68	72
Issued during the year	2	-
Shares cancelled during the year	(9)	(4)
As at end of year	<u>61</u>	<u>68</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	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Cash flow from operating activities				
Surplus/(Deficit) for the financial year	5,704	(60)	5,686	266
<i>Adjustments for non cash items:</i>				
Depreciation of tangible fixed assets	5,489	5,215	5,363	5,127
Amortisation of intangible fixed assets	19	100	19	97
Movement in fair value of investment properties	80	(25)	80	(25)
(Increase) /decrease in stock	(1,966)	188	(3)	(26)
(Increase)/decrease in trade and other debtors	(393)	(199)	(2,389)	340
(Decrease)/increase in trade and other creditors	(109)	(166)	127	(582)
Profit on disposal of tangible fixed assets	(1,427)	(74)	(1,409)	(71)
Amortisation of government grants	(2,453)	(2,295)	(2,453)	(2,295)
Pension costs less contributions payable	122	1,678	122	1,678
<i>Adjustments for investing or financing activities:</i>				
Interest payable	1,184	1,482	1,184	1,482
Interest receivable	(459)	(218)	(658)	(301)
Taxation	49	(25)	41	(2)
Net cash generated from operating activities	<u>5,840</u>	<u>5,601</u>	<u>5,710</u>	<u>5,688</u>

Net debt reconciliation – Group

	At 1 April 2023 £'000	Cash flows £'000	Other non- cash changes £'000	At 31 March 2024 £'000
Cash and cash equivalents				
Cash	11,412	21,169	-	32,581
Cash equivalents	174	29	-	203
	<u>11,586</u>	<u>21,198</u>	<u>-</u>	<u>32,784</u>
Borrowings				
Debt due within one year	-	-	-	-
Debt due after one year	(55,507)	(22,120)	-	(77,627)
	<u>(55,507)</u>	<u>(22,120)</u>	<u>-</u>	<u>(77,627)</u>
Total	(43,921)	(922)	-	(44,843)

Net debt reconciliation – Association

	At 1 April 2023 £'000	Cash flows £'000	Other non- cash changes £'000	At 31 March 2024 £'000
Cash and cash equivalents				
Cash	10,850	21,148	-	31,998
Cash equivalents	174	29	-	203
	<u>11,024</u>	<u>21,177</u>	<u>-</u>	<u>32,201</u>
Borrowings				
Debt due within one year	-	-	-	-
Debt due after one year	(55,507)	(22,120)	-	(77,627)
	<u>(55,507)</u>	<u>(22,120)</u>	<u>-</u>	<u>(77,627)</u>
Total	(44,483)	(943)	-	(45,426)

22. Financial Commitments

Capital commitments are as follows:

Capital Commitments

	Group		Association	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Contracted but not provided for	2,432	3,754	2,432	3,754
Approved by the Board but not contracted for	14,569	17,089	14,569	17,089
	<u>17,001</u>	<u>20,843</u>	<u>17,001</u>	<u>20,843</u>

The expenditure will be funded by a combination of Social Housing Grant, existing cash balances which amounted to £32.2m and the undrawn revolving credit facility of £20m as at 31 March 2024.

23. Contingent Liability

In March 2024 the Association became aware that it may not have been fully compliant with potential legal obligations arising under the Renting Homes (Wales) Act 2016 (“the Act”) and the Renting Homes (Fitness for Human Habitation) (Wales) Regulations 2022 (as amended) (“the Regulations”) at the 31st March 2024. On identification of the issue, immediate steps were taken to ensure compliance with legal obligations as the Association is currently able to understand them. Following legal advice, [the Association along with other Registered Social Landlords, /a number of Registered Social Landlords] have issued a claim in the High Court to seek a series of declarations as to the correct meaning and interpretation of the potential obligations. The Association has assessed that the likelihood of an outflow of resources to settle this potential liability following the legal proceedings is less than probable but (acknowledging the inherent uncertainty with such legal proceedings) is more than remote.

A high level of uncertainty remains because the interpretation of the requirements under the Act and Regulations needs clarification which will only be possible following determination of the proceedings that are currently before the High Court, hence any financial effect cannot currently be measured with sufficient reliability at this time. A high level of uncertainty also exists regarding whether there is any possibility of reimbursement. Any such consideration can only follow the resolution of the above

24. Operating Leases

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

Operating leases	Group		Association	
	2024 £'000	2023 (restated) £'000	2024 £'000	2023 (restated) £'000
Payments due:-				
Office equipment				
Not later than one year	9	9	9	9
Between two and five years	1	6	1	6
Later than five years	-	-	-	-
Total	10	15	10	15
Motor Vehicles				
Not later than one year	32	35	29	33
Between two and five years	32	64	32	64
Later than five years	-	-	-	-
Total	64	99	61	97
Total Operating leases	74	114	71	112

Restatement relates to an operating lease incorrectly omitted from 2023 Financial Statements.

25. Housing Stock

	As at 1 April 2023	Acquisitions	Disposals	As at 31 March 2024
Housing accommodation at a social rent	3,798	38	(5)	3,831
Housing accommodation at an intermediate rent	43	-	-	43
Supported Housing Accommodation	10	-	-	10
Housing accommodation at market rent	10	-	-	10
LCHO - held for sale	4	-	(4)	-
	<u>3,865</u>	<u>38</u>	<u>(9)</u>	<u>3,894</u>

At 31 March 2024, the Association was developing an additional 43 units (2023 (restated): 29 units) for social housing. Of the social housing units above 15 are leased to partner organisations who lease them at social rents.

26. Related party transactions

Monmouthshire Housing Association's board consists of 12 independent members. All members are remunerated based on their responsibilities. No board member can use their position to their advantage. Board member travel expenses total £4.5k in the year (2023: £4.1k). 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 2024 the total recharge was £52k (2023: £31k).

During the year, Capsel Limited undertook £1,708k (2023: £2,718k) of work for Monmouthshire Housing Association Limited. Monmouthshire Housing Association undertook £121k (2023: £208k) of work for Capsel Limited.

The yearend inter-company balances were:

- Owed by Monmouthshire Housing Association to Capsel £138k (2023: £1k)
- Owed by Capsel to Monmouthshire Housing Association £5.38million (2023: £3.23 million)

27. 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.

28. 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 a £23k loss (2023: £64K profit [restated]) with their net assets totalling £272k at 31 March 2024 (2023: net assets totalling £295k [restated]) The restatement occurred due to a prior year adjustment related to the treatment of development bonds.



Monmouthshire Housing Association

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