

# Corporate Review

Financial Year 17/18





# Purpose of This Review?

To update our corporate stakeholders with the improvement and growth we have undertaken over the last year.

The corporate review is supported by the following documents:

- > Board Member & Executive Team Profiles

This review is split into the following sections:

- > Governance & Service Delivery
- > Financial Performance

We will be happy to answer any queries or issues, please contact:



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## A Board Overview of 17/18

We hope that our first ateb corporate review gives you a valuable insight to the group's governance, service delivery and financial performance over the last year. 17/18 was an extremely busy year for the ateb group and the Board. During the year the Board implemented its plan to accommodate the '9 Year Rule' for Board Members which resulted in a number of changes to membership and positions on the Board. The full plan will come to fruition during 18/19 and will make us compliant with the 9 year obligation going forward. We gratefully appreciate the work of all our Board Members who left us during the year and the great platform they have helped to create to allow us to continue the group's development.

On the 1st March 18, we relaunched as ateb group limited. This was a big decision for the Board to take and had been fully discussed and planned over a considerable length of time. The change was needed to make sure that the group did not isolate itself geographically and was timed to support our new aspirational purpose and our new strategic outlook. All at ateb have helped develop the 'ateb manual' that sets out 'what good looks like' for ateb. The Manual will be the basis upon which Board will develop its governance structures to ensure that ateb is a progressive, flexible and agile group of companies that instils assurance in all.

ateb continued to perform both financially and operationally through 17/18. Our financial performance gives us the platform and capacity to deliver more homes whilst our service performance gives our partners and regulators the confidence that we are meeting our customers' expectations. During the year we have developed a new service delivery plan (to be implemented in 18/19) based on service outcomes, efficiency and delivering a great customer experience.

With the housing industry coming to terms with the lessons from the Grenfell disaster, the ateb Board initiated a review of our governance and assurance systems which resulted in a new Governance Improvement Plan and a proposal for a new assurance framework system for the group (called 'Rest Assured') that will seek to embed assurance planning throughout our systems. The Board will oversee these initiatives through 18/19 to make sure that our governance structures continue to assure customers, team members and partners alike.

ateb has two active subsidiaries; over the last year Mill Bay Homes gift aided over £1m to the social housing business to create additional new homes. West Wales Care and Repair helped keep hundreds of older persons from going into hospital or getting them out of hospital and back to their homes; they also gave advice to thousands of older persons about benefit entitlements they could access. The social housing business performed strongly in the year, our teams helped to keep rent arrears down to 0.35%, exceeded our development target on our development programme and started a new engage initiative to put our customers at the heart of everything we do.

Thank you to all our teams, engaged tenant groups and the huge array of partners who have created our 17/18 success and managed a big agenda of change in a short space of time. We will continue to support the enthusiasm to achieve more for our current and future customers in the new financial year.



*Mark Lewis*

Chair of ateb group limited



## Section One/ Governance & Service Delivery

### Organisational Structure, Governance & Risk Management

The ateb group (where 'ateb' means answer or solution in Welsh) is a group of companies that collectively share the aspirational purpose of 'creating better living solutions' for the people and communities of West Wales.

It is committed to building on the successes of its predecessor (Pembrokeshire Housing Association Limited) and to help more people and communities across West Wales to have the best opportunity to live better.

The group structure is shown in the following diagram:



ateb group limited (AG) is the parent organisation and the affordable and social housing business. Mill Bay Homes Limited (MBH) is the property development business building new homes for sale. West Wales Care and Repair Limited (WWCR) provides support services to older clients enabling them to continue living in their own homes. The remaining entity in the group structure is a dormant company – Effective Building Solutions Limited (EBS).

Our Boards consisted of the following Board Members and Directors at the end of 2017/18:

| ateb group limited        | Skills and experience developed from a career in...   |
|---------------------------|---|
| <b>Mark Lewis (Chair)</b> | <b>Financial Management</b> – With his last post being the Finance Director of Pembrokeshire County Council.                                |
| <b>Ron Butler</b>         | <b>Construction</b> – As a chartered quantity surveyor with national and international project experience.                                  |
| <b>Dean Campbell</b>      | <b>The Health Sector</b> – Leading a hospital trust's occupational therapy team.  |
| <b>Hugh Watchman</b>      | <b>Procurement &amp; Supply Chain Management</b> – In the domestic electricals industry currently running a local leisure related business. |
| <b>Hannah Dahill</b>      | <b>Legal Services</b> – Currently an Associate Solicitor with a local law partnership with a specialism in employment law.                  |
| <b>David Birch</b>        | <b>Property &amp; Facilities Management</b> – In both public and private sectors. <sup>2</sup>  |



## Retirements During 2017/18

Due to introduction of nine year rule i.e. no Board member to service for more than 9 years:

- > **Christina Hirst**
- > **Brian Charles**
- > **Martin Bell**

Due to personal reasons:

- > **Stephen Butler**
- > **Edward Lewis**

Due to conflict of interests:

- > **David Simpson** – Became leader of Pembrokeshire County Council in 2017.
- > **Mike Westerman** – Became independent chair of Mill Bay Homes and independent member of the Audit Committee.

The group Board can comprise up to twelve full members and three co-opted members. Board members are drawn from a wide background bringing together a diverse skillset. The primary role of the Board is to focus on strategic direction, growth and investment and risk. The Board meets formally ten times a year for regular business and at other times to discuss strategic issues.

The group Board is supported by three committees with specific responsibilities:

- > **Personnel Panel** – Deals with any personnel matters such as grievances and appeals.
- > **Remuneration Committee** – Responsible for our policy on remuneration and terms and conditions of employment.
- > **Audit Committee** – Responsible for the operations of internal audit, the appointment of internal auditors, the scope of the internal and external audit plans and their reports. The committee has delegated responsibility for the risk management strategy. It reports to the group Board on the effectiveness of the internal control arrangements and provides an annual report to the group Board on the work undertaken by the Audit Committee.

The membership was as follows:

| Personnel                  | Remuneration          | Audit                           |
|----------------------------|-----------------------|---------------------------------|
| Dean Campbell (Chair)      | Dean Campbell (Chair) | Hugh Watchman (Chair)           |
| Hannah Dahill (Vice-Chair) | Hannah Dahill         | David Birch                     |
|                            | Mark Lewis            | Michael Westerman (Independent) |
|                            | Hugh Watchman         |                                 |



Mill Bay Homes Limited and West Wales Care and Repair Limited are wholly owned subsidiaries.

| Mill Bay Homes Limited             | Position or skills and experience                                   |
|------------------------------------|---|
| Mike Westerman (Independent Chair) | Consultant in fundraising specialising in the not-for-profit sector |
| Ron Butler                         | Parent Board Appointee.   |
| Nick Hampshire                     | Chief Executive of AG.  |
| Adrian Williams                    | Group Finance Director of AG.                                       |
| Nigel Sinnett                      | Group Property Director of AG.                                      |

Above Board appointed following legal status change.

| West Wales Care and Repair Limited | Position or skills and experience    |
|------------------------------------|--------------------------------------|
| Simon Hancock (Chair)              | Pembrokeshire County Council Nominee |
| Hugh Watchman                      | Parent Board Appointee               |
| Dean Campbell                      | Parent Board Appointee               |
| Cllr Lyndon Frayling               | Pembrokeshire County Council Nominee |
| Cllr Catherine Hughes              | Ceredigion County Council Nominee    |
| Cllr Dafydd Edwards                | Ceredigion County Council Nominee    |

Above Board appointed following legal status change.

## Board Member Recruitment

Following our launch as ateb we started our new Board Membership recruitment campaign to increase our numbers on the Board. Recruitment will be made to fill the gaps in skills and competencies identified by the Board in their skills and competencies review undertaken in 2017/18.

We have adopted the latest CHC rules and the group Board is reviewing the advantages of:

- > Executives appointed to the Board to increase accountability in decision making.
- > Board Member remuneration to aid recruitment and retention.

We remain committed to improving our gender and age balance on our Board, but we recognise that skills and competencies must always be the first requirement.



## Executive Team

The EMT is supported by a Managers' group of 11no. service leads.

| EMT             | Role                             | Joined |
|-----------------|----------------------------------|--------|
| Nick Hampshire  | Chief Executive                  | 2017   |
| Adrian Williams | Group Finance Director           | 1998   |
| Elin Brock*     | Group Housing Director           | 2015   |
| Nigel Sinnett   | Group Property Services Director | 2001   |

\*Interim cover during 2018/19 due to maternity leave provided by Mark Lewis, former Director of Care at Gwalia/Pobl Group.

## Legal Status & Governance Framework Changes

We saw significant improvements in our governance systems through 2017/18. Here is a summary of the key changes:

### Mill Bay Homes Limited (MBH)

- > Change of legal status from Registered Social Landlord to a company limited by shares and registered under the Companies Acts. A single share is held by ateb group limited (AG).
- > New Articles of Association based on Model Rules.
- > New floating charge agreement as security for the maximum limit of £10m on-lending from AG to MBH.
- > New arms-length Loan Facility Agreement setting out the terms of the on-lending arrangement.
- > New directors appointed 3no. AG employees (Chief Executive, Group Finance Director, Group Property Services Director), 1no. independent Chair (Michael Westerman, previously an AG & MBH Board Member), 1no. AG Board Member (Ron Butler, previously the MBH Chair).
- > Board Terms of Reference, Financial Regulations and Standing Orders and Schedule of Delegated authority updated to reflect changes.
- > Full compliance with Regulatory Circular 05/08.

### West Wales Care and Repair (WWCR)

- > Change of legal status from Registered Social Landlord to charitable Community Benefit Society with a single share being held by AG.
- > New company rules based on Community Housing Cymru 2017 Model Rules.



- > Board of Management: 2no. Councillors from Pembrokeshire County Council, 2no. Councillors from Ceredigion County Council and 2no. Board Members from AG.
- > Board Terms of Reference, Financial regulations and Standing Orders and Schedule of Delegated authority updated to reflect changes.

### ateb group limited

- > New company rules based on Community Housing Cymru 2017 Model Rules (legal and regulatory status remains unchanged).
- > Change of name from Pembrokeshire Housing Limited to ateb group limited.
- > Board of Management appointed during the year consisted of 7no.
- > New CHC Code of Governance.
- > Board Terms of Reference, Financial regulations and Standing Orders and Schedule of Delegated authority updated to reflect changes.

## Rebranding to ateb group limited

On the 1st March 2018 we formally launched our new brand 'ateb'. This move had been planned for circa 2 years and was a response to changing operational and political landscapes.

Closer collaboration between local authorities in our area of operation would possibly see Pembrokeshire working closely with Carmarthen and Ceredigion.

As we are currently only zoned to Pembrokeshire for Social Housing Grant, any changes to zoning arrangements could negatively impact our aspirations.

Having considered the above changes and recognised a desire to evolve our strong brand, the decision was taken to rebrand the organisation, refresh our purpose and DNA (culture/values) and establish 3no. clear strategic aims for the group. Throughout 2017/18 the whole team have been involved in understanding what is important to our success and what we need to do to realise it. The result was a document called 'The Manual' which sets out what 'good, should look like for ateb'. The Manual is supported by 5 more detailed documents:

#### 1/ What you can expect from us

- Our service commitment to our customers.

#### 2/ We are ateb

- Our analysis of the behaviours, leadership style and technical skills we will need to be present throughout our teams and running through our role profiles and personal achievement framework.

#### 3/ Strategic Plan

- Our 3 year strategic plan supported by a 5 year business plan.

#### 4/ Service Delivery Plan

- Our proposed operational framework.

#### 5/ Rest Assured

- Our approach to giving assurance that we are doing what we say in 'The Manual'.



The above framework will be actioned in 2018/19 to support the new ateb brand. The rebranding and repositioning process will take a number of years to fully establish.

Some key headlines from the rebrand:

- > All tenants informed of the new name and the reasons for change ahead of the launch.
- > Welsh Government involved and approved all proposals.
- > Two shareholder events to promote the change with a successful 80%+ vote for change.
- > We are promoting our brand as 'ateb' but have the company name of 'ateb group limited'.
- > Our new 'Engage Initiative' was launched at the same time as the new name. 'Engage' is a new initiative to gather the views of tenants on key business matters.
- > Costs of the rebrand were contained well within approved budgets.
- > New website and social media launched – [www.atebgroup.co.uk](http://www.atebgroup.co.uk) and we are on Facebook and Twitter.
- > A new approach to communicating our brand externally to appeal to a wider audience.
- > Evolution of our systems to support our new brand – this has been captured in 'The Manual'.

## Regulatory Framework

The Welsh Government introduced its new Regulatory Framework in 2017/18. The Framework operates on a co-regulation basis and focuses on ten performance standards.

We received our first judgement under the new framework in Q1 17/18 as follows:

- > Governance and Services: **Standard**
- > Financial Viability: **Standard**

The judgement is available on our website [www.atebgroup.co.uk](http://www.atebgroup.co.uk)

The Regulator highlighted 2 areas of ongoing development:

- > Increase our gender balance on our Board.
- > Show how we 'hardwire' tenant involvement into our strategic planning process.

Both development areas have been subsequently included in our strategic plan as priorities for our ongoing development.

The 2018/19 Statement of Compliance will be issued in Q1 18/19 for a judgement in Q2. We are not raising any areas of non-compliance this year but we have shown a number of areas where we are seeking to improve:



- > Introduction of 'The Manual' and its supporting documents to increase our Governance reach.
- > Continue to develop our governance systems through our on-going Governance Improvement Plan.
- > Implement the new Assurance Framework (called 'Rest Assured') that seeks to test whether we are achieving what we state in 'The Manual'.
- > Implement the new performance reporting system to Board.
- > Implement the 'Engage Initiative'.
- > Set a new aspirational new homes target over the life of the next three strategic plans to show our commitment towards the CHC Housing Horizons initiative.

Our self evaluation that forms part of the regulatory performance standards was posted to our website last year, [www.atebgroup.co.uk](http://www.atebgroup.co.uk). We are intending to change the format of self-evaluation in 2018/19 to align with our new systems.

On-going regulatory issues to note:

- > Regulation of Registered Social Landlords (Wales) Bill and ONS Review
  - RSLs returned to the private sector.
- > CHC new Code of Governance has been issued for consultation.
- > Welsh Government and Regulatory Board for Wales are also reviewing the approach to governance across RSLs.
- > Renting Homes (Wales) Act 2016 due to take effect in late 2018/19
  - at the heart of the Act are new 'occupation contracts'.
- > GDPR – new rules came into force on 25th May 2018. Advance planning commenced in 2017/18.

## Risk Management

The group Board is responsible for strategic risk management. There is a risk management framework in place that manages and mitigates key strategic and business critical risks. Our approach to risk management is continually reviewed and monitored by the Audit Committee on behalf of the group Board. All subsidiary businesses are required to comply with the risk management framework.

The Risk Register is managed by the Risk Panel, which consists of representatives from across the group. Each representative is a 'risk owner' acting as an early warning of changes or new and emerging risks.

This approach enables the group to foresee risks and to implement mitigating controls before they adversely impact on the business or delivery of key targets.

The Assets and Liabilities Register is also monitored by the Risk Panel and the Audit committee.



## Strategic Plan

During the year we have developed a new 3-year strategic plan based on three strategic aims:



The plan has identified 19no. strategic priorities and is supported by a 5 year business plan from which we have set our 3 year financial targets. It is our intention that we will review progress against our strategy in this corporate review at the end of each financial year.

The strategic plan incorporates a number of our on-going corporate objectives as well as introducing new priorities primarily around the rebrand and DNA, governance enhancement, new business development and service delivery improvements.

The plan will be reviewed every 3 years.

## Service Delivery

Our service delivery remained strong throughout 2017/18. Some key areas to note are:

### ateb group limited

| Service Measure                                     | 2017/18 | 2016/17 | 2015/16 |
|---|---------|---------|---------|
| Properties  | 2,690   | 2,617   | 2,481   |
| Rental Income (£,000)                               | £14,013 | £13,284 | £12,658 |
| Rent Arrears (%)                                    | 0.35%   | 0.54%   | 0.65%   |
| New Homes Built (No)                                | 74      | 136     | 91      |
| Av Time To Let (Days)                               | 9.6     | 10.8    | 9       |
| Reactive Repairs (No)                               | 12,255  | 11,544  | 12,238  |
| Planned Repairs (No)                                | 1,521   | 1,666   | 2,825   |
| Gas Certification (% @ Q4)                          | 100%    | 100%    | 100%    |
| Repairs Satisfaction (%) (in house team)            | 99%     | 97%     | 96%     |
| New Home Satisfaction (%) (@ 12 mths defect period) | 88%     | 80%     | 85%     |



## Mill Bay Homes

| Service Measure            | 2017/18 | 2016/17 | 2015/16 |
|----------------------------|---------|---------|---------|
| Sales                      | 47      | 48      | 47      |
| Gift Aid to Parent (£,000) | 1,015   | 1,078   | 1,231   |

## West Wales Care and Repair

| Service Measure             | 2017/18 | 2016/17 | 2015/16 |
|-----------------------------|---------|---------|---------|
| Customer Referrals          | 2,734   | 2,810   | 2,543   |
| Quick Adaptations Completed | 1,417   | 1,688   | 1,565   |
| Planned Adaptations         | 661     | 769     | 573     |

The approach to service delivery has been reviewed by the Managers' group. Each service area will develop a service hub to capture improvements that will ensure that each service delivers the right outcomes to our customers; efficiently and with great customer experience. This new operational approach will be implemented throughout 2018/19 with performance reports feeding into group Board on a Quarterly basis.

## Service Challenges Identified for 2018/19

### ateb group limited

- > Universal Credit launch in September 2018 – System and organisational changes in place to help transition.
- > GDPR in May 2018 – All our services need to comply with the new regulations. Advance planning in place.
- > ICT – New technologies need to be understood to make our services more accessible to changing tenant demands and employee work arrangements.
- > Regulatory Framework – Value for Money (VfM) is a high priority item.
- > Reducing Social Housing Grant levels in the future.
- > Changes in the Defined Benefits pension scheme.
- > Raise additional private funding of £35m in part towards refinancing existing debt and in part towards further investment in the development of new social housing properties.
- > Continue to attract the best skills and expertise to our Boards.

### Mill Bay Homes Limited

- > Volatile trading conditions arising from economic/political uncertainty could impact sales.
- > Insufficient land and lack of competitive contractor bids.
- > Brand refresh to be implemented.

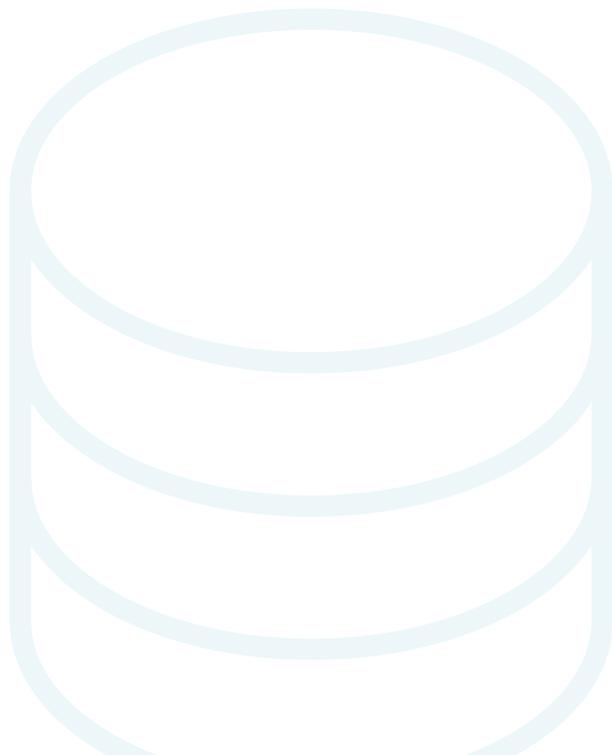
### West Wales Care and Repair Limited

- > Government grant support remains uncertain beyond a 12 month commitment.
- > Implementation of organisational modernisation in 2018/19.



## Governance & Service Delivery Summary

It has been a busy year for the Association with a number of significant changes being implemented. Throughout, service delivery has continued uninterrupted at a consistent level of performance. We are well placed to implement the improvements that we have identified.





## Section Two/ Financial Performance

2017/18 returned a strong financial performance for the group with all companies performing well. Although the net surplus for the year at 12.7% was down on the previous year (14.2%), this was after absorbing one-off costs and a significant increase in replacement component costs as we continue to maintain a high level of investment in our properties.

This was the main reason for the increase in operating costs in the affordable and social housing business (£0.3m). The total revenue spend on replacement components was £1.1m (2017: £0.8m) and components classified as capital spend amounted to £1.5m (2017: £1.4m). Property maintenance is a large area of expenditure in this business and includes kitchen, bathroom and boiler replacements as well as improving energy efficiency.

Group highlights were:

- > Turnover grew by 4.6% to just over £24m.
- > All loan covenants were complied with by a comfortable margin.
- > Units in management increased by 2.8% to 2,690no.

The subsidiary businesses of Mill Bay Homes and West Wales Care and Repair both performed well:

- > Mill Bay Homes returned over £1m in gift aid to the parent; 47no. new homes were sold during the year and 31no. reservations taken on properties under construction.
- > West Wales Care and Repair helped over 3,000 older people to continue living independently in their own homes. A surplus of £129k was returned which will strengthen reserves and ensure the future stability and development of the agency in the delivery of services.

The following tables show our 2017/18 financial performance:

### Group Financial Performance Headline SOCI Summary

| Statement of Comprehensive Income 2017/18 | Group £m | ateb £m | WWCR £m | Mill Bay £m |
|---|----------|---------|---------|-------------|
| Turnover                                  | 24.2     | 15.0    | 0.8     | 8.4         |
| Operating Costs and Cost of Sales         | (18.2)   | (10.4)  | (0.7)   | (7.1)       |
| Operating Surplus                         | 6.0      | 4.6     | 0.1     | 1.3         |
| Net Interest and Other Costs              | (3.0)    | (1.7)   | –       | (1.3)       |
| Surplus for the Year                      | 3.0      | 2.9     | 0.1     | –           |



## Financial Summary

### Headline Group Financial Position

| Statement of Financial Position 2017/18 | Group £m | ateb    | WWCR  | Mill Bay |
|---|----------|---------|-------|----------|
| Tangible Fixed Assets/Investments       | 192.5    | 198.1   | –     | –        |
| Net Current Assets                      | 13.9     | 7.8     | 0.6   | 5.6      |
| Total Assets                            | 206.4    | 205.9   | 0.6   | 5.6      |
| Trade Payables > 1 Year                 | (180.4)  | (180.4) | (0.1) | (5.6)    |
| Pension Liability                       | –        | –       | –     | –        |
| Reserves                                | 26.0     | 25.5    | 0.5   | –        |

## Key Financial Indicators for the Group

### Our KFI for 2017/18

| Key Financial Indicators 2017/18    | Group | ateb | WWCR | Mill Bay |
|-------------------------------------|-------|------|------|----------|
| Operating Margin                    | 25%   | 30%  | 15%  | 16%      |
| Months Cash/Secured Loans Available | –     | 30   | –    | –        |
| Interest Cover (min 1.1)            | –     | 1.6  | –    | –        |
| Gearing (max. 80%)                  | –     | 65%  | –    | –        |

## Welsh Government Global Account Indicators

### The Welsh Government Publish a Set of Indicators Based on HA's Published Accounts

| Indicator                            | Welsh Sector 2015/16* | Welsh Sector 2016/17* | ateb group 2017/18* |
|--------------------------------------|-----------------------|-----------------------|---------------------|
| Operating Costs Per Unit             | £3,012                | £2,795                | £2,208              |
| Management Costs Per Unit            | £981                  | £999                  | £860                |
| Reactive Costs Per Unit              | £1,052                | £976                  | £904                |
| Capitalised Component Costs Per Unit | £679                  | £615                  | £562                |
| Bad Debts Per Unit                   | £28                   | £28                   | £14                 |
| Weighted Average Cost of Capital     | 4.56%                 | 4.52%                 | 4.03%               |
| Free Cash Flow                       | £1.73m                | £1.11m                | £1.89m              |
| Gross Rent Arrears/Lettings          | 4.00%                 | 4.58%                 | 3.20%               |
| Total Rent Charges Per Unit          | £5,027                | £4,869                | £5,574              |
| Rent Void Loss Per Unit              | £64                   | £49                   | £11                 |

\*Shown at out turn price level.



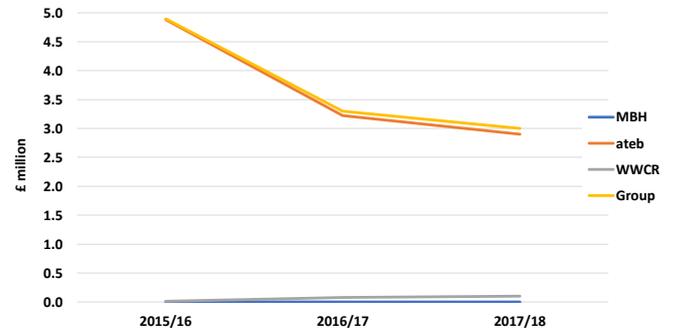
# How Did 17/18 Compare to Previous Years?

The following charts show high level financial performance since 2015/16 when FRS102 was first applied:

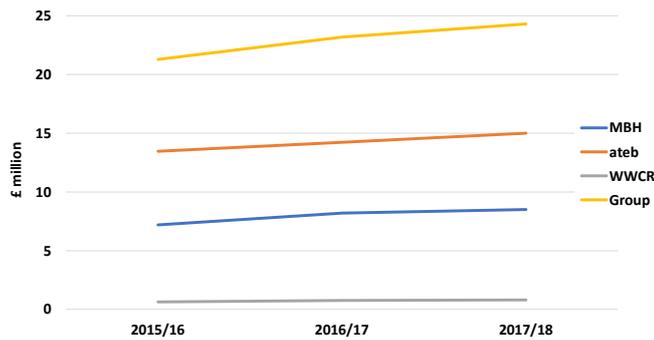
## New Homes Developed or Sold



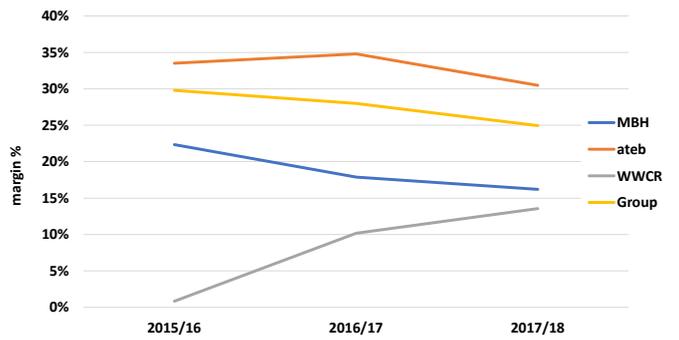
## Net Surplus



## Turnover

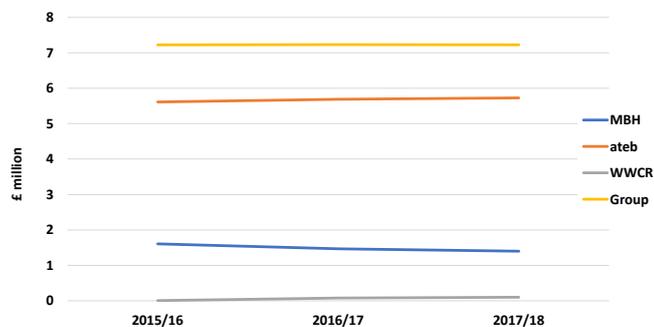


## Operating Margin

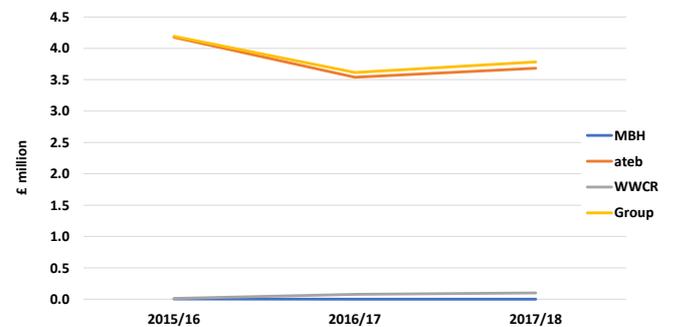


After adjusting for the impact of revenue component costs and donated land accounting adjustments, the financial performance is much more consistent as shown in the following graphs:

## Operating Surplus Adjusted



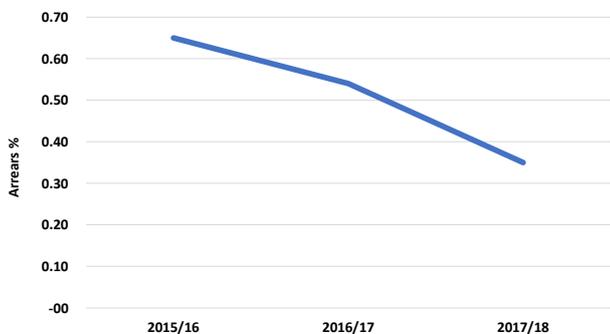
## Net Surplus Adjusted



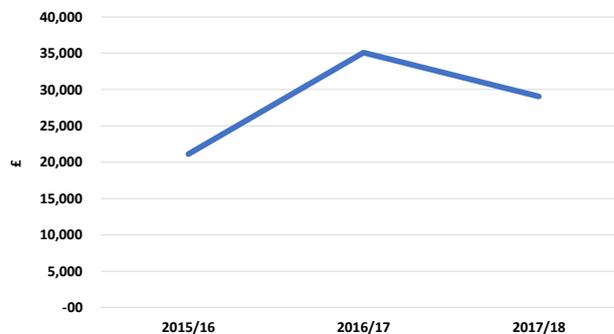


We continue to improve our performance in controlling rent arrears and income lost due to voids as evidenced by the graphs shown below:

### Current Tenant Rent Arrears (Net of Housing Benefit)



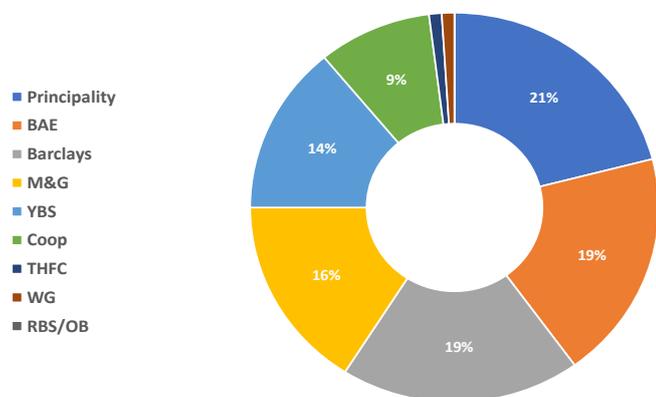
### Rental Income Lost Due to Voids



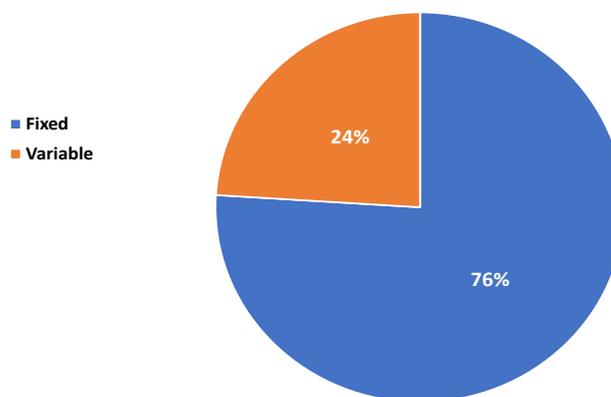
## Year End Snapshot of Our Borrowing

In the short-term c.76% of the debt is fixed, and over 50% of the forecast debt is fixed for 5 years or more. The next significant interest rate exposure is the expiry of the Yorkshire BS loan in 2027. This is a healthy position to be in but also has the benefit of not being fully fixed, thus providing some advantage from the current low interest rate environment. It also allows scope for further debt to be fixed if so desired, e.g. when the £20m Barclays Bank and £8m Co-operative Bank loans are refinanced.

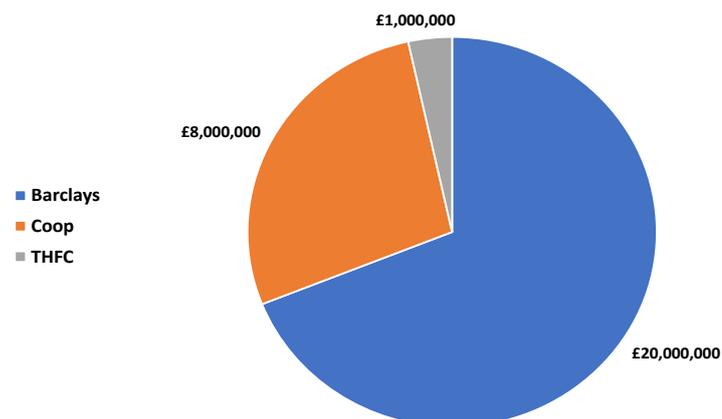
### How We Are Funded



### Interest Rate Risk



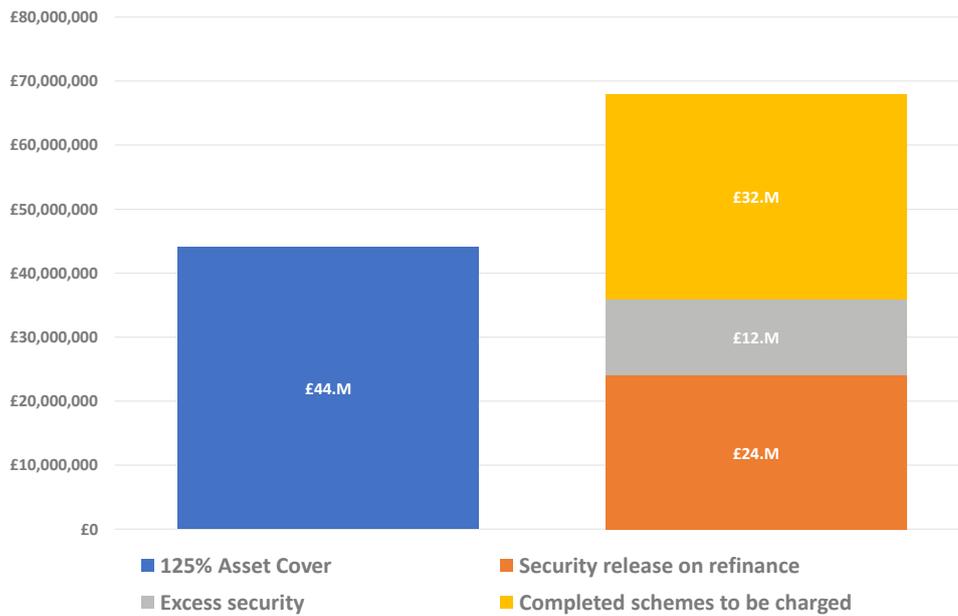
### Refinancing Over the Next 6 Years





The graph below shows our forecast debt requirement compared with the property values that are available to secure that debt. It can be seen that there is more than sufficient collateral available to secure the debt requirement in the 5 year business plan. Assuming an asset cover of 125%, we will need £44m of property to secure the £35m borrowing requirement. Over £68m of property is available – an excess of £24m. The £68m available comprises: £24m that could be released from charge when the £20m Barclays Bank RCF is re-financed, £12m in excess security charged to other lenders and £32m in completed schemes that are available for charging.

## Security





# Summary of Consolidated Group Financial Statements

(Subject to Shareholder Approval)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the Year Ended 31 March 2018

|  | 2018 £k      | 2017 £k      |
|--|--------------|--------------|
| Turnover   | 24,257       | 23,179       |
| Cost of Sales  | (6,907)      | (6,572)      |
| Gross Surplus  | 17,350       | 16,607       |
| Less: Operating Costs                                  | (11,286)     | (10,115)     |
| <b>Operating Surplus</b>                               | <b>6,064</b> | <b>6,492</b> |
| Gain/(Loss) on Disposal of Property, Plant & Equipment | (25)         | 37           |
| Finance/Investment Income                              | 33           | 53           |
| Finance Costs  | (3,494)      | (3,382)      |
| Loan Breakage Fee                                      | –            | (600)        |
| Housing Finance Grant                                  | 239          | 120          |
| Donated Land Value Adjustment                          | 345          | 609          |
| Other Income   | 25           | 30           |
| Corporate Rebranding                                   | (109)        | –            |
| <b>Surplus for the Year Before Taxation</b>            | <b>3,078</b> | <b>3,359</b> |
| Taxation   | –            | –            |
| Surplus for the Year After Taxation                    | 3,078        | 3,359        |
| Actuarial (Loss) in Respect of Pension Schemes         | –            | (64)         |
| <b>Total Comprehensive Income for the Year</b>         | <b>3,078</b> | <b>3,295</b> |



## CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

for the Year Ended 31 March 2018

|  | Revenue Reserve £k | Restricted Reserve £k | Total Reserves £k |
|--|--------------------|-----------------------|-------------------|
| Balance at 1 April 2017                        | 22,685             | 198                   | 22,883            |
| Surplus from Statement of Comprehensive Income | 3,078              | –                     | 3,078             |
| Transfer of Reserves                           | –                  | –                     | –                 |
| <b>Balance at 31 March 2018</b>                | <b>25,763</b>      | <b>198</b>            | <b>25,961</b>     |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as from 31 March 2018

|   | 2018 £k        | 2017 £k        |
|---|----------------|----------------|
| <b>Property, Plant &amp; Equipment</b>                          |                |                |
| Housing Properties – Depreciated Cost                           | 188,739        | 181,658        |
| Other   | 531            | 577            |
|   | <b>189,269</b> | <b>182,235</b> |
| Investments   | –              | –              |
| Homebuy Loan  | 3,223          | 3,336          |
|   | <b>192,493</b> | <b>185,571</b> |
| <b>Current Assets</b>   |                |                |
| Inventories   | 5,644          | 6,506          |
| Trade Receivables: Amounts Falling Due Within One Year          | 4,503          | 2,333          |
| Trade Receivables: Amounts Falling Due After More Than One Year | 3,507          | 1,690          |
| Cash  | 13,178         | 15,089         |
|   | <b>26,832</b>  | <b>25,618</b>  |
| Trade Payables: Amounts Falling Due Within One Year             | (12,900)       | (7,555)        |
| Net Current Assets  | <b>13,932</b>  | <b>18,064</b>  |
| Total Assets Less Current Liabilities                           | 206,424        | 203,635        |
| Trade Payables: Amounts Falling Due After More Than One Year    | (180,463)      | (180,752)      |
| Net assets  | <b>25,961</b>  | <b>22,883</b>  |
| <b>Equity</b>   |                |                |
| Called Up Share Capital   | –              | –              |
| Restricted Reserves   | 218            | 198            |
| Revenue Reserve   | 25,743         | 22,685         |
|   | <b>25,961</b>  | <b>22,883</b>  |



## CONSOLIDATED STATEMENT OF CASHFLOWS

for the Year Ended 31 March 2018

|  | 2018 £k | 2018 £k       | 2017 £k  | 2017 £k       |
|--|---------|---------------|----------|---------------|
| Net Cash Inflow from Operating Activities            |         | 8,981         |          | 6,545         |
| <b>Cash Flow from Investing Activities</b>           |         |               |          |               |
| Payments to Acquire and Develop Property             | (9,897) |               | (11,165) |               |
| Receipts from Sales of Property, Plant and Equipment | 97      |               | 195      |               |
| Social Housing Grant and Contributions Received      | 4,252   |               | 4,172    |               |
| Other Grants and Contributions Received              | 239     |               | 121      |               |
| Purchase of Other Fixed Assets                       | (162)   |               | (100)    |               |
| Finance/Investment Income                            | 405     |               | 426      |               |
| Net Cash Outflow from Investing Activities           |         | (5,066)       |          | (6,351)       |
| <b>Cash Flow from Financing Activities</b>           |         |               |          |               |
| Finance Costs  | (3,311) |               | (3,917)  |               |
| Issue of Share Capital                               | –       |               | –        |               |
| Mortgage and Other Loans Received – Housing          | –       |               | 12,946   |               |
| Finance Costs of Loans Issued                        | (118)   |               | (328)    |               |
| Loans Repaid – Housing                               | (2,398) |               | (2,366)  |               |
| Net Cash Inflow/(Outflow) from Financing             |         | (5,826)       |          | 6,335         |
| Net Change in Cash and Cash Equivalents              |         | (1,911)       |          | 6,529         |
| Cash and Cash Equivalents at Beginning of the Year   |         | 15,089        |          | 8,560         |
| <b>Cash and Cash Equivalents at End of the Year</b>  |         | <b>13,178</b> |          | <b>15,089</b> |

## Financial Statement Notes

The consolidated group financial Statements have been verified by our external auditors and Board but are subject to Shareholder approval at our AGM due to be held in September 2018. Following the AGM, the full set of financial statements for the group, ateb, Mill Bay Homes and West Wales Care and Repair will be available on request.

### CONSOLIDATED RESULTS

Companies included are as follows:  
ateb group limited – parent.  
West Wales Care and Repair Limited – subsidiary.  
Mill Bay Homes Limited – subsidiary.

### CONTINUING OPERATIONS

None of the Association's activities were acquired or discontinued during the two financial years. Pembrokeshire Housing Association Limited changed its name to ateb group limited in March 2018.



## Key 2018/19 Corporate Dates

### Please Note Our Key Corporate Dates for 18/19

|   |        |
|---|--------|
| Corporate Review (including Internal Audit Review, Strategic Plan & 5 Year Business Plan) | Apr 18 |
| Private Finance Return  | May 18 |
| Annual Statement of Schedule 1 Exemptions   | May 18 |
| Partner Event   | Jun 18 |
| Tenant Satisfaction Results   | Jun 18 |
| AGMs Subsidiary Companies   | Jul 18 |
| Qtr1 Management Accounts  | Jul 18 |
| Financial Statements  | Jul 18 |
| Annual Statement of Compliance Return   | Jun 18 |
| 30 Year Financial Forecasts   | Aug 18 |
| Regulatory Judgement  | Q2 18  |
| Annual Review (including Self Evaluation 18/19)   | Sep 18 |
| Qtr2 Management Accounts  | Nov 18 |
| Qtr3 Management Accounts  | Feb 18 |
| AGM   | Sep 18 |
| Strategic Away Day  | Dec 18 |
| Development & Diversification Survey  | Feb 19 |





# Appendix

> Board Member & Executive Team Profiles



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*better living  
solutions*

# Board Member & Executive Team Profiles





## ateb group limited Board of Management Year End 17/18



### Mark Lewis – Chair

Mark is a member of the Chartered Institute of Public Finance and Accountancy (CPFA) and has been involved in local government finance for over 40 years (30 years at Chief Officer level). He held numerous positions in local authorities in both South and North Wales before moving to Pembrokeshire in 1995.

Mark was Director of Finance and Chief Financial Officer of Pembrokeshire County Council since its inception in 1995 until his retirement in 2014. Mark has always had an interest in and input into the provision of social housing over his career hence his Board membership of ateb.



### Geraldine Campbell

Dean is a Retired Head Occupational Therapist for Mental Health & Learning Disabilities for Hywel Dda Health Board.

Dean firmly believes that good housing is essential to health and well-being.



### Hugh Watchman

Hugh is an experienced Board level Manager working at strategic level on an international basis with major blue-chip FTSE 100 companies in the key areas of Sales, Marketing, IT, Procurement and Logistics.

Hugh is educated to post graduate level and was a Commissioned Army Officer having served in both the Australian and British Army.



### Ron Butler (Vice Chair)

Ron is a Chartered Quantity Surveyor who has worked for companies and on projects both nationally and internationally.

He has served on Mill Bay Homes and West Wales Care and Repair Boards as well as the Parent Board.



### David Birch

On completion of his apprenticeship as a Mechanical and Electrical Engineering Draughtsman David joined BT and worked for Building Services during which he completed an HNC in Business Studies.

When BT was privatised David managed the change from the public to the private sector for building services across South Wales. He was then sponsored full time for a post graduate Management Studies course. David managed Building Services Midlands, Wales and West which involved new builds and major maintenance schemes. He then joined the NHS where he became Director of Facilities in Gwent then Powys where he was Director of Support Services.

David is currently a Director of a Property Management Company and is a Member of the British Institute of Facilities Management.



### Hannah Dahill

Hannah is an Associate Director of Employment Law based in Carmarthen.

She holds a master's degree in Employment Law and a Post Graduate Diploma in Human Resource Management. Hannah is an associate member of the Chartered Institute of Personnel and Development and a mentor with Business Wales. Hannah lives in Pembrokeshire with her young family.

## ateb group limited Executive Management Team Year End 17/18



### Nick Hampshire – Chief Executive

I have worked for Housing Associations for over 25 years in property development and investment roles in Wales and England before taking on this role. I aspire to improving and growing our services to customers through the empowerment and development of great teams supported by strong collaborations with our customers, partners and the wider communities we serve. Bsc (Hons) MBA MRICS.



### Adrian Williams – Group Finance Director

I'm a fellow of the Association of Chartered Certified Accountants, a former senior manager with Dwr Cymru Welsh Water and Finance Director of Hamdden Limited, a subsidiary company in the privatised utility group, Hyder plc. I joined Pembrokeshire Housing Association in 1998; played an active role in developing the business into a group structure with a turnover of £24m and its subsequent evolution into the ateb group.



### Nigel Sinnet – Group Property Services Director

I hold BSc (Hons) and MRICS qualifications and have over 40 years' experience of working in the construction industry as a chartered quantity surveyor. From leaving Milford Haven Grammar School, I have worked in private practice, the civil service, the health service and local government before joining the housing association sector in 2001. I want to make sure we develop great homes and great communities.



### Elin Brock – Housing Director

I joined the group in March 2015 having previously worked for Cantref Housing Association as Director of Housing and Community Services. I have previously worked for the Chartered Institute of Housing, Welsh Government and Valleys to Coast Housing. I have also served as Vice Chair at United Welsh Housing Association and a board member at West Wales Credit Union. I am passionate about making a difference to the people and communities we serve.



### Mark Lewis – Interim Housing Director

The majority of my career has been spent working at senior operational level in London within the statutory and voluntary sectors, leading on reducing rough sleeping in central London as Head of Homelessness until 2008 when I decided after almost 20 years in London to return home to Wales as Director of Operations at Grwp Gwalia. I have always been committed to placing the customer at the heart of everything that I do and passionate about delivering service excellence.



## Lead Managers of Subsidiary Companies

### Year End 17/18



**Matthew Owens – MBH Operations Manager**

I have worked for Mill Bay since 2013 and been part of the team that has helped develop Mill Bay Homes into one of Pembrokeshire's leading property development companies. I have previous experience of working in both the public and private sectors and have a background in property sales and valuations.



**Tina Mills – WWCR Agency Manager**

I joined WWCR in August 2006 as the Agency Manager for Pembrokeshire Care and Repair and was successful in obtaining the West Wales Care and Repair Agency Manager role when Pembrokeshire and Ceredigion Care and Repair agencies merged in 2015. I have held a variety of roles during my career; prior to WWCR, I worked as a Regional Manager in Mencap having originally joined them in 1995 as an Employment Officer.

## West Wales Care and Repair Limited Board

### Year End 17/18



**Cllr Simon Hancock – Chair**



**Hugh Watchman – Vice Chair**



**Geraldine Campbell**



**Cllr Lyndon Frayling**



Cllr Catherine  
Hughes



Cllr Dafydd  
Edwards

## Mill Bay Homes Limited Directors Year End 17/18



Mike Westerman – Chair

I am an experienced Chair, with a proven track record of achievement, having operated with success at Board level in the Public, Private, and Voluntary Sectors. I have a particular interest in Housing and have mentored and advised Shelter, Cardinal Hume Centre, and CHAS. I helped create the international charity – ActionAid, and continue to act as consultant to both the Voluntary and Business sectors. M inst F, Fellow IDM, ISP Mem Dip.



Nick Hampshire



Ron Butler  
– Vice Chair



Nigel Sinnett



Adrian Williams

## **Our commitment to you...**

We will always aim to deliver...  
the right **service outcomes, efficiently**  
with **great customer experience...**  
for the people and communities  
of West Wales.



*better living  
solutions*

**ateb** *better living solutions*