

Corporate Review 19/20



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.



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:



Nick Hampshire
Group Chief Executive
nick.hampshire@atebgroup.co.uk



Alex Jenkins
Executive Director for Finance
alex.jenkins@atebgroup.co.uk



A Board Overview of 2019/20

The events of Coronavirus pandemic at the end of the financial year have and will impact our customers, teams and partners in many ways. I will review these events towards the end of my overview

The Board continued to develop, although we lost Rob and Colin, we gained Anthony who brought additional financial expertise to the Board. This year the Board undertook a formal appraisal and had a two day Board training event in conjunction with Community Housing Cymru focusing on a range of in-topic governance issues. Both activities helped us to develop our Governance Improvement Plan that acts as our ongoing action list to ensure our governance remains effective.

As last year, the Board continued to evolve our work around compliance and H&S. This year saw the launch of the new compliance software that has the capabilities of showing Board members, through dashboards, the latest status with our compliancy work programmes and certification. A similar approach is now being taken with our occupational H&S surveillance, where following a review of our systems, we have agreed a 12 month action plan to develop a far more embedded approach to H&S aligned to our DNA 'Working @ ateb' first principle i.e. H&S must come first. These ongoing developments will ensure that lessons learnt elsewhere will be able to easily be checked against our systems and transferred where gaps are identified.

Our Assurance Committee now meets 4 times a year and have been working with the senior team to develop our Assurance Framework called Assure. Assure will be the tool we will use to risk assess, mitigate, test and evidence whether our Vision for ateb is being achieved. We are planning through financial year (FY) 2020/21 to develop the approach in parallel to our conventional risk management and assurance work streams in preparation for full use by the Assurance Committee in FY 2021/22. We were obviously pleased to receive a Standard/ Standard regulatory review in September last year.

Performance across the year has been stable as we continued to deliver impressive turnaround on voids. We have kept our rent arrears low and have maintained a high customer satisfaction with our reactive repairs. We have continued to invest in our existing and new homes, as well as leveraging the housing market to return another £1m+ gift aid transaction from Mill Bay Homes that will be used to provide more socially rented homes in West Wales. This year saw a big investment in our working practices aimed at greater flexibility and agility. The changes made to our working practices, terms and conditions and remote working technology were aimed at offering greater ability to meet our customers' expectations but clearly became indispensable with the advent of the Coronavirus pandemic.

We were able to act quickly to secure a temporary service and establish modelling and scenarios to ensure business continuity. We will continue to apply a robust governance regime during this difficult period and seek to recover our services as quickly as it is safely possible to do so.



David Birch

Chair of ateb group limited



Section One/Governance & Service Delivery

Organisational Structure, Governance & Risk Management

The ateb group is a group of companies that collectively share an aspirational purpose of 'creating better living solutions' for the people and communities of West Wales. Our Vision document sets out 'what good looks like' for ateb over the long term. Using the Vision document, the Boards have published our improvement requirements within the 3 year strategic plan, issued at the start of FY 2018/19. The Board's year 2 review of the plan is captured in an accompanying document.

The group structure is shown in the following diagram:



ateb group limited 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 (WWC&R) 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).



6/ Corporate Review

Our boards consisted of the following Board Members and Directors at the end of 2019/20:

ateb Group Limited Board of Management

The group Board can comprise up to fifteen members which includes the option to have a maximum of 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.

Members	Position or Skills and Experience
David Birch (Chair)	Property & Facilities Management – In both public and private sectors
Hugh Watchman	Procurement & Supply Chain Management – In the domestic electricals industry currently running a local leisure related business
Hannah Belton	Legal Services – Currently a Director and Solicitor with a local law partnership with a specialism in employment law
Owen Jones	Planning – A chartered town and county planning consultant
Sharron Lusher	Further Education – Former Principle of Pembrokeshire College
Jackie Leonard	Housing & Maintenance – Housing professional
Jade Francis	Commercial Banking – Regional Manager for Swansea Building Society
Anthony James	Finance – Commercial sector financial controller

Mill Bay Homes(MBH) Limited Board of Directors

The MBH's' Directors are registered directors at Companies House. The Chair is independent of the main Board due to Welsh Government regulations; members are recruited for their skills and experience relating to for sale housing development. The primary role of the Board is to focus on strategic direction, growth, investment and risk. The Board meets formally four times a year for regular business and at other times to discuss strategic issues.

Member	Position or Skills and Experience
Mike Westerman (Independent Chair)	Consultant in fundraising specialising in the not-for-profit sector
Jim Leighton (Independent Director)	Chartered Quantity Surveyor
Nick Hampshire	Chief Executive



West Wales Care & Repair(WWC&R) Limited Board of Management

The WWC&R Board can comprise up to fifteen members. Board members are drawn primarily from community, health, local enterprise development and the third sector. The primary role of the Board is to focus on strategic direction, growth, investment and risk. The Board meets formally four times a year for regular business and at other times to discuss strategic issues.

Member	Position or Skills and Experience
Simon Hancock (Independent Chair)	Pembrokeshire County Council Nominee
Hugh Watchman	Parent Board Appointee
Cllr Lyndon Frayling	Pembrokeshire County Council Nominee
Cllr Dafydd Edwards	Ceredigion County Council Nominee
Cllr Alun Williams	Ceredigion County Council Nominee
Elaine Lorton	Director at Hywel Dda Local Health Board

The group Board is supported by two committees with specific responsibilities; we have combined our People and Remuneration Committee into one and refocused our Audit committee on to assurance whilst retaining audit responsibilities as follows:

> **People and Remuneration Committee** – Ad hoc committee responsible for policy on remuneration and terms and conditions of employment as well as matters relating to grievances and related appeals. The members are:

Member
Hannah Belton (Chair)
Hugh Watchman
Anthony James

> **Assurance Committee** – Responsible for setting and reviewing the assurance framework including appointment of internal auditors, internal audit plan and external audit services. The Committee meets 4 times a year to review and test whether we can be assured we are meeting our ateb Vision. The framework consists of the risks that will prevent us from achieving our Vision, the controls that manage or mitigate those risks and the tests we will apply to those controls to make sure the controls are doing what they should. The Assurance Committee report to the parent Board and consists of the following members:

Member
Hugh Watchman (Chair)
Owen Jones
Mike Westerman (Independent of ateb main group Board)
Sharron Lusher



Retirements During 2018/19

Due to personal reasons:

- > **Colin King** – ateb Group Board
- > **Rob Davies** – ateb Group Board

Due to leaving the employment of ateb Group Limited:

- > **Adrian Williams** – MBH Director. Previously Executive Director – Finance and ICT
- > **Nigel Sinnett** – MBH and EBS Director. Previously Executive Director – Property

Board Member Recruitment During 2018/19

We recruited 2 new Board Members to the group as follows:

ateb group limited board

- > **Anthony James**
- > **Elaine Lorton** – WWC&R Board

The recruitment addressed vacancies and skill/competency requirements across the Boards. Recruitment remains ongoing to all Boards. The group Board have taken the principle decision to remunerate ateb group and MBH Board Members and Directors. WWC&R are not receiving remuneration due to the nature of their business and funding/grant they receive.

Remuneration of Boards in 2019/20 was as follows:

ateb Group Limited	Time commitment (Hours)	Remuneration
Board Member	92.5	£2,960
Additional allowances		
Chair of Board	20	£640
People & Remuneration Committee	6	£192
Assurance Committee	24	£768
MBH Limited		
Board Member	27	£2,000
Circa	34	£2,500

All remunerated Board Members/Directors enter a Deed of Agreement for Services that details their obligations in return for payment for their time.

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



Executive Team

The EMT is supported by a Managers' Group

EMT	Role	Joined
Nick Hampshire	Chief Executive	2017
Mark Lewis	Executive Director for Customer	2018
Under recruitment	Executive Director for Finance	July 2020*
Under recruitment	Executive Director for Development	July 2020*

*Offers have been made and accepted currently serving notice periods

Adrian Williams and Nigel Sinnett, Executive Directors for Finance/ICT and Property respectively, both left ateb group in the year after circa 20 years of service each. The vacated posts were recruited within FY 2019/20 with offers made and accepted.

Company Secretary

All boards are supported by a Company Secretary

> **Ceri Barnett** – Company Secretary

Legal Status & Governance Framework Changes

Here is a summary of the key changes in FY 2019/20:

- > The quorate for MBH Board of Directors meetings was reduced from 4 to 3
- > Nick Hampshire Chief Executive was made a Director of EBS in lieu of Nigel Sinnett



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 latest regulatory judgement in September 2019/20 as follows:

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

The full judgement is available on our website www.atebgroup.co.uk

ateb group identified a number of ongoing improvement actions as follows:

- | | |
|------------------------------|---|
| > Compliance and H&S system. | > Governance Improvement Plan. |
| > Assurance Framework. | > Planned Maintenance programme delivery. |

Our next Annual Statement of Assurance will be issued in June 2020 where we will update on the above actions.

ateb stories – self evaluation

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.

2018/19 saw the launch of ateb stories, our new take on evaluating our own performance, please see our website for the full document. The first edition of ateb stories discusses the performance of each of our 'Service Areas', identifies the areas we need to improve and gives a summary overview of our position against the WG 10 performance standards.

The self-evaluation also includes stories from our customers and partners to demonstrate our performance and approach.

We will issue ateb stories 19/20 using the same format at our AGM in September 2020..

Ongoing regulatory issues to note:

- > The implementation of the Renting Homes (Wales) Act 2016 has been further delayed.
- > The independent review of affordable housing supply in Wales was issued to the Welsh Government (WG) on May 1st, 2019. The WG has accepted the recommendations and have tasked a number of sub groups to consider implementation options. We are expecting changes to take effect from FY 2021/22.
- > Our Annual Statement of Assurance will be issued to the WG in Q2 FY 2020/21



Assurance Management

In line with the WG regulatory framework and their supporting 'The Right Stuff' publication, ateb group have developed an approach to assurance management called Assure.

How we will create assurance?

Step one – Will be to understand the risks and controls that will impact our ability to achieve our Vision.

Step two – Will be to collect the right data and validate its accuracy.

Step three – Will be to use that data to answer the following questions:

1/ Purpose – are we achieving our purpose?

2/ DNA – have we got the right DNA?

3/ Plan – have we got and are we achieving the right long term strategic aims?

4/ Deliver – have we established the right service delivery model that gives the customers what they want?

5/ Assure – do we know our operating boundaries and are we operating within them?

6/ Improving – are we an improving organisation?

The Assurance Committee will set the risk, controls and tests required to deliver the six sections of the Vision and then receive quarterly reports to monitor our progress.

Internal Audit

Mazar Internal Audit Services were appointed to undertake our Internal audit programme for FY 2019/20. They will continue their work in FY 2020/21.

The Assurance Committee continued to focus on the key areas of Compliance, H&S, service performance standards and financial control. The audits made improvement recommendations to our planned maintenance management, financial controls and asset & liability register. Advisory audits were completed of our achieve framework and our assure framework. Where recommendations were made, plans of work have been put into place or actions undertaken immediately to address the reports. The following is the executive summary of our internal audit opinion.



Internal Audit Annual Report 2019/20

Mazars Internal Audit Services

Executive Summary

Introduction

This report summarises the internal audit work undertaken by Mazars in the year ending 31st March 2020, the scope and outcome of work completed, and incorporates our annual statement on internal controls assurance. Our opinion considers work conducted since Mazars were appointed in September 2019.

The report should be considered confidential to ateb Group ('ateb' or 'the Group') and not provided to any third party without prior written permission by Mazars.

Performance against Plan

The Internal Audit Strategy for 2019/20 provided for 28 days of audit work. We are pleased to confirm that we undertook all of the scheduled days and an additional three day review of the asset and liability register, as requested by the Assurance Committee. Please refer to Appendix 3 for full details of our audit work.

Overall Conclusions

Our Opinion

In our opinion ateb Group has in place an appropriate framework for identifying, evaluating and managing the significant risks faced by the organisation.

Our audit work identified a number of areas for improvement in the Group's control framework, specifically in relation to the changes to supplier bank details and the availability of health and safety files in relation to planned maintenance works. Our recommendations in these areas were accepted by management and should be given sufficient priority to be completed within the agreed timescales set.

During the year we followed up recommendations made by the Group's previous internal auditors, the details of this work is set out at Appendix 2. We note that the Group's implementation of previous recommendations is lower than our sector benchmark of 85%, however all high priority recommendations had been implemented. It was noted that the outstanding actions all related to major projects underway, including the Assure Framework and the changes to the Group's Housing Management System, and the Assurance Committee have clear oversight of these projects and their timescales.

In respect of the areas of activity that we reviewed for the period, and subject to the weaknesses identified and reported in our internal audit reports, ateb Group has an adequate, effective and reliable framework of internal control and effective risk management and governance processes which provides reasonable assurance regarding the effective and efficient achievement of the organisation's objectives.

No instances of actual or suspected fraud have been encountered during our audit work.



Strategic Plan

Executive Summary

We have completed 2 years of our current 3 year strategic plan based on the following 3 strategic aims:



The plan identified 19 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 at the end of each financial year. The first two years review can be found at www.atebgroup.co.uk/aboutus/documents

Service Delivery

Our service delivery remained strong throughout 2018/19. Some key areas to note are:

ateb group limited

Service Measure	2016/17	2017/18	2018/19	2019/20
Properties	2,617	2,690	2,792	2,894
Rental Income (£,000)	£13,284	£14,013	£14,781	£15,747
Rent Arrears (%)	0.54%	0.35%	0.60%	1.7%
New Homes Built / Purchased (No)	136	74	102	102
Av Time To Let (Days)	10.8	9.6	6.6	5.9
Reactive Repairs (No)	11,544	12,255	11,691	12,616
Planned Repairs (No)	12,616	1,521	1,014	875
Gas Certification (% @ Q4)	100%	100%	99.9%	100%
Repairs Satisfaction (%) (in house team)	97%	99%	99.1%	99.7%
New Home Satisfaction (%) (@ 12 mths defect period)	80%	88%	100%	100%

Mill Bay Homes

Service Measure	2016/17	2017/18	2018/19	2019/20
Sales	48	47	42	41
Gift Aid to Parent (£,000)	1,078	1,015	1,305	£1,066



West Wales Care & Repair

Service Measure	2016/17	2017/18	2018/19	2019/20
Customer Referrals	2,810	2,734	1,709	2,210
Quick Adaptations Completed	1,688	1,417	1,190	1,166
Planned Adaptations	769	661	437	348

The approach to service delivery is being evolved by the Managers' Group. Each service area has 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.

Service Challenges Identified for 2020/21 - Coronavirus

The Coronavirus pandemic will have a significant impact to the 3 group companies over the next and future years.

ateb group are approaching service delivery in FY 2020/21 as follows:

Periods	Status	Anticipated operating conditions
1 – Apr to Jun	Lockdown	Restricted movement and emergency services only; Generally, expenditure reprofiled for later in the year. Recruitment and development sites moved forward 3 months
2 – Jul to Sep	Transition	Some movement possible but still disrupted operations; expenditure starts to rise but income remains disrupted to a greater amount
3 – Oct to Mar	Recovery	Ability to deliver full services but with catch up and remobilisation issues causing issues; higher amounts of expenditure to catch up through use of contractors, continued income disruption to a lesser amount

Business Continuity operations will generally apply in Q1 of the FY as follows:

- General home visits stopped.
- New precautions when visiting any of our homes.
- Emergency repairs only.
- All community engagement activities and tenant association meetings to be suspended until further notice.
- Welfare Team created to offer a range of support to those in need.
- Communication generally through digital channels.
- Government and HSE advice to undertake essential safety checks and external maintenance work.
- All Internal improvement works have now been suspended.
- We are concentrating our efforts on general emergency issues and essential services.
- Limited grounds maintenance service in certain areas.



Transition planning will involve the following considerations:

- Risk assessments for use of office facilities by customers, teams and partners including adaptations and new working arrangements
- Welfare arrangements for prolonged working at home
- Risk assessments for full use of communal areas in schemes
- Risk assessments for working/visiting customers homes for non-emergency services

Recovery planning will be developed for each service area across the group led by the Executive Management Team. Each service team will consider the following:

- What actions are required to return the service area from Business Continuity operations to full service outcome?
- What is the likely timeframe?
- What risks will need to be considered?
- What additional resources are required to recover the service outcome?
- How are the service's customers impacted by the reduced service period?

Transitional and Recovery actions will only take place where prevailing operating and regulatory conditions are deemed safe to do so.

Business Continuity Governance Arrangements

The Board have remained fully engaged in the decision to implement Business Continuity measures and its ongoing management of the pandemic response. The Board will:

- > Monitor the Business Continuity budgets issued as a result of the crisis
- > Ensure the delivery of the amended year 3 strategic priorities detailed above.
- > Keep our regulators, funders and key partners informed of ateb Group's ability to deliver its core obligations
- > Receive and respond to regular performance updates from the Executive Management Team
- > Monitor the delivery of the Welsh Government's 4 principles
- > Continue to hold regular Board and special board meetings through MS Teams to ensure continuity of service and effective communications
- > Oversee the transition and recovery preparation with an overall aim of safely delivering full services as soon as is reasonably practicable given the prevailing operating and economic circumstances through the year.



Specific company challenges:

ateb Group limited

- > Income collection
- > Compliance servicing and testing with social distancing measures.
- > Repairs and works with social distancing measures.
- > Older person support with social distancing measures.
- > Money and benefit advice with increased universal credit applications
- > More lockdowns
- > Delivering improvements whilst in recovery.

Mill Bay Homes Limited

- > Volatile trading conditions arising from economic/political uncertainty could impact sales.
- > Delivering improvements whilst in recovery.

West Wales Care & Repair Limited

- > Reduced demand due to social distancing
- > Delivering improvements whilst in recovery.

Governance & Service Delivery Summary

A steady year for our governance systems that built on the improvements in the previous year. The Board continued to focus on developing our compliance and H&S in light of Grenfell and other lesson learnt reports. We continued to develop our Assure framework that has been drafted but not implemented, we will seek to trial the new approach to assurance alongside our existing systems through FY 2020/21. The ateb and MBH Boards received remuneration for the first time in the year and continued to update their governance improvement plan following an externally facilitated appraisal process and governance training programme.

Service was stable with continued positive performance around rent arrears and void property work streams. The investment in our compliance system is also showing benefits in our ability to respond quicker and with more precision to maintaining full compliancy. We agreed a preferred supplier for our new housing management software which will significantly enhance our ability to deliver service to our customers but critically, receive better performance data, customer insight and therefore help us to better plan new homes and services.

Obviously the end of the year was dominated first by Brexit then the Coronavirus pandemic. We have acted quickly to ensure safety for all and issued new business continuity budgets and systems to ensure ateb group companies are in the best position possible to continue delivering their services in difficult trading conditions.



Section Two/Financial Review

Introduction

The following sections look at the group financial performance. i.e. ateb group Limited, MBH and WWC&R. This information is supported by detailed financial statements for each company, which is available on request. Please note that due to the timing of the Coronavirus lockdown, there was little impact to the trading of the 3 group business. Please note our following financial highlights:

ateb Group Limited (Parent of Group)

- Turnover has increased by 7.0% on 2018/19 to £16,888k
- Number of homes has increased by 102 to 2,894
- Operating surplus, at £5,842k, has increased by 8.5% on 2018/19
- Operating surplus % has increased to 34.6% from 34.1%
- Gift aid received of £1,066k from Mill Bay Homes Limited (Subsidiary)
- Net Surplus (before pension adjustments), at £5,103k, is up 14.1% on 2018/19
- Net Surplus % (before pension adjustments) increased to 30.2% from 28.3%
- £1,482k actuarial gain in respect of defined benefit pension scheme.

Mill Bay Homes Limited (Subsidiary)

- Turnover has increased by 8.8% on 2018/19 to £8,262k
- Number of properties sold has remained relatively static at 41 (2018/19: 42)
- Gross Profit (GP) down by 9.4% to £1,610k driven by lower sales and development mix
- Gross Profit % (GP%) has decreased 3.9% points to 19.5% owing to development mix
- Net Profit down 18.3% to £1,066k
- Net Surplus % has decreased by 4.3% points to 12.9% owing to GP% and higher interest costs.

West Wales Care & Repair (Subsidiary)

- Turnover has decreased slightly by 0.9% on 2018/19 to £751k
- Operating surplus down by 36.9% to £40k driven by a net increase in staff costs
- Operating surplus % has decreased 3.0% points to 5.4% owing to staff costs
- Net Surplus (before pension adjustments) down 37.9% to £38k
- £84k actuarial gain in respect of defined benefit pension scheme.



The following tables show a headline analysis of our 2019/20 financial performance:

Headline SOCI Summary

Statement of Comprehensive Income 2019/20 (£m)	Group	ateb	WWCR	Mill Bay
Turnover	25.9	16.9	0.7	8.3
Operating Costs and Costs of Sales	(18.7)	(11.1)	(0.7)	(6.9)
Operating Surplus	7.3	5.8	0	1.4
Net Interest and Other Costs/Income	(0.5)	0.8	0	(1.4)
Surplus for the Year	6.7	6.6	0	- 0

Headline Group Financial Position

Statement of Financial Position 2019/20 (£m)	Group	ateb	WWCR	Mill Bay
Tangible Fixed Assets/Investments	225.5	231.2	- 0	- 0
Net Current Assets	12.7	6.2	0.6	5.8
Total Assets	238.2	237.4	0.6	5.8
Payables > 1 Year	(202.7)	(202.5)	(0.1)	5.8
Reserves	35.5	34.9	0.5	- 0

Key Financial Indicators for the Group

Key Financial Indicators 2019/20	Group	ateb	WWCR	Mill Bay
Operating Margin	28%	35%	5%	17%
Months Cash/Secured Loans Available	- 0	15	- 0	- 0
Interest Cover (min 1.1)	- 0	2.4	- 0	- 0
Gearing (max. 80%)	- 0	56%	- 0	- 0

Welsh Government Global Account Indicators

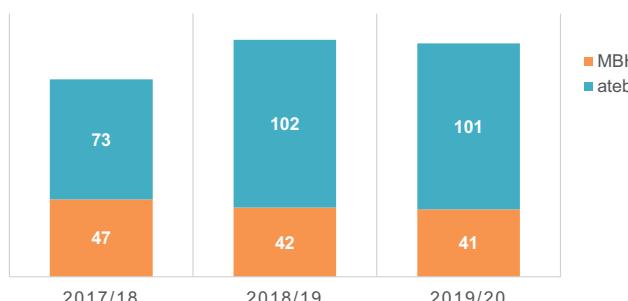
Indicator	Welsh Sector 2017/18*	Welsh Sector 2018/19*	ateb group 2019/20*
Operating Costs Per Units	£3,003	£3,203	£2,711
Management Costs Per Units	£1,031	£1,128	£655
Reactive Repairs Costs Per Unit	£998	£1,082	£986
Capitalised Component Costs Per Unit	£629	£670	£424
Bad Debts Per Unit	£31	£38	£21
Weighted Average Cost of Capital	4.29%	4.23%	3.74%
Free Cash Flow	£492k	£723k	£1.8m
Gross Rent Arrears/Lettings	4.28%	4.49%	4.95%
Total Rent Charges Per Unit	£5,309	£5,459	£5,443
Rent Void Loss Per Unit	£60	£54	£12

* shown at out turn price level

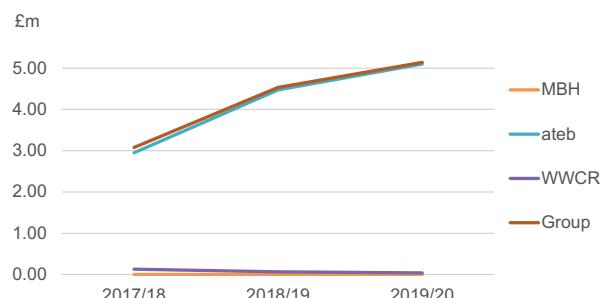


Performance Highlights

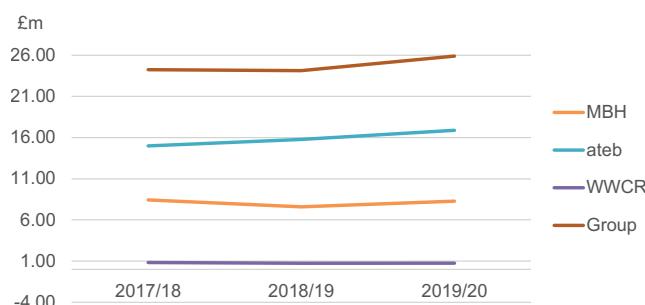
New Homes



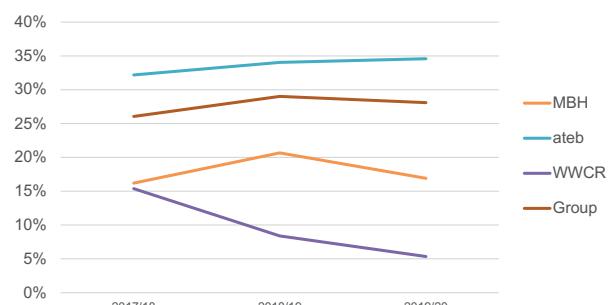
Net Surplus



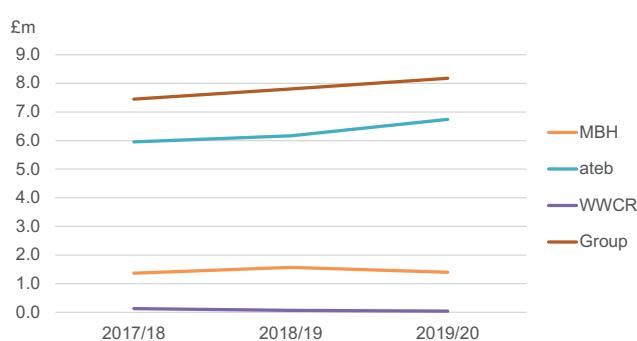
Turnover



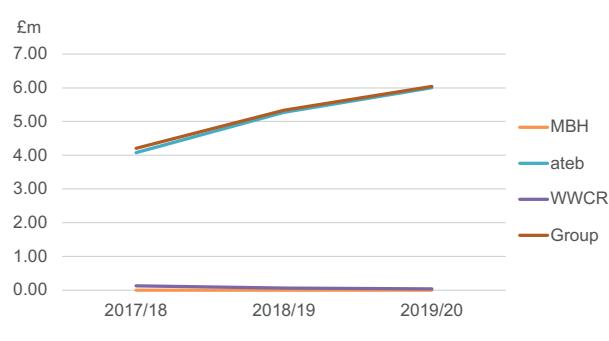
Operating Margin



Operating surplus adjusted (components only)

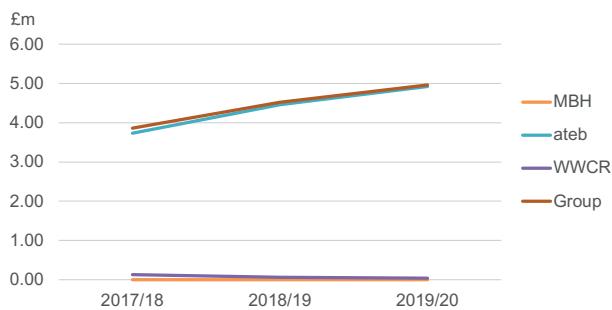


Net surplus adjusted (components only)

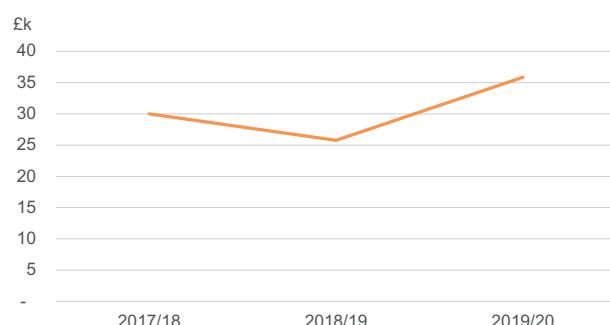




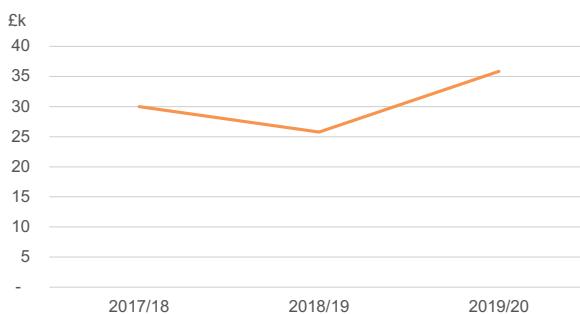
Net surplus adjusted – donated land and components



Current tenant rent arrears (net of housing benefit)



Rent income lost due to voids



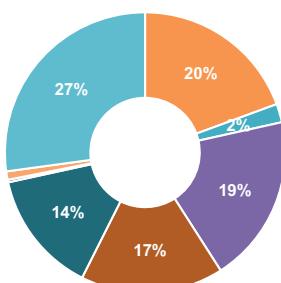
Year end snapshot of our borrowing

As at the year end 69% of debt is on a fixed interest rate. If ateb's short term Revolving Credit Facility (provided by Barclays at 1.58%) is excluded then the fixed interest percentage increases to 85%. The weighted average interest rate is 3.62%.

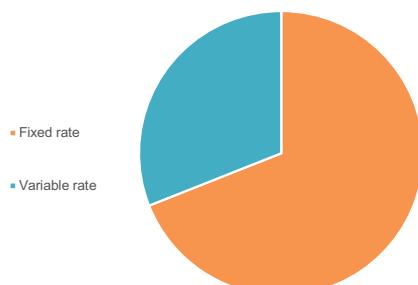
Further facilities are expected to come in to play during the next six months which will further improve the ratio of fixed to variable as well as consolidate the weighted average interest rate. ateb is very well placed to capitalise on the current financial climate and has sufficient security to do so, see below.

How we are funded

- BAE
- Welsh Government
- Barclays
- M&G
- Yorkshire BS
- RBS
- THFC
- Principality BS

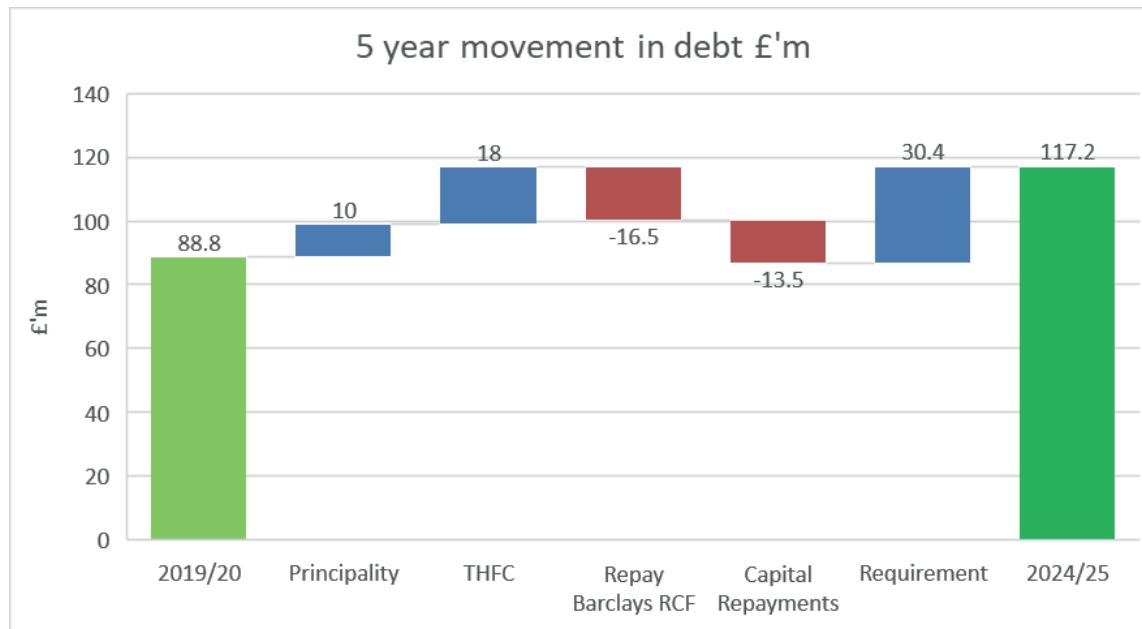


Interest rate risk





The five year business plan has our debt position increasing by £28.4m to £117.2m. The bridge-graph below explains the movement and is borne out from the need to repay existing debt coupled with our requirement to fund our development programme.



Security

At the end of 2019/20 we had in excess of 800 properties that were not charged to a lender. By the end of the 5 year plan, as a result of the movements above and including the properties in the development programme, ateb will have in excess of 1,500 properties available for charging. This equates to approx. £75m of property value which is well in excess of the £30.4m highlighted as 'new' borrowing requirement in the plan.



Summary of Consolidated Group Financial Statements

(Subject to Shareholder Approval)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For Year Ending 31st March 2020

£,000	FY 19/20	FY 18/19
Turnover	25,900	24,134
Cost of Sales	(6,652)	(5,815)
Gross Surplus	19,249	18,318
Less: Operating costs	(12,086)	(11,314)
Gain/(loss) on disposal of property, plant and equipment	115	15
Operating Surplus	7,278	7,020
Finance/Investment Income	9	47
Finance Costs	(3,258)	(3,324)
Housing Finance Grant	243	228
Finance Charges / Issue Costs	(155)	(190)
Donated Land Value Adjustment	1,080	812
Other Income	10	10
Pension Fund Net Interest Costs	(66)	(58)
Corporate Rebranding	-	(11)
Surplus for the year before taxation	5,141	4,534
Taxation	-	-
Other Comprehensive Income	5,141	4,534
Initial recognition of multi-employer defined benefit scheme	-	(1,178)
Actuarial losses in respect of pension schemes	1,566	(547)
Pension Fund Deficit Adjustment	-	-
Total comprehensive income for the year ending 31 March 2020	6,707	2,809



CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

For Year Ending 31st March 2020

£ ,000	Revenue Reserve	Designated Reserve	Restricted Reserve	Total Reserves
Balance at 1 April 2019	24,181	4,367	223	28,770
Surplus from statement of comprehensive income	6,707	-	-	6,707
Transfer of Reserves	(1,073)	1,065	8	0
Balance at 31 March 2020	29,815	5,432	231	35,477

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2020

£ ,000	2020	2019
Property, Plant & Equipment		
Housing properties - depreciated cost	222,087	206,118
Other	553	509
	222,640	206,627
Investments		
Homebuy loan	2,912	3,109
	225,552	209,736
Current assets		
Inventories	6,026	6,107
Trade receivables: amounts falling due within one year	4,741	1,276
Trade receivables: amounts falling due after more than one year	5,050	4,268
Cash	4,349	3,717
	20,165	15,368
Trade payables: amounts falling due within one year	(7,485)	(8,824)
Net current assets	12,680	6,544
Total assets less current liabilities	238,232	216,279
Trade payables: amounts falling due after more than one year	(201,496)	(184,787)
Provisions for liabilities		
Pension - deficit funding liability	(1,259.00)	(2,722.00)
Net assets	35,477	28,770
Equity		
Called up share capital	-	-
Restricted Reserves	231	223
Designated Reserves	5,432	4,367
Revenue Reserve	29,815	28,770
	35,477	28,770



CONSOLIDATED STATEMENT OF CASHFLOWS

For Year Ending 31st March 2020

£ ,000	2020	2019
Net cash inflow from Net cash inflow from	7,537	11,512
Cash flow from investing activities		
Payments to acquire and develop property	(17,203)	(19,235)
Receipts from sales of Property, Plant and Equipment	115	15
Social Housing Grant and contributions received	4,288	7,106
Purchase of other fixed assets	(187)	(138)
Finance/Investment income	9	47
Net cash outflow from investing activities	(12,978)	(12,206)
Cash flow from financing activities		
Finance costs	(3,263)	(3,329)
Finance costs	-	-
Mortgage and other loans received - housing	11,500	6,619
Finance costs of loans issued	-	(30)
Loans repaid - housing	(2,164)	(12,028)
Net cash inflow from financing	6,073	(8,768)
Net change in cash and cash equivalents	632	(9,461)
Cash and cash equivalents at beginning of the year	3,717	13,178
Cash and cash equivalents at end of the year	4,349	3,717

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 2020. 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 & Repair Limited - subsidiary.

Mill Bay Homes Limited - subsidiary.

CONTINUING OPERATIONS

None of the Association's activities was acquired or discontinued during the two financial years.

Pembrokeshire Housing Association Limited changed it's name to ateb Group Limited in March 2018.



External Auditor Opinion For the year Ended 31 March 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATEB GROUP LIMITED REGISTERED UNDER THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014

Opinion

We have audited the financial statements of ateb Group Limited ("the Association") for the year ended 31 March 2020 which comprise the statement of comprehensive income, statement of changes in reserves, statement of financial position, the cash flow statement and its related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Boards' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATEB GROUP LIMITED REGISTERED UNDER THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014

Matters on which we are required to report by exception\ We have nothing to report in

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

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

Responsibilities of the board

As explained more fully in the Statement of Responsibilities of the Board (set out on page 5), the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the Association's members, as a body, in accordance with Part 7 of the Cooperative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Bevan Buckland LLP

Bevan Buckland LLP

Chartered Accountants & Statutory Auditors

Langdon House

Langdon Road

Swansea

SA1 8QY

Date: 30/07/20

Board Member & Executive Team Profiles





ateb group limited Board of Management

Year End 2019/20



David Birch

- > Appointed to the Board in October 2017
- > Chair of atebe group limited

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.



Hugh Watchman

- > Appointed to the Board in October 2016
- > Vice Chair of atebe Group limited
- > Chair of Assurance Committee
- > Board member of WWC&R

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



Hannah Belton

- > Appointed to the Board in October 2017
- > Chair of People and Remuneration Committee

Hannah is an 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.



Sharron Lusher

- > Appointed to the Board in October 2018
- > Member of the Assurance Committee

Sharron has vast experience of working at a strategic level for Pembrokeshire's largest provider of post-16 education. Sharron became the Principal of Pembrokeshire College in 2012 and has a keen interest in audit and assurance. Sharron became a special advisor to the Pembrokeshire College's Corporation Board in July 2018 and accepted a public appointment in March 2019 on the Independent Welsh Pay Review Body.



Jade Francis

- > Appointed to the Board in October 2018

Jade is the Business Development Manager at Swansea Building Society and has worked at a senior level within the banking sector for the majority of her career. Jade has extensive experience in providing financial advice to clients and has a Diploma in Retail Banking Conduct of Business.



Jackie Leonard

- > Appointed to the Board in October 2018

Jackie is a Consultant and has worked within the housing sector for over 20 years at a Director level. Jackie's expertise and skills have been used in various service roles across the sector with a focus on planning, budgetary management, contract management and service delivery.



Owen Jones

- > Appointed to the Board in June 2018
- > Member of the Assurance Committee

Owen is a Director of an independent town planning consultancy that operates within England and Wales. Owen has extensive experience of planning and development and is a Chartered Town Planner and a Member of the Royal Town Planning Institute.

Owen's current work comprises of working with private developers and landowners on a range of strategic development schemes which includes major mixed use development sites, development plan promotion, planning applications, EIA and public enquires. Owen is educated to Masters Level and holds an MSc in Residential Development.



Anthony James

- > Appointed to the Board in September 2019
- > Member of the People & remuneration Committee
- > ACCA Qualified

Anthony is Financial Controller within the metallurgical and alloy powders industry. He has over 15 years financial experience, having held positions within the construction industry and prior to this practice experience of corporate, audit, sole traders, partnerships, business development and tax. Anthony is a Fellow of the Association of Chartered and Certified Accountants....

ateb group limited Executive Management Team Year End 2019/20



Nick Hampshire - Chief Executive

Nick has worked for Housing Associations for over 25 years in property development and investment roles in Wales and England before taking on this role. Nick aspires to improve and grow ateb's services to customers through the empowerment and development of great teams supported by strong collaborations with its customers, partners and the wider communities ateb serves. BSc (Hons) MBA MRICS.



Mark Lewis – Housing Director

The majority of Mark's 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 he decided after almost 20 years in London to return home to Wales as Director of Operations at Grwp Gwalia. Mark has always been committed to placing the customer at the heart of everything that he does and is passionate about delivering service excellence.



Lead Managers of Subsidiary Companies

Year End 2019/20



Matthew Owens – MBH Operations Manager

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



Jayne O'Hara – Agency Manager for West Wales Care & Repair

Jayne has worked for ateb since 2002 with extensive experience of the supported housing sector. Jayne joined the West Wales Care and Repair Team as Agency Manager in June 2019 to further develop ateb's older persons services in Pembrokeshire and Ceredigion.





West Wales Care and Repair Limited Board

Year End 2019/20



Cllr Simon
Hancock
Chair
Pembrokeshire
County Council



Hugh Watchman
Vice Chair



Cllr Lyndon
Frayling
Pembrokeshire
County Council



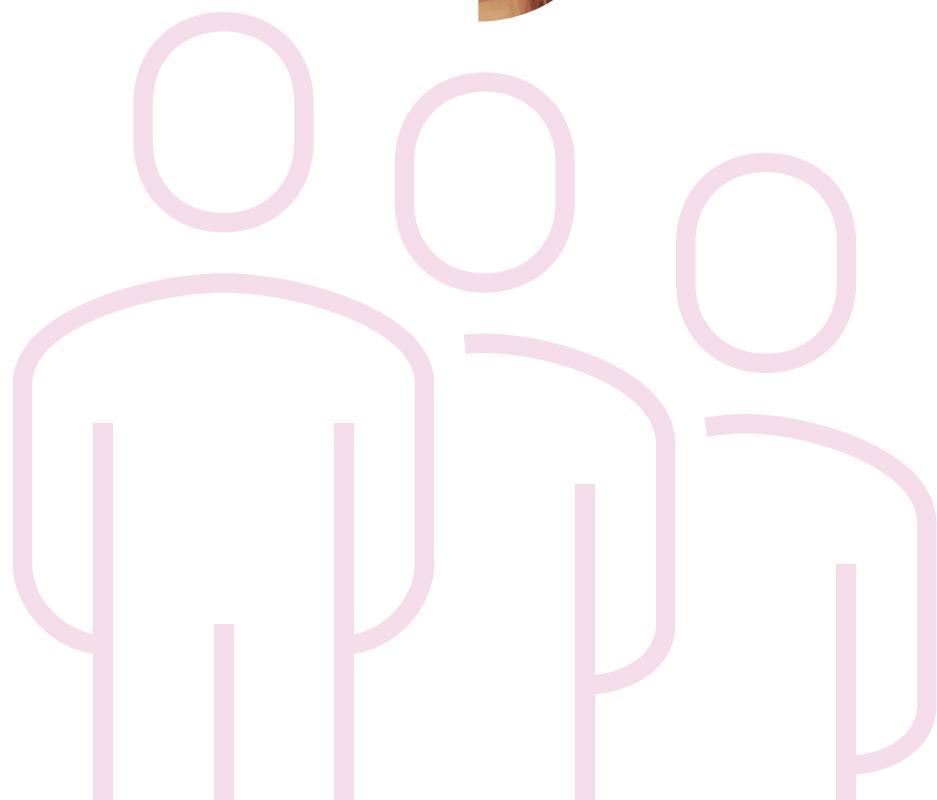
Cllr Dafydd
Edwards
Ceredigion
County Council



Cllr Alun Williams
Ceredigion
County Council



Elaine Lorton
Director
Hywel Dda
Health Board





Mill Bay Homes Limited Directors

Year End 2019/20



Mike Westerman – Chair

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



Jim Leighton

Jim is Chartered Quantity Surveyor with extensive experience in the Construction Industry, whose speciality is providing early strategic advice for potential projects such as, for example, The College of Music and Drama in Cardiff, New Football Stadium for Cardiff City FC, The Atrium for the University of South Wales in Cardiff and currently developments for Glamorgan Cricket Club and Wales Millennium Centre. Jim is currently a Director at Blake Morgan and was previously a Director of Aecom and Equity Partner for both Davis Langdon and Symonds. Jim also has experience of working in London, Europe, Canada, Jamaica and the Middle East.



Nick Hampshire

Nick has worked for Housing Associations for over 25 years in property development and investment roles in Wales and England before taking on this role. Nick aspires to improve and grow ateb's services to customers through the empowerment and development of great teams supported by strong collaborations with its customers, partners and the wider communities ateb serves. BSc (Hons) MBA MRICS.

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