

Corporate Review 20/21



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

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Alex Jenkins

Executive Director for Finance

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A Board Overview of 2020/21

The last year has been challenging for our customers, teams and partners and placed an emphasis on the need for strong but flexible governance. The Boards of ateb Group have worked hard to ensure that the Group continued to perform and where possible continue with its improvement plans. Thank you to our 3 Boards for their support during the last year.

As others, all our Boards moved to the virtual world with a minimal amount of issues thanks to the previous year's investment in Microsoft 365 and mobile hardware. We held 2 AGMs virtually and undertook a virtual planning event just before Christmas 2020. Our focus has been on risk and management of risk. Utilising our Compliance; Finance; Performance and Reputation risk matrix, we developed business continuity budgets and business plans supported by a series of operational and financial risk triggers to help assess changing trends. In mid-2020 we issued a 2-year interim strategic plan aimed at mitigating risk to core services whilst persevering with the ongoing improvement plans we had in place.

We welcomed 2 new Executive Directors to the team, Alex and Will have settled in extremely well in difficult circumstances and are working hard with their teams on future plans. Our thanks to Principality and THFC who both completed finance arrangements to enable more investment into new homes. The THFC arrangement produced one of the lowest rates in Wales for the type of product we accessed.

Although our regulator suspended the 'normal' regulatory assessment programme we managed to achieve the required standard/standard award in the 3rd quarter. Regular meetings have been held with our Regulation Manager through the year with special reporting data sets being supplied on a monthly basis. Our internal and external auditors have both adapted to the remote working arrangements and engaged closely with our teams on a range of areas with specific audits on Covid related continuity actions.

Our team have been fantastic! In difficult circumstances we have been able to maintain high levels of performance and customer satisfaction. We introduced a customer telephone and video booking facility and invested in cloud-based telephony and call centre software. As announced last year, we continued with the implementation of our new Microsoft Dynamics cloud-based housing software system due to go live in FY 21/22. The new system will give us a significantly improved platform to evolve our customer offers over the coming years. We continued our improvement to our H&S systems through the year including updates to our policies, procedures and risk assessment processes, it remains a key Board target to ensure we are putting H&S first.

On behalf of the Boards of ateb Group, can I thank our customers for their understanding over the last year, our teams for their efforts in maintaining service and standards, our partners for their input and support and my Board colleagues for their continued commitment to serving our communities across West Wales.



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 shares 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 our 2 year 'interim' strategic plan, issued mid-2020. The Board's year 1 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).



Our Boards consisted of the following Board Members and Directors at the end of 2020/21:

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	Independent Mortgage Broker/Manager - Willcox Financial Limited
Anthony James	Finance – Commercial sector financial controller

Mill Bay Homes (MBH) Limited Board of Directors

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)	Marketing - Consultant in fundraising specialising in the not-for-profit sector
Jim Leighton (Independent Director)	Cost Consultancy - Former Chartered Quantity Surveyor
Nick Hampshire	Chief Executive - ateb group limited
Alex Jenkins	Executive Director for Finance - ateb group limited



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)	Local Councillor - Pembrokeshire County Council
Hugh Watchman	Parent Board Appointee
Cllr Lyndon Frayling	Local Councillor - Pembrokeshire County Council
Cllr Dafydd Edwards	Local Councillor - Ceredigion County Council
Elaine Lorton	Health - Director at Hywel Dda Local Health Board
Michelle Smith	Data and Performance - IT Business Analyst for Pembrokeshire County Council

The Group Board is supported by two committees with specific responsibilities; we have combined our People and Remuneration Committee into one and refocused our Assurance 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
Sharron Lusher

> **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 four 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 reports 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
Anthony James



Retirements During 2020/21

West Wales Care and Repair Limited

- > **Cllr Alun Williams** – Ceredigion County Council Nominee
- due to changes with council portfolio

Board Member Recruitment During 2020/21

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

Mill Bay Homes Limited

- > **Alex Jenkins** – Executive Director for Finance

West Wales Care and Repair Limited

- > **Michelle Smith** – IT Business Analyst, Pembrokeshire County Council

The recruitment addressed vacancies and skill/competency requirements across the Boards. Recruitment remains ongoing to all Boards. The Group Board has 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 2020/21 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
Chair of Board	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
Alex Jenkins	Executive Director for Finance	2020
Will Lloyd Davies	Executive Director for Development	2020

Company Secretary

All Boards are supported by a Company Secretary

- > **Ceri Morgan** – Company Secretary (to Sept 20 prior to maternity leave)
- > **Alex Jenkins** – Deputy Company Secretary (from Sept 20)

Legal Status & Governance Framework Changes

Here is a summary of the key changes in FY 2020/21:

- > All Board rules were amended to allow virtual Board, Special and AGM meetings.
- > Regulatory reporting was amended to follow the Interim Regulatory Framework adopted by the Welsh Government regulatory team due to Covid-19 disruptions including monthly key metric reporting.
- > We stopped using the company seal to execute deeds and Board approved deeds being executed by two authorised signatories.
- > The Welsh Government regulated against 'evictions into homelessness' as part of a package of responses to the pandemic.
- > Our schedule of delegated authorities were updated to provide additional cover to signatories in the event of Covid-19 impacting decision making across the group.
- > The Boards introduced our Business Continuity measures during the Covid-19 disruptions.





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.

Due to the Covid-19 pandemic, our Regulator, the Welsh Government, introduced an interim regulatory judgement process which we undertook in the Q3 FY 20/21 with the following outcome:

- > 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.
- > Housing Management, Customer Relationship Management software.

Our next Annual Statement of Assurance will be issued in September 2021 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. Now in its 4th edition, ateb stories continues to show what we aimed to improve and what we did improve as well as recording progress with performance and stories from our customers regarding our services.

This year has been a difficult year for our customers, teams and partners but we believe through a concerted effort and a good level of understanding from our customers, we have managed to deliver our core services focused on support and compliance throughout the year.

Ongoing regulatory issues to note:

- > The implementation of the Renting Homes (Wales) Act 2016 has been further delayed to 2022.
- > ateb will be zoned in Zone 3 for Social Housing Grant allocation (Carmarthenshire, Neath Port Talbot, Swansea and Pembrokeshire). Following the issue of prospectuses for the 4 areas, the Welsh Government will agree 3 year development programmes from FY 22/23.
- > The Welsh Government will introduce a new regulatory framework in 2022 to update the current approach following a consultation exercise. The new framework will continue to concentrate on evidence relating to understanding and delivering improvement.



Assurance Management

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

Assure – ateb's assurance framework

We are launching Assure in FY 21/22 to supersede our current risk management process. Assure will make sure we are delivering the ateb vision i.e. we are achieving our purpose; have the right DNA; have the right long term plan; our services deliver the right customer outcomes as effectively as we can; we operate within our required boundaries and we are improving.

We will do this using the following steps:

Step 1 – What strategic risks will stop us achieving our Vision?

Step 2 – What strategic controls will help us control, influence or minimise those risks?

Step 3 – What tests do we need to undertake to know the risks are being controlled?

Step 4 – Evidencing that we have undertaken the tests and responded to their results

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

Mazars Internal Audit Services were appointed to undertake our internal audit programme for FY 2020/21. Mazars have been appointed as our Internal Auditors for FY2021/22

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 2020/21

Mazars Internal Audit Services

Executive Summary

Introduction

Mazars LLP were the appointed internal auditors to ateb Group. Their internal audit annual report summarised the internal audit work undertaken by Mazars in 2020/21, the scope and outcome of work completed, and incorporates an annual statement on internal controls assurance.

The Internal Audit Plan for 2020/21 provided for 50 days of internal audit work. We are pleased to confirm that we completed 54 days of audit work scheduled including an additional review of Wellbeing requested by the Assurance Committee in the year.

Audit Opinion

COVID-19

During 2020/21, the COVID-19 pandemic impacted on the provision of internal audit services as follows:

- > Audits were completed remotely, with walkthroughs and client interviews held virtually and all evidence being requested and provided digitally.
- > During the year, we have consulted and informed the Assurance Committee about changes to the audit plan to take account of the impact of COVID-19 on the organisation and the changing risk landscape. The annual internal audit opinion provided below reflects the audit plan agreed and is not limited in scope, to the extent that the assurance provided by internal audit can only ever be reasonable, not absolute.

Opinion

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

In 2020/21 we have not highlighted any critical or highly important risks, and as a result every review received a positive assurance opinion. In addition, we note the positive trend in the completion of actions raised by internal audit.

In respect of the areas of activity which we reviewed, and subject to the weaknesses identified and reported in our internal audit reports ateb 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 completed 2 years of our 3 year strategy before the Covid pandemic. Due to the pandemic a new 2 year 'interim' strategy was launched to mirror the operating environment that the pandemic created. Our 3 strategic aims remain as:



The 2 year plan set 24 strategic objectives to help guide our Group through an uncertain 2 year period and hopefully retain some of our improvement plans to that point. The reviews of our performance against last year's objectives and previous years' strategic performance please see our website atebgroup.co.uk

Service Delivery

Our service delivery remained strong throughout 2020/21. Some key areas to note are:

ateb Group Limited

Service Measure	2016/17	2017/18	2018/19	2019/20	2020/21
Properties	2,617	2,690	2,792	2,894	3,005
Rental Income (£,000)	£13,284	£14,013	£14,781	£15,747	£16,175
Rent Arrears (%)	0.54%	0.35%	0.60%	1.7%	1.54%
New Homes Built / Purchased (No)	136	74	102	102	112
Av Time To Let (Days)	10.8	9.6	6.6	5.9	59
Reactive Repairs (No)	11,544	12,255	11,691	12,616	8,036
Planned Repairs (No)	12,616	1,521	1,014	875	894
Gas Certification (% @ Q4)	100%	100%	99.9%	100%	100%
Repairs Satisfaction (%) (in house team)	97%	99%	99.1%	99.7%	Data not available
New Home Satisfaction (%) (@ 12 mths defect period)	80%	88%	100%	100%	Data not available

Mill Bay Homes

Service Measure	2016/17	2017/18	2018/19	2019/20	2020/21
Sales	48	47	42	41	45
Gift Aid to Parent (£,000)	1,078	1,015	1,305	£1,066	2,664



West Wales Care & Repair

Service Measure	2016/17	2017/18	2018/19	2019/20	2020/21
Customer Referrals	2,810	2,734	1,709	2,210	1,928
Quick Adaptations Completed	1,688	1,417	1,190	1,166	1,030
Planned Adaptations	769	661	437	348	254

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 21/22 – Covid-19

Ateb Group service delivery proposals FY 21/22

Periods	Status	Anticipated operating conditions
Q1	Transition	Some movement possible but still disrupted operations; expenditure starts to rise but income remains disrupted to a greater amount
Q2 – Q4	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

Transitional and Recovery actions will only take place where prevailing operating and regulatory conditions are deemed safe to do so. The Board will continue to monitor risk triggers and core performance data throughout the year in a similar way to the last year's governance arrangements.

Business Continuity Governance Arrangements

The Board has 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.

Summary – Governance and Service Performance

Governance – all requirements were met in the year but obviously with a much-changed process. Boards adapted well to the virtual environment and business continuity measures imposed. We met regularly with our Regulation Manager and responded to the Welsh Government monthly data returns. We achieved a standard/standard interim judgment from the Welsh Government regulation team in Q3 with no identified shortcomings. Our lenders were given copies of our business continuity arrangements including updated budget and business plans for the 3 Group companies. Our Board issued a new interim strategic plan to operate for a 2-year period specifically to accommodate the expected impact of Covid-19 during this period. H&S of our customers, teams and partners remained at the forefront of our planning both from a Covid-19 and a landlord/employer perspective. Our internal and external audit partners were able to complete their programmes remotely with the support of our teams with positive outcomes. All the Boards either started or completed their appraisal process and updated their governance improvement plans accordingly. Board planning and training events were undertaken remotely through the year.

Service Performance – services were impacted through the year primarily due to lockdown measures imposed by the Welsh Government and working from home guidance/law. In ateb, the latter meant our receptions were closed for the whole of FY 20/21 with reliance on phones/digital media and video meetings. The lockdowns did have the effect of increasing our letting times, void debts and repair times but performance quickly returned to more 'normal' metrics post-lockdowns.

Work started on our new Housing Management Software system that will launch in FY 21/22. This investment will support our efforts to provide a better service to our customers over the long term. The core system will manage our rent, repairs and lettings with integrations to our compliance system. Phase 2 will see integrations to our development and strategic asset management systems.

WWCR saw enquiries and works orders drop in the first half of the year but return strongly in the second half. MBH had a strong year due to the housing market remaining very buoyant through the year and posted gift aid receipts of circa £2.7m, easily the best year of trading from the subsidiary.



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. Like all companies the Covid-19 disruptions did impact our business planning and budget processes in the year but considering the year's events we believe our financial performance remained strong. Although some expenditure relating to internal planned improvements has been delayed into the next 2 FYs and costs for PPE and other Covid-19 related costs were incurred, generally our financial position is better than we had originally projected. Please note the following financial highlights:

ateb Group Limited (Parent)

- Turnover has increased by 2.4% on 19/20 to £17,300k.
- Number of homes has increased by 3.8% to 3,005.
- Operating surplus, at £5,750k, has decreased by 1.6% on 19/20.
- Operating surplus % has decreased to 33.2% from 34.6%.
- Gift aid received of £2,664k from Mill Bay Homes Limited (Subsidiary) is 149.9% up on FY 19/20.
- Net Surplus (before pension adjustments), at £6,028k, is up 18.1% on FY 19/20.
- Net Surplus % (before pension adjustments) increased to 34.8% from 30.2%.
- £1,720k actuarial loss in respect of defined benefit pension scheme.

Mill Bay Homes Limited (Subsidiary)

- Turnover has increased by 35.1% on 19/20 to £11,161k.
- Number of properties sold has increased to 45 (FY 19/20: 41).
- Gross Profit (GP) up by 99.2% to £3,207k driven by exceptionally higher sales and development mix.
- Gross Profit % (GP%) has increased 9.2% points to 28.7% owing to higher sales and development mix.
- Net Profit up 149.9% to £2,664k.
- Net Profit % has increased by 11.0%pts to 23.9% owing to GP%.

West Wales Care & Repair (Subsidiary)

- Turnover has increased by 2.7% on FY 19/20 to £771k.
- Operating surplus down by 59.5% to £16k driven by a net increase in staff costs.
- Operating surplus % has decreased 3.2% points to 2.1% owing to staff costs.
- Net Surplus (before pension adjustments) down 61.4% to £15k.
- £130k actuarial loss in respect of defined benefit pension scheme.



The following tables show a headline analysis of our 2020/21 financial performance:

Headline SOCI Summary

Statement of Comprehensive Income 2020/21 (£m)	Group	ateb	WWCR	Mill Bay
Turnover	29.2	17.3	0.8	11.2
Operating Costs and Costs of Sales	(20.5)	(11.6)	(0.8)	(8.2)
Operating Surplus	8.7	5.7	0	3.0
Net Interest and Other Costs/Income	(4.5)	(1.4)	(0.1)	(3.0)
Surplus for the Year	4.19	4.3	(0.1)	- 0

Headline Group Financial Position

Statement of Financial Position 2020/21 (£m)	Group	ateb	WWCR	Mill Bay
Tangible Fixed Assets/Investments	235.3	235.3	- 0	- 0
Net Current Assets	25.1	22.8	0.6	1.7
Total Assests	260.6	259.8	0.6	1.7
Payables > 1 Year	(220.9)	(220.6)	(0.2)	(1.7)
Reserves	39.7	39.2	0.4	- 0

Key Financial Indicators for the Group

Key Financial Indicators 2020/21	Group	ateb	WWCR	Mill Bay
Operating Margin	30%	33%	4%	27%
Months Cash/Secured Loans Available	- 0	16	- 0	- 0
Interest Cover (min 1.1)	- 0	2.4	- 0	- 0
Gearing (max. 80%)	- 0	57%	- 0	- 0

Welsh Government Global Account Indicators

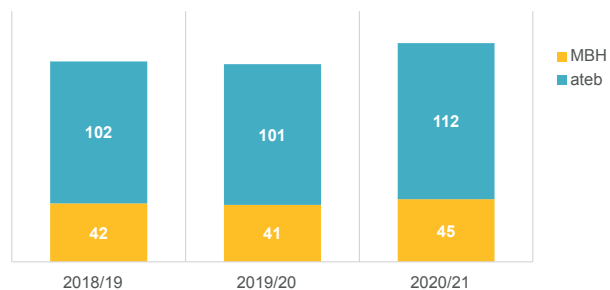
Indicator	Welsh Sector 2018/19*	Welsh Sector 2019/20*	ateb Group 2020/21*
Operating Costs Per Units	£3,203	£3,434	£2,693
Management Costs Per Units	£1,128	£1,100	£618
Reactive Repairs Costs Per Unit	£1,082	£1,100	£981
Capitalised Component Costs Per Unit	£670	£691	£156
Bad Debts Per Unit	£38	£48	£35
Weighted Average Cost of Capital	4.23%	4.24%	3.85%
Free Cash Flow	£723k	£288k	£7.8m
Gross Rent Arrears/Lettings	4.49%	4.47%	4.77%
Total Rent Charges Per Unit	£5,459	£5,610	£5,383
Rent Void Loss Per Unit	£54	£66	£68

* shown at out turn price level

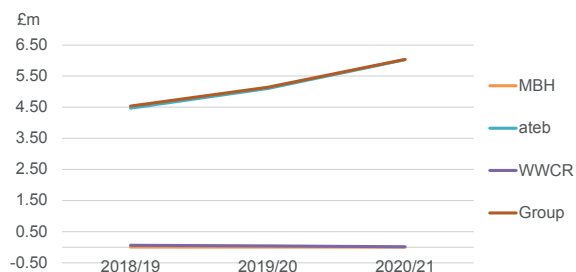


Performance Highlights

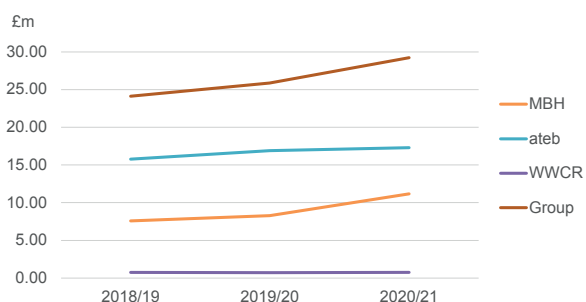
New Homes



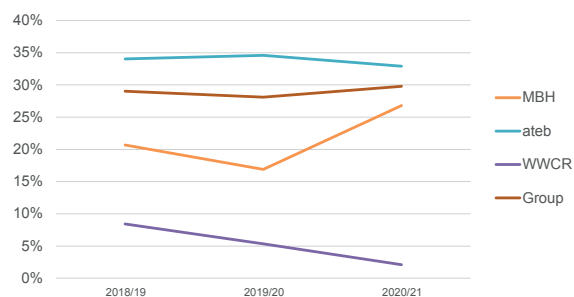
Net Surplus



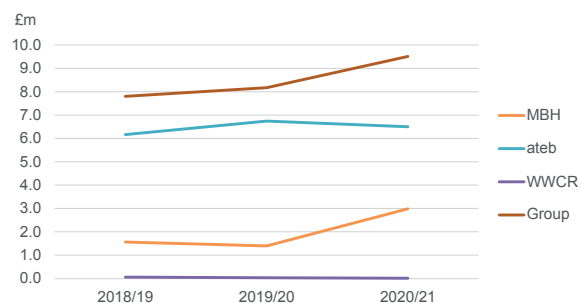
Turnover



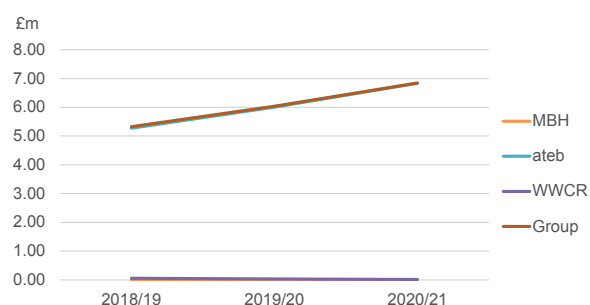
Operating Margin



Operating surplus adjusted (components only)

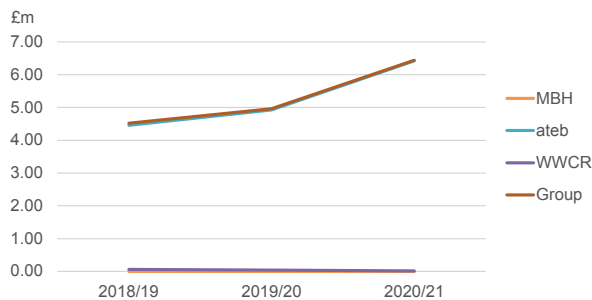


Net surplus adjusted (components only)

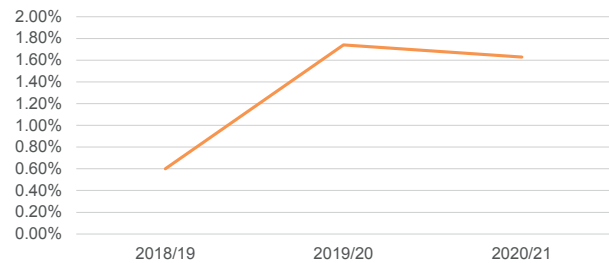




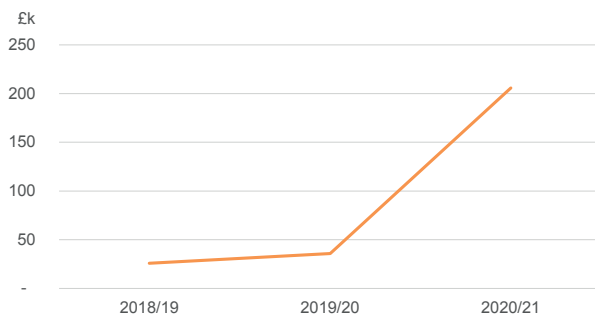
Net surplus adjusted – donated land and components



Current tenant rent arrears (net of housing benefit)



Rent income lost due to voids

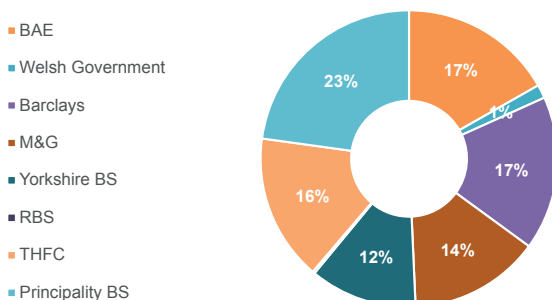


Year-end snapshot of our borrowing

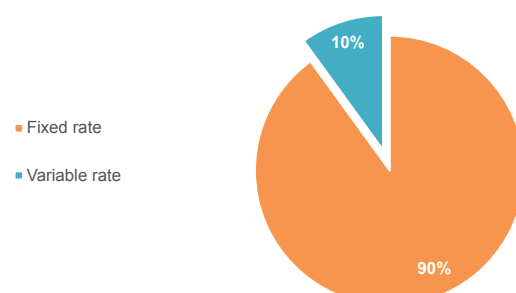
As at the year-end 90% of debt is on a fixed interest rate. ateb benefits from a short term Revolving Credit Facility (provided by Barclays at ~1.30%) but this was not utilised at the year end. The weighted average interest rate is 3.85%.

During the year ateb benefitted from THFC's bLEND facility of £18m and also a loan from Principality of £10m (of which £8m was drawn down) both are at fixed rates. The existing RCF with Barclays expires in early July 2021 but we have successfully renegotiated a new RCF with Barclays for a further 3 years. ateb's Business Plan suggests there is sufficient capacity in the existing agreements to see us through the next three years before further borrowing is needed. However, should conditions change, we are well placed to secure additional finance owing to our general performance and levels of unencumbered stock see below.

How we are funded

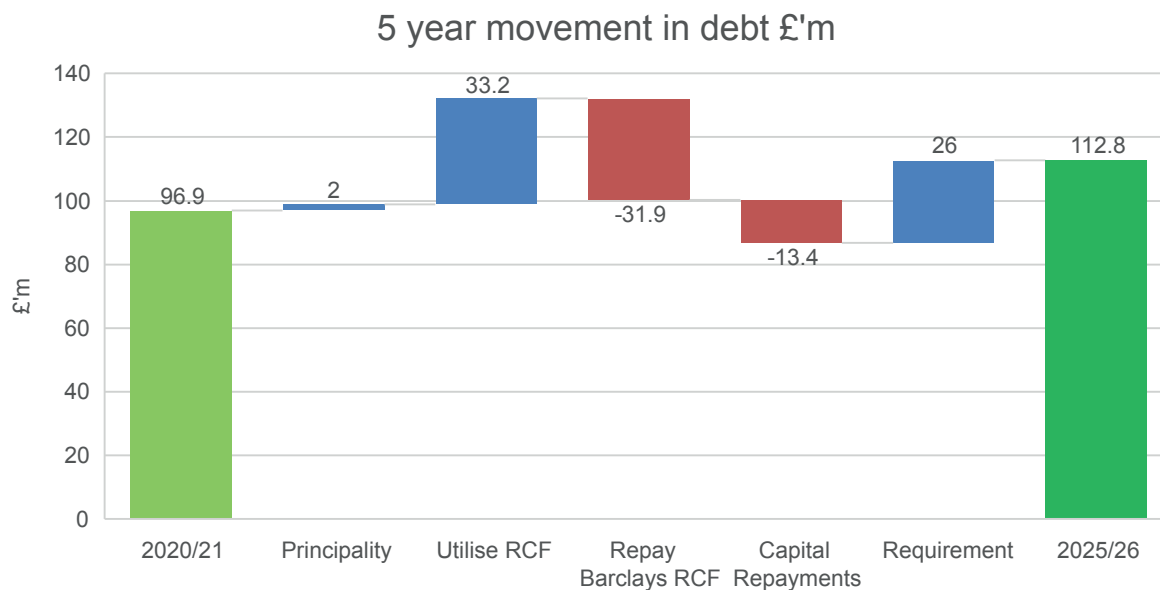


Interest rate risk





The five year business plan has our debt position increasing by £15.9m to £112.8m. 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 FY 20/21 we had in excess of 900 properties that were not charged to a lender or excess security. 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 approx. 1,500 properties available for charging. This equates to over £75m of property value which is well in excess of the £26m highlighted as 'new' borrowing requirement in the plan.





Summary of Consolidated Group Financial Statements

(Subject to Shareholder Approval)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

£ ,000	FY 2021	FY 2020
Turnover	29,231	25,900
Cost of Sales	(7,953)	(6,652)
Gross Surplus	21,278	19,249
Less: Operating costs	(12,572)	(12,086)
Gain/(loss) on disposal of property, plant and equipment	53	115
Operating Surplus	8,759	7,278
Finance/Investment Income	4	47
Finance Costs	(3,495)	(3,324)
Interest Capitalised	288	0
Housing Finance Grant	238	243
Finance Charges / Issue Costs	(139)	(155)
Donated Land Value Adjustment	409	1,080
Other Income	4	10
Pension Fund Net Interest Costs	(26)	(66)
Corporate Rebranding	0	0
Surplus for the year before taxation	6,043	5,141
Taxation	-	-
Other Comprehensive Income	6,043	4,534
Initial recognition of multi-employer defined benefit scheme	0	0
Actuarial losses in respect of pension schemes	(1,851)	1,566
Pension Fund Deficit Adjustment	-	-
Total comprehensive income for the year ending 31 March 2021	4,192	6,707

CONTINUING OPERATIONS

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



CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

For the year ended 31 March 2021

£ ,000	Revenue Reserve	Designated Reserve	Restricted Reserve	Total Reserves
Balance at 1 April 2020	29,815	5,432	231	35,477
Surplus from statement of comprehensive income	4,192	-	-	4,192
Transfer of Reserves	(2,670)	2,669	1	0
Balance at 31 March 2021	31,337	8,101	232	39,669

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

£ ,000	2021	2020
Property, Plant & Equipment		
Housing properties - depreciated cost	231,510	221,989
Other	827	553
	232,338	222,541
Investments	-	-
Shop - 50-54 Bush St	98	98
Homebuy loan	2,676	2,912
	235,112	225,552
Current assets		
Inventories	3,925	6,026
Trade receivables: amounts falling due within one year	5,247	4,741
Trade receivables: amounts falling due after more than one year	5,012	5,050
Cash	20,283	4,349
	20,165	20,165
Trade payables: amounts falling due within one year	(9,101)	(7,485)
Net current assets	25,366	238,232
Total assets less current liabilities	260,478	238,232
Trade payables: amounts falling due after more than one year	(217,923)	(201,496)
Provisions for liabilities		
Pension - deficit funding liability	(2,886.00)	(1,259.00)
Net assets	39,669	35,477
Equity		
Called up share capital	-	-
Restricted Reserves	239	231
Designated Reserves	8,094	5,432
Revenue Reserve	31,336	29,815
	39,669	35,477



CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 31 March 2021

£ ,000	2021		2020	
Net cash inflow from Net cash inflow from		13,390		7,537
Cash flow from investing activities				
Payments to acquire and develop property	(13,007)		(17,203)	
Receipts from sales of Property, Plant and Equipment	53		115	
Social Housing Grant and contributions received	6,359		4,288	
Purchase of other fixed assets	(397)		(187)	
Finance/Investment income	4		9	
Net cash outflow from investing activities		(6,988)		(12,978)
Cash flow from financing activities				
Finance costs	(3,531)		(3,263)	
Finance costs	-		-	
Mortgage and other loans received - housing	27,000		11,500	
Finance costs of loans issued	- 30		-	
Loans repaid - housing	(19,430)		(2,164)	
THFC Premium Account	5,523			
Net cash inflow from financing		9,532		6,073
Net change in cash and cash equivalents		15,934		632
Cash and cash equivalents at beginning of the year		4,349		3,717
Cash and cash equivalents at end of the year		20,283		4,349

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 2021. 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 were acquired or discontinued during the two financial years.
Pembrokeshire Housing Association changed its name to ateb Group Limited in March 2018.



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 2021 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 2021 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 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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and then, design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We discussed our audit independence complying with the Revised Ethical Standard 2019 with the engagement team members whilst planning the audit and continually monitored our independence throughout the process.

Identifying and assessing potential risks related to irregularities.

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

- enquiring of management, including obtaining and reviewing supporting documentation, concerning the organisation's policies and procedures relating to:
 - identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas;
 - Purchasing in relation to the development and maintenance programmes, including any sales to connected individuals at below market value;
 - The recognition of development and maintenance expenditure in the correct period;
 - The rationale of any major fund flows during the period;
 - The potential of rent fraud arising as a result of collusion between the asset and housing teams.
- obtaining an understanding of the legal and regulatory frameworks that the organisation operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the organisation.



Audit response to risks identified

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- enquiring of management concerning actual and potential litigation and claims; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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

Bevan Buckland LLP

Bevan Buckland LLP

Chartered Accountants & Statutory Auditors
Langdon House
Langdon Road
Swansea
SA1 8QY

Date: 24/06/21

Board Member & Executive Team Profiles





ateb Group Limited Board of Management

Year End 2020/21



David Birch

- > Appointed to the Board in October 2017
- > Chair of ateb 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 the 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.



Hugh Watchman

- > Appointed to the Board in October 2016
- > Vice Chair of ateb 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.



Hannah Belton

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

Hannah is a Director of Employment Law based in Carmarthen. She holds a Masters 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 Independent Mortgage Broker/Manager at Willcox Financial Limited 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 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 enquiries. 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 Assurance Committee

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 2020/21



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. Nick holds the following qualifications BSc(Hons), MBA, MRICS.



Alex Jenkins – Executive Director for Finance

Alex is a Fellow of the Institute of Chartered Accountants in England and Wales. He has a first-class BSc in Maths from Bristol University. Prior to joining ateb, Alex held a number of senior finance positions and has worked in a variety of sectors such as construction and food manufacture. His training and early career was carried out at Arthur Anderson, an international audit and advisory consultancy, where he gained his professional qualification and audit experience. In his spare time Alex likes to cycle, kayak and coach his son's rugby team.



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 nearly 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.



Will Lloyd-Davies – Executive Director for Development

Will is a qualified Chartered Surveyor who oversees all the new home development functions of the ateb Group including the private housing subsidiary Mill Bay Homes. Prior to joining ateb Will was running his own property development consultancy operating throughout South and West Wales, providing consultancy and support across all aspects of the development process, including identifying and processing new development opportunities, land planning and development for both commercial and residential sites and buildings. Will also project managed teams of internal/external consultants from initial conception to completion.

Lead Managers of Subsidiary Companies Year End 2020/21



Will Lloyd-Davies Executive Director for Development



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 & 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 2020/21



Cllr Simon
Hancock
Chair
Pembrokeshire
County Council



Hugh Watchman
Vice Chair



Cllr Lyndon
Frayling
Pembrokeshire
County Council



Cllr Dafydd
Edwards
Ceredigion
County Council



Michelle Smith
IT Business Analyst
Pembrokeshire
County Council



Elaine Lorton
Director
Hywel Dda
Health Board





Mill Bay Homes Limited Directors Year End 2020/21



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. Mike holds the following qualifications MinstF, Fellow IDM, ISP Mem Dip.



Jim Leighton

Jim is a retired Chartered Quantity Surveyor with extensive experience in the Construction Industry, whose speciality is providing early strategic advice for potential projects such as, 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 Chief Executive



Alex Jenkins Executive Director for Finance



*better living
solutions*

ateb *better living solutions*