



# **The 2020 Financial Statements of Welsh Housing Associations**

## **Datganiadau Ariannol 2020 Cymdeithasau Tai Cymru**

**Community Housing Cymru  
Cartrefi Cymunedol Cymru**



Noddir gan  
**Lywodraeth Cymru**  
Sponsored by  
**Welsh Government**

# Contents

Foreword	3
Executive Summary	7
Housing Association Accounts and Cash Flow	14
Value for Money (VfM)	28
Private Finance Summary	38
Trend Analysis and VfM Indicators	43
Acknowledgements	45

# Cynnwys

Rhagair
Crynodeb Gweithredol
Cyfrifon a Llif Arian Cymdeithasau Tai
Gwerth am Arian
Crynodeb Cyllid Preifat
Dadansoddiad Tueddiadau a Dangosyddion Gwerth am Arian
Cydnabyddiaeth



# 01 | Foreword Rhagair

# Foreword

Home has never meant more. The pandemic has shown us that where you live has never been more important to how you live. The safety, security, comfort, adaptability and connectedness of our homes have been put to the test as many of us have lived, worked and learnt within the same four walls. It has also shone a light on the urgent need to work together to end homelessness across Wales. The desire to provide access to good quality housing, with the right support where needed, is crucial for every person and family whatever their circumstances. A solid financial base underpins housing associations' ability to play a full part in achieving this shared purpose at pace and scale.

This year's Global Accounts show a housing association sector that is operating from a robust financial base and that is using this solid foundation to make a real difference in communities across Wales. Housing associations are continuing to successfully leverage private finance into Wales to invest in local communities. The sector has the continued ability to access £3bn of borrowing capacity that when blended with Welsh Government investment makes every pound go further.

# Rhagair

Nid yw cartref erioed wedi golygu mwy. Dangosodd y pandemig i ni na fu lle'r ydych yn byw erioed yn bwysicach i sut ydych yn byw. Cafodd diogelwch, sicrwydd, cysur, hyblygrwydd a chysylltedd ein cartrefi ei brofi wrth i lawer ohonom fod wedi byw, gweithio a dysgu o fewn yr un pedair wal. Mae hefyd wedi dangos yr angen brys i gydweithio i ddod â digartrefedd i ben ledled Cymru. Mae'r dymuniad i roi mynediad i dai ansawdd da, gyda'r gefnogaeth gywir lle mae ei angen, yn hanfodol ar gyfer pob person a theulu beth bynnag eu hamgylchiadau. Mae sylfaen ariannol gadarn yn sail i allu cymdeithasau tai i chwarae rhan lawn wrth gyflawni'r diben hwn sy'n gyffredin i ni i gyd a gwneud hynny yn gyflym ac ar raddfa eang.

Mae Cyfrifon Cynhwysfawr eleni yn dangos sector cymdeithasau tai sy'n gweithredu o sylfaen ariannol gadarn, ac sy'n defnyddio hyn i wneud gwahaniaeth go iawn mewn cymunedau ar draws Cymru. Mae cymdeithasau tai yn parhau i fod yn llwyddiannus wrth ysgogi cyllid preifat i Gymru i'w fuddsoddi mewn cymunedau lleol. Mae gan y sector hwn y gallu parhaus i gael mynediad i £3bn o gapasiti benthyca sydd, pan y'i cyfunir gyda buddsoddiad Llywodraeth Cymru, yn gwneud i bob punt fynd ymhellach.

The importance of building new, good quality, energy efficient and affordable homes remains at the heart of our shared ambitions. The strong performance set out in this report and the delivery in partnership of 20,000 affordable homes over the fifth Senedd term is something to be proud of. There is more to do however if we are to meet housing need across Wales and we share an ambition to significantly increase our collective target over the new Senedd period to build a further 20,000 social homes.

The 2020 financial performance supports a sector in Wales that continues to act as a crucial economic stimulus. During the year housing associations directly contributed £1.3bn to the economy, with 85% of this expenditure retained in Wales. The indirect supplier effect alongside this meant the total contribution to the economy was over £2bn. And it's not just about housing, the sector makes a significant contribution to employment by directly providing almost 11,000 full time equivalent jobs. For every direct job provided nearly 1.5 positions are supported elsewhere in the Welsh economy which equates to a job creation of 27,000 jobs.

This is a report primarily about finances; but it is also a report about people and services. The tables, numbers and indicators in this report set out the work that housing associations take to drive value for money across their businesses, their reinvestment back into local areas and to support local communities. It is notable that housing associations have delivered additional value, including further investment in properties and improved asset management. Financially there was continued free cash inflow into the sector, increased turnover and a reduction in the cost of finance that allows the sector to borrow more to invest in homes, services and communities. Continuing to deliver value for tenants and communities is at the heart of the work that housing associations have undertaken over the past year. This will be paramount as we respond and rebuild in response to the Covid-19 pandemic.

Mae pwysigrwydd adeiladu cartrefi newydd, ansawdd da, effeithiol o ran ynni a fforddiadwy yn parhau yn greiddiol i'r uchelgais a rannwn. Mae'r perfformiad cryf a nodir yn yr adroddiad a darparu 20,000 o dai fforddiadwy mewn partneriaeth dros bumed tymor y Senedd yn rhywbeth i ymfalchio ynddo. Fodd bynnag mae mwy i'w wneud os ydym i ddiwallu'r angen am dai ledled Cymru a rhannu uchelgais i sicrhau cynnydd sylweddol yn ein targed cyfunol dros gyfnod y Senedd newydd i adeiladu 20,000 pellach o dai cymdeithasol.

Mae perfformiad ariannol 2020 yn cefnogi sector yng Nghymru sy'n parhau i weithredu fel ysgogiad economaidd hollbwysig. Yn ystod y flwyddyn fe wnaeth cymdeithasau tai gyfrannu £1.3bn yn uniongyrchol i'r economi, gyda 85% o'r gwariant hwn yn cael ei gadw yng Nghymru. Mae'r effaith cyflenwr anuniongyrchol wrth ochr hyn yn golygu fod y cyfanswm cyfraniad i'r economi dros £2bn. Ac nid dim ond am gartrefi mae hyn, mae'r sector yn gwneud cyfraniad sylweddol i gyflogaeth drwy ddarparu bron 11,000 o swyddi cyfwerth ag amser llawn yn uniongyrchol. Am bob un swydd uniongyrchol a ddarperir caiff bron 1.5 o swyddi eu cefnogi mewn rhan arall o economi Cymru, yn gyfwerth â 27,000 o swyddi.

Mae'r adroddiad hwn yn bennaf am gyllid; ond mae hefyd yn adroddiad am bobl a gwasanaethau. Mae'r tablau, rhifau a dangosyddion yn yr adroddiad yn nodi gwaith cymdeithasau tai i hybu gwerth am arian ar draws eu busnesau, eu hailfuddsoddiad yn ôl mewn ardaloedd lleol ac i gefnogi cymunedau lleol. Mae'n nodedig fod cymdeithasau tai wedi sicrhau gwerth ychwanegol, yn cynnwys buddsoddiad pellach mewn eiddo a gwell rheoli asedau. Yn ariannol roedd mewnlif arian rhydd i'r sector, cynnydd mewn trosiant a gostyngiad yng nghost cyllid sy'n galluogi'r sector i fenthycu mwy i'w fuddsoddi mewn cartrefi, gwasanaethau a thenantiaid. Mae parhau i sicrhau gwerth am arian i denantiaid a chymunedau wrth galon gwaith cymdeithasau tai dros y flwyddyn ddiwethaf. Bydd hyn yn hollbwysig wrth i ni ymateb i ac ailadeiladu mewn ymateb i bandemig Covid-19.

Overall this encouraging report evidences a strong financial base from which housing associations can continue attracting private investment to make positive differences throughout Wales. Generation of sufficient free cash and continued surpluses are key drivers of continued financial resilience, ultimately allowing housing associations to lever in further significant borrowings that, when used alongside essential grant funding receivable from Welsh Government, creates new homes and provides substantial benefits to the people, communities and economy of Wales.

Drwyddi draw mae'r adroddiad calonogol hwn yn dangos sylfaen ariannol gadarn y gall cymdeithasau tai barhau i ddenu buddsoddiad preifat ohono i wneud gwahaniaethau cadarnhaol ledled Cymru. Mae cynhyrchu arian rhydd digonol a gwargedion yn sbardunau allweddol mewn cydnerthedd ariannol parhaus, yn y pen draw yn galluogi cymdeithasau tai i ysgogi mwy o fenthyciadau sylweddol a fydd, pan y'u defnyddir wrth ochr cyllid grant hanfodol a dderbynnir gan Lywodraeth Cymru, yn creu cartrefi newydd ac yn rhoi buddion sylweddol i bobl, cymunedau ac economi Cymru.



**Julie James, MS: Minister for Climate Change,  
and Andrew Martyn-Johns, Chair of Community Housing Cymru**

**Julie James AS: Gweinidog Newid Hinsawdd  
ac Andrew Martyn-Johns, Cadeirydd Cartrefi Cymunedol Cymru**



**02**

**Executive  
Summary**

**Crynodeb  
Gweithredol**

# Executive Summary

This report on the affordable housing sector in Wales is co-produced by Community Housing Cymru (CHC) and the Welsh Government. CHC is the representative body for over 40 not-for-profit housing associations and community benefit societies, with members providing homes and housing-related services across Wales. This report is derived from the audited financial statements of the largest 34 housing associations and provides information and commentary on the financial position of the sector for the year ended 31st March 2020.

These results demonstrate the sector's strong balance sheet and continued ability to attract investment underpinning a strong in-year performance. There is a clear ongoing commitment and capability to support the provision of quality, affordable housing across Wales, stimulate the Welsh economy and help mitigate the impact of poverty on people's lives. The sector as a collective group of organisations has posted a positive financial result recording increases in turnover and reserves, attracting additional debt into the sector whilst maintaining the free cash flow position and sustaining an effective level of surplus before interest and tax for the period. Maintaining delivery of surpluses is essential to supporting the resilience and growth of the sector; funding maintenance of existing homes and underpinning essential investment to build new ones.

# Crynodeb Gweithredol

Caiff yr adroddiad hwn ar y sector tai fforddiadwy yng Nghymru ei gynhyrchu ar y cyd gan Cartrefi Cymunedol Cymru (CHC) a Llywodraeth Cymru. CHC yw'r corff sy'n cynrychioli dros 40 o gymdeithasau tai dim-er-elw a chymdeithasau budd cymunedol, gydag aelodau'n darparu cartrefi a gwasanaethau cysylltiedig â thai ledled Cymru. Mae'r adroddiad hwn yn deillio o ddatganiadau ariannol archwiliedig y 34 cymdeithas tai fwyaf ac yn rhoi gwybodaeth a sylwebaeth ar sefyllfa ariannol y sector am y flwyddyn a ddiweddodd 31 Mawrth 2020.

Dengys y canlyniadau hyn bod mantolen gref y sector a'i allu parhaus i ddenu buddsoddiad yn sylfaen i berfformiad cryf yn y flwyddyn. Mae ymrwymiad a galluedd clir a pharhaus i gefnogi darpariaeth tai ansawdd uchel a fforddiadwy ledled Cymru, ysgogi economi Cymru a helpu i liniaru effaith tlodi ar fywydau pobl. Mae'r sector fel grŵp cyfunol o sefydliadau wedi nodi canlyniad ariannol cadarnhaol gyda chynnydd mewn trosiant a chronfeydd wrth gefn, denu dyled ychwanegol tra'n gwella sefyllfa llif arian rhydd a chadw lefel gref o wargedion cyn llog a threthiant am y cyfnod. Mae parhau i sicrhau gwargedion yn hanfodol i gefnogi cydnherthedd a thwf y sector, ariannu cynnal a chadw cartrefi presennol a bod yn sail i fuddsoddiad hanfodol i adeiladu cartrefi newydd.



## 2020 key messages and forward-looking information based on sector forecasts

- The sector now owns and manages 166,439 homes with general needs properties and retirement accommodation accounting for 90% of this figure; 149,179 homes. This is forecast to increase by over 3,000 homes per annum meaning there will be close to 180,000 homes in the sector by 2024
- CHC members have directly spent £1.3bn of which 85% was retained in Wales, and with the indirect impact means the total impact of the sector on the Welsh economy equates to over £2bn
- Turnover for the year was £1,066m; an increase from £1,006m in 2019. Turnover is forecast to rise by 4% per annum to £1,247m by 2024
- Operating surplus for the year was £214m (2019: £214m). By 2024 operating surplus is forecast to rise to £294m with operating margin rising from 20% to 24%
- Housing fixed asset levels, before depreciation, are now shown at £8.4bn, an increase of 6.3% from £7.9bn in 2019. Housing assets are predicted to rise by an average of 8% per annum to £10.3bn by 2024
- Increased borrowings - the total debt level is now £3.2bn, a rise from £3.0bn in 2019. Borrowings are forecast to rise at their historic rate of £0.2bn per annum for the next 4 years reaching £4bn by 2024

## Negeseuon allweddol 2020 a gwybodaeth edrych tuag at y dyfodol yn seiliedig ar ragolygon y sector

- Mae'r sector bellach yn berchen ac yn rheoli 166,439 o gartrefi gydag anheddau anghenion cyffredinol a llety ymddeol yn 90% o'r ffigur hwn; 149,179 o gartrefi. Rhagwelir y bydd hyn yn cynyddu gan dros 3,000 o gartrefi bob blwyddyn gan olygu y bydd yn agos at 180,000 cartref yn y sector erbyn 2024
- Mae aelodau CHC wedi gwario £1.3bn yn uniongyrchol, gyda 85% o hynny wedi ei gadw yng Nghymru. Gyda'r effaith anuniongyrchol, mae hyn yn golygu fod cyfanswm effaith y sector ar economi yng Nghymru yn gyfwerth â dros £2bn
- Roedd trosiant am y flwyddyn yn £1,066m; cynnydd o £1,006m yn 2019. Rhagwelir y bydd trosiant yn cynyddu gan 4% y flwyddyn i £1,247m erbyn 2024
- Roedd y gwarged gweithredu am y flwyddyn yn £214m (2019: £214m). Erbyn 2024 rhagwelir y bydd gwarged gweithredu yn codi i £294m gyda'r gorswm gweithredu yn cynyddu o 20% i 24%
- Dangosir lefelau asedau sefydlog tai, cyn dibrisiant, ar £8.4bn, cynnydd o 6.3% o £7.9bn yn 2019. Rhagwelir y bydd asedau tai yn cynyddu gan gyfartaledd o 8% y flwyddyn i £10.3bn erbyn 2024
- Cynyddu benthycia - mae cyfanswm lefel dyled yn awr yn £3.2bn, cynnydd o £3.0bn yn 2019. Rhagwelir y bydd benthyciadau yn cynyddu ar eu cyfradd hanesyddol o £0.2bn y flwyddyn am y 4 blynedd nesaf gan gyrraedd £4bn erbyn 2024



- The effective interest rate for borrowing was 4.1% for 2020 (4.5% in 2019)
- Sector gearing on 'Historic Cost basis' is 44%, (2019: 45%). Gearing is expected to peak at approximately 46% in 2021 before falling back to its current level by 2024
- Sector gearing on a 'Net Worth' basis is at 62%, a slight rise from the 2019 level of 61%
- Capital and Reserves levels are now £1.25bn (2019: £1.17bn). Reserves are forecast to rise steadily for the next 4 years reaching £1.62bn by 2024
- Directly and indirectly housing associations continue to support around 27,000 FTE jobs in Wales
- Continued sector free cash inflow for 2020 totalling £10m

- Cyfradd log weithredol benthycia oedd 4.1% ar gyfer 2020 (4.5% yn 2019)
- Mae gerio'r sector ar sail 'Cost Hanesyddol' yn 44%, (2019: 45%). Disgwylir y bydd gerio yn cyrraedd brig o tua 46% yn 2021 cyn syrthio'n ôl i'w lefel bresennol erbyn 2024
- Mae gerio'r sector ar sail 'Gwerth Net' yn 62%, cynnydd bach o lefel 2019 o 61%
- Mae lefelau Cyfalaf a Chronfeydd wrth Gefn yn awr yn £1.25n (2019: £1.17bn). Rhagwelir y bydd cronfeydd wrth gefn yn cynyddu'n gyson dros y 4 blynedd nesaf gan gyrraedd £1.62bn erbyn 2024.
- Yn uniongyrchol ac anuniongyrchol mae cymdeithasau tai yn parhau i gefnogi tua 27,000 o swyddi cyfwerth ag amser llawn yng Nghymru.
- Parhau â mewnlif arian rhydd i'r sector ar gyfer 2020 yn gyfanswm o £10m.



This document does not individualise association performance, it shows the collective 'global' position. Each association has performance, planning and risk issues relevant to themselves that differ between organisations and are managed by association executive teams and boards of management.

The sector continues to evolve to become a collection of highly capitalised organisations that own and manage long-term assets supported by long-term financing. Some associations are adopting more commercial tactics to help fulfil their social and charitable objectives - sustaining a key role of supplying new affordable housing has seen some cross-subsidisation initiatives and alternative financial models introduced to extract maximum value from assets whilst mitigating associated risks. Obligations to meet increasing debt repayments is crucial, so managing risk around income collection and treasury management remains fundamental for boards and executive teams to consider when undertaking funding strategies.

Turnover continues to rise year-on-year underpinned by historically stable rental income streams. The relationship between the money received from Welsh Government compared to other sources of associations' income can be expressed as for every £1 received from Welsh Government, the housing associations bring £5.73.

The reported operating surplus of £214m was reduced to a surplus after tax of £24m primarily due to interest payable of £130m (£127m in 2019), loan breakage costs of £77m and an actuarial gain of £9m (£12m loss in 2019) in respect of pension schemes. Another key movement on the total comprehensive income included a surplus on disposal of fixed assets of £26m which is at a similar level to 2019.

Nid yw'r ddogfen hon yn dangos perfformiad cymdeithasau unigol, mae'n dangos y sefyllfa dorfol 'gynhwysfawr'. Mae gan bob cymdeithas faterion perfformiad, cynllunio a risg yn berthnasol iddynt hwy sy'n gwahaniaethu rhwng sefydliadau ac a gaiff eu rheoli gan dimau gweithredol a byrddau rheoli cymdeithasau.

Mae'r sector yn parhau i esblygu a daeth yn gasgliad o sefydliadau cyfalafu uchel sy'n berchen ac yn rheoli asedau hirdymor a gefnogir gan gyllido hirdymor. Mae rhai cymdeithasau tai yn defnyddio tactegau mwy masnachol i helpu cyflawni eu hamcanion cymdeithasol ac elusenol - mae cynnal rôl allweddol o gyflenwi tai fforddiadwy newydd wedi gweld cynlluniau a modelau ariannol amgen yn cael eu cyflwyno i sicrhau'r gwerth uchaf o asedau tra'n lliniaru risgiau cysylltiedig. Mae'r gofyniad i gyflawni ad-daliadau dyled cynyddol yn hollbwysig, felly mae rheoli risg o amgylch casglu incwm a rheoli trysorlys yn parhau'n sylfaenol i fyrddau a thimau gweithredol eu hystyried wrth gynnal strategaethau cyllido newydd.

Mae trosiant yn parhau i gynyddu flwyddyn ar flwyddyn yn seiliedig ar ffrydiau incwm rhent hanesyddol sefydlog. Gellir mynegi'r berthynas rhwng yr arian a dderbynnir gan Lywodraeth Cymru o gymharu â ffynonellau eraill incwm cymdeithasau fel bod cymdeithasau tai yn dod â £5.73 am bob £1 a dderbynnir gan Lywodraeth Cymru.

Gostyngodd y gwarged gweithredu a adroddwyd o £214m i warged ar ôl trethiant o £24m yn bennaf oherwydd llog taladwy o £130m (£127m yn 2019), costau torri benthydd o £77m ac enilliad cholled actiwaraid o £9m (colled o £12m yn 2010) yng nghyswllt cynlluniau pensiwn. Roedd symudiad allweddol arall ar y cyfanswm incwm cynhwysfawr yn cynnwys gwarged ar waredu asedau sefydlog o £25m sydd ar lefel debyg i 2019.

With the presence of greater accounting complexity 'free cash flow generation' evidences a metric of business performance and strength that increasingly provides measurable and meaningful information to stakeholders; funders in particular. Free cash shows the level of cash generated, or consumed, by the existing portfolio of properties - it's the cash left over after meeting all expenditure required to run operations on a daily basis, including loan interest, and before loan repayments, investment in new homes and related grant receipts. Overall, as in 2019, there was a welcome net inflow of sector free cash.

During 2020 £527m of new debt facility was arranged, following £408m raised in 2019. This debt resulted from a combination of raising new funding and restructuring older debt in broadly equal proportions. These new facilities continue the trend of housing associations seeking alternative modes of longer term funding through bond finance and institutional investors that have proved attractive regarding length of term, flexibility and overall cost of funds. Associations cannot rely on favourable interest rates continuing indefinitely so effective treasury management and business plan analysis will help associations manage risk and improve their longer term financial positions. The rising indebtedness of the sector and sustained strong sector-wide financial performance, with the continued posting of annual surpluses, helps associations deal with economic and political challenges facing the sector and wider economy in Wales in a complex operating environment.

Across the UK the need for greater volumes of affordable homes has never been so acute, and the sector in Wales is playing a vital role in helping meet this need on a local level. Housing associations hold a clear social vision that offers confidence for tenants and funders on their purpose and priorities. The supportive levels of Welsh Government Capital and Revenue subsidy has enabled much of the sector to achieve their objectives and with the presence of robust regulation, promoting greater transparency, provides stakeholders with a reassuring outlook on the sector's performance to date and for the future.

Gyda phresenoldeb mwy o gymhlethdod cyfrifeg, mae 'cynhyrchu llif arian rhydd' yn dangos metrig o berfformiad a nerth busnes sy'n gynyddol yn rhoi gwybodaeth fesuradwy ac ystyrlon i randdeiliaid; cyllidwyr yn arbennig. Mae arian rhydd yn dangos lefel yr arian a gynhyrchwyd, neu a ddefnyddiwyd, gan y portffolio presennol o anheddau - dyma'r arian sydd ar ôl ar cyflawni'r holl wariant sydd ei angen i redeg gweithrediadau o ddydd i ddydd, yn cynnwys llog benthyciadau a chyn ad-dalu benthyciadau, buddsoddiad mewn cartrefi newydd a derbyniadau grant cysylltiedig. Drwyddi draw, fel yn 2019, croesewir y cynnydd yn lefel arian rhydd y sector.

Yn ystod 2020 trefnwyd £527m o gyfleuster dyled newydd, yn dilyn £408m a godwyd yn 2019. Mae'r dyled hon yn ganlyniad cyfuniad o godi cyllid newydd ac ailstrwythuro dyled hyn mewn cyfrannau bras gyfartal. Mae'r cyfleusterau newydd hyn yn parhau'r tueddiad o gymdeithasau tai yn edrych am ddulliau eraill o gyllid tymor hirach drwy gyllid bond a buddsoddwyr sefydliadol sydd wedi profi'n ddiadodol yng nghyswllt hyd tymor, hyblygrwydd a chyfanswm cost cyllid. Ni all cymdeithasau tai ddibynnu ar i gyfraddau llog ffafriol barhau am gyfnod amhenodol felly bydd rheolaeth trysorlys a dadansoddiad cynllun busnes effeithlon yn helpu cymdeithasau tai i reoli risg a gwella eu sefyllfaoedd ariannol tymor hirach. Mae'r cynnydd yn nyledrwydd y sector a pherfformiad ariannol cryf cyson ar draws y sector, gyda gwargedion blynyddol parhaus, yn helpu cymdeithasau i ddelio gyda'r heriau economaidd a gwleidyddol sy'n wynebu'r sector a'r economi ehangach yng Nghymru mewn amgylchedd gweithredu cymhleth.

Ar draws y Deyrnas Unedig ni fu'r angen am fwy o gartrefi fforddiadwy erioed mor enbyd, ac mae gan y sector yng Nghymru rôl hanfodol wrth helpu i gyflawni'r angen hwn ar lefel leol. Mae gweledigaeth gymdeithasol glir cymdeithasau tai yn cynnig hyder i denantiaid a chyllidwyr ar eu diben a'u blaenoriaethau. Mae lefelau cefnogol cymhorthdal cyfalaf a refferniw Llywodraeth Cymru wedi galluogi llawer o'r sector i gyflawni eu hamcanion a gyda phresenoldeb rheoleiddio cadarn, yn hyrwyddo mwy o dryloywder, mae'n rhoi sicrwydd i randdeiliaid am berfformiad y sector hyd yma ac ar gyfer y dyfodol.

The sector continues to map out how to mitigate possible effects of BREXIT. The importance of establishing economic certainty and frictionless trade agreements continue to dominate political agendas and associations are keen to stabilize their own ability to source finance, skills and materials for development and maintenance programmes. Regular stress-testing of business plans continues alongside comprehensive assessment of association's assets and liabilities. From governance perspectives board members continue to exercise knowledge, skills and challenge for the complex businesses they oversee, supporting executive management to ensure the strategies adopted offer optimal chances for growth and success of their associations and ultimately prosperity for the tenants they serve.

The first lockdown in response to the Covid-19 pandemic was just starting to be seen in our communities at the balance sheet date. The sector continues to monitor its performance against key financial and safety metrics from March 2020 onwards. To date, performance by Welsh housing associations has been robust.

Overall the sector's financial performance has been another year of consistent progress in its key financial metrics. Housing associations in Wales are well placed to continue investing in existing stock and deliver new supply and are also considering, in depth, the growing decarbonisation agenda and its integration into operations. The regulator consistently engages and supports the sector, observes the financial health and governance arrangements of associations and seeks assurances on their ability to be financially viable, well governed and capable to deliver homes and services to tenants across Wales.

Mae'r sector yn parhau i fapio sut i liniaru effeithiau posibl BREXIT. Mae pwysigrwydd sefydlu sicrwydd economaidd a chytundebau masnach dirwysr yn parhau i ddominyddu agendâu gwleidyddol ac mae cymdeithasau yn awyddus i sefydlogi eu gallu eu hunain i gyrchu cyllid, sgiliau a deunyddiau ar gyfer rhaglenni datblygu a chynnal a chadw. Mae profion straen rheolaidd ar gynlluniau busnes yn parhau ynghyd ag asesiad cynhwysfawr o asedau ac ymrwymadau cymdeithasau. O safbwynt llywodraethiant mae aelodau bwrdd yn parhau i weithredu gwybodaeth, sgiliau a heriau ar gyfer y busnesau cymhleth y maent yn eu goruchwylio, gan gefnogi rheolaeth weithredol i sicrhau fod y strategaethau a fabwysiedir yn cynnig y cyfleoedd gorau oll ar gyfer twf a llwyddiant eu cymdeithasau ac yn y pen draw ffyniant ar gyfer y tenantiaid a wasanaethant.

Roedd y cyfnod clo cyntaf mewn ymateb i bandemig Covid-19 yn dechrau cael ei weld yn ein cymunedau ar ddyddiad y fantolen. Mae'r sector yn parhau i fonitro ei berfformiad ar fetrigau ariannol a diogelwch allweddol o fis Mawrth 2020 ymlaen. Hyd yma, bu perfformiad cymdeithasau tai Cymru yn gadarn.

Drwyddi draw bu perfformiad ariannol y sector yn flwyddyn arall o gynnydd cyson yn ei fetrigau ariannol allweddol. Mae cymdeithasau tai yng Nghymru mewn sefyllfa dda i barhau i fuddsoddi yn y stoc presennol a darparu cyflenwad newydd a hefyd yn ystyried, yn fanwl, yr agenda cynyddol ar ddatgarboneiddio a'i integreiddio i weithrediadau. Mae'r rheoleiddiwr yn ymgysylltu'n gyson ac yn cefnogi'r sector, yn arsylwi iechyd ariannol a threfniadau llywodraethiant cymdeithasau ac yn ceisio sicrwydd ar eu gallu i fod yn ariannol hyfyw, eu bod yn cael eu llywodraethu'n dda ac yn medru darparu cartrefi a gwasanaethau i denantiaid ar draws Cymru.



**03**

**Housing  
Association  
Accounts**

**Cyfrifon a  
Llif Arian  
Cymdeithasau  
Tai**

# Housing Association Accounts

## Overview

This report contains analysis based on the statutory financial statements of 34 of the largest Welsh housing associations; traditional (developing) housing associations and LSVT organisations. These housing associations, of which 11 are LSVTs, own and manage over 166,000 homes. Social housing units represent 90% of the total managed homes and comprise general needs, retirement accommodation and supported housing. The remaining stock includes leasehold properties, shared ownership properties, student accommodation and other properties.

The sector directly employs on average almost 11,000 full time equivalent staff (FTE) and it is estimated that for each person employed at least another 1.5 FTE positions are supported elsewhere within the Welsh economy. Housing associations do not only provide housing accommodation, but are involved in a wide range of activities including regeneration work, working with health and social services and other statutory bodies and community-based projects.

# Cyfrifon Cymdeithasau Tai

## Trosolwg

Mae'r adroddiad hwn yn cynnwys dadansoddiad yn seiliedig ar ddatganiadau ariannol statudol 34 o gymdeithasau tai mwyaf Cymru; cymdeithasau tai traddodiadol (sy'n datblygu) a sefydliadau LSVT (trosglwyddo gwirfoddol ar raddfa fawr). Mae'r cymdeithasau tai hyn, 11 ohonynt yn rhai LSVT, yn berchen ac yn rheoli dros 166,000 o gartrefi. Unedau tai cymdeithasol yw 90% o'r holl gartrefi a reolir ac yn cynnwys anheddau anghenion cyffredinol, llety ymddeol a thai â chymorth. Mae gweddill y stoc yn cynnwys eiddo prydles, eiddo rhanberchnogaeth, llety myfyrwyr ac eiddo arall.

Ar gyfartaledd mae'r sector yn cyflogi bron 11,000 o staff cyfwerth ag amser llawn ac am bob person a gyflogir, amcangyfrifir y caiff o leiaf 1.5 o swyddi eraill cyfwerth ag amser llawn eu cefnogi mewn man arall yn economi Cymru. Yn ogystal â darparu cartrefi, mae cymdeithasau tai yn cymryd rhan mewn ystod eang o weithgareddau yn cynnwys gwaith adfywio, gweithio gydag iechyd a gwasanaethau cymdeithasol a chyrrff statudol a phrosiectau cymunedol eraill.

## Cash flow

Given the level of complexity and amount of detailed disclosures required in annual accounts, free cash flow arguably provides a key measure of business viability. With the cost of long term repairs and maintenance spread out over many years, through the statement of comprehensive income, and with multiple non-cash accounting entries now also appearing in this statement, the annual surplus reported must not be looked at in isolation.

Free cash shows the level of cash generated or consumed by the existing portfolio of properties. It is the cash left over after an association has met all expenditure required to run the organisation on a day-to-day basis including salaries, maintenance, component replacements, major repairs, and interest expenditure but before loan repayments, investment in new housing stock and related grant receipts.

Overall there has been another year of a free cash inflow in the sector totalling £10m. For traditional associations the levels have increased by £22m, less than the inflow in 2019 of £67m. LSVTs had a small outflow of £12m in 2020, compared to a cash inflow of £20m during 2019. Overall the inflow in net cash is less than in 2019 for two main reasons; Inflows from operating activities have declined by £50m largely due to one-off loan breakage charges associated with securing new finance, and an increase in interest payments within traditional housing associations of £25m.

With the increased development ambitions and a sector that continues to restructure debt to obtain more attractive funding it is pleasing to see the free cash figure remaining buoyant for the period. Maintaining a strategy of free cash generation underpins medium and long term business planning and treasury management to meet all loan repayment commitments. This key metric demonstrates a degree of financial strength that lenders look for to continue investing in the sector.

As LSVTs continue to mature a greater proportion of their property stock is now compliant with the Welsh Housing Quality Standards (WHQS). As a consequence, the net investment in component replacements within LSVTs is at a mature level and is broadly stable, being £75m in 2020 and £70m in 2019.

## Llif arian

Oherwydd cymhlethdod cyfrifeg cynyddol a faint o ddatgeliadau manwl sydd eu hangen mewn cyfrifon blyneddol, gellid dadlau bod llif arian rhydd yn parhau i fod y mesur gorau o hyfywedd busnes. Gyda llawer o gost y gwaith cynnal a chadw hirdymor a wnaiff cymdeithasau wedi ei ymestyn dros lawer o flynyddoedd drwy'r datganiad incwm cynhwysfawr a gyda nifer luosog o gofnodion cyfrifeg heblaw arian hefyd yn awr yn ymddangos yn y datganiad hwn, mae'n golygu na ellir edrych ar y gwarged yn y datganiad hwn ar ben ei hun.

Mae arian rhydd yn dangos y lefel o arian a gynhyrchwyd neu a ddefnyddiwyd gan y portffolio presennol o anheddau. Dyma'r arian sydd ar ôl pan fydd y gymdeithas wedi talu am yr holl wariant sydd ei angen i redeg y sefydliad ar sail dydd-i-ddydd yn cynnwys cyflogau, cynnal a chadw, gosod cydrannau newydd, atgyweiriadau sylweddol a gwariant llog ond cyn ad-dalu benthyciadau, buddsoddi mewn stoc tai newydd a derbyniadau grant cysylltiedig.

Yn gyffredinol bu hon yn flwyddyn arall o fewnlif arian rhydd yn y sector yn gyfanswm o £10m. Ar gyfer cymdeithasau traddodiadau mae'r lefelau wedi cynyddu gan £22m, llawer llai na'r mewnlif yn 2019 o £67m. Roedd gan LSVT all-lif bach o £12m yn 2020, o gymharu â mewnlif arian o £20m yn ystod 2019. Drwyddi draw mae'r mewnlif mewn arian net yn llai nag yn 2019 am ddau brif reswm; mae mewnlif o weithgareddau gweithredu wedi gostwng gan £50m i raddau helaeth oherwydd costau torri benthyciad unwaith-yn-unig yn gysylltiedig gyda sicrhau cyllid newydd, a chynnydd o £25m mewn taliadau llog o fewn cymdeithasau tai traddodiadol.

Gyda'r cynnydd mewn uchelgais datblygu a sector sy'n parhau i ailstrwythuro dyled er mwyn cael cyllid mwy deniadol, mae'n dda gweld fod y ffigur arian rhydd wedi parhau'n gryf am y cyfnod. Mae cynnal strategaeth o gynhyrchu arian rhydd yn sylfaen i gynllunio busnes a rheoli trysorlys tymor canol a hirdymor i ddiwallu pob ymrwymiad ad-dalu benthyciadau. Mae'r metrig allweddol hwn yn dangos graddfa o nerth ariannol y mae benthycwyr yn parhau i edrych amdano i barhau i fuddsoddi yn y sector.

Wrth i sefydliadau LSVT barhau i aeddfedu, mae cyfran uwch o'u stoc eiddo yn awr yn cydymffurfio gyda Safonau Ansawdd Tai Cymru. Fel canlyniad, mae'r buddsoddiad net mewn gosod cydrannau newydd o fewn LSVT ar lefel aeddfed ac yn fras sefydlog, gan fod yn £75m yn 2020 a £70m yn 2019.



There has been a considerable increase in the purchase and development of properties in the year - such investment totalled £485m, an increase of £86m compared to 2019. Traditional housing associations accounted for £58m of this increase in investment. The increasing role that LSVTs are now playing in building new homes is also demonstrated, as their investment in new homes increased by £28m taking their total annual investment to £93m – 20% of the total figure (16% in 2019).

There was considerable activity on loans during the year. Loans received within the year totalled £527m, a £128m increase from 2019. This should increase the capacity to build new homes in the future. Loans repaid totalled £300m, an increase of £69m on 2019. This increase was broadly evenly split between refinancing activity and funding new builds. The net increase in the loan portfolio in the year amounted to £198m. Most notably there was considerable activity within the LSVTs, who received £215m in new funding and repaid £152m – a fourfold increase on the previous year. Now that their WHQS is largely complete some LSVTs have been able to refinance in the year to realise their new home development ambitions.

Bu cynnydd sylweddol mewn prynu a datblygu anheddau yn y flwyddyn – roedd buddsoddiad o'r fath yn gyfanswm o £485m, cynnydd o £86m o gymharu â 2019. Roedd cymdeithasau tai traddodiadol yn cyfrif am £58m o'r cynnydd hwn mewn buddsoddiad. Caiff rôl cynyddol LSVT mewn adeiladu cartrefi newydd hefyd ei arddangos, wrth i'w buddsoddiad mewn cartrefi newydd gynyddu gan £28m gan fynd â'u cyfanswm buddsoddiad blynyddol i £93m – 20% o'r cyfanswm ffigur (16% yn 2019).

Roedd gweithgaredd sylweddol ar fenthyciadau yn ystod y flwyddyn. Roedd y benthyciadau a dderbyniwyd o fewn y flwyddyn yn gyfanswm o £527m, cynnydd o £128m ers 2019. Dylai hyn gynyddu'r capasiti i adeiladu cartrefi newydd yn y dyfodol. Ad-dalwyd cyfanswm benthyciadau o £300m, cynnydd o £69m ar 2019. Cafodd y cynnydd hwn ei rannu'n fras gyfartal rhwng gweithgaredd ailgyllido a chyllido codi tai newydd. Roedd y cynnydd net yn y portffolio benthyciadau yn y flwyddyn yn gyfanswm o £198m. Yn fwyaf nodedig roedd gweithgaredd sylweddol o fewn LSVT a dderbyniodd £215m mewn cyllid newydd ac ad-dalu £152m – cynnydd bedair gwaith drosodd yn y flwyddyn flaenorol. Nawr fod eu rhaglenni SATC fwy neu lai wedi eu gorffen, mae rhai LSVT wedi medru ail-gyllido yn y flwyddyn i wireddu eu huchelgais ar gyfer datblygu cartrefi newydd.

**Figure 1: Cash flow statement 2020**

	<b>Traditional 2020 £m</b>	<b>LSVT 2020 £m</b>	<b>All 2020 £m</b>	<b>Traditional 2019 £m</b>	<b>LSVT 2019 £m</b>	<b>All 2019 £m</b>
Net cash inflow from operating activities	176	129	<b>328</b>	189	110	<b>299</b>
Interest paid	(107)	(36)	<b>(143)</b>	(82)	(37)	<b>(119)</b>
Interest received	4	1	<b>5</b>	2	1	<b>3</b>
Taxation	0	0	<b>0</b>	0	0	<b>0</b>
	<b>73</b>	<b>67</b>	<b>140</b>	<b>119</b>	<b>93</b>	<b>212</b>
Replacement fixed assets	(9)	(4)	<b>(13)</b>	(10)	(3)	<b>(13)</b>
Component replacements	(43)	(84)	<b>(127)</b>	(43)	(90)	<b>(133)</b>
Component grants	1	9	<b>10</b>	1	20	<b>21</b>
Free cash inflow / (outflow)	22	(12)	<b>10</b>	67	20	<b>87</b>
Purchase and development of properties	(392)	(93)	<b>(485)</b>	(334)	(65)	<b>(399)</b>
SHG and other grants received	162	48	<b>210</b>	203	38	<b>241</b>
Proceeds of sale of properties	18	24	<b>42</b>	20	26	<b>46</b>
Other	(4)	0	<b>(4)</b>	(16)	0	<b>(16)</b>
Net cash outflow from capital expenditure	(216)	(21)	<b>(237)</b>	(127)	(1)	<b>(128)</b>
Loans received	312	215	<b>527</b>	349	50	<b>399</b>
Loans repaid	(148)	(152)	<b>(300)</b>	(196)	(35)	<b>(231)</b>
Other financing costs	(7)	(22)	<b>(29)</b>	(4)	(1)	<b>(5)</b>
Net inflow from financing activities	157	41	<b>198</b>	149	14	<b>163</b>
(Decrease) / increase in cash	(37)	7	<b>(30)</b>	88	33	<b>121</b>

## Statement of Financial Position

### Fixed Assets

Reflecting the considerable investment in new homes and in replacing components within the sector, total fixed assets have continued to rise again this year. It now stands at £7,595m, an increase of over 6% from the prior period. This follows a longer term trend of investment, as there was an equivalent increase of approximately 6% in 2019. The total investment levels are consistent between traditional housing associations and LSVTs. However, LSVTs, on balance, invest relatively more in replacing existing components.

## Datganiad Sefyllfa Ariannol

### Asedau Sefydlog

Gan adlewyrchu'r buddsoddiad sylweddol mewn cartrefi newydd a gosod cydrannau newydd o fewn y sector, mae cyfanswm asedau sefydlog wedi parhau i godi eto eleni. Mae'n awr yn sefyll ar £7.595m, cynnydd o dros 6% o'r cyfnod blaenorol. Mae hyn yn dangos tueddiad tymor hirach o fuddsoddiad, gan y bu cynnydd cyfatebol o tua 6% yn 2019. Mae cyfanswm y lefelau buddsoddiad yn gyson rhwng cymdeithasau tai traddodiadol ac LSVT. Fodd bynnag, ar y cyfan, mae LSVT yn buddsoddi cymharol fwy mewn gosod cydrannau newydd.

Component replacements were on a similar level to prior years, with traditional housing associations investing net £42m (2019: £42m) and LSVTs net £75m (2019: £70m). This demonstrates the commitment to maintaining the quality of homes and ensuring the ongoing compliance with WHQS.

During 2020 the sector has continued to invest significantly in building new homes. Such investment for the period totalled £485m, a rise from £399m in 2019. Whilst the bulk of new homes are built by traditional housing associations, LSVTs are increasingly contributing to the supply of the new homes.

At 31st March 2020 at least 93% of social housing dwellings were WHQS compliant (including acceptable fails) compared to 90% two years earlier. Excluding acceptable fails at least 69% of all social housing dwellings were fully compliant with the WHQS for the period.

Some of this development investment continues to be supported by grant whilst the rest is financed from banks and long term institutional investors. The split between grant and institutional support is approximately equal, with grant making up 53% of that investment and is unchanged compared to the previous year.

### Working capital

The sector has current assets totalling £1,352m, an increase of £13m from last year. As in 2019, the majority of this is made up of cash (£421m) and debtors due after one year (£683m). Current liabilities are £506m, a decrease of £15m from 2019 and are made up of short term loans £139m and other creditors in the main.

Many housing associations have continued to strategically invest in support for their tenants but there has still been a further increase in rent arrears from 4.7% to 5% of turnover during the year. As the pace of the roll out of Universal Credit increases associations will come under further pressure to secure collection of their rents. Starting in July 2019 with a small scale pilot, the managed migration process for claimants will be evident - this is due to be fully completed by the end of 2023. This year represents the first year of the impact of Universal Credit. The scale of planned managed migration is set to place significant pressures on vulnerable claimants, support services they rely on and ultimately housing associations so it is imperative assistance provided by the sector continues to be targeted, effective and efficient. This impact will also need careful monitoring as the on-going impact of Covid-19 is felt in the sector and the wider society.

Roedd gosod cydrannau newydd ar lefel debyg i flynyddoedd blaenorol, gyda chymdeithasau tai traddodiadol yn buddsoddi £42m net (2019; £42m) ac LSVT yn buddsoddi £75m net (2019: £70m) Mae hyn yn dangos yr ymrwymiad i gynnal ansawdd cartrefi a sicrhau cydymffurfiaeth barhaus.

Yn ystod 2020 mae'r sector wedi parhau i fuddsoddi'n sylweddol mewn adeiladu cartrefi newydd. Roedd buddsoddiad o'r fath am y cyfnod yn gyfanswm o £485m, cynnydd o £399m yn 2019. Er y cafodd y rhan fwyaf o gartrefi newydd eu hadeiladu gan gymdeithasau tai traddodiadol, mae LSVT yn cyfrannu'n gynyddol at y cyflenwad o'r cartrefi newydd.

Ar 31 Mawrth 2020 roedd o leiaf 93% o anheddau tai cymdeithasol yn cydymffurfio â SATC (yn cynnwys methiannau derbyniol), o gymharu â 90% ddwy flynedd yn gynharach. Ac eithrio methiannau derbyniol roedd o leiaf 69% o'r holl anheddau tai cymdeithasol yn cydymffurfio'n llawn gyda'r SATC am y cyfnod.

Mae peth o'r buddsoddiad datblygu'n parhau i gael ei gefnogi gan grant tra caiff y gweddill ei gyllido gan fanciau a buddsoddwyr sefydliadol hirdymor. Mae'r rhaniad rhwng grant a chymorth sefydliadol yn fras gyfartal, gyda grant yn ffurfio 53% o'r buddsoddiad hwnnw ac nid oes newid o gymharu â'r flwyddyn flaenorol.

### Cyfalaf gwaith

Mae gan y sector asedau cyfredol yn gyfanswm o £1,352m, cynnydd o £13m ers y llynedd. Fel yn 2019, cafodd y rhan fwyaf o hyn ei ffurfio o arian parod (£421m) a dyledwyr dyledus ar ôl un flwyddyn (£683m). Mae'r ymrwymadau cyfredol yn £506m, gostyngiad o £15m yn 2019, ac yn bennaf wedi eu ffurfio o fenthyciadau tymor byr £13m a chredydwy'r eraill.

Mae llawer o gymdeithasau tai wedi parhau i fuddsoddi'n strategol mewn cymorth ar gyfer eu tenantiaid ond er hynny bu cynnydd pellach mewn ôl-ddyledion rhent o 4.7% i 5% o'r trosiant yn ystod y flwyddyn. Wrth i'r Credyd Cynhwysol gael ei ymestyn yn gyflymach, daw cymdeithasau dan bwysau pellach i sicrhau casglu eu rhenti. Gan ddechrau ym mis Gorffennaf 2019 gyda chynllun peilot graddfa fach bydd y broses ymfudo wedi'i reoli ar gyfer hawlwy'r yn amlwg - mae hyn i gael ei gwblhau'n llawn erbyn diwedd 2023. Mae eleni yn dangos blwyddyn gyntaf effaith Credyd Cynhwysol. Bydd graddfa'r ymfudo a reolir sydd ar y gweill yn gosod pwysau sylweddol ar hawlwy'r bregus, y gwasanaethau cymorth y dibynnant arnynt ac yn y pen draw ar gymdeithasau tai felly mae'n hanfodol fod y cymorth a roddir gan y sector yn parhau i gael ei dargedu, yn effeithlon ac effeithiol. Bydd hefyd angen monitro gofalus ar yr effaith hwn wrth i effaith parhaus Covid-19 gael ei deimlo yn y sector ac yn y gymdeithas yn ehangach.

## Long term creditors

The sector now has £3,050m in long term debt, (£139m in short term loans), an increase of £257m in 2019. This growth in debt has been used to fund investment in housing associations portfolios, as demonstrated by the fact the ratio of debt to fixed assets is consistent with last year overall. The proportion of debt relating to LSVTs has increased slightly to 21% from 19%, as some LSVTs have refinanced to meet growing development ambitions.

There has been similar growth in Social Housing and other Capital grants in the year, which now total £3,388m, an increase of £212m during the year. This increase is also in line with the growth in fixed assets. The statement of financial position shows that the proportion of grants relating to LSVTs at 31st March 2020 was at around 10% of the total, this proportion was similar in 2019.

## Pensions

The overall pensions liability has decreased to £195m from £257m in the year. Accounting rules require a number of actuarial accounting adjustments made to pensions liabilities each year to update the net future liabilities. This year the effect has been seen on updates to the SHPS pension scheme, which has reduced the traditional housing associations' total liability to £71m from £131m. The LSVTs' pension liability, which is primarily in the historic Local Government Pension Scheme (LGPS), remains unchanged at £124m.

## Reserves

The total capital and reserves of Welsh housing associations has risen by £82m (£14m rise in 2019) and now stand at £1,251m. The robustness of the sector is demonstrated by the fact that these reserves are equivalent to over 50 years' worth of net surpluses. There has been a reduction in restricted funds during the year from £13m to £7m.

It should not be forgotten that reserves do not equal cash available, but the accounting value of the net assets within the sector. In broad terms it indicates the investment of association's own resources in the maintenance of their existing properties and the provision of new affordable homes.

## Credydwy'r hirdymor

Mae gan y sector bellach £3,050m mewn dyled hirdymor (£139 mewn benthyciadau tymor byr), cynnydd o £257m yn 2019. Defnyddiwyd y twf hwn mewn dyled i gyllido buddsoddiad mewn portffolios cymdeithasau tai, fel a ddangosir gan y ffaith fod y gymhareb o ddyled i asedau sefydlog yn gyson gyda'r llynedd yn gyffredinol. Mae cyfran dyled yn gysylltiedig â LSVT wedi cynyddu ychydig i 21% o 19%, wrth i rai LSVT ailgyllido i ddiwallu uchelgais cynyddol am ddatblygu.

Bu twf tebyg mewn Grant Tai Cymdeithasol a grantiau Cyfalaf eraill yn y flwyddyn, sydd bellach yn gyfanswm o £3,388m, cynnydd o £212m yn ystod y flwyddyn. Mae'r cynnydd hwn hefyd yn debyg i'r twf mewn asedau sefydlog. Dengys y datganiad o sefyllfa ariannol fod y gyfran o grantiau yn ymwneud â LSVT ar 31 Mawrth 2020 tua 10% o'r gyfanswm, roedd y gyfran hon yn debyg yn 2019.

## Pensiynau

Mae cyfanswm rhwymedigaeth pensiynau wedi gostwng i £195m o £257m yn y flwyddyn. Mae rheolau cyfrifeg yn golygu fod angen gwneud nifer o addasiadau cyfrifeg actiwaraid i ymrwymadau pensiwn bob blwyddyn i ddiweddarau ymrwymadau net y dyfodol. Eleni cafodd yr effaith ei weld ar ddiweddariadau i gynllun pensiwn SHPS, sydd wedi gostwng cyfanswm ymrwymadau cymdeithasau tai traddodiadol i £71m o £131m. Mae ymrwymiad pensiwn LSVT, sydd yn bennaf yn y Cynllun Pensiwn Llywodraeth Leol (LGPS), yn parhau heb ei newid ar £124m.

## Cronfeydd wrth Gefn

Mae cyfanswm cyfalaf a chronfeydd wrth gefn cymdeithasau tai Cymru wedi cynyddu gan £82m (cynnydd o £14m yn 2019) ac yn awr yn sefyll ar £1,251m. Caiff cadernid y sector ei ddangos gan y ffaith fod y cronfeydd wrth gefn hyn yn gyfwerth â 50 mlynedd o wargedion net. Bu gostyngiad mewn cronfeydd cyfyngedig yn ystod y flwyddyn o £13m i £7m.

Ni ddylid anghofio nad yw cronfeydd wrth gefn yn gyfartal ag arian parod sydd ar gael, ond gyda gwerth cyfrifeg yr asedau net o fewn y sector. Yn fras, mae'n dangos y buddsoddiad o adnoddau'r cymdeithasau eu hunain yng nghynnal a chadw eu heiddo presennol a darpariaeth cartrefi fforddiadwy newydd.

**Figure 2: Statement of Financial Position 2020**

	<b>Traditional 2020 £m</b>	<b>LSVT 2020 £m</b>	<b>All 2020 £m</b>	<b>All 2019 £m</b>
<b>FIXED ASSETS</b>				
Housing properties at cost	6,634	1,814	8,448	7,895
Depreciation	(821)	(412)	(1,233)	(1,109)
<b>NBV of housing properties</b>	<b>5,813</b>	<b>1,402</b>	<b>7,215</b>	<b>6,786</b>
Intangible assets	4	3	7	7
Commercial property	83	14	97	99
Fixed asset investments	132	3	135	127
Other (including office premises)	110	31	141	134
<b>Total Fixed Assets</b>	<b>6,142</b>	<b>1,453</b>	<b>7,595</b>	<b>7,154</b>
<b>CURRENT ASSETS</b>				
Assets held for sale and stocks	32	8	40	23
Debtors due within one year	99	90	189	163
Debtors due after one year	221	462	683	702
Cash and cash equivalents	311	129	440	450
<b>Total Current Assets</b>	<b>663</b>	<b>689</b>	<b>1,352</b>	<b>1,339</b>
<b>CURRENT LIABILITIES</b>				
Short term loans	(114)	(25)	(139)	(169)
Capital Grants (including Social Housing Grant)	(46)	(17)	(63)	(74)
Other current liabilities	(196)	(108)	(304)	(279)
<b>Total Current Liabilities</b>	<b>(356)</b>	<b>(150)</b>	<b>(506)</b>	<b>(521)</b>
<b>Net Current Assets</b>	<b>307</b>	<b>539</b>	<b>846</b>	<b>818</b>
<b>Total Assets less Current Liabilities</b>	<b>6,449</b>	<b>1,992</b>	<b>8,441</b>	<b>7,972</b>
<b>LONG TERM CREDITORS AND PROVISIONS</b>				
Long term loans	(2,397)	(653)	(3,050)	(2,793)
Capital Grants (including Social Housing Grant)	(3,067)	(321)	(3,388)	(3,176)
Pension liability	(71)	(124)	(195)	(257)
Other including VAT shelter	(78)	(479)	(557)	(579)
<b>Total Long Term Creditors and Provisions</b>	<b>(5,613)</b>	<b>(1,577)</b>	<b>(7,190)</b>	<b>(6,804)</b>
<b>NET ASSETS</b>	<b>836</b>	<b>415</b>	<b>1,251</b>	<b>1,169</b>
<b>RESERVES</b>				
Income & Expenditure reserve	829	367	1,195	1,106
Restricted reserve	6	1	7	13
Revaluation reserve	1	48	49	50
<b>TOTAL RESERVES</b>	<b>836</b>	<b>415</b>	<b>1,251</b>	<b>1,169</b>

## Statement of Comprehensive Income

### Turnover

Turnover continued to rise year-on-year with a modest increase of £51m resulting in total turnover of £1,066m for 2020.

The sector brought in an additional 1,700 social, affordable homes in the year which contributed a significant part of the increase in turnover. The rental uplift associations could apply to social housing rents in this year was set at a maximum of 2.4% (CPI figure). This decision was applied on a one year only basis with a review of a longer term settlement to be undertaken. Since 2015 turnover in the sector has increased steadily from £855m to £1,066m. 64% (£682m) of the total turnover is generated by traditional housing associations, a figure consistent with the previous year.

### Operating Surplus

Operating surplus for the sector was £214m, which is consistent with the prior year (2019: £214m). This figure includes profits on sales of fixed assets. Traditional housing associations operating surplus increased slightly to £137m from £134m in 2019, and LSVT operating surplus declined slightly to £77m from £80m. The operating margin was 20%, a slight decline from 21% in 2019. Traditional housing associations maintained an operating margin of 20% (2019: 21%) in both years, with LSVTs seeing a slight decline to 20% from the 2019 margin of 22%.

The need for operational surpluses to be achieved, on a continuing basis, allows associations to pay interest on loans and attract further finance for the development of new homes. The surplus on disposal of fixed assets was at £25m in both years, representing asset sales in a small number of associations. £22m (£21m in 2019) of this was attributed to LSVT activities. This may decline in future years now that Right to Buy has ended in Wales.

## Datganiad Incwm Cynhwysfawr

### Trosiant

Fe wnaeth trosiant barhau i gynyddu flwyddyn-ar-flwyddyn gyda chynnydd cymodol o £51m gan arwain at gyfanswm trosiant o £1,066m ar gyfer 2020.

Daeth y sector â 1,700 o gartrefi cymdeithasol, fforddiadwy ychwanegol i mewn yn ystod y flwyddyn a gyfrannodd ran sylweddol o'r cynnydd mewn trosiant. Cafodd yr cynnydd rhent y gallai cymdeithasau tai ei roi ar renti cymdeithasol eleni ei osod ar uchafswm o 2.4% (ffigur CPI). Gweithredwyd y penderfyniad hwn ar sail un flwyddyn yn unig gydag adolygiad o setliad tymor hirach i'w gynnal. Ers 2015 mae trosiant yn y sector wedi cynyddu'n gyson o £855m i £1,066m. Caiiff 64% (£682m) o'r cyfanswm trosiant ei gynhyrchu gan gymdeithasau tai traddodiadol, ffigur sy'n gyson gyda ffigur y flwyddyn flaenorol.

### Gwarged gweithredu

Roedd y gwarged gweithredu ar gyfer y sector yn £214m, yr un fath â'r flwyddyn flaenorol (2019: £214m). Mae'r ffigur hwn yn cynnwys elw ar werthiant asedau sefydlog. Bu cynnydd bach mewn gwarged gweithredu cymdeithasau tai traddodiadol o £137m o £134m yn 2019, a bu gostyngiad bach mewn gwarged gweithredu LSVT i £77m o £80m. Roedd y gorswm gweithredu yn 20%, gostyngiad bach o 21% yn 2019. Cadwodd cymdeithasau tai traddodiadol orswm gweithredu o 20% (2019: 21%) yn y ddwy flynedd, gyda LSVT yn gweld gostyngiad bach i 20% o orswm 2019 o 22%.

Mae'r angen i gyflawni gwarged gweithredol, ar sail barhaus, yn galluogi cymdeithasau i dalu llog ar fenthyciadau a denu mwy o gyllid ar gyfer datblygu cartrefi newydd. Roedd y gwarged ar waredu asedau sefydlog yn £25m yn y ddwy flynedd, gan gynrychioli gwerthiant asedau mewn nifer fach o gymdeithasau. Priodolwyd £22m (£21m yn 2019) o hyn i weithgareddau LSVT. Gall hyn ostwng yn y blynyddoedd nawr fod yr Hawl i Brynu wedi dod i ben yng Nghymru.

### Interest rates

The overall amount of interest paid by the sector increased slightly to £130m from £127m. Interest payable increased within traditional housing associations to £94m from £87m and for LSVTs decreased marginally to £37m in 2020 from £38m in 2019.

The effective interest rate for the sector as a whole was 4.1%, a decrease compared to the 2019 rate of 4.5%. The average rate within traditional housing associations has remained low at 3.7% in both years. The average rate within LSVTs fell to 5.5% from 6.3%, reflecting the positive effect of refinancing as LSVTs have reduced the legacy restrictive fixed-rate loan arrangements to realise new development ambitions.

Whilst effective interest rates have declined, it is worth noting that there were one off breakage costs relating to the exiting from loans totalling £77m in the year. £26m of this was within traditional housing associations but the majority £51m of cost related to an LSVT association exiting from legacy arrangements. There should be significant benefits in flexibility and reduced future interest costs for those housing associations who have refinanced.

### Actuarial movement on Pension Schemes

In 2020 there was a £64m, non-cash, positive movement on the actuarial valuation of pension schemes. The majority of the shift relates to traditional housing associations and movements in the SHPS pension scheme. Actuarial gains and losses on pension schemes fluctuate year-on-year and this 2020 in-year gain is approximately equal to the level of loss seen in 2019 (which totalled £66m). Annual actuarial changes result from movements in underlying actuarial assumptions including projected changes in inflation, the rate of increase in the level of pensions paid, future salary increases, a discount rate linked to gilts and mortality assumptions.

### Cyfraddau Ilog

Bu cynnydd bach yng nghyfanswm y llog a dalwyd gan y sector i £130m o £127m. Cynyddodd llog taladwy o fewn cymdeithasau traddodiadol i £94m o £87m a bu gostyngiad bach i LSVT i £37m yn 2020 o £38m yn 2019.

Roedd y gyfradd log weithredol ar gyfer y sector yn ei gyfanrwydd yn 4.1%, gostyngiad o gymharu â chyfradd 2019 o 4.5%. Mae'r gyfradd gyfartalog o fewn cymdeithasau tai traddodiadol wedi parhau'n isel ar 3.7% yn y ddwy flynedd. Gostyngodd y gyfradd gyfartalog o fewn LSVT i 5.5% o 6.3%, gan adlewyrchu effaith gadarnhaol ailgyllido gan fod LSVT wedi gostwng y trefniadau gwaddol benthyciadau cyfradd sefydlog i wireddu uchelgeisiau datblygu newydd.

Er bod cyfraddau llog effeithlon wedi gostwng, mae'n werth nodi fod costau torri unwaith yn unig yn ymwneud â gadael benthyciadau yn gyfanswm o £77m yn y flwyddyn. Roedd £26m o hyn o fewn cymdeithasau tai traddodiadol ond roedd mwyafrif y £51m o gost yn ymwneud â chymdeithas LSVT yn gadael trefniadau gwaddol. Dylai fod buddion sylweddol mewn hyblygrwydd a chostau llog is yn y dyfodol ar gyfer y cymdeithasau tai hynny sydd wedi ailgyllido.

### Symudiad actiwaraidd ar Gynlluniau Pensiwn

Yn 2020 roedd symudiad cadarnhaol o £64m, heb fod yn arian parod, ar brisiant actiwaraidd cynlluniau pensiwn. Mae mwyafrif y newid yn cyfeirio at gymdeithasau tai traddodiadol a symudiadau yn y cynllun pensiwn SHPS. Mae enillion a cholledion actiwaraidd ar gynlluniau pensiwn yn amrywio flwyddyn ar flwyddyn ac mae'r enilliad yn y flwyddyn 2020 yn fras gyfartal â lefel y golled a welwyd yn 2019 (cyfanswm o £66m). Mae newidiadau actiwaraidd blynyddol yn ganlyniad symudiadau mewn tybiaethau actiwaraidd sylfaenol yn cynnwys amcanestyniadau o newidiadau mewn chwyddiant, cyfradd cynnydd yn lefel pensiynau, cynnydd cyflogau'r dyfodol, cyfradd ddisgownt yn gysylltiedig â giltiaid a thybiaethau am farwoldeb.

Figure 3: Income &amp; Expenditure 2020

	<b>Traditional 2020 £m</b>	<b>LSVT 2020 £m</b>	<b>All 2020 £m</b>	<b>All 2019 £m</b>	<b>All 2018 £m</b>	<b>All 2017 £m</b>
Turnover	682	384	1,066	1,006	954	908
Operating costs	(549)	(329)	(878)	(817)	(764)	(715)
Surplus on disposal of fixed assets	4	22	26	25	15	9
<b>Operating surplus</b>	<b>137</b>	<b>77</b>	<b>214</b>	<b>214</b>	<b>205</b>	<b>202</b>
Interest receivable and other income	8	1	9	9	7	8
Interest payable and similar charges	(94)	(37)	(130)	(127)	(139)	(120)
Exceptional items relating to breakage costs	(26)	(51)	(77)	0	0	0
Pension scheme net financing gain / (loss)	4	5	9	(12)	0	(5)
Fair value movements increase / (decrease)	1	0	1	1	3	5
<b>Surplus for the year before tax</b>	<b>29</b>	<b>(5)</b>	<b>25</b>	<b>85</b>	<b>76</b>	<b>90</b>
Corporation tax	(1)	0	(1)	(2)	0	0
Transfer (to) / from reserves	(2)	0	(3)	1	0	14
<b>Surplus for year after tax and transfers</b>	<b>26</b>	<b>(5)</b>	<b>21</b>	<b>84</b>	<b>76</b>	<b>104</b>
Actuarial gain / (loss) on pension schemes	51	12	64	(66)	15	(32)
Prior year adjustments	(1)	0	(1)	(3)	(1)	0
Accumulated surplus carried forward	833	362	1,195	1,106	1,091	1,001



Figure 4: Income &amp; Expenditure 2020 analysis

	2020			Turnover £m	2019 Operating costs £m	Operating surplus/ (deficit) £m
	Turnover £m	Operating costs £m	Operating surplus/ (deficit) £m			
General Needs Housing	778	(639)	139	743	(607)	136
Supported Housing	59	(52)	7	62	(52)	10
<b>Social Housing Totals</b>	837	(691)	146	805	(659)	146
Non Social Housing	229	(187)	42	201	(158)	43
<b>Sub total</b>	1,066	(878)	188	1,006	(817)	189
Surplus on sales of fixed assets			26			25
<b>Total operating surplus</b>			214			214

Figure 5: Operating Surplus 2020

OPERATING MARGINS	2020			Traditional £m	2019 LSVT £m	All £m
	Traditional £m	LSVT £m	All £m			
Social Housing	116	30	146	118	28	146
Non Social Housing	17	25	42	13	30	43
Surplus on sales of fixed assets	4	22	26	2	23	23
<b>Total all activities</b>	137	77	214	133	81	214

**Figure 6: Homes in Management 2020**

<b>ALL ASSOCIATIONS</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
General needs and sheltered housing	141,592	139,979	138,001	137,349	134,539
Supported housing	7,587	7,500	7,353	6,967	6,545
Student accommodation	3,970	3,970	4,035	4,102	4,061
Shared ownership / Homebuy / LCHO	2,456	2,951	2,907	2,610	2,897
Leasehold	6,608	6,606	6,568	6,493	6,678
Other	4,226	3,815	4,119	3,115	2,688
	<b>166,439</b>	<b>164,821</b>	<b>162,983</b>	<b>160,636</b>	<b>157,408</b>
<b>TRADITIONAL</b>					
General needs and sheltered housing	74,887	73,309	71,558	70,900	67,930
Supported housing	6,069	5,926	5,734	5,325	5,171
Student accommodation	3,970	3,970	4,035	4,102	4,061
Shared ownership / Homebuy / LCHO	2,302	2,794	2,743	2,443	2,647
Leasehold	2,361	2,442	2,246	1,922	1,944
Other	3,970	3,613	4,042	3,020	2,668
	<b>93,559</b>	<b>92,054</b>	<b>90,358</b>	<b>87,712</b>	<b>84,421</b>
<b>LSVTs</b>					
General needs and sheltered housing	66,705	66,670	66,443	66,449	66,609
Supported housing	1,518	1,574	1,619	1,642	1,374
Shared ownership / Homebuy / LCHO	154	157	164	167	250
Leasehold	4,247	4,164	4,322	4,571	4,734
Other	256	202	77	95	220
	<b>72,880</b>	<b>72,767</b>	<b>72,625</b>	<b>72,924</b>	<b>73,187</b>

Overall the sector has increased its units in management to 166,439 from 164,821 representing a net increase of 1,618 in the year. General needs and sheltered housing increased by 1,613 and supported housing increased by 87 meaning the total social, affordable increase during 2020 equated to 1,700. There was a decrease in Shared Ownership / Homebuy and LCHO whilst other classifications remained relatively stable. Within general needs and sheltered housing, a significant majority of the increase (1,578 homes) came from traditional housing associations. The number of homes in management is split 56% traditional and 44% LSVTs, a split which has not materially changed from previous years.

Drwyddi draw mae'r sector wedi cynyddu nifer yr unedau y mae'n eu rheoli i 166,439 o 164,821, sef cynnydd net o 1,618 yn y flwyddyn. Cynyddodd tai anghenion cyffredinol a thai gwarchod gan 1,613 a thai â chymorth gan 87 gan olygu fod cyfanswm y cynnydd mewn tai cymdeithasol fforddiadwy yn 2020 yn 1,700. Bu gostyngiad mewn Rhan-berchnogaeth/Cynllun Cymorth Prynu a pherchentaeth cost isel tra bod dosbarthiadau eraill wedi parhau'n gymharol sefydlog. O fewn tai anghenion cyffredinol a thai gwarchod, daeth mwyafrif sylweddol o'r cynnydd (1,578 cartref) o gymdeithasau tai traddodiadol. Caiff nifer y cartrefi sy'n cael ei rheoli ei rannu yn 56% traddodiadol a 44% LSVT, rhaniad nad yw wedi newid yn sylweddol ers blynyddoedd blaenorol.

Social housing properties (general needs, sheltered housing and supported housing), represents 90% of the total units. Another year of increases in such homes adequately positions the sector to achieve the Welsh Government 12,500 affordable homes target for this term of Government.

### Response to Covid-19

The global pandemic was just starting to affect the Welsh social housing sector by the financial year end. The effect however had minimal impact of the 2019/20 financials and is more likely to have a more material effect in future years. To date the sector's response to the unprecedented challenge of Covid-19 has been robust. As reported in the Welsh Government July 2020 business continuity survey<sup>1</sup> housing associations are monitoring their business plans and financial performance very closely. Statutory health and safety responsibilities remain in place with the safety of residents, as well as service users, being the absolute priority. During the pandemic the regulator has, and will continue to take, a proportionate approach to compliance and discuss with individual associations their plans to manage risk and deal with any issues as they arise. No housing association has reported any issues accessing existing or new funding.

Mae anheddau tai cymdeithasol (anghenion cyffredinol, tai gwarchod a thai â chymorth) yn 90% o'r holl unedau. Mae blwyddyn arall o gynnydd mewn cartrefi o'r fath yn rhoi'r sector mewn sefyllfa ddigonol i gyflawni targed Llywodraeth Cymru o 12,500 o gartrefi fforddiadwy ar gyfer tymor hwn y Llywodraeth.

### Ymateb i Covid-19

Roedd y pandemig yn dechrau effeithio ar sector tai cymdeithasol Cymru erbyn diwedd y flwyddyn ariannol. Fodd bynnag ychydig iawn o effaith a gafodd ar sefyllfa ariannol 2019/20 ac mae'n fwy tebygol o gael effaith fwy sylweddol ym mlynnyddoedd y dyfodol. Hyd yma bu ymateb y sector i her ddigynsail Covid-19 yn gadarn. Fel yr adroddwyd yn arolwg parhad busnes Gorffennaf 2020 Llywodraeth Cymru<sup>1</sup> mae cymdeithasau tai yn monitro eu cynlluniau busnes a'u perfformiad ariannol yn agos iawn. Mae cyfrifoldebau iechyd a diogelwch statudol yn parhau yn eu lle gyda diogelwch preswylwyr, yn ogystal â defnyddwyr gwasanaeth, y flaenoriaeth bennaf. Yn ystod y pandemig mae'r rheoleiddiwr wedi cymryd, a bydd yn parhau i gymryd, ymagwedd gymesur ar gydymffurfiaeth a thrafod gyda chymdeithasau eu cynlluniau i reoli risg ac ymdrin ag unrhyw faterion fel maent yn codi. Nid oes unrhyw gymdeithas tai wedi rhoi adroddiad am unrhyw faterion yn cael mynediad i gyllid presennol neu gyllid newydd.

1 <https://gov.wales/registered-social-landlords-business-continuity-survey-july-2020>

1 <https://gov.wales/registered-social-landlords-business-continuity-survey-july-2020>



# 04

## Value for Money

## Gwerth am Arian

# Value for Money (VfM)

VfM within the social housing sector is not a precise concept; there are many stakeholders involved and outcomes are often intangible and difficult to define and interpret. Tenants are the principal focus for associations and the regulator, meaning those charged with governance and decision making have the responsibility to balance tenant perspectives and business development. Achieving VfM requires associations to be clear about their role locally, what stakeholders they produce value for, and a commitment to tenants to codify what 'value' is and how it impacts on metrics including rent setting and maintenance programs.

There are intrinsic links between housing and poverty. The relative lower levels of rent, payable by people living in social housing, is recognised as an important means of minimising housing-cost induced poverty for many. Decent housing brings numerous benefits in terms of the positive impacts it can have on community inclusion, health and wellbeing, educational attainment of individuals and reducing energy bills.

The principal purpose of housing associations is to provide affordable housing, and to do this it is vital that best use is made of income they receive, including grants and state benefits, that help support housing costs and rents. Associations must therefore demonstrate that they deliver value (by maximising the outcomes they produce) in return for the income they receive. This is reflected in the Welsh Government's regulatory framework, and in recognition of this the Independent Regulatory Board for Wales, responsible for overseeing the regulation of Welsh housing associations, has welcomed the sector's continuing focus on Value for Money assessment. In the spirit of co-regulation Welsh Government has given housing associations the opportunity to take a lead in this area and demonstrate their commitment to it.

# Gwerth am Arian

Nid yw Gwerth am Arian o fewn y sector tai cymdeithasol yn gysyniad cul; mae llawer o randdeiliaid yn gysylltiedig ac mae'r canlyniadau yn aml yn anniriaethol ac yn anodd eu diffinio a'u dehongli. Tenantiaid yw'r prif ffocws ar gyfer cymdeithasau a'r rheoleiddiwr, gan olygu fod y rhai sy'n gyfrifol am lywodraethiant a gwneud penderfyniadau yn gyfrifol am gydbwysio safbwyntiau tenantiaid a datblygu busnes. Mae angen i gymdeithasau fod yn glir am eu rôl yn lleol er mwyn cyflawni Gwerth am Arian, ar gyfer pa randdeiliaid mae'n cynhyrchu gwerth, ac ymrwymiad i denantiaid i godeiddio beth yw 'gwerth' a sut mae'n effeithio ar fetrigau yn cynnwys rhaglenni gosod rhent a chynnal a chadw.

Mae cysylltiadau cynhenid rhwng tai a thlodi. Caiff y lefelau cymharol is o rent a gaiff eu talu gan bobl yn byw mewn tai cymdeithasol eu cydnabod fel dull pwysig o leihau tlodi a gymhellir gan gost tai i lawer. Mae tai gweddus yn dod â buddion niferus yn nhermau'r effeithiau cadarnhaol y gall eu cael ar gynhwysiant cymunedol, iechyd a llesiant, cyrhaeddiad addysgol unigolion a gostwng biliau tanwydd.

Prif ddiben cymdeithasau tai yw darparu tai fforddiadwy ac i wneud hyn mae'n hollbwysig y gwneir y defnydd gorau o'r incwm a dderbyniant yn cynnwys grantiau a budd-daliadau gwladol sy'n helpu i gefnogi costau tai a rhenti. Mae'n rhaid i gymdeithasau felly ddangos eu bod yn sicrhau gwerth (drwy gynyddu i'r eithaf eu canlyniadau) yn ôl am yr incwm a dderbyniant. Caiff hyn ei adlewyrchu yn fframwaith rheoleiddiol Llywodraeth Cymru, a gan gydnabod hyn mae Bwrdd Rheoleiddiol Cymru, sy'n gyfrifol am oruchwylio rheoleiddiad cymdeithasau tai Cymru, wedi croesawu ffocws y sector ar asesiad Gwerth am Arian. Yn ysbryd cyd-reoleiddio mae Llywodraeth Cymru wedi rhoi cyfle i gymdeithasau tai gymryd yr awenau yn y maes yma ac arddangos ei ymrwymiad iddo.

Value for Money is generally considered to cover three elements; economy, efficiency and effectiveness and can be summarised as:

1. Economy – doing things at the 'best price'
2. Efficiency – minimising waste and doing things the 'best way'
3. Effectiveness – doing the 'right things' by maximising the positive outcomes produced

Wales has added a fourth 'E' for consideration: Equity – recognising diversity and spending fairly to ensure that those in greatest need are considered.

The diagram below illustrates the relationship between these four elements.

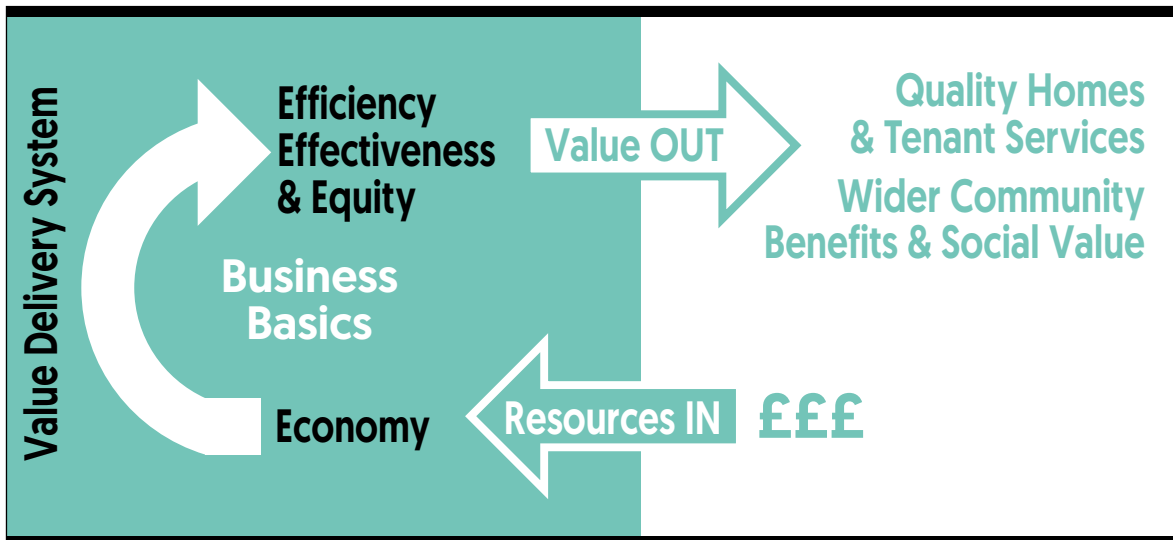
Ystyrir fel arfer fod Gwerth am Arian yn cynnwys tair elfen: darbodusrwydd, effeithiolrwydd ac effeithlonrwydd a gellir ei grynhoi fel:

1. Darbodusrwydd - gwneud pethau am y 'pris gorau'
2. Effeithiolrwydd - lleihau gwastraff a gwneud pethau y 'ffordd orau'
3. Effeithlonrwydd - gwneud y 'pethau cywir' drwy gynyddu i'r eithaf y canlyniadau cynhyrchiol.

Mae Cymru wedi cynnwys elfen arall: Tegwch - cydnabod amrywiaeth a gwario'n deg i sicrhau yr ystyrir y rhai sydd yn yr angen mwyaf.

Mae'r diagram islaw'n dangos y berthynas rhwng y pedair elfen yma.

**Diagram 1: A model for understanding VFM in Wales**



It is important to identify appropriate measures that demonstrate the delivery of these elements:

1. Enable an understanding of 'money' i.e. service costs (inputs) – **economy**
2. Indicate how effective the process of converting inputs to outputs – **efficiency**
3. Map to the areas of 'value' created (outcomes / outputs) – **effectiveness**

The financial data within housing association accounts can be effectively deployed to capture certain headline economy and efficiency indicators, although it is more difficult to produce a complete and rounded measure of effectiveness exclusively from this financial data. Information extracted from the Global Accounts underpins useful and comparative cost data analyses that allows for VFM assessment.

Mae'n bwysig dynodi mesurau priodol sy'n dangos cyflawni'r elfennau hyn:

1. Galluogi dealltwriaeth o 'arian' h.y. costau gwasanaeth (mewnbynnau) – **darbodusrwydd**
2. Dangos pa mor effeithlon yw'r broses o drosi mewnbynnau yn allbynnau – **effeithiolrwydd**
3. Mapio i'r ardaloedd 'gwerth' a grëwyd (canlyniadau/allbynnau) – **effeithlonrwydd**

Gellir defnyddio'r data ariannol o fewn cyfrifon cymdeithasau tai mewn modd effeithlon i ddangos rhai prif ddangosyddion darbodusrwydd ac effeithlonrwydd, er ei bod yn anos rhoi mesur cyflawn a chrwn o effeithlonrwydd o'r data ariannol hwn yn unig. Mae gwybodaeth a gasglwyd ar gyfer y Cyfrifon Cynhwysfawr yn sylfaen i ddadansoddiadau data defnyddiol a chymharu costau sy'n galluogi asesiad Gwerth am Arian.

VfM is not a cost-cutting exercise, nor is it solely about service provision – it is about strategic leadership of the organisation and captures all housing assets and resources. All available resources must be used to maximise the outcomes of the organisation to meet its charitable and corporate objectives. These Global Accounts can therefore be used to provide indicators of financial economy and effectiveness with an acceptance that financial data, in isolation, is not enough to tell the whole VfM story. The VfM tenet continues to demand extensive consideration throughout housing associations in Wales to further provide information on efficiency of processes, organisational effectiveness and value of outcomes achieved whilst ensuring that equity is delivered.

Ten financial VfM indicators (five related to economy and five related to efficiency, of which one combines with effectiveness) have been identified from the Global Accounts which can be viewed at an all-Wales level. Global Accounts ratios are detailed in full in section 6, *Trend Analysis and VfM Indicators*.

Four of the financial economy measures relate to costs and are calculated per social housing unit:

1. Operating costs
2. Management costs
3. Reactive repair costs
4. Major repair costs

The fifth financial economy measure relates to Turnover, which is also calculated per social housing unit.

Each housing association will be striving to ensure its operating costs for social housing are minimised where possible to help meet its organisational objectives. The graph below shows the relationship between average income per social housing unit and the four cost measures shown above. There is an inherent need for operational surpluses to be achieved on a continuing basis in order to pay interest on loans and attract additional finance to underpin development of new homes.

Nid dim ond ymarferiad torri costau yw Gwerth am Arian, nac ychwaith yn ymwneud â darpariaeth gwasanaeth - mae'n ymwneud ag arweinyddiaeth strategol y sefydliad ac mae'n cwmpasu holl asedau ac adnoddau tai. Mae'n rhaid defnyddio'r holl adnoddau sydd ar gael i gynyddu i'r eithaf y canlyniadau i'r sefydliad i gyflawni ei amcanion elusennol a chorfforaethol. Felly gellir defnyddio'r Cyfrifon Cynhwysfawr yma i roi rhai dangosyddion o ddarbodusrwydd ac effeithlonrwydd ariannol gan dderbyn nad yw data ariannol, ar ei ben ei hun, yn ddigon i ddweud holl stori Gwerth am Arian. Mae egwyddor Gwerth am Arian yn parhau i gael ei ystyried yn helaeth ar draws y cymdeithasau tai yng Nghymru i roi dangosyddion am effeithlonrwydd prosesau gwasanaeth, effeithlonrwydd a gwerth y canlyniadau a gafwyd, gan hefyd sicrhau tegwch.

Cafodd deg dangosydd ariannol Gwerth am Arian (pump yn gysylltiedig â darbodusrwydd a phump yn gysylltiedig ag effeithlonrwydd, gydag un ohonynt yn cyfuno gydag effeithlonrwydd) eu dynodi o'r Cyfrifon Cynhwysfawr y gellir eu gweld ar lefel Cymru-gyfan. Rhoddir manylion llawn cymarebau Cyfrifon Cynhwysfawr yn adran 6, *Dadansoddi Tueddiadau a Dangosyddion Gwerth am Arian*.

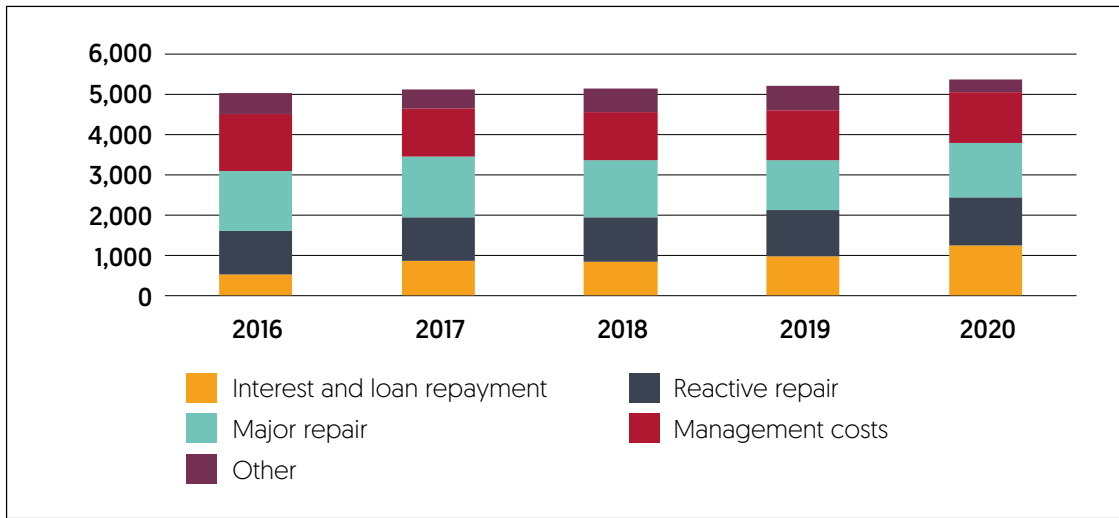
Mae pedwar o'r mesurau darbodusrwydd ariannol yn ymwneud â chostau a chawsant eu cyfrif fesul uned tai cymdeithasol:

1. Costau gweithredu
2. Costau rheoli
3. Costau atgyweirio ymatebol
4. Costau atgyweirio sylweddol

Mae'r pumed mesur darbodusrwydd ariannol yn ymwneud â throsiant, a gaiff hefyd ei gyfrif fesul uned tai cymdeithasol.

Bydd pob cymdeithas tai yn ymdrechu i sicrhau y cedwir ei chostau gweithredu ar gyfer tai cymdeithasol mor isel ag sydd modd i helpu cyflawni amcanion y sefydliad. Mae'r graff islaw'n dangos y berthynas rhwng incwm rhent cyfartalog fesul uned tai cymdeithasol a'r pedwar mesur cost a ddangosir uchod. Mae angen cynhenid i sicrhau gwargedion gweithredu, ar sail barhaus, er mwyn talu llog ar fenthyciadau a denu mwy o gyllid ar gyfer datblygu cartrefi newydd.

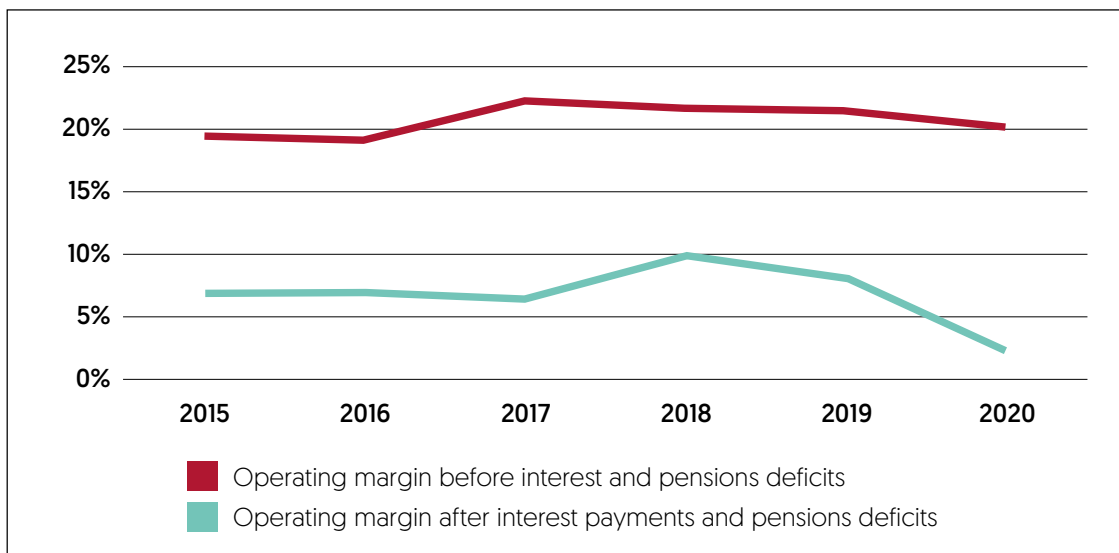
**Figure 7: Cost analysis per property**



Average turnover per social housing property has increased to £5,703 in 2020 from £5,507 in 2019 representing a rise of 3.5%, less than the previous year increase of 4%. This small increase is attributable to service charges, higher rents chargeable for newly-developed properties and the annual rent increase that encompasses the uplift allowed under the Welsh Government Rent Policy. Excluding exceptional items of loan breakage costs, interest and loan payments have reduced since 2018 as associations begin to benefit from lower interest rates following refinancing activities. The proportion of income spent on management and maintenance each year has largely stayed the same. The operating margin of 20% is in alignment to the long term trend of 20%.

Mae trosiant cyfartalog fesul annedd tai cymdeithasol wedi cynyddu i £5,703 yn 2020 o £5,507 yn 2019, cynnydd o 3.5%, sy'n llai na chynnydd y flwyddyn flaenorol o 4%. Gellir priodoli'r cynnydd bach hwn i daliadau gwasanaeth, rhenti uwch y gellir eu codi am anheddau newydd eu datblygu a'r cynnydd rhent blynyddol sy'n cwmpasu'r cynnydd a ganiateir dan Bolisi Rhent Llywodraeth Cymru. Ac eithrio eitemau eithriadol o gostau torri benthyciad, mae taliadau llog a benthyca wedi gostwng ers 2018 wrth i gymdeithasau ddechrau manteisio o gyfraddau llog is yn dilyn gweithgareddau ailgyllido. Mae'r gyfran o incwm a werir ar reoli a chynnal a chadw bob blwyddyn wedi aros yr un fath i raddau helaeth. Mae'r gorswm gweithredu o 20% yn gydnaws gyda'r tueddiad tymor hirach o 20%.

**Figure 8: Operating margin**





The net operating margin after interest payments and pension deficits has reduced to 2% in 2020. Actuarial adjustments in respect of the pension schemes had a lesser impact this year. But this relative gain was offset by an increase in one off breakage costs as housing associations take advantage of the ability to refinance debt.

Three of the five efficiency measures demonstrate how effective housing associations are at minimising financial losses from key processes and this data is set out in the charts below.

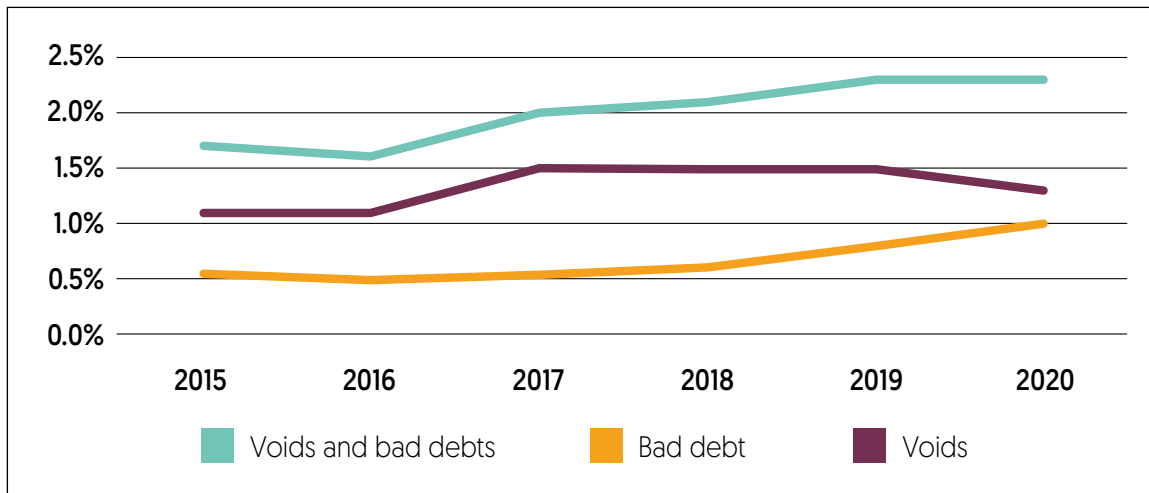
The voids and bad debt totals as percentages of turnover have been relatively stable since 2017. Voids are at 1.3% (2019 was at 1.5%) and bad debts have shown a slight increase from 0.8% to 1.0%. There will be local challenges for a number of housing associations, however changes introduced under welfare reform will be the driver behind many local changes.

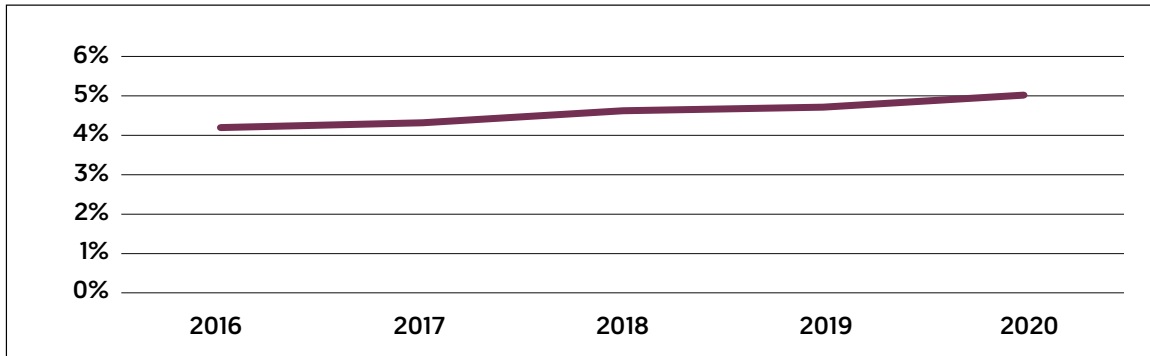
Mae'r gorswm gweithredu net ar ôl taliadau llog a diffygion pensiwn wedi gostwng i 2% yn 2020. Cafodd addasiadau actiwaraid yng nghyswllt cynlluniau pensiwn lai o effaith eleni. Ond cafodd y budd cymharol hwn ei wrthbwyso gan gynydd mewn costau torri unwaith yn unig wrth i gymdeithasau tai fanteisio ar y gallu i ailgyllido dyled.

Mae tri o'r pum mesur effeithiolrwydd yn dangos pa mor effeithlon yw cymdeithasau tai wrth leihau colledion ariannol o brosesau allweddol a chaiff y data hwn ei nodi yn y siartiau islaw.

Bu'r unedau gwag a dyledion drwg fel canrannau o drosiant yn gymharol sefydlog ers 2017. Mae unedau gwag yn 1.3% (1.5% yn 2019) ac mae dyledion drwg wedi dangos cynnydd bach o 0.8% i 1.0%. Bydd heriau lleol i nifer o gymdeithasau tai, fodd bynnag newidiadau a gyflwynwyd dan ddiwygio llesiant fydd y sbardun tu ôl i lawer o newidiadau lleol.

**Figure 9: Voids and bad debts**



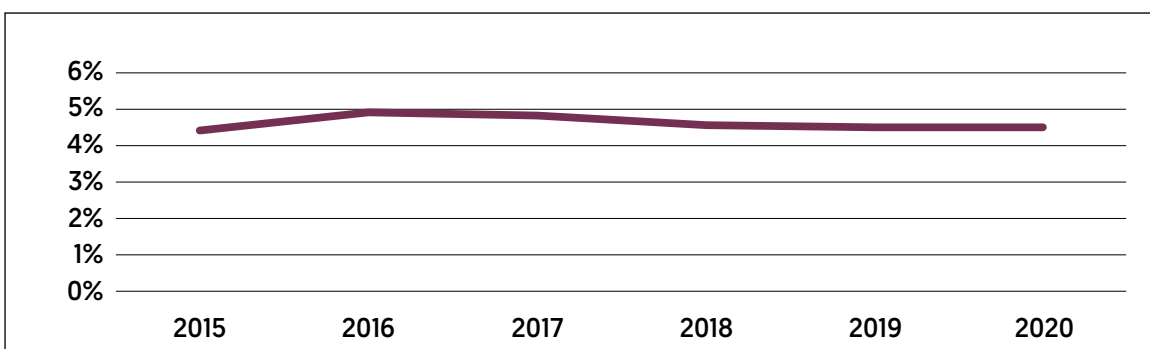
**Figure 10: Gross arrears as a percentage of turnover**

The data for gross arrears as a percentage of turnover displays the continuing trend of slight annual increases; there has been a rise during the year to 5.0% from 4.7% in 2019. This has been at a time of continued change to welfare benefit entitlements and increased pressure upon income of housing association tenants. The sector has been robustly managing this risk with many, if not all, associations including it as high priority on their risk registers. As shown in the business continuity surveys housing associations have continued to monitor these areas in response to the Covid-19 pandemic. These pressures arising from welfare reform will further crystallize over the next few years as all claimants will transfer across to Universal Credit. By the end of the full roll-out, scheduled for 2023, it is estimated more than 400,000 households in Wales will be in receipt of the new benefit. Housing associations will continue to support tenants through the transition.

The fourth measure relating to efficiency is the weighted average cost of capital (Effective Interest Rate) and this has shown a small further decrease to 4.1% from 4.5% in 2019. It is calculated as the overall interest rate the sector is paying on the money borrowed to invest in housing, and also reflects the various refinancing exercises that housing associations have undertaken during the period to benefit from the historically low interest rates available.

Mae'r data ar gyfer ôl-ddyledion crynswth fel canran o'r trosiant yn dangos y tueddiad parhaus o gynydd blynyddol bach, a bu cynnydd yn ystod y flwyddyn i 5.0% o 4.7% yn 2019. Bu hyn ar adeg o newid parhaus i hawl i fudd-daliadau tai a phwysau ychwanegol ar incwm tenantiaid cymdeithasau tai. Bu'r sector yn rheoli'r risg hwn yn gadarn gyda llawer, os nid y cyfan, o gymdeithasau yn ei gynnwys fel blaenoriaeth uchel ar eu cofrestris risg. Fel y dangosir yn yr arolygon parhad busnes, mae cymdeithasau tai wedi parhau i fonitro'r meysydd hyn mewn ymateb i bandemig Covid-19. Bydd y pwysau hyn sy'n deillio o ddiwygio llesiant yn dod i'r amlwg ymhellach dros yr ychydig flynyddoedd nesaf gan y bydd yr holl hawllywyr yn trosglwyddo i'r Credyd Cynhwysol. Erbyn diwedd yr ymestyn llawn, sydd i fod i ddigwydd yn 2023, amcangyfrifir y bydd mwy na 400,000 aelwyd yng Nghymru yn derbyn y budd-dal newydd. Bydd cymdeithasau tai yn parhau i gefnogi'r tenantiaid drwy'r pontio.

Y pedwerydd mesur sy'n ymwneud ag effeithiolrwydd yw cost cyfartalog pwysedig cyfalaf (Cyfradd Log Weithredol) a dangosodd hyn ostyngiad pellach i 4.1% o 4.5% yn 2019. Caiff ei gyfrif fel y gyfradd log gyffredinol mae'r sector yn ei thalu ar yr arian a fenthycwyd i fuddsoddi mewn tai, ac mae hefyd yn dangos y gwahanol ymarferion ailgylidlo a wnaeth cymdeithasau tai yn ystod y cyfnod i fanteisio o'r cyfraddau llog hanesyddol isel sydd ar gael.

**Figure 11: Effective interest rate**

The average interest rate is the net effect of many factors. While short term variable interest rates are low, many associations are locked into higher priced fixed-rate interest agreements entered into several years ago. Some associations, under their treasury policies, will be fixing facilities at a short term cost in order to manage interest rate risk. Long term loan finance is available through the bond market at relatively low rates so those associations who enjoy low-priced traditional bank finance, yet wish to introduce bond financing arrangements, will pay breakage costs to unwind restrictive covenants causing potential increases to their overall weighted interest rate. However, it may be necessary in future to remove such restrictive covenants and increase flexibility to enable them to borrow funds to support their development programmes.

In July 2017 it was announced that the London Interbank Offered Rate (LIBOR) will no longer be published in 2021. This will be replaced with the Sterling Overnight Index Average (SONIA). Housing associations will continue to work closely with funders over coming periods to ensure any emerging risks are mitigated and borrowing arrangements are not compromised.

The fifth financial efficiency measure relates to free cash. This identifies whether a business is generating sufficient cash to pay for its day-to-day management and maintenance expenditure, interest payments and component replacements (replacement of items such as kitchens and bathrooms). This is a critical measure for any organisation to help it understand its financial viability and, as such, the Welsh Government requires all housing associations to report it in their annual accounts. The trend over the last three years demonstrates a rise in free cash in the sector. Please refer to the cash flow section for further analysis.

While the efficiency of services, effectiveness and value of outcomes delivered cannot be derived wholly from the Global Accounts this document does highlight the sector's contribution to providing additional homes across Wales.

1,700 social, affordable housing properties were added by the sector during 2020 with further significant developments underway. The ability of the sector to service debt and take on new debt is imperative to meeting the sector target and can partially be indicated by interest cover and gearing ratios.

Mae'r gyfradd log gyfartalog yn effaith net llawer o ffactorau. Er bod cyfraddau llog amrywiol tymor byr yn isel, mae llawer o gymdeithasau wedi cloi i gytundebau llog cyfradd sefydlog pris uchel yr ymrwymwyd iddynt nifer o flynyddoedd yn ôl. Dan eu polisiau trysorlys bydd rhai cymdeithasau yn gosod cyfleusterau, ar gost tymor byr, er mwyn rheoli risg cyfraddau llog. Mae cyllid benthyciadau hirdymor ar gael drwy'r farchnad bondiau ar gyfraddau llog cymharol isel felly bu'n rhaid i'r cymdeithasau hynny sy'n mwynhau cyllid traddodiadol pris isel gan fanciau dalu costau torri i lacio cyfamodau cyfyngol gan achosi cynnydd posibl yn eu cyfradd log gyffredinol wedi ei phwysoli. Fodd bynnag, yn y dyfodol gall fod angen tynnu cyfamodau cyfyngol o'r fath a chynnyddu hyblygrwydd gweithredol i'w galluogi i fenthycia'r cyllid i gefnogi eu rhaglenni datblygu.

Ym mis Gorffennaf 2017 dywedwyd na fydd LIBOR (Cyfradd Cynnig Rhyng-banciau Llundain) yn cael ei gyhoeddi mwyach yn 2021. Disodlir hyn gan SONIA (Cyfartaledd Mynegai Dros Nos Sterling). Bydd cymdeithasau tai yn parhau i weithio'n agos gyda chyllidwyr dros y cyfnod nesaf i sicrhau y caiff unrhyw risgiau a ddaw i'r amlwg eu lliniaru ac na chaiff trefniadau benthyca eu gwanhau.

Mae pumed mesur effeithiolrwydd ariannol yn ymwneud ag arian rhydd. Mae hyn yn dynodi os yw busnes yn cynhyrchu arian digonol i dalu am ei gwariant dydd-i-ddydd ar reolaeth a chynnal a chadw, taliadau llog a gosod cydrannau newydd (eitemau fel ceginau ac ystafelloedd ymolchi newydd). Mae hyn yn fesur hollbwysig ar gyfer unrhyw sefydliad i'w helpu i ddeall ei hyfywedd ariannol ac, o'r herwydd, mae Llywodraeth Cymru yn ei gwneud yn ofynnol i bob cymdeithas tai adrodd hynny yn eu cyfrifon blyneddol. Mae'r tueddiad dros y tair blynedd ddiwethaf yn dangos cynnydd mewn arian rhydd yn y sector. Mae dadansoddiad pellach yn yr adran llif arian.

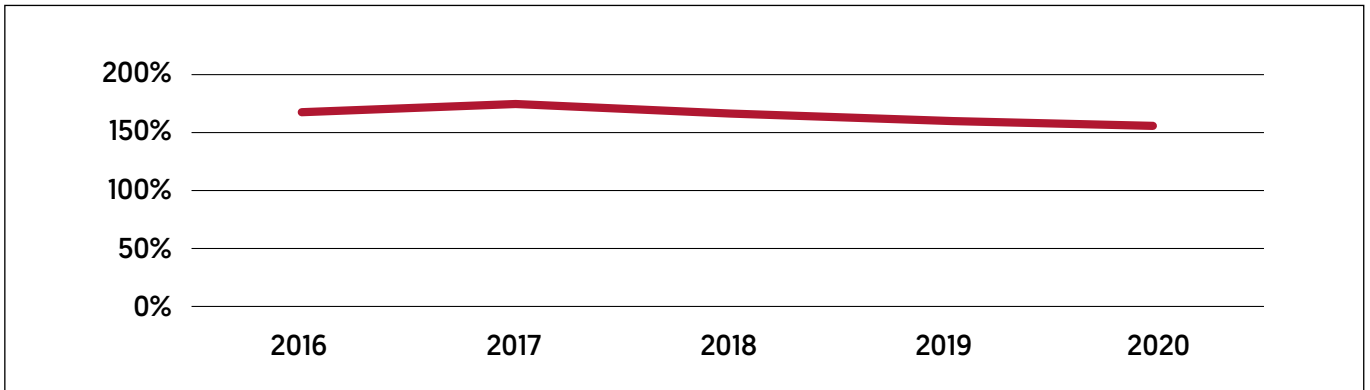
Er nad yw'r Cyfrifon Cynhwysfawr yn medru dangos yn llwyr beth yw effeithiolrwydd gwasanaeth, effeithlonrwydd a gwerth canlyniadau a sicrhawyd, mae'r ddogfen hon yn amlygu cyfraniad y sector at ddarparu cartrefi ychwanegol ledled Cymru.

Cafodd 1,700 o anheddau cymdeithasol newydd eu hychwanegu gan y sector yn ystod 2020 gyda datblygiadau sylweddol pellach yn mynd rhagddynt. Mae gallu'r sector i drin dyledion a chymryd dyledion newydd yn hanfodol i gyflawni'r targed hwn a gellir ei ddangos yn rhannol drwy gymarebau sicrwydd llog a gerio.

The following graph below, interest cover, reports the ratio of cash generated by operations compared to the interest payable on borrowings, and provides an indicator of ongoing resilience demonstrated by the sector to meet development commitments. The second graph, gearing, compares borrowings to the net assets of the organisation.

Mae'r graff dilynol, sicrwydd llog, yn dangos cymhareb arian a gynhyrchwyd gan weithrediadau o gymharu â'r llog taladwy ar fenthyciadau, ac mae'n dangos nerth parhaus y sector i gyflawni ymrwymadau datblygu. Mae'r ail graff, gerio, yn cymharu benthyciadau gydag asedau net y sefydliad.

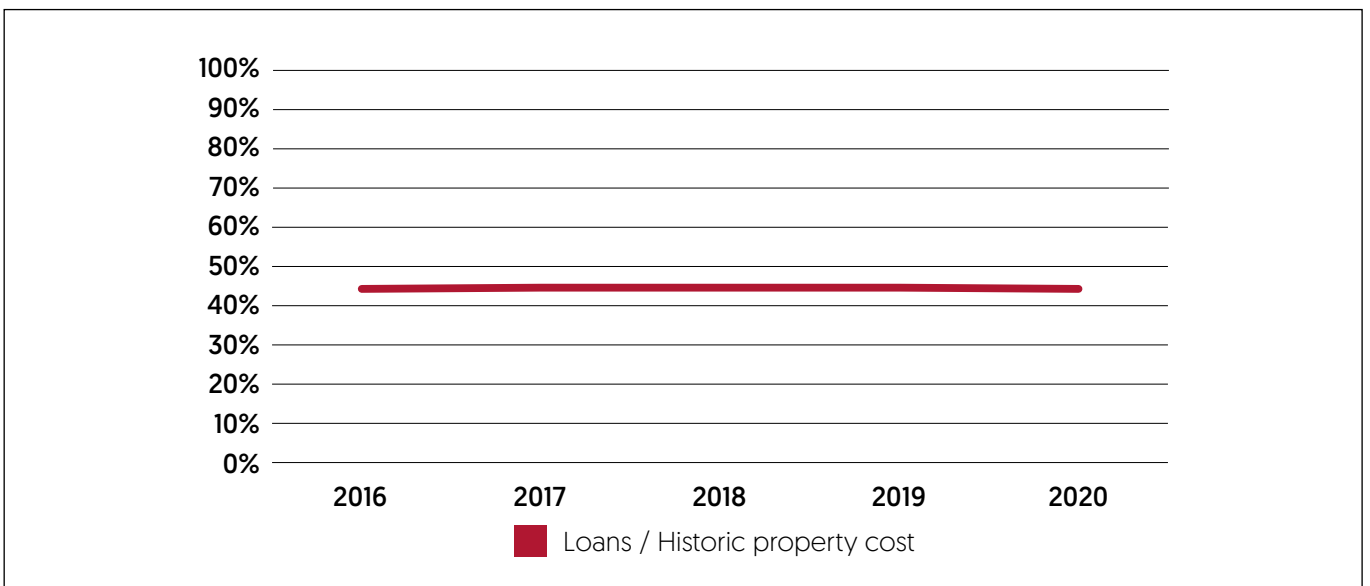
**Figure 12: Interest cover (Operating surplus/interest payments)**



Since 2017 the trend for sector interest cover has exhibited a slight downward annual trajectory. Housing associations have since actively developed greater volumes of properties through borrowing more funds and consequently paying interest on those funds, and are seeking better value for money through refinancing more expensive legacy deals. With interest cover levels above 150% however, the data indicates housing associations continue to have capacity to service more loans to support further opportunities for development.

Ers 2017 mae'r tueddiad ar gyfer sicrwydd llog y sector wedi dangos gostyngiad bach yn flynyddol. Mae cymdeithasau tai wedi datblygu mwy o anheddau drwy fenthycia mwy o gyllid ac fel canlyniad yn talu ar y benthyciadau hynny, ac maent yn edrych am well gwerth am arian drwy ailgyllido cytundebau gwaddol drutach. Gyda lefelau sicrwydd llog dros 150%, mae'r data yn dangos fod cymdeithasau tai yn parhau i fod â'r galluedd i weini mwy o fenthyciadau i gefnogi mwy o gyfleoedd ar avfer datblygu.

**Figure 13: Gearing**



The assessment of gearing shown above is on 'historic property cost' basis and compares the loans of housing associations to the depreciated historical cost of the housing properties. This level of gearing has been stable for a number of years and in 2020 was at 44%. The introduction of Housing Finance Grant (HFG) in recent years means a greater proportion of property cost needs to be funded from loans initially. Therefore, housing associations could potentially soon approach the point where half the property cost is funded by loans.

With less than 50% of the property costs funded by loans, associations collectively cannot be considered highly geared, and therefore implies further financial capacity could be available.

This suite of VfM measures are purely financial value metrics that can be calculated from the financial accounts published by each housing association. However, further work is necessary to develop additional VfM measures to promote transparency and accountability, particularly as the sector responds and adapts to Covid-19. CHC continually works with the sector to support their work in promoting enhanced transparency including social value accrued through housing association activity. It is also anticipated these financial metrics will be reviewed periodically to ensure they remain relevant and meaningful to the sector, its stakeholders and commentators.

Ensuring the level of rent payable is affordable and equitable is crucial for tenants and for associations' tenant-focussed outlook. This VfM data can help support and develop the affordability principle.

Mae'r asesiad o gerio a welir uchod ar sail 'eiddo hanesyddol' ac mae'n cymharu benthyciadau cymdeithasau tai gyda chost hanesyddol yr anheddau wedi'i ddibrisio. Mae'r lefel gerio yma wedi bod yn sefydlog am nifer o flynyddoedd a roedd yn 44% yn 2020. Mae cyflwyno'r Grant Cyllid Tai mewn blynyddoedd diweddar yn golygu fod angen ariannu cyfran uwch o gost anheddau o'r benthyciad i ddechrau. Felly, bydd cymdeithasau tai cyn hir yn agosáu at y pwynt lle caiff hanner cost eiddo ei gyllido gan fenthyciadau.

Gyda llai na 50% o'r costau eiddo yn cael eu hariannu gan fenthyciadau, ni all cymdeithasau gyda'i gilydd gael eu hystyried fel bod â gerio uchel ac mae felly'n awgrymu bodolaeth capasiti ariannol ar gael.

Mae'r gyfres o fesurau Gwerth am Arian yn fetrigau ariannol llwyr y gellir eu cyfrif o'r cyfrifon ariannol a gyhoeddir gan bob cymdeithas tai. Fodd bynnag, mae angen gwneud mwy o waith i ddatblygu mesurau Gwerth am Arian ychwanegol i hyrwyddo tryloywder ac atebolrwydd, yn arbennig wrth i'r sector ymateb ac addasu i Covid-19. Mae CHC yn gweithio'n barhaus gyda'r sector i gefnogi eu gwaith mewn hyrwyddo mwy o dryloywder yn cynnwys gwerth cymdeithasol a gronnir drwy weithgaredd cymdeithasau tai. Rhagwelir hefyd y caiff y metrigau ariannol eu hadolygu'n gyfnodol i sicrhau eu bod yn parhau'n berthnasol ac ystyrlon i'r sector ei rhanddeiliaid a sylwedyddion.

Mae sicrhau bod lefel y rhent taladwy yn fforddiadwy ac yn deg yn hanfodol ar gyfer tenantiaid ac ar gyfer safbwynt canoli ar denantiaid cymdeithasau - gall y data Gwerth am Arian yma gefnogi egwyddor fforddiadwyedd.



**05**

**Private  
Finance  
Summary**

**Crynodeb  
Cyllid  
Preifat**

# Private Finance Summary

# Crynodeb Cyllid Preifat

Figure 14: Current sector funders

Lender	2020 Loan Drawn £m	2020 Loan Outstanding £m	2020 Loan Undrawn £m	2020 Loan Outstanding & Undrawn £m	2019 Loan Outstanding & Undrawn £m	2020 Rank	2019 Rank
Barclays Bank	382	365	225	590	653	1	1
NatWest / RBS	346	311	87	398	393	2	2
THFC	327	324	13	337	304	3	4
Lloyds / HBOS	273	247	84	331	323	4	3
M&G Investments	299	295	0	295	296	5	5
Santander	183	179	82	261	261	6	7
Nationwide	277	220	10	230	291	7	6
Principality Building Society	236	174	28	202	159	8	9
Public Bond	160	160	25	185	160	9	8
BAE Systems Pension Fund	105	105	45	150	110	10	10
bLEND	110	110	0	110	70	11	12
Affordable Housing Finance	101	101	0	101	101	12	11
Legal & General	80	80	15	95	0	13	n/a
Sun Life	65	65	0	65	65	14	13
MOR Homes	62	62	0	62	62	15	14
Handelsbanken	10	9	45	54	29	16	21
European Investment Bank	39	39	12	51	58	17	15
Rothesay	50	50	0	50	0	18	n/a
Dexia	80	50	0	50	53	19	16
Yorkshire Building Society	22	22	18	40	40	20	17
Scottish Widows	29	29	10	39	0	21	n/a
Orchardbrook	53	36	0	36	37	22	18
Pension Insurance Corporation	35	35	0	35	35	23	19
Triodos Bank	23	23	9	32	32	24	20
Standard Life	26	25	0	25	25	25	22
GB Social Housing	24	24	0	24	15	26	23
Clydesdale Bank	12	12	8	20	15	27	24
Unity Trust Bank	13	11	0	11	11	28	25
Aviva	9	10	0	10	9	39	26
Housing Securities Ltd	7	6	0	6	6	30	28
Cooperative Bank	6	4	0	4	6	31	27
Bank of Ireland	2	0	0	0	0	32	29
<b>Total</b>	<b>3,446</b>	<b>3,183</b>	<b>716</b>	<b>3,899</b>	<b>3,619</b>		

## New debt facilities

2020 saw £527m of new facilities arranged, nearly a 30% increase on the 2019 figure of £408m. In total 14 of the 34 main housing associations secured new facilities with most of these using it as an opportunity to restructure their existing debt profile as well as raising new funds. The net increase in total facilities of £280m was the highest since 2011, when a number of new LSVTs were formed. New funders continue to be attracted to Wales with Legal & General, Rothesay and Scottish Widows providing funding to the sector for the first time. With 62% of the new facilities coming in the form of bond issues the established trend of the sector seeking alternative modes of longer term funding continues. However, there does also remain an active market with banks, typically providing shorter term revolving credit facilities (RCF). There are currently 23, 70% of the sector using RCFs with combined facilities of £605 million. Of these, £268 million, 44% are currently being utilised.

A full list of new facilities secured in the last year is provided in the table below:

## Cyfleusterau dyled newydd

Yn 2020 gwelwyd £527m o gyfleusterau newydd yn cael eu trefnu, cynnydd o bron 30% ar ffigur 2019 o £408m. Sicrhodd cyfanswm o 14 o'r 34 prif gymdeithasau tai gyfleusterau newydd gyda'r rhan fwyaf ohonynt yn ei ddefnyddio fel cyfle i ailstrwythuro eu proffil dyled presennol yn ogystal â chodi cyllid newydd. Roedd y cynnydd net mewn cyfanswm cyfleusterau o £280m yr uchaf ers 2011, pan ffurfiwyd nifer o LSVT newydd. Roedd cyllidwyr newydd yn parhau i gael eu denu i Gymru gyda Legal & General, Rothesay a Scottish Widows yn darparu cyllid i'r sector am y tro cyntaf. Gyda 62% o'r cyfleusterau newydd hyn yn dod ar ffurf bondiau, mae'r tueddiad sefydledig o'r sector yn ceisio dulliau eraill o gyllid tymor hirach yn parhau. Fodd bynnag, mae marchnad brysur yn parhau gyda banciau, fel arfer yn darparu cyfleusterau credyd cylchol tymor byrrach (RCF). Ar hyn o bryd mae 23, 70% o'r sector yn defnyddio RCF gyda chyfleusterau cyfun o £605 miliwn. Mae 44% ohonynt yn cael eu defnyddio ar hyn o bryd, £268 miliwn.

Mae rhestr lawn o'r cyfleusterau newydd a sicrhawyd yn y flwyddyn ddiwethaf yn y tabl islaw:

**Figure 15: New facilities**

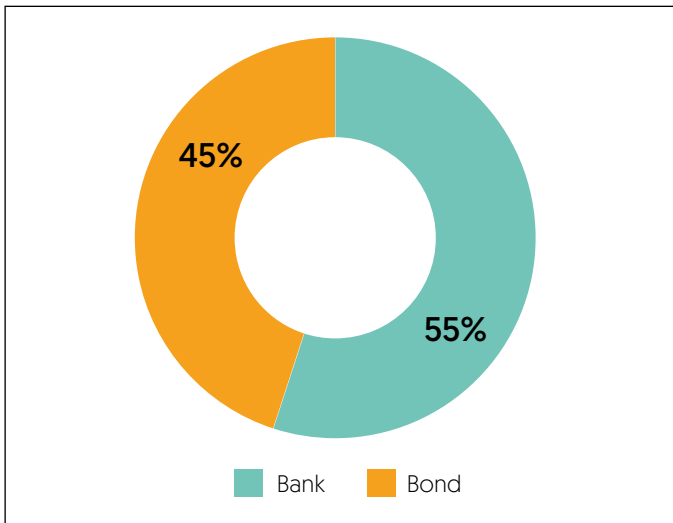
Lender	2020	2019
	New Facility £m	New Facility £m
BAE Systems Pension fund	40	65
Barclays Bank	15	1
bLEND	40	70
Clydesdale Bank	5	5
GB Social housing	8	8
Handelsbanken	25	25
Legal & General	95	-
Lloyds / HBOS	23	15
MOR Homes	-	63
Penarian Public Bond	25	-
Principality Building Society	45	13
Rothesay	50	-
Natwest / RBS	55	10
Santander	30	34
Scottish Widows	39	-
Sun Life	-	65
THFC	32	27
Triodos Bank	-	7
	<b>527</b>	<b>408</b>



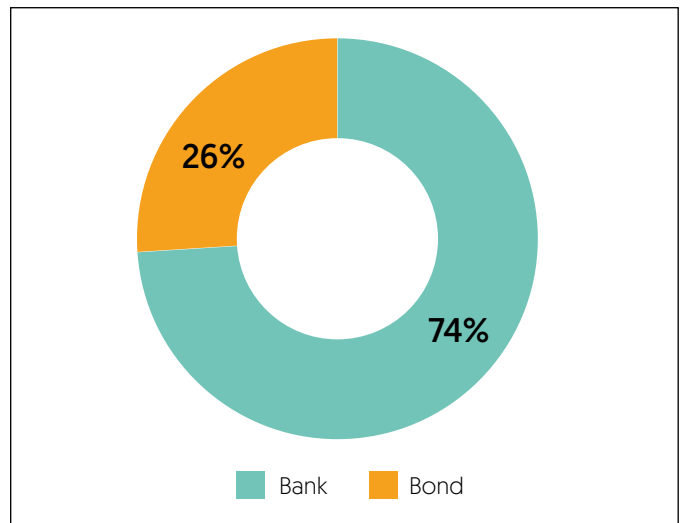
The net rise in the total amount of outstanding loans and undrawn facilities in 2020 was £280m, increasing from £3,619m to £3,899m, indicating that just over half of the £527m of new finance raised was for additional borrowing with the remainder to restructure and repay existing debt. With 3 new entrants providing £184 million of the new facilities in 2020 the trend of increasing diversity in the source of funding continues. The largest 5 funders now provide 50% of total funding, down from 58% 3 years ago. Whilst the banking sector continues to be the major provider of finance in Wales, bond finance is now being utilised to a greater extent. This trend is shown in the graphs below:

Roedd y cynnydd net yng nghyfanswm y benthyciadau dyledus a chyfleusterau heb eu tynnu yn £280m yn 2020, gan gynyddu o £3,619m i £3,899m, yn dangos fod ychydig dros hanner y £527m o gyllid newydd a godwyd ar gyfer benthyca ychwanegol gyda'r gweddill i ailstrwythuro ac ad-dalu dyled bresennol. Gyda 3 newydd ddyfodiad yn darparu £184 miliwn o'r cyfleusterau newydd yn 2020, mae'r tueddiad o gynyddu amrywiaeth yn y ffynhonnell cyllid yn parhau. Mae'r 5 cyllidwr mwyaf yn awr y darparu 50% o'r cyfanswm cyllid, i lawr o 58% dair blynedd yn ôl. Er bod y sector bancio yn parhau i fod y darparydd mwyaf o gyllid yng Nghymru, caiff mwy o ddefnydd yn awr ei wneud o gyllid bondiau. Dangosir y tueddiad hwn yn y graffiau islaw.

**Figure 16: Proportion of facilities 2020**



**Figure 17: Proportion of facilities 2017**



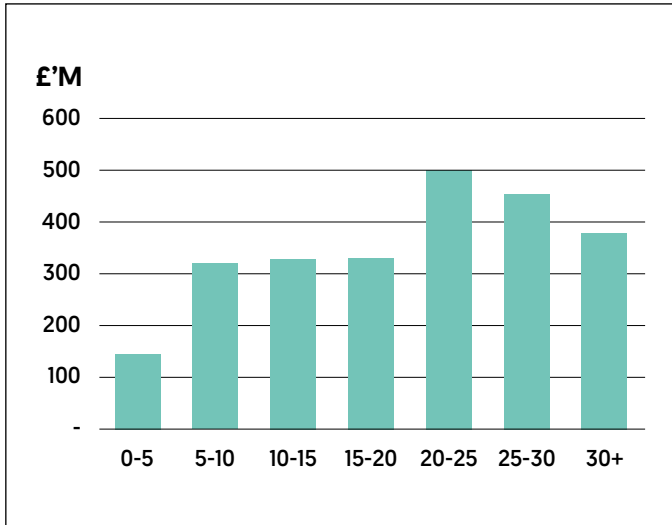
**Nature of Debt**

The level of fixed rate debt in the sector has fallen slightly in the last year and is currently at 78%, down 1% on 2019, although it is 6% higher than 5 years ago. The repayment date for these tranches of fixed rate debt is spread evenly over the next 30 years, with 19% due to end in the next 10 years. This is illustrated in the table below. Similarly, the bullet repayment debt, paid in full at the end of the loan term, is also spread over the next thirty years with over two thirds profiled for repayment in more than 15 years. The use of long term fixes does provide the sector with a degree of certainty on forecast borrowing costs. Given the current debt levels and the profiles shown the sector is, to a reasonable degree, protected against future interest rate rises.

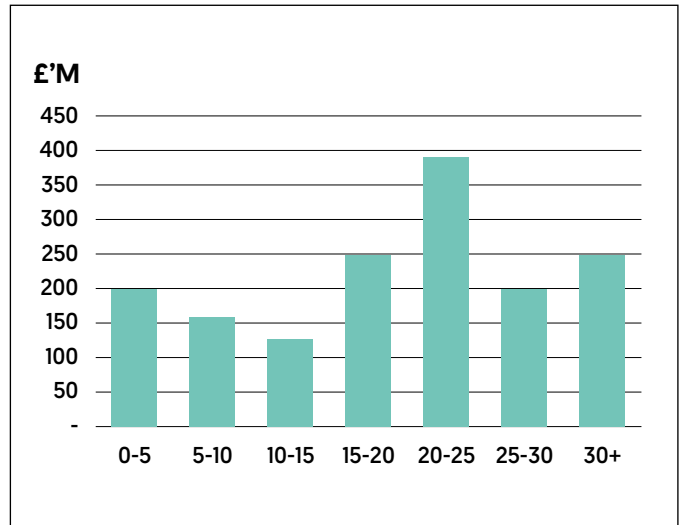
**Natur Dyled**

Mae lefel dyled cyfradd sefydlog yn y sector wedi gostwng ychydig yn y flwyddyn ddiwethaf ac ar hyn o bryd mae'n 78%, 1% yn is na 2019, er ei fod 6% yn uwch na 5 mlynedd yn ôl. Caiff dyddiad ad-dalu y dognau hyn o ddyledion cyfradd sefydlog ei ledaenu'n wastad dros y 30 mlynedd nesaf, gyda 19% i ddoed i ben yn y 10 mlynedd nesaf. Dangosir hyn yn y tabl islaw. Yn yr un modd, mae'r ddyled ad-dalu bwled, a gaiff ei dalu'n llawn ar ddiwedd tymor y benthyciad, hefyd wedi ei ledaenu dros y 30 mlynedd nesaf gyda dau-draean i'w had-dalu mewn mwy na 15 mlynedd. Mae defnydd atebion hirdymor yn rhoi rhywfaint o sicrwydd i'r sector ar y costau benthyca a ragwelir. Oherwydd y lefelau dyled presennol a'r proffiliau a ddangosir mae'r sector, i raddfa resymol, wedi ei diogelu rhag cynnydd pellach mewn cyfraddau llog yn y dyfodol.

**Figure 18: End date for fixed rates (years remaining)**



**Figure 19: Bullet repayments (years to repayment)**



### Cost of funds

Based on the outstanding borrowings held by associations at the year end the average cost of borrowing is currently 4.1%, down from 4.5% last year. The current cost of borrowing for LSVTs is 5.5% and for traditional housing associations the rate is at 3.7%. There was a significant fall in borrowing costs for LSVTs as a result of 2 associations undertaking major refinancing initiatives that enabled the repayment of significant amounts of fixed debt arranged prior to transfer.

During March 2020 the Bank of England Base Rate fell from 0.75% to 0.10% with bond yields and LIBOR rates in both the short and long term displaying low levels for this period. Associations cannot rely on favourable interest rates continuing indefinitely so effective treasury management and comprehensive business plan stress-testing will help associations manage risk accordingly.

This suite of information in the Global Accounts shows that associations continue to remain well-placed to service financial commitments as they fall due.

### Cost cronfeydd

Yn seiliedig ar y benthyciadau dyledus sydd gan gymdeithasau ar ddiwedd y flwyddyn, mae cost gyfartalog benthycia yn 4.1% ar hyn o bryd, i lawr o 4.5% y llynedd. Mae cost gyfredol benthycia ar gyfer LSVT yn 5.5% ac mae'r gyfradd yn 3.7% ar gyfer cymdeithasau tai traddodiadol. Bu gostyngiad sylweddol mewn costau benthycia ar gyfer LSVT fel canlyniad i 2 gymdeithas yn dilyn cynlluniau ailgyllido mawr a alluogodd ad-dalu symiau sylweddol o ddyled sefydlog a drefnwyd cyn trosglwyddo.

Yn ystod mis Mawrth 2020 gostyngodd Cyfradd Sylfaen Banc Lloegr o 0.75% i 0.10% gydag enillion bond a chyfraddau LIBOR yn y tymor byr a hefyd y tymor hir yn dangos lefelau isel ar gyfer y cyfnod hwn. Ni all cymdeithasau ddibynnu y bydd cyfraddau llog ffafriol yn parhau am gyfnod amhenodol felly bydd rheoli trysorlys a phroffion straen cynhwysfawr ar gynlluniau busnes yn helpu cymdeithasau i drin risg yn unol â hynny.

Mae'r wybodaeth yn y Cyfrifon Cynhwysfawr yn dangos fod cymdeithasau yn parhau i fod mewn sefyllfa dda i wasanaethu ymrwymadau ariannol fel y maent yn dod yn ddyledus.



# 06

## Trend Analysis and VfM Indicators

**Dadansoddiad  
Tueddiadau a  
Dangosyddion  
Gwerth am Arian**

# Trend Analysis and VfM Indicators

# Dadansoddiad Tueddiadau a Dangosyddion Gwerth am Arian

**Figure 20: Trend analysis 2018- 2020**

	2020 All	2019 All	2018 All
Growth in turnover	5.1%	5.4%	4.9%
Growth in operating costs	7.5%	6.9%	6.2%
Growth in operating surplus	(0.3)%	0%	0%
Growth in interest paid	2.9%	(8.6)%	1.6%
Growth in total fixed assets	6.2%	5.9%	5.1%
Growth in long term debt	9.1%	5.1%	2.5%
Growth in capital and reserves	7.4%	1.2%	8.4%
Turnover per employee (£000s)	£98	£95	£92
Interest cover	155%	159%	165%
Number of homes	166,439	164,821	162,983

**Figure 21: Value for Money Indicators  
– annual sector averages**

	2020	2019
Turnover per social housing unit	£5,703	£5,507
Total operating cost per social housing unit	£3,497	£3,344
Management costs per social housing unit	£1,320	£1,284
Reactive costs per social housing unit	£1,189	£1,144
Major repairs & components per social housing unit (Capital)	£796	£887
Major repairs & components per social housing unit (Capital and Revenue)	£1,133	£1,233
Bad debt costs per social housing unit	£52	£35
Weighted average cost of capital	4.1%	4.5%
Free cash inflow (outflow) per social housing unit	£52	£484
Gross arrears / social housing turnover	5.0%	4.7%
Rental void loss per social housing unit	£73	£72



# 08 | Acknowledgements Cydnabyddiaeth

## Acknowledgements

Community Housing Cymru and Welsh Government would like to thank the following individuals and organisations for their assistance in making this publication possible:

Clarissa Corbisiero, Deputy Chief Executive  
Community Housing Cymru

Steve Evans, Assistant Director  
Community Housing Cymru

Andrew Martyn-Johns, Chair  
Community Housing Cymru

Allister Parkinson, Regulation  
Welsh Government

Sarah Prescott  
Consultant

Julie James MS: Minister for Climate Change  
Welsh Government

**Community Housing Cymru**  
**2 Ocean Way**  
**Cardiff, CF24 5TG**

**Welsh Government**  
**Rhydycar**  
**Merthyr Tydfil, CF48 1UZ**

## Cydnabyddiaeth

Hoffai Cartrefi Cymunedol Cymru a Llywodraeth Cymru ddiolch i'r unigolion a sefydliadau dilynol am eu cymorth yn gwneud y cyhoeddiad hwn yn bosibl:

Clarissa Corbisiero, Dirprwy Brif Weithredydd  
Cartrefi Cymunedol Cymru

Steve Evans, Cyfarwyddwr Cynorthwyol  
Cartrefi Cymunedol Cymru

Andrew Martyn-Johns, Cadeirydd  
Cartrefi Cymunedol Cymru

Allister Parkinson, Rheoleiddio  
Llywodraeth Cymru

Sarah Prescott  
Ymgynghorydd

Julie James AS: Gweinidog Newid Hinsawdd  
Llywodraeth Cymru

**Grŵp Cartrefi Cymunedol Cymru**  
**2 Ocean Way**  
**Caerdydd, CF24 5TG**

**Llywodraeth Cymru**  
**Rhydycar**  
**Merthyr Tydfil, CF48 1UZ**





[chcymru.org.uk](http://chcymru.org.uk)



@CHCymru



[enquiries@chcymru.org.uk](mailto:enquiries@chcymru.org.uk)



02920 674800