

**ANNUAL REPORT AND
STATEMENT OF ACCOUNTS
2020/2021**



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Tai Calon Community Housing Limited is a charitable association registered with Welsh Government (registration number L153) and Registered with charitable rules under the Co-operative and Community Benefit Society Act No. 30950R



CHAIR OF THE BOARD STATEMENT

I am delighted to present the Financial Statements for the year ended 31st March 2021.



Any reflection on the year to March 2021 will, of course be coloured by the coronavirus pandemic. To that end, our thoughts are very much with those in Blaenau Gwent who have been directly affected.

For Tai Calon, the pandemic has created multiple service delivery challenges. However, we have strived to maintain a high level of service whilst ensuring customer and staff safety. Ways of working have been adapted, resources re-directed to support customer well-being, and communication methods changed. These adjustments have enabled outstanding performance on landlord compliance, ongoing lettings to help alleviate homelessness, low rent arrears and an improving repairs service.

Last year we crafted a “picture” of what the Board wanted Tai Calon to look like in 2025. The ideas that made up that picture have been discussed with our customers, staff, and other key stakeholders. Following the feedback we were able to finalise and approve our Corporate Plan 2025 in February 2021. That Corporate Plan has customers at the centre of everything we do, recognised in our Mission to raise customer satisfaction.

Good governance is fundamental to our future success. In June 2021, we were extremely pleased to receive the outcome of the Interim Regulatory Judgement from the Welsh Government that confirmed the highest level for both governance (including tenant services), and financial viability.

However, we want to push on and find ways to strengthen our governance. To that end, I am delighted that we have recruited two excellent new Committee Members. Sian Nicholas will join our new Homes and Communities Committee, bringing her expertise around hearing the voice of the customer. Brian Pickett joined the Audit and Risk Committee. In addition to his finance skills, he will help enhance Board assurance, as it is best practice to have an independent Committee Member on an Audit & Risk Committee.

Finally, I would also like to take the opportunity to thank my fellow Board members for their contribution to the success of Tai Calon. They bring a wide range of experience and knowledge, which has helped drive our achievements through the year and enable us to develop a compelling plan for the future.

A handwritten signature in black ink, appearing to read 'A Webb'. The signature is fluid and cursive, written over a light-colored background.

**PROFESSOR SIR
ADRIAN WEBB**
Board Chair

CHIEF EXECUTIVE'S STATEMENT

This is my second year of introducing the Annual Report for Tai Calon. As we have all witnessed, the impact of the COVID-19 pandemic continues to be profound and far reaching.



So, before I highlight a few numbers from the accounts, can I say a heartfelt thanks to all my colleagues at Tai Calon for their commitment to improving customer satisfaction during these difficult times, times when a lot of the traditional methods of working have been put on hold. Those thanks are not just for the customer-facing staff but also those who provide invaluable support back at the office, or in the case of this year, often working in their own homes.

Turning to Tai Calon's financial performance. The results show that our turnover (i.e. total income generated) was £27.4 million, with an expected deficit after borrowing costs of £0.9 million. In addition, there was a change in the pension valuation, creating a negative adjustment of £7.7 million which resulted in a deficit for the year of £8.6 million.

During the year we spent £8.5 million on improving existing homes and £2.2 million on developing new ones. Our operating performance is good with lower costs on voids, and we continue to have low rent arrears.

The year has not just been about financial performance. It has been about setting an exciting way forward. The Board has created a new Corporate Plan 2025 that puts customer service at the centre of everything we do. Consequently, the Board has set a target that by 2025, 90% of our customers are either satisfied or very satisfied with the service they receive from Tai Calon.

The Corporate Plan has two other challenges, and these will be achieved through working in partnership with others. The first of those is to build 200, much needed, new affordable homes by 2025. The second challenge is to significantly reduce the environmental impact of what we do by making Tai Calon homes more energy efficient. There are many barriers to achieving that energy efficiency goal, not least of which is paying for it. If we can fund the improvements, then the impact will be profound. It will reduce the emissions of greenhouse gases into the atmosphere, cut heating bills, and create new local jobs to undertake all the improvement work required.

As we state in our Corporate Plan 2025, "community is not an important thing, it's everything". Tai Calon was originally established to take on the management of the council housing, however, during the last year we have reflected on that. The result is that as the original housing transfer fades into history, we have refreshed Tai Calon's reason to exist, which is to inspire its people so that they go beyond affordable housing and are driven to create vibrant communities across Blaenau Gwent. And that is why we are here.



HOWARD TOPLIS
Chief Executive

BACKGROUND AND SOCIO-ECONOMIC CONTEXT

Tai Calon Community Housing was formed on 26 July 2010 as part of a Large-Scale Voluntary Transfer of the housing stock from Blaenau Gwent County Borough Council.

Tai Calon has 5,811 homes in management. All of these homes have been brought up to the Welsh Housing Quality Standard (WHQS). The majority of these homes are three-bedroom houses, some of which have been adapted to make it easier for tenants to stay in their homes and improve their quality of life. There are 341 leasehold properties.

Blaenau Gwent is home to nearly 70,000 people, of which 8.3% of the population are Tai Calon tenants, compared to roughly 4.3% of the population being social housing tenants across Wales. Unemployment in the area was 4.3% in 2020, slightly higher than Wales (3.7%) as a whole. Average weekly earnings were £451.10; and a significant number of Blaenau Gwent's working residents work outside the borough, which can mean higher travel costs.

Universal Credit has been rolled out to 55% of the people in Blaenau Gwent, compared to 56% across Wales. The majority of the rollout in Blaenau Gwent so far has been focused on employment benefits and where households have had a change in circumstances.

Our Employment Training team also works with various partners to help provide our tenants with the skills and opportunities to improve their life chances and secure employment.



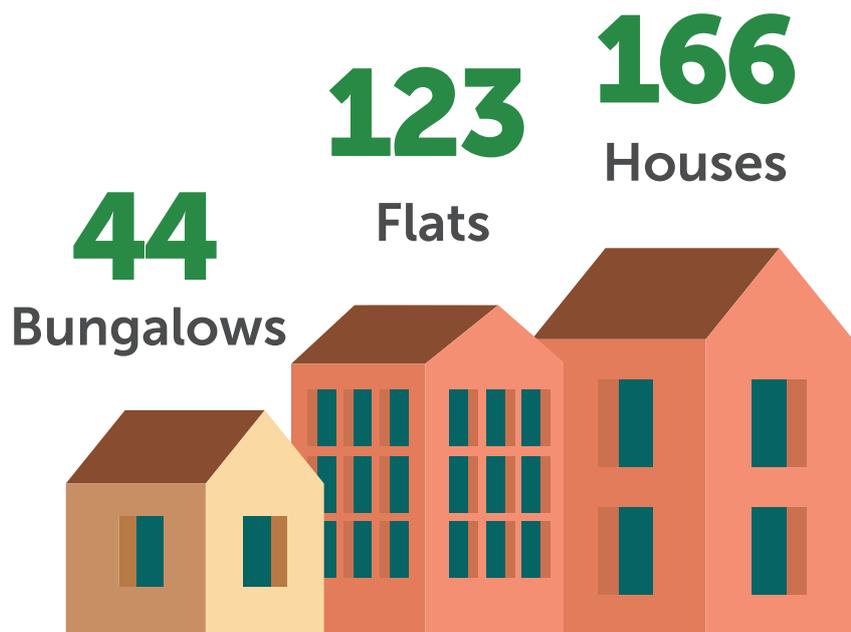
OUR PERFORMANCE 2020/21

OPERATIONAL KEY PERFORMANCE INDICATORS (KPIs)

LETTINGS

333
let in
the year

Average cost
per property
of lettings =
£32.35 vs. £53.33
for Welsh RSLs*



RENT – average cost per property to collect rent = £97.04 vs. £84.60 for Welsh RSLs*



100.78%
Amount of rent collected



2.05%
Tenant arrears

TRIAGE
SERVICE IN
PLACE FOR NEW
UNIVERSAL
CREDIT
CLAIMANTS

1,653
TENANTS
SUPPORTED
WITH HELP
AND ADVICE

REPAIRS – average cost per property of the repair service = £438.93 vs. £496.55 for Welsh RSLs*

86.29% Repairs completed
on time

96.61% Repair appointments
kept

AVERAGE
DAYS TO
COMPLETE
REPAIRS
7.74



* All cost comparisons are from HouseMark core benchmarking and relate to 2018/19, the latest year available

EMPTY HOMES – average cost per property of void repairs =£467.27 vs. £179.15 for Welsh RSLs*

22 

Empty Homes at the end of the year

 **56**

Days average void period

* In 2020/21 we made significant investment in bringing long term voids back into management, which incurred a one off increase in costs in this area.

1.07%

Income loss due to Empty Homes

COMPLIANCE



99.58%

Gas servicing completed to time

100% 

that received a scheduled fire risk inspection

100% 

homes with a valid electrical certificate less than 10 years old

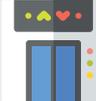


0%

Percentage of properties without an asbestos management survey

100% 

properties that received a water management risk assessment

100% 

of passenger lifts inspected by due date

CUSTOMER CONTACT & COMPLAINTS



96.46%
CALLS ANSWERED

36 
COMPLAINTS RECEIVED



COMPLIMENTS RECEIVED
18

KEY PERFORMANCE INDICATORS (KPIs)

Tai Calon's Key Performance Indicators (KPIs) cover the operational activities of repairs, empty homes and rent collection. The Welsh Government also requires all Registered Social Landlords to publish a set of Value for Money KPIs, as shown below.

| KEY PERFORMANCE INDICATOR | WALES SECTOR AVERAGES 2019/20 | TAI CALON 2019/20 | TAI CALON 2020/21 |
|---|-------------------------------|-------------------|-------------------|
| Total operating costs per social housing unit | £3,497 | £3,980 | £3,359 |
| Management costs per Social Housing unit | £1,320 | £1,539 | £1,408 |
| Reactive repair costs per Social Housing unit | £1,189 | £1,445 | £1,420 |
| Major repairs and component costs per social housing unit (Capital Expenditure) | £796 | £1,239 | £1,085 |
| Major repairs and component costs per Social Housing unit (Capital and Revenue Expenditure) | £1,133 | £2,123 | £1,508 |
| Bad debts per Social Housing unit | £52 | £34 | £10 |
| Weighted average cost of capital | 4.35% | 5.74% | 5.86% |
| Free cash flow (before drawdown or repayment of loans) per Social Housing unit | £52 | -£130 | £490 |
| Gross Arrears/Social Housing turnover | 5.01% | 1.45% | 1.96% |
| Total Turnover per Social Housing unit | £5,703 | £4,519 | £4,663 |
| Rental void loss per Social Housing unit | £73 | £70 | £50 |

PERFORMANCE COMMENTARY

EMPTY HOMES



Tai Calon aims to keep the number of empty homes as low as possible. It has a number of benefits. It has a number of benefits: Every occupied home means a person or family who needs it has somewhere to live; our neighbourhoods are improved by having occupied homes, and; it means that we receive more rental income making us more financially secure.

The year ended with just 22 empty homes which was well within our target of 60 empty homes. This is a significant reduction from the 75 empty homes in the previous year.

This improvement is largely due to focusing on void work during the Coronavirus lockdowns. The rental income lost from empty homes was just 1.07%, improving on the target of 1.5%.

As we move into 2021/22, working practices remain impacted by the coronavirus, we have made changes to keep our staff safe while still bringing empty homes into service as quickly as we can. The focus will remain on improving our performance, minimising the number of empty homes, the cost of the repairs and the time that they are empty.

HEALTH AND SAFETY COMPLIANCE, REPAIRS AND MAINTENANCE



Health and safety Compliance for Repairs and Maintenance Compliance with the relevant laws and safety regulations is a top priority for Tai Calon. We perform regular checks on gas boilers as well as electrical tests, fire inspections, water management and asbestos checks.

We achieved 99.58% for gas services completed by the required date. This relates to one address where we couldn't obtain access. COVID19 has impacted this year on obtaining access to properties. The other inspections for fire safety, electrical safety, water management, asbestos and passenger lifts all achieved 100%.

Turning to repairs, we completed nearly 87% within the target time. This is below the target of 96%, and an improvement on the previous year.

The repairs service is one of the areas that has been affected by the change in working due to the COVID19 pandemic. Repairs priorities have been suspended and subsequently reinstated throughout the year in accordance with lockdowns and government guidelines. During the first lockdown only emergency repairs were completed. While in the December lockdown repairs due to take place within twenty days and electrical tests were both suspended before being reinstated on 1st January and 1st March respectively. Any repairs reported through the lockdown periods were logged and then attended to when the restrictions allowed.

PERFORMANCE COMMENTARY

INCOME COLLECTION



There was strong performance from our Income Collection team, where we collected 100.78% of the rent owed and kept rent arrears down to 2.05%.

It has been a difficult year dealing with the challenges and impact of COVID-19. This has resulted in an increase in tenants claiming Universal Credit and rent accounts going into arrears. Updated processes are in place while staff work from home and this is working well. The team made 568 referrals to support agencies in this year.

We maintain as much engagement and regular communication with the tenant as possible to ensure their rent account is clear and to encourage them to work towards building a credit balance. This is designed to mitigate the risks of Universal Credit. A focus is made on preventing arrears occurring (rather than debt collection) and a strong emphasis on encouraging all tenants to pay their rent on time.

Four simple principles that have been adopted by us, and those in the housing sector across Wales are:

- 1 Tai Calon will keep you safe and secure in your home.
- 2 Tai Calon will help you to get the financial support you need.
- 3 Tai Calon are here to support you and find solutions if you have difficulty paying your rent.
- 4 Tai Calon will do everything you can to support your wellbeing.

CUSTOMER CONTACT AND COMPLAINTS



There were over 52,000 calls into Tai Calon in 2020/21, and we answered 96.46% on time.

There were 36 complaints in 2020/21 which is a 48% reduction on the previous year. Of those, 17 complaints were upheld, and for the first time since 2016/17 there was 100% satisfaction with the complaints process.

Also, 18 compliments have been received during this period.

Despite the reduction in complaints, Tai Calon always welcomes complaints as each one provides us with "free consultancy" on where we can improve. We continue to seek feedback from tenants and this process has recently been enhanced through the use of Rant and Rave System that allows us to obtain real-time feedback, that we can act on. It is hoped that the ability to react quickly to any issues arising in the feedback will improve satisfaction levels overall.



SATISFACTION WITH KEY SERVICES



"We're working with the Institute of Customer Service to improve the way we capture satisfaction feedback, including implementing a new software application, Rant & Rave, that helps us monitor what customers tell us and when they tell us."

81%

OF TENANTS
are satisfied with
our overall service

which shows a 6% increase
on the previous year

OUR TEAM...

82% were satisfied with how easy we were to deal with.

70% were satisfied with how we listened to views and acted on them.

80% were satisfied with how they were kept me informed.

71% were satisfied with the way we dealt with an enquiry.

That 6% increase is due to three key areas:

- Improvements in the customer service when tenants contact Tai Calon.
- Improvements in the way we book repair appointments.
- Improvements in the way we deal with antisocial behaviour.

That said, there is still a lot to do given that other housing associations in Wales are averaging 85%. Consequently, improving overall tenant satisfaction becomes a key focus for all of us at Tai Calon.

We are also working hard to improve the amount of data we collect to assess customer satisfaction. This includes working with the Institute of Customer Service to use and implementing Rant & Rave to monitor customers views in real-time. These changes will enable us to assess a wider range of factors affecting customer satisfaction along with increasing how often we collect that feedback.



81%

Dealing with enquiries generally

which shows a 4% increase on the previous year

77%

Ease of getting hold of the right person



84%

Helpfulness of staff

89%

Tai Calon has friendly and approachable staff

WE WELCOME COMPLAINTS AS OPPORTUNITIES TO IMPROVE THE SERVICES WE PROVIDE. HERE'S HOW OUR TENANTS RATED THEIR SATISFACTION WITH KEY SERVICES:

81%

overall quality of the home

80%

value for money for rent

84%

neighbourhood as a place to live

REPAIRS

- 96%** of tenants were satisfied with the attitude of the tradesperson
- 92%** were satisfied we kept dirt and mess to a minimum
- 90%** were satisfied we were doing the job you expected
- 88%** were satisfied with the speed of completion
- 87%** were satisfied with being able to make an appointment
- 87%** were told when a tradesperson would call
- 84%** were kept informed of progress
- 83%** were satisfied with the time taken before work started
- 82%** were satisfied with the repair was being done 'right first time'



89%
were satisfied with the overall quality of the repair work



WHAT WE'VE BEEN UP TO

NEW HOME DEVELOPMENT

We are working on our first development, which is 23 units for social rent at Glanffrwd in Ebbw Vale. This is made up of a mix of houses, flats and bungalows. The Contract sum is £4.5 million with the scheme part funded by Welsh Government.

Works are also ongoing to refurbish Cosy Place in Brynmawr to provide nine one-bed flats as part of a Housing First scheme in partnership with Blaenau Gwent CBC. We are investing £1.3 million, with funding support from Welsh Government's Homelessness Grant.

We are also seeking planning permission for developing a further 15 homes to rent, again in the Ebbw Vale area.

A further 4 development schemes are being considered throughout the borough, potentially providing an additional 71 units for social rent.

Active Asset Management continues to be used when assessing the future of homes as they become empty, informing Executive and Board decisions of investment or disposal. Over the last year, the Active Asset Management Group has reviewed 49 voids recommending 8 properties for conversion from 3 bedrooms to 2; 10 for demolition; 10 for disposal; 17 for investment and 2 for remodelling.

EXISTING HOMES: INVESTMENT PROGRAMMES

The new window replacement programme has continued, along with improvements to external renders, roofing, gardens and the environment around homes. Tai Calon invested just over £8 million in homes and communities between April 2020 and March 2021, and the Board has approved an indicative medium term investment programme of just over £35 million up to March 2025.

Over the next 4 years, Tai Calon aims to deliver investment in homes and communities via four major works programmes:

- Open spaces, roads, car parks and drains
- Garden paths, walls, fences and gates
- Windows, doors, render and roofing
- Internal works to homes such as boilers, electrical wiring, kitchens and bathrooms.

These works will maintain compliance with Tai Calon's Welsh Housing Quality Standard Compliance Policy.

Table 1 right gives an overview of Tai Calon's Medium Term Investment Programme:

DECARBONISATION – THE OPTIMISED RETROFIT PROGRAMME

With a climate emergency, Tai Calon is very keen to play its part in reducing carbon emissions into the atmosphere. We support the Blaenau Gwent Climate Assembly but also, we are taking specific steps ourselves. An example of this, is the optimised retrofit programme.

Tai Calon received £635,116 in grant funding during the 2020/21 financial year as part of the Welsh Government's Optimised Retrofit Programme. A total of 166 homes were identified to receive retrofit (energy improvement) measures over a 2-year period. The funding was awarded as part of a consortia bid with 26 other Registered Social Landlords and Local Housing Authorities.

The purpose of the Optimised Retrofit Programme Funding is to enable housing associations to retrofit properties with energy efficiency and decarbonisation measures. To ensure that the retrofit measure chosen for individual homes are suitable, each home will require a survey. This will identify which measures are best for that individual home. The survey will also identify a home's 'Pathway to Zero', which is a road map showing how the identified measures will improve a home's energy efficiency over time. Finally, the performance of measures will be monitored.

Table 1

| MEDIUM-TERM INVESTMENT PROGRAMME | ACTUALS | BUDGET | BUDGET | BUDGET | BUDGET |
|----------------------------------|--------------|---------------|--------------|--------------|--------------|
| | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Estates, Boundaries and Gardens | 1,669 | 2,670 | 3,684 | 3,667 | 1,207 |
| External works to homes | 5,186 | 7,499 | 3,340 | 3,340 | 3,340 |
| Internal works to homes | 1,327 | 987 | 1,803 | 1,516 | 2,787 |
| Total investment | 8,182 | 11,156 | 8,827 | 8,523 | 7,334 |

ENVIRONMENTAL IMPROVEMENTS

The Clean & Green team continued working in partnership with Blaenau Gwent CBC. An example of this was that during the first lockdown of 2020, we helped deliver food to families across Blaenau Gwent and continued until August 2021.

Our Environmental Improvement Programme Team, has been working in Tredegar at Ashvale making the gardens, boundaries, steps and walls compliant

with the Welsh Housing Quality Standard. The focus is to make sure that the area is safe and secure and free from all hazards within the garden.

The team also completed works in Peacehaven. We have had delays due to material shortages due to Covid-19. Timber and concrete distributors have been shut down through the lockdown. This has led to suppliers not having the stock to carry out the volume of works we would typically carry out.

ADAPTATIONS TO TENANTS HOMES

We received 304 requests for adaptations in 2020/21 and we completed 275 of these

WHAT DID WE ACHIEVE?

Installed **38** external handrails from **58** requests

Installed **12** access ramps from **18** requests

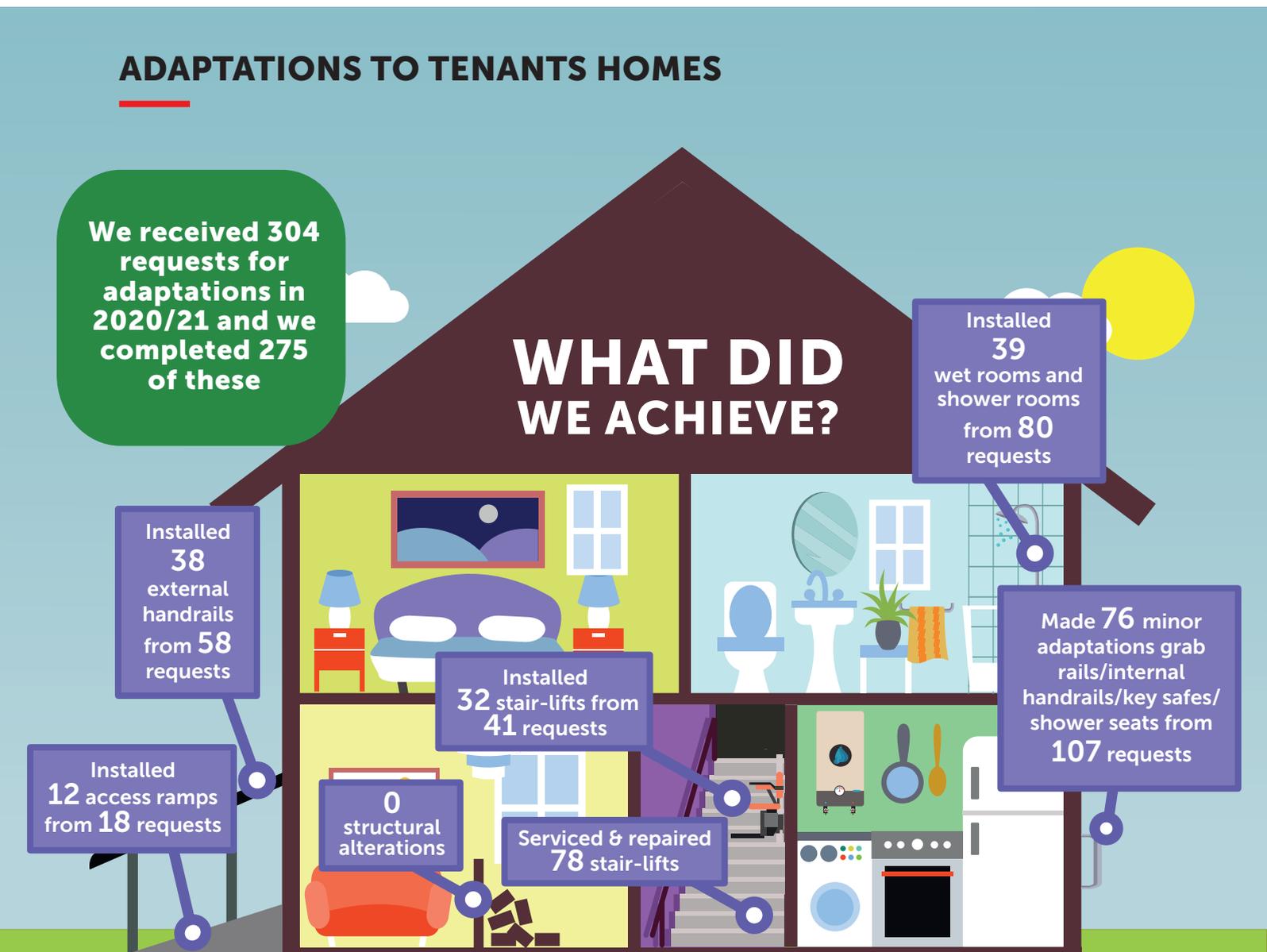
0 structural alterations

Installed **32** stair-lifts from **41** requests

Serviced & repaired **78** stair-lifts

Installed **39** wet rooms and shower rooms from **80** requests

Made **76** minor adaptations grab rails/internal handrails/key safes/shower seats from **107** requests



FIRE SAFETY

Preventing fires and reducing risk as low as possible is one of Tai Calon's most important responsibilities as a landlord. We do this by making sure that all relevant staff are regularly trained in fire safety procedures and all relevant areas are periodically inspected.

Tai Calon provides fire and general safety advice to our residents to help them keep themselves, their families and visitors safe in their homes.

Tai Calon completed 100 fire risk assessments within our properties last year, in line with the annual assessment schedule.

No properties due to be assessed were missed, and any hazards identified were addressed.

We manage fire safety through the **"Plan, Do, Check, Act"** cycle. This is both recommended in **BS 9997:2019 Fire Risk Management Systems** and is an established method of control and continuous improvement used in many industries.

GAS SAFETY

Corgi Technical Services Ltd completed a Gas Audit in March 2021. The Gas Audit report includes the CORGI National Benchmark of similar organisations to help assess our performance against the industry standard. There are two benchmarking KPI's:

1. The correct completion of work ensuring compliance with manufacturer's instructions and Gas Safety (installation and use) Regulations (GSR) 26(9).
2. The correct completion documentation of the Landlords Gas Safety Records (LGSR) ensuring compliance with GSR 36(3c).

Completion of work and Documentation

On average, over the 12 months, the Gas Safety Team for Records and Documentation scored 96%, compared with the National Benchmark average of 84%.

Landlord Health and Safety Audit

Mazars completed: a Key Control Health Check (Audit) in September 2020 of the 6 areas of Landlord Health and Safety and concluded "control effective" (Green).

RISK

Like any organisation, Tai Calon faces risks and uncertainties as part of its daily operations.

Ensuring that these risks are identified, considered and then mitigated is important to Tai Calon. The Welsh Government, as Regulator, also expects that the Board has a thorough understanding of the risks facing Tai Calon and to be confident that those risks are being managed effectively. Following the Risk Management process makes Tai Calon consider its strengths

and weaknesses as an organisation and develop actions to improve. Risk management also helps to ensure that Tai Calon has a good understanding of its own operation and the environment it operates in.

In 2021 Tai Calon reviewed its Strategic Risks linked to achieving the Vision set out in the 2025 Corporate Plan.

RISK MANAGEMENT PROCESS



STRATEGIC RISKS

| INHERENT RISK | INHERENT RISK GRADING | RESIDUAL RISK | RESIDUAL RISK GRADING |
|--|---|--|---|
| That employees, tenants, contractors and the general public are not kept safe in accordance with statutory and regulatory environment. |  | We have put in place a range of safety controls including policies and procedures, risk assessments, method statements and planned preventative maintenance. We ensure that safety has a high profile in the organisation and is reported at all levels. We also attend all relevant industry events to keep up to date with changes in the safety sector. |  |
| That Tai Calon does not comply with regulatory requirements set by Welsh Government or other regulatory bodies, for example the Information Commissioner's Office (ICO). |  | The Board is kept up to date with all relevant regulations through briefings and debate. The organisation employs experts in certain areas of regulations and seeks external advice on others. Assurance is also gained from independent reviews, such as the internal auditors. We also have regular meetings with the regulators at Welsh Government. |  |
| That major fraud or data security breach takes place which has a material impact on Tai Calon's financial viability, as a result of inadequate policies and procedures in relation to fraud and data security. |  | There are a range of controls in place across the organisation to reduce the risk of fraud. These are reviewed regularly by the Audit and Risk Committee. We also hold external audits, and our IT department has a series of protections against cyber fraud, such as penetration testing. |  |
| That key financial plans and financial assumptions, including Rent Policy and Welfare Reform are not fit for purpose and undermine the financial viability of Tai Calon. |  | We complete an annual business plan which is extensively stress tested under various scenarios and approved by our funders. We also keep our costs under review through the year. The Regulatory Opinion from the Welsh Government was Standard (the highest rating) and had no adverse comments. We take a prudent approach to rent setting, rent increases and Welfare Reform when developing our medium-term financial plan, and test it against many scenarios. We use Key Performance Indicators to monitor closely the level of rent arrears due to welfare reform and work with our tenants to sustain their tenancies. |  |
| That overall tenant satisfaction target is not achieved, through failure to listen to tenants |  | Performance Management system in place and monitored. Performance reviews, training and support in place. Service standards now in place for number of key services such as customer services, estate management, repairs, complaint management and dealing with anti-social behaviour. STAR survey identifies increase in satisfaction but also tenant priorities and areas of dissatisfaction. Rant and Rave in place to help customer feedback. |  |

| INHERENT RISK | INHERENT RISK GRADING | RESIDUAL RISK | RESIDUAL RISK GRADING |
|--|---|---|---|
| That Tai Calon is unable to maintain high quality homes that meet tenants' expectations |  | Asset Management Strategy and plan in place and agreed by Board in 2020/21. Accurate stock data is used in modelling and assessing investment and maintenance needs. Five Year Investment Programme in place. Governance process in place for all empty homes to make sure that we make the right decisions. |  |
| That Tai Calon fails to deliver an effective repairs and maintenance service that meets tenants' expectations |  | New Repairs & Maintenance Procedures in place. Regular review of Key Performance Indicators and feedback from customers on service delivery. |  |
| That the planned and significant improvements in environmental efficiency to achieve SAP85 is unaffordable and impacts on financial viability. |  | New Asset Management Strategy in place. Board Member recruitment of co-optees with decarbonisation and business transformation experience. Tai Calon is a member of the Welsh Government's Optimised Retrofit Programme (ORP). The housing sector has already made the case that taking on additional debt funding is not the way to fund the decarbonisation work, because there is no additional income stream to support this. Therefore, work is ongoing in the housing sector to identify additional funding streams for Decarbonisation works, and with that to find alternatives and possibly off-balance sheet approaches that could be used, whilst at the same time pushing Government to fund this work as well. Due to the uncertainty around funding for decarbonisation work the residual risk remains red. |  |
| That Tai Calon's aspirations of building 200 new homes by 2025 are not achieved |  | Development Strategy approved by Board. Good relationship with Blaenau Gwent CBC and communicating development plans regularly. Viability assumptions (cost of finance, rent income, grant rates, build cost, repairs/management costs etc.) agreed for use in our viability assessments for development schemes. Welsh Government have introduced a Standard Viability Model that will set the grant rate that Tai Calon will use. In order for Tai Calon to fund 200 new homes, additional finance will be required over and above that within our current Business Plan. Preparatory work is underway to assess the options for raising this finance and the likely new covenants that will be required. Therefore, the residual risk is red while funding remains uncertain. |  |
| That the Covid-19 pandemic impacts upon the organisation and ultimately tenant services and the financial viability of the organisation. |  | Staff continued to provide effective services to all our tenants and are committed to supporting the local communities. We continue to work closely with our trade body, the CHC, with the Regulator, and the Blaenau Gwent Emergency Response Team to monitor and mitigate the impact of COVID-19. |  |

GOVERNANCE AND INTERNAL CONTROL

Tai Calon is governed by the Board and tenant shareholding members and managed by the Executive team. As a Community Housing Mutual, tenants are entitled to become tenant shareholders and at the end of the year shareholder membership stood at 564.

The Board has overall responsibility for the strategic direction, financial probity and for ensuring that we have the appropriate resources available to achieve our goals and standards of service.

The composition of the Board is as follows:

- Six independent Board members – selected by the Board and elected at the Annual General Meeting
- Three Tenant Board members – elected by the tenants of Tai Calon, with the result ratified at the Annual General Meeting
- Two Council appointed Board members who are nominated by Blaenau Gwent County Borough Council
- Up to three Co-opted members may also be on the Board, albeit they may not vote.

All our Board Members, with the exception of those co-opted, have the right to vote at Board meetings. The Executive team attend Board meetings but do not have voting rights. Board members work together to deliver the aims and objectives of the Association. The Board meets on average eight times a year, in addition Board Members also attend committees, working groups and away days as required. A Board work plan has been established, this plan includes overseeing finances, agreeing policies, monitoring performance, making strategic decisions and generally ensuring good governance is in place across the business. To support this aim we have adopted the Code of Governance published by Community Housing Cymru and annually review our compliance with the Code of Governance.

The Board recognises the importance of self-evaluation. We have undertaken an exercise in 2020/21 which has been integral to our corporate planning process.

The Board has updated its Standing Orders, Scheme of Delegation and Governance Framework during 2020/21 where relevant.

Tai Calon is committed to fairness and equality across all of our services, as we recognise the benefits that it brings to both the Board and our staff. We published our 2019/20 Gender Pay Gap Report in March 2020 and will continue to work to develop our policies and procedures in a way that encourages inclusion and a fair and diverse work environment.

An Audit and Risk Committee is in place. This Committee meets four times a year and is delegated to monitor internal and external audit, risk management and internal controls, fraud and irregularities and review the financial statements. The Homes and Communities Committee meets quarterly and reviews the performance of the organisation in respect of service delivery, monitoring of new developments and tenant engagement.

The Remuneration Committee meets at least once a year. They review the performance and terms and conditions of the Executive Team.

The Association received a favourable Regulatory Judgement in 2021 which included the highest-rated categories for both governance and finance. As well as the positive regulatory assessment, the organisation has received positive internal and external audit opinions.

INTERNAL CONTROL

The Board is responsible for ensuring that our business operates effectively and achieves its objectives.

It is the Board's responsibility to have a system in place that identifies and manages risk. This includes effective internal control systems and procedures to minimise the risk of loss through fraud, corruption, errors and mismanagement. The Board has an Anti-Fraud Policy which aims to achieve these objectives.

Whilst the Board cannot delegate ultimate responsibility for the system of internal control, it has delegated responsibility to the Audit and Risk Committee which will rely on a number of forms of assurance. To do this the Board has taken three steps:

- Identified/reviewed our business objectives, the possible opportunities and the risks and threats to achieving the objectives.
- Formed/reviewed our framework for managing and identifying risk; and
- Identified how the Board will obtain assurance that the risk management policies adopted are adequate and operating effectively.

The internal control framework is based on a Three Lines of Defence approach and seeks assurance by ensuring that:

- Experienced and suitably qualified staff take responsibility for key processes and decisions, staff are appropriately trained and performance supervised and monitored;
- The Audit and Risk Committee continually review and receive reports upon all aspects of internal control to ensure they are working effectively and being followed, including fraud and irregularities;

- Regular reports from directors and senior managers, which cover operational and financial matters, to give assurance that internal controls are working effectively;
- Regular monitoring and reporting of all risk-related matters, including results of control of risk management procedures and strategic and operational risk maps;
- The Audit and Risk Committee reviews and monitors reports from Internal Audit and External Audit to provide reasonable assurance that control procedures are in place and being followed;
- Effective system of monitoring performance on key business areas;
- Effective corporate governance arrangements and compliance with regulatory requirements.
- Additional work has been undertaken to provide assurance in respect of health and safety responsibilities including landlord duties.

The Association has received a positive annual internal audit statement. It has continued its oversight by both the Executive Team and the Audit and Risk Committee on implementing internal audit recommendations. The Audit and Risk Committee has reviewed this evidence and reported to Board favourably on the reliability of the system of internal control.

Having reviewed the evidence presented, the Board is satisfied that there are no weaknesses in our system of internal control which might lead to material losses, contingencies or uncertainties which require disclosure in the financial statements or the auditor's report on the financial statements.

FINANCIAL PERFORMANCE



FINANCIAL PERFORMANCE

The 2020/21 financial statements are prepared under Financial Reporting Standard (FRS102) accounting standard and Housing Statement of Recommended Practice (SORP 2018).

The financial result for the year ending 31st March 2021 is a deficit of £8.626 million compared to the previous year surplus of £3.775 million. The change was mainly driven by the changes in pension past service deficit contributions during the year.

The pension deficit for the year ending 31st March 2021 stands at £22.691 million and has increased by £8.547 million as recognised in the Statement of Comprehensive Income.

The financial statements also include a Statement of Cash Flows set out in accordance with the Welsh Government accounting determination. This requires the statement of both cash flow and free cash flow which is considered to be a closer definition of operational efficiency.

2020/21 Financial Statement – Results Summary Statement of Comprehensive Income

| | For the year ended 31st March 2021 £'000 | For the year ended 31st March 2020 £'000 | Movement £'000 |
|---|---|---|-------------------|
| Turnover | 27,378 | 27,044 | 334 |
| Operating Expenditure | (24,260) | (27,661) | (3,401) |
| Surplus on disposal of property, plant and equipment | 107 | 1,578 | (1,471) |
| Operating Surplus / (Deficit) | 3,225 | 961 | 2,264 |
| Net Interest | (4,146) | (4,152) | 6 |
| Pension Deficit Adjustment | (7,705) | 6,966 | (14,671) |
| Net Surplus / (Deficit) on Comprehensive Income for the Year | (8,626) | 3,775 | (12,401) |

Turnover has increased by 1.24% from £27.044 million to £27.378 million which has mainly been driven by the increase in rents as set out in Welsh Government rent policy and revenue grants received. Our operating surplus is £3.225 million which is £2.264 million higher than in 2019/20. Due to updates to FRS102, operating surplus now includes the surplus on disposal of property, plant and equipment.

The net cost of borrowing was £4.146 million, slightly lower than in the previous year mainly due to marginal decreases in interest rates and reduced borrowings. This reflects the efficient management of Tai Calon's cash resources during the year with our total borrowings reducing to £70 million at the year-end compared to £72.5 in 2019/20.

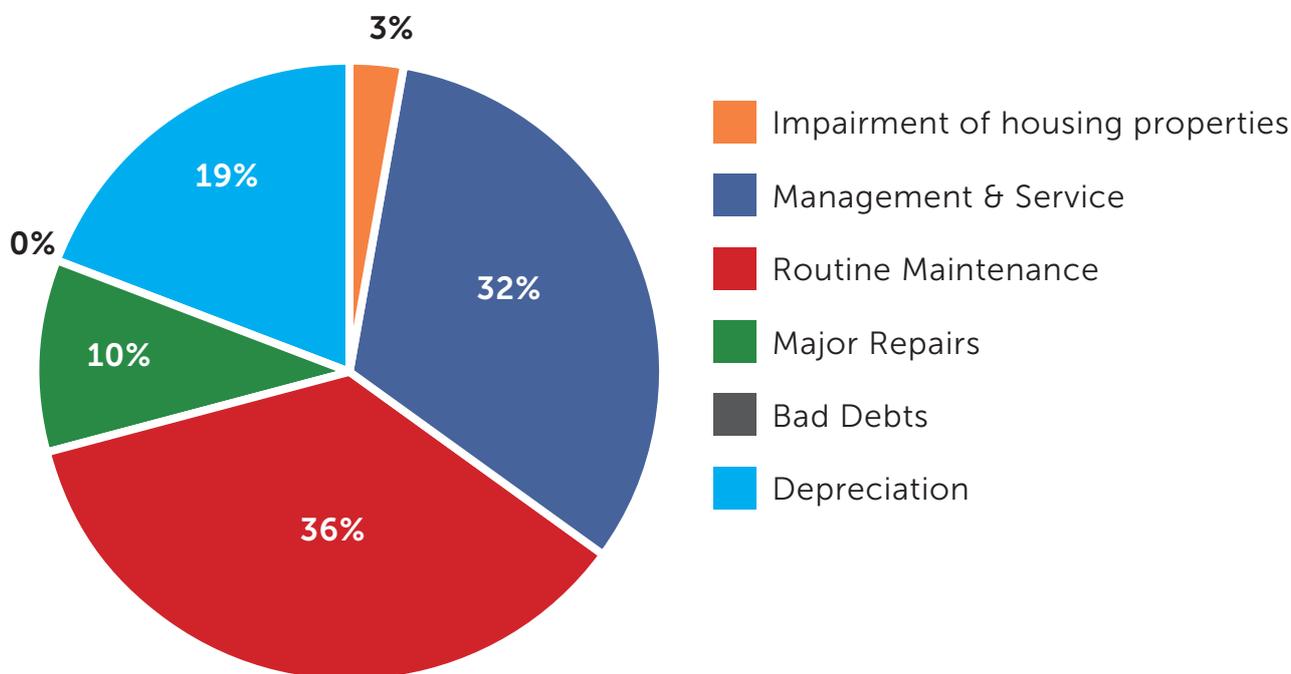
As of 31st March 2021, the Association has £35 million of unutilised funding facility that, subject to annual covenants, could be drawn upon alongside cash at the bank totalling £2.217 million. Our debt ratio was 21% at variable, and 79% at fixed interest rates which is compliant with our Treasury Management Strategy. Our covenants, in respect of cash flow deficit, asset cover and debt per unit were all met.

As part of our annual corporate planning process we have set both our 2021/22 Budget, Medium-Term Financial Plan and updated the 30-year Business Plan. The Medium-Term Financial Plan identifies that we will continue to increase our debt with cash flow deficits planned until peak debt is reached. Over that period we will continue to improve our housing assets with a significant windows replacement programme, external wall insulation programme and roofing programme underway. The total funding facility is £105 million, of which £25 million is a revolving credit facility that can be drawn, repaid and redrawn as required.

The Business Plan is subject to annual approval by the funders and is reviewed by the Regulator as part of its regulatory engagement. The Business Plan includes a number of key assumptions such as stock condition survey costs, inflation and interest rates, rent increases, the impact of welfare reforms, the level of empty homes and management costs. These assumptions are regularly reviewed with sensitivity and scenario analysis undertaken. It is pleasing to note a Regulatory Judgement of 'Standard' which confirms that we meet viability requirements and have the financial capacity to deal with scenarios appropriately.

Analysis of Operating Expenditure 2020/21

For the year ended 31st March 2021



STATEMENT OF BOARD RESPONSIBILITIES

The Board is responsible for preparing the financial statements in accordance with applicable law and the United Kingdom Generally Accepted Accounting Practice.

The Co-operative and Community Benefit Societies Act 2018 and Registered Social Landlord legislation requires the Board to prepare a financial statement for each financial year which gives a true and fair view of the state of affairs, and of the surplus or deficit of the Association for that period.

In preparing the financial statement, the Board is required to select suitable accounting policies, as described on pages 37 to 43; and then apply it on a consistent basis, making judgements and estimates that are prudent and reasonable. They must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time our financial position. This also enables Board to ensure that the financial statements comply with the relevant legislation.

The Board is also responsible for safeguarding our assets and hence reasonable steps are taken to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of corporate and financial information included on our website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the Board is aware:

- there is no relevant audit information of which the Association and the auditors are unaware and;
- all steps have been undertaken to make itself aware of any relevant audit information and to establish that the auditors are aware of this information.

Approved on behalf of the Board by:



Professor Sir Adrian Webb, Chair of the Board
26th July 2021

BOARD MEMBERS

| | |
|----------------------------------|--|
| Tenant Board Members | Vicki Browning (Resigned September 2020) Michael Rose (Deceased October 2020) Andrea Teague Gemma Badham (Appointed September 2020) |
| Council Board Members | Malcolm Day Gareth Davies |
| Independent Board Members | Prof Sir Adrian Webb – Chair Katherine Howells – Vice-Chair Kelly Reynolds Ian Hughes Mike Santon Neil Harries |
| Co-opted Board Members | Chris Jofeh Ross Maude |

EXECUTIVES, AUDITORS AND FUNDERS

| | | | |
|---|---|---|---|
| Executive Officers | Howard Toplis – Chief Executive Martyn Price – Director of Resources & Company Secretary Andrew Myatt – Director of Communities and Housing Ian Atkinson – Director of Assets and Property | | |
| Registered Office | Solis One, Griffin Lane, Rising Sun Industrial Estate, Blaina, Blaenau Gwent, NP13 3JW | | |
| External Auditors | Bevan Buckland LLP, Chartered Accountants and Statutory Auditors, Langdon House, Langdon Road, Swansea, SA1 8QY | | |
| Internal Auditors | Mazars LLP, Tower Bridge House, St Katherine's Way, London E1W 1DD | | |
| Bankers | Barclays Bank, Windsor Court, 3 Windsor Place, Cardiff, CF10 3ZL | | |
| Funders | <table> <tr> <td>NatWest Plc Housing Finance 7th Floor, 135 Bishopsgate London EC2M 3UR</td> <td>Barclays Bank Windsor Court 3 Windsor Place Cardiff CF10 3ZL</td> </tr> </table> | NatWest Plc Housing Finance 7th Floor, 135 Bishopsgate London EC2M 3UR | Barclays Bank Windsor Court 3 Windsor Place Cardiff CF10 3ZL |
| NatWest Plc Housing Finance 7th Floor, 135 Bishopsgate London EC2M 3UR | Barclays Bank Windsor Court 3 Windsor Place Cardiff CF10 3ZL | | |

ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAI CALON COMMUNITY HOUSING REGISTERED UNDER THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014

In addition to our audit on the financial statements for the year ended 31st March 2021, we have reviewed the Board's statement of Tai Calon Community Housing ("the association") compliance with the Welsh Government Circular 02/10, Internal Financial Control and Financial Reporting ("the Circular").

The objective of our review is to enable us to conclude on whether the Board has provided the disclosures required by the Circular and whether the statement is consistent with the information of which we are aware from our audit work on the financial statements.

We are not required to form an opinion on the effectiveness of the Association's corporate governance procedures or its internal financial control.

Opinion

With respect to the Board's statement on internal financial control on pages 23 to 24, in our opinion the Board of Management has provided the disclosures required by the Circular and the statement is consistent with the information of which we are aware from our audit work in the financial statements.



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

Date: 26th July 2021

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAI CALON COMMUNITY HOUSING UNDER THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014

We have audited the financial statements of Tai Calon Community Housing for the year ended 31st March 2021 which comprise the statement of comprehensive income, statement of changes in reserves, the statement of financial position, the cash flow statement and its related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements

in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Conclusions relating to going concern

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

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

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially

misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of Responsibilities of the Board (set out on page 28), the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Identifying and assessing potential risks related to irregularities

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

- enquiring of management, including obtaining and reviewing supporting documentation, concerning the organisation's policies and procedures relating to:
 - identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;

- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

Audit response to risks identified

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

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

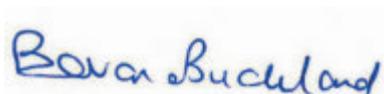
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the

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

Use of our report

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



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

Date: 26th July 2021

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH 2021

| | Notes | For the year ended 31st March 2021 £'000 | For the year ended 31st March 2020 £'000 |
|---|-------|---|---|
| Turnover | 3 | 27,378 | 27,044 |
| Operating costs | 3 | (24,260) | (27,661) |
| Surplus on disposal of property, plant and equipment | 6 | 107 | 1,578 |
| Operating Surplus / (Deficit) | | 3,225 | 961 |
| Interest receivable | | | 6 |
| Interest payable and similar charges | 12 | (4,146) | (4,158) |
| Deficit on ordinary activities before taxation | | (921) | (3,191) |
| Taxation | | - | - |
| Deficit for the year after tax | | (921) | (3,191) |
| Changes in pension past service deficit contribution liability on revaluation | | (7,705) | 6,966 |
| Total Comprehensive Income for the year | | (8,626) | 3,775 |

Tai Calon's income and expenditure relate to continuing operations. There is no difference between the historic cost results and those shown on the Statement of Comprehensive Income above.

STATEMENT OF CHANGES IN RESERVE

| | Income & Expenditure Reserve £'000 | Revaluation Reserve £'000 | Total Reserve £'000 |
|---|---|---------------------------------|---------------------------|
| For the year ended 31st March 2021 | | | |
| At 1st April 2020 | (22,269) | 46,693 | 24,424 |
| Surplus from Comprehensive Income | (8,626) | 0 | (8,626) |
| Transfer from Revaluation Reserve | 592 | (592) | 0 |
| At 31st March 2021 | (30,303) | 46,101 | 15,798 |

STATEMENT OF FINANCIAL POSITION AS OF 31ST MARCH 2021

| NON-CURRENT ASSETS / FIXED ASSETS | Notes | For the year ended 31st March 2021 £'000 | For the year ended 31st March 2020 £'000 |
|---|-------|---|---|
| Property, Plant & Equipment | | | |
| Social Housing properties | 13 | 132,612 | 128,953 |
| Other Property, Plant & Equipment | 13 | 12 | 11 |
| Other Fixed Assets | 14 | 1,540 | 1,466 |
| | | 134,164 | 130,430 |
| Current assets | | | |
| Debtors | | | |
| Amounts falling due within one year | 16 | 13,762 | 15,557 |
| Amounts falling due after one year | 17 | 24,709 | 33,759 |
| Cash at bank and in hand | | 2,217 | 1,819 |
| | | 40,688 | 51,135 |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 18 | (29,345) | (32,435) |
| Social Housing Grant and Other Grants: amounts falling due within one year | 15 | (1,051) | (872) |
| Net current assets | | 10,292 | 17,828 |
| LGPS pension liability | 24 | (22,691) | (14,144) |
| Total assets less current liabilities | | 121,765 | 134,114 |
| Creditors: amounts falling due after more than one year | 19 | (78,755) | (87,753) |
| Social Housing Grant and Other Grants: amounts falling due after one year | 15 | (27,211) | (21,936) |
| Total net assets | | 15,799 | 24,425 |
| Capital and reserves | | | |
| Share capital | 20 | 1 | 1 |
| Income & Expenditure Reserve | | (30,303) | (22,269) |
| Revaluation Reserve | | 46,101 | 46,693 |
| Total capital and reserves | | 15,799 | 24,425 |

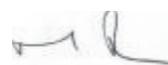
The financial statements were approved by the Board of Management on 25th July 2021 and signed on its behalf by:



Professor Sir Adrian Webb
Chair



K Howells
Vice Chair



M Price
Secretary

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2021

| | For the year ended 31st March 2021 £'000 | For the year ended 31st March 2020 £'000 |
|---|---|---|
| Operating Surplus / (Deficit) | 3,225 | 961 |
| Adjustments for non-cash items | | |
| Depreciation of tangible fixed assets | 4,322 | 4,195 |
| Impairment of tangible fixed assets | 522 | 93 |
| Government grants utilised in the year | (895) | (704) |
| Working capital movements | | |
| (Increase) / decrease in debtors | 10,330 | 5,771 |
| Decrease/ (increase) in operating creditors | (8,599) | (6,312) |
| (Decrease) / increase in provisions | (112) | 43 |
| Decrease / (increase) in stock | (431) | 455 |
| Pension costs less contributions paid | 842 | 1,841 |
| Net cash generated from operating activities | 9,204 | 6,343 |
| Interest received | | 6 |
| Interest paid | (4,129) | (4,168) |
| Prepaid loan fees | 52 | 52 |
| Adjustment for reinvesting in existing activities: | | |
| Purchase of tangible fixed assets | (8,688) | (7,143) |
| Free cash generated / (consumed) before loan repayments | (3,561) | (4,910) |
| Repayment of borrowings | (11,500) | (9,750) |
| Free cash generated / (consumed) after repayment of borrowings: | (15,061) | (14,660) |
| Cash flow from investing activities | | |
| Grants received | 6,459 | 4,200 |
| Cash flow from financing activities | | |
| New secured loans and drawdowns from existing revolving credit facilities | 9,000 | 9,750 |
| Net (decrease) / increase in cash and cash equivalents | 398 | (710) |
| Cash and cash equivalents at the beginning of the year | 1,819 | 2,529 |
| Cash and cash equivalents at the end of the year | 2,217 | 1,819 |

a. Reconciliation of cash inflow to movement in net debt

| | For the year ended 31st March 2021 £'000 | For the year ended 31st March 2020 £'000 |
|---|--|--|
| (Decrease)/increase in cash and cash equivalents | 398 | (710) |
| (Increase) in loans | 2,500 | 0 |
| (Increase)/Decrease in net debt | 2,898 | (710) |
| Net debt as at 1st April | (70,681) | (69,971) |
| Net debt at 31st March | (67,783) | (70,681) |

b. Analysis of net debt

| | Cash at bank and in hand £'000 | Loans £'000 | Changes in net debt £'000 |
|--------------------|--------------------------------------|----------------|---------------------------------|
| At 1st April 2020 | 1,819 | 72,500 | (70,681) |
| Net cash flows | 398 | 2,500 | (2,102) |
| At 31st March 2021 | 2,217 | 75,000 | (72,783) |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

1. LEGAL STATUS

Tai Calon is registered under the Co-operative and Community Benefit Society Act 2014 and is a Registered Social Landlord. Tai Calon has adopted charitable rules.

2. PRINCIPAL ACCOUNTING POLICIES

A summary of significant accounting policies, which have been applied consistently, are set out below:

Format of accounts

The financial statements have been prepared in accordance with the applicable financial reporting statements in the United Kingdom including the Statement of Recommended Practice for "Accounting for Registered Social Providers" as updated in 2018 (Housing SORP 2018, and comply with the Accounting Requirements for Social Landlords registered in Wales General Determination 2015. All amounts are registered in thousands of pounds.

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting.

Basis of preparation

Tai Calon's business activities, its current financial position and factors likely to affect its future development are set out within the strategic report. Tai Calon has in place long term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the day to day operations. Tai Calon also has a long term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

On this basis, the Board has a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Adoption of the Housing SORP 2018

Tai Calon has adopted the Housing SORP 2018 and, as appropriate, Financial Reporting Standard 102 ("FRS102"). Tai Calon is classed as a public benefit entity under FRS102.

In 2018 the Housing SORP was updated resulting in changes to the disclosure of surplus on disposal of property, plant and equipment which is now included within operating surplus (deficit).

Turnover

Turnover represents rental and other income receivable and revenue grants receivable. It also includes grants reimbursing specific expenditure on the improvement programme and amortisation of Social Housing Grant. Disposals of fixed assets such as Right to Buy sales income are not included in turnover.

Housing properties

Housing Properties that transferred from Blaenau Gwent County Borough Council are restated on a deemed historic cost basis for freehold land and buildings. Housing Properties are then depreciated with the exception of freehold land which is held as a separate fixed asset. Historic cost for capital works undertaken since the point of transfer is included at historic cost less depreciation.

Any overhead costs directly attributable to bringing fixed assets into their working condition for their intended purpose are capitalised. Expenditure on initial purchase of land and buildings is capitalised and disclosed as part of housing properties in course of construction within tangible fixed assets. Any directly attributable finance costs (other than interest costs) are capitalised as the asset is developed and amortised over the life of that asset. Tai Calon will capitalise interest on loans raised to finance schemes prior to completion.

Some residents have rights under their tenancy agreement to purchase their homes at prices which are at a discount below the open market price. Profits or losses on disposals of properties are recognised as at the date a sale becomes certain. The profit or loss arising on a disposal of a property is the difference between the sale price and the aggregate of the depreciated cost, and any associated costs of disposal such as valuation and legal fees.

Housing Properties – New Developments

New development Housing Properties are stated at cost less depreciation. The cost of a housing property comprises its construction or purchase price and any costs, fees or works directly attributable to bringing it into working condition for its intended use.

In addition, directly attributable costs of the Association's staff arising directly from the construction, or acquisition of the property, and the incremental costs of the Association are capitalised where they relate to expenditure that would not have been incurred if the Association did not have an ongoing development programme. Detailed analysis of staff development activity is used as a basis of determining the amount of staff cost capitalised.

The building and components depreciable amount is written off when each scheme is completed over the estimated useful lives as stated in the depreciation policy.

Tangible Fixed Assets – Other

Other Tangible Fixed Assets covers capital expenditure which pays for improvements to existing and new non-housing assets. Examples include office premises, scheme equipment, vehicles and office equipment. The depreciation policy applied to these other tangible fixed assets sets out the expected useful economic life in respect of these other fixed asset classes.

Interest payable

Interest payable is charged to the Statement of Comprehensive Income to reflect the costs of loan finance attributable to each accounting period.

Depreciation

Tai Calon depreciates its housing properties in accordance with the Statement of Recommended Practice (SORP) 2018 "Accounting by Registered Social Landlords". A revaluation was completed in 2014, as a result depreciation is charged on deemed cost. Freehold land is not depreciated.

In line with FRS102, grant is accounted for separately on the face on the Statement of Financial Position sheet as either a long term or short-term creditor. Further detail is included in the accounting policy on grants.

The depreciable amount is written off over the estimated useful lives from the date of purchase / build as follows:

| | Houses |
|------------------------------|---------------|
| New build properties | 100 years |
| Acquisition / refurbishments | 100 years |

Properties on long leases are depreciated over the shorter of the above and/or the remaining period of the lease.

The policy in respect of expenditure to refurbish or replace major components on housing properties is that all such work is assessed against life cycle costing principles. Any cost in respect of repairs with a life of less than 10 years is charged direct to the Statement of Comprehensive Income. Refurbishment or replacement of major components which have an estimated useful life in excess of 10 years are capitalised and depreciated over the useful life of the component as follows:

| | | | |
|-----------------------------|----------|-------------------------------------|----------|
| Kitchens | 15 years | Roofing | 60 years |
| Bathrooms | 25 years | Windows | 30 years |
| Re-wiring | 25 years | Doors | 25 years |
| Boiler Installations | 15 years | Structural works | 50 years |
| Central heating | 30 years | Renewable Energy = PV Panels | 20 years |

Depreciation is charged over the expected useful economic life of other fixed assets as follows:

| | |
|------------------------------------|----------|
| Office refurbishment | 10 years |
| Office & I.T. equipment | 5 years |
| Vehicles and equipment | 5 years |
| Head Office | 50 years |

Grants and Amortisation

Social housing grant (SHG) is receivable from the Welsh Government (the WG) and is repayable in the event of disposal, demolition or change of use to an ineligible activity, save in circumstance where the Welsh Government considers it appropriate to reduce the amount repayable. These are designed as a contribution towards the capital cost of providing new social housing and are received when a property is developed or acquired.

Government grants received for housing properties are recognised in income over the useful life of the housing property structure under the accruals method.

SHG due from the WG or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

SHG is subordinated to the repayment of loans by agreement with the WG. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the statement of financial position in liabilities.

Where individual components are disposed of, this does not create a relevant event for recycling purposes. Upon disposal of the associated property, the Association is required to recycle the full amount of the original grant received. A contingent liability is disclosed in the accounts in relation to SHG amortised to date, due to the potential requirement to recycle upon sale of a property.

Recycling of grants

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor in the Statement of Financial Position.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the Statement of Financial Position related to this asset is derecognised as a liability and recognised immediately as revenue in the Statement of Comprehensive Income.

Supporting People

Supporting People income and expenditure is accounted for on an accruals basis, matching income and expenditure and disclosures are made in accordance with relevant standards and legislation.

Impairment

Housing properties are annually reviewed for impairment. Where there is evidence of impairment, housing properties are written down to their recoverable amount. During the year the Board approved the recommendation to reclassify a number of hard to let properties as strategic voids pending the consideration of an options appraisal. These properties have been impaired.

Repairs and maintenance

The costs of repairs and maintenance are expensed as incurred on the basis of work done at the date the financial statements are prepared.

Operating leases

Costs in respect of operating leases are charged to the income and expenditure account as they are incurred.

Right to Buy sales

Surpluses arising from sales of properties under the Right to Buy legislation are disclosed on the face of the income and expenditure account.

Taxation

Value Added Tax

Tai Calon is registered for VAT. The financial statements include VAT to the extent that it is suffered by Tai Calon and not recoverable from HM Revenue and Customs (HMRC). The balance of the VAT payable or recoverable at the year-end is included as a current asset or liability.

VAT Shelter

Tai Calon has a 15-year VAT shelter in place, approved by HMRC. The VAT Shelter transfers the VAT costs of the works required to meet the WHQS to Blaenau Gwent County Borough Council.

As part of the transfer agreement, Blaenau Gwent County Borough Council transferred the properties to Tai Calon with an obligation to undertake the works to meet The Welsh Housing Quality Standard (WHQS) at the Council's expense. Tai Calon is entitled to reclaim VAT on the costs incurred in meeting the WHQS as detailed in the Development Agreement.

Under FRS 102/SORP 2018 the Association is required to show the separate elements of the outstanding amounts relating to the original transfer of assets. An amount has been calculated in relation to the value of works still to be completed. This amount has not been based on the original agreement but has instead been based on the experience of the Association in the intervening years as to the true cost of the works to be completed. It is felt that this amount is a more accurate representation of the actual costs still to be completed.

Corporation Tax

Tai Calon Community Housing Limited is regulated by the Financial Conduct Authority as a Community Benefit Society with exempt charitable status. Due to its charitable status Tai Calon is not liable for Corporation Tax on its core activities.

Provisions

Provisions are recognised where uncertainty exists regarding the timing or amount that may be required to settle potential liabilities. Any amounts provided are charged to the income and expenditure account and credited to the Statement of Financial Position based upon Tai Calon's best estimate of potential liabilities.

Employee Benefits:

The cost of all employee benefits, to which employees have become entitled as a result of their service to the Association during the reporting period, should be included as a liability.

Pension costs

Tai Calon participates in the Local Government Pension Scheme (LGPS), a defined benefits scheme managed by Torfaen County Borough Council (Greater Gwent). Contributions are assessed in accordance with the advice of an independent qualified actuary. Certain information concerning the assets, liabilities, income and expenditure relating to the LGPS scheme are disclosed in accordance with FRS 102.

McCloud – an estimate McCloud judgement allowance has been added to the formal valuation results so the impact is included within the accounting balance sheet at 31st March 2021.

From July 2018 the LGPS is closed to new entrants; a Defined Contribution Pension Scheme with the Peoples Pension Trust has been put in place for new entrants. The amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs is the contributions payable in the year.

Loans

Basic financial instruments are recognised at amortised historical cost.

Short Term Debtors

Debtors with no stated interest rate and receivable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Income Statement in other operating expenses.

Revaluation Reserve

Housing Land and Buildings were revalued at the 31st March 2014 based on the basis of deemed costs. The valuation based on deemed cost resulted in a Revaluation Reserve of £49.917m being created. Depreciation of the 'Deemed Costs' assets will be funded from the Revaluation Reserve.

SIGNIFICANT MANAGEMENT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(a) Significant management judgements

The following are management judgements in applying the accounting policies of the Company that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

The Company has to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP.

(b) Estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Fair value measurement

Management uses valuation techniques to determine the fair value of assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual process that would be achievable in an arm's length transaction at the reporting date.

Provisions

Provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

Defined benefit pension scheme

The Company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the Statement of Financial Position. The assumptions reflect historical experience and current trends.

c) Materiality

If information is misstated, omitted, incorrectly shown or not disclosed, it has the potential to influence or change the decisions or judgements taken by the majority of reasonable persons relying on the financial statements or those charged with governance. The Association recognises that any materiality threshold should be based upon what will affect users' decisions. Materiality is a matter of professional judgement influenced by the characteristics of the entity and the perceptions as to who are, or are likely to be, the users of the financial statements and their information needs. The Association gives consideration to a number of quantitative and qualitative judgements in assessing whether a misstatement is material. Separately the Association's Auditors also consider these points.

3. Turnover, operating costs and deficit

| | Year Ended 31st March 2021 | | | Year ended 31st March 2020 | | |
|---|----------------------------|-----------------------------|--|----------------------------|-----------------------------|--|
| | Turnover £'000 | Operating Costs £'000 | Operating Surplus / (Deficit) £'000 | Turnover £'000 | Operating Costs £'000 | Operating Surplus / (Deficit) £'000 |
| Social Housing Lettings | | | | | | |
| General needs housing | 27,094 | 24,110 | 2,984 | 26,425 | 27,471 | (1,046) |
| Fully rented housing accommodation | 27,094 | 24,110 | 2,984 | 26,425 | 27,471 | (1,046) |
| Garages | 39 | - | 39 | 39 | - | 39 |
| Other activities | 245 | 150 | 95 | 580 | 190 | 390 |
| Total | 27,378 | 24,260 | 3,118 | 27,044 | 27,661 | (617) |

4. Turnover from lettings

| | For the year ended 31st March 2021 £'000 | For the year ended 31st March 2020 £'000 |
|--|--|--|
| General Needs and Sheltered Housing | | |
| Rents receivable | 25,382 | 25,139 |
| Service charges receivable | 453 | 478 |
| Income for Support Services | 117 | 89 |
| Amortisation of Social Housing Grant & Other Government Grants | 895 | 704 |
| Other Revenue Grants | 247 | 15 |
| Turnover from Social Housing Lettings | 27,094 | 26,425 |

5. Operating costs from lettings

| | For the year ended 31st March 2021 £'000 | For the year ended 31st March 2020 £'000 |
|---|--|--|
| General needs housing | | |
| Management costs | 7,337 | 7,159 |
| Service Charge Costs | 631 | 651 |
| Routine Maintenance | 8,251 | 8,449 |
| Major Repairs Expenditure | 2,249 | 5,175 |
| Bad Debts | 59 | 196 |
| Depreciation of housing properties | 4,219 | 3,907 |
| Impairment of housing properties | 522 | 93 |
| LGPS Income & Expenditure Charge | 842 | 1,841 |
| Operating costs on social housing activities | 24,110 | 27,471 |
| Operating Surplus / (Deficit) on social housing lettings | 2,984 | (1,046) |
| Rent losses due to voids (memorandum note) | 292 | 412 |

6. Surplus on sale of fixed assets

| | For the year ended 31st March 2021 £'000 | For the year ended 31st March 2020 £'000 |
|---------------------|--|--|
| Sale proceeds | 123 | 2,392 |
| Cost of sales | (16) | (814) |
| Surplus on disposal | 107 | 1,578 |

During the year Tai Calon sold 2 properties under the Right to Buy. Decrease from the previous year due to the Welsh Government's decision to cease the Right To Buy in January 2019. As at the end of March 2021 there are no remaining Right to Buy applications.

7. Impairment

Asset Component impairments of £786,439 less associated depreciation of £161,972 and Grant impairment of £118,567 less associated amortised grant of £15,856 are reflected in the accounts in notes 13 and 15 relating to write off of components.

8. Operating deficit for the year

| | For the year ended 31st March 2021 £'000 | For the year ended 31st March 2020 £'000 |
|---|--|--|
| Operating Surplus / (Deficit) for the year is stated after charging: | | |
| Depreciation | 4,322 | 4,195 |
| Amortisation | 895 | 704 |
| Operating leases – Other | 400 | 378 |
| Bad Debts | 59 | 196 |
| Auditor's remuneration (inclusive of VAT): in their capacity as auditors | 22 | 15 |

9. Board members and senior executives emoluments

| | For the year ended 31st March 2021 £'000 | For the year ended 31st March 2020 £'000 |
|---|--|--|
| The remuneration paid to the senior executives of Tai Calon was: | | |
| Emoluments (including pension contributions and benefits in kind)* | 411 | 408 |
| Emoluments (excluding pension contributions) paid to the highest paid senior executive | 104 | 114 |

The Chief Executive is not a member of Tai Calon Pension Scheme. Tai Calon does not make any further contribution to any individual pension arrangement for the Chief Executive.

The emoluments of senior executives, excluding pension contributions, were in the following ranges:

| | 2021 No. | 2020 No. |
|----------------------------|-----------|-----------|
| Enil | 0 | 0 |
| £1 – £50,000 | 13 | 17 |
| £50,001 – £60,000 | 0 | 0 |
| £60,001 – £70,000 | 0 | 1 |
| £70,001 – £80,000 | 0 | 1 |
| £80,001 – £90,000 | 2 | 0 |
| £90,001 – £100,000 | 1 | 0 |
| £100,001 – £110,000 | 1 | 0 |
| £110,001 – £120,000 | 0 | 1 |
| £120,001 – £130,000 | 0 | 0 |

The movement in the number within each band is linked to changes to the Assets Director.

| | For the year ended 31st March 2021 £'000 | For the year ended 31st March 2020 £'000 |
|--|---|--|
| Professor Sir Adrian Webb (Chair) | 12,000 | 7,052 |
| Katherine Howells (Vice Chair & Chair of Homes & Communities Ctte) | 8,014 | 8,452 |
| Fred Davies (Resigned) | | 4,229 |
| Kelly Reynolds | 5,565 | 5,000 |
| Andrea Teague | 5,000 | 5,000 |
| Ross Maude | 5,000 | 5,000 |
| Neil Harries (Chair of Audit & Risk Committee) | 8,000 | 7,038 |
| Malcolm Day | 5,000 | 5,000 |
| Christopher Jofeh | 5,000 | 3,172 |
| Ian Hughes | 5,421 | 3,474 |
| Mike Santon | 5,000 | 3,143 |
| Gareth Davies | 5,000 | |
| Gemma Badham | 2,826 | |
| Total | 71,826 | 56,560 |

10. Employee and employer costs

| | For the year ended 31st March 2021 £'000 | For the year ended 31st March 2020 £'000 |
|--|---|--|
| Staff costs during the year: | | |
| Wages and Salaries | 7,184 | 7,248 |
| Social security costs | 704 | 672 |
| Other pension costs | 2,073 | 3,122 |
| Total | 9,961 | 11,042 |
| Average number of full time equivalent employees during the year: | | |
| Management and administration | 148 | 136 |
| Wardens, caretakers and cleaners | 15 | 14 |
| Housing repair service | 83 | 103 |
| Total | 246 | 253 |

11. Interests and related party transactions

During the year, Tai Calon provided rented accommodation to three Board members who were tenants of Tai Calon, and charged rent to those members on Tai Calon's standard terms. Tenant Board members are unable to use their position to their advantage. Where Board members are Councillors, any transaction with those local authorities is at an arm's length basis and as such Board members are unable to use their position to their advantage.

12. Interest payable and similar charges

| | For the year ended 31st March 2021 £'000 | For the year ended 31st March 2020 £'000 |
|--------------------------------------|--|--|
| Interest payable and similar charges | 4,146 | 4,158 |
| Total | 4,146 | 4,158 |

13. Property, Plant & Equipment – Housing Land & Buildings

| | Social Housing properties held for letting £'000 | Housing properties in the course of construction £'000 | Other Property, Plant & Equipment £'000 |
|--|---|---|---|
| Cost | | | |
| As at 1st April 2020 | 152,273 | 663 | 13 |
| Additions during the year | 6,306 | 2,224 | 1 |
| Transfer on completion | | | |
| Impairments during the year – components | (786) | | - |
| Disposals during the year | (27) | | - |
| At 31st March 2021 | 157,766 | 2,887 | 14 |
| Depreciation | | | |
| As at 1st April 2020 | 23,983 | | 2 |
| Charge for the year | 4,223 | | - |
| Transfer on completion | | | |
| Impairments during the year | (162) | | - |
| Disposals during the year | (4) | | - |
| At 31st March 2021 | 28,040 | | 2 |
| Net book value | | | |
| At 31st March 2021 | 129,725 | 2,887 | 12 |
| As at 1st April 2020 | 128,290 | 663 | 11 |

Major repairs and investment in existing properties to let during the year amounted to £6.3 million. This has been accounted for as follows:

| | For the year ended 31st March 2021 £'000 | For the year ended 31st March 2020 £'000 |
|--|--|--|
| Freehold Property and Land | | |
| Planned maintenance (revenue) | 2,232 | 4,834 |
| Investment (capital) | 6,306 | 7,243 |
| Long Leasehold Property and Land | | |
| Planned maintenance (revenue) | 17 | 341 |
| Total | 8,555 | 12,418 |
| Units in Management: | | |
| General needs housing properties in management | 5,811 | 5,848 |
| General needs housing properties not in management | 148 | 114 |
| Leasehold management services | 341 | 341 |
| Total | 6,300 | 6,303 |

14. Property, Plant & Equipment – Other Fixed Assets

| | Office premises £'000 | Vehicles & office equipment £'000 | For the year ended 31st March 2021 Total £'000 |
|---------------------------|--------------------------|---|---|
| Cost | | | |
| As at 1st April 2020 | 2,586 | 1,109 | 3,695 |
| Additions during the year | - | 173 | 173 |
| Disposals during the year | - | | |
| At 31st March 2021 | 2,586 | 1,282 | 3,868 |
| Depreciation | | | |
| As at 1st April 2020 | 1,214 | 1,015 | 2,229 |
| Charge for the year | 64 | 35 | 99 |
| At 31st March 2021 | 1,278 | 1,050 | 2,328 |
| Net book value | | | |
| At 31st March 2021 | 1,308 | 232 | 1,540 |
| As at 1st April 2020 | 1,372 | 94 | 1,466 |

15. Social Housing Grant & Other Government Grants

| | Social Housing Grant £'000 | SHG In The Course of Construction £'000 | ARBED/CESP Grant £'000 | For the year ended 31st March 2021 Total £'000 |
|--|-------------------------------|--|------------------------------|--|
| At 1st April 2020 | 24,727 | - | 506 | 25,233 |
| Additions during the year – components | 4,504 | 1,955 | - | 6,459 |
| Impairments during the year – components | (119) | - | - | (119) |
| Disposal during the year – components | (8) | - | - | (8) |
| At 31st March 2021 | 29,104 | 1,955 | 506 | 31,565 |
| Amortisation | | | | |
| At 1st April 2020 | 2,384 | - | 41 | 2,425 |
| Charge for the year | 885 | - | 10 | 895 |
| Impairments during the year | (16) | - | - | (16) |
| Disposals during the year | (1) | - | - | (1) |
| At 31st March 2021 | 3,252 | - | 51 | 3,303 |
| Net Book Value | | | | |
| At 31st March 2021 | 25,852 | 1,995 | 455 | 28,262 |
| At 1st April 2020 | 22,343 | - | 465 | 22,808 |

Gap Funding of £4.2m has been received from the Welsh Government during the year. A total of £3.9m has been capitalised in the year.

The grants are amortised as follows:

| | For the year ended 31st March 2021 £'000 | For the year ended 31st March 2020 £'000 |
|-----------------------------|--|--|
| Amounts falling due: | | |
| In one year or less | 1,051 | 872 |
| In more than one year | 27,211 | 21,936 |
| Total | 28,262 | 22,808 |

16. Debtors: amounts falling due within one year

| | For the year ended 31st March 2021 £'000 | For the year ended 31st March 2020 £'000 |
|--|---|--|
| Arrears of rent, water and service charges | 531 | 383 |
| Less: provision for bad and doubtful debts | (126) | (136) |
| | 405 | 247 |
| Stock | 541 | 110 |
| Bad Debt Provision – Non Rent Debtors | (105) | (207) |
| Recoverable VAT | 505 | 681 |
| Debtors | 346 | 640 |
| Prepayments | 936 | 1,044 |
| Holiday Pay Asset | 3 | 74 |
| Prepaid Loan Facility Fees | | 52 |
| WHQS / VAT Shelter | 11,131 | 12,916 |
| Total debtors due within one year | 13,762 | 15,557 |

17. Debtors: amounts falling due after more than one year

| | For the year ended 31st March 2021 £'000 | For the year ended 31st March 2020 £'000 |
|---|---|--|
| Prepaid loan facility fees | | 1,006 |
| WHQS / VAT Shelter | 24,709 | 32,753 |
| Total debtors due after more than one year | 24,709 | 33,759 |

18. Creditors: amounts falling due within one year

| | For the year ended 31st March 2021 £'000 | For the year ended 31st March 2020 £'000 |
|------------------------------------|--|--|
| Accruals and deferred income | 633 | 450 |
| Capital creditors | 7 | 7 |
| Interest Payable & Similar Charges | 360 | 343 |
| Payroll Creditor | 332 | 302 |
| Rent In Advance | 705 | 592 |
| Maintenance and other supplies | 17 | 92 |
| Grants in Advance | 331 | - |
| Grant in Advance SHG | 527 | - |
| Housing Loans | 14,948 | 17,500 |
| Holiday Pay Liability | 354 | 233 |
| WHQS / VAT Shelter | 11,131 | 12,916 |
| | 29,345 | 32,435 |

Grants in advance are received in the year for Capital Works but due to business interruptions they have not been fully utilised and carried forward into next year.

19. Creditors: amounts falling due after more than one year

| | For the year ended 31st March 2021 £'000 | For the year ended 31st March 2020 £'000 |
|---|--|--|
| Housing Loans | 54,046 | 55,000 |
| WHQS / VAT Shelter | 24,709 | 32,753 |
| | 78,755 | 87,753 |
| Loans repayable by instalments fall due as follows: | | |
| In five years or more | 54,046 | 55,000 |
| Between two and five years | - | - |
| | 54,046 | 55,000 |
| In one year or less | 14,948 | 17,500 |
| | 68,994 | 72,500 |

Tai Calon has a loan facility of £105 million on which loan arrangement fees of 1.25% were incurred. The fees are to be written off over 30 years, being the expected life of the loans agreed. Loans of £15 million have been drawn down on a variable rate basis at rates ranging from 1.77% to 1.95% and £50 million has been drawn down on a fixed rate basis at a rate of 4.6%. The loans are secured over the properties held by the Association.

20. Non-equity share capital

| | For the year ended 31st March 2021 £'000 | For the year ended 31st March 2020 £'000 |
|---------------------------|--|--|
| Shares of £1 issued: | | |
| At 1st April 2020 | 575 | 613 |
| Issued during the year | 1 | 4 |
| Cancelled during the year | (12) | (42) |
| At 31st March 2021 | 564 | 575 |

The shares provide members with the right to vote at general meetings. The shares carry no right to a dividend, there is no provision for the redemption of shares and there is no provision for a distribution following a winding up.

21. Operating leases

| | For the year ended 31st March 2021 £'000 | For the year ended 31st March 2020 £'000 |
|---|--|--|
| Motor vehicle and office equipment expiring: | | |
| Within one year | 362 | 362 |
| Between two and five years | 88 | 88 |
| | 450 | 450 |
| Operating lease expensed during the year | 410 | 387 |

22. Capital commitments

| | For the year ended 31st March 2021 £'000 | For the year ended 31st March 2020 £'000 |
|---|--|--|
| Capital expenditure contracted but not provided for in the financial statements | 26,546 | 12,652 |
| Capital expenditure authorised by the Board but not contracted | - | - |

These capital commitments will be funded by existing loan facilities, and capital grants from the Welsh Government.

23. Statement of Comprehensive Income Deficit

This year's deficit of £8.626 million has arisen as a result of the revaluation of the LGPS past service deficit liability. This combined with the prior year's results and the £7.705 million actuarial loss on the pension scheme has led to the Association recognising a deficit on its general reserves of £30.303 million. The pension liability of £22.691 million will only crystallise when all employees exit the pension scheme. The funding of major repairs both now and in the future is covered by existing loan facilities' amounting to £105 million of which £70 million has been drawn by the year end.

The Board has a reasonable expectation that Tai Calon has adequate resources to continue operations for the foreseeable future. The Board has approved a 30-year business plan which shows annual surpluses on the Statement of Comprehensive Income from 2026/27. The deficits in the general reserve are due to significant investment required to the housing stock to meet WHQS, which is funded by a £105 million funding facility from Barclays and Royal Bank of Scotland. Since transfer Tai Calon has outperformed the approved business plan and borrowed nearly £15 million less than originally planned. For these reasons the going concern basis has been adopted for these financial statements.

24. Pension costs

Tai Calon participates in the Torfaen County Borough Council (Greater Gwent) pension scheme (LGPS). Further information on the scheme is given below:

LGPS

Tai Calon Community Housing Ltd participates in the Torfaen County Borough Council (Greater Gwent) pension scheme which is a defined benefit scheme based on final pensionable salary. Certain employees of Tai Calon participated in the scheme prior to the stock transfer taking place and, as such, assets or liabilities attributable to these individuals were identified at the transfer date i.e. 26th July 2010. As part of the transfer agreement, liability for the proportion of the debt attributable to these employees that relates to the pre-transfer period rests with Blaenau Gwent County Borough Council. The gains and losses recognised by Tai Calon therefore relate solely to the period since transfer.

The most recent valuation was carried out at the 31st March 2021. Liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities discounted to their present value. Tai Calon's contribution rate from 1st April 2020 to 31st March 2021 was 20.5% of members' contributions due to the closure of the scheme to new entrants. It is projected that employer contributions of £1.374 million will be made for the forthcoming year.

The principal assumptions used by the independent qualified actuaries in updating the latest valuations of the fund for FRS102 purposes were:

| Employer membership statistics | Number 31st March 2019 | Total Salaries/ Pensions £'000 31st March 2019 | Average Age 31st March 2019 |
|---------------------------------------|-----------------------------------|---|--|
| Actives | 220 | 5,916 | 49 |
| Deferred Pensioners | 95 | 281 | 47 |
| Pensioners | 91 | 825 | 62 |

Deferred pensioners included undecided leavers and frozen refunds. Salaries are actual, not full time equivalent.

Payroll **Assumed total pensionable payroll based on information provided**

| | |
|-----------------------------------|-------------------|
| 1st April 2020 to 31st March 2021 | £5,729,000 |
|-----------------------------------|-------------------|

LGPS early retirements

| New Early Retirements Total Pension 1st April 2019 to 31st March 2020 | Number | Total Pension Accrued £ | Total Pension Actual £ |
|--|---------------|--|---------------------------------------|
| Redundancy | - | - | - |
| Efficiency | - | - | - |
| Other | - | - | - |

Investment Returns

The return of the Fund in market value terms for the period to 31st March 2021 is based on actual Fund returns as provided by the Administering Authority. Details are given below:

| | |
|--|--------|
| Actual Returns from 1st April 2020 to March 2021 | 30.06% |
|--|--------|

The major categories of plan assets as a percentage of total plan assets

| Period Ended | 31st March 2021 | 31st March 2020 |
|--------------|-----------------|-----------------|
| Equities | 81% | 73% |
| Bonds | 17% | 23% |
| Property | 2% | 3% |
| Cash | 0% | 1% |

Financial Assumptions

| Period Ended | 31st March 2021 % p.a. | 31st March 2020 % p.a. |
|-----------------------|---------------------------|---------------------------|
| Pension Increase Rate | 2.8% | 1.8% |
| Salary Increase Rate | 3.1% | 2.1% |
| Discount Rate | 2.05% | 2.3% |

| Mortality | Male | Female |
|--------------------|------------|------------|
| Current Pensioners | 20.7 years | 23.4 years |
| Future Pensioners | 22.1 years | 25.4 years |

Changes in the Fair Value of Plan Assets, Defined Benefit Obligations and Net Liability for the year end 31st March 2021

| Period ended 31st March 2021 | Assets £'000 | Obligations £'000 | Net (liability)/asset £'000 |
|--|-----------------|----------------------|--------------------------------|
| Fair Value of Plan Assets | 42,401 | - | 42,401 |
| Present Value of funded liabilities | - | 56,545 | (56,545) |
| Opening Position as at 31st March 2020 | 42,401 | 56,545 | (14,144) |
| Service Cost | | | |
| Current service cost | - | 1,885 | (1,885) |
| Past service cost | - | - | - |
| Total Service Cost | - | 1,885 | (1,885) |
| Net Interest | | | |
| Interest income on plan assets | 982 | - | 982 |
| Interest cost on defined benefit obligation | - | 1,313 | (1,313) |
| Total Net Interest | 982 | 1,313 | (331) |
| Total defined benefit cost recognised in Profit or (Loss) | 982 | 3,198 | (2,216) |
| Cashflows | | | |
| Plan participants' contributions | 382 | 382 | - |
| Employer contributions | 1,374 | - | 1,374 |
| Estimated Benefits paid | (1,103) | (1,103) | - |
| Expected Closing Position | 44,036 | 59,022 | (14,986) |
| Remeasurements | | | |
| Changes in financial assumptions | - | 19,311 | (19,311) |
| Changes in demographic assumptions | - | 978 | (978) |
| Other experience | - | (509) | 509 |
| Return on assets excluding amounts included in net interest | 12,075 | - | 12,075 |
| Total remeasurements recognised in Other Comprehensive Income | 12,075 | 19,780 | (7,705) |
| Fair value of plan assets | 56,111 | - | 56,111 |
| Present value of funded liabilities | - | 78,802 | (78,802) |
| Closing Position as at 31st March 2021 | 56,111 | 78,802 | (22,691) |



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