



# The 2017 Financial Statements of Welsh Housing Associations

## Datganiadau Ariannol 2017 Cymdeithasau Tai Cymru

**Community Housing Cymru**  
**Cartrefi Cymunedol Cymru**



Noddir gan  
**Llywodraeth Cymru**  
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# 01 | Foreword Rhagair

# Foreword

The 2017 Global Accounts document summarises the financial position of Welsh housing associations and presents commentary on the challenges facing the sector. This year's report presents a picture of a robust sector, showing turnover and balance sheet growth and the continued generation of surpluses necessary to support the building of new homes. Associations also continue to enhance existing stock by investing heavily in major repairs to ensure homes are of a high quality.

For the first time this year, we are publishing the sector risk profile and associated regulatory expectations within this 2017 Global Accounts publication. This results in a single reference document which looks back at the financial performance of the sector and also provides contextual information for Boards and other stakeholders to consider in their business planning and risk management. It sets out significant risks and challenges faced by the sector and associated regulatory expectations which associations are required to act upon.

We know that good housing makes a real difference to people's lives. A safe, warm and affordable home can act as a springboard to accessing employment, skills, education and training as well as providing security and better health outcomes. Increasingly, housing organisations see their role in a much broader community sense, not solely in terms of housing provision. This report demonstrates the wide investment of housing associations in Wales which supports successful communities and places.

Housing associations share the Welsh Government's aim of ensuring those in need of a home have access to one, and that homes are affordable, of good quality and meet the needs of the local community. Often this means embracing innovative solutions to address the market and geographical differences across Wales. Housing associations are actively striving to regenerate areas, create jobs, training and apprenticeships and help provide a sustainable route out of poverty. They are enabling and supporting their residents to lead healthy, independent and fulfilling lives.

# Rhagair

Mae dogfen Cyfrifon Cynhwysfawr 2017 yn crynhoi sefyllfa ariannol cymdeithasau tai Cymru ac yn rhoi sylwadau ar yr heriau sy'n wynebu'r sector. Mae adroddiad eleni yn cyflwyno darlun o sector cadarn, yn dangos twf mewn troiant a mantolenni ac yn parhau i gynhyrchu'r gwargedion sydd eu hangen i gefnogi adeiladu cartrefi newydd. Mae cymdeithasau hefyd yn parhau i wella stoc presennol drwy fuddsoddi'n helaeth mewn atgyweiriadau sylwedol i sicrhau cartrefi o ansawdd uchel.

Am y tro cyntaf eleni, rydym yn cyhoeddi proffil risg y sector a disgwyliadau rheoleiddiol cysylltiedig o fewn y cyhoeddiad Cyfrifon Cynhwysfawr 2017 yma. Mae hyn yn darparu un ddogfen gyfeirio i Fyrddau a rhanddeiliaid eraill i edrych yn ôl ar berfformiad ariannol y sector, ynghyd â chyd-destun ychwanegol am y risgau a'r heriau sylwedol sy'n wynebu'r sector yn ogystal â gosod disgwyliadau rheoleiddiol.

Gwyddom Gwyddom fod cartref da yn gwneud gwahaniaeth go iawn i fywyd pobl. Gall cartref diogel, cynnes a fforddiadwy fod yn sbardun i sicrhau cyflogaeth, sgiliau, addysg a hyfforddiant yn ogystal â rhoi sicrwydd a gwell deilliannau iechyd - yn gynyddol mae sefydliadau tai yn gweld eu rôl mewn ystyr gymunedol llawer ehangach, nid yn unig yn nhermau darpariaeth tai. Mae'r adroddiad hwn yn dangos buddsoddiad eang cymdeithasau tai yng Nghymru sy'n cefnogi cymunedau a lleoedd llwyddiannus.

Mae cymdeithasau tai yn rhannu nod Llywodraeth Cymru o sicrhau fod y rhai sydd angen cartref yn cael mynediad i gartref fforddiadwy, o ansawdd da ac sy'n diwallu anghenion y gymuned leol. Yn aml mae hyn yn golygu croesawu datrysiaadau blaengar i fynd i'r afael â'r gwahaniaethau marchnad a daearyddol ledled Cymru. Mae cymdeithasau tai yn mynd ati i adfywio ardaloedd, creu swyddi, hyfforddiant a phrentisiaethau a helpu rhoi llwybr cynaliadwy allan o dodi. Maent yn galluogi ac yn cefnogi eu preswylwyr i arwain bywydau iach, annibynnol a chrwn.

The Welsh Government has joined with Community Housing Cymru (CHC) and the Welsh Local Government Association (WLGA) to help deliver 20,000 affordable homes. Housing associations have committed to delivering at least 12,500 of these by 2021, representing an increase on prior targets and a clear signal that housing associations are keen to embrace the challenge to address housing need in Wales. This Housing Supply Pact also promises to create thousands of training and employment opportunities and apprenticeships by 2021.

The housing association sector in Wales acts as a crucial economic stimulus. During the year CHC members directly contributed £1.1bn to the economy - with 89% of this expenditure retained in Wales. The indirect supplier effect alongside this meant the total contribution to the economy was almost £2bn. And it's not just about housing - the sector's contribution to employment increased further in 2016/17; over 10,000 full time equivalent jobs were directly employed by the sector and, for every direct job provided, 1.5 positions were supported elsewhere in the Welsh economy equating to over 25,000 jobs.

Challenges facing the sector have increased the focus on maintaining financial resilience. Identifying efficiencies and demonstrating value for money to sustain growth, develop homes, and deliver services is at the forefront of sector ambitions. Strategic risk management is essential for housing associations to continue delivering social objectives underpinned by effective governance arrangements and viable improvement strategies. Welsh Government has maintained the policy for social housing rents for 2018/19, permitting a rent uplift based on September 2017 CPI measure +1.5%, equating to 4.5%, providing some degree of certainty for the sector in the near term. The sector will balance the need to maximise income with the need to provide affordable tenancies when applying this rent rise.

In 2017, the Public Accounts Committee (PAC) carried out an Inquiry into the Regulatory Oversight of Housing Associations. The report of the Inquiry was published in August 2017 PAC Housing Associations Inquiry<sup>1</sup> and found governance and regulation within the housing sector to be working well enough for housing associations to be granted more autonomy, and that the new Regulatory Judgements are a step in the right direction.

Mae Llywodraeth Cymru wedi ymuno gyda CHC a Chymdeithas Llywodraeth Leol Cymru i helpu darparu 20,000 o gartrefi fforddiadwy. Mae cymdeithasau tai wedi ymrwymo i ddarparu o leiaf 12,500 o'r rhain, gan fod yn gynnydd ar dargedau blaenorol ac yn arwydd clir fod cymdeithasau tai yn awyddus i goleddu'r her o fynd i'r afael ag angen tai yng Nghymru. Mae'r Cytundeb Cyflenwi Tai hefyd yn addo creu miloedd o gylleoedd hyfforddiant a chyflogaeth a phrentisiaethau erbyn 2021.

Mae'r sector cymdeithasau tai yng Nghymru yn gweithredu fel ysgogiad economaidd hollbwysig. Yn ystod y flwyddyn cyfrannodd aelodau Cartrefi Cymunedol Cymru £1.1bn yn uniongyrchol i'r economi gan gadw 89% o'r gwariant hwn yng Nghymru. Mae'r effaith cyflenwr anuniongyrchol wrth ochr hyn yn golygu fod cyfanswm y cyfraniad i'r economi bron yn £2bn. Ac nid yw'r cyfan am dai - cynyddodd cyfraniad y sector at gyflogaeth ymhellach yn 2016/17; cafodd dros 10,000 o swyddi cyfwerth ag amser llawn eu cyflogi'n uniongyrchol gan y sector ac, am bob swydd uniongyrchol a ddarparwyd, cafodd bron 1.5 o swyddi eu cefnogi mewn man arall yn economi Cymru yn golygu dros 25,000 o swyddi.

Mae'r heriau sy'n wynebu'r sector wedi cynyddu'r ffocws ar gynnal cydnherthedd ariannol. Mae dynodi arbedion ac arddangos gwerth am arian i hybu twf, datblygu cartrefi a darparu gwasanaethau yn flaenllaw yn uchelgeisiau'r sector. Mae rheoli risg strategol yn hanfodol i gymdeithasau tai barhau i gyflawni amcanion cymdeithasol a seiliwyd ar drefniadau llywodraethiant effeithlon a strategaethau gwella hyfwy. Mae Llywodraeth Cymru wedi cynnal y polisi rhentai tai cymdeithasol ar gyfer 2018/19, gan ganiatáu cynnydd rhent yn seiliedig ar fesur CPI Medi 2017 + 1.5%, yn gyfwerth â 4.5%, gan rhoi rhywfaint o sicrwydd i'r sector yn y tymor agos. Bydd y sector yn cydbwysor angen i gynyddu incwm gyda'r angen i ddarparu tenantiaethau fforddiadwy wrth weithredu'r cynnydd rhent yma.

Yn 2017, cynhaliodd y Pwyllgor Cyfrifon Cyhoeddus ymchwiliad ar drosolwg rheoleiddiol o gymdeithasau tai. Cyhoeddwyd adroddiad yr ymchwiliad ym mis Awst 2017 (Ymchwiliad Cymdeithasau Tai y Pwyllgor Cyfrifon Cyhoeddus) a chanfu fod llywodraethiant a rheoleiddio o fewn y sector tai yn gweithio'n ddigon da i roi mwy o annibyniaeth i gymdeithasau tai, a bod y dyfarniadau rheoleiddiol newydd yn gam yn y cyfeiriad cywir.

The report sets out the view of the Public Accounts Committee that housing associations should do more to be open and clear in their decision making. Housing associations have welcomed this and are working with the Welsh Government to publish a suite of comparable performance data, available to all stakeholders, as a means of enhancing transparency going forward, demonstrating the sector's continuing objective to improve services for families and communities. In response to a number of PAC recommendations the sector risk profile also includes a review of levels of non-core business activities (diversification) and sets out a strategy for ongoing monitoring. A regulatory view of non-registered subsidiaries is set out, as well a view on the impact of potential interest rate rises on housing association borrowing.

The sector needs to continue its successful track record of attracting private finance to develop more homes - the generation of cash-backed surpluses is a key element of continued financial resilience whereby housing associations are able to borrow to fund new developments alongside the essential grant funding receivable from Welsh Government.

1 <http://www.assembly.wales/laid%20documents/cr-ld11151/cr-ld11151-e.pdf>

Mae'r adroddiad yn cyflwyno barn y Pwyllgor Cyfrifon Cyhoeddus y dylai cymdeithasau tai wneud mwy i fod yn agored a chlir wrth wneud penderfyniadau. Mae cymdeithasau tai wedi croesawu hyn ac yn gweithio gyda Llywodraeth Cymru i gyhoeddi cyfres o ddata perfformiad cymaradwy, sydd ar gael i'r holl randdeiliaid, fel cam at wella tryloywder yn y dyfodol, gan ddangos amcan parhaus y sector i wella gwasanaethau ar gyfer teuluoedd a chymunedau. Mewn ymateb i argymhellion y Pwyllgor Cyfrifon Cyhoeddus mae proffil risg y sector hefyd yn gynnwys adolygiad o weithgareddau busnes heb fod yn greiddiol (arallgyfeirio) ac yn nodi strategaeth ar gyfer monitro'r risg yma'n barhaus, mae hefyd yn rhoi golwg reoleiddiol o is-gwmniâu heb gofrestru ac effaith cynnydd posibl mewn cyfraddau llog ar gyfalaф cymdeithasau tai.

Mae angen i'r sector barhau ei hanes llwyddiannus o ddenu cyllid preifat i ddatblygu mwy o gartrefi - mae cynhyrchu gwargedion a gefnogir gan arian yn elfen allweddol o gydherthedd ariannol parhaus lle gall cymdeithasau tai fenthyca i gyllido datblygiadau newydd wrth ochr y cyllid grant hanfodol a dderbynir gan Lywodraeth Cymru.

1 <http://www.assembly.wales/laid%20documents/cr-ld11151/cr-ld11151-e.pdf>



**Rebecca Evans, Minister for Housing and Regeneration,  
and Debbie Green, Chair of Community Housing Cymru**

**Rebecca Evans, Gweinidog Tai ac Adfywio,  
a Debbie Green, Cadeirydd Cartrefi Cymunedol Cymru**



# 02 | Executive Summary

## Crynodeb Gweithredol

# Executive Summary

This report on the affordable housing sector in Wales is co-produced by Community Housing Cymru (CHC) and the Welsh Government. CHC is the representative body for over 40 not-for-profit housing associations and community benefit societies, with members providing homes and housing-related services across Wales. This report is derived from the audited financial statements of the largest 33 housing associations and provides information and commentary on the financial position of the sector for the year ended 31st March 2017.

The 2017 Global Accounts demonstrate the sector continues to be financially robust with a clear ongoing commitment and capability to support the provision of quality, affordable housing across Wales, stimulate the Welsh economy and help mitigate the impact of poverty on people's lives. Overall, the sector as a collective group of organisations has posted a positive financial result recording increases in turnover and reserves, whilst attracting additional debt and an increase in gearing. Accounting surpluses are essential to support funding the maintenance of existing homes and provide the necessary investment to build new homes.

# Crynodeb Gweithredol

Caiff yr adroddiad hwn ar y sector tai fforddiadwy yng Nghymru ei gynhyrchu ar y cyd gan Cartrefi Cymunedol Cymru (CHC) a Llywodraeth Cymru. CHC yw'r corff sy'n cynrychioli dros 40 o gymdeithasau tai nid-er-elw a chymdeithasau budd cymunedol, gydag aelodau'n darparu cartrefi a gwasanaethau cysylltiedig â thai ledled Cymru. Mae'r adroddiad hwn yn deillio o ddatganiadau ariannol archwiliad y 33 cymdeithas tai fwyaf ac yn rhoi gwybodaeth a sylwebaeth ar sefyllfa ariannol y sector am y flwyddyn a ddiwedodd 31 Mawrth 2017.

Dengys Cyfrifon Cyhoeddus 2017 fod y sector yn parhau i fod yn ariannol gadarn gydag ymrwymiad a galluedd clir a pharhaus i gefnogi darpariaeth tai ansawdd uchel a fforddiadwy ledled Cymru, ysgogi economi Cymru a helpu i liniaru effaith tlodi ar fywydau pobl. Drwyddi draw, mae'r sector fel grŵp cyfunol o sefydliadau wedi nodi canlyniad ariannol cadarnhaol gyda chynnydd mewn trosiant a chronfeydd wrth gefn, tra'n denu dyled ychwanegol a chynnydd mewn gerio. Ni chaiff gwargedion cyfrifeg eu dal fel arian rhydd, ac maent yn hanfodol i gefnogi buddsoddiad ychwanegol ar gyfer adeiladu cartrefi newydd.



## Key messages in 2017

- The sector now owns and manages 160,636 homes with general needs properties and retirement accommodation accounting for 90% of this figure; 144,316 homes
- CHC members have directly spent £1.1bn of which 89% was retained in Wales, and with the indirect supplier the total impact equates to almost £2bn
- Turnover for the year was £908m; an increase of £3m on 2016
- Operating costs reduced from £734m in 2016 to £715m in 2017
- Operating surplus for the year was £193m (2016: £171m), with a net surplus, after interest payments and before tax, of £59m (2016: £79m)
- Housing fixed asset levels, before depreciation, are now shown at £7bn, an increase from £6.5bn in 2016 (7.7% increase)
- Increased borrowings - the total debt level is now £2.7bn, a rise from £2.5bn in 2016 (8% increase)
- Sector gearing on 'Historic Cost basis' is 44%, the same as in 2016
- Sector gearing on a 'Net Worth' basis is now at 61%, an increase from 60% in 2016
- Capital and Reserves levels are now £1.07bn (2016: £1.0bn)
- Directly and indirectly housing associations continue to support around 25,000 jobs in Wales, representing a similar figure to 2016 levels
- CHC member organisations spent £471m on regeneration during 2017
- Free cash generated was £32m for 2017, an increase from £8m in 2016

## Negeseuon allweddol yn 2017

- Mae'r sector yn awr yn berchen ac yn rheoli 160,646 o gartrefi gydag anheddu anghenion cyffredinol a llety ymddeol yn 90% o'r ffigur hwn, 144,316 o gartrefi.
- Mae aelodau CHC wedi gwario £1.1bn yn uniongyrchol yn yr economi gyda 89% o hyn wedi'i gadw yng Nghymru a gyda'r effaith cyflenwr anuniongyrchol ac incwm a gymhellwyd, mae cyfanswm yr effaith bron yn £2bn.
- Roedd y trostant am y flwyddyn yn £908m, cynnydd o £3m ar 2016.
- Gostyngodd costau gweithredu o £734m yn 2016 i £715m yn 2017.
- Roedd y gwarged gweithredu am y flwyddyn yn £193m (2016: £171m) gyda gwarged net, ar ôl taliadau llog a chyn treth, o £59m. (2016: £79m)
- Dangosir lefelau asedau sefydlog tai, cyn dibrasant, ar £7bn, cynnydd o £6.5bn yn 2016. (cynnydd o 7.7%)
- Cynyddu benthyciadau - mae cyfanswm y lefel dyled yn awr yn £2.7bn, cynnydd o £2.5bn yn 2016. (cynnydd o 8%)
- Mae geriad y sector ar 'sail cost hanesyddol' yn 44%, yr un fath ag yn 2016.
- Mae geriad y sector ar sail 'gwerth net' yn awr yn 61%, cynnydd o 60% yn 2016.
- Mae lefelau cyfalaf a chronfeydd wrth gefn yn awr yn £1.07bn. (2016: £1.0bn)
- Yn uniongyrchol ac yn anuniongyrchol mae cymdeithasau tai yn cefnogi tua 25,000 o swyddi cyfwerth ag amser-llawn yng Nghymru.
- Gwariodd aelodau CHC £471m ar adfywio yn ystod 2017
- Roedd yr arian rhydd a gynhyrchwyd yn £32m ar gyfer 2017, cynnydd o £8m yn 2016

The sector continues to progress and has become a collection of highly capitalised organisations that own and manage long-term assets supported by long-term financing. Some housing associations are adopting more commercial tactics to help fulfil their social objectives. To sustain a role in providing new affordable housing supply, cross-subsidisation initiatives and alternative financial models are being developed seeking to extract maximum value from assets whilst mitigating associated risks. Requirement to meet increasing debt repayments when they fall due is crucial, so managing risk around income collection remains fundamental when undertaking new strategies.

The indebtedness of the sector is rising and to meet these long-term obligations, and to achieve more affordable finance, a strong sector-wide financial performance is absolutely crucial; the continued posting of annual surpluses underpins this. Also, given the many fiscal challenges facing the sector, surpluses act as a buffer against potential increases in bad debts due to welfare reform.

Turnover continues to rise year on year. The relationship between the money received from Welsh Government compared to other sources of associations' income can be expressed as for every £1 received from Welsh Government, the housing associations bring £6.01.<sup>2</sup>

Across the UK the need for greater volumes of affordable homes has never been so acute, and the sector in Wales is playing a vital role in helping meet this need on a local level. Housing associations' clear social vision offers assuredness for tenants, stakeholders and funders, and alongside the supportive levels of Welsh Government Capital and Revenue subsidy has enabled much of the sector to achieve their objectives. Robust regulation of the sector alongside steady rental income streams, coupled with strong historical performance, provides a high level of confidence and comfort to stakeholders.

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

Mae'r sector yn parhau i ddatblygu a daeth yn gasgliad o sefydliadau cyfalafu uchel sy'n berchen ac yn rheoli asedau hirdymor a gefnogir gan gyllido hirdymor. Mae rhai cymdeithasau tai yn defnyddio tactegau mwy masnachol i helpu cyflawni eu hamcanion cymdeithasol. I gynnal rôl mewn cyflenwi tai fforddiadwy newydd, mae cynlluniau traws-gymhorthdal a modelau ariannol amgen yn cael eu datblygu yn ceisio sicrhau'r uchafswm gwerth o asedau tra'n lliniaru risgiau cysylltiedig. Mae'r gofyniad i gyflawni ad-daliadau dyled cynyddol pan maent yn dod yn ddyledus yn hollbwysig, felly mae rheoli risg o amgylch casglu incwm yn parhau'n sylfaenol wrth gynnal strategaethau newydd.

Mae dyledusrwydd y sector yn cynyddu ac i gyflawni'r oblygiadau hirdymor yma, ac i sicrhau cyllid mwy fforddiadwy, mae perfformiad ariannol cryf ar draws y sector yn hollol hanfodol; mae nodi gwargedion blaenorol parhaus yn sylfaen i hyn. Hefyd, o gofio'r llu o heriau cyllidol sy'n wynebu'r sector, mae gwargedion yn gweithredu fel clustog yn erbyn cynnydd posibl mewn ôl-ddyledion a dyledion drwg oherwydd diwygio llesiant.

Mae trosiant yn parhau i gynyddu flwyddyn ar flwyddyn. Gellir mynegi'r berthynas rhwng yr arian a dderbynir gan Lywodraeth Cymru o gymharu â ffynonellau eraill i incwm cymdeithasau fel bod cymdeithasau tai yn dod â £6.01 am bob £1 a dderbynir gan Lywodraeth Cymru.<sup>2</sup>

Ar draws y Deyrnas Unedig ni fu erioed gymaint o angen mwy o gartrefi fforddiadwy, ac mae gan y sector yng Nghymru rôl hanfodol wrth helpu i gyflawni'r angen hwn ar lefel leol. Mae gweledigaeth gymdeithasol glir cymdeithasau tai yn cynnig sicrwydd i denantiaid, rhanddeiliaid a chyllidwyr, ac ynghyd â lefelau cefnogol cymhorthdal cyfalaf a refeniw Llywodraeth Cymru mae wedi galluogi llawer o'r sector i gyflawni eu hamcanion. Mae rheoleiddiad cadarn ar y sector wrth ochr ffrydai cyson o incwm rhent, ynghyd â perfformiad hanesyddol cryf, yn rhoi lefel uchel o hyder a chysur i randdeiliaid.

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

<sup>2</sup> Socio-Economic Impact of the Housing Association Sector and Community Mutual Sector Wales 2016/17

Effaith Economaidd-Gymdeithasol y Sector Cymdeithasau Tai a Chyrrf Cydfuddiannol Cymunedol Cymru 2016/17

There are macro-economic and socio-political factors that the sector has to manage; UK wide Treasury decisions and the impact of legislation has heightened the need for continuous business plan stress-testing and regular assessment of association's assets and liabilities. From a governance perspective board members continue to grow their understanding of the complex businesses they oversee, offering appropriate challenge to executive management to ensure suitable strategies are adopted that offer optimal chances for growth and success of associations.

With the presence of greater accounting complexity, demonstrated by the introduction of FRS102 reporting in 2016, 'free cash flow generation' evidences a metric of business performance and strength that provides measurable and meaningful information to stakeholders; funders in particular. Free cash shows the level of cash generated, or consumed, by the existing portfolio of properties. It is the cash left over after meeting all expenditure required to run operations on a daily basis, including loan interest, and before loan repayments, investment in new housing stock and related grant receipts. Pleasingly during 2017 there has been an increase in free cash flow for both Traditional and Large Scale Voluntary Transfer (LSVT) associations. This will help support sector investment to achieve the 12,500 affordable homes target during this term of Government.

In aggregate, sector financial performance has been robust, meaning the sector as a whole is well placed going forward to continue investing in existing stock and new supply. The regulator monitors the financial position and governance arrangements of all associations and where necessary engages with individual organisations to seek assurances on their ability to be financially viable, well governed and able to deliver homes and services to a wide range of needs.

The final chapter of this publication refers to the 'Inquiry into the 'Regulatory Oversight of Housing Associations' carried out by the Public Accounts Committee (PAC) in 2017. In response to this inquiry the chapter presents sector challenges, risks and regulatory expectations and provides a suite of performance standards to address these going forward. These standards will be embedded into Welsh housing association culture and business operations to enhance transparency for tenants and stakeholders, reinforce effective governance and promote robust management. The Global Accounts publication provides numerical evidence on several of these items including number of new homes delivered and financial value for money metrics.

Mae ffactorau macro-economaidd a chymdeithasol-wleidyddol y mae'n rhaid i'r sector eu trin; mae penderfyniadau gan Drysorlys y Deyrnas Unedig ac effaith deddfwriaeth wedi cynyddu'r angen am brofi straen parhaol ar gynlluniau busnes ac asesiad rheolaidd ar asedau ac ymrwymiadau cymdeithasau. O safbwyt llywodraethiant, mae dealltwriaeth aelodau bwrdd yn parhau i dyfu am y busnesau cymhleth y maent yn eu goruchwyllo, gan roi her briodol i uwch reolwyr i sicrhau y mabwysiedir strategaethau addas sy'n cynnig y cyfleoedd gorau ar gyfer goroesiad a llwyddiant cymdeithasau.

Gyda phresenoldeb mwy o gymhlethdod cyfrifeg, a ddangosir gan gyflwyno adroddiadau FRS102 mae 'cynhyrchu llif arian rhydd' yn dangos metrig o berfformiad a nerth busnes sy'n rhoi gwybodaeth fesuradwy ac ystyrlon i randdeiliaid, cyllidwyr yn arbennig. Mae arian rhydd yn dangos lefel yr arian a gynhyrchi, neu a ddefnyddir, gan y portffolio presennol o anheddu. Dyma'r arian sydd ar ôl ar ôl cyflawni'r holl wariant sydd ei angen i redeg gweithrediadau ar sail ddyddiol a chyn ad-dalu benthyciadau, buddsoddi mewn stoc tai newydd a derbyniadau grant cysylltiedig. Mae'n dda dweud y bu cynnydd mewn llif arian rhydd yn 2017 ar gyfer cymdeithasau traddodiadol a hefyd LSVT. Bydd hyn yn helpu i gefnogi buddsoddiad y sector i gyflawni'r targed o 12,500 o gartrefi fforddiadwy yn ystod tymor hwn y Llywodraeth.

Gyda'i gilydd, bu perfformiad ariannol y sector yn gadarn, gan olygu fod y sector yn ei gyfanwydd mewn sefyllfa dda ar gyfer y dyfodol i barhau i fuddsoddi mewn stoc presennol a chyflenwad newydd. Mae'r rheoleiddiwr yn monitro sefyllfa ariannol a threfniadau llywodraethiant pob cymdeithas a, lle bo angen, yn cysylltu gyda sefydliadau unigol i geisio sicrwydd ar eu gallu i fod yn ariannol hyfyw, i gael eu llywodraethu'n dda ac i fedru cyflawni cartrefi a gwasanaethau ar gyfer ystod eang o anghenion.

Mae pennod olaf y cyhoeddiad yn cyfeirio at yr ymchwiliad i Drefn Rheoleiddio Cymdeithasau Tai a gynhalwyd gan y Pwyllgor Cyfrifon Cyhoeddus yn 2017. Mewn ymateb i'r ymchwiliad hwn, mae'r bennod yn cyflwyno'r heriau a'r risgau i'r sector a'r disgwyliadau rheoleiddiol ac yn rhoi cyfres o safonau perfformiad i fynd i'r afael â'r rhain yn y dyfodol. Caiff y safonau hyn eu sefydlu yn niwylliant a gweithrediadau busnes cymdeithasau tai Cymru i gynyddu tryloywder ar gyfer tenantiaid a rhanddeiliaid, cryfhau llywodraethiant effeithlon a hyrwyddo rheolaeth gadarn. Mae cyhoeddiad y Cyfrifon Cynhwysfawr yn rhoi dystiolaeth rifyddol ar nifer o'r eitemau hyn yn cynnwys nifer y cartrefi newydd a gyflenwyd a metrigau gwerth ariannol am arian.



# 03

## Housing Association Accounts

## Cyfrifon a Llif Arian Cymdeithasau Tai

# Housing Association Accounts

## Overview

This report contains analysis based on the statutory financial statements of 33 of the largest Welsh housing associations (one less than the 34 in 2016 following merger between two associations). Only housing associations and LSVT organisations have been included in this report. These housing associations, of which 11 are LSVTs, own and manage over 160,000 homes. Social housing units represent 90% of the total managed homes and comprise general needs, retirement accommodation and supported housing. The remaining stock includes leasehold properties, student accommodation and other properties.

The sector directly employs on average over 10,000 full time equivalent staff (FTE) and it is estimated that for each person employed at least another 1.5 FTE positions are supported elsewhere within the Welsh economy. Housing associations do not only provide housing accommodation, but are involved in a wide range of activities including regeneration work, working with health and social services and other statutory bodies and community-based projects.

# Cyfrifon Cymdeithasau Tai

## Trosolwg

Mae'r adroddiad hwn yn cynnwys dadansoddiad yn seiliedig ar ddatganiadau ariannol statudol 33 o gymdeithasau tai mwyaf Cymru (un yn llai na'r 34 yn 2016 ar ôl i ddwy gymdeithas uno).. Dim ond cymdeithasau tai sy'n datblygu eiddo a Sefydliadau Trosglwyddo Gwirfoddol ar Raddfa Fawr (LSVT) a gynhwyswyd yn yr adroddiad yma. Mae'r cymdeithasau tai hyn, 11 ohonynt yn LSVT, yn berchen ar ac yn rheoli dros 160,000 o gartrefi. Mae unedau tai cymdeithasol yn 90% o'r holl gartrefi a reolir ac cynnwys anheddu anghenion cyffredinol, llety ymdeithasol a thai â chymorth. Mae gweddill y stoc yn cynnwys eiddo lesddaliad, llety myfyrwyr ac eiddo arall.

Ar gyfartaedd mae'r sector yn cyflogi dros 10,000 o staff cyfwerth ag amser llawn ac am bob person a gyflogir, amcangyfrifir y caiff o leiaf 1.5 o swyddi eraill cyfwerth ag amser llawn eu cefnogi mewn man arall yn economi Cymru. Yn ogystal â darparu cartrefi, mae cymdeithasau tai yn cymryd rhan mewn ystod eang o weithgareddau yn cynnwys gwaith adfywio, gweithio gydag iechyd a gwasanaethau cymdeithasol a chyrff statudol a phrosiectau cymunedol eraill.

## Cash flow

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

There has been a further increase in free cash flow as compared to 2016 in traditional associations while LSVTs have reduced their outflow of free cash. This reflects the increased focus associations are placing on generating positive cash flow in running their business efficiently and in spending appropriately on the long term maintenance of their property portfolio. Traditional associations have generated £60m in free cash which is £4m more than the £56m generated in 2016. This figure is arrived at after investing £39m (2016: £39m) in the long term maintenance of properties.

The free cash generated by traditional associations was used to make contractual repayments of loans and whilst this debt will often be refinanced over the life of housing stock, it is important to generate sufficient cash levels in the long term to meet all loan repayment commitments. This demonstrates the financial strength that lenders look for to continue lending to the sector to build much needed new homes.

The free cash outflow in LSVTs has narrowed further to £28m from £48m last year. As LSVTs mature more and more of their property stock complies with the Welsh Housing Quality Standards (WHQS) and the need to spend on component replacements has decreased (from net £111m in 2016 to £95m in 2017).

## Llif Arian

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

Bu cynnydd pellach mewn llif arian rhydd o gymharu gyda 2016 mewn cymdeithasau traddodiadol a hefyd LSVT. Mae hyn yn adlewyrchu ffocws cynyddol cymdeithasau ar sicrhau llif arian cadarnhaol wrth rededig eu busnes yn effeithiol ac wrth wario'n briodol ar gynnal a chadw hirdymor eu portffolio eiddo. Mae cymdeithasau traddodiadol wedi sicrhau £60m mewn arian rhydd, sydd £4m yn fwy na'r £56m a gynhyrchwyd yn 2016. Ceir y ffigur hwn ar ôl buddsoddi £39m (2015: £39m) yn cynnal a chadw'r eiddo yn yr hirdymor.

Defnyddiwyd yr arian rhydd a sicrhawyd (gyda pheth benthyca ychwanegol) gan gymdeithasau traddodiadol i wneud ad-daliadau contractiol ar fenthyciadau, er bod llawer o'r benthyciadau yn rhai llog yn unig am gyfnod, gydag ad-daliadau'r prif swm wedi eu gohirio tan flynyddoedd diweddarach. Er y caiff benthyciadau yn aml eu hailgyllico dros oes y stoc tai, mae'n bwysig sicrhau digon o arian rhydd yn yr hirdymor er mwyn ad-dalu benthyciadau. Mae hyn yn dangos y nerth ariannol y mae benthycwyr yn edrych amdano er mwyn parhau i fenthyca i'r sector i adeiladu cartrefi newydd y mae angen dybryd amdanynt.

Mae'r all-lif o arian rhydd mewn LSVT wedi gostwng ymhellach i £28m o £48m y llynedd. Wrth i LSVT aeddfebu mae mwy a mwy o'u stoc eiddo yn cydymffurfio gyda Safonau Ansawdd Tai Cymru ac mae'r angen i wario ar amnewid cydrannau wedi gostwng (o £111m net yn 2016 i £95m net yn 2017).

## Figure 1: Cash flow statement

	<b>Traditional 2017 £m</b>	<b>LSVT 2017 £m</b>	<b>All 2017 £m</b>	<b>Traditional 2016 £m</b>	<b>LSVT 2016 £m</b>	<b>All 2016 £m</b>
Net cash inflow from operating activities	185	108	<b>293</b>	177	93	<b>271</b>
Interest paid	(85)	(35)	<b>(120)</b>	(83)	(29)	<b>(112)</b>
Interest received	6	0	<b>6</b>	7	0	<b>7</b>
Taxation	0	0	<b>0</b>	0	0	<b>0</b>
	<b>106</b>	<b>74</b>	<b>180</b>	<b>101</b>	<b>64</b>	<b>165</b>
Replacement fixed assets	(8)	(7)	<b>(15)</b>	(6)	(2)	<b>(8)</b>
Component replacements	(39)	(106)	<b>(145)</b>	(39)	(122)	<b>(161)</b>
Component grants	1	11	<b>12</b>	1	11	<b>12</b>
	<b>60</b>	<b>(28)</b>	<b>32</b>	<b>56</b>	<b>(48)</b>	<b>8</b>
Purchase and development of properties)	(273)	(33)	<b>(306)</b>	(279)	(35)	<b>(314)</b>
SHG and other grants received	94	23	<b>117</b>	98	21	<b>119</b>
Proceeds of sale of properties	34	10	<b>44</b>	31	13	<b>44</b>
Other	(12)	(2)	<b>(14)</b>	2	(1)	<b>1</b>
	<b>(157)</b>	<b>(2)</b>	<b>(159)</b>	<b>(148)</b>	<b>(2)</b>	<b>(150)</b>
Net cash outflow from capital expenditure						
Loans received	195	71	<b>266</b>	179	128	<b>306</b>
Loans repaid	(59)	(41)	<b>(100)</b>	(71)	(48)	<b>(119)</b>
	<b>136</b>	<b>30</b>	<b>166</b>	<b>108</b>	<b>80</b>	<b>188</b>
Net inflow from financing activities						
Increase / (decrease) in short term deposits	0	0	<b>0</b>	0	0	<b>0</b>
	<b>39</b>	<b>0</b>	<b>39</b>	<b>16</b>	<b>30</b>	<b>46</b>

\* some adjustments have been made to 2016 comparative figures in order to provide consistency with the latest reporting standards applied in 2017

## Statement of Financial Position

### Fixed Assets

Total fixed assets have continued to rise again this year to almost £7bn, an increase of nearly 8% from the prior period. Both traditional housing associations and LSVTs contributed to this rise. This demonstrates the commitment to developing more homes and ensuring the ongoing compliance with WHQS. LSVTs invested £95m and traditional associations invested a further £38m in component replacements to ensure compliance with WHQS during the year.

The sector has maintained its significant level of spending on new homes in line with 2015/16, with traditional associations investing over £270m and LSVTs over £30m. Some of this investment continues to be supported by grant whilst the rest is financed from banks and long term institutional investors. A net £166m of new financing was arranged during the year. This borrowing has increased long term debt to £2.7bn from £2.5bn, of which nearly 80% continues to belong to traditional housing associations.

### Rent Arrears

The impact of welfare reform continues to be a cause for concern for housing associations, with the on-going roll out of Universal Credit adding to the Bedroom Tax's impact on the ability of tenants to pay their rent. Many housing associations have invested in providing support to their tenants but there has still been a slight increase in rent arrears from 4.2% to 4.3% of turnover. As the pace of the roll out of Universal Credit increases, as well as other welfare changes, such as the reduction to the benefit cap, associations will come under further pressure in collecting their rents.

### Reserves

The total capital and reserves of Welsh housing associations have risen by £63m to £1,067m as a result of the surplus recorded for the year. It should not be forgotten that reserves do not equal cash available, but the accounting value of the net assets within the sector. In broad terms it indicates the investment of association's own resources in the maintenance of their existing properties and the provision of new affordable homes.

## Datganiad Sefyllfa Ariannol

### Asedau Sefydlog

Mae cyfanswm asedau sefydlog wedi codi eto eleni i bron £7bn, cynnydd o bron 8% o'r cyfnod blaenorol. Cyfrannodd cymdeithasau tai traddodiadol a hefyd LSVT at y cynnydd yma. Mae hyn yn dangos yr ymrwymiad i ddatblygu mwy o gartrefi a sicrhau fod eiddo tai y sector yn parhau i gydymffurfio â Safonau Ansawdd Tai Cymru. Buddsoddodd LSVT £95m a buddsoddodd cymdeithasau traddodiadol £38m pellach mewn amnewid cydrannau i sicrhau cydymffurfaeth gyda Safon Ansawdd Tai Cymru yn ystod y flwyddyn.

Mae'r sector wedi cynnal ei lefel sylweddol o wariant ar gartrefi newydd yn yr un modd ag yn 2015/16, gyda chymdeithasau traddodiadol yn buddsoddi dros £270m ac LSVT yn buddsoddi dros £30m. Mae peth o'r buddsoddiaid yma'n parhau i gael ei gefnogi gan grant tra caiff y gweddill ei gyllido gan fanciau a buddsoddwyr sefydliadol hirdymor. Trefnwyd £166m net o gyllid newydd yn ystod y flwyddyn. Mae'r benthyca yma wedi cynyddu dyled hirdymor i £2.7bn o £2.5bn, gyda bron 80% ohono'n parhau i fod yn eiddo cymdeithasau tai traddodiadol.

### Ôl-ddyledion Rhent

Mae diwygio llesiant yn parhau i fod yn achos consynn i gymdeithasau tai, gydag ymestyn cyfredol y Credyd Cynhwysol yn ychwanegu at effaith y dreth ystafelloedd gwely ar allu tenantiaid i dalu eu rhent. Mae llawer o gymdeithasau tai wedi buddsoddi i roi cefnogaeth i'w tenantiaid ond bu'n dal gynydd bychan mewn ôl-ddyledion rhent o 4.2% i 4.3% o drosiant. Wrth i gyflymder ymestyn y Credyd Cynhwysol gynyddu, yn ogystal â newidiadau llesiant eraill fel gostwng y cap budd-daliadau, daw cymdeithasau dan fwy o bwysau wrth gasglu eu rhenti.

### Cronfeydd wrth gefn

Mae cyfanswm cyfalaf a chronfeydd wrth gefn cymdeithasau tai Cymru wedi codi gan £63m i £1,067 fel canlyniad i'r gwarged a gofnodwyd am y flwyddyn. Ni ddylid anghofio nad yw cronfeydd wrth gefn yn gyfartal â'r arian parod sydd ar gael, ond â gwerth cyfrifeg yr asedau o fewn y sector.

## Figure 2: Statement of Financial Position 2017

	Traditional 2017 £m	LSVT 2017 £m	All 2017 £m	All 2016 £m
<b>FIXED ASSETS</b>				
Housing properties at cost	5,589	1,371	6,960	6,463
Depreciation	(640)	(242)	(882)	(760)
<b>NBV of housing properties</b>	<b>4,949</b>	<b>1,129</b>	<b>6,078</b>	<b>5,703</b>
Intangible assets	5	3	8	7
Commercial property	78	11	89	77
Fixed asset investments	119	1	120	111
Other (including office premises)	103	27	130	116
<b>Total Fixed Assets</b>	<b>5,254</b>	<b>1,171</b>	<b>6,425</b>	<b>6,014</b>
<b>CURRENT ASSETS</b>				
Assets held for sale and stocks	19	2	21	20
Commercial property	93	82	175	178
Fixed asset investments	145	604	749	810
Other (including office premises)	217	97	314	274
<b>Total Current Assets</b>	<b>474</b>	<b>785</b>	<b>1,259</b>	<b>1,282</b>
<b>CURRENT LIABILITIES</b>				
Short term loans	(63)	(47)	(110)	(121)
Capital Grants including SHG	(59)	(14)	(73)	(68)
Other current liabilities	(141)	(108)	(249)	(269)
<b>Total Current Liabilities</b>	<b>(263)</b>	<b>(169)</b>	<b>(432)</b>	<b>(458)</b>
<b>Net Current Assets</b>	<b>211</b>	<b>616</b>	<b>827</b>	<b>824</b>
<b>Total Assets less Current Liabilities</b>	<b>5,465</b>	<b>1,787</b>	<b>7,252</b>	<b>6,838</b>
<b>LONG TERM CREDITORS AND PROVISIONS</b>				
Long term loans	(2,044)	(550)	(2,594)	(2,377)
Capital Grants (including Social Housing Grant)	(2,595)	(192)	(2,787)	(2,626)
Pension liability	(71)	(95)	(166)	(128)
Other including VAT shelter	(31)	(607)	(638)	(703)
<b>Total Long Term Creditors and Provisions</b>	<b>(4,741)</b>	<b>(1,444)</b>	<b>(6,185)</b>	<b>(5,834)</b>
<b>NET ASSETS</b>	<b>724</b>	<b>343</b>	<b>1,067</b>	<b>1,004</b>
<b>RESERVES</b>				
Income & Expenditure reserve	691	290	981	909
Restricted reserve	20	4	24	30
Revaluation reserve	13	49	62	65
<b>TOTAL RESERVES</b>	<b>724</b>	<b>343</b>	<b>1,067</b>	<b>1,004</b>

\* some adjustments have been made to 2016 comparative figures in order to provide consistency with the latest reporting standards applied in 2017.

## Statement of Comprehensive Income

### Turnover

Turnover continues to increase year on year with an increase from £905m to £908m in 2016/17. This rise, whilst welcome, was lower than in previous years due to two key factors - The maximum rental uplift associations could apply in 2016/17 was set at 1.4% (CPI below 0%) which was lower than previous periods. In the 2015/16 turnover figure there was a tranche of £30m Arbed 2 funding (energy efficiency improvement homes scheme) that was not present in 2016/17.

63% of the total turnover of £908 million belongs to the traditional housing associations, a figure consistent with the previous year.

### Operating Surplus

Operating surplus for the sector has increased from £171m in the prior year to £193m in this year. The need for operational surpluses to be achieved, on a continuing basis, allows associations to pay interest on loans and attract further finance for the development of new homes. The surplus on disposal of fixed assets saw a modest decrease from £12m in 2016 to £9m in 2017, representing asset sales in a small number of associations.

### Interest rates

The overall amount of interest paid by the sector increased to £120m from £112m, a rise broadly in proportion with the increase in short and long term loans to the sector. The effective interest rate for the sector remained broadly static at 4.9%, and includes an average rate on traditional housing association borrowing of 4.4% and a rate for LSVTs of 6.3% which is driven by the ongoing effect of restrictive fixed-rate loan arrangements, although some have now been re-financed. LSVTs represent 22% of total sector borrowing.

## Datganiad Incwm Cynhwysfawr

### Trosiant

Mae trosiant yn parhau i gynyddu flwyddyn ar flwyddyn gyda chynnydd o £3m o £905m yn y flwyddyn flaenorol i £908m eleni. Caiff mwyafrif y cynnydd mewn trosiant ei gynrychioli gan y cynnydd rhent blynnydol, a ategwyd gan adeiladu cartrefi newydd i gynyddu cyfanswm nifer y cartrefi ar rent.

Y cymdeithasau tai traddodiadol sydd piau 63% o'r cyfanswm trosiant o £908 miliwn, ffigur sy'n gyson gyda'r flwyddyn flaenorol.

### Gwarged Gweithredu

Mae gwarged gweithredu y sector wedi cynyddu o £171m yn y flwyddyn flaenorol i £193m eleni. Mae'r angen i sicrhau gwargedion gweithredol, ar sail barhaus, yn galluogi cymdeithasau i dalu llog ar fenthyciadau a denu cyllid pellach ar gyfer datblygu cartrefi newydd. Gwelodd y gwarged ar waredu asedau sefydlog ostyngiad bychan o £12m yn 2016 i £9m yn 2017, gan gynrychioli gwerthiant asedau mewn nifer fach o gymdeithasau.

### Cyfraddau llog

Cynyddodd cyfanswm y llog a dalwyd gan y sector i £120m o £112m, cynnydd yn fras gymesur gyda'r cynnydd mewn benthyciadau tymor byr a hirdymor i'r sector. Arhosodd cyfradd log weithredol y sector fwy neu lai yn ei unfan ar 4.9%, ac mae'n cynnwys cyfradd gyfartalog ar fenthyciadau cymdeithasau tai traddodiadol o 4.4% a chyfradd o 6.3% ar gyfer LSVT (mae LSVT yn 22% o gyfanswm benthyciadau'r sector)..

**Figure 3: Income & Expenditure**

	<b>Traditional 2017 £m</b>	<b>LSVT 2017 £m</b>	<b>All 2017 £m</b>	<b>All 2016 £m</b>	<b>All 2015 £m</b>	<b>All 2014 £m</b>
Turnover	569	339	908	905	855	784
Operating costs	(432)	(284)	(715)	(734)	(689)	(634)
<b>Operating surplus</b>	<b>137</b>	<b>55</b>	<b>193</b>	<b>171</b>	<b>166</b>	<b>150</b>
Surplus on disposal of fixed assets	0	9	9	12	10	11
Exceptional items	0	0	0	0	0	0
Interest receivable and other income	6	2	8	7	8	10
Interest payable and similar charges	(84)	(36)	(120)	(112)	(105)	(97)
Pension scheme net financing gain / (loss)	(1)	(4)	(5)	(5)	(9)	0
Fair value movements increase / (decrease)	1	4	5	2	0	0
Actuarial gain / (loss) on pension schemes	(2)	(30)	(32)	4	(34)	0
<b>Surplus for the year before tax</b>	<b>58</b>	<b>1</b>	<b>59</b>	<b>79</b>	<b>36</b>	<b>74</b>
Transfer (to) / from reserves	4	10	14	(1)	(1)	4
<b>Surplus for year after tax and transfers</b>	<b>62</b>	<b>11</b>	<b>73</b>	<b>78</b>	<b>35</b>	<b>78</b>
Prior year adjustments	0	0	0	29	23	-
Accumulated surplus brought forward	633	276	909	802	744	480
Accumulated surplus carried forward	695	287	982	909	802	558

\* some adjustments have been made to 2016 comparative figures in order to provide consistency with the latest reporting standards applied in 2017

## Figure 4: Income & Expenditure from lettings

<b>I&amp;E FROM LETTINGS</b>	<b>2017</b>			<b>2016</b>		
	<b>Turnover</b> <b>£m</b>	<b>Operating costs</b> <b>£m</b>	<b>Operating surplus/ (deficit)</b> <b>£m</b>	<b>Turnover</b> <b>£m</b>	<b>Operating costs</b> <b>£m</b>	<b>Operating surplus/ (deficit)</b> <b>£m</b>
General Needs Housing	691	(528)	163	664	(527)	137
Supported Housing	65	(52)	13	63	(45)	18
<b>Social Housing Totals</b>	<b>756</b>	<b>(580)</b>	<b>176</b>	<b>727</b>	<b>(572)</b>	<b>155</b>
Non Social Housing	152	(135)	17	178	(162)	16
<b>Total - all activities</b>	<b>908</b>	<b>715</b>	<b>193</b>	<b>905</b>	<b>734</b>	<b>171</b>

<b>OPERATING MARGINS</b>	<b>Traditional 2017</b>	<b>LSVT 2017</b>	<b>All 2017</b>	<b>Traditional 2016</b>	<b>LSVT 2016</b>	<b>All 2016</b>
Social Housing - lettings	29%	15%	23%	28%	12%	21%
Non Social Housing - lettings	8%	41%	11%	6%	45%	9%

## Figure 5: Homes in Management

ALL ASSOCIATIONS	2017	2016	2015	2014	2013
General needs and sheltered housing	137,349	134,539	133,730	131,141	130,638
Supported housing	6,967	6,545	6,293	7,925	8,893
Student accom.	4,102	4,061	4,061	4,235	4,112
Shared ownership / Homebuy / LCHO	2,610	2,897	2,076	-	-
Leasehold	6,493	6,678	6,580	-	-
Other	3,115	2,688	3,131	13,318	9,458
	160,636	157,608	155,871	156,619	153,101
<b>TRADITIONAL</b>					
General needs and sheltered housing	70,900	67,930	67,029	65,003	64,415
Supported housing	5,325	5,171	4,843	5,252	6,135
Student accom.	4,102	4,061	4,061	4,235	4,112
Shared ownership / Homebuy / LCHO	2,443	2,647	1,821	-	-
Leasehold	1,922	1,944	1,819	-	-
Other	3,020	2,668	2,952	7,802	6,537
	87,712	84,421	82,525	82,292	81,199
<b>LSVTs</b>					
General needs and sheltered housing	66,449	66,609	66,701	66,138	66,223
Supported housing	1,642	1,374	1,450	2,673	2,758
Shared ownership / Homebuy / LCHO	167	250	255	-	-
Leasehold	4,571	4,734	4,761	-	-
Other	95	220	179	5,516	2,921
	72,924	73,187	73,346	74,327	71,902

Overall the sector has increased its units in management from 157,608 to 160,636 representing a net increase of 3,028 in the year. The numbers of units in management for traditional housing associations and LSVTs is 55% and 45% respectively, a similar proportion to previous years. Social housing properties (general needs, sheltered housing and supported housing), represents 90% of the total units (89% in the previous year) and increased overall by over 3,200 units reflecting significant development during the year to achieve the Welsh Government 12,500 affordable homes target for this term of Government.

Drwyddi draw mae'r sector wedi cynyddu nifer yr unedau y mae'n eu rheoli o 157,608 i 160,636 gan gynrychioli cynnydd net o 3,028 yn y flwyddyn. Mae'r nifer o unedau y mae cymdeithasau tai traddodiadol a LSVT yn eu rheoli yn 55% a 45% yn yr un drefn, cyfran debyg i flynyddoedd blaenorol. Mae anhedduai tai cymdeithasol (anghenion cyffredinol, tai gwarchod a thai â chymorth) yn cynrychioli 90% o'r holl unedau (89% yn y flwyddyn flaenorol) a chynyddodd gan gyfanswm o dros 3,200 uned gan adlewyrchu datblygiad sylweddol yn ystod y flwyddyn i sicrhau targed Llywodraeth Cymru o 12,500 o gartrefi fforddiadwy ar gyfer tymor hwn y Llywodraeth.



# 04 | Value for Money Gwerth am Arian

# Value for Money (VfM)

**"Social housing is highly targeted on people with low incomes and has been shown to be the most 'pro-poor' and redistributive major aspect of the entire welfare state." This was a finding of the Joseph Rowntree Foundation in its 2013 report "The Links between Housing and Poverty".**

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

The principal purpose of housing associations is to provide affordable housing, and to do this it is vital that best use is made of income they receive including grants and state benefits which help support housing costs and rents. Associations must therefore demonstrate that they deliver value (by maximising the outcomes they produce) in return for the money (income) they receive. This is reflected in the Welsh Government's regulatory framework, and in recognition of this the Independent Regulatory Board for Wales, responsible for overseeing the regulation of Welsh housing associations, had indicated that its approach to Value for Money assessment is a key priority for review from 2017.

In the spirit of co-regulation Welsh Government has given housing associations the opportunity to take a lead in this area and demonstrate their commitment to it.

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

1. Economy – doing things at the 'best price'
2. Efficiency – minimising waste and doing things the 'best way'

# Gwerth am Arian

**Dangosodd adroddiad Sefydliad Joseph Rowntree, "The Links between Housing and Poverty", y cafodd tai cymdeithasol eu targedu i raddau helaeth iawn at bobl ar incwm isel ac mai dyma'r agwedd fwyaf 'dros y tlawd' ac ailddosbarthol yn yr holl wladwriaeth les.**

Mewn geiriau eraill, caiff y lefelau cymharol is o rent a dalir gan bobl mewn tai cymdeithasol, ei gydnabod fel ffordd bwysig o leihau tlodi a achosir gan gost tai i lawer. Mae cartrefi gweddus hefyd yn sicrhau buddion niferus yn nhermau'r effeithiau cadarnhaol y gallant eu cael ar iechyd a llesiant, cyrhaeddiad addysgol unigolion a gostwng biliau ynni.

Prif ddiben cymdeithasau tai yw darparu tai fforddiadwy ac i wneud hyn mae'n hollbwysig y gwneir y defnydd gorau o'r incwm a dderbyniant yn cynnwys grantiau a budd-daliadau gwladol sy'n helpu i gefnogi costau tai a rhenti. Mae'n rhaid i gymdeithasau felly ddangos eu bod yn sicrhau gwerth (drwy gynyddu i'r eithaf eu canlyniadau) yn ôl am yr arian (incwm) a dderbyniant. Caiff hyn ei adlewyrchu yn fframwaith rheoleiddiol Llywodraeth Cymru, a gan gydnabod hyn dywedodd Bwrdd Rheoleiddiol Cymru, sy'n gyfrifol am oruchwyllo rheoleiddiad cymdeithasau tai Cymru, fod ei ymagwedd at asesiad Gwerth am Arian yn flaenoriaeth allweddol ar gyfer adolygu o 2017.

Yn ysbryd cyd-reoleiddiad, rhoddodd Llywodraeth Cymru y cyfle i gymdeithasau tai arwain yn y maes hwn a dangos eu hymrwymiad iddo.

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

1. Darbodusrwydd - gwneud pethau am y 'pris gorau'
2. Effeithiolrwydd - lleihau gwastraff a gwneud pethau y 'ffordd orau'

3. Effectiveness – doing the ‘right things’ by maximising the positive outcomes produced

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

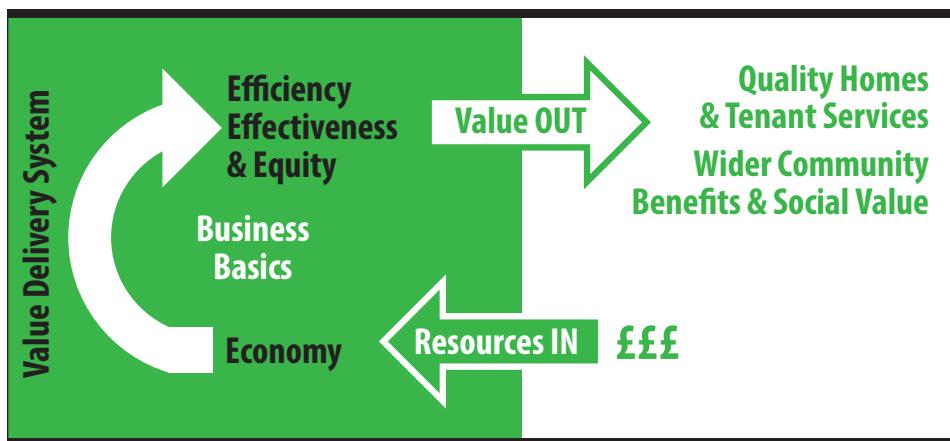
The diagram below illustrates the relationship between these four elements.

3. Effeithlonrwydd - gwneud y ‘pethau cywir’ drwy gynyddu i'r eithaf y canlyniadau cynhyrchiol.

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

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

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



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

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

The financial data within housing association accounts can be effectively deployed to capture certain headline economy and efficiency indicators, although it is more difficult to produce a complete and rounded measure of effectiveness exclusively from this financial data. CHC’s Strategic Delivery Group has refined the data collected for Global Accounts to enable useful and more comparative cost data to be gathered for VfM assessment.

VfM is, of course, not merely a cost-cutting exercise, nor is it simply about service provision – it is about strategic leadership of the organisation and captures all housing assets and resources. All available resources must be used to maximise the outcomes of the organisation to meet its charitable and corporate objectives.

The Global Accounts can therefore be used to provide some indicators of financial economy and effectiveness with an acceptance financial data, in

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

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

Gellir defnyddio'r data ariannol o fewn cyfrifon cymdeithasau tai mewn modd effeithlon i ddangos rhai prif ddangosyddion darbodusrwydd ac effeithlonrwydd, er ei bod yn anos rhoi mesur cyflawn a chrwn o effeithlonrwydd o'r data ariannol hwn yn unig. Mae Grŵp Cyflenwi Strategol CHC wedi mireinio'r data a gasglwyd ar gyfer y Cyfrifon Cynhwysfawr i'w gwneud yn bosibl casglu data defnyddiol y gellir ei gymharu ar gyfer asesu Gwerth am Arian.

Wrth gwrs, nid dim ond ymarferiad torri costau yw Gwerth am Arian, nac ychwaith yn ymwneud â darpariaeth gwasanaeth - mae'n ymwneud ag arweinyddiaeth strategol y sefydliad ac yn cwmpasu holl asedau ac adnoddau tai. Mae'n rhaid defnyddio'r holl adnoddau sydd ar gael i gynyddu i'r eithaf y canlyniadau i'r sefydliad i gyflawni ei amcanion elusennol a chorfforaethol.

Felly gellir defnyddio y Cyfrifon Cynhwysfawr i roi rhai dangosyddion o ddarbodusrwydd ac effeithlonrwydd

isolation, is not enough to tell the whole VfM story. Work is underway across the housing associations in Wales to provide indicators relating to the efficiency of processes and services, the effectiveness and value of outcomes achieved, along with ensuring that equity is also delivered.

Ten financial VfM indicators (five related to economy and five related to efficiency, of which one combines with effectiveness) have been initially identified from the Global Accounts which can be viewed at an all Wales level and allow individual organisations to compare themselves to other housing associations. Global Accounts ratios are detailed in full on page 36.

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

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

The fifth financial economy measure relates to rent and service charges, which is also calculated per social housing unit.

Each housing association will be striving to ensure its operating costs for social housing are as low as possible to help meet its organisational objectives. The graph below shows the relationship between average income per social housing unit and the four cost measures shown above. The approach of enhancing organisation's VfM offer is not simply a 'cost-cutting exercise'. There is an inherent need for operational surpluses to be achieved, on a continuing basis, in order to pay interest on loans and to attract further finance for the development of new homes.

ariannol gan dderbyn nad yw data ariannol, ar ben ei hun, yn ddigon i ddweud holl stori Gwerth am Arian. Mae gwaith yn mynd rhagddo ar draws y cymdeithasau tai yng Nghymru i roi dangosyddion am effeitholrwydd prosesau gwasanaeth, effeithlonrwydd a gwerth y canlyniadau a gafwyd, gan hefyd sicrhau tegwch.

Cafodd deg dangosydd ariannol Gwerth am Arian (pump yn gysylltiedig â darbodusrwydd a phump yn gysylltiedig ag effeithiolrwydd, gydag un ohonynt yn cyfuno gydag effeithlonrwydd) eu dynodi i ddechrau o'r Cyfrifon Cynhwysfawr y gellir eu gweld ar lefel Cymru-gyfan ac sy'n galluogi sefydliadau unigol i'w cymharu eu hunain gyda chymdeithasau tai eraill. Cyfrifon Cynhwysfawr ar dudalen 36.

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

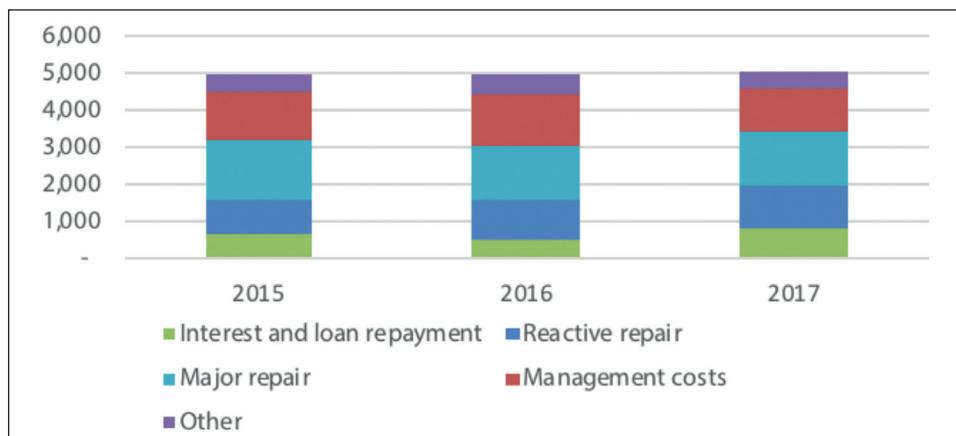
1. Costau gweithredu
2. Costau rheoli
3. Costau atgyweirio ymatebol
4. Costau atgyweirio sylwedol

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

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

Mae troiant cyfartalog fesul annedd tai cymdeithasol

**Figure 6: Average income and costs per property**



Average turnover per social housing property has increased from £5,000 in 2016 to £5,076 in 2017 representing a rise of just below 2.0%. This is attributable to service charges, higher rents chargeable for newly-developed properties and the annual rent increase. This increase, that encompasses the rental uplift allowed under the Welsh Government Rent Policy, reflects association's awareness of affordability. During this time associations' operating costs and management costs per property have been reducing as a result of continued sector focus on achieving efficiencies.

The proportion of income spent on management and maintenance each year has largely stayed the same, as has the operating surplus at around 20%. A comparison over a five-year period would provide greater trend analysis but recent changes in accounting treatment mean three years of comparable data is available.

To provide useful information over a longer time period the following graph shows the social housing operating margin for the sector:

The operating margin from social housing activities before interest and pension deficit contributions has been largely constant over the past five years and was at 21% for 2017. However, as housing associations have continued to develop using more borrowings, particularly from non-grant schemes and those schemes funded from Housing Finance Grant (HFG), the level of interest payments has increased, and with pension deficits factored in, means this measure of margin after interest costs and pensions deficits is at its lowest at 6.5% for 2017.

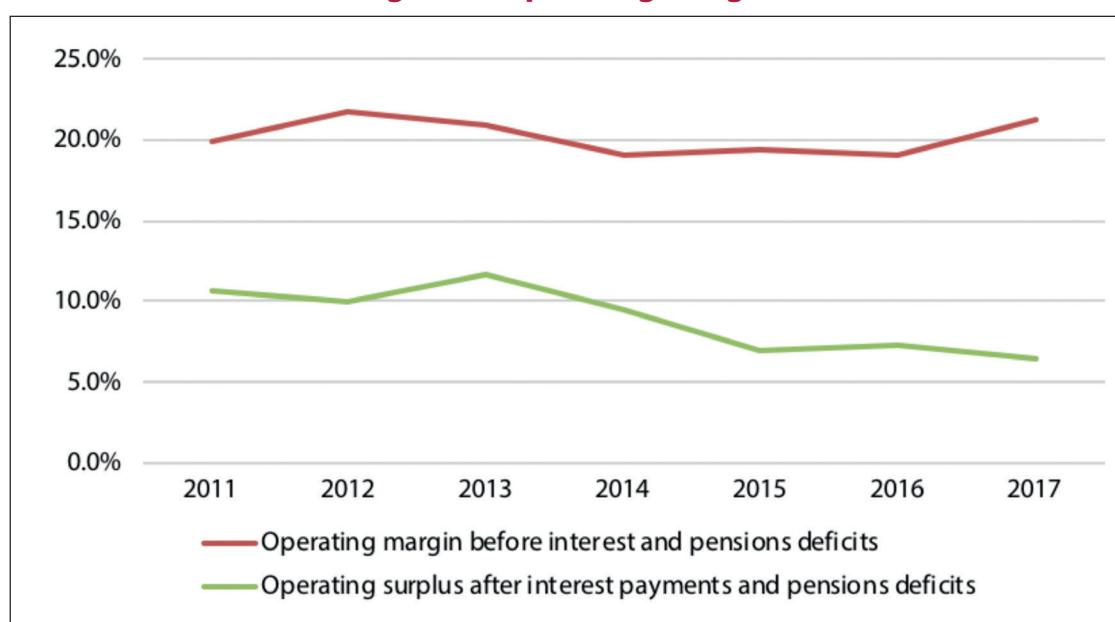
wedi cynyddu o £5,000 yn 2016 i £5,076 yn 2017, cynnydd o ychydig dan 2.0%. Gellir priodoli hyn i daliadau gwasanaeth, rhenti uwch a godir am anheddu newydd eu datblygu a'r cynnydd blynnyddol mewn rhent. Mae'r cynnydd yn is na'r cynnydd 'pennawd' o 2.5% a ganiateir ym Mholisi Rhent Llywodraeth Cymru ac yn dangos ymwybyddiaeth cymdeithasau o fforddiadwyedd. Yn ystod y cyfnod hwn bu costau gweithredu a chostau rheoli fesul annedd cymdeithasau yn gostwng fel canlyniad i ffocws parhaus gan y sector ar sicrhau arbedion.

Mae'r gyfran o incwm a werir bob blwyddyn ar reoli a chynnal a chadw wedi aros fwy neu lai yr un fath, ac felly hefyd y gorswm gweithredu ar tua 20%. Byddai cymhariaeth dros gyfnod o bum mlynedd yn rhoi mwy o ddadansoddiad tueddiadau ond mae'r newidiadau diweddar ac mewn cyfrifeg a nodwyd eisoes yn golygu mai dim ond tair blynedd o ddata cymharol sydd ar gael.

Mae'r graff dilynol yn dangos gorswm gweithredu tai cymdeithasol ar gyfer y sector, er mwyn rhoi gwybodaeth ddefnyddiol dros gyfnod hirach:

Bu'r gorswm gweithredu o weithgareddau tai cymdeithasol cyn llog a chyfraniadau diffyg pensiwn yn fras gyson dros y pum mlynedd ddiwethaf, ac roedd yn 21% ar gyfer 2017. Fodd bynnag, wrth i gymdeithasau tai barhau i ddatblygu yn defnyddio mwy o fenthyciadau, yn arbennig o gynlluniau heblaw grant a'r cynlluniau hynny a gyllidwyd o Grant Refeniw Cyllid Tai (HFG), mae lefel y taliadau llog wedi cynyddu, a gyda diffygion pensiwn wedi'u cynnwys, mae'n golygu fod mesur y gorswm yn 6.5% ar gyfer 2017.

**Figure 7: Operating margin**



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

The broad picture has been one of reducing voids and bad debts, although there was a 'spike' of voids in 2014. However, as a sector the rent loss due to voids has increased during 2017. While bad debts have remained at 0.5% from 2016 and 2017, the loss through voids has increased to 1.5% for the first time since 2014. There will be differing reasons for the increased voids between housing associations, however part of this will undoubtedly be due to the 'bedroom tax' under the Welfare Reform and the lack of suitable alternative properties.

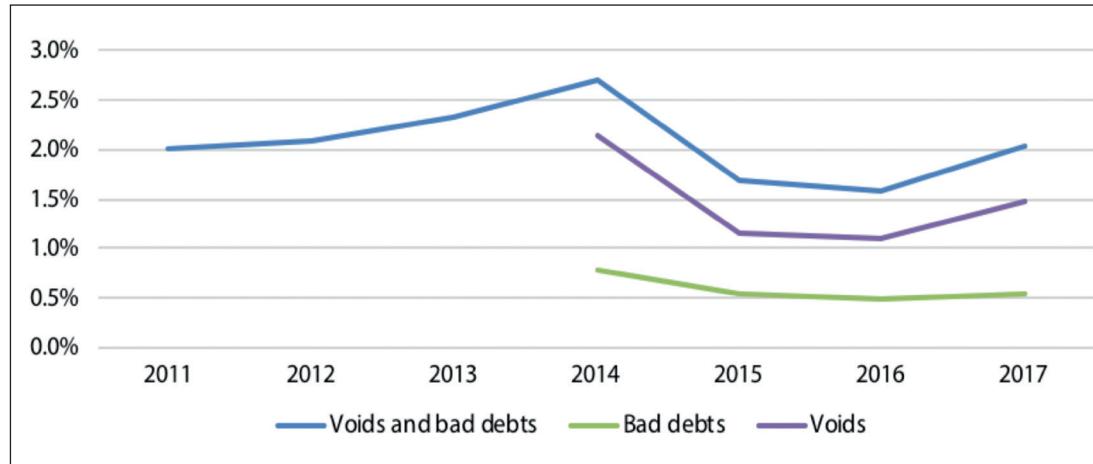
The gross arrears as a percentage of turnover data have been collected since 2014. This shows a very slight increase from 4.1% to 4.3% over the period. This has been at a time of increasing change to welfare benefit entitlements and increased pressure upon income of housing association tenants. The pressures arising from Welfare Reform will increase over the next few years as all claimants will transfer across to Universal Credit.

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

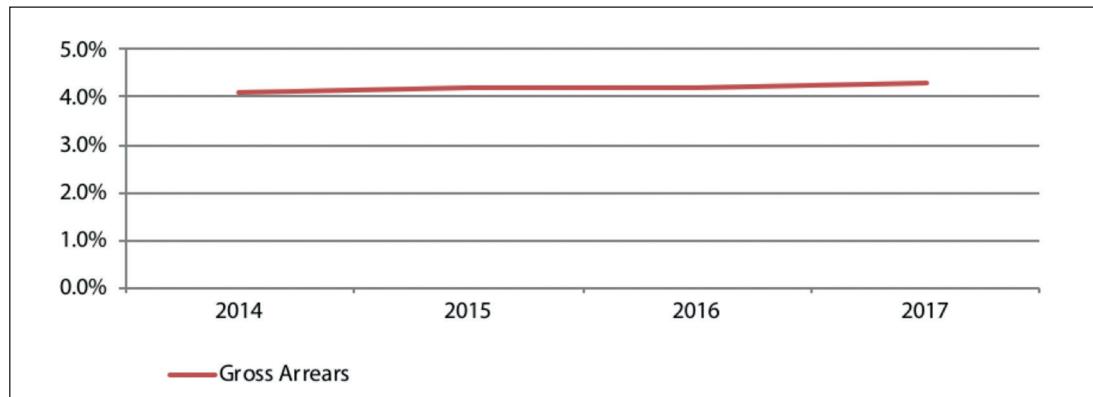
Y darlun cyffredinol fu un o ostyngiad mewn unedau gwag a dyledion drwg, er y bu 'pigyn' mewn unedau gwag yn 2014. Fodd bynnag, fel sector mae'r golled rhent oherwydd unedau gwag wedi cynyddu yn ystod 2017. Er bod dyledion drwg wedi parhau ar 0.5% o 2016 a 2017, mae'r golled drwy unedau gwag wedi cynyddu i 1.5% am y tro cyntaf ers 2014. Bydd gan gymdeithasau tai wahanol resymau am y cynnydd yn nifer yr unedau gwag, fodd bynnag bydd rhan o hyn yn ddi-os oherwydd y 'drefh ystafelloedd gwely' dan ddiwygio llesiant a diffyg anheddu eraill addas.

Cafodd y data ôl-ddyledion gros fel canran o drosiant ei gasglu ers 2014. Mae hyn yn dangos cynnydd bach iawn o 4.1% i 4.3% dros y cyfnod. Bu hyn ar adeg o newid cynyddol i hawl i fudd-daliadau tai a phwysau ychwanegol ar incwm tenantiaid cymdeithasau tai. Bydd y pwysau sy'n deillio o ddiwygio llesiant yn cynyddu dros yr ychydig flynyddoedd nesaf wrth i bawb sy'n hawlio drosglwyddo i'r Credyd Cynhwysol.

**Figure 8: Voids and bad debts**



**Figure 9: Gross arrears as a percentage of turnover**



The fourth measure relating to efficiency is the weighted average cost of capital. It is calculated as the overall interest rate the sector is paying on the money borrowed to invest in housing, and indicates the efficiency of borrowing by housing associations. The chart below shows that this has remained broadly stable over the past five years.

The average interest rate is the net effect of many factors. While short term variable interest rates are low, many associations are locked into higher priced fixed rate interest agreements, entered into several years ago. While long term loan finance is available through the 'bond' market at relatively low interest rates those associations enjoying low priced traditional bank finance have had to pay breakage costs to unwind restrictive covenants causing potential increases their overall weighted interest rate. However, it is necessary to remove such restrictive covenants and increase operational flexibility to enable them to borrow the funds to support their development programmes.

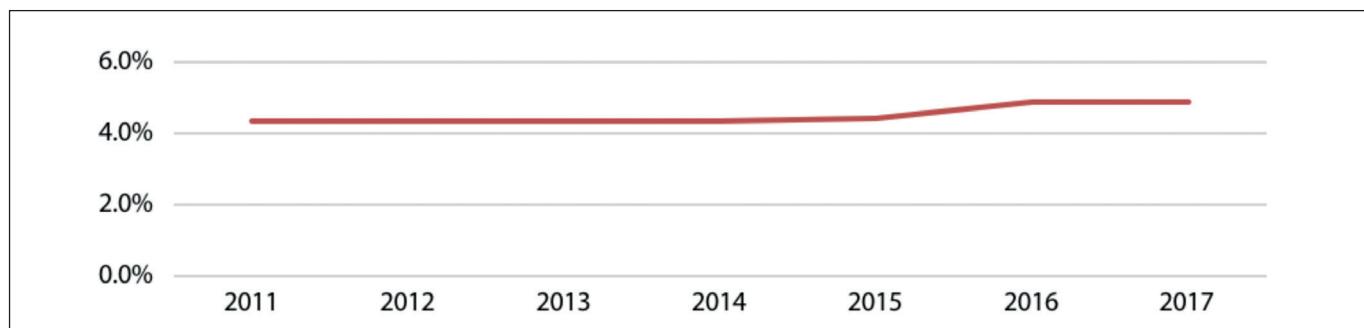
The fifth financial efficiency measure relates to free cash. This identifies whether a business is generating sufficient cash to pay for its day-to-day management and maintenance expenditure, interest payments and component replacements (replacement of items such as kitchens and bathrooms). This is a critical measure for any organisation to help it understand its financial viability and, as such, the Welsh Government requires all housing associations to report it in their annual accounts. However, given 2017 was only the second year this calculation was required, and the fact associations are at different points in ensuring all their homes comply with WHQS, meaningful trend comparisons are difficult to formulate at this stage. See the cash flow section on page 9 for further information. While the efficiency of services, effectiveness and value of outcomes delivered cannot be derived from the Global Accounts this document does highlight the sector's contribution to providing additional homes across Wales.

Mae'r pedwerydd mesur yn ymwneud ag effeithiolrwydd a dyma gost cyfartalog pwysedig cyfalaf. Caiff ei gyfrif fel y gyfradd log gyffredinol a delir gan y sector ar yr arian a fenthycwyd i fuddsoddi mewn tai, ac mae'n dangos effeithiolrwydd benthyc a gan gymdeithasau tai. Mae'r siart islaw'n dangos fod hyn wedi parhau fwy neu lai'n sefydlog dros y pum mlynedd diwethaf.

Mae'r gyfradd log gyfartalog yn effaith net llawer o ffactorau. Er bod cyfraddau llog amrywiol tymor byr yn isel, mae llawer o gymdeithasau wedi cloi i gytundebau llog cyfradd sefydlog pris uchel yr ymrwymwyd iddynt flynyddoedd yn ôl. Er bod cyllid benthyg hirdymor ar gael drwy'r farchnad 'bond' ar gyfraddau llog cymharol isel, bu'n rhaid i'r cymdeithasau hynny sy'n mwynhau cyllid traddodiadol pris isel gan fanciau dalu costau torri i lacio cyfamodau cyfyngol gan achosi cynnydd posibl yn eu cyfradd log gyffredinol wedi ei phwysoli. Fodd bynnag, mae angen tynnu cyfamodau cyfyngol o'r fath a chynyddu hyblygrwydd gweithredol i'w galluogi i fenthyc a cyllid i gefnogi'r rhaglen datblygu gan alluogi cymdeithasau i gynorthwyo Llywodraeth Cymru i gyflawni'r targed o 20,000 o gartrefi (yn cynnwys 12,500 o gartrefi fforddiadwy).

Mae pumed mesur effeithiolrwydd ariannol yn ymwneud ag arian rhydd. Mae hyn yn dynodi os yw busnes yn cynhyrchu arian digonol i dalu am ei gwariant dydd-i-ddydd ar reolaeth a chynnal a chadw, taliadau llog ac amnewid cydrannau (gosod eitemau fel ceginau ac ystafelloedd ymolchi newydd). Mae hyn yn fesur hollbwysig ar gyfer unrhyw sefydliad i'w helpu i ddeall ei hyfywedd ariannol ac, o'r herwydd, mae Llywodraeth Cymru yn ei gwneud yn ofynnol i bob cymdeithas tai adrodd hynny yn eu cyfrifon blynnyddol. Fodd bynnag, gan mai dim ond yr ail flwyddyn yr oedd angen y cyfrifiad hwn oedd 2017 a'r ffaith fod cymdeithasau ar wahanol bwyntiau wedi sicrhau fod eu holl anheddu yn cydymffurfio gyda Safon Ansawdd Tai Cymru, mae'n anodd rhoi cymariaethau ystyrion o dueddiadau ar y cam hwn. Mae mwy o wybodaeth yr adran ar lif arian ar dudalen 9. Er nad yw'r Cyfrifon Cynhwysfawr yn medru dangos effeithiolrwydd gwasanaeth, effeithlonrwydd a gwerth canlyniadau a sicrhawyd, mae'r ddogfen hon yn amlyu'r sector at ddarparu cartrefi ychwanegol ledled Cymru.

**Figure 10: Effective interest rate**



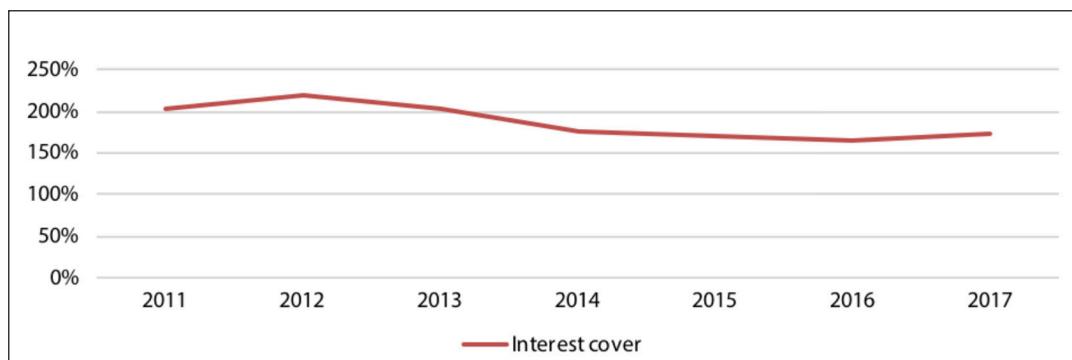
Over 3,000 new social housing properties were added by the sector during 2016/17 with further significant developments underway. The ability of the sector to service debt and take on new debt is imperative to meeting this target and can partially be indicated by interest cover and gearing ratios. The first graph below, interest cover, reports the ratio of cash generated by operations compared to the interest payable on borrowings, and provides an indicator of ongoing resilience demonstrated by the sector to meet development commitments. The second graph, gearing, compares borrowings to the net assets of the organisation.

Overall the level of interest cover has been reducing over time as associations actively develop more properties through borrowing more funds and therefore paying the interest on those loans. Unless offset by increases in operating surplus this figure will continue to decrease as associations pursue further development opportunities. However, with interest cover above 150%, the data indicates that capacity does still exist to service further borrowing and ultimately provide more opportunity for development.

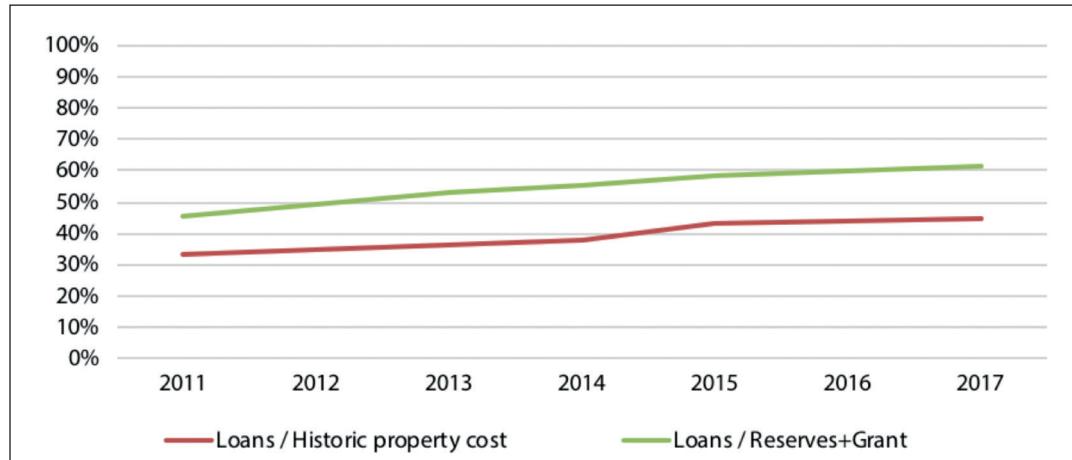
Cafodd dros 3,000 o anheddau tai cymdeithasol newydd eu hychwanegu gan y sector yn ystod 2016/17 gyda datblygiadau sylweddol pellach yn mynd rhagddynt. Mae gallu'r sector i drin dyledion a chymryd dyledion newydd yn hanfodol i gyflawni'r targed hwn a gellir ei ddangos yn rhannol drwy gymarebau sicrwydd llog a gerio. Mae'r graff cyntaf islaw, sicrwydd llog, yn dangos cymhareb arian a gynhyrchwyd gan weithrediadau o gymharu gyda'r llog taladwy ar fenthyciadau, ac mae'n dangos nerth parhaus y sector i gyflawni ymrwymiadau datblygu. Mae'r ail graff, gerio, yn cymharu benthyciadau gydag asedau net y sefydliad.

Yn gyffredinol, bu lefel sicrwydd llog yn gostwng dros gyfnod wrth i gymdeithasau tai ddatblygu mwy o anheddau drwy fenthyca mwy o gyllid ac felly dalu llog ar y benthyciadau hynny Bydd y ffigur hwn yn parhau i ostwng wrth i gymdeithasau geisio cyfleoedd datblygu pellach. Fodd bynnag, gyda sicrwydd llog dros 150%, dengys y data fod galluedd yn dal i fod i drin benthyciadau pellach ac yn y pen draw roi mwy o gyfle ar gyfer datblygiad.

**Figure 11: Interest cover (Operating surplus/interest payments)**



**Figure 12: Gearing**



This assessment of gearing is showing two different bases. The 'Historic property Cost' basis is comparing the loans of housing associations to the depreciated historic cost of the housing properties. The level of gearing of 33% in 2011 meant a third of the property costs were funded by loans, and as housing associations have continued to develop and pursue low and nil grant schemes this level of gearing has steadily increased, and in 2017 was at 44%. The introduction of Housing Finance Grant (HFG) means a greater proportion of the property cost needs to be funded from loan initially. Therefore, housing associations will soon be approaching the point where half the property cost is funded by loans.

The second gearing measure, 'Net Worth' compares the loans of housing associations to reserves and grants. This basis of gearing gives a higher level of gearing but does not reflect the proportion of a property that is funded from loans. With changes to the basis of accounting to be compliant with FRS102, this 'Net Worth' basis of gearing will become increasingly difficult to calculate from the Global Accounts information. Therefore, the 'Net Worth' basis of gearing is not FRS102 compliant.

This increase in gearing is a reflection of the housing associations using their assets more effectively to lever in borrowing and help the Welsh Government deliver much needed new homes. On a 'Historic cost' basis, with less than 50% of the property costs funded by loans, associations collectively are not highly geared compared to levels which would be accepted by lenders and therefore, there does appear greater capacity within the sector to support more borrowing to develop new homes.

As noted earlier, the above VfM measures are purely financial measures that can be calculated for the financial accounts published by each Housing Association. However, there is further work required to develop other VfM measures. CHC is working with housing associations to support their work to promote and detail the social value accrued through housing association activity. It is also anticipated that the financial metrics will be reviewed periodically to ensure they remain relevant and meaningful. In addition, from a tenant's perspective, the level of rent payable is very important and ensuring it remains affordable is crucial.

The Welsh Government is reviewing the Rent Policy during 2018. The sector will be working closely with Welsh Government colleagues to ensure any potential impacts of a new policy consider in full the affordability for tenants and ongoing financial sustainability of associations.

Mae'r asesiad uchod o gerio yn dangos dwy sylfaen wahanol. Mae sail 'cost hanesyddol' yn cymharu benthyciadau cymdeithasau tai gyda chost hanesyddol yr anheddu wedi'i ddibrisio. Mae lefel gerio o 33% yn 2011 yn golygu y cafodd ychydig dan draean costau eiddo eu hariannu gan fenthyciadau. Mae'r lefel hon o gerio wedi cynyddu wrth i gymdeithasau tai barhau i ddatblygu a dilyn cynlluniau grant isel a dim grant, ac roedd yn 44% yn 2017. Mae cyflwyno'r Grant Cyllid Tai yn golygu fod angen ariannu cyfran uwch o gost anheddu o fenthyciad i ddechrau. Felly, bydd cymdeithasau tai cyn hir yn agosáu at y pwynt lle caiff hanner cost eiddo ei gyllido gan fenthyciadau.

Mae 'gwerth net', yr ail fesur gerio, yn cymharu benthyciadau cymdeithasau tai gyda chronfeydd wrth gefn a grantiau. Mae'r sail hon o gerio yn rhoi lefel uwch o gerio ond nid yw'n adlewyrchu cyfran eiddo a gyllidir o fenthyciadau. Gyda newidiadau i sail cyfrifeg i gydymffurfio gyda FRS102, daw'n gynyddol anodd cyfrif sail 'gwerth net' hwn o wybodaeth Cyfrifon Cynhwysfawr. Felly, nid yw sail 'gwerth net' o gerio yn cydymffurfio â FRS102.

Mae'r cynnydd hwn mewn gerio yn dangos bod cymdeithasau tai yn defnyddio eu hasedau'n fwy effeithlon i ysgogi benthyca a helpu Llywodraeth Cymru i gyflenwi cartrefi newydd y mae angen dybryd amdanynt. Ar sail 'cost hanesyddol' gyda llai na 50% o gostau eiddo yn cael eu cyllico gan fenthyciadau, nid yw cymdeithasau gyda'i gilydd wedi gerio'n uchel o gymharu gyda lefelau y byddai benthycwyr yn eu goddef ac felly, ymddengys fod mwy o gapasiti o fewn y sector i gefnogi mwy o fenthyca i ddatblygu cartrefi newydd.

Fel y nodwyd yn gynharach, mesurau ariannol llwyr yw'r mesurau Gwerth am Arian uchod y gellir eu darparu ar gyfer y cyfrifon ariannol a gyhoeddir gan bob cymdeithas tai. Fodd bynnag, mae angen gwneud mwy o waith i ddatblygu mesurau Gwerth am Arian eraill. Mae CHC yn gweithio gyda chymdeithasau tai i gefnogi eu gwaith i hyrwyddo a dangos y gwerth cymdeithasol a gronnir drwy weithgaredd cymdeithasau tai. Rhagwelir hefyd y caiff y metrigau ariannol eu hadolygu'n gyfnodol i sicrhau eu bod yn parhau'n berthnasol ac ystyrlon. Yn ychwanegol, o safbwyt tenant, mae lefel y rhent a delir yn bwysig iawn ac mae'n hollbwysig sicrhau ei fod yn parhau'n fforddiadwy.

Mae Llywodraeth Cymru yn adolygu'r Polisi Rhent yn ystod 2018 ac felly bydd y sector yn gweithio'n agos gyda chydweithwyr yn Llywodraeth Cymru i wneud yn siŵr fod unrhyw bolisi rhent newydd yn sicrhau fod rhenti'n parhau'n fforddiadwy tra'n sicrhau bod cymdeithasau tai yn parhau'n ariannol gynaliadwy.



# 05

## Private Finance Summary

## Crynodeb Cyllid Preifat

# Private Finance Summary

# Crynodeb Cyllid Preifat

**Figure 13: Loans by lender, short and long term**

Lender	2017 Loan Drawn	2017 Loan Outstanding	2017 Loan Undrawn	2017 outstanding & undrawn loan	2016 outstanding & undrawn loan	2017 Rank	2016 Rank
	£m	£m	£m	£m	£m		
Barclays	465	445	151	596	561	1	1
Nat West/RBS	426	379	92	471	493	2	2
HBOS/Lloyds	298	280	111	390	374	3	3
Nationwide	361	304	41	344	349	4	4
Santander	214	203	91	294	282	5	5
M&G	266	264	15	279	255	6	6
THFC	238	234	-	234	234	7	7
Principality	211	151	9	160	158	8	8
Affordable Housing Finance	88	88	13	101	56	9	11
Dexia	98	74	-	74	77	10	9
EIB	44	44	14	58	63	11	10
Orchardbrook	53	40	-	40	42	12	12
Yorkshire Building Society	25	25	15	40	30	13	15
Pensions Insurance Corporation (PIC)	35	35	-	35	35	14	14
Cooperative	39	29	-	29	41	15	13
Housing Securities Ltd	29	28	-	28	28	16	16
BAE Systems Pension Fund	20	20	-	20	-	17	n/a
Triodos	10	10	-	10	10	18	17
Clydesdale Bank	-	-	10	10	-	19	n/a
Aviva	9	9	-	9	9	20	18
Unity Trust	8	7	2	9	8	21	19
Handelsbanken	5	4	-	5	5	22	20
GB Social Housing	4	4	-	4	4	23	21
Bank of Ireland	5	2	-	2	3	22	19
<b>Total</b>	<b>2,950</b>	<b>2,678</b>	<b>565</b>	<b>3,243</b>	<b>3,116</b>		

## Short and long term debt

**Short term (up to 5 years)**

**Long term (over 5 years)**

**Total**

	2017 Loan Facility £m	2016 Loan Facility £m
	239	192
	3,275	3,145
	<b>3,514</b>	<b>3,337</b>

**Figure 14: 2017 New debt**

Lender	2017 New Facility £m	2017 New Finance Drawn £m
Affordable Housing Finance	45	39
BAE Systems Pension Fund	20	20
Barclays	42	13
Clydesdale Bank	10	-
EIB	-	15
Aviva	9	-
HBOS /Lloyds	22	5
M&G	25	25
NatWest / RBS	0	16
Nationwide	4	7
Principality	13	15
Santander	19	23
Triodos	-	4
Unity Trust	3	5
Yorkshire Building Society	10	1
	<b>222</b>	<b>188</b>

During 2017 £222m of new debt facility was arranged, a 14% rise from £194m in 2016. This included a £45m new facility from the AHF programme and £42m from Barclays. There have been 2 notable new entrants into the sector: BAE Systems Pension Fund and Clydesdale Bank with their facilities totalling £30m. Increases in facilities from traditional banks are generally shorter term, with the sector continuing to seek alternative modes of longer term funding through Bond finance /institutional investors that can be attractive to associations on term, flexibility and overall cost of funds.

The net rise in total amount of drawn and undrawn facility in 2017 is £127m, increasing from £3,116m to £3,243m, whereas the sector has arranged £222m of new facilities. Therefore, the net position is that the sector has repaid £95m of older debt. These repayments are a combination of profile repayments of those loans, or repayment of loans as part of re-financing exercises.

In addition to securing private finance the sector has also received funding from Local Authority partners and Welsh Government including Land for Housing and Affordable Housing initiatives.

Trefnwyd £222m o gyfleuster dyled newydd yn ystod 2017, cynnydd o 14% o £194m yn 2016. Mae hyn yn cynnwys cyfleuster newydd o raglen AHF a £42m gan Barclays. Mae 2 fenthycyd amlwg newydd wedi ymuno â'r sector: Cronfa Bensiwn BAE Systems a Banc Clydesdale gyda'u cyfleusterau yn gyfanswm o £30m. Mae cynnydd mewn cyfleusterau gan fanciau traddodiadol yn gyffredinol yn rhai tymor byrrach, gyda'r sector yn parhau i geisio dulliau eraill o fenthycyd tymor hirach drwy gyllid bond/buddsoddwyr sefydliadol a all fod yn ddeniadol i gymdeithasau ar gyfnod, hyblygrwydd a chyfanswm cost cyllid.

Mae'r cynnydd net yng nghyfanwm y cyfleuster a dynnwyd ac nas tynnwyd yn 2017 yn £127m, gan gynyddu o £3,116m i £3,243m, lle mae'r sector wedi trefnu £222m o gyfleusterau newydd. Felly, y sefyllfa net yw bod y sector wedi ad-dalu £95m o ddyled hŷn. Mae'r ad-daliadau hyn yn gyfuniad o ad-daliadau proffil o'r benthyciadau hynny, neu ad-dalu benthyciadau fel rhan o ymarferion ail-gyllido.

Yn ogystal â sicrhau cyllid preifat mae'r sector hefyd wedi derbyn cyllid gan bartneriaid mewn Awdurdodau Lleol a Llywodraeth Cymru yn cynnwys cynlluniau Tir ar gyfer Tai a Thai Fforddiadwy.

## Effective rate of interest

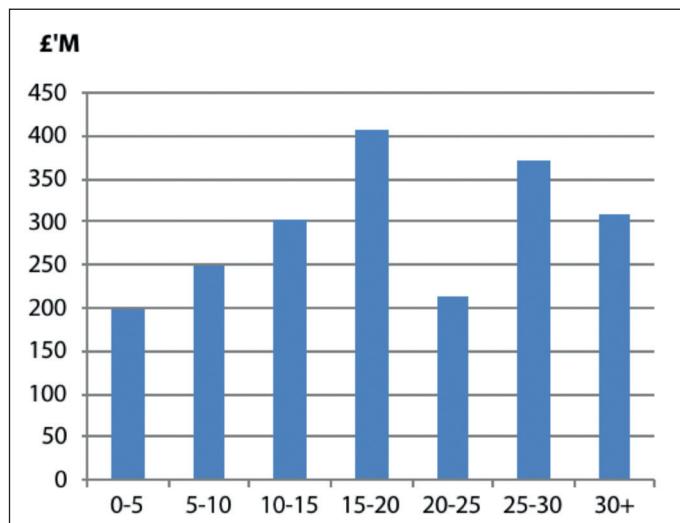
The overall interest paid by the sector was £120m; an increase of nearly 7% on 2016 (£112m). The effective interest rate for the sector for 2017 was 4.87% (4.89% in 2016) – the traditional housing association rate was 4.4% and for LSVTs the rate was 6.3%.

During the period housing associations have continued to benefit from low interest rates, the Bank of England Base Rate fell from 0.5% to 0.25% in August 2016. The three month London Interbank Offered rate (LIBOR) also fell during the period from 0.59% in April 2016 to 0.34% in March 2017. Inevitably favourable interest rates will not remain indefinitely so continued effective treasury management and comprehensive business plan stress-testing will help associations manage risk. If housing associations are to buy-out restrictive loan covenants the consequence is likely to be increased costs to pay funders. Therefore rises in the effective interest rate in future could crystallize even during benign economic periods.

The level of fixed rate debt in the sector remains the same as in 2016 at 74%. The end date for these tranches of debt is spread over the next thirty years, with less than 10% due to end in the next five years as illustrated in the table below. Similarly, the Bullet Repayment debt, paid in full at the end of the loan period, is also spread over the next thirty years.

Given the current debt levels and the profiles shown below the sector is, to a reasonable degree, protected against future interest rate rises.

**Figure 15: End date for fixed rates (years remaining)**



## Cyfradd log weithredol

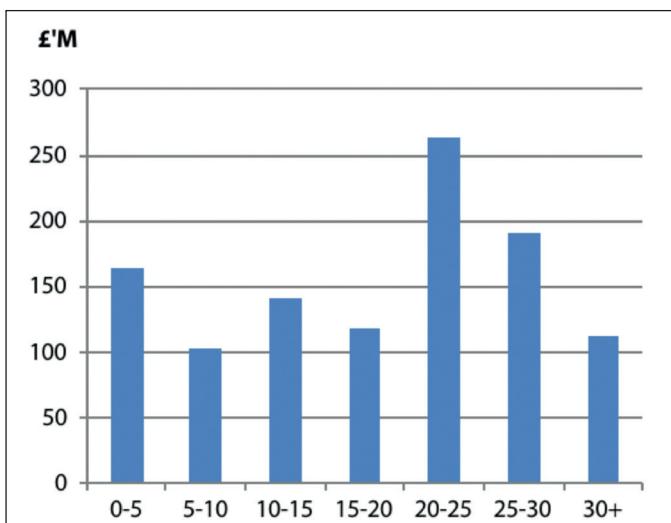
Cyfanswm lefel y llog a dalwyd gan y sector oedd £120m, cynnydd o bron 7% ar 2016 (£112m). Roedd cyfradd log weithredol y sector yn 2017 yn 4.87% (4.89% yn 2016) - roedd cyfradd cymdeithasau tai traddodiadol yn 4.4% a chyfradd LSVT yn 6.3%.

Yn ystod y cyfnod mae cymdeithasau tai wedi parhau i fanteisio o gyfraddau llog isel, gyda chyfradd sylfaen Banc Lloegr wedi gostwng o 0.5% i 0.25% yn Awst 2016. Gostyngodd y LIBOR ('London Interbank Offerred Rate') tri-misol hefyd yn ystod y cyfnod o 0.59% yn Ebrill 2016 i 0.34% ym Mawrth 2017. Mae'n anochel na fydd cyfraddau llog ffafriol yn parhau am gyfnod amhenadol felly bydd rheolaeth trysorlys effeithlon a phrofion straen cynhwysfawr ar gynlluniau busnes yn helpu cymdeithasau i drin risg. Os yw cymdeithasau tai i brynu cyfamodau benthyciad cyfyngol allan, mae'r canlyniad yn debygol o fod yn gostau cynyddol i dalu cyllidwyr. Felly gallai cynydd yn y gyfradd log weithredol yn y dyfodol ddod i fod hyd yn oed yn ystod cyfnodau economaidd mwyn.

Mae lefel dyled cyfradd sefydlog yn parhau'r un fath ag yn 2016 ar 74%. Caiff dyddiad gorffen y dognau hyn o ddyled ei ledaenu dros y 30 mlynedd nesaf gyda llai na 10% i ddod i ben yn y pum mlynedd nesaf fel y dangosir yn y tabl islaw. Yn yr un modd, caiff y ddyled ad-dalu bwled, a delir yn llawn ar ddiwedd y cyfnod benthyca, hefyd ei ledaenu dros y deng mlynedd ar hugain nesaf.

O gofio am y lefelau dyled cyfredol a'r proffiliau a ddangosir islaw, mae'r sector - i raddfa resymol - wedi'i ddiogelu rhag cynydd mewn cyfraddau llog yn y dyfodol.

**Figure 16: Bullet repayments (years to repayment)**





# 06

## Trend Analysis and VfM Indicators

## Dadansoddiad Tueddiadau a Dangosyddion Gwerth am Arian

# Trend Analysis and VfM Indicators

# Dadansoddiad Tueddiadau a Dangosyddion Gwerth am Arian

**Figure 17: Trend analysis 2015 - 2017**

	2017 All	2016 All	2015 All
Growth in turnover	0.3%	4.9%	9.1%
Growth in operating costs	-2.6%	5.3%	8.6%
Growth in operating surplus	12.7%	3.0%	10.6%
Growth in interest paid	7.2%	6.7%	8.2%
Growth in total fixed assets	6.8%	5.8%	9.1%
Growth in long term debt	8.4%	8.2%	8.7%
Growth in capital and reserves	6.3%	8.5%	5.3%
Turnover per employee (£000s)	£83	£85	£81
Interest cover	172%	166%	158%
Number of homes	160,636	157,608	155,871

**Figure 18: Value for Money Indicators – annual sector averages**

	2017	2016
Total operating cost per social housing unit	£2,990	£3,118
Management costs per social housing unit	£1,181	£1,221
Reactive costs per social housing unit	£1,091	£1,087
Major repairs & components per social housing unit (Capital)	£1,084	£1,218
Major repairs & components per social housing unit (Capital and Revenue)	£1,319	£1,507
Bad debt costs per social housing unit	£29	£41
Weighted average cost of capital	4.87%	4.89%
Free cash inflow (outflow) per housing association	£222	£55
Gross arrears / social housing turnover	4.30%	4.20%
Turnover per social housing unit	£5,076	£5,000
Rental void loss per social housing unit	£79	£90



# 07

## Challenges, Risks and Regulatory Expectations

## Heriau, Risgiau a Disgwyliadau Rheoleiddiol

# Challenges, Risks and Regulatory Expectations

Housing associations continue to face an increasingly complex and challenging operating environment. Regulatory focus will be on strategic risks and business viability issues - specifically on how the Board is assured that its primary responsibility of ensuring the effective running of the association is fully and properly discharged.

The Board needs to understand the issues and risks it faces in delivering its own operations. Some of these will be unique but there are risks and issues which are relevant to the sector as a whole, as are the regulatory expectations.

The Regulator will be seeking assurance from each Board that risks faced in relation to governance including landlord services and financial viability are being identified and managed effectively, that they are meeting the Performance Standards and complying with all guidance and statutory requirements. Where the Regulator is unable to gain sufficient assurance a Board understands the risks to its business or where there is evidence that, through poor quality decision making, it is mismanaging them, the concerns will be reflected in the published regulatory judgement and accompanied, where necessary, by appropriate regulatory action.

It is essential that Boards should understand fully the particular set of critical risks and issues which are relevant to their own business, they must consider the cumulative effect of risks, particularly where they operate in areas of high deprivation and should also balance understanding and managing risks against the risk of stagnation.

# Heriau, Risgiau a Disgwyliadau Rheoleiddiol

Mae cymdeithasau tai yn parhau i wynebu amgylchedd gweithredu cynyddol gymhleth a heriol. Bydd y ffocws rheoleiddiol ar risgiau strategol a materion hyfywedd busnes - yn benodol ar sut y caiff y Bwrdd ei sicrhau y caiff ei brif gyfrifoldeb o sicrhau y caiff y gymdeithas ei rhedeg yn effeithlon ei gyflawni'n llawn ac yn gywir.

Mae angen i'r Bwrdd ddeall y materion a'r risgiau sy'n ei wynebu wrth gyflwyno ei weithrediadau ei hun. Bydd rhai ohonynt yn unigryw ond mae risgiau a materion sy'n berthnasol i'r sector yn ei gyfanwydd, a felly hefyd y disgwyliadau rheoleiddiol.

Bydd y Rheoleiddiwr yn ceisio sicrwydd gan bob Bwrdd fod risgiau a wynebir yng nghyswllt llywodraethiant yn cynnwys gwasanaethau landlord a hyfywedd ariannol yn cael eu dynodi a'u rheoli'n effeithlon, eu bod yn cyflawni'r Safonau Perfformiad ac yn cydymffurfio gyda'r holl ganllawiau a gofynion statudol. Lle na all y Rheoleiddiwr gael sicrwydd digonol fod Bwrdd yn deall y risgiau i'w fusnes neu lle mae dystiolaeth ei fod, oherwydd gwneud penderfyniadau gwael, yn eu camreoli, yna caiff y pryderon eu hadlewyrchu yn y dyfarniad rheoleiddiol a gyhoeddir a lle bo angen nodir gweithredu rheoleiddiol priodol.

Mae'n hanfodol fod Byrddau'n deall yn llawn y risgiau a materion hollbwysig sy'n berthnasol i'w busnes eu hunain. Mae'n rhaid iddynt ystyried effaith gronnu risgiau, yn arbennig lle gweithredant mewn ardaloedd amddifadedd uchel a dylai hefyd gydbwysol deall a rheoli risgiau yn erbyn risg diffyg twf.

## Regulatory and enforcement powers

Boards are expected to act voluntarily to address any matters of concern identified through regulatory activity. However, should this not be the case, the Welsh Ministers have the powers to intervene to require appropriate action to be taken. In addition, capital or revenue funding from the Welsh Government could also be affected. The powers are contained in the Housing Act 1996, as amended by the Housing (Wales) Measure 2011.

## Regulatory reform

The ONS review of the classification of housing associations in Wales focused on an assessment of the central and local government controls applying to associations, as principally set out in the Housing Act 1996, including the provisions inserted into that Act by the Housing (Wales) Measure 2011. The review also considered certain local authority controls which may arise as a result of arrangements between local authorities and housing associations.

The Welsh Government has introduced the Regulation of Registered Social Landlords (Wales) Bill which, if enacted, will enable ONS reclassifying housing associations in Wales to the Private Non-Financial Corporations sector. The Bill is currently at stage 4, details of the Bill and its progress through the National Assembly for Wales can be accessed here:

[Regulation of RSLs Bill](#)

## Performance Standards

In 2017, the Public Accounts Committee (PAC) carried out an Inquiry into the Regulatory Oversight of Housing Associations. The report of the Inquiry was published in August 2017 and found governance and regulation within the sector to be working well enough for housing associations to be granted more autonomy, and that the new Regulatory Judgements are a step in the right direction. The view of the Public Accounts Committee was that housing associations should do more to be more open and clear in their decision making. Housing associations have welcomed this view and are striving to enhance transparency going forward demonstrating the sector's continuing objective to improve services they provide.

## Pwerau rheoleiddiol a gorfodaeth

Disgwyllir i Fyrddau weithredu'n wirfoddol i fynd i'r afael ag unrhyw faterion o gonsyrn a ddynodwyd drwy weithgaredd rheoleiddiol. Fodd bynnag, os nad yw hyn yn digwydd, mae gan Weinidogion Cymru y grymoedd i ymyrryd i'w gwneud yn ofynnol i gamau gweithredu priodol gael eu cymryd. Yn ychwanegol, gellid hefyd effeithio ar gyllid cyfalaf neu refeniw gan Lywodraeth Cymru. Caiff y pwerau eu cynnwys yn Neddf Tai 1996 fel y'i diwygiwyd gan Fesur Tai (Cymru).

## Diwygio rheoleiddiol

Ffocws adolygiad y Swyddfa Ystadegau Gwladol (ONS) o gymdeithasau tai oedd asesiad o fesurau rheoli llywodraeth ganolog a lleol yn weithredol i gymdeithasau, fel y'u nodir yn bennaf yn Neddf Tai 1996 yn cynnwys y darpariaethau a roddwyd yn y Ddeddf honno gan Fesur Tai (Cymru) 2011. Fe wnaeth yr adolygiad hefyd ystyried rhai mesurau rheoli awdurdodau lleol a all godi fel canlyniad i drefniadau rhwng awdurdodau lleol a chymdeithasau tai.

Mae Llywodraeth Cymru wedi cyflwyno Bil Rheoleiddio Landlordiaid Cymdeithasol Cofrestredig (Cymru) a fyddai, pe'i gweithredir, yn galluogi'r ONS i ailddosbarthu cymdeithasau tai yng Nghymru i'r sector Corfforaethau Anariannol Preifat. Mae'r Bil ar gam 4 ar hyn o bryd. Mae manylion y Bil a'i hynt drwy Gynulliad Cenedlaethol Cymru ar gael yma:

[Bil Rheoleiddio LCC](#)

## Safonau Perfformiad

Yn 2017, cynhaliodd y Pwyllgor Cyfrifon Cyhoeddus ymchwiliad ar Drefn Rheoleiddio Cymdeithasau Tai. Cyhoeddwyd adroddiad yr Ymchwiliad ym mis Awst 2017 a chanfu bod llywodraethiant a rheoleiddiad o fewn y sector yn gweithio'n ddigon da i gymdeithasau tai gael mwy o annibyniaeth, a bod y Dyfarniadau Rheoleiddiol newydd yn gam yn y cyfeiriad cywir. Credai'r Pwyllgor Cyfrifon Cyhoeddus y dylai cymdeithasau tai wneud mwy i fod yn agored a chlir yn eu penderfyniadau. Mae cymdeithasau tai wedi croesawu'r farn hon ac maent yn ymdrechu i gynyddu tryloywder yn y dyfodol gan ddangos mai amcan barhaus y sector yw gwella'r gwasanaethau a ddarparant.

## Challenges, Risks and Regulatory Expectations

Ref	Performance Standard	Guidance	Challenges, Risks and Regulatory Expectations
PS.1	<b>Effective Board and executive management with a clear and ambitious vision for the housing association</b>	<p>Sets a clear vision and values for the organisation which deliver and progress the core purpose of the business.</p> <p>Governance arrangements establish and maintain clear roles, responsibilities and accountabilities for the board, chair and chief executive and ensure appropriate probity arrangements are in place.</p> <p>Complies with governing documents including adopting, and complying with, an appropriate code of governance.</p> <p>Adheres to all relevant law.</p>	<p><b>Governance &amp; leadership:</b> The Regulator will continue to seek assurance on the quality of the leadership of the Board and senior management team. Effective and robust relationships, behaviours and culture are necessary in driving and managing change.</p> <p>Good governance is at the heart of a strong business and there is substantial evidence those organisations with poor governance are most likely to mismanage their risks. Where the Regulator sees evidence of risks materialising which are not adequately mitigated, it will intervene.</p> <p>Boards will be expected to give due consideration to their Board assurance arrangements. A structured approach to assurance enables Board members to feel confident in the information it receives and uses to inform decision making. Boards should determine; what they require assurance on, how much assurance they need, how this will be provided, what plans are in place to ensure data quality and how the assurance process is kept under review and improved. A number of housing associations are working to implementing a structured Board Assurance Framework to meet this requirement.</p> <p><b>Understanding the changing operating environment:</b> Boards must be strategically effective in forward planning and seeing the 'bigger picture' and should be aware of the implications of the fast changing external environment.</p> <p><b>Equality and diversity including Board diversity –</b> housing association activities and services should reflect the diversity of communities where they operate and be free from discrimination and promote equality of opportunity. Housing associations are expected to implement the equality and diversity requirements set out in their Code of Governance and the Equality Act 2010.</p> <p>Overall the 2017 Board Diversity return show a disappointing reduction in the representativeness of Boards in Wales since 2016 in terms of ethnicity and age. Gender balance continues to improve but women are underrepresented when compared to the population generally. This is unacceptable and, where necessary, Boards are expected to set out plans to improve representativeness as it recruits new members.</p>

## Heriau, Risgiau a Disgwyliadau Rheoleiddiol

Cyf	Safon Perfformiad	Canllawiau	Heriau, Risgiau a Disgwyliadau Rheoleiddiol
SP.1	<p><b>Rheoli effeithlon gan y Bwrdd a gweithredwyr gyda gweledigaeth glir ac uchelgeisiol ar gyfer y gymdeithas tai</b></p> <p>Gosod gweledigaeth a gwerthoedd clir ar gyfer y sefydliad sy'n cyflenwi ac yn datblygu diben craidd y busnes.</p> <p>Mae trefniadau llywodraethiant yn sefydlu ac yn cynnal rolau, cyfrifoldebau ac atebolrwydd clir ar gyfer y bwrdd, y cadeirydd a'r prif swyddog gweithredol a sicrhau bod trefniadau cywirdeb priodol yn eu lle.</p> <p>Cydymffurfio gyda dogfennau llywodraethu yn cynnwys mabwysiadu a chydymffurfio gyda chod llywodraethiant priodol.</p> <p>Cydymffurfio gyda'r holl ddeddfau perthnasol.</p>	<p>Llywodraethiant ac arweinyddiaeth. Bydd y Rheoleiddiwr yn parhau i geisio sicrwydd ar ansawdd arweinyddiaeth y Bwrdd a'r uwch dîm rheoli. Mae perthnasoedd, ymddygiad a diwylliant effeithlon a chadarn yn briodol wrth hybu a rheoli newid.</p> <p>Mae llywodraethiant da yn ganolog i fusnes cryf ac mae tystiolaeth sylweddol mai'r sefydliadau hynny sydd fwyaf tebygol o gamreoli eu risgiau yw'r rhai gyda llywodraethiant gwael. Bydd y Rheoleiddiwr yn ymyrryd lle mae'n gweld tystiolaeth o risgiau yn dod i fod na chaiff eu lliniaru'n ddigonol.</p> <p>Disgwylir i fyddau roi ystyriaeth briodol i drefniadau sicrwydd eu Bwrdd. Mae ymagwedd wedi'i strwythuro at sicrwydd yn galluogi aelodau Bwrdd i deimlo'n hyderus yn yr wybodaeth y mae'n ei derbyn a'i defnyddio i fod yn sylfaen wrth wneud penderfyniadau. Dylai Byrddau benderfynu beth maent angen sicrwydd arno, faint o sicrwydd maent ei angen, sut y darperir hyn, pa gynlluniau sydd yn eu lle i sicrhau ansawdd data a sut y caiff y broses sicrwydd ei hadolygu a'i gwella. Mae nifer o gymdeithasau tai yn gweithio i weithredu fframwaith sicrwydd bwrdd strwythuredig i gyflawni'r gofyniad hwn.</p> <p>Deall y newid yn yr amgylchedd gweithredu: mae'n rhaid i Fyrddau fod yn strategol effeithlon wrth flaen-gynllunio a gweld y 'darlun mwy' a dylent fod yn ymwybodol o oblygiadau y newid cyflym yn yr amgylchedd allanol.</p> <p>Cydraddoldeb ac amrywiaeth yn cynnwys amrywiaeth y Bwrdd - dylai gweithgareddau a gwasanaethau cymdeithas tai adlewyrchu amrywiaeth y cymunedau lle maent yn gweithredu, bod yn rhydd o wahaniaethu ac yn hyrwyddo cyfle cyfartal. Disgwylir i gymdeithasau tai weithredu gofynion cydraddoldeb ac amrywiaeth a nodir yn eu Cod Llywodraethiant a Deddf Cydraddoldeb 2010.</p> <p>Mae ffurflenni Amrywiaeth Bwrdd 2017 yn gyffredinol yn dangos gostyngiad siomedig ym mha mor gynrychioladol o ran ethnigrwydd ac oedran yw Byrddau yng Nghymru ers 2016. Mae cydbwyssedd rhwng y rhywiau yn parhau i wella ond caiff menywod eu tangynrychioli o gymharu â'r boblogaeth yn gyffredinol. Mae hyn yn annerbyniol a, lle bo angen, disgwylir i Fyrddau nodi cynlluniau i wella pa mor gynrychioladol ydynt wrth iddynt reciriwtio aelodau newydd.</p>	

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PS.2	<b>Effective and appropriate tenant involvement, evidencing high quality and improving services</b>	<p>Demonstrates how tenants are effectively involved in strategic decision making and shaping services in ways appropriate for tenants and the organisation.</p> <p>Demonstrates how the board assures itself of current service performance, including tenant satisfaction, and drives continuous improvement.</p> <p>Ensures that all homes meet required standards of design and quality.</p> <p>Meets all applicable statutory requirements providing for the health and safety of the occupants in the home.</p>	<p>Boards must be able to evidence effective tenant involvement in strategic decision making, shaping services in ways which are appropriate for the housing association and ensuring landlord services are high quality and improving. Boards must be able to demonstrate how they have determined the involvement structure is appropriate for their housing association and the outcomes delivered.</p> <p>Boards must be able to evidence their service performance monitoring is effective, ensuring high quality and improving services. Boards will be expected to understand their data, have robust mechanisms to address failing performance and understand how the data is used to improve services.</p> <p>From 2018, comparative tenant satisfaction data will be available to stakeholders that should increase scrutiny, accountability and transparency.</p> <p>Boards must be fully cognisant of their health and safety responsibilities, duties and liabilities including fire, gas and electrical safety and testing requirements. Boards need to provide assurance their Health and Safety reporting system is accurate and robust, is able to identify failings but, more importantly, implement improvements quickly. The regulator will require Boards to set out its assurance methodology for Health and Safety Management systems and performance. This could include periodic audits or peer reviews for example but should take place at least every two years.</p> <p>WHQS - Boards are expected to plan an approach to reducing the number of acceptable fails, including where tenants choice has been taken into account. The installation of showers and other basic amenities should be prioritised. From 2018, comparative WHQS data will be available to stakeholders for scrutiny. Boards are expected to understand their data and their plans to improve compliance.</p>

Cyf	Safon Perfformiad	Canllawiau	Heriau, Risgiau a Disgwyliadau Rheoleiddiol
SP.2	<p><b>Ymgyfraniad effeithlon a phriodol gan denantiaid, yn dangos ansawdd uchel ac yn gwella gwasanaethau</b></p>	<p>Dangos sut mae tenantiaid yn ymwneud yn effeithlon mewn gwneud penderfyniadau strategol a llunio gwasanaethau mewn ffyrdd priodol ar gyfer tenantiaid a'r sefydliad.</p> <p>Dangos sut mae'r bwrdd yn sicrhau ei hun am berfformiad gwasanaeth cyfredol, yn cynnwys bodlonrwydd tenantiaid, a hybu gwelliant parhaus.</p> <p>Sicrhau fod pob cartref yn cyrraedd safonau gofynnol o ddylunio ac ansawdd.</p> <p>Cyflawni'r holl ofynion statudol perthnasol yn darparu ar gyfer iechyd a diogelwch preswylwyr yn y cartref.</p>	<p>Mae'n rhaid i Fyrddau fedru dangos ymgyfraniad tenantiaid effeithlon wrth wneud penderfyniadau strategol, gan lunio gwasanaethau mewn ffyrdd sy'n addas ar gyfer cymdeithasau tai a sicrhau bod gwasanaethau landlord o ansawdd uchel ac yn gwella. Mae'n rhaid i Fyrddau fedru dangos sut y gwnaethant benderfynu bod y strwythur ymgyfraniad yn addas ar gyfer eu cymdeithasau tai ac y cyflawnir y canlyniadau.</p> <p>Mae'n rhaid i Fyrddau fedru dangos fod eu monitro perfformiad gwasanaeth yn effeithlon, yn sicrhau ansawdd uchel ac yn gwella gwasanaethau. Disgwylir i Fyrddau ddeall eu data, bod â dulliau cadarn i fynd i'r afael â pherfformiad sy'n methu, a deall sut y defnyddir y data i wella gwasanaethau.</p> <p>O 2018, bydd data cymaradwy ar fodlonrwydd tenantiaid ar gael i randdeiliaid a ddylai gynyddu craffu, atebolrwydd a thyroloywder.</p> <p>Mae'n rhaid i Fyrddau fod yn llwyr gyfarwydd â'u cyfrifoldebau iechyd a diogelwch, dyletswyddau ac ymrwymiadau yn cynnwys gofynion diogelwch Tân, nwy a thrydan a gofynion profi. Mae angen i Fyrddau roi sicrwydd bod eu system adrodd ar iechyd a diogelwch yn gywir a chadarn, yn medru dynodi methiannau ond, yn bwysicach, yn gweithredu gwelliannau'n gyflym. Bydd y rheoleidfdiwr yn ei gwneud yn ofynnol i Fyrddau nodi eu dulliau sicrwydd ar gyfer systemau a pherfformiad rheoli iechyd a diogelwch. Gallai hyn gynnwys archwiliadau cyfnodol neu adolygiadau cymheiriad er enghraift ond dylid eu cynnal o leiaf unwaith bob dwy flynedd.</p> <p>Safonau Ansawdd Tai Cymru - Disgwylir i Fyrddau gynllunio eu dull gweithredu i ostwng nifer y methiannau derbyniol, yn cynnwys lle rhoddwyd ystyriaeth i ddewis tenantiaid. Dylid rhoi blaenoriaeth i osod cawodydd a chyfleusterau sylfaenol eraill. O 2018, bydd data cymaradwy SATC ar gael i randdeiliaid ar gyfer craffu. Disgwylir i Fyrddau ddeall eu data a'u cynlluniau i wella cydymffurfiaeth.</p>

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PS.3	<p><b>Comprehensive assessment of the business impacts of current and emerging risks, including new business and development opportunities, with robust risk management arrangements</b></p>	<p>Safeguards taxpayers interests and the reputation of the sector and protects social housing assets.</p> <p>Assessment of capacity to take on new business and development opportunities is robust.</p> <p>Carries out detailed and robust stress testing of financial plans against a range of scenarios, identifying appropriate mitigation strategies.</p> <p>Before taking on any new liabilities, ensures obligations are fully understood and demonstrates consideration of how the likely impact on current and future business and regulatory compliance will be managed.</p>	<p>Scenario/Stress testing is now a standard feature of business planning. Generally Boards have taken ownership of scenario testing but there needs to be further improvements in the identification and modelling of mitigation strategies as part of the testing.</p> <p>Boards need to understand what mitigations are available and have an understanding as to whether these remedies can be enacted in time should they be required. Boards must ensure their risk management framework is appropriate, must determine their risk appetite across the business and ensure it is managed effectively. This is particularly important in the context of new business opportunities and diversification.</p> <p>Housing Development - one of the main aims of the sector is to increase the new supply of affordable housing. Whilst grant will contribute to the cost of financing new homes, a major element will come from debt and there is an absolute expectation housing associations will maximise delivery where capacity exists. Boards will need to have strategies in place to monitor and manage cash flows and should be mindful that current Welsh Government funding streams are not guaranteed.</p> <p>Boards need to be assured on and understand a range of other risk exposures and their impact on delivery of their development programme. Examples include:</p> <ul style="list-style-type: none"> <li>Increases in labour or supply costs, potentially a consequence of the UK leaving the EU if the predicted construction skills shortage materialises or material prices increase through currency fluctuations or trade agreements.</li> <li>The cost of acquiring land – which can often be inflated when there is competition from a number of developers – and the potential for impairment as a result.</li> <li>The capacity of the business to develop, which can be quickly expended when developing with little or no grant. This is made more acute following the decision to grant fund the majority of developments from 2017/18 to 2019/20 using a mixture of upfront and annual payments. Gearing levels will increase at a faster rate than previously and Boards should carefully monitor the impacts.</li> <li>How risk appetite is reflected in any requirement to set an internal target to provide headroom on covenant compliance.</li> <li>The impact of adverse variations from delivery plans or adverse variations elsewhere in the business that affect their development capacity and what early systems, triggers for exit and mitigations are in place.</li> </ul>

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SP.3	<p><b>Asesiad cynhwysfawr o effeithiau busnes risgiau cyfredol a risgiau sy'n dod i'r amlwg, yn cynnwys cyfleoedd busnes a datblygu newydd, gyda threfniadau rheoli risg cadarn</b></p>	<p>Diogelu buddiannau trethdalwyr ac enw da y sector a diogelu asedau tai cymdeithasol.</p> <p>Asesu bod y gallu i fanteisio ar gyfleoedd busnes a datblygu newydd yn gadarn.</p> <p>Cynnal profion straen manwl a chadarn ar gynlluniau ariannol ar amrywiaeth o sefyllfaoedd, yn dynodi strategaethau lliniaru priodol.</p> <p>Cyn cymryd ymrwymiadau newydd, sicrhau y caiff oblygiadau eu deall yn llawn a dangos yr ystyriwyd sut y caiff yr effaith debygol ar fusnes cyfredol a dyfodol a chydymffurfiaeth rheoleiddiol ei reoli.</p>	<p>Mae profion sefyllfaoedd/straen yn awr yn nodwedd safonol mewn cynllunio busnes. Yn gyffredinol mae Byrddau wedi cymryd perchnogaeth o brofi sefyllfaoedd ond mae'n dal i fod angen gwella wrth ddynodi a modelu strategaethau lliniaru fel rhan o'r profion.</p> <p>Mae angen i Fyrddau ddeall pa fesurau lliniaru sydd ar gael a bod ganddynt ddealltwriaeth os y gellir gweithredu'r remediau hyn os oes eu hangen. Mae'n rhaid i Fyrddau sicrhau fod eu fframwaith rheoli risg yn addas, mae'n rhaid iddynt benderfynu ar eu hawydd risg ar draws y busnes a sicrhau y caiff ei reoli'n effeithlon. Mae hyn yn neilltuol o bwysig yng nghyd-destun cyfleoedd busnes newydd ac arallgyfeirio.</p> <p>Datblygu tai - Un o brif nodau y sector yw cynyddu'r cyflenwad o dai fforddiadwy. Er y bydd grant yn cyfrannu at gost cyllido cartrefi newydd, daw elfen sylweddol o ddyled ac mae disgwyliad llwyr y bydd cymdeithasau tai yn cynyddu darpariaeth i'r eithaf lle mae capaciti ar gael. Bydd angen i Fyrddau gael strategaethau yn eu lle i fonitro a thrin llif arian a dylai fod yn ystyriol na chaiff ffrydiau cyllid cyfredol Llywodraeth Cymru eu gwarantu.</p> <p>Mae angen i Fyrddau gael sicrwydd ar a deall ystod o risgiau eraill sy'n eu hwynnebu a'u heffaith ar gyflenwi eu rhaglen datblygu. Mae'r engrheifftiau'n cynnwys:</p> <p>Cynnydd yng nghostau llafur neu gyfleniedau o bosibl yn ganlyniad y Deyrnas Unedig yn gadael yr Undeb Ewropeaidd os yw'r prinder a ragwelir mewn sgiliau adeiladu yn digwydd neu os yw prisiau deunyddiau'n cynyddu drwy amrywiadau arian cyfredol neu gytundebau masnach.</p> <p>Cost caffael tir - y gall yn aml gael ei chwyddo pan mae cystadleuaeth gan nifer o ddatblygwyr - a'r potensial am amhariad fel canlyniad.</p> <p>Galluedd y busnes i ddatblygu, y gellir ei ddefnyddio'n gyflym pan yn datblygu heb fawr neu ddim grant. Caiff hyn ei gynyddu yn dilyn y penderfyniad i roi cyllid grant i fwyafri y datblygiadau o 2017/18 i 2019/20 yn defnyddio cyfuniad o daliadau rhag-blaen a blynnyddol. Bydd lefelau gerio yn cynyddu yn gyflymach nag yn flaenorol a dylai'r Byrddau fonitro'r effaith ar eu sefydliadau yn ofalus.</p> <p>Sut y caiff awydd risg ei adlewyrchu yn unrhyw ofyniad i osod targed mewnol i ddarparu gofod ar gydymffurfiaeth â chyfamodau.</p> <p>Effaith amrywiadau niweidiol o gynlluniau cyflenwi neu amrywiadau niweidiol mewn man arall yn y busnes sy'n effeithio ar eu gallu datblygu a pha systemau cynnar, sbardunau ar gyfer gadael a'r mesurau lliniaru sydd yn eu lle.</p>

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			<p>The skills and understanding to undertake any significant market sales development including appropriate exit strategies.</p> <p>Boards need to understand how deliverable mitigations around these risks are in practice and whether there are any financial or contractual constraints on an organisation's ability to revise its development plans if necessary.</p> <p>Diversification by extending business activities beyond providing social housing can be an important way in which housing associations meet the changing needs of their communities and / or generate income to cross subsidise their core social housing business and purposes.</p> <p>Boards are required to provide assurance diversification is being effectively managed; guaranteeing tenants are protected, social housing assets are not put at risk and that the public value within them is protected. This will greatly assist the sector's ability to continue to attract private finance at advantageous rates.</p> <p>Successful diversification requires housing associations to ensure the decision making process to invest in a new activity is robust. There have been a number of examples in recent years where the failure to understand a new area of operation, in particular the demand for the service, has resulted in significant reputational and financial losses. This can lead to impairment of the property value held in the accounts and, unless appropriately managed, trigger a covenant breach.</p> <p>Boards need to understand the potential benefits and risks of undertaking a new activity. They must be clear on how entering into new markets or activities fits into their overall strategy, how it helps to meet their core objectives and be able to determine whether the organisational structure being recommended to deliver the new venture is appropriate. Boards need to be clear that any mitigating actions, break clauses or exit strategies in place to manage the risks they identify are actionable in practice. They need to be aware of their current financial strength and their capacity to withstand a project failing.</p> <p><b>PAC Recommendation 13:</b> Welsh Government carry out a review of current levels of diversification within the sector.</p> <p>In 2016/17 17% of sector turnover was attributed to non-social housing activities.</p> <p>A significant majority of the diversification in the sector comes from providing complementary services that enhances the provision of social housing. With a significant proportion of this turnover being grant funded it does not represent a significant risk to the sector as a whole.</p>

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			<p>Y sgiliau a'r dealltwriaeth i gynnal unrhyw ddatblygiadau gwerthu marchnad sylweddol yn cynnwys strategaethau gadael priodol.</p> <p>Mae angen i Fyrddau ddeall pa mor ymarferol yw'r mesurau lliniaru am y risgiau hyn ac os oes unrhyw gyfyngiadau ariannol neu gontactiol ar allu sefydliad i ddiwygio ei gynnlluniau datblygu os oes angen.</p> <p>Gall arallgyfeirio fod yn ffordd bwysig i gymdeithasau tai ddiwallu'r newidiadau yn anghenion eu cymunedau a/neu gynhyrchu incwm ar gyfer traws-gymhorthdal i'w busnes tai cymdeithasol creiddiol a dibenion.</p> <p>Mae angen i Fyrddau roi sicrwydd y caiff arallgyfeirio ei reoli'n effeithlon, gan warantu y caiff tenantiaid eu diogelu, na chaiff asedau tai cymdeithasol eu rhoi mewn risg ac y caiff y gwerth cyhoeddus ynddynt ei ddiogelu. Bydd hyn yn gymorth mawr i allu'r sector i barhau i ddenu cyllid preifat ar gyfraddau manteisiol.</p> <p>Er mwyn arallgyfeirio'n llwyddiannus, mae'n rhaid i gymdeithas tai sicrhau fod y broses benderfynu i fuddsoddi mewn gweithgaredd newydd yn gadarn. Bu nifer o engrifftiau mewn blynnyddoedd diweddar lle mae'r methiant i ddeall maes newydd o weithredu, yn arbennig y galw am y gwasanaeth, wedi arwain at andwyo enw da a cholledion ariannol. Gall hyn amharu ar werth yr eiddo a gedwir yn y cyfrifon ac os na chaiff ei reoli'n briodol, gallai sbarduno torri cyfamod.</p> <p>Mae angen i Fyrddau deall y manteision a risgiau posibl o ymgymryd â gweithgaredd newydd. Mae'n rhaid iddynt fod yn glir ar sut mae mynd i farchnadoedd neu weithgareddau newydd yn cyd-fynd â'u strategaeth gyffredinol, sut mae'n helpu i ateb eu hamcanion craidd a medru penderfynu os yw'r strwythur trefniadol a argymhellir i gyflwyno'r fenter newydd yn addas. Mae angen i Fyrddau fod yn glir bod unrhyw gamau lliniaru, cymalau torri neu strategaethau gadael sydd yn eu lle i reoli'r risgiau a ddynodant yn ymarferol. Mae angen iddynt fod yn ymwybodol o'u nerth ariannol cyfredol a'u gallu i wrthsefyll methiant prosiect.</p> <p><b>Argymhelliad y Pwyllgor Cyfrifon Cyhoeddus 13:</b> Dylai Llywodraeth Cymru gynnal adolygiad o lefelau cyfredol arall gyfeirio o fewn y sector.</p> <p>Yn 2016/17 priodolwyd 17% o drosiant y sector i weithgareddau heblaw tai cymdeithasol.</p> <p>Daw cyfran sylweddol o'r arallgyfeirio yn y sector o ddarparu gwasanaethau ategol sy'n gwella darpariaeth tai cymdeithasol. Gyda chyfran sylweddol o'r trostiant yma'n cael cyllid grant, nid yw'n cynrychioli risg sylweddol i'r sector yn ei gyfanrwydd.</p>

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			<p>Welsh Government will continue to monitor diversification in the sector closely, paying particular attention to those organisations that enter into an area of business which is unfamiliar to them.</p> <p><b>PAC Recommendation 12</b> for Welsh Government outlines scenarios with non housing associations which would cause concern.</p> <p>Boards are required to provide assurance any activities carried out by unregistered subsidiaries are appropriately managed, they must understand the interdependencies and ultimate control mechanisms between the regulated and non-regulated elements of the business and ensure social housing assets are not unduly put at risk.</p> <p>As more diverse and innovative structures and models are considered, including joint ventures, there is an increasing emphasis on the need for strong governance and clear lines of authority. The regulator will be concerned where Boards cannot evidence full consideration of these issues when making decisions to establish non registered subsidiaries and joint ventures.</p> <p>Updated statutory guidance will be issued to clarify the regulatory expectations in this area.</p>

Cyf	Safon Perfformiad	Canllawiau	Heriau, Risgiau a Disgwyliadau Rheoleiddiol
			<p>Bydd Llywodraeth Cymru yn parhau i gadw golwg agos ar fonitro arallgyfeirio yn y sector, gan roi sylw neilltuol i'r sefydliadau hynny sy'n mynd i faes busnes sy'n anghyfarwydd iddynt.</p> <p><b>Argymhelliad y Pwyllgor Cyfrifon Cyhoeddus 12</b> ar gyfer is-gwmnïau cymdeithasau tai, lle nad yw'r is-gwmnïau yn ymwneud â tai. Cymdeithasau tai i amlinellu sefyllfaeodd a fyddai'n achosi pryder i'r Rheoleiddiwr.</p> <p>Mae'n ofynnol i Fyrddau roi sicrwydd y caiff unrhyw is-gwmni heb gofrestru ei reoli'n briodol; mae'n rhaid iddynt ddeall rhyngddibyniaeth a'r dulliau rheoli eithaf rhwng elfennau wedi rheoleiddio a heb eu rheoleiddio o'r busnes a sicrhau na chaiff asedau tai cymdeithasol eu rhoi mewn risg gormodol.</p> <p>Wrth i strwythurau a modelau mwy amrywiol ac arloesol gael eu hystyried, yn cynnwys mentrau ar y cyd, mae pwyslais cynyddol ar yr angen am lywodraethiant cryf a llinellau clir o awdurdod. Bydd y Rheoleiddiwr yn bryderus lle na all y Byrddau roi tystiolaeth y cafodd y materion hyn eu hystyried yn llawn wrth wneud penderfyniadau i sefydlu is-gwmnïau nad ydynt wedi cofrestru a mentrau ar y cyd.</p> <p>Cyhoeddir canllawiau statudol wedi'u diweddar i egluro'r disgwyliadau rheoleiddiol yn y maes hwn.</p>

Ref	Performance Standard	Guidance	Challenges, Risks and Regulatory Expectations
PS.4	<b>Clearly evidenced self-evaluation and statement of compliance</b>	Compliance with Circular 02/15.	<p>Boards are required to submit annual compliance statements which set out whether or not the housing association is fully meeting the performance standards. If an association cannot fully evidence compliance it must set out an explanation and a plan to improve which is assessed by the Regulator. The compliance statement must be honest and accurate with evidence available if required.</p> <p>All associations are expected to carry out a regular self-evaluation which itself requires effective performance monitoring (see PS.2). Detailed requirements and expectations are set out in the Welsh Government Circular RSL 02/15.</p> <p><u><a href="#">Circular 02/15</a></u></p> <p>The Welsh Ministers expect housing associations to publish their self-evaluation in a way that is readily accessible to tenants. A robust self-evaluation, along with a Board Assurance Framework (see PS.1) can be the primary source of evidence for the annual compliance statement.</p>
PS.5	<b>A track record of achieving positive outcomes, responding appropriately to new challenges and performance issues</b>	<p>Demonstrates how the board assures itself of current performance and drives continuous improvement.</p> <p>Demonstrates how lettings make the best use of available housing, compatible with the core purpose of the housing association.</p>	<p>Boards must ensure they understand their own performance. From 2018, comparative data will be available to stakeholders for scrutiny. Boards will be expected to be aware of their performance in relation to their peers, understand why they are where they are, determine if they are where they want to be and have a credible plan to improve where necessary.</p> <p>Boards are also expected to understand and be able to evidence how the housing it lets contributes to local housing needs and strategies, working closely with local authorities and other stakeholders and making a positive contribution to tackling homelessness. This is particularly important as new development proposals are considered.</p>

Cyf	Safon Perfformiad	Canllawiau	Heriau, Risgiau a Disgwyliadau Rheoleiddiol
SP.4	Tystiolaeth glir o hunanarfarniad, yn dangos ansawdd uchel a gwelliant mewn gwasanaethau.	Cydymffurfiaeth gyda Chylchlythyr 02/15.	<p>Mae'n ofynnol i Fyddau gyflwyno datganiadau cydymffurfiaeth blynnyddol sy'n nodi os yw'r gymdeithas tai yn cyflawni'r safonau perfformiad ai peidio. Os na all cymdeithas roi tystiolaeth lawn o gydymffurfiaeth, mae'n rhaid iddi roi esboniad a chynllun gwella i gael ei asesu gan y Rheoleiddiwr. Mae'n rhaid i'r datganiad cydymffurfiaeth fod yn onest a chywir gyda thystiolaeth ar gael os oes angen.</p> <p>Disgwylir i bob cymdeithas gynnal hunan-arfarniad rheolaidd sydd ei hun yn galw am ffonitro perfformiad effeithlon (gweler SP.2). Caiff gofynion a disgwyliadau manwl eu nodi yng Nghylchlythyr 02/15 Llywodraeth Cymru.</p> <p><u>Cylchlythyr 02/15</u></p> <p>Mae Gweinidogion Cymru yn disgwyl i gymdeithasau tai gyhoeddi eu hunanarfarniad mewn ffordd hygrych i denantiaid. Gall hunanarfarniad cadarn, ynghyd â Fframwaith Sicrwydd Bwrdd (gweler SP.1) fod yn brif ffynhonnell tystiolaeth ar gyfer y datganiad cydymffurfiaeth blynnyddol.</p>
SP.5	Hanes o lwyddiant mewn sicrhau canlyniadau cadarnhaol, gan ymateb yn briodol i heriau newydd a materion perfformiad	<p>Dangos sut mae'r bwrdd yn sicrhau ei hunan am berfformiad cyfredol ac yn hybu gwelliant parhaus.</p> <p>Dangos sut mae gosodiadau yn gwneud y defnydd gorau o'r tai sydd ar gael, yn gydnaws gyda diben creiddiol y gymdeithas tai.</p>	<p>Mae'n rhaid i Fyddau sicrhau eu bod yn deall eu perfformiad eu hunain. O 2018, bydd data cymaradwy ar gael i randdeiliaid ar gyfer craffu. Disgwylir i Fyddau fod yn ymwybodol o'u perfformiad o gymharu â byrddau eraill, deall pam eu bod ble maent, penderfynu os ydynt ble maent eisiau bod a chael cynllun credadwy i wella pan fo angen.</p> <p>Disgwylir hefyd i fyddau ddeall a gallu dangos sut mae'r tai y mae'n eu gosod yn cyrrannu at anghenion a strategaethau tai lleol, gan weithio'n agos gydag awdurdodau lleol a rhanddeiliaid eraill a gwneud cyfraniad cadarnhaol i fynd i'r afael â digartrefedd. Mae hyn yn neilltuol o bwysig wrth i gynigion am ddatblygiadau newydd gael eu hystyried.</p>

Ref	Performance Standard	Guidance	Challenges, Risks and Regulatory Expectations
PS.6	<b>Delivering value for money in all areas of the business</b>	<p>Demonstrates a strategic approach to, and delivery of, value for money across the business.</p>	<p>A Value for Money report issued by the Regulator in March 2017 showed that further improvements are required in developing and implementing comprehensive value for money strategies setting out how the housing association will improve value for money including social value and community benefits. Boards need to use the data to inform decision making and explain their plans to improve value for money in all areas of their business.</p> <p>Cost and Efficiencies - Boards will be expected to provide assurance that they have a robust understanding of the cost of running their businesses and a clear strategy for managing and controlling future costs by making efficiencies, and/or reducing expenditure.</p> <p>Boards cannot however predicate cost control and savings through a programme of disinvestment in the asset base and the Regulator will require assurance the assumptions and plans are not based on significant and material reductions in maintenance or capital investment, affecting asset valuations or the quality of life for tenants.</p> <p>Affordability - The impact of welfare reform and pressure on tenant's incomes over the last few years has placed an increasing importance on the sector to provide accommodation which is affordable for tenants.</p> <p>Boards are expected to place affordability at the heart of their decision making process with regard to rent setting and be able to demonstrate that their charges are not placing tenants in hardship.</p>
PS.7	<b>Compliance with regulatory and statutory requirements and guidance</b>	<p>Communicates in a timely manner with the regulator on material issues that relate to non-compliance.</p> <p>Adheres to all regulatory requirements.</p>	<p>Data protection and security - Boards are responsible for ensuring compliance with requirements of the Data Protection Act 1998 as the Information Commissioner may, in certain circumstances, serve a Monetary Penalty Notice on a data controller (housing association). The Information Commissioner has warned social housing organisations must keep their tenants' data secure. Boards must also be able to demonstrate appropriate preparations for the General Data Protection Regulation which comes into force in May 2018.</p> <p>Non-compliance with regulatory guidance and requirements including, for example, repeated failure to provide returns on time, not communicating notifiable events and not meeting the requirements of circulars and guidance may be taken into account when regulatory judgements are published. Board must ensure they understand regulatory requirements and have assurance they are being fully met.</p>

Cyf	Safon Perfformiad	Canllawiau	Heriau, Risgiau a Disgwyliadau Rheoleiddiol
SP.6	<b>Sicrhau gwerth am arian ym mhob maes o'r busnes</b>	Dangos ymagwedd strategol at, a sicrhau, gwerth am arian ar draws y busnes	<p>Dangosodd adroddiad Gwerth am Arian a gyhoeddwyd gan y Rheoleiddiwr ym Mawrth 2017 fod angen gwelliannau pellach i ddatblygu a gweithredu strategaethau cynhwysfawr gwerth am arian sy'n nodi sut y bydd y gymdeithas tai yn gwella gwerth am arian yn cynnwys gwerth cymdeithasol a budd cymunedol. Mae angen i Fyrddau ddefnyddio'r data i fod yn sylfaen wrth wneud penderfyniadau ac esbonio eu cynlluniau i ewlla gwerth am arian ym mhob maes o'u busnes.</p> <p>Costau ac Arbedion - Disgwylir i Fyrddau roi sicrwydd fod ganddynt ddealltwriaeth gadarn o gostau rhedeg eu sefydliadau a strategaeth glir ar gyfer trin a rheoli costau'r dyfodol drwy wneud arbedion a/neu ostwng gwariant.</p> <p>Fodd bynnag ni all Byrddau weithredu rheoli costau ac arbedion drwy raglen o ddadfuod soddi yn y sylfaen asedau a bydd y Rheoleiddiwr angen sicrwydd nad yw'r tybiaethau a'r cynlluniau yn seiliedig ar ostyngiadau arwyddocaol a sylweddol mewn cynnal a chadw neu fuddsoddiad cyfalaf, gan effeithio ar brisiadau asedau neu ansawdd bywyd ar gyfer tenantiaid.</p> <p>Fforddiadwyedd - Mae effaith diwygio llesiant a phwysau ar incwm tenantiaid mewn blynnyddoedd diweddar wedi gosod pwysigrwydd cynyddol ar allu'r sector i ddarparu llety sy'n fforddiadwy i denantiaid.</p> <p>Disgwylir i Fyrddau roi lle canolog i fforddiadwyedd yn eu proses gwneud penderfyniadau yng nghyswilt gosod rhenti a medru dangos nad yw eu ffioedd yn achosi caledi i denantiaid.</p>
SP.7	<b>Cydymffurfio gyda gofynion a chanllawiau rheoleiddiol a statudol</b>	<p>Cyfathrebu mewn modd amserol gyda'r rheoleiddiwr ar faterion sylweddol sy'n ymneud â diffyg cydymffurfaeth.</p> <p>Cydymffurfio gyda phob gofyniad rheoleiddiol.</p>	<p>Diogelwch a sicrwydd data - Mae Byrddau'n gyfrifol am sicrhau cydymffurfaeth gyda gofynion Deddf Diogelu Data 1998 gan y gall y Comisiynydd Gwybodaeth, mewn rhai amgylchiadau, osod hysbysiad cosb ariannol ar reolydd data (cymdeithas tai). Mae'r Comisiynydd Gwybodaeth wedi rhybuddio fod yn rhaid i sefydliadau tai cymdeithasol gadw data tenantiaid yn ddiogel. Mae'n rhaid i Fyrddau fedru dangos paratoadau addas ar gyfer Rheoliad Diogelu Data Cyffredinol a ddaw i rym ym mis Mai 2018.</p> <p>Gellir rhoi ystyriaeth i ddiffyg cydymffurfaeth gyda chanllawiau a gofynion rheoleiddiol yn cynnwys, er enghraift, fethiant dro ar ôl tro i ddychwelyd ffurflenni ar amser, peidio cyfathrebu digwyddiadau y dylid eu hysbysu a phedio cyflawni gofynion cylchlythyrau a chanllawiau pan gyhoeddir dyfarniadau rheoleiddiol. Mae'n rhaid i Fyrddau sicrhau eu bod yn deall gofynion rheoleiddiol a rhoi sicrwydd eu bod yn cael eu cyflawni.</p>

Ref	Performance Standard	Guidance	Challenges, Risks and Regulatory Expectations
PS.8	<b>A financial plan which delivers and supports the business plan and effective monitoring of financial performance</b>	<p>Ensures that the organisation is financially sound.</p> <p>Effective systems and controls are in place to monitor and accurately report delivery of the housing association plans.</p> <p>Monitors, reports on and complies with all covenants.</p>	<p>Welsh Government Rent Policy - Continued index linking of rent increases is not guaranteed beyond 2018/19 and annually, the approved rent increase is not known until late autumn. Boards need to understand the impact of potential changes in rent policy on their financial plans and business activities.</p> <p>Welfare reform - In general, housing associations have responded effectively to welfare reform to date. The maintenance of income collection rates has, however, come at a cost. These include increased staffing levels and collection charges to collect rents and maximise tenant income and to a degree rely upon discretionary housing payments. In 2015, further changes were announced including the benefit cap, removal of automatic entitlement to housing benefit for 18 to 21 year olds and a freeze on working age benefits which will all come into effect over the next few years. This, coupled with the continuing roll out of universal credit, in particular direct payments, all have significant risks.</p> <p>Supported housing and care is generally a low margin activity for housing associations in Wales further pressurised by the impact of the national living wage as well as possible implications on the labour market once the UK leaves the EU. Most associations access some Supporting People Grant and a number of specialist association's reliance on the funding is much greater. When a new funding system for supported housing is introduced, Boards must ensure they understand the implications of the new funding model as it emerges and consider mitigation strategies which should include exit strategies in the event that services are not sustainable or viable.</p> <p>Where associations have a significant level of Income from Supported Housing, or indeed any other business stream, they should ensure that the performance of each stream is kept under regular review.</p> <p>Pension costs/deficits remain an area of risk for many associations although the precise issues will be unique to each. Boards must keep pension schemes under review to determine whether their existing schemes are fit for purpose and, affordable They should identify the risks of, and to, their pension provision, and develop effective mitigating strategies and should understand the longer term cost of remaining in the scheme and undertake some form of cost benefit analysis covering a range of options they could introduce to mitigate the impact of rising costs.</p> <p>Differential inflation rates - The differential between cost and revenue inflation will vary over time and cannot be wholly predictable. Business plans need to be robust to a situation where cost inflationary pressures exceed the growth in rental income.</p>

Cyf	Safon Perfformiad	Canllawiau	Heriau, Risgiau a Disgwyliadau Rheoleiddiol
SP.8	<p><b>Cynllun ariannol sy'n cyflenwi ac yn cefnogi'r cynllun busnes a monitro effeithlon ar berfformiad ariannol</b></p>	<p>Sicrhau fod y sefydliad yn ariannol gadarn.</p> <p>Systemau a mesurau rheoli effeithlon yn eu lle i fonitro ac adrodd yn gywir ar gyflenwi cynlluniau.</p> <p>Monitro, adrodd ar a chydymffurfio gyda phob cyfamod.</p>	<p>Polisi Rhent Llywodraeth Cymru - Ni warentir y bydd cynnydd rhent yn cael eu cysylltu â'r mynegai tu hwnt i 2018/19 ac yn flynyddol, nid yw'r cynnydd rhent a gymeradwywyd yn hysbys tan ddiwedd yr hydref. Mae angen i Fyrddau ddeall effaith newidiadau posibl mewn polisi rhent ar eu cynlluniau ariannol a'u gweithgareddau busnes.</p> <p>Diwygio llesiant - yn gyffredinol, mae cymdeithasau tai wedi ymateb yn effeithlon i ddiwygio llesiant hyd yma. Fodd bynnag, daeth cynnal cyfraddau casglu incwm ar gost. Mae hyn yn cynnwys cynyddu lefelau staffio a ffioedd casglu i gasglu rhenti a dibyniaeth ar daliadau tai dewisol. Cyhoeddwyd newidiadau pellach yn 2015 yn cynnwys y cap budd-daliadau, dileu hawl awtomatig i fudd-dal tai ar gyfer pobl 18 i 21 oed a rhewi budd-daliadau oedran gwaith a ddaw i gyd yn weithredol dros yr ychydig flynyddoedd nesaf. Mae hyn, ynghyd ag ymestyn credyd cynhwysol yn neilltuol daliadau uniongyrchol, yn achosi risgiau sylweddol.</p> <p>Mae tai â chymorth a gofal yn gyffredinol yn weithgaredd gorswm isel ar gyfer cymdeithasau tai yng Nghymru ac mae'r isafswm cyflog cenedlaethol yn achosi pwysau pellach ar hynny ynghyd â'r goblygiadau posibl ar y farchnad lafur unwaith y bydd y Deyrnas Unedig yn gadael yr Undeb Ewropeaidd. Mae'r rhan fwyaf o gymdeithasau tai yn cael mynediad i beth grant Cefnogi Pobl ac mae nifer o gymdeithasau arbenigol yn dibynnau llawer mwy ar y cyllid. Pan gyflwynir system cyllido newydd ar gyfer tai â chymorth, mae'n rhaid i Fyrddau sicrhau eu bod yn deall goblygiadau'r model cyllid newydd wrth iddi ddod i'r amlwg ac ystyried strategaethau lliniaru, i gynnwys strategaethau gadael, os canfyddir nad yw'r gwasanaethau yn gynaliadwy neu'n hyfyw.</p> <p>Lle mae gan gymdeithasau tai lefel sylweddol o incwm o dai â chymorth, neu'n wir unrhyw ffrwd busnes eraill, dylent sicrhau y caiff perfformiad pob ffrwd ei adolygu'n rheolaidd.</p> <p>Mae costau/diffygion pensiwn yn parhau'n faes o risg i lawer o gymdeithasau tai er y bydd yr union faterion yn unigryw i bob un. Mae'n rhaid i Fyrddau ddal ati i adolygu cynlluniau pensiwn i benderfynu os yw'r cynlluniau presennol yn addas i'r diben ac yn fforddiadwy. Dylent ddynodi risgiau eu darpariaeth pensiwn a datblygu strategaethau lliniaru effeithlon, gan ddeall costau tymor hirach parhau yn y cynllun. Dylid cynnal dadansoddiad budd cost yn rheolaidd i lliniaru effaith cynnydd mewn costau.</p> <p>Cyfraddau chwyddiant gwahaniaethol - Bydd y gwahaniaethyn rhwng chwyddiant cost a refeniw yn amrywio dros gyfnod ac ni fedrir ei ragweld yn llwyr. Mae angen i gynnlluniau busnes fod yn gadarn i sefyllfa lle mae pwysau chwyddiannol ar gostau yn fwy na'r twf mewn incwm rhent.</p>

Ref	Performance Standard	Guidance	Challenges, Risks and Regulatory Expectations
			<p>Covenant compliance - The active monitoring of financial covenants is an essential part of an effective treasury management. Although breaching a loan covenant may not in itself break a business plan, it may significantly weaken an organisation's financial position, removing the control over its loan portfolio and impair its ability to negotiate with its funders. This could result in funders triggering a re-pricing or a demand to repay the loan. The Regulator will view such failures as ineffective governance in risk management and not meeting the performance standards.</p> <p>As housing associations renegotiate funding agreements following the introduction of the new accounting reporting standard, FRS102, Boards will need to ensure that the implications of the proposed new covenants are fully understood, ensuring that they are not more vulnerable to fluctuations in performance over which they have little control.</p> <p>Stress testing and mitigation analysis - There is increased regulatory focus on stress testing and planning of mitigations by associations to ensure cash flow and covenant compliance can be sustained for a range of possible scenarios.</p> <p>The regulator will more intensively engage with those organisations where there is material exposure, particularly where our information and analysis suggests the potential impact on a housing association is greater than anticipated in their own forecasts.</p> <p>Boards should ensure that any strategy identified to mitigate against these scenarios occurring is realistic and can be implemented in time. They should also ensure that where mitigation strategies would be difficult to implement or result in drastic measure being required, that improvements to existing systems and processes are identified to reduce risk.</p> <p><b>PAC Recommendation 14:</b> the Regulator carries out an assessment of all housing associations capital and their level of exposures to risk and summarise their findings. This is illustrated in the Private Finance Summary on Page 34</p> <p>The sector has its highest proportion of fixed rate debt, at 74%, for the last 10 years. Of this, 90% is fixed for a period of at least 5 years. This indicates that the sector as a whole is not currently unduly exposed to increases in borrowing costs.</p> <p>However, this percentage varies within the sector and Boards must ensure that they have a level of exposure to interest rate rises that is appropriate for their business. The position will continue to be monitored and individual discussions will be held with any association seen to be outside of the normal range of exposure to this risk.</p>

Cyf	Safon Perfformiad	Canllawiau	Heriau, Risgiau a Disgwyliadau Rheoleiddiol
			<p>Cydymffurfiaeth â chyfamodau - Mae sicrhau monitro gweithredol ar gyfamodau ariannol yn hanfodol fel rhan o reolaeth trysorlys effeithlon. Er hyn, bu enghreifftiau lle cafodd cyfamodau eu camddeall, eu camgyfrif neu heb eu monitro. Er efallai nad yw torri cyfamod benthyciad ohono'i hun yn torri cynllun busnes, gall wanhou sefyllfa ariannol cymdeithas yn sylweddol, gan ddileu'r rheolaeth dros ei phortffolio benthyca a llesteirio ei gallu i negodi gyda'i chyllidwyr. Gallai hyn arwain at i gyllidwyr sbarduno ai-brisio neu alw i ad-dalu'r benthyciad. Bydd y Rheoleiddiwr yn ystyried methiannau o'r fath yn llywodraethiant aneffeithiol mewn rheoli risg a pheidio cyrraedd y safonau perfformiad.</p> <p>Wrth i gymdeithasau ailnegodi cytundebau cyllido yn dilyn cyflwyniad y safon adrodd cyfrifeg newydd, FRS102, bydd angen i Fyrddau sicrhau y caiff goblygiadau'r cyfamodau newydd arfaethedig eu deall yn llawn, gan sicrhau nad ydynt yn fwy bregus i amrywiadau mewn perfformiad nad oes ganddynt fawr o reolaeth drosto.</p> <p>Profion straen a dadansoddiad lliniaru - Mae ffocws rheoleiddiol cynyddol ar brofion straen a chynllunio camau lliniaru gan gymdeithasau i sicrhau llif arian a gellir cynnal cydymffurfiaeth cyfamodau ar gyfer amrywiaeth o sefyllfa oedd posibl.</p> <p>Bydd y rheoleiddiwr yn ymwneud yn fwy trylwyr gyda chymdeithasau sy'n wynebu risg sylweddol, yn neilltuol lle mae ein gwybodaeth a dadansoddiad yn awgrymu fod yr effaith bosibl ar gymdeithas yn fwy nag a ragwelir yn eu rhagolygon eu hunain.</p> <p>Dylai Byrddau sicrhau fod unrhyw strategaeth a ddynodir i lliniaru'r sefyllfa oedd hyn yn realistig ac y gellir eu gweithredu mewn pryd. Dylent hefyd sicrhau lle byddai'n anodd gweithredu strategaethau lliniaru neu eu bod yn arwain at fod angen mesur drastig, y dynodir gwelliannau i systemau a phrosesau presennol i ostwng risg.</p> <p><b>Argymhelliad y Pwyllgor Cyfrifon Cyhoeddus 14:</b> Bod y Rheoleiddiwr yn cynnal asesiad o gyfalaf pob cymdeithas tai a lefel y risgiau y maent yn eu hwynnebu a chrynhoi'r canfyddiadau. Cyferio tudalen 34</p> <p>Mae gan y sector yn awr ei gyfran uchaf o ddyled cyfradd sefydlog am y 10 mlynedd diwethaf (74%). O hynny, cafodd 90% ei osod am gyfnod o 5 mlynedd o leiaf. Mae hyn yn dangos nad yw'r sector yn ei gyfarwydd yn or-agored i gynnydd mewn costau benthyca.</p> <p>Fodd bynnag, mae'r canran hwn yn amrywio o fewn y sector ac mae'n rhaid i Fyrddau sicrhau fod lefel y cyfraddau llog sy'n eu hwynnebu yn briodol ar gyfer eu sefydliad. Byddir yn parhau i fonitro'r sefyllfa a chynhelir trafodaethau unigol gydag unrhyw gymdeithas y gwelir ei bod yn wynebu risg sydd tu allan i'r ystod arferol.</p>

Ref	Performance Standard	Guidance	Challenges, Risks and Regulatory Expectations
PS.9	<b>Effective management of treasury operations ensuring sufficient liquidity at all times</b>	<p>Ensures sufficient funding is available to deliver the business plan.</p> <p>Ensures financial forecasts are based on appropriate and reasonable assumptions.</p>	<p>Treasury Management - Boards need to have a sound treasury management strategy in place in order to deal with the number of different risks associated with the management of funding. This allows Boards to ensure that; clear parameters are set to manage liquidity, there is access to debt as required, there is sufficient security available to meet funding requirements, interest rate risk is managed appropriately and investment of surplus cash is not at risk.</p> <p>Boards need to ensure they have sufficient information and expertise to be able to assess these risks and receive appropriate external advice when required. This is particularly relevant when evaluating the different financing options available when determining the structure of their debt.</p>

<b>Cyf</b>	<b>Safon Perfformiad</b>	<b>Canllawiau</b>	<b>Heriau, Risgiau a Disgwyliadau Rheoleiddiol</b>
SP.9	Rheoli gweithrediadau trysorlys yn effeithlon gan sicrhau hylifedd digonol bob amser	<p>Sicrhau fod cyllid digonol ar gael i gyflenwi'r cynllun busnes.</p> <p>Sicrhau bod rhagolygon ariannol yn seiliedig ar dybiaethau priodol a rhesymol.</p>	<p>Rheoli Trysorlys - mae angen i Fyrddau fod â strategaeth rheoli trysorlys gadarn yn ei lle er mwyn delio gyda nifer y risgiau gwahanol sy'n gysylltiedig gyda rheoli cyllid. Mae hyn yn galluogi Byrddau i sicrhau y caiff paramedrau clir eu gosod i reoli hylifedd, bod mynediad i ddyled fel sydd angen, bod gwarantau digonol ar gael i ateb gofynion cyllid, y caiff risg cyfraddau llog ei drin yn briodol ac nad yw buddsoddi arian gwarged mewn risg.</p> <p>Mae angen i Fyrddau sicrhau fod ganddynt wybodaeth ac arbenigedd digonol i fedru asesu'r risgiau hyn a chael cyngor allanol priodol pan fo angen. Mae hyn yn neilltuol o berthnasol wrth werthuso'r gwahanol opsiynau cyllid sydd ar gael wrth benderfynu ar strwythur eu dyled.</p>

Ref	Performance Standard	Guidance	Challenges, Risks and Regulatory Expectations
PS.10	<p><b>A clear understanding of asset and liability performance</b></p>	<p>Maintains a thorough, accurate and up to date record of assets and liabilities including all liabilities which have recourse to social housing assets.</p> <p>Data on the financial and social performance of assets is accurate and used to inform investment decisions.</p> <p>Ensures data on the condition of their assets is up to date and is able to demonstrate consideration of the short and long term costs of maintenance, repair and renewal.</p> <p>Ensures that publicly funded homes meet the standards set out in the Welsh Housing Quality Standard.</p>	<p><b>Asset &amp; liabilities register - Boards should have a comprehensive, accurate and up to date asset and liabilities register. Boards must understand their housing assets, security position and associated liabilities and importantly, use this information to inform decision making and risk management. They should be satisfied that all planning obligations, s106 conditions, title deeds, and other necessary paperwork has been put in place so that assets are available to provide security for additional funding in a timely manner as possible.</b></p> <p><b>Asset performance and investment - A key challenge for the sector will be to ensure that stock meets and continues to meet the WHQS in an operating environment where Boards need to balance their ambition for growth against the need to invest in and protect the value of existing stock. Boards must be assured they have high quality, up to date, stock condition data and an appropriate long term investment strategy. Boards must understand the financial and social performance of assets and use the data to inform the investment strategy and make investment decisions. Boards are expected to approve and maintain an up to date.</b></p> <p><b>Boards must be able to provide assurance they understand risks as they make decisions about long-term sustainability of their stock as this is likely to impact on their investment and income stream. This is particularly important in the context of the current economic environment where Boards must use its resources and assets in the most effective way to deliver its objectives.</b></p> <p><b>The Regulator will seek assurance that Boards understand the implications of the terms and conditions of their existing and future contracts and agreements and ensure they understand the potential liabilities and risks associated with each.</b></p> <p><b>Counter Party Risk - Boards need to understand what, counter party risk their organisation is exposed to. Boards need to fully understand the potential circumstances in which they or the counter party has an option to vary or break a contract, and put in place mitigations to manage the risk in the event this happens.</b></p>

Cyf	Safon Perfformiad	Canllawiau	Heriau, Risgiau a Disgwyliadau Rheoleiddiol
SP.10	<b>Dealltwriaeth glir o ymrwymiadau a pherfformiad asedau</b>	<p>Cynnal cofnod trwyadl, cywir a chyfredol o asedau ac ymrwymiadau yn cynnwys yr holl ymrwymiadau sy'n gysylltiedig ag asedau tai cymdeithasol.</p> <p>Data ar berfformiad ariannol a chymdeithasol asedau yn gywir ac yn cael ei ddefnyddio i hysbysu penderfyniadau am fuddsoddi.</p> <p>Sicrhau fod data ar gyflwr eu hasedau yn gyfredol ac yn gallu dangos yr rhoddwyd ystyriaeth i gostau tymor byr a hirdymor cynnal a chadw, atgyweirio ac adnewyddu.</p> <p>Sicrhau fod cartrefi a gyllidir yn gyhoeddus yn cyflawni Safonau Ansawdd Tai Cymru.</p>	<p>Cofrestr asedau ac ymrwymiadau - Dylai Byrddau fod â chofrestr asedau ac ymrwymiadau gynhwysfawr, cywir a chyfredol. Mae'n rhaid i Fyrddau ddeall eu hasedau tai, sefyllfa gwarantau ac ymrwymiadau cysylltiedig ac, yn bwysig, ddefnyddio'r wybodaeth i hysbysu penderfyniadau a rheoli risg. Dylent fod yn fodlon y cafodd yr holl olygiadau cynllunio, amodau a 106, gweithredoedd teitl a gwaith papur angenrheidiol arall ei roi yn ei le fel bod asedau ar gael i roi gwarant ar gyfer cyllid ychwanegol ar fyr rybudd os yw'r sefydliad yn mynd i anawsterau gyda llif arian.</p> <p>Perfformiad a buddsoddiad asedau - Bydd sicrhau fod y stoc yn cyflawni ac yn parhau i gyrraedd Safon Ansawdd Tai Cymru mewn amgylchedd gweithredu lle mae angen i Fyrddau gydbwyso eu huchelgais ar gyfer twf yn erbyn yr angen i fuddsoddi yn a diogelu gwerth eu stoc presennol yn her allweddol i'r sector. Mae'n rhaid i Fyrddau sicrhau fod ganddynt ddata ansawdd uchel a chyfredol ar gyflwr stoc a strategaeth briodol ar gyfer buddsoddiad hirdymor. Mae'n rhaid i Fyrddau ddeall perfformiad ariannol a chymdeithasol asedau a defnyddio'r data i hysbysu'r strategaeth buddsoddi a gwneud penderfyniadau am fuddsoddi. Disgwylir i Fyrddau gymeradwyo chynnal cofrestr gyfredol.</p> <p>Mae'n rhaid i Fyrddau fedru rhoi sicrwydd eu bod yn deall risgiau wrth iddynt wneud penderfyniadau am gynaliadwyedd hirdymor eu stoc gan fod hyn yn debygol o effeithio ar eu buddsoddiad a ffrwd incwm. Mae hyn yn neilltuol o bwysig yng nghyd-destun yr amgylchedd economaidd cyfredol lle mae'n rhaid i Fwrdd ddefnyddio ei adnoddau ac asedau yn y ffordd fwyaf effeithlon i gyflawni ei amcanion.</p> <p>Bydd y Rheoleiddiwr yn ceisio sicrwydd bod Byrddau'n deall goblygiadau telerau ac amodau eu contractau a chytundebau presennol a dyfodol a sicrhau eu bod yn deall yr ymrwymiadau a risgiau posibl yn gysylltiedig gyda phob un.</p> <p>Risg Gwrth Barti - Dylai Byrddau ddeall pa risg gwrth barti y mae eu sefydliad yn agored iddo. Mae angen i Fyrddau ddeall yn llawn yr amgylchiadau posibl lle byddai ganddynt hwy neu'r gwrth barti opsiwn i amrywio i dorri contract a rhoi mesurau lliniaru yn eu lle i drin y risgiau rhag ofn fod hyn yn digwydd.</p>

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