



# **The 2019 Financial Statements of Welsh Housing Associations**

## **Datganiadau Ariannol 2019 Cymdeithasau Tai Cymru**

**Community Housing Cymru  
Cartrefi Cymunedol Cymru**



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

# Foreword

**Housing associations and Welsh Government share a joint ambition that Wales is a place where decent, warm and affordable homes are available for all who need them. Housing associations are a crucial part of realising this ambition. A solid financial base underpins their ability to play a full part in achieving this shared purpose at pace and scale.**

**This year's Global Accounts show a housing association sector that is operating from a robust financial base; and that is using this solid foundation to make a real difference in communities across Wales.**

In the past year we have seen housing associations continue to exploit their solid financial performance to increase their contribution to number of homes built throughout 2018/19. This contribution puts the sector on track to deliver on the housing supply ambitions in our shared Housing Pact – helping deliver 20,000 affordable homes by 2021 with housing associations committed to delivering at least 12,500 of these.

# Rhagair

**Mae cymdeithasau tai a Llywodraeth Cymru yn rhannu uchelgais ar y cyd i Gymru fod yn fan lle mae cartrefi gweddus, cynnes a fforddiadwy ar gael i bawb sydd eu hangen. Mae cymdeithasau tai yn rhan hanfodol o wireddu'r uchelgais hwn. Mae sylfaen ariannol cadarn yn sail i'w gallu i chwarae rhan lawn wrth gyflawni'r diben a rannant, a hynny'n gyflym ac ar y raddfa angenrheidiol.**

**Mae Cyfrifon Cynhwysfawr eleni yn dangos sector cymdeithasau tai sy'n gweithredu o sail ariannol cryf ac sy'n defnyddio'r sylfaen cadarn hwn i wneud gwahaniaeth go iawn mewn cymunedau ar draws Cymru.**

Yn y flwyddyn ddiwethaf gwelsom gymdeithasau tai yn parhau i ddefnyddio eu perfformiad ariannol cadarn i gynyddu eu cyfraniad i'r nifer o gartrefi a adeiladwyd drwy gydol 2018/19. Mae'r cyfraniad hwn yn rhoi'r sector ar y trywydd i gyflawni'r uchelgais ar gyflenwad tai yn y Cytundeb Tai a rannwn - helpu i sicrhau 20,000 o gartrefi fforddiadwy erbyn 2021 gyda chymdeithasau tai yn ymroi i gyflenwi o leiaf 12,500 ohonynt.

Housing associations demonstrate through this report how they continue to leverage £3 billion of private investment into Wales which they blend with essential government funds to make sure that maximum value can be derived from every pound invested into the sector. A supportive policy framework and strong regulatory function provides an important context that enables housing associations to continue attracting favourable rates of borrowing and demonstrate value for the money invested in Wales.

Continuing to deliver value for tenants and communities is at the heart of the work that housing associations have undertaken over the past year. It is notable that housing associations have delivered additional value, highlighted by the indicators contained in this report, including additional investment in properties and improved asset management. Financially there was a rise in the free cash generated by the sector, increased turnover and a reduction in the cost of finance that allows the sector to borrow more to invest in homes, services and communities.

The 2019 financial performance supports a sector in Wales that continues to act as a key economic stimulus. During the year housing associations directly contributed £1.3bn to the economy, with 85% of this expenditure retained in Wales. The indirect supplier effect alongside this meant the total contribution to the economy was over £2bn. And it's not just about housing, the sector makes a significant contribution to employment by directly providing over 10,000 full time equivalent jobs and, for every direct job provided, nearly 1.5 positions are supported elsewhere in the Welsh economy equating to 25,000 jobs.

Drwy'r adroddiad hwn mae cymdeithasau tai yn dangos sut maent yn parhau i ysgogi £3 biliwn o fuddsoddiad preifat i Gymru ac yn cyfuno hynny gyda chyllid hanfodol gan y llywodraeth i sicrhau y gellir sicrhau'r gwerth mwyaf posibl o bob punt a fuddsoddir yn y sector. Mae fframwaith polisi cefnogol a swyddogaeth reoleiddiol gref yn rhoi cyd-destun pwysig sy'n galluogi cymdeithasau tai i barhau i ddenu cyfraddau benthyciadau ffafriol ac sy'n dangos gwerth am yr arian a fuddsoddir yng Nghymru.

Bu parhau i sicrhau gwerth i denantiaid a chymunedau yn greiddiol i waith cymdeithasau tai dros y flwyddyn ddiwethaf. Nodir fod cymdeithasau tai wedi sicrhau gwerth ychwanegol, a amlygir gan y dangosyddion yn yr adroddiad, yn cynnwys buddsoddiad ychwanegol mewn cartrefi a gwell rheolaeth asedau. Yn ariannol bu cynnydd yn yr arian rhydd a gynhyrchir gan y sector, trosiant uwch a gostyngiad yng nghost cyllid sy'n galluogi'r sector i fenthycu mwy i fuddsoddi mewn cartrefi, gwasanaethau a chymunedau.

Mae perfformiad ariannol 2019 yn cefnogi sector yng Nghymru sy'n parhau i weithredu fel sbardun economaidd allweddol. Yn ystod y flwyddyn cyfrannodd cymdeithasau tai £1.3bn yn uniongyrchol i'r economi, gyda 85% o'r gwariant hwn yn cael ei gadw yng Nghymru. Mae'r effaith cyflenwr anuniongyrchol wrth ochr hyn yn golygu fod cyfanswm y cyfraniad i'r economi dros £2bn. Ac mae'n fwy na thai yn unig; mae'r sector yn gwneud cyfraniad sylweddol i gyflogaeth drwy ddarparu dros 10,000 o swyddi cyfwerth ag amser-llawn yn uniongyrchol ac, am bob swydd uniongyrchol a ddarperir, caiff bron 1.5 swydd eu cefnogi mewn man arall yn economi Cymru sy'n gyfwerth â 25,000 o swyddi.

The sector has committed to adopt long-term local rent policies with affordability for tenants at the heart of all considerations. These policies will be based on extensive engagement with tenants and other stakeholders, including lenders, to help make local policies a reality. Implementing longer term certainty on rental income enhances housing associations planning capability and supports a strong position from which to establish sound future investment plans and attainable development ambitions.

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

Mae'r sector wedi ymroi i fabwysiadu polisiau rhent lleol hirdymor gyda fforddiadwyedd i denantiaid yn greiddiol i bob ystyriaeth. Caiff y polisiau hyn eu seilio ar ymgysylltu helaeth gyda thenantiaid a rhanddeiliaid eraill, yn cynnwys benthycwyr, i helpu gwireddu polisiau lleol. Mae gweithredu sicrwydd tymor hirach ar incwm rhent yn hybu gallu cynllunio cymdeithasau tai ac yn cefnogi sefyllfa gref ar gyfer sefydlu cynlluniau buddsoddi cadarn ar gyfer y dyfodol ac uchelgeisiau datblygu cyraeddadwy.

Drwyddi draw mae'r adroddiad calonogol hwn yn dangos sylfaen ariannol cadarn lle gall cymdeithasau tai barhau i ddenu buddsoddiad preifat i wneud gwahaniaethau cadarnhaol ledled Cymru. Mae cynhyrchu arian rhydd a gwargedion parhaus yn sbardun allweddol i gydnerthedd ariannol parhaus, gan yn y pen draw alluogi cymdeithasau tai i ysgogi mwy o fenthyciadau sylweddol sydd, pan y'u defnyddir wrth ochr y cyllid grant hanfodol gan Lywodraeth Cymru, yn creu cartrefi newydd fforddiadwy ac yn rhoi buddion sylweddol i bobl, cymunedau ac economi Cymru.



**Julie James, Minister for Housing and Local Government,  
and Andrew Martyn-Johns, Chair of Community Housing Cymru**

**Julie James, Gweinidog Tai a Llywodraeth Leol  
ac Andrew Martyn-Johns, Cadeirydd Cartrefi Cymunedol Cymru**



# 02

## Executive Summary

## Crynodeb Gweithredol

# Executive Summary

This report on the affordable housing sector in Wales is co-produced by Community Housing Cymru (CHC) and the Welsh Government. CHC is the representative body for over 40 not-for-profit housing associations and community benefit societies, with members providing homes and housing-related services across Wales. This report is derived from the audited financial statements of the largest 34 housing associations and provides information and commentary on the financial position of the sector for the year ended 31st March 2019.

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

# Crynodeb Gweithredol

Caiff yr adroddiad hwn ar y sector tai fforddiadwy yng Nghymru ei gynhyrchu ar y cyd gan Cartrefi Cymunedol Cymru (CHC) a Llywodraeth Cymru. CHC yw'r corff sy'n cynrychioli dros 40 o gymdeithasau tai dim-er-elw a chymdeithasau budd cymunedol, gydag aelodau'n darparu cartrefi a gwasanaethau cysylltiedig â thai ledled Cymru. Mae'r adroddiad hwn yn deillio o ddatganiadau ariannol archwiliedig y 34 cymdeithas tai fwyaf ac yn rhoi gwybodaeth a sylwebaeth ar sefyllfa ariannol y sector am y flwyddyn a ddiweddodd 31 Mawrth 2019.

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





## 2019 Key messages and forward looking information based on sector forecasts

- The sector now owns and manages 164,821 homes with general needs properties and retirement accommodation accounting for 90% of this figure; 149,007 homes. This is forecast to increase by over 3,000 homes per annum meaning there will be over 180,000 homes in the sector by 2024
- CHC members have directly spent £1.3bn of which 85% was retained in Wales, and with the indirect impact means the total impact of the sector on the Welsh economy equates to over £2bn
- Turnover for the year was £1,006m; an increase from £954m in 2018. Turnover is forecast to rise by 4% per annum to £1,224m by 2024
- Operating surplus for the year was £189m (2018: £190m). By 2024 operating surplus is forecast to rise steadily to £294m with operating margin rising from 19% to 24%
- Housing fixed asset levels, before depreciation, are now shown at £7.9bn, an increase from £7.4bn in 2018 (6.7% increase). Housing assets are predicted to rise by an average of 8% per annum to £11.5bn by 2024
- Increased borrowings - the total debt level is now £3bn, a rise from £2.8bn in 2018. Borrowings are forecast to rise at their historic rate of £0.2bn per annum for the next 5 years reaching £4bn by 2024

## Negeseuon allweddol 2019 a gwybodaeth edrych i'r dyfodol yn seiliedig ar ragolygon y sector

- Mae'r sector yn awr yn berchen ac yn rheoli 164,821 o gartrefi gydag anheddau anghenion cyffredinol a llety ymddeol yn 90% o'r ffigur hwn; 149,007 o gartrefi. Rhagwelir y bydd hyn yn cynyddu gan dros 3,000 o gartrefi y flwyddyn yn golygu y bydd dros 180,000 o gartrefi yn y sector erbyn 2024
- Mae aelodau CHC wedi gwario dros £1.3bn yn uniongyrchol, a gydag effaith anuniongyrchol mae'n golygu fod cyfanswm effaith y sector ar economi Cymru yn gyfwerth â dros £2bn.
- Roedd y trosiant am y flwyddyn yn £1,006m, cynnydd o £954m ar 2018. Rhagwelir y bydd trosiant yn cynyddu gan 4% y flwyddyn i £1,224m erbyn 2024
- Roedd y gwarged gweithredu am y flwyddyn yn £189m (2018: £190m). Erbyn 2024 rhagwelir y bydd y gwarged gweithredu yn cynyddu'n gyson i £294m gyda gorswm gweithredu yn cynyddu o 19% i 24%
- Dangosir lefelau asedau sefydlog tai, cyn dibrisiad, ar £7.9bn, cynnydd o £7.4bn yn 2018 (cynnydd o 6.7%). Rhagwelir y bydd asedau tai yn cynyddu gan 8% y flwyddyn ar gyfartaledd i £11.5bn erbyn 2024
- Cynyddu benthyciadau - mae cyfanswm y lefel dyled yn awr yn £3bn, cynnydd o £2.8bn yn 2018. Rhagwelir y bydd benthyciadau'n codi ar eu cyfradd hanesyddol o £0.2bn y flwyddyn am y 5 mlynedd nesaf gan gyrraedd £4bn erbyn 2024



- The effective interest rate for borrowing was 4.50% for 2019 (4.55% in 2018)
  - Sector gearing on 'Historic Cost basis' is 45%, (2018: 44%). Gearing is expected to peak at approximately 46% in 2021 before falling back to its current level in 2024
  - Sector gearing on a 'Net Worth' basis is at 61%, the same as in 2018
  - Capital and Reserves levels are now £1.17bn (2018: £1.15bn). Reserves are forecast to rise steadily for the next 5 years reaching £1.62bn by 2024
  - Directly and indirectly housing associations continue to support around 25,000 FTE jobs in Wales
  - Free cash generated for 2019 was £86m, an increase from £36m in 2018
- Roedd y gyfradd log weithredol ar gyfer benthyca yn 4.50% ar gyfer 2019 (4.55% yn 2018)
  - Mae geriad y sector ar 'sail cost hanesyddol' yn 45% (4.55% yn 2018). Disgwylir y bydd geriad yn cynyddu uchafbwynt o tua 46% yn 2021 cyn gostwng i'w lefel bresennol yn 2024
  - Mae geriad y sector ar sail 'gwerth net' yn awr yn 61%, yr un fath ag yn 2018
  - Mae lefelau cyfalaf a chronfeydd wrth gefn yn awr yn £1.17bn (2018: £1.15bn). Rhagwelir y bydd cronfeydd wrth gefn yn cynyddu'n gyson am y 5 mlynedd nesaf gan gyrraedd £1.62bn erbyn 2024
  - Yn uniongyrchol ac yn anuniongyrchol mae cymdeithasau tai yn cefnogi tua 25,000 o swyddi cyfwerth ag amser-llawn yng Nghymru
  - Roedd arian rhydd a gynhyrchwyd ar gyfer 2019 yn £86m, cynnydd o £36m yn 2018

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

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

Turnover continues to rise year-on-year underpinned by historically stable rental income streams. The relationship between the money received from Welsh Government compared to other sources of associations' income can be expressed as for every £1 received from Welsh Government, the housing associations bring £5.73. The reported operating surplus of £189m reduced to a surplus after tax of £18m primarily due to interest payable of £127m (£139m in 2018) and an actuarial loss of £66m (£15m gain in 2018) in respect of pension schemes. 2019 was the first year where the liability for SHPS has been identified and shown separately in accordance with defined benefit accounting rules. Another key movement on the total comprehensive income included a surplus on disposal of fixed assets of £25m compared to £15m in 2018.

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

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

Mae trosiant yn parhau i gynyddu flwyddyn ar flwyddyn yn seiliedig ar ffrydiau incwm rhent hanesyddol sefydlog. Gellir mynegi'r berthynas rhwng yr arian a dderbynnir gan Lywodraeth Cymru o gymharu â ffynonellau eraill incwm cymdeithasau fel bod cymdeithasau tai yn dod â £5.73 am bob £1 a dderbynnir gan Lywodraeth Cymru. Gostyngodd y gwarged gweithredu a adroddwyd o £189m i warged ar ôl trethiant o £18m yn bennaf oherwydd llog taladwy o £127m (£139m yn 2018) gyda cholled actiwaraid o £66m (enilliad o £15m yn 2018) yng nghyswllt cynlluniau pensiwn. 2019 oedd y flwyddyn gyntaf lle dynodwyd rhwymedigaeth ar gyfer SHPS a'i ddangos ar wahân yn unol â rheolau cyfrifeg budd diffiniedig. Roedd symudiad allweddol arall ar y cyfanswm incwm cynhwysfawr yn cynnwys gwarged ar waredu asedau sefydlog o £25m o gymharu â £15m yn 2018.

With the presence of greater accounting complexity 'free cash flow generation' evidences a metric of business performance and strength that increasingly provides measureable and meaningful information to stakeholders; funders in particular. Free cash shows the level of cash generated, or consumed, by the existing portfolio of properties - it's the cash left over after meeting all expenditure required to run operations on a daily basis, including loan interest, and before loan repayments, investment in new homes and related grant receipts. Overall, as in 2018, there was a welcome rise in the sector free cash level. For traditional associations the level has increased from £49m to £67m while LSVTs have substantially improved their free cash position moving from a net outflow of £13m in 2018 to a positive inflow of £19m during the period. Not only does this reflect associations' focus on running their organisations efficiently but supports development ambitions to achieve the 12,500 affordable homes target during this term of Government.

During 2019 £408m of new debt facility was arranged, following £391m raised in 2018. This debt resulted from a combination of raising new funding and restructuring of older debt. Half of this new debt was raised from 3 new bond providers into the Welsh sector and the remainder was sought from existing providers. These new facilities continue the trend of housing associations seeking alternative modes of longer term funding through Bond finance and institutional investors that have proved attractive regarding length of term, flexibility and overall cost of funds. Associations cannot rely on favourable interest rates continuing indefinitely so effective treasury management and business plan analysis will help associations manage risk and improve their longer term financial positions. The rising indebtedness of the sector and sustained strong sector-wide financial performance, the continued posting of annual surpluses, helps associations deal with economic and political challenges facing the sector and wider economy in Wales in a complex operating environment.

Gyda phresenoldeb mwy o gymhlethdod cyfrifeg, mae 'cynhyrchu llif arian rhydd' yn dangos metrig o berfformiad a nerth busnes sy'n gynyddol yn rhoi gwybodaeth fesuradwy ac ystyrlon i randdeiliaid; cyllidwyr yn arbennig. Mae arian rhydd yn dangos lefel yr arian a gynhyrchwyd, neu a ddefnyddiwyd, gan y portfolio presennol o anheddau - dyma'r arian sydd ar ôl ar cyflawni'r holl wariant sydd ei angen i redeg gweithrediadau o ddydd i ddydd, yn cynnwys llog benthyciadau a chyn ad-dalu benthyciadau, buddsoddiad mewn cartrefi newydd a derbyniadau grant cysylltiedig. Drwyddi draw, fel yn 2018, croesewir y cynnydd yn lefel arian rhydd y sector. Ar gyfer cymdeithasau traddodiadol mae'r lefel wedi cynyddu o £49m i £67m tra bod sefydliadau LSVT wedi gwella eu sefyllfa arian rhydd yn sylweddol gan symud o all-lif net o £13m yn 2018 i fewnlif cadarnhaol o £19m yn ystod y cyfnod. Nid yn unig mae hyn yn adlewyrchu ffofws cymdeithasau ar redeg eu sefydliadau eu hunain yn effeithiol ond mae'n cefnogi uchelgeisiau datblygu i gyflawni'r targed o 12,500 o gartrefi fforddiadwy yn ystod cyfnod hwn y Llywodraeth.

Yn ystod 2019 trefnwyd cyfleuster dyled newydd o £408m, yn diyn £391m a godwyd yn 2019. Mae'r ddyled hon yn ganlyniad cyfuniad o godi cyllid newydd ac ailstrwythuro dyled hŷn. Codwyd hanner y ddyled newydd yma o 3 darparwydd bond newydd i'r sector yng Nghymru a cheisiwyd cael y gweddill o ddarparwyr presennol. Mae'r cyfleusterau newydd hyn yn parhau'r tueddiad o gymdeithasau tai yn ceisio dulliau eraill o gyllid tymor hirach drwy gyllid bond a buddsoddwyr sefydliadol sydd wedi profi'n ddiennadol parthed hyd tymor, hyblygrwydd a chyfanswm cost cronfeydd. Ni all cymdeithasau ddibynny y bydd cyfraddau llog ffafriol yn parhau am gyfnod amhenodol felly bydd rheolaeth trysorlys effeithlon a dadansoddi cost busnes yn helpu cymdeithasau i drin risg a gwella eu sefyllfaoedd ariannol tymor hirach. Mae dyledrwydd cynyddol y sector a pherfformiad ariannol cyson gryf ar draws y sector a pharhau i gyflawni gwargedion blynyddol yn helpu cymdeithasau i drin heriau economaidd a gwleidyddol sy'n wynebu'r sector a'r economi ehangach yng Nghymru mewn amgylchedd gweithredu cymhleth.

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

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

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

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

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

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



**03**

**Housing  
Association  
Accounts**

**Cyfrifon a  
Llif Arian  
Cymdeithasau  
Tai**

# Housing Association Accounts

## Overview

This report contains analysis based on the statutory financial statements of 34 of the largest Welsh housing associations; traditional (developing) housing associations and LSVT organisations. These housing associations, of which 11 are LSVTs, own and manage nearly 165,000 homes. Social housing units represent 90% of the total managed homes and comprise general needs, retirement accommodation and supported housing. The remaining stock includes leasehold properties, shared ownership properties, student accommodation and other properties.

The sector directly employs on average 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.

## Cash flow

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

# Cyfrifon Cymdeithasau Tai

## Trosolwg

Mae'r adroddiad hwn yn cynnwys dadansoddiad yn seiliedig ar ddatganiadau ariannol statudol 34 o gymdeithasau tai mwyaf Cymru; cymdeithasau tai traddodiadol (sy'n datblygu) a sefydliadau LSVT (trosglwyddo gwirfoddol ar raddfa fawr). Mae'r cymdeithasau tai hyn, 11 ohonynt yn rhai LSVT, yn berchen ac yn rheoli bron 165,000 o gartrefi. Unedau tai cymdeithasol yw 90% o'r holl gartrefi a reolir ac yn cynnwys anheddau anghenion cyffredinol, llety ymddeol a thai â chymorth. Mae gweddill y stoc yn cynnwys eiddo prydles, eiddo rhanberchnogaeth, llety myfyrwyr ac eiddo arall.

Ar gyfartaledd mae'r sector yn cyflogi 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 chyreff statudol a phrosiectau cymunedol eraill.

## 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 ymddangos yn y datganiad hwn, mae'n golygu na ellir edrych ar y gwarged yn y datganiad hwn ar ben ei hun.

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

Overall there has been a further increase in free cash flow as compared to 2018. For traditional associations the levels have increased by £18m while LSVTs have substantially enhanced their free cash position, shifting from a £13m net outflow in 2018 to a net inflow of £19m in 2019. This reflects the increased focus associations are placing on generating positive cash flow in running their organisations efficiently whilst ensuring there exists adequate liquidity to support appropriate spending plans. Traditional associations have generated £67m in free cash which is arrived at after investing £52m (2018: £47m) in the long term maintenance of properties.

The free cash generated by traditional associations was used to make contractual repayments of loans. This debt will often be refinanced over the life of owned housing stock so maintaining a strategy of free cash generation underpins medium and long term business planning and treasury management to meet all loan repayment commitments. This key metric demonstrates a degree of financial strength that lenders look for to continue investing in the sector.

As LSVTs continue to mature a greater proportion of their property stock is now compliant with the Welsh Housing Quality Standards (WHQS) and the need to spend on component replacements has decreased, from net £81m in 2018 to £70m in 2019.

Social Housing Grant, and other grants receivable, has shown an increase from the prior year; £241m in 2019 compared with £154m in 2018. This is due to a £87m increase for traditional associations. Whilst loans received within the sector have increased from £356m to £399m in 2019 the actual loans repaid reduced from £235m to £231m resulting in a net increase in the net inflow from financing activities from £117m in 2018 to £164m in 2019.

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

Yn gyffredinol bu cynnydd pellach mewn llif arian rhydd o gymharu gyda 2018. Ar gyfer cymdeithasau traddodiadol mae'r lefelau wedi cynyddu gan £18m tra bod sefydliadau LSVT wedi gwella eu sefyllfa arian yn rhydd yn sylweddol, gan symud o all-lif £13m net yn 2018 i fewnlif net o £19m yn 2019. Mae hyn yn adlewyrchu ffocws cynyddol cymdeithasau ar sicrhau llif arian cadarnhaol wrth redeg eu sefydliadau'n effeithiol gan sicrhau fod hylifedd digonol ar gael i gefnogi cynlluniau gwariant priodol. Mae cymdeithasau traddodiadol wedi ysgogi £67m mewn arian rhydd, ffigur a geir ar ôl buddsoddi £52m (2018: £47m) mewn cynnal a chadw eiddo yn yr hirdymor.

Defnyddiwyd yr arian rhydd a sicrhawyd gan gymdeithasau traddodiadol i wneud ad-daliadau contractiol ar fenthyciadau. Caiff y ddyled hon yn aml ei hailgyllido dros oes y stoc tai felly mae'n bwysig sicrhau digon o arian rhydd yn yr hirdymor ar gyfer cyflawni holl ymrwymadau ad-dalu benthyciadau. Mae'r metrig allweddol hwn yn dangos nerth ariannol y mae benthycwyr yn edrych amdano i barhau i fuddsoddi yn y sector.

Wrth i sefydliadau LSVT barhau i aeddfedu, mae cyfran uwch o'u stoc eiddo yn awr yn cydymffurfio gyda Safonau Ansawdd Tai Cymru ac mae'r angen i wario ar amnewid cydrannau wedi gostwng, o £81m net yn 2018 i £70m yn 2019.

Mae Grant Tai Cymdeithasol, a grantiau eraill sy'n dderbyniadwy, wedi dangos cynnydd o'r flwyddyn flaenorol; £241m yn 2019 o gymharu gyda £154m yn 2018. Mae hyn oherwydd cynnydd o £87m ar gyfer cymdeithasau traddodiadol. Er bod benthyciadau a dderbyniwyd o fewn y sector wedi cynyddu o £356m i £399m yn 2019, mae'r benthyciadau a ad-dalwyd wedi gostwng o £235m i £231m, gan arwain at gynnydd net yn y mewnlif net o weithgareddau cyllido o £117m yn 2018 i £16m yn 2019.



**Figure 1: Cash flow statement 2019**

	<b>Traditional 2019 £m</b>	<b>LSVT 2019 £m</b>	<b>All 2019 £m</b>	<b>Traditional 2018 £m</b>	<b>LSVT 2018 £m</b>	<b>All 2018 £m</b>
Net cash inflow from operating activities	199	129	<b>328</b>	189	110	<b>299</b>
Interest paid	(82)	(37)	<b>(119)</b>	(95)	(35)	<b>(130)</b>
Interest received	2	1	<b>3</b>	2	0	<b>2</b>
Taxation	0	0	<b>0</b>	0	0	<b>0</b>
	<b>119</b>	<b>93</b>	<b>212</b>	<b>96</b>	<b>75</b>	<b>171</b>
Replacement fixed assets	(10)	(3)	<b>(13)</b>	(9)	(7)	<b>(16)</b>
Component replacements	(43)	(90)	<b>(133)</b>	(39)	(90)	<b>(129)</b>
Component grants	1	20	<b>21</b>	1	9	<b>10</b>
Free cash inflow / (outflow)	<b>67</b>	<b>19</b>	<b>86</b>	<b>49</b>	<b>(13)</b>	<b>36</b>
Purchase and development of properties	(334)	(65)	<b>(399)</b>	(263)	(62)	<b>(325)</b>
SHG and other grants received	203	38	<b>241</b>	116	38	<b>154</b>
Proceeds of sale of properties	20	26	<b>46</b>	30	13	<b>43</b>
Other	(16)	0	<b>(16)</b>	(13)	(1)	<b>(14)</b>
Net cash outflow from capital expenditure	<b>(127)</b>	<b>(1)</b>	<b>(128)</b>	<b>(130)</b>	<b>(12)</b>	<b>(142)</b>
Loans received	349	50	<b>399</b>	303	53	<b>356</b>
Loans repaid	(196)	(35)	<b>(231)</b>	(196)	(39)	<b>(235)</b>
Other financing costs	(4)	(1)	<b>(5)</b>	(3)	(1)	<b>(4)</b>
Net inflow from financing activities	<b>149</b>	<b>15</b>	<b>164</b>	<b>104</b>	<b>13</b>	<b>117</b>
Increase / (decrease) in cash	<b>88</b>	<b>33</b>	<b>121</b>	<b>23</b>	<b>(12)</b>	<b>11</b>

## Statement of Financial Position

### Fixed Assets

Total fixed assets have continued to rise again this year to £7,154m, an increase of nearly 6% 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 £70m and traditional associations invested a further £42m in component replacements to ensure further compliance with WHQS during the year.

## Datganiad Sefyllfa Ariannol

### Asedau Sefydlog

Mae cyfanswm asedau sefydlog wedi codi eto eleni i £7,154m, cynnydd o bron 6% 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 £70m a buddsoddodd cymdeithasau traddodiadol £42m pellach mewn amnewid cydrannau i sicrhau cydymffurfiaeth pellach gyda Safon Ansawdd Tai Cymru yn ystod y flwyddyn.

During 2018/19 the sector has continued to direct significant level of spending on development of new homes with investment for the period totalling £399m, a rise from £325m in 2017/18. As anticipated traditional associations make up the bulk of this tranche of investment, 84% (81% in 2018) and pleasingly there has been an increase in LSVT investment as more mature LSVTs seek to increase their development programmes. All organisations have grown as businesses and with a continuously improving compliance against WHQS. 93% of social housing dwellings were WHQS compliant (including acceptable fails) compared to 90% a year earlier. 69% of all social housing dwellings were fully compliant with the WHQS at 31 March 2019.

Some of this development investment continues to be supported by grant whilst the rest is financed from banks and long term institutional investors. The long term debt level is now £3bn, increasing by £137m during the year. 81% of this debt belongs to traditional housing associations.

### Rent Arrears

The impact of welfare reform continues to be a material cause for concern for the sector, in particular tenant's ability to pay their rent. Many housing associations have continued to strategically invest in support for their tenants but there has still been a slight increase in rent arrears from 4.6% to 4.7% of turnover. As the pace of the roll out of Universal Credit increases associations will come under further pressure to secure collection of their rents. Starting in July 2019 with a small scale pilot, the managed migration process for claimants will be evident - this is due to be fully completed by the end of 2023. The scale of planned managed migration is set to place significant pressures on vulnerable claimants, support services they rely on and ultimately housing associations so it is imperative assistance provided by the sector continues to be targeted and efficient.

### Reserves

The total capital and reserves of Welsh housing associations have risen by £14m (£88m rise in 2018) to £1,169m 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.

Yn ystod 2018/19 mae'r sector wedi parhau i gyfeirio lefel sylweddol o wariant ar gartrefi newydd gyda chyfanswm buddsoddiad am y cyfnod yn £399m, cynnydd o £325m yn 2017/18. Yn ôl y disgwyl, cymdeithasau traddodiadol yw rhan fwyaf y ddogrn yma o fuddsoddiad, 84% (81% yn 2018), ond yn ddymunol bu cynnydd mewn buddsoddiad LSVT wrth i LSVT mwy aeddfed geisio cynyddu eu rhaglenni datblygu. Mae pob sefydliad wedi tyfu fel busnesau a gyda chydymffurfiaeth yn gwella'n barhaus ar SATC roedd 93% o anheddau tai cymdeithasol yn cydymffurfio â SATC (yn cynnwys methiannau derbyniol) o gymharu â 90% flwyddyn ynghynt. Roedd 69% o'r holl anheddau tai cymdeithasol yn cydymffurfio'n llawn gyda SATC ar 31 Mawrth 2019.

Mae peth o'r buddsoddiad datblygu'n parhau i gael ei gefnogi gan grant tra caiff y gweddill ei gyllido gan fanciau a buddsoddwyr sefydliadol hirdymor. Mae lefel dyledion hirdymor yn awr bron yn £2.9bn, gan gynyddu gan dros £137m yn ystod y flwyddyn. Cymdeithasau tai traddodiadol piau 81% o'r ddyled hon.

### Ôl-ddyledion Rhent

Mae effaith diwygio llesiant yn parhau i fod yn achos consyrn sylweddol i gymdeithasau tai, yn arbennig allu tenantiaid i dalu eu rhent. Mae llawer o gymdeithasau tai wedi parhau i fuddsoddi'n strategol mewn cefnogaeth i'w tenantiaid ond bu'n dal gynydd bychan mewn ôl-ddyledion rhent o 4.6% i 4.7% o drosiant. Daw cymdeithasau dan fwy o bwysau i sicrhau casglu eu rhenti wrth i gyflymder lledaenu Credyd Cynhwysol gynyddu. Yn cychwyn ym mis Gorffennaf 2019 gyda chynllun peilot graddfa fach, bydd y broses ymfudo â reolir ar gyfer hawlwy yn amlwg - mae hyn i fod i gael ei chwblhau erbyn diwedd 2023. Bydd maint yr ymfudiad â reolir a fwriedir yn gosod pwysau sylweddol ar hawlwy bregus, y gwasanaethau cymorth y dibynnant arnynt ac yn y pen draw y cymdeithasau tai, felly mae'n hanfodol fod y cymorth a roddir gan y sector yn parhau i fod wedi'i dargedu ac yn effeithiol.

### Cronfeydd wrth Gefn

Mae cyfanswm cyfalaf a chronfeydd wrth gefn cymdeithasau tai Cymru wedi codi gan £14m (cynnydd o £88m yn 2018) i £1,169m fel canlyniad i'r gwarged a gofnodwyd ar gyfer y flwyddyn. Ni ddylid anghofio nad yw cronfeydd wrth gefn yn gyfartal ag arian parod sydd ar gael, ond yn werth cyfrifeg yr asedau net o fewn y sector. Yn fras, mae'n dangos buddsoddiad adnoddau cymdeithasau eu hunain i gynnal a chadw eu hanheddau presennol a darparu cartrefi fforddiadwy newydd.

**Figure 2: Statement of Financial Position 2019**

	<b>Traditional 2019 £m</b>	<b>LSVT 2019 £m</b>	<b>All 2019 £m</b>	<b>All 2018 £m</b>
<b>FIXED ASSETS</b>				
Housing properties at cost	6,241	1,654	7,895	7,386
Depreciation	(757)	(352)	(1,109)	(993)
<b>NBV of housing properties</b>	<b>5,484</b>	<b>1,302</b>	<b>6,786</b>	<b>6,393</b>
Intangible assets	4	3	7	7
Commercial property	85	15	99	101
Fixed asset investments	125	2	127	122
Other (including office premises)	105	29	134	133
<b>Total Fixed Assets</b>	<b>5,803</b>	<b>1,351</b>	<b>7,154</b>	<b>6,756</b>
<b>CURRENT ASSETS</b>				
Assets held for sale and stocks	19	4	23	20
Debtors due within one year	83	81	163	210
Debtors due after one year	209	493	702	731
Cash and cash equivalents	328	122	450	326
<b>Total Current Assets</b>	<b>639</b>	<b>700</b>	<b>1,339</b>	<b>1,287</b>
<b>CURRENT LIABILITIES</b>				
Short term loans	(83)	(86)	(169)	(162)
Capital Grants including SHG	(59)	(15)	(74)	(113)
Other current liabilities	(173)	(105)	(279)	(264)
<b>Total Current Liabilities</b>	<b>(315)</b>	<b>(206)</b>	<b>(521)</b>	<b>(539)</b>
<b>Net Current Assets</b>	<b>324</b>	<b>494</b>	<b>818</b>	<b>748</b>
<b>Total Assets less Current Liabilities</b>	<b>6,127</b>	<b>1,845</b>	<b>7,972</b>	<b>7,504</b>
<b>LONG TERM CREDITORS AND PROVISIONS</b>				
Long term loans	(2,267)	(526)	(2,793)	(2,656)
Capital Grants (including Social Housing Grant)	(2,899)	(276)	(3,176)	(2,912)
Pension liability	(134)	(123)	(257)	(157)
Other including VAT shelter	(67)	(512)	(579)	(625)
<b>Total Long Term Creditors and Provisions</b>	<b>(5,367)</b>	<b>(1,437)</b>	<b>(6,804)</b>	<b>(6,185)</b>
<b>NET ASSETS</b>	<b>761</b>	<b>408</b>	<b>1,169</b>	<b>1,155</b>
<b>RESERVES</b>				
Income & Expenditure reserve	751	355	1,106	1,092
Restricted reserve	9	4	13	12
Revaluation reserve	1	49	50	51
<b>TOTAL RESERVES</b>	<b>761</b>	<b>408</b>	<b>1,169</b>	<b>1,155</b>

## Statement of Comprehensive Income

### Turnover

Turnover continued to rise year-on-year with an increase from £954m to £1,006m in 2019. The increase in number of housing units during the period contributed to this and also the rental uplift associations could apply to social housing rents from April 2018 that was set at a maximum of 4.5% (CPI (3%) of previous September +1.5%). Since 2015 turnover in the sector has increased steadily from £855m to £1,006m. 63% (£638m) of the total turnover is generated by traditional housing associations, a figure consistent with the previous year.

### Operating Surplus

Operating surplus for the sector was £189m (£131m for traditional associations and £58m for LSVTs). This compares broadly similar to the prior year, £190m. 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 an increase from £15m in 2018 to £25m in 2019, representing asset sales in a small number of associations. £21m of this was attributed to LSVT activities.

### Interest rates

The overall amount of interest paid by the sector reduced to £127m from £139m. The effective interest rate for the sector as a whole was 4.5% and includes an average rate on traditional housing association borrowing of 4.0% and a rate for LSVTs of 6.3% which was driven by the ongoing effect of restrictive fixed-rate loan arrangements, although some have now been re-financed. LSVTs represent 19% of total sector borrowing. Included in 2019 statements were exceptional cost items, loan breakage charges. This cost crystallized due to the repayment of existing loans for one association, following the securing of attractive, flexible own-name bond funding.

## Datganiad Incwm Cynhwysfawr

### Trosiant

Mae trosiant yn parhau i gynyddu flwyddyn ar flwyddyn gyda chynnydd o £954m i £1,006m yn 2019. Fe wnaeth y cynnydd yn y nifer o unedau tai yn ystod y cyfnod gyfrannu at hyn a hefyd yr ymgodiad rhent y gallai cymdeithasau ei weithredu i renti tai cymdeithasol o fis Ebrill 2018 a osodwyd ar uchafswm o 4.5% (CPI) y mis Medi blaenorol + 1.5%). Ers 2015 mae trosiant yn y sector wedi cynyddu'n gyson o £855m i £1,006m. Caiff 63% (£638m) o'r cyfanswm trosiant ei gynhyrchu gan gymdeithasau tai traddodiadol, ffigur sy'n gyson gyda'r flwyddyn flaenorol.

### Gwarged gweithredu

Roedd y gwarged gweithredu ar gyfer y sector yn £189m (£131m ar gyfer cymdeithasau traddodiadol a £58m i LSVT). Mae hyn yn fras debyg i'r flwyddyn flaenorol, £190m. 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 gynnydd bychan o £15m yn 2018 i £25m yn 2019, yn cynrychioli gwerthu asedau mewn nifer fach o gymdeithasau. Priodolwyd £21m o hyn i weithgareddau LSVT.

### Cyfraddau llog

Gostyngodd cyfanswm y llog a dalwyd gan y sector o £127m o £139m. Roedd y gyfradd log weithredol ar gyfer y sector yn ei gyfanrwydd yn 4.5% ac mae'n cynnwys cyfradd gyfartalog ar fenthyciadau cymdeithasau tai traddodiadol o 4.0% a chyfradd o 6.3% ar gyfer LSVT, a gafodd ei yrru gan effaith barhaus trefniadau benthyciadau cyfradd sefydlog cyfyngol, er y cafodd rhai bellach eu hailgyllido. Mae LSVT yn ffurfio 19% o gyfanswm benthycia'r sector. Roedd datganiadau 2019 yn cynnwys cost eitem eithriadol, torri benthyciad. Cafodd y gost yma ei chrisialu oherwydd ad-dalu benthyciadau presennol i un gymdeithas, yn dilyn sicrhau cyllid bond deniadol, hyblyg yn ei enw ei hunan.

### Actuarial movement on Pension Schemes

From 2018 to 2019 there was a £81m, non-cash, adverse movement on valuation of pension schemes. The majority of shift relates to traditional housing associations. Actuarial gains and losses on pension schemes fluctuate year-on-year. The overall actuarial loss for the year results from movements in underlying actuarial assumptions. These include projected changes in inflation, the rate of increase in the level of pensions paid, future salary increases, a discount rate linked to gilts and mortality assumptions. In 2019, changes to assumptions, particularly higher inflation and lower discount rates, resulted in an increase in the present value of future liabilities.

From 2019, The Pensions Trust, who administers SHPS (the Social Housing Pension Scheme), made available sufficient information on plan assets and liabilities to allow the scheme to be accounted for under defined benefit accounting rules, as required by FRS102. In previous years, members have had to apply defined contribution accounting rules to these schemes, as there was insufficient information available to identify individual members' shares of the scheme assets and liabilities. This meant recognising a liability within creditor balances to represent the present value of agreed deficit repayment contributions. For housing associations that are members of these schemes, this has meant that the 2019 financial statements have included an adjustment to move to defined benefit accounting. This can be seen in the reported results, with the pension provision for liabilities increasing to £257m in 2019 from £157m in 2018.

Rhwng 2018 a 2019 bu symudiad anariannol niweidiol o £81m ar brisiad cynlluniau pensiwn. Mae mwyafrif y symud cadarnhaol yn ymwneud â chymdeithasau tai traddodiadol. Mae enillion a cholledion actiwaraid ar gynlluniau pensiwn yn amrywio flwyddyn-ar-flwyddyn. Mae'r cyfanswm colled actiwaraid am y flwyddyn yn ganlyniad symudiadau mewn tybiaethau actiwaraid sylfaenol. Mae'r rhain yn cynnwys newidiadau a ragwelir mewn chwyddiant, cyfradd cynnydd yn lefel y pensiynau a delir, cynnydd cyflog y dyfodol, cyfradd disgownt yn gysylltiedig â giltiau a thybiaethau marwolaeth. Yn 2019, arweiniodd newidiadau i dybiaethau, yn arbennig chwyddiant uwch a chyfraddau disgownt is, at gynydd yng ngwerth presennol ymrwymadau'r dyfodol.

O 2019 gwnaeth yr Ymddiriedolaeth Pensiynau, sy'n gweinyddu SHPS (Cynllun Pensiwn Tai Cymdeithasol) wybodaeth ddigonol ar gael ar asedau ac ymrwymadau'r cynllun i'w gwneud yn bosibl cyfrif ar gyfer y cynllun dan reolau cyfrifeg budd diffiniedig, fel sydd angen gan FRS102. Mewn blynyddoedd blaenorol, bu'n rhaid i aelodau weithredu rheolau cyfrifeg cyfraniad diffiniedig i'r cynlluniau hyn, gan nad oedd digon o wybodaeth ar gael i ddynodi cyfrannau aelodau unigol o asedau ac ymrwymadau'r cynllun. Roedd hyn yn golygu adnabod ymrwymiad o fewn balansau credydwy i gynrychioli gwerth presennol y cyfraniadau addalu diffyg a gytunwyd. Ar gyfer y cymdeithasau tai sy'n aelodau o'r cynlluniau yma, mae hyn wedi golygu fod datganiadau ariannol 2019 wedi cynnwys addasiad i symud i gyfrifeg budd diffiniedig. Gellir gweld hyn yn y canlyniadau a adroddwyd, gyda'r ddarpariaeth pensiwn ar gyfer ymrwymadau wedi cynyddu o £257m yn 2019 o £157m yn 2018.

**Figure 3: Income & Expenditure 2019**

	<b>Traditional 2019 £m</b>	<b>LSVT 2019 £m</b>	<b>All 2019 £m</b>	<b>All 2018 £m</b>	<b>All 2017 £m</b>	<b>All 2016 £m</b>
Turnover	638	368	1,006	954	908	905
Operating costs	(507)	(310)	(817)	(764)	(715)	(734)
<b>Operating surplus</b>	<b>131</b>	<b>58</b>	<b>189</b>	<b>190</b>	<b>193</b>	<b>171</b>
Surplus on disposal of fixed assets	4	21	25	15	9	12
Interest receivable and other income	8	1	9	7	8	7
Interest payable and similar charges	(89)	(38)	(127)	(139)	(120)	(112)
Exceptional Item - Loan Breakage Costs	(6)	(6)	(12)	0	(5)	(5)
Fair value movements increase / (decrease)	1	0	1	3	5	2
<b>Surplus for the year before tax</b>	<b>49</b>	<b>36</b>	<b>85</b>	<b>76</b>	<b>90</b>	<b>75</b>
Corporation tax	(2)	0	(2)	0	0	0
Transfer (to) / from reserves	(0)	1	1	0	14	(1)
<b>Surplus for year after tax and transfers</b>	<b>47</b>	<b>37</b>	<b>84</b>	<b>76</b>	<b>104</b>	<b>74</b>
Actuarial gain / (loss) on pension schemes	(57)	(9)	(66)	15	(32)	4
Prior year adjustments	(3)	0	(3)	(1)	0	29
Accumulated surplus brought forward	764	328	1,091	1,001	928	821
Accumulated surplus carried forward	751	355	1,106	1,091	1,001	928

**Figure 4: Income & Expenditure 2019 analysis**

	2019			Turnover £m	2018 Operating costs £m	Operating surplus/ (deficit) £m
	Turnover £m	Operating costs £m	Operating surplus/ (deficit) £m			
General Needs Housing	743	(607)	136	706	(574)	132
Supported Housing	62	(52)	10	59	(45)	14
<b>Social Housing Totals</b>	<b>805</b>	<b>(659)</b>	<b>146</b>	<b>765</b>	<b>(619)</b>	<b>146</b>
Non Social Housing	201	(158)	43	189	(144)	45
<b>Total - all activities</b>	<b>1,006</b>	<b>(817)</b>	<b>189</b>	<b>954</b>	<b>(763)</b>	<b>191</b>

**Figure 5: Operating Surplus 2019**

OPERATING MARGINS	2019		
	Traditional £m	LSVT £m	All £m
Social Housing	118	28	146
Non Social Housing	13	30	43
<b>Total - all activities</b>	<b>140</b>	<b>52</b>	<b>192</b>

**Figure 6: Homes in Management 2019**

ALL ASSOCIATIONS	2019	2018	2017	2016	2015
General needs and sheltered housing	139,979	138,001	137,349	134,539	133,730
Supported housing	7,500	7,353	6,967	6,545	6,293
Student accommodation	3,970	4,035	4,102	4,061	4,061
Shared ownership / Homebuy / LCHO	2,951	2,907	2,610	2,897	2,076
Leasehold	6,606	6,568	6,493	6,678	6,580
Other	3,815	4,119	3,115	2,688	3,131
	164,821	162,983	160,636	157,608	155,871
<b>TRADITIONAL</b>					
General needs and sheltered housing	73,309	71,558	70,900	67,930	67,029
Supported housing	5,926	5,734	5,325	5,171	4,843
Student accommodation	3,970	4,035	4,102	4,061	4,061
Shared ownership / Homebuy / LCHO	2,794	2,743	2,443	2,647	1,821
Leasehold	2,442	2,246	1,922	1,944	1,819
Other	3,613	4,042	3,020	2,668	2,952
	92,054	90,358	87,712	84,421	82,525
<b>LSVTs</b>					
General needs and sheltered housing	66,670	66,443	66,449	66,609	66,701
Supported housing	1,574	1,619	1,642	1,374	1,450
Shared ownership / Homebuy / LCHO	157	164	167	250	255
Leasehold	4,164	4,322	4,571	4,734	4,761
Other	202	77	95	220	179
	72,767	72,625	72,924	73,187	73,346

Overall the sector has increased its units in management from 162,983 to 164,821 representing a net increase of 1,838 in the year. Within this general needs and sheltered housing showed a collective increase from 138,001 homes to 139,979 homes representing a larger rise than the prior year. 1,751 of this figure related to traditional associations and 227 related to LSVTs whose development ambitions continue to gain traction. The numbers of units in management for traditional housing associations and LSVTs is split 56% and 44% respectively, a similar proportion to previous years.

Social housing properties (general needs, sheltered housing and supported housing), represents 90% of the total units and has increased overall by over 2,125 units reflecting substantial development during the period. This overall increase in homes adequately positions the sector 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 162,983 i 164,821 gan fod yn gynydd net o 1,838 yn y flwyddyn. O fewn hyn mae tai anghenion cyffredinol a thai gwarchod wedi dangos cynnydd rhyngddynt o 138,001 cartref i 139,979 cartref, gan fod yn gynydd mwy nag yn y flwyddyn flaenorol. Roedd 1,751 o'r ffigur hwn yn cyfeirio at gymdeithasau traddodiadol a 227 at sefydliadau LSVT y mae eu huchelgais datblygu yn parhau i gynyddu. Caiff nifer yr unedau y mae cymdeithasau tai traddodiadol a LSVT yn eu rheoli eu rhannu'n 56% a 44% yn yr un drefn, cyfran debyg i flynyddoedd blaenorol.

Mae anheddau tai cymdeithasol (anghenion cyffredinol, tai gwarchod a thai â chymorth) yn 90% o'r holl unedau ac wedi cynyddu drwyddi draw gan dros 2,125 uned gan adlewyrchu datblygiad sylweddol yn ystod y cyfnod. Mae'r cynnydd cyffredinol hwn mewn cartrefi yn rhoi'r sector mewn safle digonol i gyflawni targed Llywodraeth Cymru o 12,500 o gartrefi fforddiadwy yn ystod tymor hwn y Llywodraeth.





# 04

## Value for Money

## Gwerth am Arian

# Value for Money (VfM)

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

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

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

# Gwerth am Arian

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

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

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

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

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

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

The diagram below illustrates the relationship between these four elements.

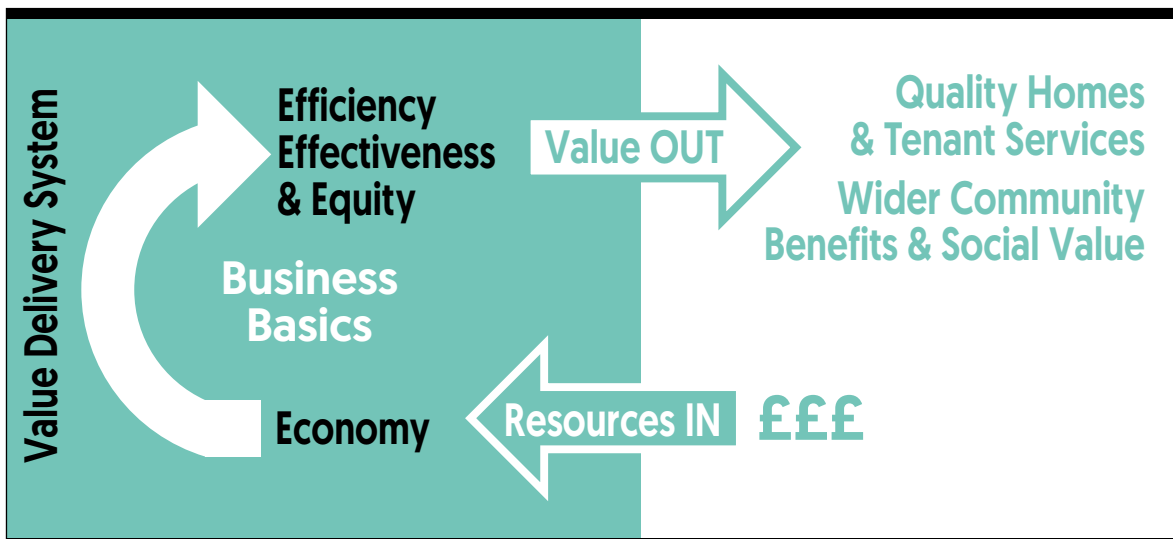
Ystyrir fel arfer fod Gwerth am Arian yn cynnwys tair elfen: darbodusrwydd, effeithiolrwydd ac effeithlonrwydd a gellir ei grynhoi fel:

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

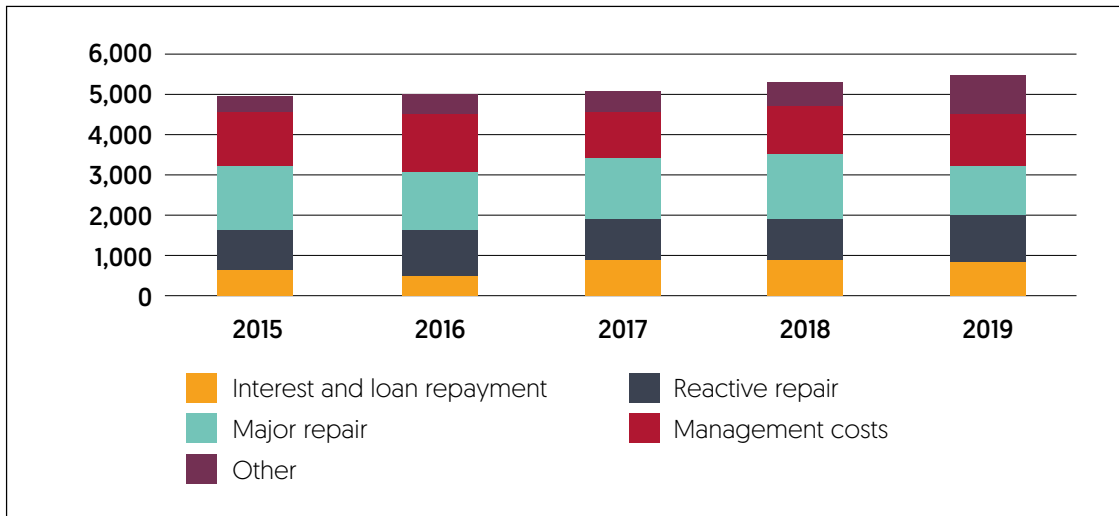
Mae pedwar o'r mesurau darbodusrwydd ariannol yn ymwneud â chostau a chawsant eu cyfrif fesul uned tai cymdeithasol:

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

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

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

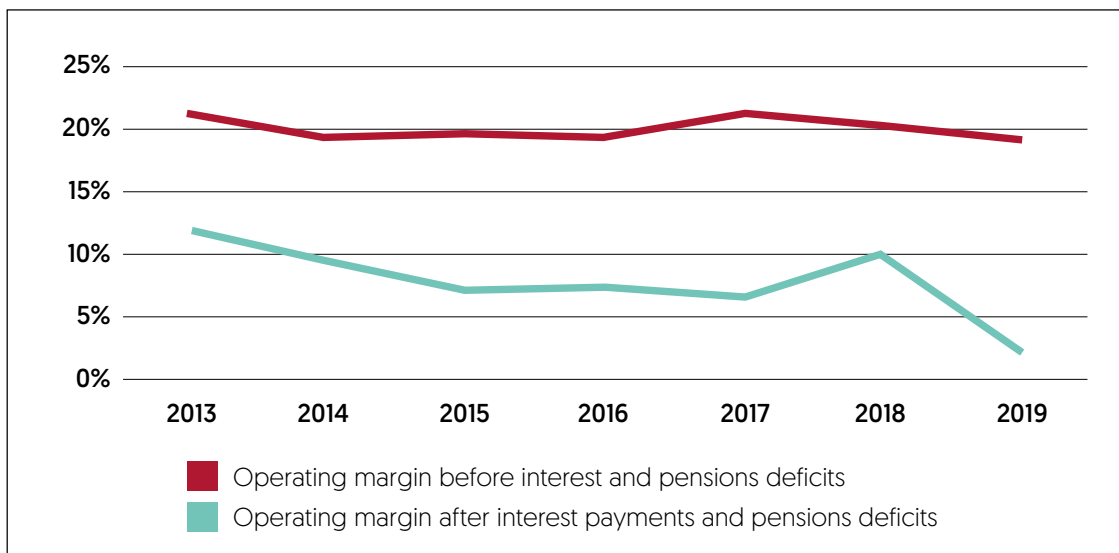
**Figure 7: Average Turnover and Costs per property**



Average turnover per social housing property has increased from £5,250 in 2018 to £5,459 in 2019 representing a rise of 4%. This is attributable to service charges, higher rents chargeable for newly-developed properties and the annual rent increase that encompasses the uplift allowed under the Welsh Government Rent Policy. Interest and loan payments have reduced since 2018 as Associations begin to benefit from lower interest rates following refinancing activities. The proportion of income spent on management and maintenance each year has largely stayed the same, as has the overall operating surplus, at around 20%. To provide useful information over a longer time period the following graph shows the social housing operating margin for the sector.

Mae trosiant cyfartalog fesul annedd tai cymdeithasol wedi cynyddu o £5,250 yn 2018 i £5,459 yn 2019, cynnydd o 4%. Gellir priodoli hyn i daliadau gwasanaeth, rhenti uwch a godir am anheddau newydd eu datblygu a'r cynnydd blynyddol mewn rhent sy'n cynnwys yr ymgodiad a ganiateir dan Bolisi Rhent Llywodraeth Cymru. Mae taliadau llog a benthyciad wedi gostwng ers 2018 wrth i Gymdeithasau ddechrau manteisio o gyfraddau llog is yn dilyn gweithgareddau ailgyllido. 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%. Mae'r graff dilynol yn dangos gorswm gweithredu tai cymdeithasol ar gyfer y sector, er mwyn rhoi gwybodaeth ddefnyddiol dros gyfnod hirach:

**Figure 8: Operating margin**



The operating margin from social housing activities before interest and pension deficit contributions has been largely constant over the past seven years and was at 19% for 2019 (20% in 2018). However, the surplus after interest payments and pension deficits has reduced to 2% (9% in 2018). This is primarily as a result of pension scheme deficits. There was a £66m, non-cash, adverse movement in respect of actuarial losses of pensions schemes during 2019, against a £15m non-cash gain in the previous year. If these non-cash pensions movements are excluded the operating margin after interest payments in 2019 and 2018 would have been the same at 8%.

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

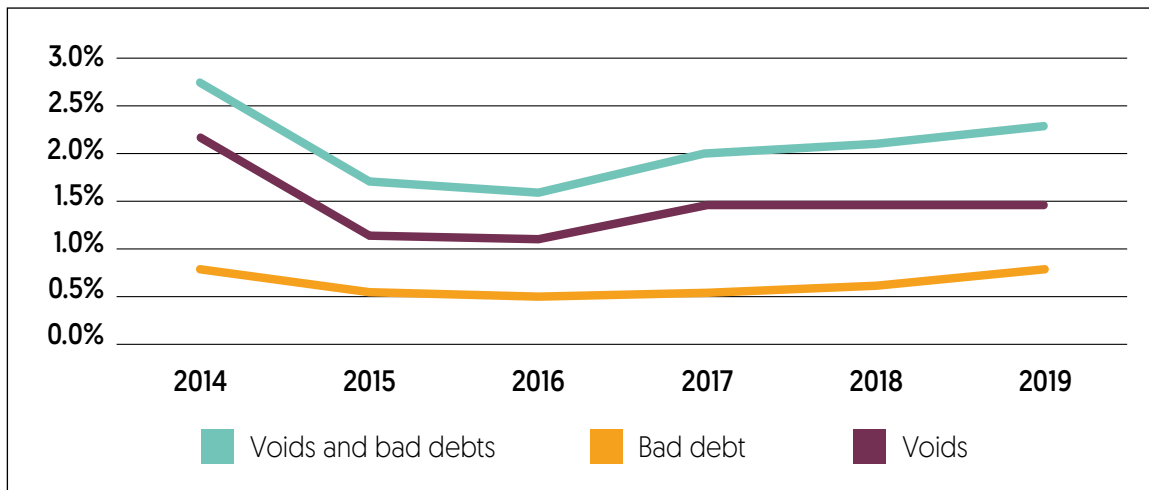
The voids and bad debt totals as percentages of turnover have been relatively stable since 2017. Voids are at 1.5% and bad debts have shown a slight increase from 0.6% to 0.8%. There will be differing reasons for this increase among housing associations, however part of this will undoubtedly be due to changes introduced under Welfare Reform.

Bu'r gorswm gweithredu o weithgareddau tai cymdeithasol cyn llog a chyfraniadau diffyg pensiwn yn fras gyson dros y saith mlynedd ddiwethaf, ac roedd yn 19% ar gyfer 2019 (20% yn 2018). Fodd bynnag, mae'r gwarged ar ôl taliadau llog a diffygion pensiwn wedi gostwng i 2% (9% yn 2018). Mae hyn yn bennaf oherwydd diffygion cynllun pensiwn. Roedd symudiad niweidiol o £66m, heb fod yn arian parod, yng nghyswllt colledion actiwaraidd mewn cynlluniau pensiwn yn 2019, o gymharu ag enilliad £15m heb fod mewn arian parod yn y flwyddyn flaenorol. Os caiff y symudiadau pensiwn heb fod yn arian parod hyn eu heithrio byddai'r gorswm gweithredu ar ôl taliadau llog yn 2019 a 2018 fod wedi bod yn fath ar 8%.

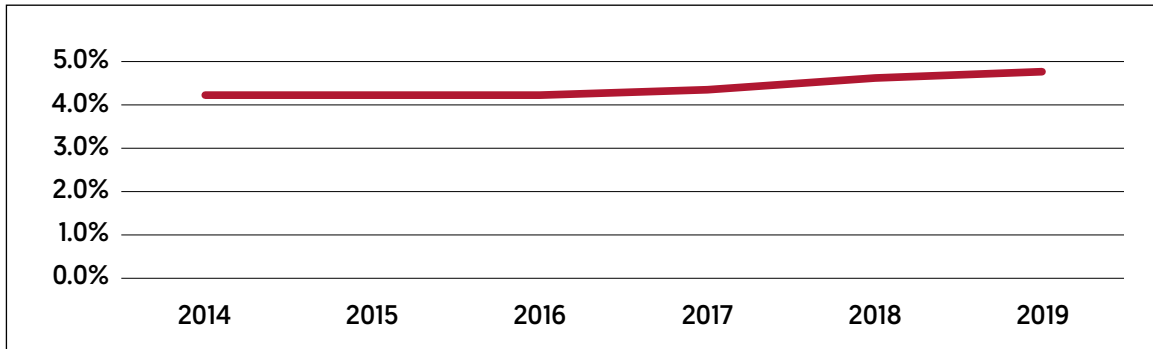
Mae tri o'r pump mesur effeithlonrwydd yn dangos pa mor effeithlon yw cymdeithasau tai wrth ostwng colledion ariannol o brosesau allweddol a chaiff y data hwn ei gyflwyno yn y siartiau islaw.

Mae cyfansymiau unedau gwag a dyledion drwg fel canrannau o droiant wedi bod yn gymharol sefydlog ers 2017. Mae unedau gwag yn 1.5% ac mae dyledion drwg wedi dangos cynnydd bach o 0.6% i 0.8%. Bydd gwahanol resymau am y cynnydd hwn ymysg cymdeithasau tai, fodd bynnag mae'n ddi-os y bydd rhan o hyn oherwydd newidiadau a gyflwynwyd gan Ddiwygio Llesiant.

**Figure 9: Voids and bad debts**



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



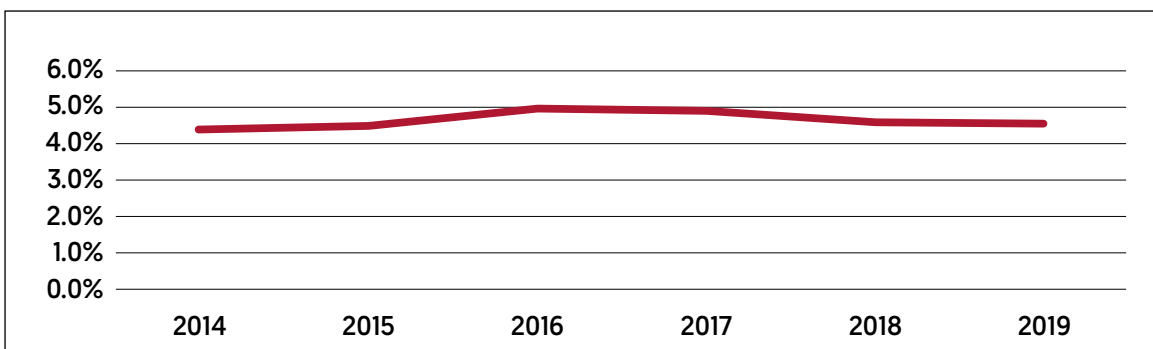
The data for gross arrears as a percentage of turnover displays the continuing trend of slight annual increases; there has been a rise during the year from 4.6% to 4.7%. This has been at a time of continued change to welfare benefit entitlements and increased pressure upon income of housing association tenants. The sector has been robustly managing this risk with many, if not all, associations including it as high priority on their risk registers. These pressures arising from Welfare Reform will further crystallize over the next few years as all claimants will transfer across to Universal Credit. By the end of the full roll-out, scheduled for 2023, it is estimated more than 400,000 households in Wales will be in receipt of the new benefit. Housing associations will continue to support tenants through the transition.

The fourth measure relating to efficiency is the weighted average cost of capital (Effective Interest Rate) and this has shown a further decrease from 4.55% in 2018 to 4.50% in 2019. It is calculated as the overall interest rate the sector is paying on the money borrowed to invest in housing, and also reflects the various refinancing exercises that housing associations have undertaken during the period to benefit from the historically low interest rates available.

Mae'r data ar gyfer ôl-ddyledion crynswth fel canran o'r trosiant yn dangos y tueddian parhaus o gynnydd blynyddol bach, a bu cynnydd yn ystod y flwyddyn o 4.6% i 4.7%. Bu hyn ar adeg o newid parhaus i hawl i fudd-daliadau tai a phwysau ychwanegol ar incwm tenantiaid cymdeithasau tai. Bu'r sector yn rheoli'r risg hwn yn gadarn gyda llawer, os nid y cyfan, o gymdeithasau yn ei gynnwys fel blaenoriaeth uchel ar eu cofrestris risg. Byddai'r pwysau hyn sy'n deillio o ddiwygio llesiant yn dod i'r amlwg ymhellach dros yr ychydig flynyddoedd nesaf gan y bydd yr holl hawlwy'r yn trosglwyddo i'r Credyd Cynhwysol. Erbyn diwedd yr ymestyn llawn, sydd i fod i ddigwydd yn 2023, amcangyfrifir y bydd mwy na 400,000 aelwyd yng Nghymru yn derbyn y budd-dal newydd. Bydd cymdeithasau tai yn parhau i gefnogi'r tenantiaid drwy'r pontio.

Y pedwerydd mesur sy'n ymwneud ag effeithiolrwydd yw cost cyfartalog pwysedig cyfalaf (Cyfradd Log Weithredol) a dangosodd hyn ostyngiad pellach o 4.55% yn 2018 i 4.50% yn 2019. Caiff ei gyfrif fel y gyfradd log gyffredinol mae'r sector yn ei thalu ar yr arian a fenthycwyd i fuddsoddi mewn tai, ac mae hefyd yn dangos y gwahanol ymarferion ailgyllido a wnaeth cymdeithasau tai yn ystod y cyfnod i fanteisio o'r cyfraddau llog hanesyddol isel sydd ar gael.

**Figure 11: Effective interest rate**



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

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

The fifth financial efficiency measure relates to free cash. This identifies whether a business is generating sufficient cash to pay for its day-to-day management and maintenance expenditure, interest payments and component replacements (replacement of items such as kitchens and bathrooms). This is a critical measure for any organisation to help it understand its financial viability and, as such, the Welsh Government requires all housing associations to report it in their annual accounts. The trend over the last three years demonstrates a rise in free cash. In 2019 is was £86m, up from £36m in 2018; please refer to the cash flow section for further information.

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

Almost 1,900 housing properties were added by the sector during 2018/19 with further significant developments underway. The ability of the sector to service debt and take on new debt is imperative to meeting the sector target and can partially be indicated by interest cover and gearing ratios.

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

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

Mae pumed mesur effeithiolrwydd ariannol yn ymwneud ag arian rhydd. Mae hyn yn dynodi os yw busnes yn cynhyrchu arian digonol i dalu am ei gwariant dydd-i-ddydd ar reolaeth a chynnal a chadw, taliadau llog 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 blynyddol. Mae'r tueddiad dros y tair blynedd ddiwethaf yn dangos cynnydd mewn arian rhydd. Yn 2019 roedd yn £86m, wedi codi o £36m yn 2018; edrychwch ar yr adran llif arian i gwael mwy o wybodaeth.

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

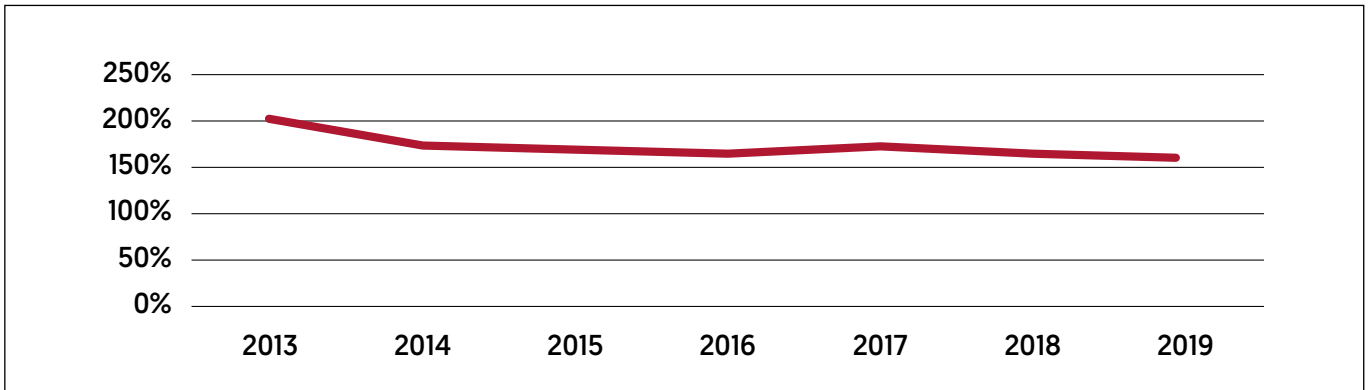
Cafodd bron 1,900 o anheddau cymdeithasol newydd eu hychwanegu gan y sector yn ystod 2018/19 gyda datblygiadau sylweddol pellach yn mynd rhagddynt. Mae gallu'r sector i drin dyledion a chymryd dyledion newydd yn hanfodol i gyflawni'r targed hwn a gellir ei ddangos yn rhannol drwy gymarebau sicrwydd llog a gerio.



The 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.

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

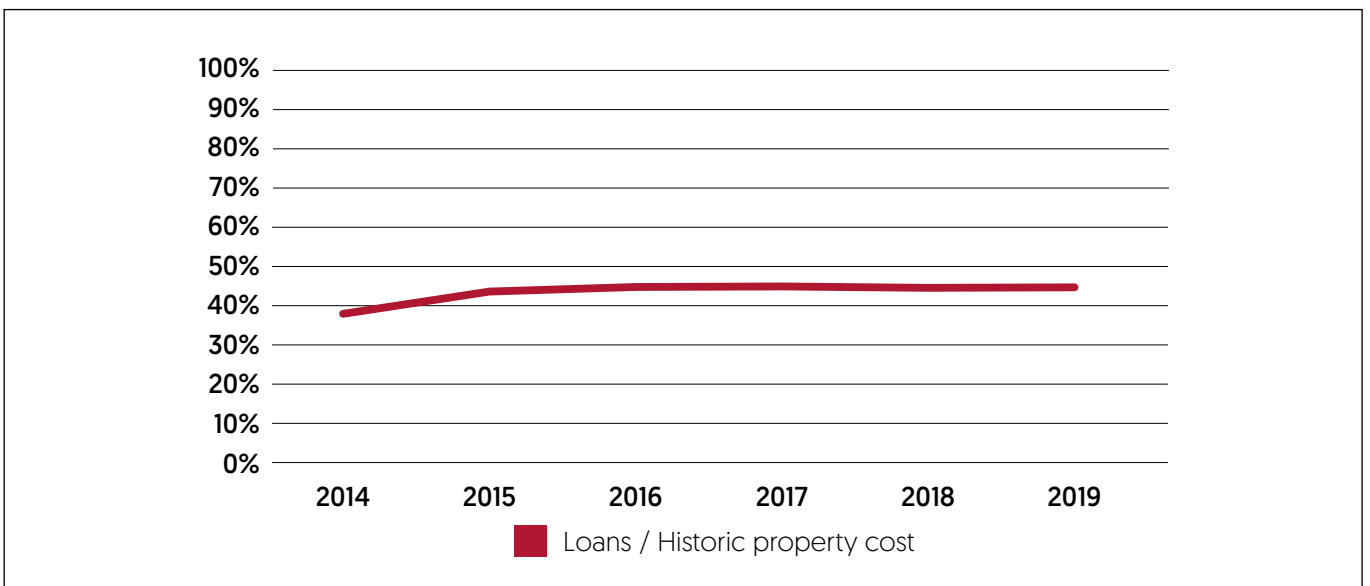
**Figure 12: Interest cover (Operating surplus/interest payments)**



Historically the level of interest cover reduced until 2015 and then remained largely stable at c170%. Housing associations have since actively developed greater volumes of properties through borrowing more funds and consequently paying interest on those funds. With interest cover levels above 150%, the data indicates housing associations continue to have capacity to service more loans to support further opportunities for development.

Yn hanesyddol, gostyngodd lefel sicrwydd llog tan 2015 ac yna arhosodd yn gymharol sefydlog ar tua 170%. Ers hynny mae cymdeithasau tai wedi datblygu mwy o anheddau drwy fenthycia mwy o gyllid ac fel canlyniad yn talu ar y benthyciadau hynny. Gyda lefelau sicrwydd llog dros 150%, mae'r data yn dangos fod cymdeithasau tai yn parhau i fod â'r galluedd i weini mwy o fenthyciadau i gefnogi mwy o gyfleoedd ar gyfer datblygu.

**Figure 13: Gearing**



The assessment of gearing shown above is on 'historic property cost' basis and compares the loans of housing associations to the depreciated historic cost of the housing properties. The level of gearing of 38% in 2014 meant just over one 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 2019 was at 45%. The introduction of Housing Finance Grant (HFG) in recent years means a greater proportion of property cost needs to be funded from loan initially meaning housing associations could potentially soon approach the point where half the property cost is funded by loans.

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

This suite of VfM measures are purely financial value metrics that can be calculated from the financial accounts published by each housing association. However, further work is necessary to develop additional VfM measures to promote transparency and accountability. CHC continually works with the sector to support their work in promoting enhanced transparency including social value accrued through housing association activity. It is also anticipated these financial metrics will be reviewed periodically to ensure they remain relevant and meaningful to the sector, its stakeholders and commentators. Ensuring the level of rent payable is affordable and equitable is crucial for tenants and for association's tenant-focussed outlook. This VfM data can help support and develop the affordability principle.

Mae'r asesiad uchod o gerio a welir uchod ar sail 'eiddo hanesyddol' ac mae'n cymharu benthyciadau cymdeithasau tai gyda chost hanesyddol yr anheddau wedi'i ddibrisio. Roedd lefel gerio o 38% yn 2014 yn golygu y cafodd ychydig dan draean costau eiddo eu hariannu gan fenthyciadau. a gan fod cymdeithasau tai wedi parhau i ddatblygu a dilyn cynlluniau grant isel a dim grant mae'r lefel hon o gerio wedi cynyddu'n gyson, ac yn 2019 roedd yn 45%. Mae cyflwyno'r Grant Cyllid Tai mewn blynyddoedd diweddar yn golygu fod angen i ddechrau i ariannu cyfran uwch o gost anheddau o'r benthyciad. Felly, bydd cymdeithasau tai cyn hir yn agosáu at y pwynt lle caiff hanner cost eiddo ei gyllido gan fenthyciadau.

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

Mae'r gyfres o fesurau Gwerth am Arian yn fetrigau ariannol llwyr y gellir eu cyfrif o'r cyfrifon ariannol a gyhoeddir gan bob cymdeithas tai. Fodd bynnag, mae angen gwneud mwy o waith i ddatblygu mesurau Gwerth am Arian ychwanegol i hyrwyddo tryloywder a hygyrchedd. Mae CHC yn gweithio'n barhaus gyda'r sector 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 ystyrllon. Mae sicrhau bod lefel y rhent taladwy yn fforddiadwy ac yn deg yn hanfodol ar gyfer tenantiaid ac ar gyfer safbwynt canoli ar denantiaid cymdeithasau - gall y data Gwerth am Arian yma gefnogi egwyddor fforddiadwydd.



**05**

**Private  
Finance  
Summary**

**Crynodeb  
Cyllid  
Preifat**

# Private Finance Summary

# Crynodeb Cyllid Preifat

Figure 14: Loans by lender, short and long term

Lender	2019 Loan Drawn £m	2019 Loan Outstanding £m	2019 Loan Undrawn £m	2019 Loan Outstanding & Undrawn £m	2018 Loan Outstanding & Undrawn £m	2019 Rank	2018 Rank
Barclays Bank	459	439	213	653	656	1	1
RBS / Nat West	332	302	90	393	416	2	2
Lloyds / HBOS	262	241	82	323	357	3	3
THFC	307	304	0	304	278	4	6
M&G Investments	299	296	0	296	287	5	5
Nationwide	323	262	29	291	329	6	4
Santander	173	170	90	261	241	7	7
Individual Public Bond	160	160	0	160	160	8	8
Principality Building Society	200	139	20	159	154	9	9
BAE Systems Pension Fund	90	90	20	110	45	10	13
Affordable Housing Finance (AHF)	101	101	0	101	101	11	10
bLEND	70	70	0	70	n/a	12	n/a
Sun Life	25	25	40	65	n/a	13	n/a
MOR Homes	63	62	0	62	n/a	14	n/a
European Investment Bank (EIB)	46	46	12	58	58	15	12
Dexia	80	53	0	53	71	16	11
Yorkshire Building Society	20	20	20	40	40	17	14
FRESH	53	37	0	37	38	18	15
Pension Insurance Corporation (PIC)	35	35	0	35	35	19	16
Triodos Bank	13	13	19	32	25	20	20
Handelsbanken	18	17	12	29	4	21	25
Standard Life	26	25	0	25	26	22	19
GB Social Housing	15	15	0	15	7	23	24
Clydesdale Bank	10	10	5	15	10	24	22
Unity Trust Bank	13	11	0	11	11	25	21
Aviva	9	9	0	9	9	26	23
Cooperative Bank	10	6	0	6	28	27	17
Housing Securities Ltd	7	6	0	6	28	28	18
Bank of Ireland	2	0	0	0	2	29	26
<b>Total</b>	<b>3,221</b>	<b>2,964</b>	<b>652</b>	<b>3,619</b>	<b>3,416</b>		

## 2019 New debt facilities

During 2019 £408m of new debt facility was arranged, representing a rise of over 4% on the 2018 figure of £391m. This debt resulted from a combination of raising new funding and restructuring of old debt. Nearly half of this new debt was raised from 3 new bond providers to the Welsh market; Sun Life, MORHomes and bLEND (a 100% subsidiary of THFC). The remainder of the new funding came from existing providers with notable new facilities coming from BAE Pensions (£65m), Santander (£34m), THFC (£27m) and Handelsbanken (£25m). These new facilities continue the established trend of housing associations seeking alternative modes of longer term funding through Bond finance and institutional investors. These have proved attractive to associations on the length of term, flexibility and overall cost of funds. A full list of new facilities secured in the last year is provided in the table below.

## Cyfleusterau dyled newydd 2019

Yn ystod 2019 cafodd £408m o gyfleusterau dyled newydd eu trefnu, gan fod yn gynnydd o dros 4% ar ffigur 2018 o £391m. Mae'r ddyled hon yn ganlyniad cyfuniad o godi cyllid newydd ac ailstrwythuro hen ddyled. Cafodd bron hanner y ddyled newydd ei chodi o 3 darparwydd bond newydd i'r farchnad yng Nghymru: Sun Life, MORHomes a bLEND (is-gwmni 100% o THFC). Daeth gweddill y cyllid newydd gan ddarparwyr presennol gyda chyfleusterau newydd amlwg yn dod o BAE Pensions (£65m), Santander (£34m), THFC (£27m) a Handelsbanken (£25m). Mae'r cyfleusterau hyn yn parhau'r tueddiad a sefydlwyd o gymdeithasau tai yn ceisio dulliau eraill o gyllid tymor hirach drwy gyllid bond a buddsoddwyr sefydliadol. Mae'r rhain wedi profi'n ddeniadol i gymdeithasau ar hyd y tymor, hyblygrwydd a chyfanswm cost cyllid. Mae rhestr lawn o gyfleusterau newydd a sicrhawyd yn y flwyddyn ddiweddar yn y tabl islaw.

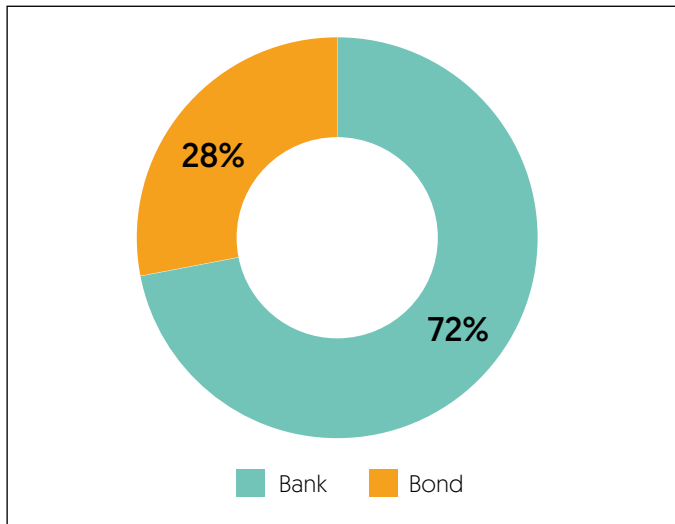
**Figure 15: New facilities**

Lender	2019 New Facility £m	2018 New Facility £m
BAE Pensions	65	25
Barclays Bank	1	71
bLEND	70	-
Clydesdale Bank	5	-
GB Social Housing	8	4
Handelsbanken	25	-
Lloyds Bank	15	-
M&G Investments	-	25
MOR Homes	63	-
Principality Building Society	13	-
Individual Public Bond	-	160
RBS	10	20
Santander	34	-
Standard Life	-	26
Sun Life	65	-
THFC	27	42
Triodos Bank	7	15
Unity Trust Bank	-	3
	<b>408</b>	<b>391</b>

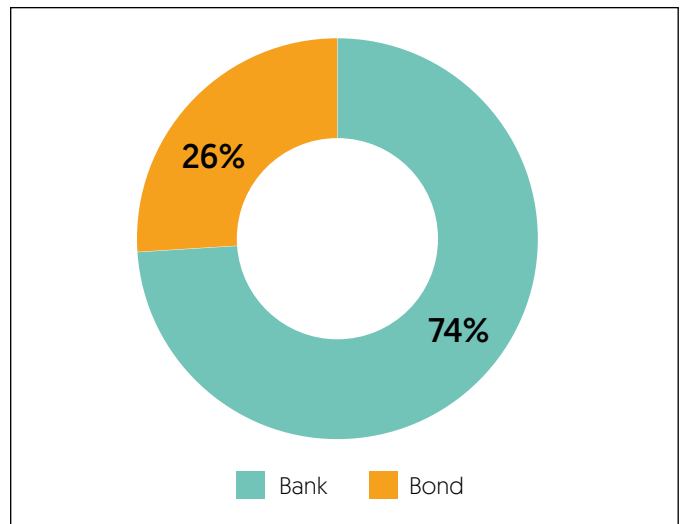
The net rise in total amount of drawn and undrawn facility in 2019 was £203m, increasing from £3,416m to £3,619m, indicating that approximately half of the £408m new finance raised was for additional borrowing with the remainder being utilised to restructure and repay existing debt. With new entrants providing half of the new facilities in 2019, the top 5 funders now provide 54% of total funding, down from 58% the year before. Whilst the banking sector continues to be the major provider of finance in Wales it is evident the introduction of bond finance has grown over the last 2 years; shown in the graphics below.

Roedd y cynnydd net yn y cyfanswm o gyfleuster a dynnwyd a heb ei dynnu yn 2019 yn £203m, wedi cynyddu o £3,416m i £3,619m, gan ddangos bod tua hanner y £408m o gyllid newydd a godwyd ar gyfer benthyca ychwanegol gyda'r gweddill yn cael ei ddefnyddio i ailstrwythuro ac ad-dalu dyled bresennol. Gyda newydd ddyfodiaid yn darparu hanner y cyfleusterau newydd yn 2019, mae'r 5 cyllidwr uchaf yn awr yn darparu 54% o'r holl gyllid, lawr o 58% y flwyddyn flaenorol. Er bod y sector bancio yn parhau i fod yn brif ddarparydd cyllid yng Nghymru, mae'n amlwg fod cyflwyno cyllid bond wedi tyfu dros y 2 flynedd ddiweddaraf, a dangosir hynny yn y graffeg islaw.

**Figure 16: Proportion of facilities 2019**



**Figure 17: Proportion of facilities 2018**



**Nature of sector debt**

With the continuing attainment of bond debt for new finance and with associations taking advantage of historically low long term rates, the level of fixed rate debt in the sector has again risen and is currently at 79%, an increase of 8% in the last 5 years. The repayment date for these tranches of fixed rate debt is spread evenly over the next thirty years, with 17% due to end in the next 10 years, as illustrated in the table below.

Similarly, the Bullet Repayment debt, paid in full at the end of the loan term, is also spread over the next thirty years with two thirds profiled for repayment from year 15 onwards.

The use of long term fixes does provide the sector with a degree of certainty on forecast borrowing costs. Given the current debt levels and the profiles shown below the sector is, to a reasonable degree, protected against future interest rate rises.

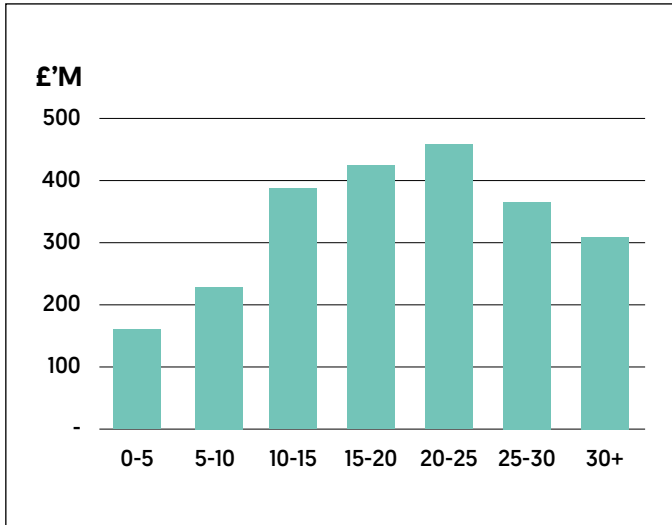
**Natur dyled y sector**

Gyda chyrhaeddiad parhaus dyled bond ar gyfer cyllid newydd a gyda chymdeithasau yn manteisio ar y cyfraddau hirdymor hanesyddol isel, mae lefel dyled cyfradd sefydlog wedi cynyddu unwaith eto ac mae'n 79% ar hyn o bryd, cynnydd o 8% yn y 5 mlynedd ddiwethaf. Cafodd dyddiad ad-dalu y dognau hyn o ddyled cyfradd sefydlog ei ledaenu'n wastad dros y deng mlynedd ar hugain nesaf, gyda 17% yn ddyledus i ddiweddu yn y 10 mlynedd nesaf fel y dangosir yn y tabl islaw.

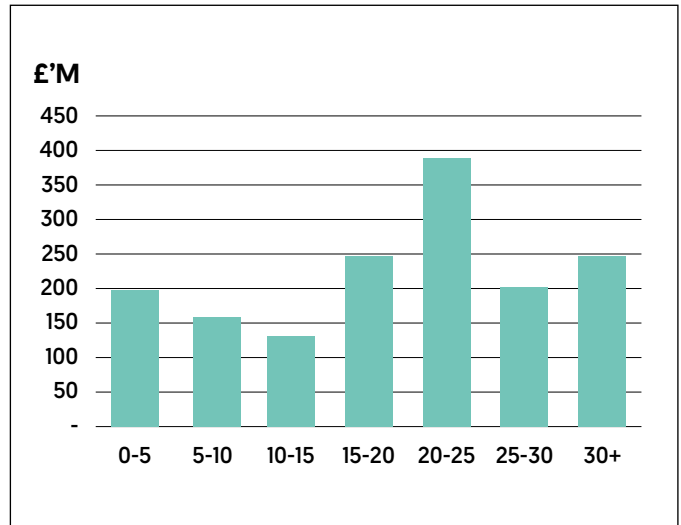
Yn yr un modd, caiff y ddyled Ad-dalu Bwled, a gaiff ei dalu'n llawn ar ddiwedd tymor y benthyciad, hefyd ei ledaenu dros y deng mlynedd ar hugain nesaf gyda dau draean i'w ad-dalu o flwyddyn 15 ymlaen.

Mae defnydd atebion hirdymor yn rhoi rhywfaint o sicrwydd i'r sector ar amcanestyniadau costau benthyca. Oherwydd y lefelau dyled presennol a'r proffiliau a ddangosir islaw mae'r sector, i raddfa resymol, wedi eu gwarchod rhag cynnydd mewn cyfraddau llog yn y dyfodol.

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



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



### Cost of funds

The overall interest paid by the sector during the period was £127m, a £12m reduction from the £139m paid in 2018. The effective interest rate for the sector for 2019 was 4.50% (4.55% in 2018); the traditional housing association rate was 4.00% (4.14% in 2018) and for LSVTs the rate was 6.30% (6.2% in 2018).

In August 2018 the Bank of England Base Rate rose from 0.50% to 0.75%. This follows a 0.25% increase in August 2017. While these increases are relatively small the fact that the Bank of England is willing to change a key metric after such a long period of low rates is arguably more important than the margin of the change.

Associations cannot rely on favourable interest rates continuing indefinitely so effective treasury management and comprehensive business plan stress-testing will help associations manage risk accordingly. If, as expected, housing associations continue to restructure their debt in order to buy out restrictive loan covenants and to improve their longer term financial position a consequence is likely to be further small increases in funding costs in the coming years.

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

### Cost cronfeydd

Roedd cyfanswm y llog a dalwyd gan y sector yn ystod y cyfnod yn £127m, gostyngiad o £12m o'r £139 a dalwyd yn 2018. Y gyfradd log weithredol ar gyfer y sector ar gyfer 2019 oedd 4.50% (4.55% yn 2018); roedd cyfradd cymdeithasau tai traddodiadol yn 4.00% (4.14% yn 2018) ac ar gyfer LSVT roedd y gyfradd yn 6.30% (6.2% yn 2018).

Cynyddodd Cyfradd Sylfaen Banc Lloegr o 0.50% i 0.75% ym mis Awst 2018. Mae hyn yn dangos cynnydd 0.25% ym mis Awst 2017. Er bod y cynnydd hyn yn gymharol fach, gellid dadlau fod y ffaith fod Banc Lloegr yn fodlon newid metrig allweddol ar ôl cyfnod mor hir o gyfraddau isel yn bwysicach na maint y newid.

Ni all cymdeithasau ddibynnu y bydd cyfraddau llog ffafriol yn parhau am gyfnod amhenodol felly bydd rheolaeth trysorlys effeithlon a phrofion straen cynhwysfawr ar gynlluniau busnes yn helpu cymdeithasau i drin risg yn unol â hynny. Os, yn ôl y disgwyl, mae cymdeithasau tai yn parhau i ailstrwythuro eu dyled er mwyn prynu allan gyfamodau benthyciad cyfyngol ac i wella eu sefyllfa ariannol tymor hirach, mae cynnydd bach pellach mewn costau cyllid yn y blynyddoedd nesaf yn debyg o fod yn ganlyniad.

Mae'r gyfres hon o Gyfrifon Cynhwysfawr yn dangos fod cymdeithasau yn parhau i fod mewn sefyllfa dda i weini ymrwymadau ariannol pan ddeuant yn ddyledus.



# 06

## Trend Analysis and VfM Indicators

**Dadansoddiad  
Tueddiadau a  
Dangosyddion  
Gwerth am Arian**



# Trend Analysis and VfM Indicators

**Figure 20: Trend analysis 2017 - 2019**

	2019 All	2018 All	2017 All
Growth in turnover	5.4%	4.9%	0.3%
Growth in operating costs	6.9%	6.2%	-2.6%
Growth in operating surplus	0%	0%	12.7%
Growth in interest paid	(8.6)%	1.6%	7.1%
Growth in total fixed assets	5.9%	5.1%	6.8%
Growth in long term debt	5.1%	2.5%	8.4%
Growth in capital and reserves	1.2%	8.4%	6.3%
Turnover per employee (£000s)	£95	£92	£83
Interest cover	159%	165%	172%
Number of homes	164,821	162,983	160,636

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

	2019	2018
Turnover per social housing unit	£5,459	£5,250
Total operating cost per social housing unit	£3,345	£3,186
Management costs per social housing unit	£1,284	£1,221
Reactive costs per social housing unit	£1,144	£1,108
Major repairs & components per social housing unit (Capital)	£887	£889
Major repairs & components per social housing unit (Capital and Revenue)	£1,233	£1,183
Bad debt costs per social housing unit	£35	£31
Weighted average cost of capital	4.5%	4.6%
Free cash inflow (outflow) per social housing unit	£585	£247
Gross arrears / social housing turnover	4.7%	4.6%
Rental void loss per social housing unit	£72	£78



**08**

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