Housing21

Report and Financial Statements

2023/2024

Contents

Board and Executive

Name	Appointed	Comment
Elaine Elkington	01.10.2019	Chair of the Board (from 3 May 2024) Chair Extra Care Committee (until 16 May 2024)
Michael McDonagh	01.09.2017	Deputy Chair, Chair Governance Transformation and Treasury Committee and Chair of Audit and Assurance Committee (from 13 May 2024)
David Clark	01.08.2019	Chair Investment and Development Committee
Sukhjinder Kalirai	25.09.2020	Chair Retirement Living Committee
Lara Oyedele	25.09.2020	Board Member
William Roberts	25.09.2020	Board Member and Chair of Extra Care Committee (from 5 June 2024)
Sandra Stark	16.09.2022	Board Member
Ian Skipp	01.02.2019	Independent Audit Member
Christina Law	01.02.2019	Independent Audit Member
Ian Devereux	11.11.2022	Extra Care Committee Member (Resident)
Mike Rose	01.04.2023	Retirement Living Committee Member (Resident)
Stephen Hughes	Resigned 29.09.2023	Chair of the Board
Gurpreet Dehal	Appointed 02.02.2024 Resigned 03.05.2024	Chair of the Board
John Ayton	Deceased 05.01.2024	Board Member (Resident)
Catherine Dugmore	Resigned 13.05.2024	Chair Audit and Assurance Committee

Registered under the Co-operative and Community Benefit Societies Act 2014
Charitable Registered Society Registration Number: 16791R
Regulator of Social Housing Registration Number: L0055

Executive Directors and Company Secretary	
Bruce Moore	Chief Executive
Tony Tench	Deputy Chief Executive
Andy Shaw	Chief Financial Officer
Kris Peach	Managing Director — Extra Care
Pam Mastrantonio	Managing Director — Retirement Living
Paul Hutton	Director of Legal Services and Company Secretary

Registered office

Tricorn House, 51–53 Hagley Road, Edgbaston, Birmingham B16 8TP

External Auditors

Beever and Struthers
One Express, 1 George Leigh Street, Ancoats, Manchester, M4 5DL

Principal Bankers

Barclays Bank plc
Corporate Banking, Level 28, 1 Churchill Place, Canary Wharf, London E15 5HP

Biographies

Biographies of our Board and Executive can be found on our internet page: **Housing 21 — Housing 21 — Our people**

Insurance of Directors and Officers

Directors are covered by Directors and Officers liability insurance to an indemnity limit of £5m in respect of their duties as directors of the Group.

Declarations

A register of interests is maintained by the Company Secretary and members actively declare any potential or actual conflicts of interest during meetings as and when they arise with declarations of interest found on our internet page **Housing 21 — Board Declaration of Interests**.

Chair and Chief Executive Statements

The year 2024 represents a milestone for Housing 21 as we invite colleagues and residents to join us in celebrating our 60th anniversary.

It is an opportunity to look back at our wider history, reflect upon the past six decades and consider the opportunities and challenges that lie ahead. Whilst the landscape, society and technology has changed dramatically over the last 60 years, one thing has remained consistent; our commitment to provide safe, quality and affordable homes to older people of modest means, enabling them to live well with dignity and autonomy.

We strive to uphold that commitment by always 'doing the right thing' and never being satisfied by being 'just good enough'. This will only be achieved by working with residents, ensuring their voice is heard, their needs are met and their complaints are actioned. Only with their input and influence can we truly create inclusive and desirable places to live, provide the best possible service and achieve our ongoing target of 95 percent resident satisfaction.

Supporting residents with the cost of living

The cost-of-living crisis was still evident during 2023/2024, particularly for our residents, with high inflation impacting on household budgets.

Housing 21 made the difficult decision to raise rents in April 2023 by 11.1 percent — the level permitted by the Social Housing Rent Standard of one percent above the Consumer Price Index from the previous September.

Despite many residents being protected by the Government's triple lock guarantee, we recognised the ongoing economic challenges and actively intervened to 'do the right thing' by providing a one-off charitable payment of £200 to all social rented and shared ownership households (totalling £3.7 million) for residents to spend as they chose, to help limit any financial hardship.

Whilst recognising this offered a short-term reprieve, we continued to invest in long-term solutions through our Helping Hands Fund. Established in 2022, the fund provides one-off grants of up to £300 to residents in financial difficulty or struggling with unexpected bills whilst also supporting them to access extra benefits and funding to which they are entitled. This year, the fund achieved two major milestones as we surpassed £500,000 in cumulative grant payments and, more significantly, accessed £5 million in additional financial support.

Furthermore, we sought to mitigate gas and utility prices through advance purchasing arrangements to minimise the costs passed on to residents. However, the full benefit of the lower charges is only likely to be seen from April 2025. With 99 percent of properties at least Energy Performance Certificate (EPC) level C and 30 percent at EPC level B, we continue to invest in energy efficient solutions to reduce long-term energy costs where possible.

This year, the fund achieved two major milestones as we surpassed **£500,000** in cumulative grant payments and, more significantly, accessed **£5 million** in additional financial support.

Changes to our leadership structure

In September 2023, we said farewell to Stephen Hughes who had completed four years as a Board Member and a further five years as Chair of the Board. We want to thank him immensely for his positive contributions and lasting impact, which made Stephen a hard act to follow.

After an initial, unsuccessful attempt to find an external successor, Board Members unanimously voted for Elaine Elkington to take on the role of Chair and continue to uphold the values and culture of Housing 21 that are so important to the success of the organisation. We would like to also thank Michael McDonagh who took on the role as Chair of Board during this recruitment.

We also paid our respects to John Ayton, our Resident Board Member who died suddenly at his home in January 2024, at the age of 75. John was an active, curious and intelligent individual who was passionate about making a difference and well known across the organisation by residents and employees who remember him fondly. So valuable was his unique perspective as a Resident Board Member, that we are now recruiting for two new Resident Board Members.

At Executive level, we were pleased to appoint Andy Shaw as Chief Financial Officer following a successful interim period. We also designated our Executive Directors of Retirement Living and Extra Care as Managing Directors to emphasise their crucial leadership role and accountability for the performance, improvement and development of their services. They will be supported in these roles by new Director posts, created to reflect our commitment to growth through development and acquisitions, investing in our people and digital connectivity.

Collectively, our updated structure will ensure we can focus on continuous improvement and innovation to achieve excellent services and value for money, whilst achieving high levels of resident and employee satisfaction, underpinned by our guiding principles of 21, Better and Experience.

Ensuring residents are at the heart of what we do

The new consumer standards set out in the Social Housing (Regulation) Act 2023 place an emphasis on the importance of communication and transparency, which we are determined to uphold by giving residents choice: choice over how they receive information from us and also, how we receive it from them.

We are continuing to explore and expand opportunities for engagement, with a particular focus on those typically considered 'hard to reach' or 'easy to ignore'. Whilst traditional platforms, such as the annual resident survey and engagement groups continue to provide an outlet, we are also looking at new opportunities. Appointing two Resident Board Members, with a representative from both Extra Care and Retirement Living, ensures representation at the highest level, supported by our committees.

We are piloting new digital platforms and supporting residents to access them, providing increased opportunities for engagement. The new Complaint Handling Code is being widely promoted, with managers undergoing training to adhere to new guidelines to achieve satisfactory resolutions. Whilst we appreciate not all feedback may be positive, we cannot improve or learn from our mistakes without it and ultimately, achieve our target of 95 percent resident satisfaction.

We need the input and influence from those living in our properties and utilising our services to truly understand the resident experience: what works, what needs to be improved and ideas for change. We will only achieve true resident satisfaction through successful two-way engagement.

Growth and development

Despite the difficult economic challenges, we continued to grow our portfolio across the year, completing on 117 new properties and acquiring a further 504, comprising 60 from Notting Hill Genesis in London and 444 from Clarion across the southeast.

Whilst our completed new build portfolio may have been small in size, it was impressive in sustainability. We unveiled Patent Walk, our award-winning volumetric off-site manufactured net zero carbon Retirement Living scheme in Doncaster, together with Sandstone Walk, an all-electric Extra Care scheme in Telford.

We had a strong end to the year with work under way on a further 769 properties across 15 schemes due to complete in the next 12 to 24 months. This includes our flagship cohousing scheme in Birmingham — named Rupali Court by the local community — which started on site in February 2024.

We are also exploring acquisition proposals in 2024/2025 and remain open to acquiring more properties where we can make a positive difference and create better outcomes for older people.

We know it is not enough to simply build and acquire homes; we must continue to invest in and maintain properties to ensure we continue to provide safe, quality and affordable homes for our residents. During 2023/2024 we invested £40 million in improving buildings and homes for residents, with 100 percent of properties meeting the Decent Homes Standard. We had no defects on fire, electrical, gas, water, lifts or asbestos compliance and where cases of damp or mould were identified, these were always proactively addressed.

Our people

None of this would be possible without our dedicated employees, who work together every day to achieve our core purpose of providing high-quality housing with support or care for older people, enabling them to live longer and better with dignity and autonomy.

We know that to deliver the best service, we require the best people who in turn, deserve the best employment experience. We have always been proud of the opportunities and benefits offered to develop our people and believe this helps to create a positive place to work. However, this was affirmed at the beginning of 2024 when Glassdoor ranked Housing 21 third in the Best Places to Work UK 2024 list, based solely on anonymous reviews from current and former employees.

Facing the challenges

Although in a significantly better position than many other providers, we are not satisfied with our overall resident satisfaction score of 86 percent and are bitterly disappointed that we were unable to prevent one determination of maladministration and two cases of service failure identified by the Housing Ombudsman. We are determined to do better.

With the introduction of the Social Housing (Regulation) Act 2023, we have undertaken a rigorous mock inspection to assess our compliance with the new consumer standards to help us to identify where we can do even more to actively listen and respond to the views of residents. Coinciding with our focus on resident engagement, we are committed to do better and achieve a C1 rating, whilst retaining our existing G1 and V1 ratings, when our services are inspected.

In the same way that other landlords have recognised we are better able to meet the needs of residents in their specialist properties, we took the view that residents in our leasehold portfolio of around 1,300 properties across 43 schemes would receive a better experience from a specialist leasehold provider.

All schemes were offered the opportunity to appoint their own managing agent, which was accepted by seven schemes. At the end of March 2024, we exchanged contracts with Churchill Estates Management for the sale of 33 schemes, which are expected to complete in July 2024 and we expect to find alternative options for the outstanding three schemes very soon.

Although we had explored the potential for a merger of Housing 21 with The ExtraCare Charitable Trust, it became clear there was a risk this would put the financial strength of Housing 21 in jeopardy. It was thus decided to halt the merger discussions in September 2023 when it became clear it would not achieve the agreed objectives.

Looking ahead to the future

As we look ahead to 2024/2025 and beyond, we are revising our strategic framework by reinforcing our past Strategic Commitments around a core goal of resident satisfaction that can only be achieved by ensuring our strategic drivers, essential enablers and ambitions are all integrated and aligned.

We need to continue to deliver quality properties and services that are affordable whilst remaining accountable to residents through a devolved model of delivery that ensures residents are heard and their views are acted upon.

To achieve this, we need to maintain a financially robust and viable business with strong leadership that attracts and retains the best people and utilises the best systems and data for effective performance. Only then will we achieve our ambitions for growth, sustainability, influence and innovation.

Elaine Elkington
Chair

Bruce Moore
Chief Executive

Strategic Report

The Group Board presents its report and the audited Financial Statements of Housing 21 (the Association) and its subsidiaries undertakings, together forming the Housing 21 Group (the Group) for the year ended 31 March 2024.

Our Strategic Direction

Our Strategic Commitments document (2018 — 2022) provided a 'golden thread' to connect and link our roles and activities back to our core purpose of providing high-quality housing with support or care for older people of modest means, enabling them to live well with dignity and autonomy.

Building on this, we are creating a new Strategic Framework for Housing 21, which identifies the strategic priorities to help us achieve that purpose, with a core focus on resident satisfaction.

The framework provides a clear model to ensure our strategic drivers, essential enablers and ambitions all align to our overall objective of achieving 95 percent resident satisfaction.

Key:

Core Focus Strategic Drivers Essential Enablers Ambitions

Our principles

We continue to be guided by the three core principles of **21**, (being a modern and forward-looking organisation), **Better**, (never being complacent and striving for continuous improvement) and **Experience**, (seeking to provide great experience and customer service to residents) as we work to shape the priorities contained within the Strategic Framework.

The Strategic Framework

We are developing the framework and defining what is needed to help us achieve our ambitions, whilst ensuring residents are at the heart of our decisions. We will co-create our services with them and ensure they are involved and engaged in the choices and compromises that need to be made.

We continue to have a focus on growth, both through development and acquisition, to ensure more older people can benefit from our services. We will continue to innovate to ensure our services are relevant and fit for the future. Furthermore, we will seek out opportunities to influence wider policy issues as a voice for specialist housing for older people of modest means, collaborating with others where it helps to amplify our message.

The strategic drivers will provide the basis for the framework:

Quality properties: we will continue to invest to improve the quality, modernity and energy efficiency of our older properties, whilst also ensuring day-to-day repairs are done promptly, to a good standard, so our residents have a safe and quality home.

Quality services: we will continue to invest in our people to ensure we recruit and retain the best talent and that they are responsive to the needs of our residents.

Affordability: we are committed to providing value for money for our residents and ensuring our services are affordable to those in receipt of benefits and those with some savings and additional sources of income.

Accountability: we must be accountable to our residents and put things right when we get things wrong. All residents will have a voice and we need to be proactive in responding to, and learning from, complaints. We also need to be open and transparent about our costs and policies so residents can hold us to account.

Devolved decisions: we recognise each of our schemes and the residents living there are unique, so we support local decision making together with residents to determine how services are specified and delivered.

Individually, each of these strategic drivers are centered on a core business objective but when combined, will work collectively to help deliver the best possible experience for residents and subsequently, high satisfaction levels.

What We Do: Housing with Support and/or Care

At Housing 21 we are specialist providers of older people's housing with support or care. Whilst other general needs providers offer housing with support or care as an extension of their main business model, for us, it is our core business focus.

Older people's housing has many terms across the sector; we define our offer as Extra Care and Retirement Living. Except for The Watermill in Walsall, which has a Care Quality Commission (CQC) rating of 'Outstanding', we do not manage care homes.

Retirement Living

14,782 properties across **493** schemes including **1,429** managed properties Oldham.

Our vision for Retirement Living is to provide safe, quality and affordable properties that enable residents to enjoy the privacy of their own home but within a thriving social environment. We want our schemes to strike the balance between independence and community, ensuring people are treated as individuals yet supported as part of a wider local network.

Retirement Living properties are self-contained apartments offering people the privacy and independence of their own home as part of a wider scheme. Our Retirement Living residents are supported by an on-site Local Housing Manager who manages the day-to-day running of the scheme and repairs, whilst offering support to residents, including access to financial support. Our Local Housing Managers are central to our offer as many other providers rely on call centers or visiting managers to meet the needs of their residents.

The majority of our Retirement Living schemes benefit from communal lounges, offering a shared space for residents to come together and enjoy activities — if they want to. Many schemes also have a guest room for visiting friends and family to stay.

Extra Care

8,676 properties across 166 schemes including those operated under our PFI and PPP contracts.

49,000 hours of in-house care delivered each week.

94 percent of care services rated 'Good' or 'Outstanding' by the Care Quality Commission.

Our vision for Extra Care is to offer an alternative to care homes, where people can maintain their independence with the support of on-site Care Workers, should they require it. We understand the difference care and support can make to our residents in maintaining their independence, particularly continuity of care, and we want to ensure we recruit and retain the best Care Workers by positioning care as a viable career, combining the rewards of a vocation with the opportunities for professional progression.

Extra Care offers similar principles to Retirement Living, allowing people to live independently in self-contained apartments as part of a wider scheme managed by an on-site team. The core difference is that our Extra Care schemes have Care Workers based onsite 24/7, offering a professionally planned and emergency care service to residents. In addition, there is an on-site restaurant and salon which are open to the public to support community integration, as well as large communal spaces creating communities and opportunities for socialising.

Unlike care homes, not everyone who lives within Extra Care developments will require care, with some residents making the move having considered their future support needs. Additionally, some residents choose Extra Care as a means of future proofing and for peace of mind; others enjoy the social opportunities and purpose-built accommodation that enables them to live independently. For couples with differing care needs who would be unable to live together in a care home, it means they can remain together with the support of the on-site Care Teams.

Providing a Quality Service and Achieving High Satisfaction

The introduction of our new Strategic Framework has provided a natural opportunity to review the priorities for Retirement Living and Extra Care.

Retirement Living

Across Retirement Living our overarching priority is listening to our residents and ensuring we provide opportunities for everyone to be heard. This is particularly important for those residents who, in the past, would be classed as 'hard to reach' or 'easy to ignore' to ensure we fulfill our commitment to be an engaged and inclusive organisation.

The key to reaching people is providing choice; ensuring we share information with them in their preferred format and in turn, providing easy-to-access options for different platforms and means for them to engage with us. It is then about listening, hearing what is being said and maintaining open channels of communication, so residents are kept informed throughout.

In supporting our goal of focusing on the resident voice, we have agreed five strategic priorities for the coming year:

1. Quality and consistency: we know how important the quality of our services is to residents; we want to be robust and responsive as well as bespoke to each location and the residents who live there. We are also committed to improving services, strengthening links with local communities, and offering new services our residents will value. To do this we have committed to ensuring every Retirement Living scheme is well-presented and welcoming, providing a safe and secure environment for our residents. Our employees will provide a professional service by being knowledgeable and engaging with residents and the communities we work in.

2. Growth: we want to provide suitable properties and excellent services to as many older people as possible, which drives our ambitions for continued growth. We want to continue to develop or acquire schemes, led by evidence-based demand and needs, and we are working to develop a clear vision of the Retirement Living offer and all its benefits, now and into the future, so older people know to choose us.

3. Future of Retirement Living: we have seen many challenges for older people over recent years, and we want Retirement Living to remain strong and sustainable for a long time to come. We want to provide modern services that keep up with technology and increasing expectations and needs. We are committed to learning from research, other communities and other organisations to create a strong and innovative future for Retirement Living that meets the needs of residents into the future.

4. Recognising and supporting the increasingly complex needs of our residents: needs and expectations are always changing, and we are aware of the increasing complexities of life and the support required as people grow older. Providing different levels of support to people with different needs can be challenging within a communal setting, but we remain committed to supporting residents by creating communities where they can live their best possible life. We are committed to supporting our employees and residents to enhance wellbeing and quality of life for all in our communities.

5. Investing in our employees: quality services rely on quality provision from our local teams. We have invested heavily in our front line structure and are very proud to provide on-scheme support to our residents. We will continue to invest in leadership and development, unlocking potential, ensuring quality and consistency and creating effective teams as well as learning new skills so we can offer residents more services that will improve wellbeing and quality of life while offering real value for money.

Our Retirement Living priorities align with, and complement, the refreshed Housing 21 Strategic Framework and are an opportunity for our teams to maintain their focus on increased resident satisfaction, working to a shared purpose and ensuring Retirement Living is in a great place to live now and into the future.

Extra Care

We have created three key principles for Extra Care, based upon the six key themes from last year and feedback from both the Extra Care Committee and the Extra Care Resident Forum.

The three principles are:

1. Resident satisfaction: we are striving to ensure at least 95 percent of residents are satisfied with the housing and care services they receive and will listen and respond to resident feedback to ensure we achieve this. We are committed to improving communication with residents and ensuring they are involved in scheme-level plans and decisions.

2. Quality and compliance: we will work to ensure 100 percent of our housing and care services are compliant in meeting and exceeding regulatory and quality standards, strengthening our assurance levels by enhancing management and independent assurance.

3. Performance: by fostering a culture of continuous improvement and high-performance at every level, we will achieve 100 percent of our key performance indicators in 2024/2025. We will improve training and management reporting to support the recovery of arrears and will formalise a strategy and expectation for the overall performance of our care services.

The three principles will be underpinned and supported by two key enablers:

- **Providing quality systems**: our working practices must be modern, efficient, and effective in meeting residents' needs and we have plans to improve our ways of working in the year ahead. As we implement changes in how we work, we want our employees to feel involved, supported and empowered in the process.
- **Investing in our people and leadership**: we will continue to invest in our teams and leaders to ensure our people are equipped with the skills, knowledge, and tools to provide the best possible outcomes for residents.

This approach is intended to align our people, whether in Extra Care or across the wider organisation, with a focus on enhancing resident satisfaction, fostering a culture of continuous improvement to enhance overall performance, and prioritising the quality and compliance of the services we deliver. Importantly, we want to ensure every action taken by Extra Care Teams across Housing 21 can link back to the above principles.

Doing the Right Thing

Our guiding principles of 21, Better and Experience set out our commitment to continuous improvement, ensuring our residents receive the best possible experience living with Housing 21. In practice, this means we need to do more than 'just enough' and instead, always strive to 'do the right thing' so our service delivery becomes as integral to our offer as the properties themselves.

Resident engagement

We continue to shine a spotlight on resident engagement by exploring new opportunities and reviewing the success of existing methods. We know for this to be successful the conversation needs to be two-way and it's just as important for residents to be able to share information with us as it is for us to communicate with them.

The introduction of the Social Housing (Regulation) Act puts greater emphasis on the importance of inclusive resident communication, particularly with the 'hard to reach' (also known as the 'easy to ignore') demographic. We need to ensure the information we share is easy to understand and easily accessible for residents in their preferred format by offering choices. At the same time, it needs to be just as simple for residents to feed their thoughts back to us, offering reassurance they have been heard and providing explanations for the actions taken.

In line with our commitment to digital inclusivity, we explored new opportunities to utilise our online assets. In autumn 2023, we began uploading the monthly resident Court Newsletters to our website for residents and their families as an alternative to the printed hard copies that remain in schemes. There have been almost 1,000 views and downloads, with residents able to utilise screen reader and translation functions if required. In 2024/2025, we intend to further develop our digital communications with an email pilot for the Court Newsletter.

We also piloted quarterly webinars live on Microsoft Teams hosted by leaders from Extra Care and Retirement Living, with the recordings uploaded to YouTube for residents to watch back in their own time. In total, there were over 400 'watch backs' of the first two webinars which took place in quarter three and quarter four.

We visited schemes to film residents talking through complaints they have raised. The video was shown to the Board and Executive so residents had the opportunity to have their voices heard at the highest level on the issues that matter most to them.

Our resident engagement groups continue to provide an effective means of two-way communication. This year, to support our focus on digital connectivity, we launched the Resident Digital Inclusivity Group to take proactive steps towards bridging the digital divide by empowering Housing 21 residents with the knowledge and tools needed to fully participate in today's digital society, if they so choose.

Looking ahead, we are preparing to pilot additional means of resident communication in 2024/2025. We understand not everyone is online, so these new approaches will be delivered in addition to, not instead of, existing engagement channels.

Responsive to feedback and complaints

Housing 21 has a commitment to welcome complaints and use them to improve the experience of our residents. We continue to assess ourselves against the Housing Ombudsman's Complaint Handling Code which was updated in 2024. The necessary changes have been made to the Complaints Policy and Procedure, including the removal of the informal complaints stage.

Unfortunately, during the year, we received three determinations from the Housing Ombudsman which had aspects found to be at fault. Two of these were found to be at fault for service failure relating to handling of antisocial behaviour and complaint handling. One case was determined to be maladministration for failures in investigating a resident's concerns, complaint handling and record keeping. We received no complaint-handling failure orders. The key areas to note are:

- We have strengthened the support around responding to complaints to ensure they consider all aspects including the vulnerability and other needs of residents
- We have a real focus on lessons learnt, ensuring they are embedded across the organisation
- We continue to work with our Residents' Complaints Panel, so it is far more proactive and works to co-produce materials around complaints, as well as discussing lessons learnt, identifying trends and discussing early resolution
- Additional work is being undertaken on the triangulation of data to enable us to be more proactive in identifying schemes which need support around complaints

Further information on our approach to complaints can be found on our website, Housing 21 — Housing 21: Making a complaint.

See Annual complaints report here.

Our rents

Across the year, high inflation levels and utility bills continued to contribute to the cost-of-living crisis. Whilst there had been some reprieve compared to the previous year, the 2023 September Consumer Price Index (CPI), which we use as the baseline for setting future rent rates, remained at 6.7 percent. This led to us applying a 7.7 percent increase in rents from April 2024 in line with the Social Housing Rent Standard, which allows housing associations to increase rents by one percent more than the September CPI.

The decision was not an easy one; we recognised the cost-of-living crisis was still having an impact on residents and the previous year, rents had risen by 11.1 percent. However, in agreeing the 7.7 percent increase, consideration was given to the fact that approximately 75 percent of residents are in receipt of benefits, which increase in line with the CPI, and the Government's triple lock measure resulted in an 8.5 percent increase in state pensions. As most of the money accrued through rents is reinvested in maintaining and improving residents' homes, this helps to ensure residents continue to live in quality properties.

Despite these increases, we continue to offer residents value for money by remaining committed to only charging social rents. These are typically 60 percent of market rent and cheaper than affordable rents. This ensures we continue to provide quality homes at the lowest rent option available to us. Where we inherit affordable rents as part of an acquisition, we will work with the local authority to convert these to social rents at the earliest opportunity.

Helping hands fund

In 2022, Housing 21 launched the Helping Hands initiative to provide financial advice and support to residents. Upon its launch, the Helping Hands Fund provided residents with the opportunity to apply for a one-off grant of up to £250 to help with day-to-day living costs, such as unexpected bills, household necessities including white goods, furniture and food, or funeral costs. In response to the cost-of-living crisis, the grant award was increased to £300.

Since its launch, more than **2,200** residents have received a grant, with a collective total of over **£500,000** in funds being paid out since Helping Hands was introduced.

The Helping Hands Fund has proved successful in assisting residents to overcome short-term financial pressures; however, it is not a long-term solution. Previously, specially trained employees would support local teams in assisting residents with checking they are claiming all financial support to which they are entitled, including benefits, grants and rebates. Following its success, the training was expanded to include all scheme managers providing on-site expert knowledge at every location. This approach has helped residents access an additional £5 million in funding to which they were entitled but had not been claiming.

Community and Wellbeing Fund

In 2023/2024, we introduced the Community and Wellbeing Fund. The fund's purpose was to reduce social isolation by removing health, wealth and social barriers whilst building connections with the local and wider community. Schemes were encouraged to apply for funding to support events that would bring people together.

We approved 70 applications and paid out over £17,000 in grants. Examples of how the fund was used included purchasing equipment to start a breakfast club; purchasing karaoke and bingo machines for social events and the hire of a specialist coach with wheelchair facilities to take residents to the beach.

An additional £9,300 was spent on the 'How Does Your Garden Grow?' initiative, providing 50 schemes with garden starter packs to help residents improve their outdoor spaces. Participating schemes were also given a £30 B&Q voucher towards initial costs such as compost and equipment.

One-off charitable payment

To help people through the cost-of-living crisis, it was agreed to provide all rented and shared ownership households with a one-off charitable payment of £200, to be spent as they chose without conditions attached. The cost to Housing 21 was approximately £3.7 million; however, considering the rent increase from 1 April 2023 and economic challenges, it was the right thing to do.

Doing More

	UoM*	Actual	Actual	Target	Target
		2022/23	2023/24	2023/24	2024/25
Number of starts on site	No.	231	407	311	384
Number of completions	No.	289	117	169	256
Abortive costs	£'000	158	239	150	150
Number of sales	No.	136	66	72	65
Number of acquisitions	No.	427	504	547	1,609

*UoM — Unit of Measurement

New developments

Housing 21 is committed to ensuring older people of modest means have access to safe, quality and affordable homes and with care or support. Between 2016 and 2039, the Office of National Statistics predicts the population of people over the age of 65 will increase by approximately 50 percent. To meet the needs of this growing demographic and support local authorities with the provision of social housing, it is important we continue to identify and invest in opportunities for new developments.

In 2023/2024, we delivered 117 new properties comprised of 70 Extra Care properties at one site, and 47 new Retirement Living homes over two different sites. Patent House and Patent Walk in Doncaster represented the largest net zero Retirement Living scheme in the country whilst in Telford, our Extra Care scheme, Sandstone Court, was our first all-electric development.

The construction sector continues to experience some turbulence but to mitigate this we continue to build close working relationship with our contractors to ensure we can respond to these challenges as they arise. Unfortunately, two contracts had to be re-procured during the year as our development partner entered administration and is the reason for not delivering against our target of 169 completions for the year. This has seen costs increase but we have worked closely with Homes England who have been very supportive in ensuring these developments can continue and have awarded Housing 21 additional Capital Grant to help bridge the gap of increased costs.

As we enter 2024/2025, we are pleased that work is underway for a total of **769 properties** across six Extra Care and nine Retirement Living sites.

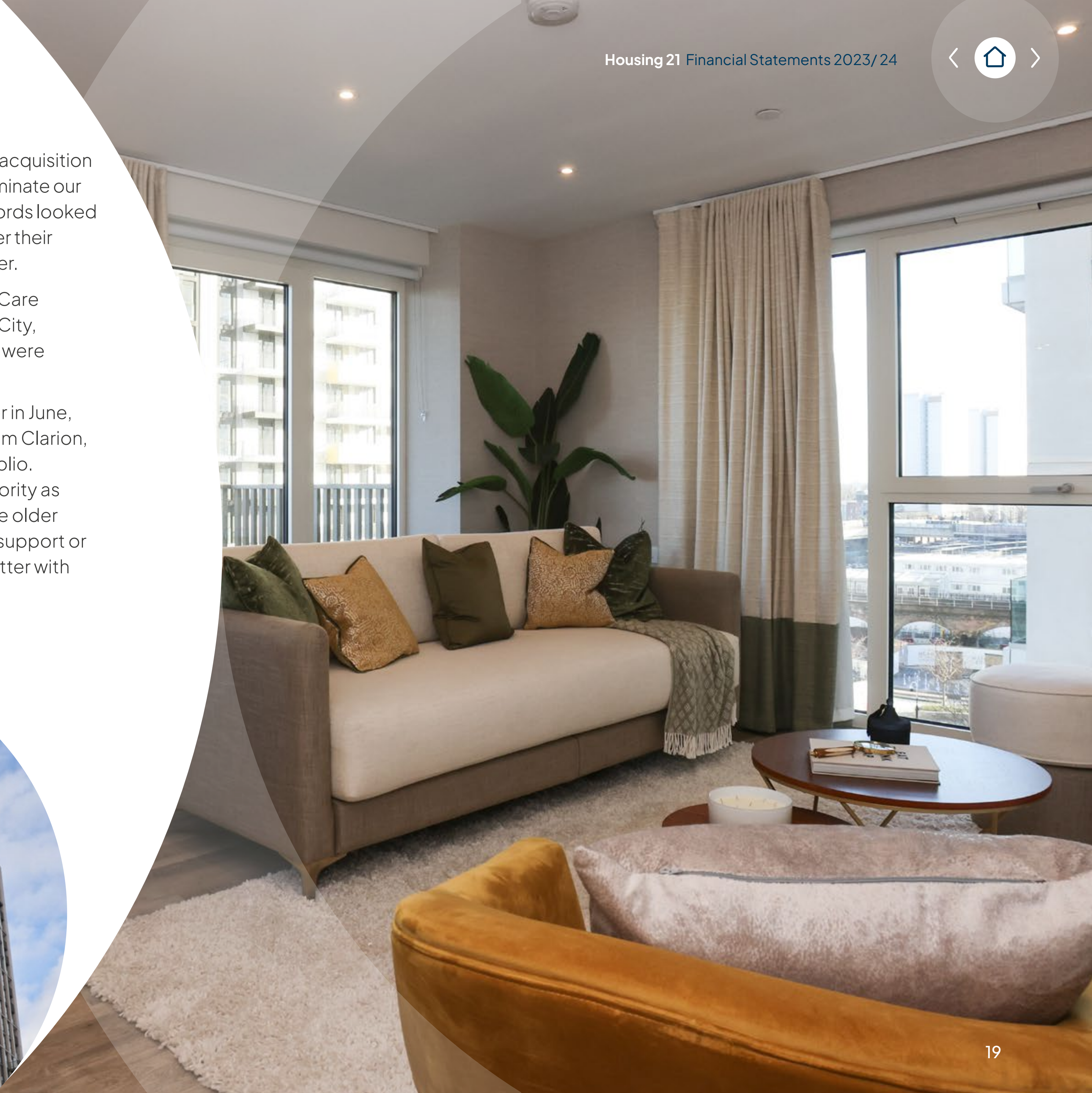
We were proud to win 'Contractor of the Year' at the Offsite Manufacturing Awards for our Patent Walk development.

Acquisitions

Following on from the success of our largest acquisition in 2022/2023, acquisitions continued to dominate our growth agenda as more general needs landlords looked to focus on their primary portfolio and transfer their older people's housing to a specialist provider.

We acquired a further 60 unoccupied Extra Care properties at Minterne Apartments in White City, London from Notting Hill Genesis and these were transferred in May.

Our acquisitions figure was bolstered further in June, when we acquired 11 Extra Care schemes from Clarion, adding a further 444 properties to our portfolio. Looking ahead, acquisitions will remain a priority as we strive to deliver our core purpose to more older people, providing high quality housing with support or care that enables them to live longer and better with dignity and autonomy.



Leasehold and market rent sale

Our growth through acquisitions has demonstrated that Housing 21 is continuing to be recognised as an expert provider of older people's housing and in transferring their portfolio to us, landlords are acting to best meet the needs of their residents. In the same way, Housing 21 has identified that the needs of our small portfolio of leasehold properties could be better met by an expert leasehold provider. This approach will enable both Housing 21 and the new leasehold provider to each apply a consistent and suitable set of standards specific to each of their respective portfolios, ensuring greater quality assurance for residents.

Throughout 2023/2024, we met with residents and employees at 43 leasehold schemes to discuss our intention to sell and give them the opportunity to appoint their own management company through the offer of first refusal. Seven schemes opted for this. Of the remaining 36, we agreed to sell 33 to Churchill Estates Management and exchanged contracts in March ahead of a sale completion in July 2024. Conversations are continuing with the three outstanding schemes.

In 2022/2023 we were also progressing the sale of a small portfolio of non-social rent properties for older people. While a sale was agreed, we received an unacceptable price reduction and decided to withdraw from the agreement. We still intend to sell these properties, but instead on a case-by-case basis and when the properties become void. At year end we had 69 properties void and available for sale.

Cohousing

Our flagship cohousing project in Lozells, Birmingham finally began to gather momentum and work commenced on site with a ground-breaking ceremony in early 2024. Previously known as 'Chain Walk' in reference to its location, the scheme was renamed 'Rupali Court' by the local community. The term 'Rupali', which means 'silver' in Bengali and 'most beautiful' in Indian, reflects the positive connotations that silver has for older people in the area's Bengali community, alongside the character and spirit the completed scheme will encompass.

We have worked closely with community organisation Legacy West Midlands on the project, and they have helped facilitate relationships with the local community, enabling them to help shape the design of the scheme, which will include 25 one- and two-bedroom apartments with shared amenities.

Whilst not the first or only housing association to explore the concept of cohousing, Housing 21 is the first to declare a Cohousing Strategy and the intention to develop in multiple locations across England. As such, the project and progress to date has been subject to a report by the UK Cohousing Network, which was published at the beginning of 2024.

Quality Properties

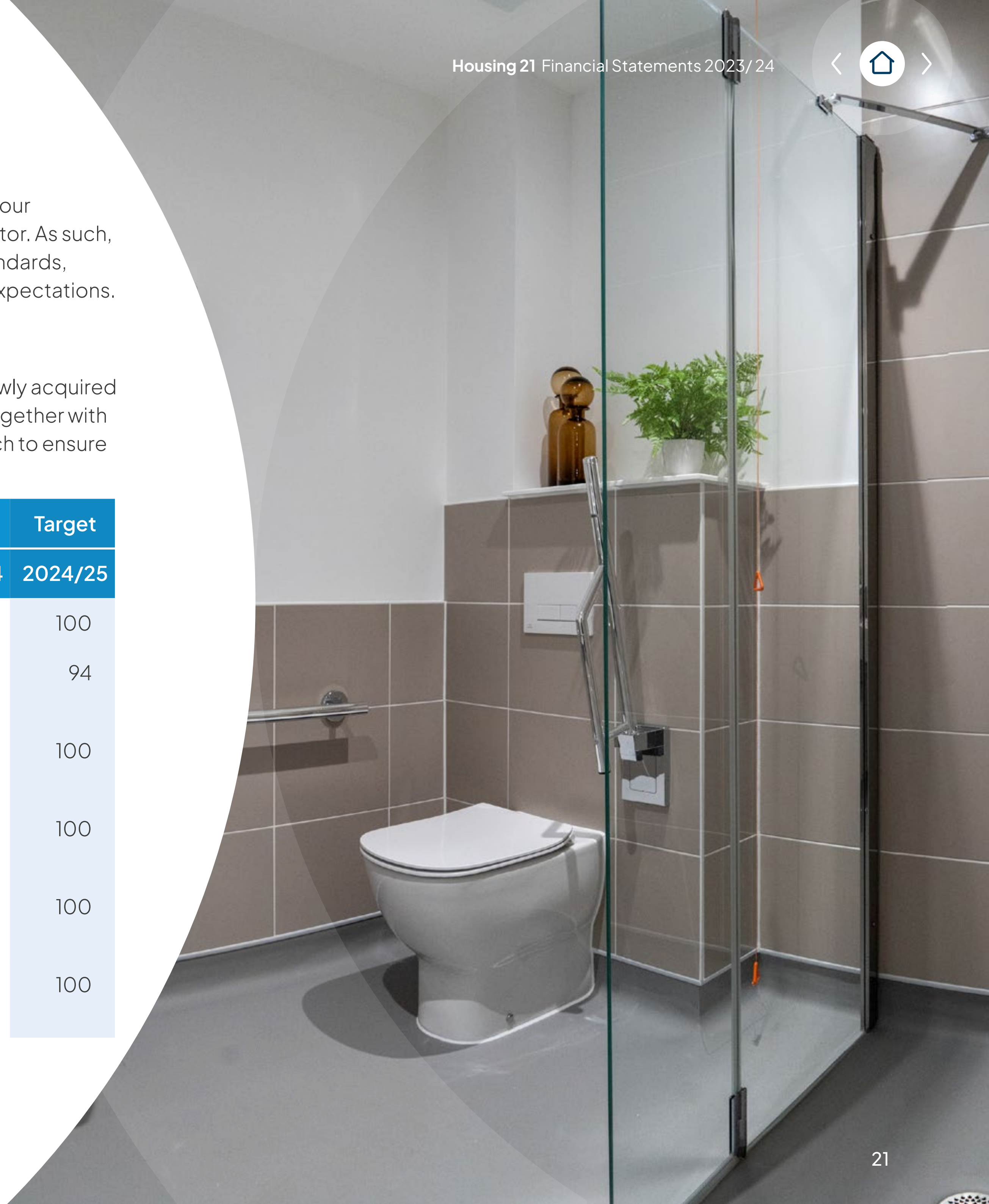
We are committed to ensuring we offer safe, quality properties for our residents and maintain our position as landlord of choice in the sector. As such, we continue to invest in our stock to maintain our high property standards, whilst ensuring we respond to changing regulations and resident expectations.

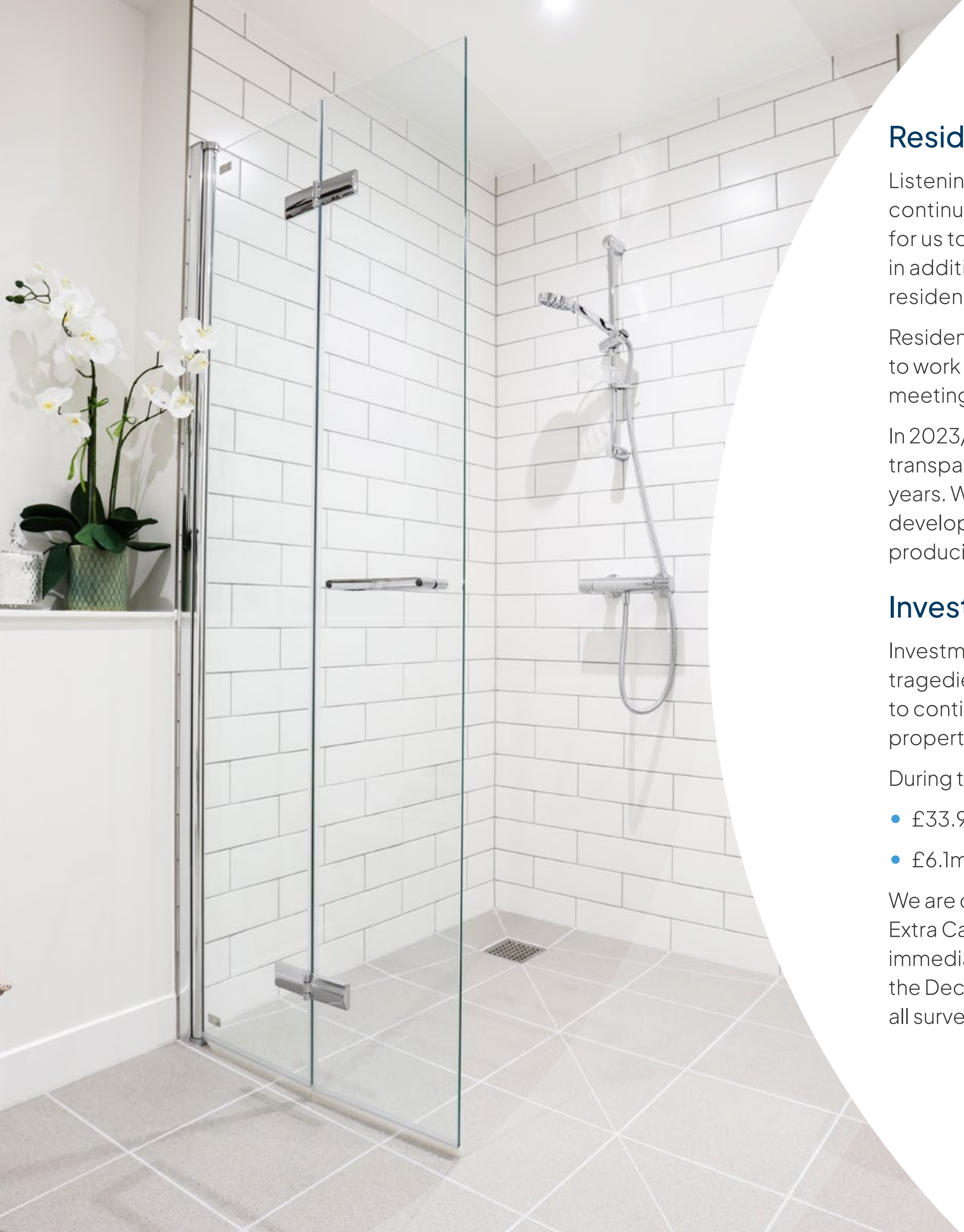
Property standards

We maintained our property standards and applied them to our newly acquired stock. Whilst the acquisition of properties has been a challenge, together with the ongoing supply chain shortage, the team adapted our approach to ensure delivery of the programme.

	UoM*	Actual	Actual	Target	Target
		2022/23	2023/24	2023/24	2024/25
Decent homes	%	100	100	100	100
Schemes with fully digital call system	%	76	81	85	94
All kitchens < 20 years old	%	99	100	100	100
All bathrooms < 20 years old	%	99	100	100	100
All properties at EPC C	%	99	99	100	100
All scheme makeovers < 7 years	%	99	100	100	100

*UoM — Unit of measurement





Resident engagement

Listening, engaging and working with our residents is essential for the continual improvement and successful delivery of our services. It is essential for us to continue to adapt, improve and embrace technological advances, in addition to more traditional methods of engagement, to reach as many residents as possible.

Residents are at the forefront of our investment programme and we continue to work closely with our operational colleagues to deliver joint resident meetings regarding future investment and delivery plans for each scheme.

In 2023/2024 we published our scheme investment plans, providing transparency on the work being proposed at schemes over the coming years. We have also improved our communication with residents, including developing presentation materials to support pre-works consultations and producing leaflets focusing on fire safety and damp and mould.

Investment in our properties

Investment in our properties has never been more important and the sector tragedies around fire safety, damp and mould emphasise the need for this to continue and for all landlords to fully understand the condition of their properties, whilst listening to residents and meeting their needs.

During the last financial year, we spent:

- £33.9m on structural improvement of our properties
- £6.1m on scheme makeovers (48 makeovers completed)

We are committed to completing a Stock Condition Survey on all our rented Extra Care and Retirement Living schemes which helps us to determine immediate and long-term investment requirements, ensuring compliance with the Decent Homes Standard as a minimum. We have made good progress with all surveys completed this financial year.

Full modernisation projects completed in 2023/2024

As well as ensuring that we continue to replace key components such as kitchens and bathrooms so our properties exceed minimum requirements, we recognise some of our schemes require further investment to extend their longevity and make them modern, attractive places to live.

We completed two full modernisation projects in the last financial year: one Retirement Living scheme, Carew Court in Cramlington, and one Extra Care scheme, Fountain Court in Gateshead. Overall feedback from residents at both schemes has been overwhelmingly positive, and both are fully let with residents feeling proud of their modernised home.

Examples of good work/pilots carried out on sustainability

We are continuously researching and exploring low carbon replacement heating solutions for our schemes. There are numerous alternative low-carbon heating systems currently available and new technologies under development. We have piloted the following sustainable improvements to assess their suitability for Housing 21's property types and user groups:

- Biomass boilers
- Ground source heat pumps
- Air source heat pumps
- Thermal store
- Sunamp heat batteries
- NextGen infrared heating
- Point of use water heaters

However, current systems often come with compromises including higher installation costs, disruption and cost of use to residents, thermal comfort and system controllability. To enable the best option to be identified, we appraise changes to heating systems using a scoring matrix. This has been designed to consider both the impact to residents and effectiveness towards achieving our net zero ambitions.

Environmental strategy

We are keen to build on the amazing achievement of meeting the government target of all properties to have an Energy Performance Certificate (EPC) rating of C for all our rented properties, (except for 110), well ahead of the 2030 deadline. Those 110 properties that have yet to reach EPC C is where we are in the process of disposing or demolishing them or where a resident has refused the works and will be completed when the property next becomes void. To help guide our approach up to 2030, we have launched our new Net Zero Carbon and Environmental Sustainability Strategy.

Ensuring our schemes and properties are both environmentally and socially sustainable is integral to our decisions and actions. We are committed to going beyond legal requirements, exceeding minimum standards, and striving to achieve a position of 'doing no harm'. Below outlines some our key performance metrics to date:

- 87.5 percent of dwellings have an environmental impact rating of C or above
- 90 out of 659 schemes have fossil free heating systems, including all-electric schemes
- 97.6 percent of schemes have a green space.

Our key aims to be achieved by 2030 is to:

- Maintain EPC C for all properties
- Achieve an Environmental Impact Rating of C or better for all properties for all residents
- Reduce KWh/m^2 by 15 percent for communal heating systems and 10 percent for individual domestic systems

Compliance first

We want all residents to feel safe at home by ensuring the necessary checks and repairs are undertaken when required. We organise repairs at a local level and prioritise the timeframe depending upon the urgency.

100% Fire risk assessment

100% Gas safety

100% Asbestos safety checks

99.8% Emergency lighting

100% Fire alarms

99.6% Lift safety checks

99.9% Hardwire testing

100% Water hygiene

Damp and mould

We have strengthened our approach to how we identify, address and report on cases of damp and mould. We have established a combined method to tackling these issues to ensure we effectively resolve known cases and undertake preventative control measures.

Our Surveying Team undertake annual Housing Health and Safety Rating (HHSRS) inspections and any outstanding hazards are continually reviewed. We have implemented a robust set of Property Compliance Key Performance Indicators (KPIs), which include damp and mould monitoring, to provide full transparency and highlight outstanding issues. The KPIs are included in our regular Property Compliance Report, which is shared with our Board, Health and Safety Forum and presented on the Scorecard.

With this increase in focus, during the year we identified 57 properties as having damp and/ or mould and as of the end of April 2024, all identified cases had action taken, and were either resolved or had works ongoing.

Where rectification works are not straightforward, it is important this is clearly communicated to the resident and Local Housing Teams. Managers inspect properties before being re-let, raise repairs as required and have the support of our Surveying Team when needed.

Reinforced Aerated Autoclave Concrete (RAAC)

In 2023 there was an increased safety concern over buildings constructed with Reinforced Aerated Autoclave Concrete (RAAC) which was commonly used in both roofing and wall construction.

To ensure the safety of our residents, our Asset Management Team took proportionate steps to identify whether any of our schemes were constructed using this form of concrete, with a particular focus on flat roof and panel structures.

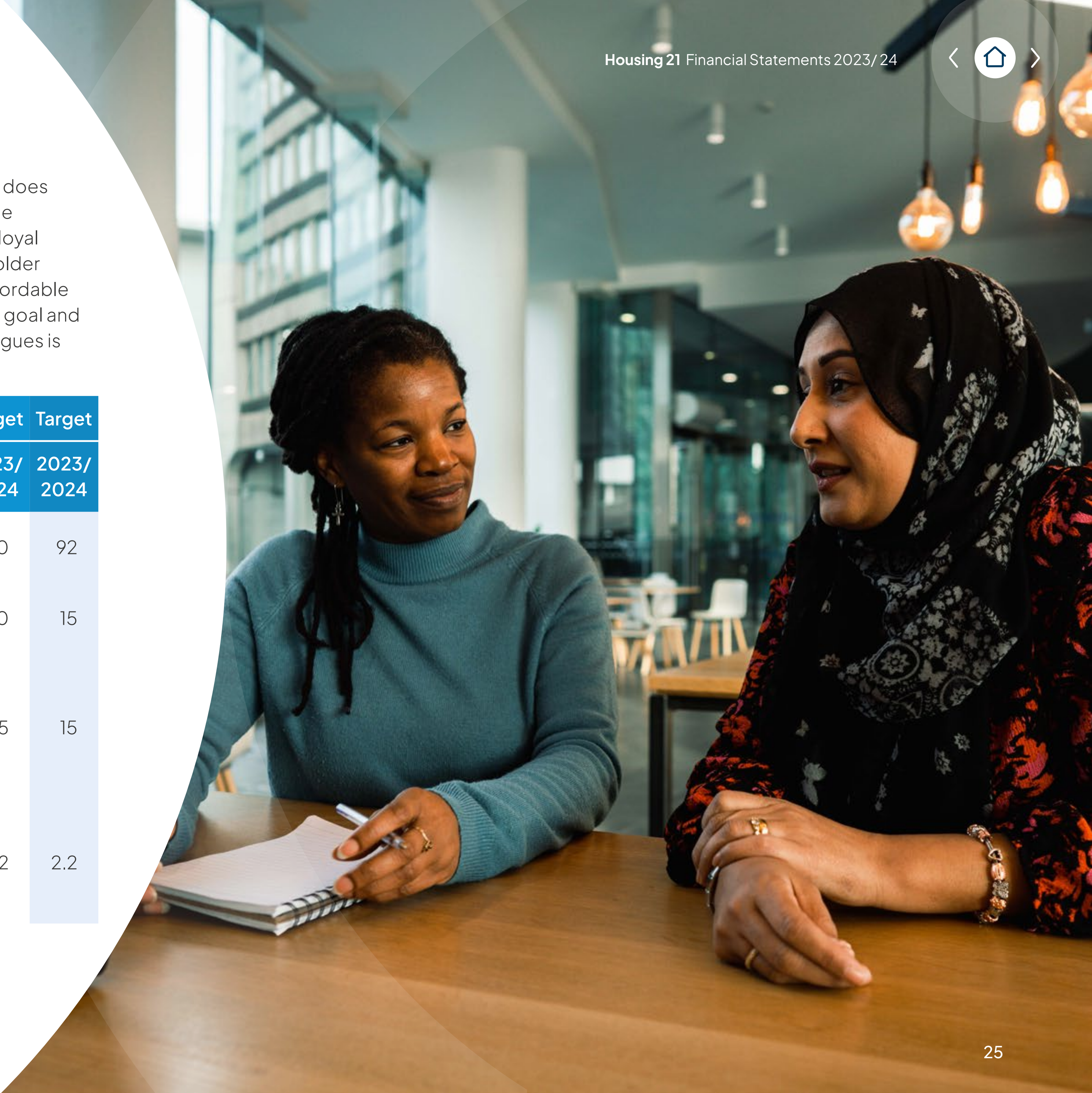
Based on the reviews undertaken, including carrying out intrusive surveys at certain schemes, we have been able to confirm the presence of RAAC concrete has not been found on any of our schemes.

Quality People

Delivering the best service to our residents does not happen by accident. It is the result of the commitment, dedication and hard work of loyal employees who share our vision to ensure older people have access to safe, quality and affordable homes. Every employee contributes to this goal and the service provided by our frontline colleagues is integral to our resident experience.

	UoM*	Actual	Actual	Target	Target
		2023/ 2024	2023/ 2024	2023/ 2024	2023/ 2024
Employee satisfaction	%	89	83	>90	92
Voluntary turnover	%	18	14	20	15
Proportion of new employees who are non-white	%	14	10	15	15
Sickness — total direct sickness costs	£'m	2.2	2.4	2.2	2.2

*UoM — Unit of measurement



In 2023/2024 we celebrated the highest ever response to our annual employee survey, increasing from 71 percent in 2022/2023, to 89 percent which is outstanding in the sector and surpasses our target of 85 percent. The increase in responses is likely to explain the slight decrease in overall satisfaction.

Other topline figures included:

- 'I share the organisation's values' 93 percent positive
- 'I feel proud and committed to work for Housing 21' 90 percent positive
- 'I am treated with respect by my colleagues' 93 percent positive
- 'I think diversity and inclusion is important to Housing 21' 93 percent positive

We will continue to listen to employees to achieve our target of 92 percent satisfaction and work to remove barriers to this goal. We take reassurance in the clear commitment our employees have to the organisation and our purpose, as demonstrated through the figures above.

We continue to see a decrease in employee turnover which is encouraging and hopefully a result of our continued commitment to improving the employee experience at Housing 21.

Wellbeing

With sickness levels slightly above target, activities in support of employee wellness continue to be a focus with lost days creating operational challenges and a need for reactive support mechanisms. To proactively promote prevention through education and awareness, and to ensure wellbeing is embedded across all we do, the wellbeing function has moved to Learning and Development.

To promote health and wellbeing for all, we also made the decision to automatically enroll all existing contracted employees and new starters into our employer-funded Health Cash Plan from April 2024.

Best places to work UK 2024

Appearing in the top three Best Places to Work UK 2024 list, published by Glassdoor, is testament to the positive workplace culture our employees strive to create every day.

Ranking as third overall with a score of 4.7 out of five, based solely on anonymous reviews from current and former employees, and as the only housing association to feature in the list, we are proud of our people for telling our story and amplifying the employee experience at Housing 21.

Coupled with our Glassdoor achievement, we continue to hold Investors in People Platinum status in recognition of our work in developing our people and ensuring Housing 21 remains a great place to work. This status is only awarded to two percent of assessed organisations and reflects our commitment to creating an environment where people can learn, develop, and thrive in a meaningful career.

Learning and development

We continue to offer a range of development opportunities, with apprenticeships continuing to provide popular avenues for people to 'earn while they learn' a recognised qualification. During 2023/2024, 43 colleagues passed an apprenticeship and a further 140 enrolled into new apprenticeship programmes.

We continue to support colleagues to grow and develop in their careers and many of our leaders are gaining management qualifications from the courses we offer together with De Montford University, along with our internal leadership programmes.

In addition, our Extra Care Academy and Housing Academy provide dedicated learning pathways for operational employees keen to pursue a role in management. Our first cohort of Extra Care Academy students will conclude their training during the upcoming 2024/2025 financial year.

Our development offering also extends beyond professional development to personal development opportunities, including sessions around financial education being introduced to support operational changes.

Supporting our people

To recruit and retain the best people, we need to ensure our offer remains competitive and attractive. We continue to pay our Care Workers at least 10 percent above the National Living Wage and offer benefits in line with our corporate employees. In April 2023, we awarded all employees a seven percent pay increase.

We also undertook the preparatory work on a new Pension Exchange programme for 2024/2025, helping employees to save on National Insurance payments through pension contributions, in addition to the government reduction in National Insurance payments which came into effect on 1 April 2024.

Creating an inclusive workplace for all

We remain committed to creating an inclusive workplace where diversity is welcomed and encouraged. Achieving this starts by understanding more about who we currently are, obtaining the relevant data and creating opportunities for engagement, including celebrating and sharing cultural events.

For new employees joining the organisation, that process begins with recruitment, and we saw progression with the collection of monitoring data at this stage. For existing employees, we focused on capturing data linked to protected characteristics so from 2024/2025 we will have robust data that better represents who we are.

We have seen an increase in employees from ethnically diverse backgrounds, increasing from eight percent to 12 percent during 2023/2024, although still short of our 15 percent target. However, we recognise there are gaps in the data. The rollout of digital connectivity to all employees during 2024/2025 will provide increased opportunities for data collection which will strengthen our reporting.

We launched a new Equality Impact Assessment process, to underpin all activities linked to transformation and change and continued to engage with colleagues through a network of groups, including the launch of the Disability Action Group to support the very best experience for employees with disabilities.

Our Gender Pay Gap reported showed our mean pay gap is 31 percent (where males are paid more than females) which was a slight improvement on last year's 35 percent. Our median pay gap is 24 percent, again a slight improvement on the previous year's figure of 28 percent.

Our pay gap remains wider than the UK average which sits around 15 percent median because of our workforce profile is predominantly care and ancillary roles, which are almost exclusively occupied by female employees. This reflects a generational and societal bias towards women in such roles and is only likely to change with gender movement and the attraction of more males to such roles.

In the meantime, we will continue to adapt recruitment campaigns to target males, and younger people, into care and ancillary roles and women into higher paid roles by using inclusive language and showcasing employee stories.

Digitising Our Services

The year 2023/2024 saw the launch of several key projects as we continue to digitise our services.

We have been reviewing our approach to transformation, including our digital capabilities and the sequencing of digital projects to implement more efficient solutions, which in turn, provide better services to residents.

These projects include the upgrade of our housing management system, which we identified needs improvement to ensure a better experience for employees and residents. In 2022/2023 a project commenced to upgrade the system; Civica was chosen as our supplier and we spent time working with them to define what was needed to support our devolved operating model. During this process we discovered the proposed system did not easily fit with our devolved model and the decision was made to pause the project and consider other options.

Alongside considering other options we have been particularly focused on implementing enhancements to our existing housing management systems. We have recruited an independent consultant to recommend systems and products that are right for us and our ways of working.

We are also procuring new finance solutions to ensure our systems and processes are fit for the future.

In terms of our core IT estate, we have now completed our migration from data centers to Azure Cloud services and updated our networking solutions. This has given us more resilience and growth potential whilst our cyber security has been enhanced through the implementation of a Security Operations Center service and various security software solutions.

Birdie

Birdie, our new Extra Care Rostering and Planning solution, took flight, transforming the way we deliver care by helping us to achieve a smarter, more efficient way of working and subsequently delivering a better service to our residents. Colleagues across the pilot now record care directly on the Birdie app via a smart device, moving away from spreadsheets and paper-based care plans to a digitalised solution.

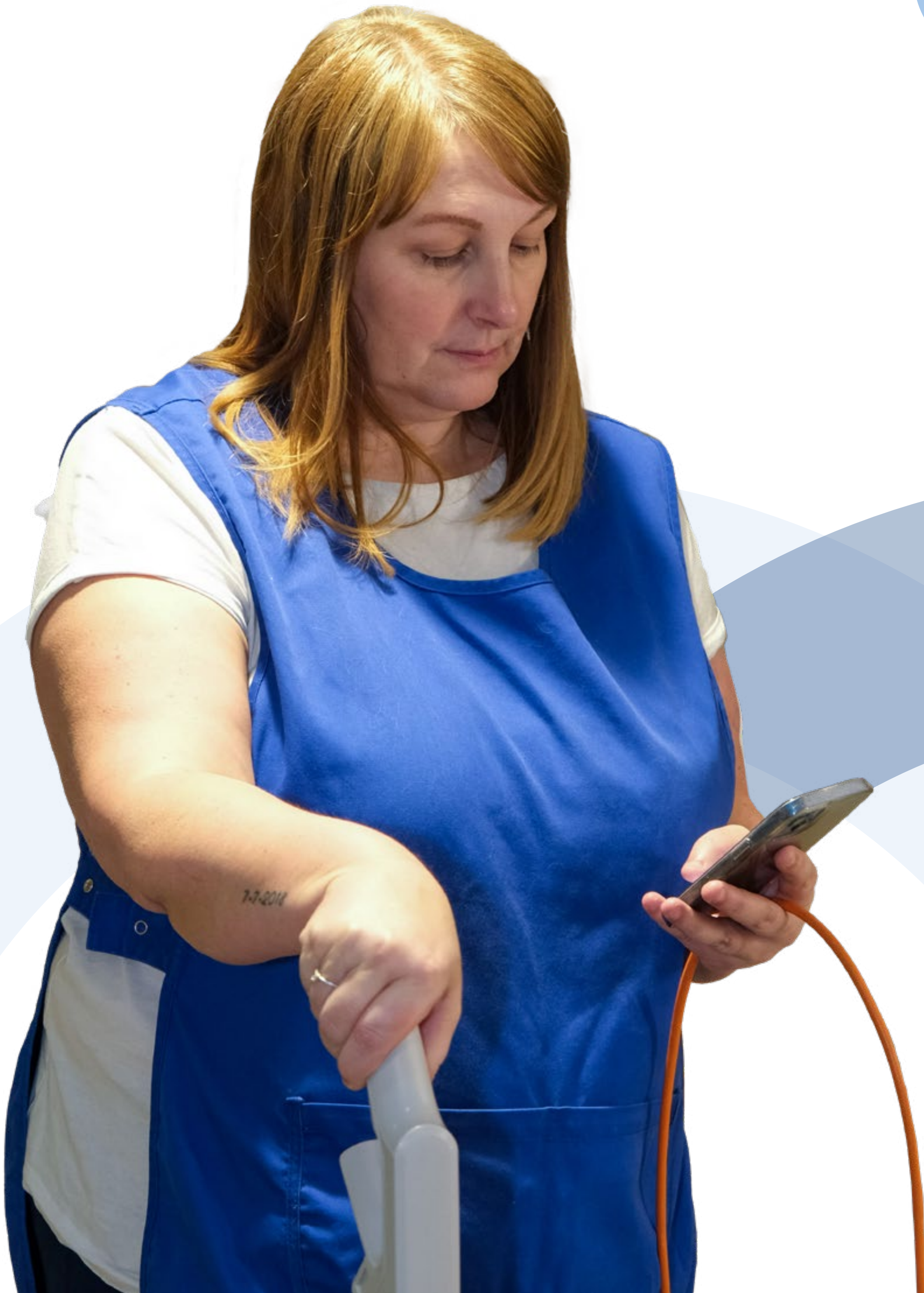
Initial feedback following the pilot launch is positive, with more than 60,000 care visits being completed within the first two months and 99 percent of those visits being completed within a 15-minute window of the expected time.

Subject to the resident's consent, Birdie creates the opportunity for families and designated individuals to look at the service records of those in our care, providing additional peace of mind and assurance. This has been well received by family members and to date over 800 family members/designated individuals have accessed the application. We are continuing to roll Birdie out across the organisation during 2024/2025.

Connecting employees

Our goal of connecting all customer-facing employees moved one step closer with the successful pilot of our connecting employees' initiative. We know how important it is to be connected and we want all our colleagues to have a great employee experience at Housing 21 by being able to access key information quickly, including wellbeing support and benefits.

Across nine schemes, frontline employees were provided with access to an individual Housing 21 online account, empowering them to get connected with their colleagues and the wider organisation. Following a successful pilot, we intend to roll the project out across all Housing 21 schemes in early 2024/2025. This will enable all Housing 21 care and ancillary workers to go online and have a similar experience to their corporate colleagues, requesting annual leave online, accessing their learning independently and connecting with others, enabling increased collaboration both at scheme and organisational level.



Improvements in the recruitment experience

In 2023/2024, we launched our new recruitment system, Networx, to create a more streamlined application process for both hiring managers and candidates to improve the employee experience. Since its launch, we are delighted to report the following efficiencies:

- Reduced escalated complaints about the service by 75 percent, to one or two per week
- Increased attraction of a more diverse candidate pool from five percent to 11 percent progressing towards our 15 percent target
- Improved first time fill:
  - In Extra Care it increased from 37 percent to 59 percent
  - In Retirement Living it increased from 51 percent to 75 percent
- Reduced time to hire from 75 days (pre recruitment hub) to 23 days, representing a 63 percent reduction
- Saved £67k on agency spend through direct hires by attracting better-quality candidates

We will also continue to look to build up "subscribers" to Housing 21 vacancy alerts through our reputation as an employer with our new microsites, providing key steps in promoting our organisation and our culture.

As we prepare to enter our first full financial year in 2024/2025 with the new recruitment system, we look forward to building upon these results which will act as a baseline going forward.

Improving connectivity for residents

Over the past year, we have been working on several Wi-Fi enhancement projects across the country. These include the Connect 21 initiative, which involves:

- upgrading internet access at over 50 schemes in both Retirement Living and Extra Care
- installing an integrated smart TV
- promoting the use of communication apps that allow interactive communications and messages

In some cases, Microsoft video technology was also introduced for scheme-to-scheme use.

Our drive to provide digital technology solutions across all schemes is further supported by large-scale Wi-Fi improvements, including upgrades to all Extra Care schemes where the Birdie app is to be used in about 80 locations.

We continue to roll out the Appello digital emergency call system, replacing the outdated analogue call systems, with a target completion date of 2026. In addition, we are developing and extending the design of the digital emergency call solution currently provided by Appello to include flooded Wi-Fi. This will be installed in schemes currently using analogue systems and will see around 100 sites across Extra Care and Retirement Living upgraded to this full access solution.

All the above initiatives complement our drive to continue to digitise our schemes and move away from the traditional analogue telephony services. To enhance the coverage further, we are working closely with Openreach and other telecom service providers on migrating to full fibre broadband services as and when these become available at schemes around the country.

The Consumer Standard

The Social Housing (Regulation) Act 2023 was enacted in April 2024. This heralds a new era of regulation for the social housing sector as the revised consumer standards are put on an equal footing with the governance and viability standards. An additional 'C' rating with join the existing 'G' and 'V' ratings.

It will also be scored on a 1–4 scale and will be determined after an In Depth Assessment (IDA), which we are expecting in early 2025. The Regulator and the Housing Ombudsman are jointly overseeing the work of the sector and have increased powers to hold housing providers to account and to intervene should they need to.

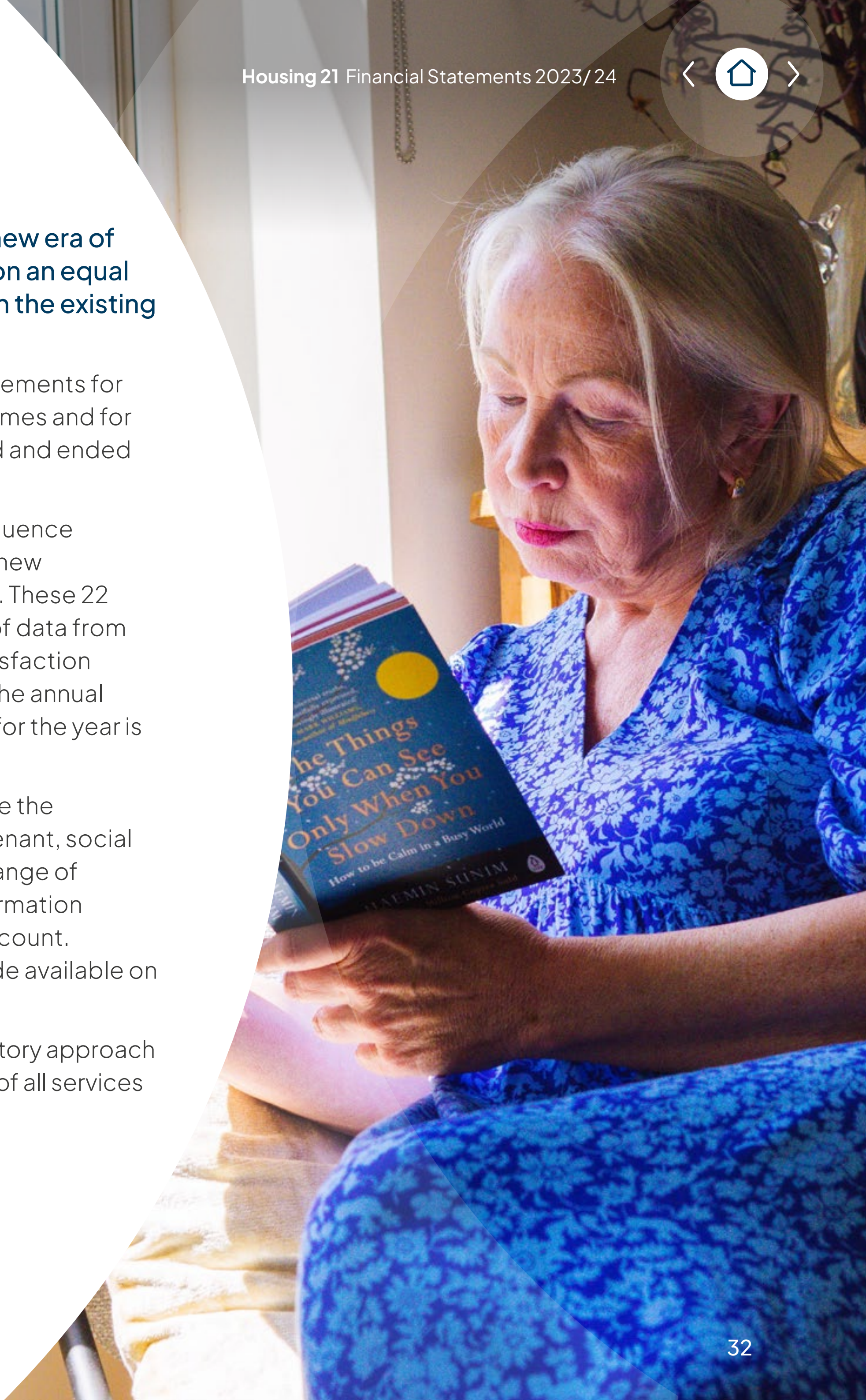
The act contains four updated consumer standards, underpinned by the code of practice. The four updated standards are:

1. **The Safety and Quality Standard**: requires landlords to provide safe and good-quality homes and landlord services to tenants.
2. **The Transparency, Influence and Accountability Standard**: requires landlords to be open with tenants and treat them with fairness and respect so that tenants can access services, raise complaints when necessary, influence decision making and hold their landlord to account.
3. **The Neighbourhood and Community Standard**: requires landlords to engage with other relevant parties so that tenants can live in safe and well-maintained neighbourhoods and feel safe in their homes.
4. **The Tenancy Standard**: sets requirements for the fair allocation and letting of homes and for how those tenancies are managed and ended by landlords.

Included within the transparency, influence and accountability standard are the new Tenant Satisfaction Measures (TSMs). These 22 measures are comprised of 10 sets of data from management information and 12 satisfaction scores which are captured through the annual residents' survey. Our performance for the year is available to view on our website.

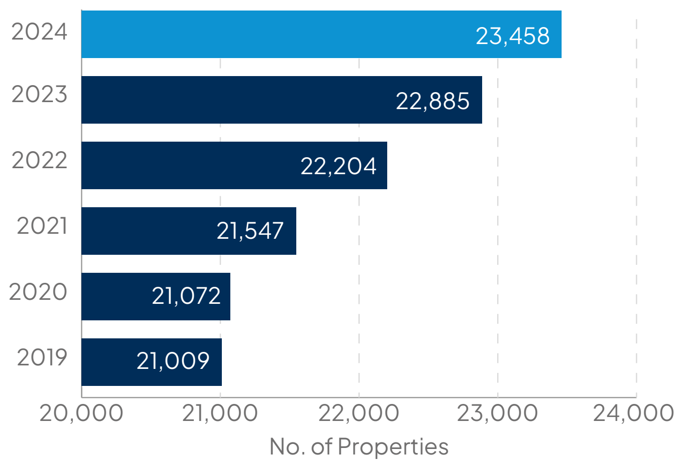
As the ethos of the act is to rebalance the relationship between landlord and tenant, social landlords are required to provide a range of accessible and understandable information to enable tenants to hold them to account. Additional information has been made available on our website.

Housing 21 welcomes this new regulatory approach as it puts residents firmly at the heart of all services which social landlords provide.

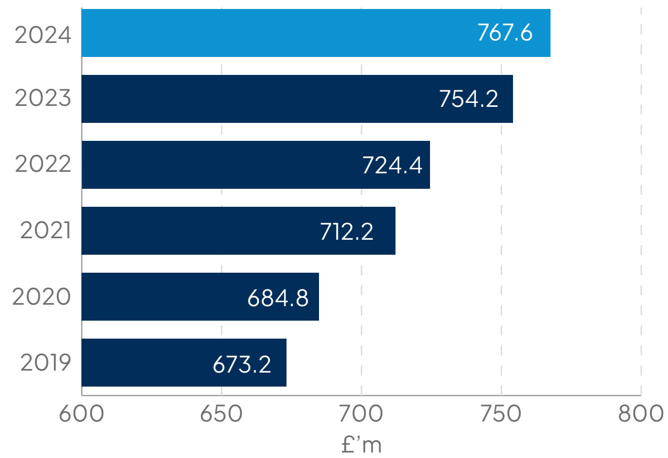


Financial Highlights

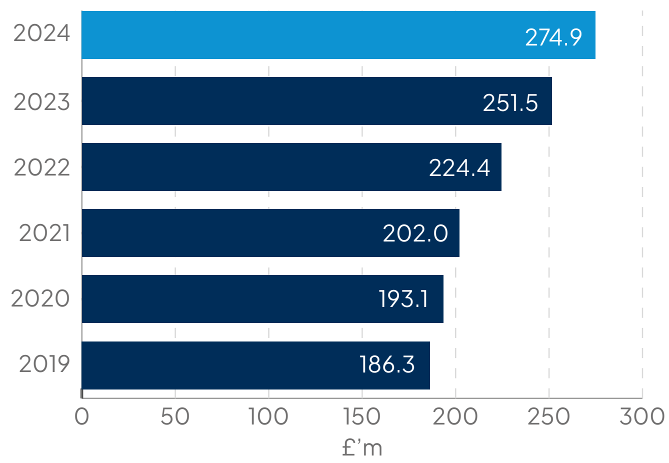
Properties owned and managed



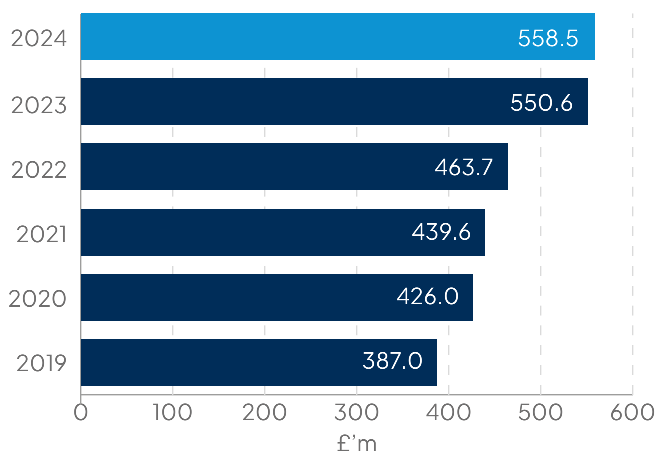
Net assets



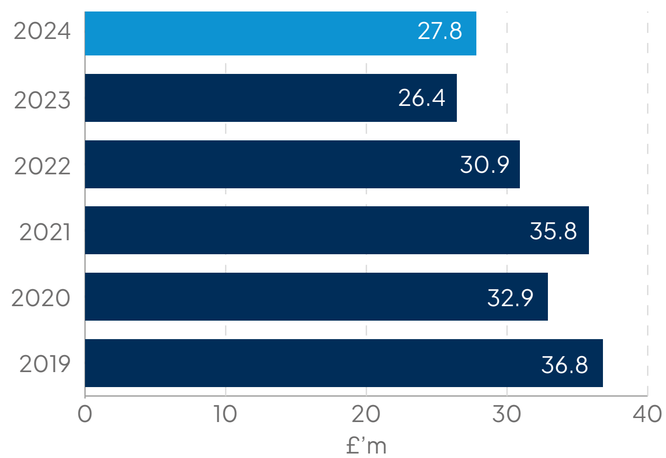
Total revenue



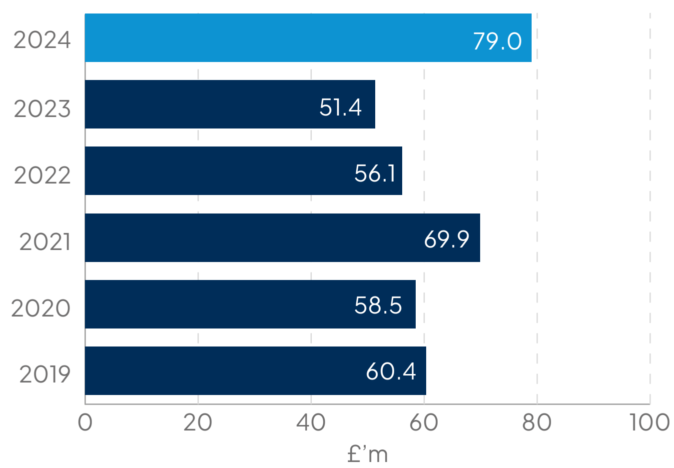
Net debt (excluding derivatives)



Operating surplus



Cash flow from operations



Environmental Social and Governance Reporting

Housing 21 recognises our responsibilities extend beyond the immediate provision of homes. We are deeply committed to not only providing an excellent service for all our residents, but also to fostering environmental sustainability and strong communities.

This has been a positive year for environmental, social and governance work at Housing 21. In 2023 we were proud to adopt the Sustainability Reporting Standard for Social Housing and will be publishing our second ESG (SRS) report which will be available on our website.

ESG encompasses all aspects of sustainability. This means tackling and mitigating climate change. It also means supporting our residents through subsidising our social housing residents' rent, delivering new affordable homes and providing wellbeing and financial support.

Our report details our ESG performance highlighting the positive work we do and showing our commitment towards sustainability and the environment. We are dedicated to going beyond legal requirements, exceeding minimum standards and striving to achieve a position of 'doing no harm'.

In addition, significant effort has been put into developing strategies, embarking on new initiatives and rigorously understanding our data so we can make informed decisions which shape our future.

This year, we commissioned The Good Economy (TGE) to conduct an independent assurance of specific criteria in our ESG report. The assurance process followed AccountAbility's AA1000 assurance standard, and a copy of the assurance statement can be found with our ESG report. We believe this external assurance provides further confidence both in our commitment towards sustainability and assurance on disclosure reliability and quality.

Our Commitment

- Achieve EPC C for all properties
- Achieve an Environmental Impact Rating (EIR) of C or better for all properties by 2030
- Reduce KWh/m^2 by 15 percent for communal heating systems and 10 percent for individual domestic systems by 2030
- In addition we will continue to work with residents, employees and other stakeholders to increase environmental understanding and awareness throughout Housing 21 and beyond making environmental impacts and commitments a key part of local agreements and plans and ensure this is central to national strategies

Energy and Carbon Reporting

The UK Government's Streamlined Energy and Carbon Reporting (SECR) Policy was implemented on 1 April 2019. Housing 21 is outside the SECR qualification criteria in the UK but will follow the same protocols in its carbon reporting.

We have opted to use the operational control boundary definition to define our carbon footprint boundary.

The reporting period for this is 1 April 2023 to 31 March 2024. Included within that boundary are Scope 1 and 2 emissions from gas and electricity, as well as emissions from grey fleet, all in the UK.

The Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard and UK Government's GHG Conversion Factors for Company Reporting have been used as part of our carbon emissions calculation. For this calculation we have only opted to use energy consumed by Housing 21 and have made no estimates for gas and electricity used in residents' homes where they have their own supplies.

In the majority of schemes, residents have a separate metered supply for energy into their homes (the residential area) and there is a communal supply for other areas such as corridors, lounges, laundries and offices. However, in a few there is just the communal supply and energy used by residents in their homes is estimated and recharged on an apportionment basis.

	2024	2023
Total electricity use	27,030,224 kWh	29,240,545 kWh
Total gas use	33,276,448 kWh	38,771,982 kWh
Total transport fuel	3,748,062 kWh	4,464,908 kWh
Total energy from other fuels	744,748 kWh	388,019 kWh
Total energy use (all sources)	**64,799,482 kWh**	**72,865,454 kWh**
Total carbon emissions (electricity)	7,429 tCO_2e	8,518 tCO_2e
Total carbon emissions (gas)	7,093 tCO_2e	8,317 tCO_2e
Total carbon missions (transport fuel)	1,227 tCO_2e	1,442 tCO_2e
Total carbon emissions (other sources)	34 tCO_2e	94 tCO_2e
Total carbon emissions (transport fuel)	**15,783 tCO_2e**	**18,371 tCO_2e**

SECR Intensity Ratio for Total Emissions (Scope 1–3) — 0.8 tCO_2e per property

Our Business Performance

Summary of Operating Surplus

	Turnover £'m		Surplus/(deficit) £'m		Margin %	
	2024	2023	2024	2023	2024	2023
Social housing	**199.7**	**178.6**	**31.6**	**26.4**	**15.8**	**14.8**
Development sales	10.7	20.0	1.5	3.6	14.0	18.0
Other activities and costs	7.9	6.8	(5.7)	(1.9)	(72.2)	(27.9)
Other social housing	**18.6**	**26.8**	**(4.2)**	**1.7**	**(22.6)**	**6.3**
Care	53.4	42.5	(0.3)	(1.5)	(0.6)	(3.5)
Other	3.3	3.6	0.7	(0.2)	21.2	(5.6)
Non-social housing	**56.7**	**46.1**	**0.4**	**(1.7)**	**0.7**	**(3.7)**
Total	**274.9**	**251.5**	**27.8**	**26.4**	**10.1**	**10.5**

Social Housing Lettings

Turnover

£118.7m Rental income

£62.5 Service charges

£17.6m Other income

Turnover from social housing lettings has increased by £21.1m year-on-year to £199.7m, a 12 percent increase and is driven by growth of our business through acquisitions and new developments, increase in our rents and turnover recognised in association with our PFI/PPP contracts.

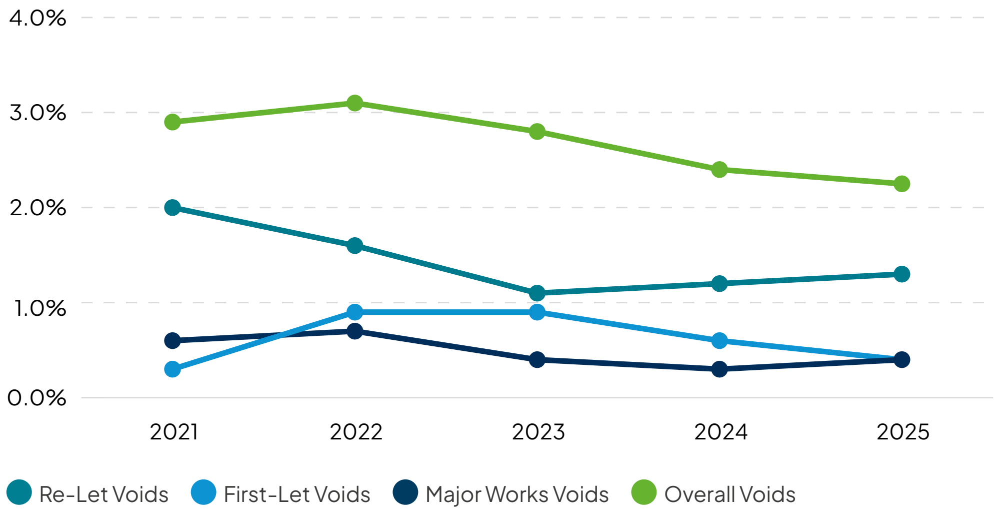
We were permitted to increase our rents by 11.1 percent at the start of the year, which represented September's 2023 consumer price index plus one percent. Supporting housing providers were exempt from the rent cap of seven percent. We also have the full benefit of the properties acquired from Notting Hill Genesis in the 2022/2023 and Clarion this year.

We operate a variable service charge across most of our schemes, in which we only charge residents for the services that are provided, with any surplus or deficit reflected in the following year's charge. Service charge income fell in year primarily associated with a reduction in utility costs. We have been proactive in purchasing utility costs at a preferential rate to ensure we minimise the cost to our residents.

Most of our other income relates to our PFI/PPP projects where income is recognised based on the stage of completion of the contract. This will vary year-on-year depending on the spend, both capital and revenue, incurred. We have also seen an increase in the income generated from our kitchens in our Extra Care schemes following the acquisitions from Notting Hill Genesis and Clarion.

Our voids continue to be sector leading and we have seen year-on-year improvement, with overall voids at 2.2 percent compared to 2.5 percent the year before. Despite the increase in our charges over the last 12 months our re-let voids of 1.3 percent have remained low and relatively stable, and we work closely with local authorities and maintain our own waiting lists to ensure back-to-back lettings where possible.

Rent and service charge lost through voids as a percentage of our rent and service charge income



Our operating surplus for the year has increased by £1.4 million to £27.8 million, which includes the £200 charitable donation made to residents at the start of the year totalling £3.7m and a catch up of depreciation of £4.5m, demonstrating we have been able to manage our cost base effectively. The points to note on our cost base are that:

- **Management costs** have increased by £8.9m, with a significant proportion arising from the growth through acquisitions. We also wanted to ensure we retain and attract the best employees to Housing 21 and awarded a seven percent pay increase at the start of the year.

Our cost base has also increased as we are switching to cloud-based software solutions which means that more of our costs are revenue rather than capital. We have also seen an increase in our insurance costs due to a hardening insurance market which is impacting all housing associations and we have recovered less VAT under our partial exemption methodology due to a reduction in sales properties.

- **Maintenance costs** have increased by £4.3m year on year with £1.7m attributable to planned maintenance and £2.5m associated with day-to-day repairs.

Planned maintenance spend will fluctuate year on year depending on when schemes require a makeover. Our drive is to ensure our homes are places people want to live in, and we are committed to ensuring all schemes have a communal makeover every 10 years.

Our maintenance costs are higher largely due to the onboarding of properties from the recent acquisitions where a substantial number of routine repairs were required. We would expect this to normalise over the next year and will be replaced by capital investment works.

Our major repair spend largely relates to our PFI/PPP projects which is funded through unitary charge income.

- **Depreciation** has increased year on year by £4.6m largely due to a catch up on depreciation relating to kitchens and bathrooms dating back to 2016 totalling £4.5m. In 2016 we introduced our property standards where we committed to replace these components every 20 years from 25 years. While we updated the useful economic life in our finance system, unfortunately the subsequent depreciation calculation on these components has been understated. Further detail on this adjustment is included in the judgement and estimate section of these Financial Statements.

Other Social Housing Lettings

Other social housing activities include:

- The support charge and social leasehold services, both of which are costs incurred on behalf of residents and passed on as part of their service charge
- The back-office costs to support our development and sales activities
- Sales properties, primarily through first tranche low-cost home ownership

We continue to have a modest sales programme and will only develop shared ownership where it is right to do so, not by default, and will never use shared ownership or outright sales properties as a cross subsidy. We are also not reliant on shared ownership for continued compliance with our banking covenants.

In year we have sold 57 shared ownership properties (2023: 125) at an average equity of 61 percent (2023: 61 percent) and nine outright sale properties (2023: 11). We acquired 15 unsold shared ownership properties as part of the acquisition from Notting Hill Genesis which remain unsold. However, by re-balancing the rent on the unsold equity, sales have started to materialise post year end.

At year end we have 70 unsold sales properties; we expect to sell most of these in the forthcoming year. We also have 88 low-cost home ownership properties under development which are expected to come online in the next few years, which represents 11 percent of our overall development programme.

Non-Social Housing Lettings

Our non-social housing activities primarily relate to the delivery of social care to residents in our Extra Care schemes, but we also own and manage a small portfolio of non-social rent properties and a portfolio of non-social leaseholder properties, both for older people.

Care services

Our dedicated Care Team is available 24/7, to allow our residents to remain independent with the assurance they can access support if they need it. Our care is commissioned from local authorities, typically on a three- to five-year agreement, and rate increases are negotiated each year. We deliver care into around 50 percent of our Extra Care schemes, with the remainder provided by third party care providers.

Our turnover has grown in year, partly due to the rate increases negotiated with local authorities but also through increase hours. We deliver, on average, 49,000 hours of social care a week and this has increased from last year following the novation of care contracts when we acquired properties from Notting Hill Genesis.

The overall loss generated from our care provisions, after allocation of corporate overheads, has improved compared to last year as we have reduced the use of more expensive agency employees, and we continue to work with local authorities to ensure we receive a fair charge rate for the quality service we provide.

Our aim is to not make a loss on our care provision, but we continue to have a small number of loss-making contracts. As such we have had to make some difficult decisions and in the forthcoming year, we will be handing back a few care contracts where they continue to make financial losses despite our efforts to turn them around. We will work with the local authorities and the new care provider to ensure there is minimal disruption to our residents.

Other housing provision

We had planned to dispose of our older persons non-social rent portfolio and had identified a buyer. However, following receipt of a revised offer, the new price was unacceptable, and we decided not to proceed. Instead, we plan to dispose of each property individually when they become void. At year end, there were 69 properties void and available for sale. Although it will take longer to dispose, selling the portfolio on a case-by-case basis means we can drive best value from each sale, and this will generate a better return. By also adopting this approach, we have been able to reverse the impairment we booked last year as we are now expected to make a profit on each sale.

Cash Flow and Treasury

We have £108.3m of cash and cash equivalents, including monies held on deposit. There is £30m ring-fenced for our PFI projects and £16.4m held on trust on behalf of our shared owners and leaseholders, leaving £61.8m of free cash to be invested in our services and growth ambitions. Overall cash has reduced year on year by £21.2m.

We have generated £79.0m cash from our operations, a £27.6m increase compared to the year prior and received £10.5m in interest (2023: £8.5m). A large part of this increase is associated with timing of spend and surpluses generated on resident service charges, which will be factored into their future years' charges. We have also been able to achieve good rates on our deposits leading to increased interest receivable. We place money on deposits with highly rated counter parties and do not invest money speculatively in stocks or shares.

We have used these proceeds to invest in our properties (£33.9m) and service our debts (£29.0m). We have invested £102.6m (2023: £157.6m) in the acquisition and development of new properties and have received £23.5m (2023: £18.1m) in grant assistance from Homes England and our local authority partners.

Our loan book and financing arrangements are relatively simple. This means we are not subject to onerous financing terms, and we have been protected from increases in the interest rates this year as all our loan book is fixed. We have three derivative swap instruments, all of which are embedded within the PFI contract terms, and we have no complex loans to be held at market value.

To remain compliant with our golden rules of having a minimum of 18 months liquidity available to draw at any one time we have agreed two new revolving credit facilities, £30m with NatWest and £100m with Lloyds (please note this was completed in April 2024). These facilities add to the £50m retained bond and £50m revolver agreed with Barclays in May 2023. We are also in advanced discussions on other facilities with a view of putting these in place later in the year as and when required.

The agreement of shorter-term variable rate debt has seen a shift in our Treasury Strategy where in recent years we have taken advantage of low rates of interest and raised funds on a fixed basis. With Gilt prices remaining high, our Board has taken the decision to utilise shorter term variable rate debt providing the flexibility to only draw when required which avoids higher costs of carry, but with a view of issuing longer term capital debt in the future.

We have generated **£79.0m** cash from our operations, a **£27.6m increase** compared to the year prior and received **£10.5m** in interest (2023: £8.5m).

Going Concern

After making enquires, the Board has a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future. The Board obtains assurance of financial viability through the annual budgeting, re-forecasting, and long-term business planning exercises. As part of this, we review and stress test the availability of funding, liquidity and compliance with lenders' covenants alongside other key metrics considered by our external stakeholders such as our regulators and credit rating agencies. Together, this ensures the Board has a continual and rolling process of reviewing and assessing our financial strength and viability.

Based on our cash holdings, including short term investment and the secured facilities we have in place, we have sufficient liquidity to meet our contractual obligations as they fall due and remain compliant with our 18-month liquidity golden rule. We also have sufficient security available to obtain further funding if required. All lenders' covenants have been met for the year with a healthy headroom.

The Board-approved Business Plan shows continued compliance with our golden rules, healthy headroom with our banking covenants and maintaining a minimum EBITDA MRI of 120 percent. If we experience cost pressures from rising inflation, the Board has several mitigating strategies which they could put in place to manage the potential financial implications.

For this reason, the going concern basis has been adopted in these Financial Statements.

Creditor Payment Policy

We agree payment terms with our suppliers when we enter binding contracts. We seek to abide by these terms when we are satisfied that the supplier has provided the goods or services in accordance with agreed terms.

Charitable and Political Gifts

We made a £200 charitable donation to our residents this year totalling £3.7m and we contributed £1 per employee who completed our annual survey to either the Alzheimer's Society, the British Heart Foundation and Macmillan Cancer Support. We also support the work undertaken by employees and residents in their various charitable initiatives.

Value For Money

The overall approach to value for money ('VFM') is based on what is required to deliver our strategic priorities and ensure that we optimise the use of our resources in delivering value for our residents and our stakeholders.

Value for money connects the drive for the most economic, most efficient, and most effective way of doing things looking at costs, inputs, outputs and outcomes.

Our strategic priority VFM targets

Our strategic approach is underpinned by careful financial management and good governance. It builds on a strong culture of performance management and continuous improvement. Progress against our Strategic Commitments has been reported above in the Strategic Report which also includes specific performance measures and targets.

Through our devolved operating model, our residents are encouraged to provide feedback and work with us to continually improve our services. This ensures we are providing value for money for the rent and service charges that our residents pay. Investing in the quality and responsiveness of our services is a strategic priority and we note a return on this investment in the customer satisfaction scores achieved.

Effective governance

The Group Board recognise its responsibility for meeting the requirements of the Regulator of Social Housing Value for Money standard and to take a strategic approach in managing the performance of the group's assets and the utilisation of the group's resources.

All Board and committee papers are required to consider the VFM impact of any decisions made.

Our performance on the regulator's VFM metrics

The Regulator of Social Housing has defined seven value for money metrics for providers to report and compare. Our targets for these measures derive from our approved budget and Business Plan, and these metrics are always considered by the Board when these plans are approved.

This table shows our performance against our own targets:

Value for money metrics		Actual		Target	Budget
		22/23	23/24	23/24	24/25
1.	Reinvestment	6.3%	5.5%	7.8%	8.9%
2a.	New supply social housing	1.4%	0.6%	0.8%	1.3%
3.	Gearing	40.7%	38.3%	39.2%	37.2%
4.	EBITDA MRI interest cover	130.9%	141.4%	140.2%	121.2%
5.	Headline cost per unit	£7,555	£8,031	£8,717	£9,366
6a.	Operating margin — social housing	14.8%	15.8%	13.8%	15.1%
6b.	Operating margin — overall	10.4%	9.9%	10.9%	11.3%
7.	Return on capital employed	1.7%	1.8%	2.1%	2.1%

Our performance has been broadly as expected, with a better EBITDA Interest cover overall and operating margin for our social housing exceeding target. New supply of social housing is lower than target as we have faced some contractor insolvency causing delays in build alongside the delays in planning. We have continued our ambitious acquisitions programme and acquired an additional 504 properties from other providers, but these are not counted as additional supply so excluded from the metrics above. In addition, headline cost per unit has increased as expected in line with inflation and growth in our assets base, however is still below our target.

We benchmark our results to data taken from the latest Global Accounts at sector and sub sector level. The Housing for Older People (HOP) sub sector is defined as providers with at least 30 percent HOP homes and we compare ourselves against Anchor Hanover Group and Johnnie Johnson as they have the largest proportion of older persons housing and have similar operational characteristics to Housing 21. Financial information is taken from their published annual accounts and, where possible, we re-calculate the VFM metrics based solely on HOP, excluding amounts derived from other activities such as care homes or general needs housing, to enable a more meaningful benchmark, so these may differ from their published VFM metrics.

We have continued our ambitious acquisitions programme and acquired an additional **504 properties** from other providers, but these are not counted as additional supply so excluded from the metrics.

This table shows the sector comparison:

	Value for money metrics	Actual		HOP	Sector*
		22/23	23/24	22/23	22/23
1.	Reinvestment	6.3%	5.5%	7.7%	7.0%
2a.	New supply social housing	1.4%	0.6%	0.3%	1.2%
3.	Gearing	40.7%	38.3%	47.1%	49.9%
4.	EBITDA MRI interest cover	130.9%	141.7%	120.6%	88.0%
5.	Headline cost per unit	£7,555	£8,193	£6,550	£4,450
6a.	Operating margin — social housing	14.8%	16.4%	19.1%	18.4%
6b.	Operating margin — overall	10.4%	10.4%	11.7%	14.3%
7.	Return on capital employed	1.7%	1.8%	2.5%	2.6%

* We benchmark ourselves against the median for RPs with 20,000 — 29,999 properties.

Our internal VFM targets for the 2024/2025 financial year are included as grey in the graphs over the next few pages.

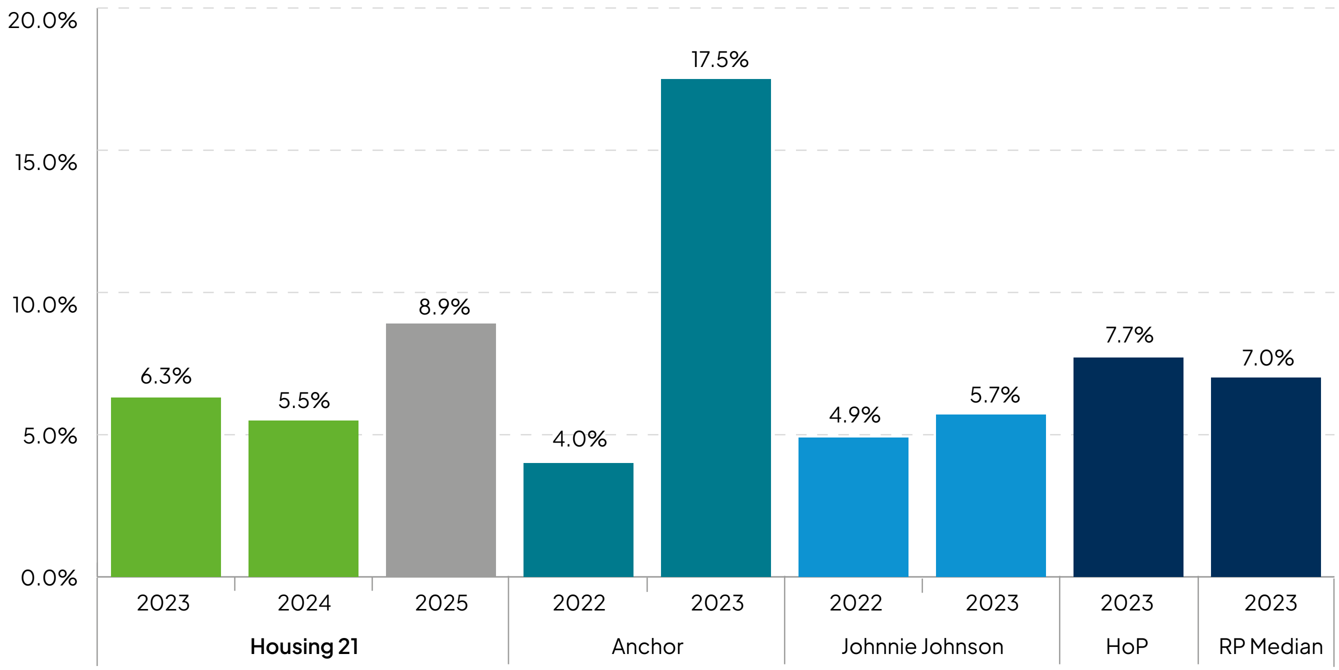
Metric 1: Reinvestment percentage

In year we have completed on 117 new properties across three schemes and we have started on site across eight schemes (407 properties). We have invested £48.1m in new properties as well as £33.9m in our existing portfolio.

Our re-investment is behind our target for the year as we have encountered delays in new developments progressing. Although easing, the construction sector is still grappling with cost increases and two of our development partners have gone into administration with contracts having to be retendered causing delays. Investment in our owned stock continues at a stable level to ensure our homes are desirable places to live and go beyond the requirements of the Decent Homes Standard.

We continue to explore several opportunities, with 19 schemes being worked up (consisting of over 900 properties) and the Board has re-confirmed its commitment to develop up to at least 400 properties per annum alongside our growth through acquisitions.

Anchor acquired 11 new care homes in FY2023 hence the large outturn.



We invested

£48.1m in new properties in 2024

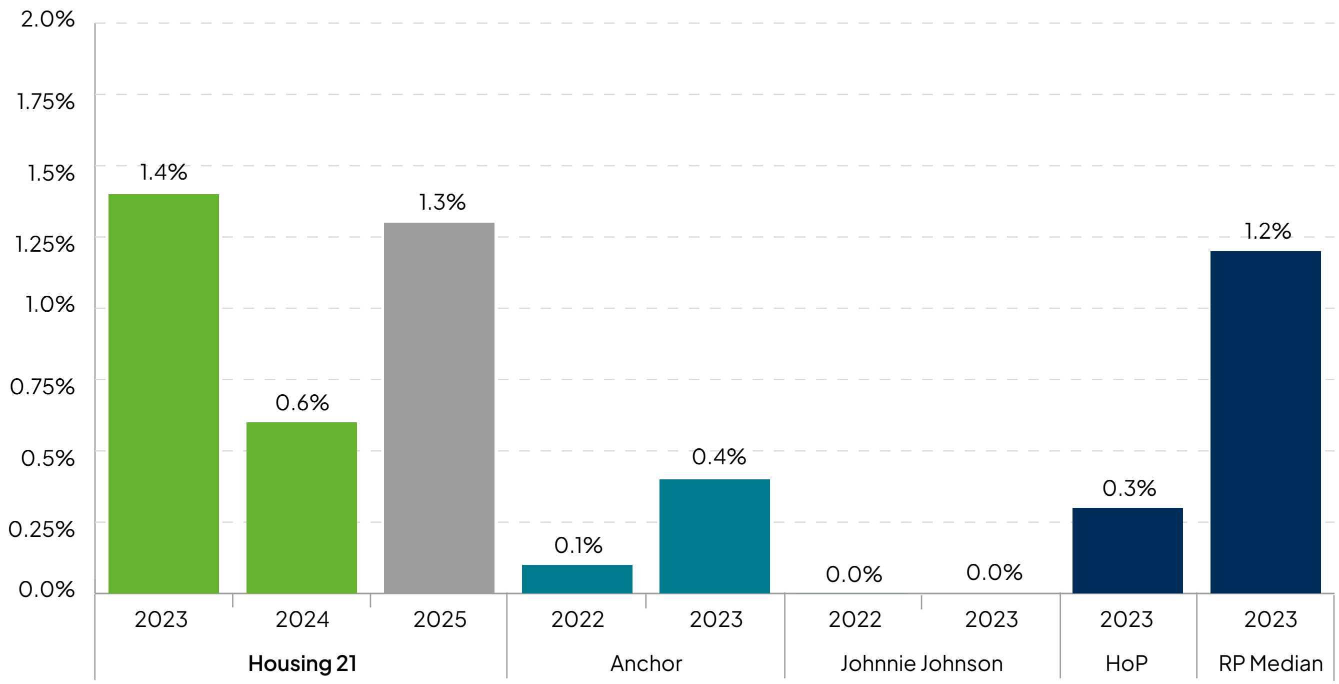
as well as

£33.9m in our existing portfolio

Metric 2a: New supply delivered percent (social housing)

We didn't quite hit our target this year and is in part due to the delays we have encountered in getting schemes on to site and contractors going into administration. We had targeted to deliver 169 properties; however two schemes will now complete later in 2024. We are, however, onsite across 15 schemes, and will deliver 769 properties over the next few years.

Although not included in this metric, we have also acquired 444 properties from Clarion and a further 60 properties from Notting Hill Genesis at Minterne in White City. We have a commitment to invest into these properties and improve the service offering to residents.



NB the graph above has been adjusted for delivery of older persons housing only.

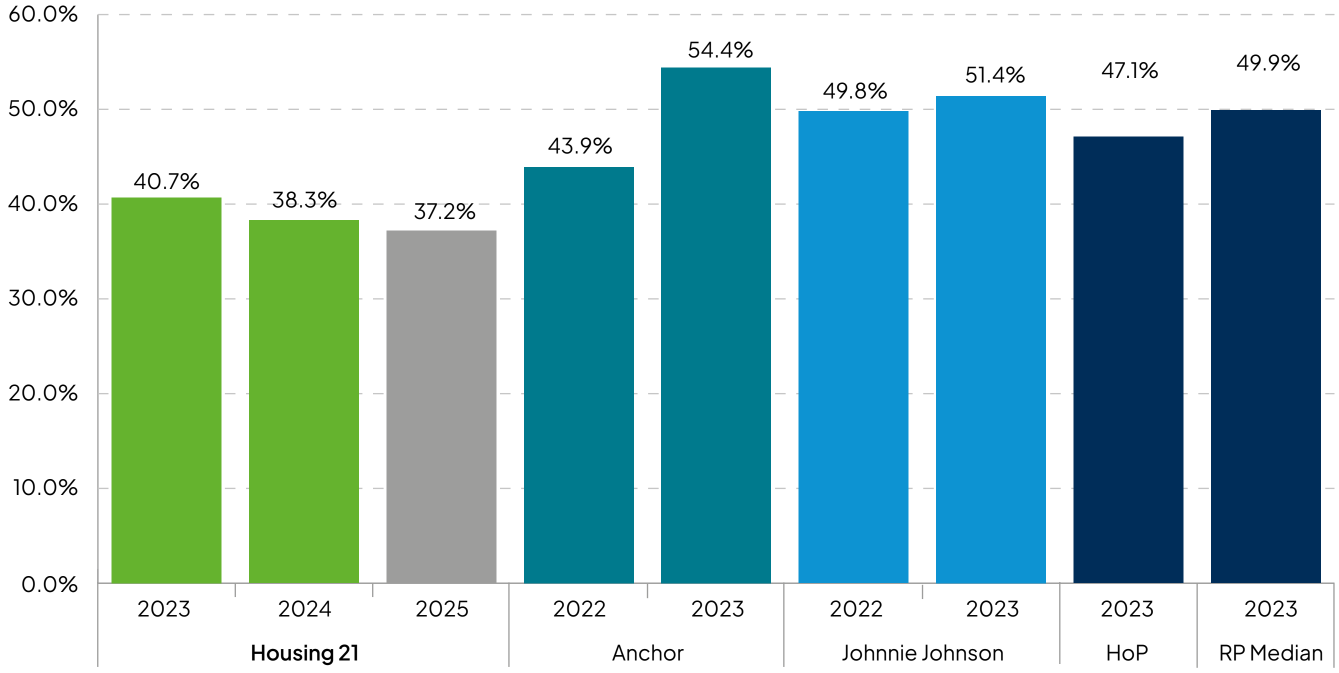
Metric 2b: New supply delivered percent (non-social housing)

We have not developed any non-social housing in the year; our development focus continues to be on those of modest means.

Metric 3: Gearing percentage

Gearing is lower than last year primarily as the value we hold in short term investment has fallen. We are significantly lower than our peers year on year. Our gearing is also higher because of the way the Oldham PFI contract is held in our books. The Group holds the external loans for this contract (£41.2m), however as these assets (£92.9m) are not owned by the Group they are classified as a finance asset and fall outside of this metric. When this is removed, but also adding back our short-term investments, our gearing decreases to 34.4 percent (2023: 35.1 percent).

Despite not drawing any additional funds this year, net debt has increased, albeit not significantly, as we continue to utilise the proceeds from the bond tap in recent years to fund contractual loan repayments and investment in our portfolio.

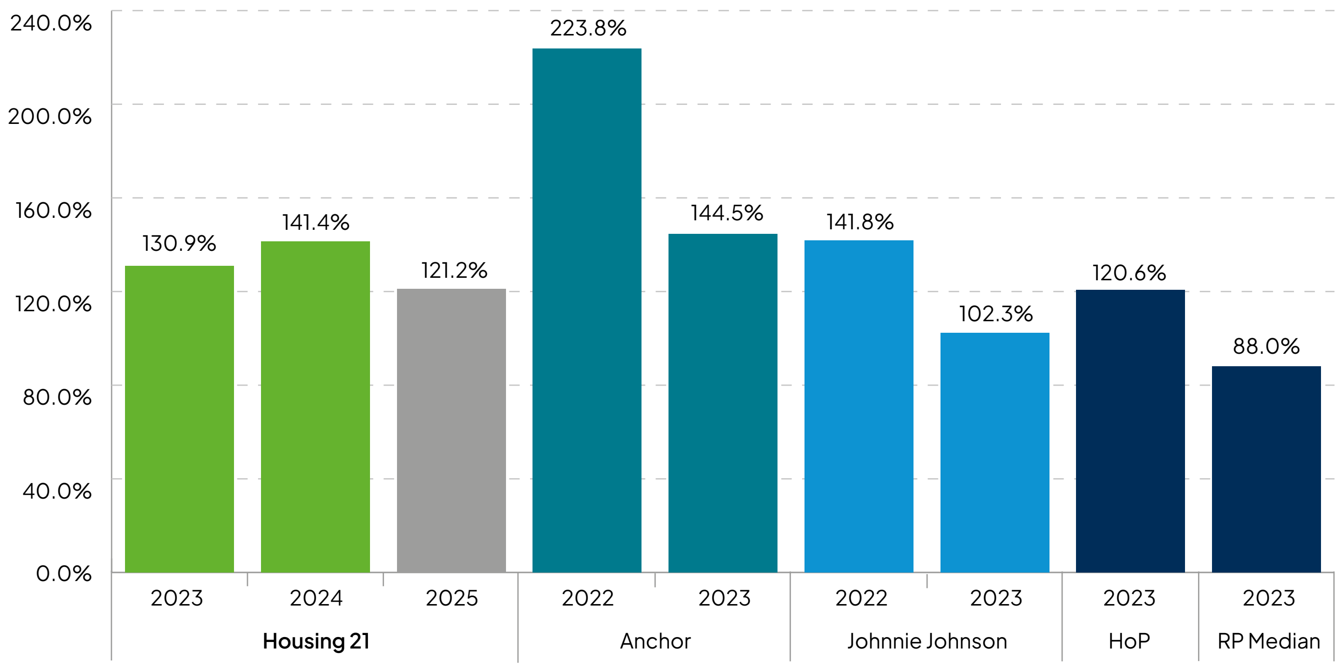


Metric 4: EBITDA MRI Interest cover percent

We recognise the importance of maintaining a strong EBITDA MRI metric and the Board has set a minimum target of 120 percent as part of our golden rules.

Our metric in 2024 has outperformed both prior year and target of 140 percent. We have been able to place more funds in short term deposits which has generated higher returns, and our improved operating surplus are key factors to the improved performance.

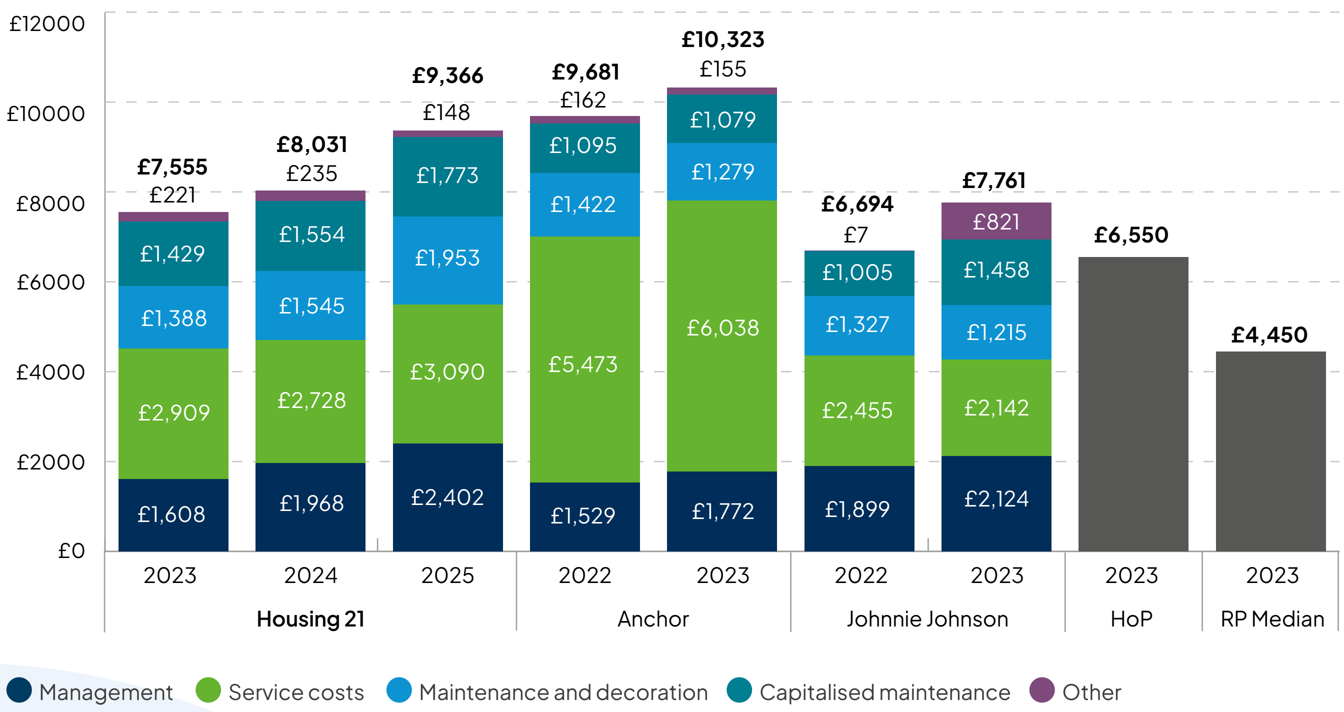
Although not a regulated VFM metric, we also monitor our EBITDA MRI generated from social housing lettings, ensuring this does not fall below 110 percent. The outturn for the 2024 financial year was **158 percent.**



Metric 5: Headline social housing cost per property £

Our headline social housing cost per unit has increased year on year by £476 to £8,031 with the main increase attributable to management costs and our maintenance costs. Service costs have decreased from the year prior as we have been able to forward-purchase utilities at a preferential rate.

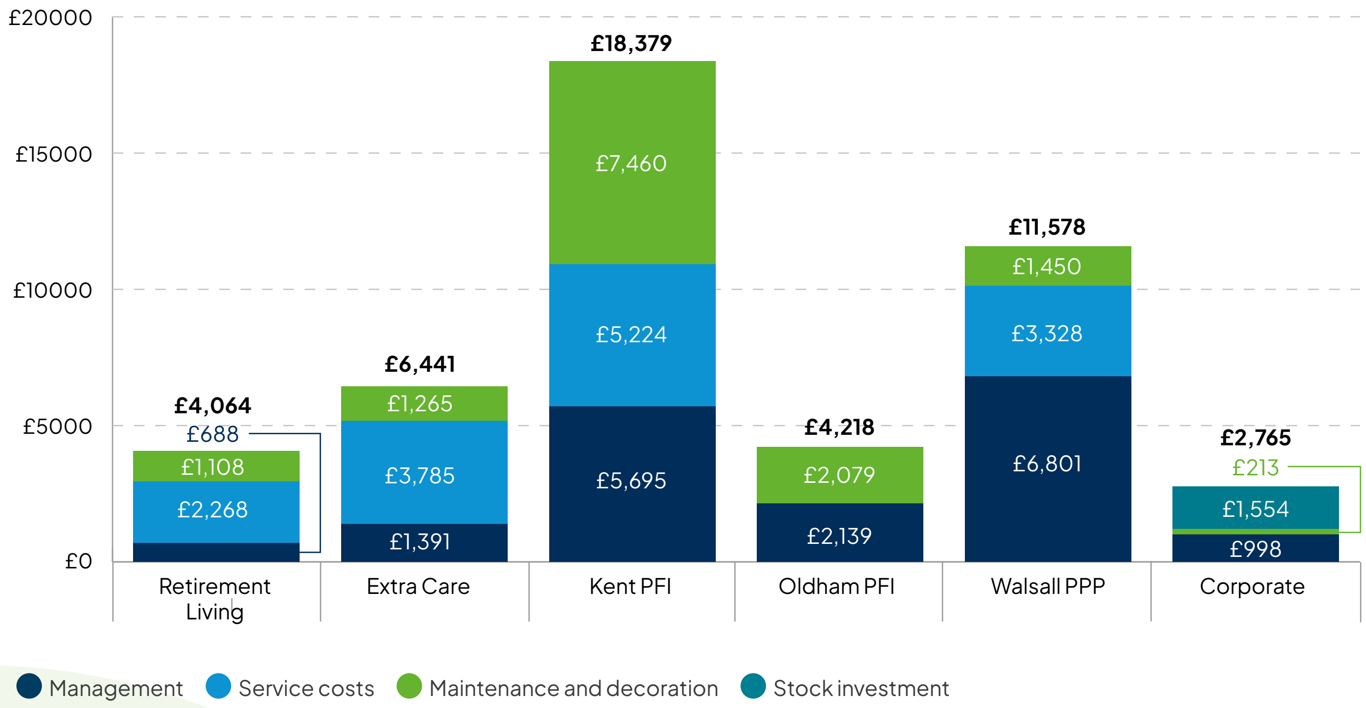
As a provider of housing for older people, our cost base is recognised as being higher when compared to the rest of the overall sector due to the nature of the services we provide (noting that service costs are recovered through service charges).



Metric 5: Headline social housing cost per property £ (cont.)

In addition, our three PFI and PPP contracts have a contractual impact on our management and maintenance cost per property. The nature of these contracts mean we incur somewhat higher costs to satisfy the service standards, which are specified by the contract. The cost of delivering these service standards is recovered via the unitary charge income we receive.

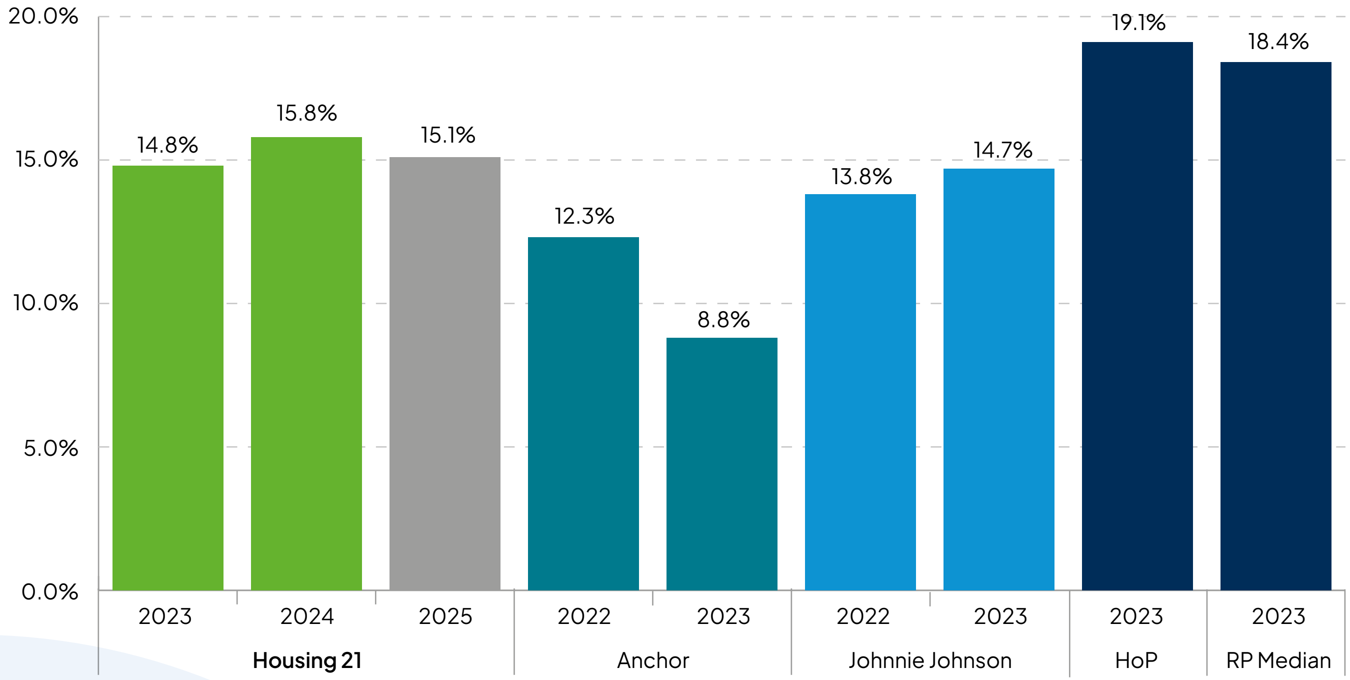
The table to the right splits out our per unit cost between the different business divisions, demonstrating the higher per unit cost for our PFI/PPP contracts.



Metric 6A: Operating margin percent (social housing lettings only)

Our social housing lettings operating margin has increased from the year prior largely due to the benefit from the rent increase which was proportionately higher than standard CPI on costs.

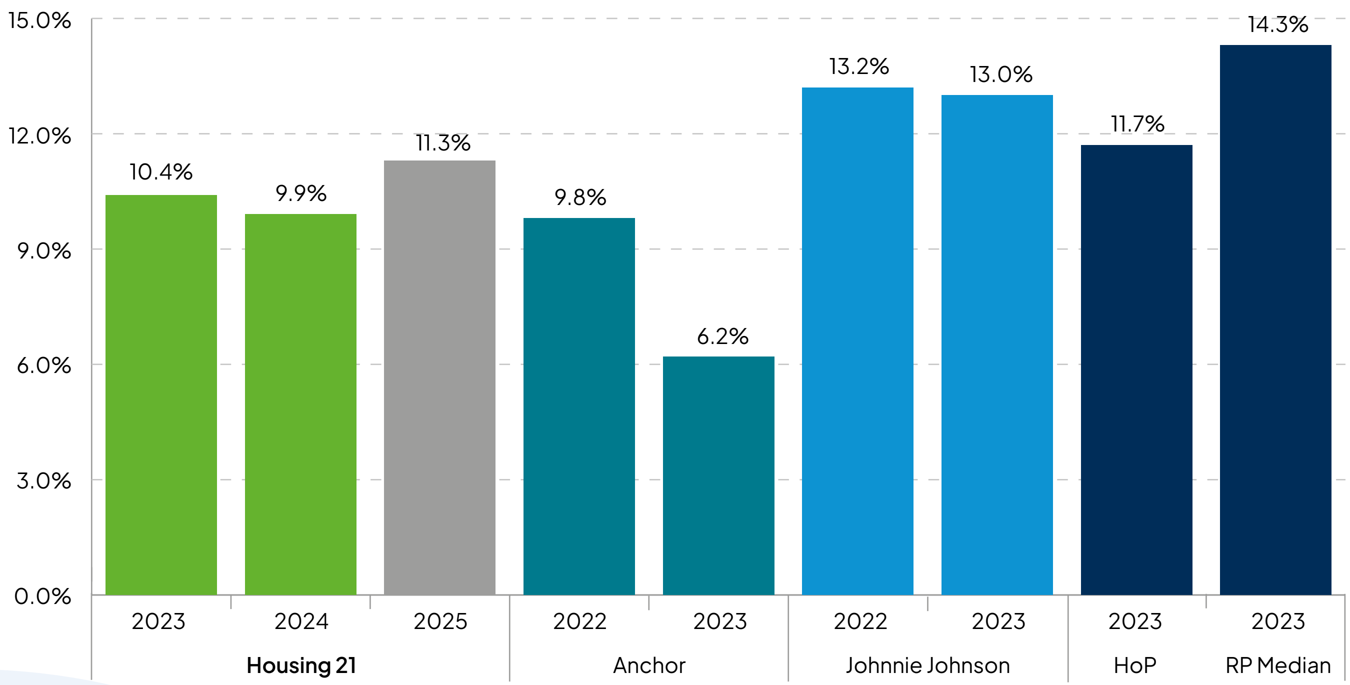
The lower margin when compared to general needs providers is because of the gross impact of our recoverable service charges and higher cost base due to the additional costs in delivering the supported services to our residents.



Metric 6B: Operating margin percent (overall)

Operating margin has remained stable since the year prior despite including the £200 charitable donation made to our residents during the year and the one-off depreciation adjustment. Excluding this, our operating margin would have been 12.9 percent against a target of 10.9. The delivery of care has a detrimental impact on our overall margin as it is a low margin sector; performance has improved from the year prior which has contributed to an improved position overall.

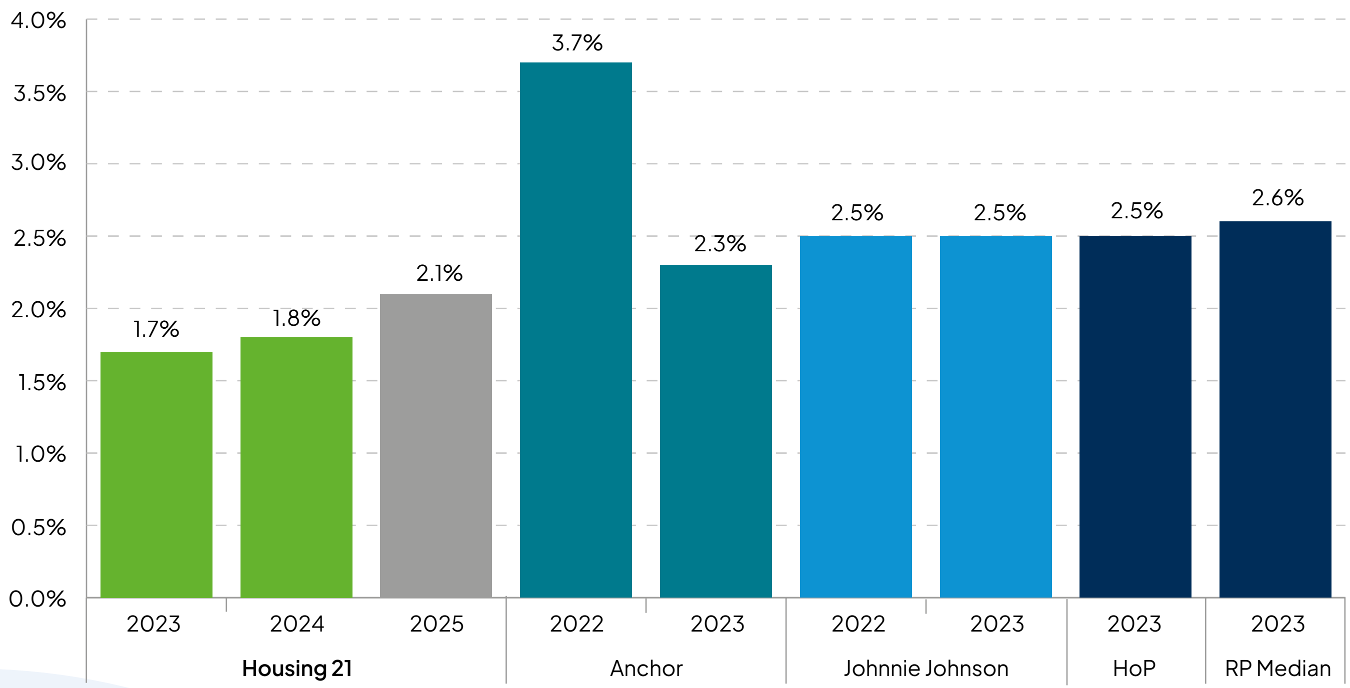
Those registered providers that only provide housing services generally generate higher margins.



Metric 7: Return on capital employed (ROCE) percent

An increase in net assets driven by £32.5m growth in our assets offset by a £34.5m increase in liabilities, means our return on capital employed has marginally increased this year due to increased operating surpluses.

As new schemes start to come online, we would expect this ratio to improve. However, as we remain true to our core purpose with the development of a higher number of rented properties, all of which will be at social rents, our metric will continue to be below our peers and wider housing for older persons providers who continue to develop a higher number of market sales and affordable rent properties, which generate higher returns.



Report of the Board

Group structure and active companies as at 31 March 2024

Housing 21
(Registered provider)

A co-operative and benefit society
23,458 owned and managed properties

Housing 21 Guernsey LBG
Private limited company by guarantee

86 owned properties

Kent Community Partnership Limited (PFI)
A co-operative and communities benefit society (special purpose vehicle)

340 owned properties

Oldham Retirement Housing Partnership Limited (PFI)
A co-operative and communities benefit society (special purpose vehicle)

1,429 managed properties

Housing 21 is a Community Benefit Society with exempt charitable status. As a Registered Provider of Social Housing, it provides care and housing with associated amenities. It is registered with the Financial Conduct Authority (FCA), its housing activities are regulated by the Regulator of Social Housing and its care activities are regulated by the Care Quality Commission (CQC). Its constitution is contained in its Rule Book.

The Group's active subsidiaries are:

Housing 21 Guernsey LBG (H21G) is a private company limited by guarantee and incorporated under and subject to the law of the States of Guernsey. The purpose of this subsidiary is the ownership and management of an Extra Care scheme in Guernsey.

Kent Community Partnerships Limited (KCP) is a Community Benefit Society with exempt charitable status. It is a special purpose vehicle set up under the Private Finance Initiative (PFI) to build and manage Extra Care properties in Kent under a contract of 30 years with Kent County Council.

Oldham Retirement Housing Partnership Limited (ORHP) is a Community Benefit Society with exempt charitable status. It is a special purpose vehicle set up under the PFI to refurbish and manage Retirement Living properties in Oldham under a contract of 30 years with Oldham Metropolitan Borough Council.

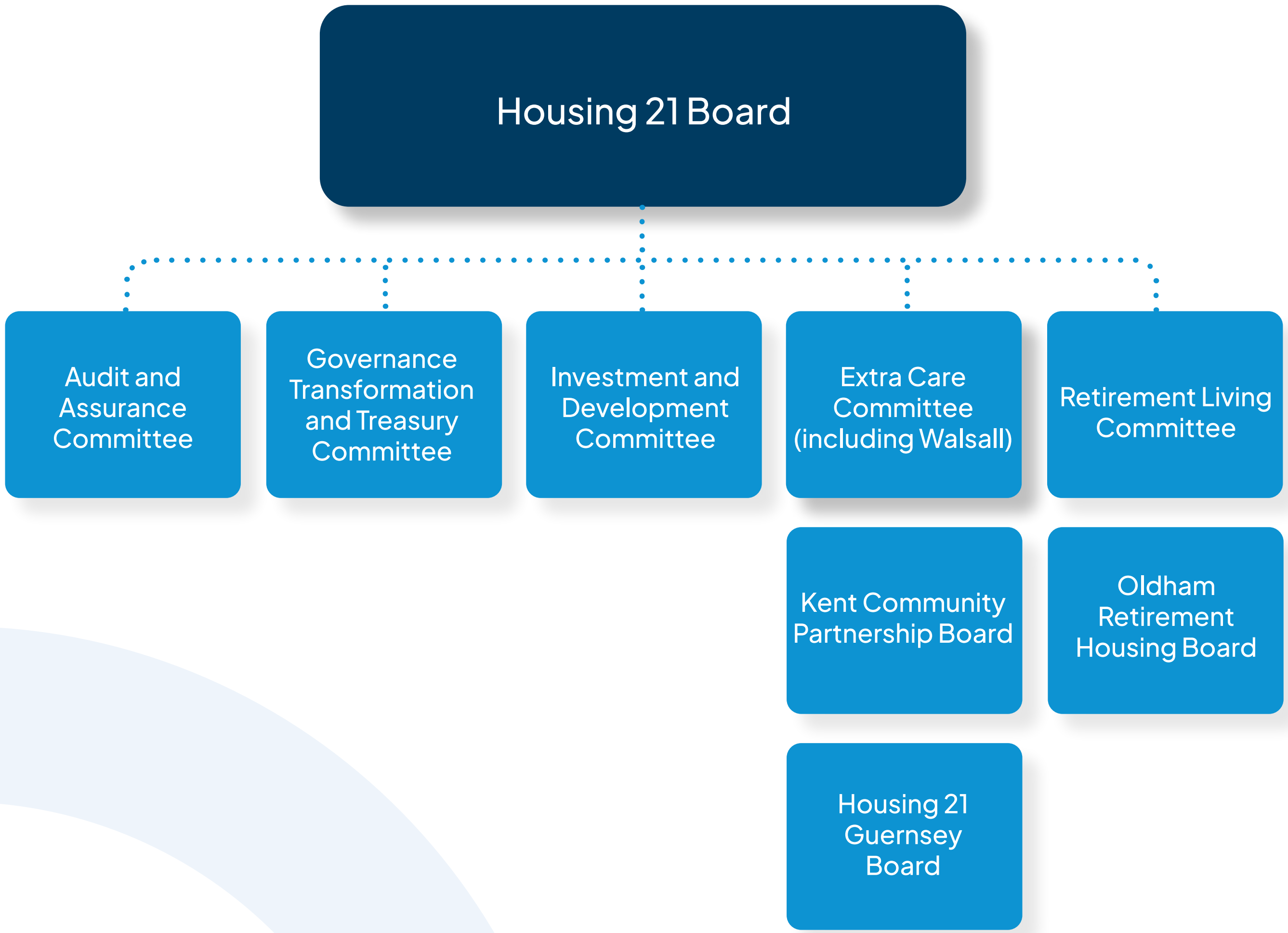
Group Governance Report

The Board and members play a significant role in ensuring Housing 21 achieves the highest standards of governance, and act both collectively and individually in the best interests of Housing 21 in the knowledge they are the organisation's ambassadors and custodians.

The Board formulates strategy, both directly and through delegation to its committees and considers a wide range of matters which safeguards the organisation, whilst having a positive impact for current and future residents and employees.

The Board has adopted the National Housing Federation ('NHF') 2020 Code of Governance and has established the following guiding principles for governance with detailed roles and responsibilities, including those matters which cannot be delegated, documented within its Governance Handbook.

Board and committee structure:



Effectiveness of governance

The Board has led on ensuring the continued effectiveness of its governance arrangements, challenging itself to ensure it adopts high standards of good governance. There has been no change in the Regulator of Social Housing assessment, which concluded its In Depth Assessment of Housing 21 in March 2022 which confirmed governance arrangements were compliant with standards providing a G1 outcome.

The Board has continued to assess itself as being materially compliant with its own Code of Governance, the NHF 2020 Code of Governance. As a core theme, Board reporting and discussions have had an increased lens on the impact to the quality of service for residents and related resident engagement and scrutiny, continuing to place residents at the heart of the organisation. In addition, the Board had active involvement in the recruitment of the role of Board Chair.

Housing 21's governance guiding principles :

1. Mission and Values

The Board sets and actively drives Housing 21's social purpose, mission, values and ambitions, and through these, embeds a positive culture with high standards of probity and conduct, protecting the organisation's reputation while being accountable to residents and customers.

2. Strategy and Delivery

The Board sets ambitions, plans and strategies and monitoring mechanisms which enable the organisation to fulfil its social purpose, legal and regulatory responsibilities. It ensures plans are financially viable, with consideration of value for money and environmental and social sustainability.

3. Board Effectiveness

The Board and work of the Board is appropriately structured with clear roles and responsibilities which enable good governance. The Board ensures that it is skilled and diverse, considering the impact of its decisions on the communities within which Housing 21 works.

4. Control and Assurance

The Board actively manages risks faced by the organisation, and obtains robust assurance that controls are effective. Opportunities are available for concerns to be raised without fear of reprisal.

Key activities of the Board in the year

Along with considering routine items which include reviewing organisational performance and risk mitigation, approving policies as per the policy framework, and reviewing decisions and recommendations from each committee, the Board also discussed the following key areas, validating and enhancing recommendations made by the Executive:

- **Performance and satisfaction oversight**: including refreshing of the performance dashboard and performance reporting, considering principles for Court Performance Reports to support resident scrutiny, and reviewing outcomes and progress with actions arising from the Tenant Satisfaction Measures and employee satisfaction survey
- **Annual budget and Business Plan approval**: including consideration of the impact of, and mitigations around, key risks associated with acquisitions, development, property sales, voids, repairs, and care performance, ensuring the future financial viability of the organisation and continued covenant compliance
- **Social Housing (Regulation) Act**: including reviewing updated requirements and progress with implementation and receiving independent assurance over preparedness
- **Complaints**: approving revised policy, reviewing information on complaints received including quality of response along with compliance with the Ombudsman's Complaints Handling Code, as well as considering the impact of the new Complaints Handling Code
- **Investment Strategy and approval of the Treasury Strategy**: including refinancing options and approval of options for new funding
- **Development Strategy approval**: which included agreeing targets and progress with acquisitions opportunities and delivering new affordable homes both in Extra Care and Retirement Living. The Board also maintained oversight of due diligence activities relating to the proposed merger with Extra Care Charitable Trust
- **Asset Management Strategy**: including the review of compliance with current property standards as well as legal compliance with health and safety requirements
- **Technological change**: including reviewing the strategy and progress with the technological change programme relating to housing management and care rostering
- **Rent and Service Charge Policies**: including the review and approval of policies for the year, potential hardship impact to residents and increased funding to support residents facing financial challenges through the Helping Hands Fund and new Community and Wellbeing Fund
- **Board Assurance Framework**: reviewing the level of controls and assurances across the organisation on key areas of significance, noting continued improvement in the assurance position
- **Pay proposals**: including consideration of employee financial hardship as a consequence of the economic situation. The Board continuing to commit to a pay structure that aligns both corporate and operational roles to attract talent. Reviewing external benchmarking reports of Executive and Board Member pay
- **Value for Money**: including review and approval of the strategy
- **Anti-money laundering**: reviewing compliance against regulations. It has been identified that based on the activities undertaken by our Sales Team, we fall within scope and need to register with HMRC for the purpose of anti-money laundering

The Board has agreed that member remuneration provides compensation for the valuable support members provide, and for their time and effort in discharging their duties with the Governance and Transformation Committee regularly reviewing remuneration levels.

Our Board Members: An active and engaged Board

Board/ committee	Board	AAC	GTTC	IDC	RL	EC
Number of meetings	6	5	4	4	4	4
Stephen Hughes	3/3	-	-	-	-	-
David Clark	4/6	-	-	4/4	2/4	-
Catherine Dugmore	5/6	5/5	-	-	-	3/4
Elaine Elkington	4/6	-	-	3/4	-	4/4
Suki Kalirai	6/6	-	4/4	-	4/4	-
Mike McDonagh	6/6	5/5	4/4	2/4*	-	-
Lara Oyedele	6/6	-	-	4/4	4/4	-
William Roberts	6/6	1/1***	4/4	-	-	4/4
Sandra Stark	6/6	-	-	3/4	-	3/4
John Ayton	4/4	1/1**	3/3	-	3/3	-
Gurpreet Dehal	1/1	-	1/1	-	-	-

*Attendance by invitation ** Member from October 2023 *** Member from February 2024

Key activities of committees:

The Audit and Assurance Committee ('AAC'): overseeing internal control and assurance

During the year, along with reviewing routine matters including approving plans and receiving reports from Internal Audit and External Audit on the control environment and related recommendations, the committee also reviewed the following:

- The Internal Audit Strategy and Annual Plan, approving the plan for the year
- The effectiveness of internal audit, concluding that it is effective overall
- The effectiveness of risk management including reviewing strategic and operational risks including the sector risk profile, sector risk benchmarking, making recommendation to the Board on the content of the Risk Policy and Risk Management Strategy. The committee also reviewed independent assurance over the effectiveness of operational risk management
- Risk deep dives in a variety of areas including information governance, asset management and property compliance, Extra Care and safeguarding
- Risks and incidents relating to fraud and data and related lessons learned, approving related policies and procedures along with a Counter Fraud Programme. The committee also reviewed independent assurance over the effectiveness of counter fraud framework
- The re-appointment of the External Auditors
- Compliance with returns and reporting required by the Regulator of Social Housing

The committee concluded in the year that it is satisfied the overall Internal Control Framework is adequate with areas for improvement, where there have been areas reported by Internal Audit as providing partial assurance. The committee continues to recognise that the organisation cannot be complacent and continues to review the effectiveness of internal controls and risk mitigation, with systems and procedures being reviewed to ensure they continue to be reflective of good practice.

Governance, Transformation and Treasury Committee ('GTTC'): maintaining an effective and competent Board, supporting the business transformation agenda

During the year the committee focused on the following areas:

- Oversaw the future succession requirements and related Board Chair recruitment activity
- Reviewed the principles for completing Board Members' appraisals, skills assessments, and committee effectiveness reviews
- Reviewed the levels of members' remuneration in the year along with the Executive Team
- Completed a review of the Governance Framework and 2020 NHF Code of Governance to ensure compliance and adoption of good practice
- Considered the annual Treasury Report and Investment Policy, making recommendation to the Board for approval
- Reviewed compliance with covenant policies, related treasury risk controls and mitigations
- Considered the People Strategy, related policies including the Respect and Inclusion Policy, the Gender Pay Gap Report and related actions
- Considered cyber risk mitigations and the planned organisational response to a large-scale data loss incident
- Discussed transformation priorities, reviewing progress with the strategies related to overall programme of change including progress with the housing, care management, and recruitment systems

Investment and Development Committee ('IDC'): maintaining oversight of investments in new and existing properties.

During the year the committee focused on the following areas:

- Development, asset management and property compliance, reviewing implementation of strategies and achievement of targets along with reviewing associated risks and their mitigation
- Assessing and approving new schemes for development in line with business cases and appraisal assumptions
- Monitoring delivery of construction and ensuring compliance with all relevant regulations and Homes England grant conditions
- Reviewing post development appraisal assessments, ensuring lessons learned are captured for future design principles
- Monitoring progress with property sales
- Reviewing progress with the Cohousing Strategy
- Reviewing progress with the delivery of stock improvement programmes, including property standards against the Asset Management Strategy, and agreed capital budgets
- Monitoring health and safety and property compliance requirements, including assessments relating to damp and mould and RAAC
- Assessing and approved acquisition opportunities in line with the Acquisition Strategy

Retirement Living ('RL') Committee: maintaining oversight of operational performance

During the year the committee focused on monitoring the strategic and operational performance and potential of the Retirement Living and leasehold services including reviewing risks and their mitigation. In addition, the committee focused on:

- Resident engagement: reviewing progress with the prior-approved strategy including the further development of resident groups, reviewing outcomes of Tenant Satisfaction Measures and complaints, and regularly hearing from residents on services they have received
- Resident wellbeing: approving sustainable tenancy strategies and support focused on financial wellbeing including the ongoing development of Helping Hands Funds and additional scheme community funds, as well as reviewing the impact of the cost-of-living crisis

- Employee benefits: reviewing the Retirement Living People Strategy and outcomes of employee satisfaction and wellbeing surveys
- Sales/disposals/decommissioning: reviewing resident engagement for the sale of a number of leasehold schemes in the leasehold portfolio

Extra Care ('EC') Committee: maintaining oversight of operational performance

During the year the committee focused on reviewing and monitoring the strategic and operational performance along with progress against the strategy and the potential of the Extra Care services including reviewing risks and their mitigation.

As well as reviewing operational performance the committee has a specific focus on:

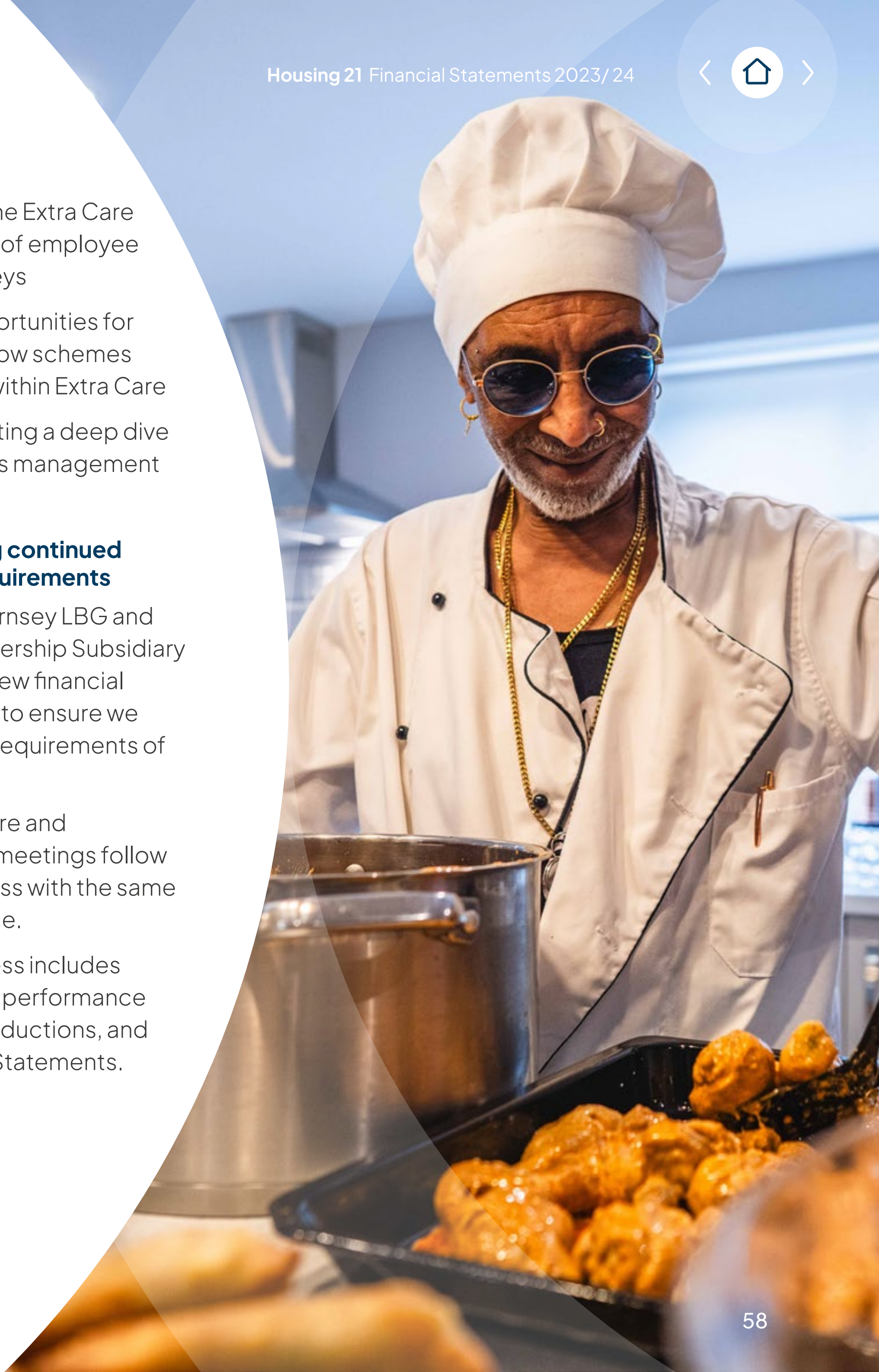
- Resident satisfaction and engagement: reviewing progress with the prior-approved strategy including the further development of resident groups, reviewing outcomes of Tenant Satisfaction Measures and complaints, and regularly hearing from residents on services they have received
- Safeguarding: reviewing and understanding of lessons learned for significant incidents
- Care and Housing Standards: reviewing compliance with care standards and understanding lessons learned where standards have declined, including reviewing outcomes of independent assurance over care quality. In addition, reviewing the benefits expected from the implementation of a care rostering and quality system
- Employee benefits: reviewing the Extra Care People Strategy and outcomes of employee satisfaction and wellbeing surveys
- Acquisitions: reviewing the opportunities for acquiring schemes along with how schemes acquired become embedded within Extra Care
- Financial performance: conducting a deep dive into overall performance, arrears management and risk mitigation

Subsidiary Committees: ensuring continued viability and compliance with requirements

Kent Community Partnership, Guernsey LBG and Oldham Retirement Housing Partnership Subsidiary Boards have met in the year to review financial and operational performance and to ensure we continue to meet the contractual requirements of our Public Finance Initiatives.

Due to the alignment with Extra Care and Retirement Living operations, the meetings follow on from routine committee business with the same committee members in attendance.

General committee/Board business includes budget performance, operational performance and the risk relating to contract deductions, and approving the statutory Financial Statements.



Group internal control and assurance

Internal control statement by the Board

Purpose: The statement of internal control provides an opinion to internal and external stakeholders on how effectively the organisation governs its business so as to manage the key risks which aid the successful delivery of strategic aims and objectives. The Board, in making the following statement, has drawn upon a variety of sources of assurance which supports the Internal Control Framework. This assurance includes routine management oversight processes and independent assurance through internal audit and other third-party assurance providers.

Board Statement: The Board acknowledges it has overall responsibility for establishing and maintaining the system of internal control and for reviewing its adequacy and effectiveness. The Board retaining ultimate responsibility for the organisation's compliance with all legal, statutory, regulatory and constitutional requirements. This applies in respect of all companies and subsidiaries within the Group. While the Board is responsible for overall strategy and policy of Housing 21, the day-to-day running of the Group is delegated to the Chief Executive and other Executives.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. However, the system of internal control adopted by the Board is designed to manage risk and to provide reasonable, but not absolute assurance that key business objectives and expected outcomes will be achieved. The Board has agreed the adopted framework of internal control is appropriate for the size, nature and complexity of the Group and is overall adequate.

As a result of the activities of the Board and its committees, the Board is able to confirm, to the best of its knowledge, it has complied with its adopted code of governance (2020 NHF Code), and the regulatory requirements as established by the Regulator of Social Housing including the Governance and Viability standard and material compliance with all aspects of relevant law. A minor breach was identified in relation to compliance with anti-money laundering regulations (in relation to the requirement to register with HMRC); however, this relates to a very small proportion of our activities and is in the process of being rectified.

Core elements of Housing 21's Internal Control and Assurance Framework:

The Board has established a range of assurance processes which it relies upon. Key elements include processes around risk management, independent assurance provided through internal audit, oversight in routine areas as well as those with a higher degree of risk, for example within health and safety and information governance, as well as through policies and procedures over fraud and whistleblowing and the reporting on significant incidents.

Risk management: effective management of uncertainty, complexity and opportunity

Board risk appetite statement

In putting residents at the heart of quality, service and growth, the Board is ambitious in its outlook for the organisation, customers and employees. It has agreed it will:

- Provide a contemporary forward-thinking 21st century service
- Be focused on continuous improvement and innovation to achieve excellent services and value for money
- Achieve high levels of satisfaction and positive experience for the people we serve

These principles guide decision making alongside the desire to do the right thing and be better than 'just good enough'.

With the exception of those areas agreed where there is a wholly averse appetite for risk taking (compliance with law and regulation, and achievement of good governance, internal control, financial viability), the Board has agreed that it will take a measured approach to risk.

The measured approach balances the need to be innovative in pursuit of the organisation's overall aims for our customers and employees, whilst overall maintaining the financial viability and reputation of the organisation, through robust decision making based on sound information, options appraisals and assumptions.

Risk management

The Board as a whole, including the AAC, considers the nature and extent of the risk management framework and activities to be effective. Risks are reviewed at a department, committee and Board level ensuring there is oversight of both operational and strategic risks.

For the year, risks have been considered within three core categories:

- **Capacity**: relating to the here and now brought on by the focus on growth as part of our agreed strategic direction and current opportunities being presented
- **Reputation**: relating to our operating environment and day-to-day business as usual activities which are linked to our duty of care to residents and employees and our regulatory environment, which impact both Housing 21 and the sector's reputation
- **Change**: risks which being considered and managed, arise from delivery of objectives in the future and are because of both what we know now as well some uncertainty

In the year the following were considered to be the top risks, influenced by the challenging economic environment:

Risk area	Mitigation
Financial performance and delivery	Revisit of business planning assumptions to determine future targets. Close budget and performance review and monitoring, action plans developed for areas of adverse performance.
Resident affordability	Review of controllable costs and charging policies/ choices (rent/ service charges/ utilities) along with ongoing reviews of value for money. Implementation of specific projects including Helping Hands and Tenancy Gurus to ensure residents have access to relevant support and benefits.
Inflation	In-depth review of business planning and forecasting along with a wide variety of stress scenarios. Clear reporting to the Board on financial impact of decision made. Refreshing of priorities and value for money targets.
Weakening margins	Revisit of business planning assumptions to determine future targets/ flexibility in targets to create better margins/ reviewing ambitions and budgets. Increased engagement with finance bodies.
Prioritisation	Ongoing review of plans, priorities, and timetabling, maintaining awareness of resources constraints and seeking alternative approaches, additional resources and/ or reprioritisation of activities and projects.
Changes in legislation/ regulation	Ongoing horizon scanning, review of current policies and procedures against new requirements and implementation of change required.
Technological change	Ongoing project management for clearly defined projects, with clear success criteria and change readiness strategies.

The following is the full list of strategic risks reported upon during the year:

Capacity
Adverse financial performance/ targets impacting strategic objectives
Weaker financial margins weakening access to financing at competitive rates
Failure to recruit, retain resources and talent
Employee health and wellbeing
Increasing volume of acquisitions opportunities

Reputation
Cost of our service offer becomes unaffordable for both current and future residents
Ineffective cyber security controls to prevent cyber crime
Ineffective assurance mechanisms to demonstrate robust internal control/ regulatory or legal compliance
Failure in quality and responsiveness of services, including engaging and listening to residents
Fulfilment of statutory health and safety duties, keeping our people and residents safe
Remaining compliant with safeguarding duties for older people
Ineffective leadership and governance oversight

Change
Failure to influence or be aware of the changing regulatory/ political environment
Economic uncertainty, continued cost inflation
Failure to understand and plan for future residents' needs
Slow to adapt to technological change, and/ or implement change effectively, or delivery of change which do not meet business requirements
Failure to be aware of, or implement, sustainability requirements
Failure to understand and plan for changes in legislation/ regulation
Contractor insolvency, key supplier dependency and or disengagement

Internal Audit: providing effective assurance over key risks and internal control

Housing 21's Internal Audit function is co-delivered with third party providers, whilst managed and supported by an in-house Internal Audit function. For 2023/2024 third party assurance was provided by both Mazars and a range of additional subject matter experts in specific areas.

The in-house function has operational responsibility for risk management, information governance, anti-fraud and whistleblowing, business continuity and procurement. For these areas external third parties provide assurance over controls and the achievement of good practice.

A self-assessment review of the Internal Audit service was completed partially based upon stakeholder feedback. The Audit and Assurance Committee confirmed the service overall as being effective.

Internal Audit annual opinion: Adequate with improvements required

Based on the audit work performed, and from reviewing the additional key aspects of risk management and governance, the opinion on Housing 21's governance, risk management and control arrangements is Adequate.

We have noted some areas in which the control environment could be improved, these being reflected in the Internal Audit outcomes which have included several partial/limited assurance outcomes.

The Board Assurance Framework continues to identify the control framework for areas in scope. While there has been improvement overall, there are a number of areas where management oversight as part of the second line of defence could be strengthened. Where there is good oversight, some inconsistency of outcome has been identified, this being down to the size and devolved nature of operations, the inconsistency is not considered systemic.

We have found through our follow-up work, improvements in the control environment in areas graded as limited assurance in the prior year, and while there are a small number of in-year recommendations which are overdue, many of these have been implemented in part.

Management oversight: embedding a control framework

A core element of the system of internal controls embedded within the organisation is a range of routine management oversight processes. These activities individually and collectively support Housing 21 in achieving robust operational governance.

- Financial/operational performance indicators
- Actual and forecast budgets and their review
- Longer term business planning and sensitivity analysis
- Treasury and covenant compliance reviews
- Resource planning and people management
- Routine trend analysis and exception reporting
- Information security measures
- Data quality measures
- Policy and Procedure Framework
- Compliance with law reviews
- Regulatory compliance reviews
- Annual management assurance statements

A Board Assurance Framework is also in place which documents internal controls and assurance mechanism for a range of processes. This process has been valuable in improving the awareness of the control framework.

The Board routinely receives reports on all the above areas approving key strategies and policies.

Health and Safety: committed to protecting residents, employees, and contractors

The health and safety of our residents, employees and contractors is a top priority and is an area where the Board has no tolerance for any non-compliance. Dedicated Health and Safety Managers manage a devolved framework and review the policies and procedures, supervise and review risk assessments, and manage key actions arising. This includes a Property Compliance Team who review the governance and compliance arrangements for gas, fire, electrical, asbestos, legionella and lifts, as reported earlier.

A well-established Health and Safety Forum is in place chaired by the Deputy Chief Executive. The Board receives reports on all matters relating to health and safety (including reportable incidents and all aspects of property safety) and has approved detailed health and safety policies and procedures arising from the forum.

In the year there has been continued oversight of historical risk areas as well as the emerging areas of risk relating to damp and mould and RAAC.

Care quality and safeguarding: committed to the highest standards of quality

Ensuring we deliver quality care is fundamentally important to Housing 21. Our commitment to providing quality services is demonstrated in our target for 100 percent of services to be rated 'Good' or above and with our commitment to our care employees and the quality of our managers.

The Group has a dedicated Quality and Commissioning Team who establish and oversee the framework of policies and procedures for ensuring care quality, and for the raising and reporting of safeguarding incidents. Registered managers on our Extra Care schemes are fully accountable for ensuring care quality and the safeguarding of residents.

In the year there has been continued oversight with developments in an early warning indicator framework to support management assurance.

Anti-fraud and corruption: creating an open and honest culture

The Group is committed to act at all times with honesty and integrity in safeguarding the resources for which it is responsible. It expects the same from its employees and contractors.

The Group maintains a fraud risk register and holds a register of fraud; both are reported to the Audit and Assurance Committee. Top inherent fraud risks include cyber fraud, payment fraud, asset abuse and financial abuse of residents.

Employees are required to complete mandatory fraud awareness training which promotes communicating concerns through to management or our confidential reporting line. This training has been supplemented by additional employee sessions which raise awareness of what types of concerns should be raised and how to raise them informally to management and formally through the organisation's Whistle-blowing Policy.

Information governance: committed to protecting personal and sensitive information

The commitment to the privacy and security of personal and sensitive data is of significant importance to the organisation. The Group has a well-established Information Governance Steering Group which is responsible for the effectiveness of the organisation's information governance and security controls. The Deputy Chief Executive is the organisation's Senior Information Risk Owner.

Subject access requests and breaches/near misses are managed effectively by our Data Protection Officer and responded to within the statutory timescale. No significant breaches have arisen in the year. Breaches and near misses are reported to the Audit and Assurance Committee.

Our core risks relate to employees inadvertently sharing data to third parties. To protect our data subjects, we have invested in e-mail monitoring tools, encryption software and specific campaigns to raise awareness of this risk. Our investment also includes robust information security defences, intrusion monitoring reporting, mandatory training, and regular employee phishing exercises.

This Strategic Report and Report of the Board was approved by order of the Board on 1 August 2024 and signed on its behalf by

Paul Hutton
Secretary

Responsibilities in Respect of the Report of the Board and the Financial Statements

Board Members are responsible for preparing the Report of the Board and the Financial Statements in accordance with applicable law and regulations. Co-operative and Community Benefit Society law and social housing legislation require the Board Members to prepare Financial Statements. Financial Statements year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). In preparing these Financial Statements, the Board Members:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers (2018) have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and Association will continue in business

Board Members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

They are also responsible for safeguarding the assets of the Group and Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Financial Statements are published on the Association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements legislation in other jurisdictions. The maintenance and integrity of the Association's website is the responsibility of the Board. Board Members' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

Disclosure of information to the auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

Independent Auditor's Report to the Members of Housing

We have audited the Financial Statements of Housing 21 (the Association) and its subsidiaries (the Group) for the year ended 31 March 2024 which comprise the Group and Association Comprehensive Income Statements, Group and Association Balance Sheets, Group and Association Statements of Changes in Reserves, Group and Association Cash Flow Statements and the notes to the Financial Statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the Financial Statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2024 and of the Group's income and expenditure and the Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report. We are independent of the Group and Association in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the assumptions used in the budget for the financial year 2024/2025
- Reviewing the long-term Business Plan and assessed the reasonableness of the assumptions used within it, along with reviewing the results of the various stress testing scenarios on loan covenants, and the reasonableness of mitigating actions identified by client
- Considered the facilities and loans in place against capital commitments and expected loan repayment dates
- Reviewed the disclosures around going concern within the Financial Statements

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's or Group's ability to continue as a going concern for a period of at least 12 months from when the Financial Statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Our application of materiality and an overview of the scope of the audit

Our audit work is based upon an assessment of materiality to identify misstatements contained in the Financial Statements considered fundamental to the reader. We consider the materiality of a misstatement to the class of transaction or balance to which it belongs and the overall impact of the balance on the Group and Association Comprehensive Income Statements and the Group and Association Balance Sheets. An item would be considered material to the Financial Statements if, through error or non-disclosure, the Financial Statements would no longer show a true and fair view.

Materiality for the Group Financial Statements as a whole was set at £4,124k, determined with reference to a benchmark of Group turnover (of which it represents 1.5 percent). We consider group turnover to be the most appropriate benchmark, and more appropriate than a profit-based benchmark as the Group is a not-for-profit organisation that reinvests all surpluses generated from its activities within the Group and does not make any distributions of profit to external parties.

Materiality for the parent Association Financial Statements as a whole was set at £3,918k, determined with reference to a benchmark of Association turnover (of which it represents 1.5 percent although capped at 95 percent of Group materiality). We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £196k (2023: £189k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's reporting components, we subjected all to full scope audits for group purposes. The work on all components including the audit of the parent Association, was performed by the Group Audit Team.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall Audit Strategy, the allocation of resources in the audit and directing the efforts of the Engagement Team.

We summarise below the key audit matters in arriving at our audit opinion above, together with our key audit procedures to address these matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the Financial Statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Housing properties: Acquisitions and capitalisation of new build development costs — group and parent association risk

The Group and parent Association recognised additions to properties under construction of £48,029k, refer to pages 81 and 82 (accounting policies) and page 97 (financial disclosures) and acquisitions of £21,421k.

The risk: significant risk high value

Acquisitions and development are key activities for the Group and parent Association. Judgements include the allocation of costs to mixed tenure schemes along with capitalisation of overhead costs and impairment. Our overall assessment of misstatement is therefore that acquisitions and new build development cost additions is a significant risk within our audit approach.

Our response

Our procedures included:

- **Controls testing**: Evaluating the procedure and review process for development appraisals, including key assumptions used
- **Test of detail**: We agreed a sample of acquisitions and capital additions in the year to purchase contracts, invoices or certificates and reviewed material revenue transactions for capital items
- **Test of detail**: We evaluated the assessment of whether there was any evidence of impairment of schemes under development, by comparing latest forecast spend against budget and tested a sample of these back to appraisals and supporting information
- **Tests of detail**: We evaluated the assessment of whether there was any evidence of impairment of acquisitions, by comparing the expected post-acquisition repairs cost to actual and reviewed management's assessment of depreciated replacement cost to support the carrying value
- **Test of detail**: For the schemes where management identified an impairment, we considered the approach taken for review of impairment and reviewed the detailed calculations
- **Test of detail**: We agreed a sample of development accruals to invoices and evaluated whether they had been allocated to the correct period.
- **Test of detail**: We reviewed the policy on overhead capitalisation and assessed whether overhead costs capitalised were directly attributable to developments. We agreed a sample of costs back to payslips
- **Test of detail**: We reviewed the Interest Capitalised Policy and re-calculated a sample of interest costs capitalised using the weighted average cost of capital
- **Review against accounting standards**: We tested a sample of amounts capitalised in our sample testing against requirements in FRS 102 and guidance in the Statement of Recommended Practice 2018

Our results

We noted no material exceptions through performing these procedures.

Housing properties: Net realisable value of property held for sale — Group and parent Association risk

The total stock value as at 31 March 2024 was £14,006k. The Group recorded turnover from properties developed for low cost home ownership of £10,660k and an impairment charge on stock of £715k, relating to two schemes in development during the year. Refer to page 84 (accounting policies) and page 101 (financial disclosures).

The risk: significant risk medium value

Properties developed for sale, including low cost home ownership sales and properties developed for outright sale, are measured at the lower of cost and net realisable value. For completed properties at the balance sheet date, an assessment is needed of an anticipated selling price. For properties in development at the balance sheet date, an assessment is needed of an anticipated selling price and a determination of the expected costs to complete.

Due to the quantum of the carrying values at the year end, the macro-economic conditions and potential impact on the property market, the impairment experienced on a scheme during the year, and the level of judgement involved in estimating both selling price and costs to complete, we considered there to be a significant risk of misstatement.

Our response

Our procedures included the following:

Completed properties held for sale

- **Test of detail**: To confirm reasonableness of expected proceeds, we recalculated the surplus on sale for a sample of sold properties in the year, by agreeing the proceeds and cost of sales to completion statements, bank statements and fixed asset workings
- **Assessment of recoverability**: we obtained management's assessment of the net realisable value of properties developed for sale, selecting a sample on which to perform detailed testing
- **Assessment of recoverability**: We reviewed the properties sold post year end and considered the surplus made, including those properties aged over one year, and checked their profitability

Work in progress properties held for sale

- **Assessment of recoverability**: We assessed the carrying value of the Group's work-in-progress at the year end to ensure it is stated at its selling price less costs to complete and sell. This included an assessment of the profitability on the current schemes approved by Board
- **Test of detail**: For a sample of properties under development, we obtained details of the expected costs to complete for that development and agreed the budgeted contracted costs to the latest contractual documentation. We compared the incurred expenditure to the estimated amount to ensure that the costs to complete estimate reflects actual cost
- **Assessment of recoverability**: For a sample of development schemes, we evaluated the carrying value of the Group's stock and work-in-progress at the year end and recalculated the figure expected within stock. This included testing on a sample basis the expected profitability of the current schemes, and reviewed post year-end sales of properties held in stock at 31 March 2024

Our results

We noted no material exceptions through performing these procedures.

Accounting treatment and disclosure of long term PFI contracts — Group

The group subsidiary entities, Kent Community Partnership Limited and Oldham Retirement Housing Partnership Limited were set up in order to facilitate a private finance initiative (PFI) with the relevant local authority.

Housing 21 has taken the exemption permitted by FRS 102 to continue to account for these service concession finance arrangements using the same accounting policies as were applied at the date of transition to FRS 102 as they were entered into before the date of transition to FRS 102.

Refer to page 79 (accounting policies) and page 103 (financial disclosures).

The risk: complex accounting treatments

In determining the transactions and balances to be recognised in the Financial Statements, a number of considerations of the contractual arrangements of the PFI contracts are necessary. This includes the assessment of risk and reward as to whether a fixed asset or finance debtor is recognised in the Financial Statements.

In addition, the financial models which calculate the assets and liabilities for the contractual arrangements and the level of income and profit to be recognised at the reporting date, involve a number of assumptions and a level of judgement in estimating costs to complete. Variations to these assumptions could significantly affect the calculated results. The effect of these matters is that we determined there to be a significant risk of misstatement.

Our response

Our procedures included the following:

- **Assessing the accounting treatment**: We reviewed the contractual arrangements and assessed whether the accounting treatment, including whether the recognition of assets and liabilities and recognition of income and profit was appropriate
- **Review of assumptions**: We reviewed the client's assessment of assumptions and challenged whether the assumptions used in the financial models were reasonable. We also reviewed the bank's certification of the assumptions used within the financial models. This included discussions with management and their expert
- **Test of detail**: We agreed the transactions and balances to the financial models held by management and agreed the balances and movements in year. We sample tested Unitary Charge income invoices and expenditure invoices and reviewed the contractual and other supporting evidence provided by management, in relation to a material constructive obligation provision for expenditure
- **Review of disclosures**: We reviewed the disclosures within the Financial Statements of the subsidiaries and the Group Financial Statements

Our results

Our audit work concluded that the PFI accounting treatment is appropriately recognised within the Financial Statements.

We noted no material exceptions through performing these procedures except for an adjustment made in relation to a provision initially recognised but removed as a result of no constructive obligation being met. Overall impact on the Group's reserves as a result of the adjustment is nil.

Other information

The other information comprises the information included in the Report of the Board and Financial Statements, other than the Financial Statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept adequate accounting records; or
- the Association's Financial Statements are not in agreement with books of account; or
- we have not received all the information and explanations we require for our audit

Responsibilities of the Board

As explained more fully in the Statement of Responsibilities of the Board set out on page 64, the Board is responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

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

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

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

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

- We obtained an understanding of laws and regulations that affect the Group and Association, focusing on those that had a direct effect on the Financial Statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, the National Housing Federation 2020 Code of Governance, tax legislation, health and safety legislation and employment legislation
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board has in place, where necessary, to ensure compliance
- We gained an understanding of the controls the Board has in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the Audit Team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Group's activities and the regulated nature of the Group's activities

- We reviewed Financial Statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above
- We enquired of the Board about actual and potential litigation and claims
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Financial Statements, even though we have properly planned and performed our audit in accordance with auditing standards.

For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Other matters which we are required to address

We were first appointed as auditor of Housing 21 by the Board for the period ending 31 March 2022. The period of total uninterrupted engagement for the Group is for three financial years ending 31 March 2024. We have fulfilled our ethical responsibilities under, and we remain independent of the Association in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Use of our report

This report is made solely to the Association's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Statutory Auditor: **Beever and Struthers** Date: 27 August 2024

Address: One Express
1 George Leigh Street
Ancoats
Manchester
M4 5DL

Group Comprehensive Income Statement

		2024			2023		
	Note	**Ongoing activities**	**One-off items**	**Total**	Ongoing activities	One-off items	Total
		£'000	**£'000**	**£'000**	£'000	£'000	£'000
Turnover	2	**274,948**	**-**	**274,948**	252,763	(1,223)	251,540
Operating costs and cost of sales	2	**(243,226)**	**(4,572)**	**(247,798)**	(225,378)	-	(225,378)
Gains on disposal of housing properties	2 / 4	**610**	**-**	**610**	278	-	278
Operating surplus	2	**32,332**	**(4,572)**	**27,760**	27,663	(1,223)	26,440
Other interest receivable and similar income	7	**10,102**	**-**	**10,102**	9,206	-	9,206
Interest and financing costs	8	**(26,045)**	**-**	**(26,045)**	(26,011)	-	(26,011)
Movement in fair value of financial instruments		**(25)**	**-**	**(25)**	62	-	62
Surplus before taxation		**16,364**	**(4,572)**	**11,792**	10,920	(1,223)	9,697
Tax on surplus	9	**-**	**-**	**-**	16	-	16
Surplus/ (deficit) for the financial year		**16,364**	**(4,572)**	**11,792**	10,936	(1,223)	9,713
Other Comprehensive Income							
Actuarial gains/ (losses) in respect of pensions	25	**(1,346)**	**-**	**(1,346)**	(1,025)	-	(1,025)
Effective movement in fair value of hedged financial instrument		**2,881**	**-**	**2,881**	21,146	-	21,146
Total comprehensive income for the financial year		**17,899**	**(4,572)**	**13,327**	31,057	(1,223)	29,834

All amounts relate to continuing activities except for activities relating to our non-social rent and leaseholder portfolio which we are in the process of disposing. The gross income associated with the properties being disposed of is £5,385k, with an associated profit of £269k. Further details are included in note 2.

The one-off item relates to additional depreciation charged on our kitchen and bathroom components. Further details are included in the key estimates and judgements in note 1b.

The notes on pages 78 to 117 form part of the Financial Statements.

These financial statements were approved and authorised for issue by the Board on 1 August 2024 and are signed on behalf of the Board by:

....

Elaine Elkington
(Chair)

....

Michael McDonagh
(Deputy Chair/ Chair of Audit and Assurance Committee)

....

Paul Hutton
(Secretary)

Association Comprehensive Income Statement

	Note	2024 Ongoing activities	2024 One-off items	2024 Total	2023 Ongoing activities	2023 One-off items	2023 Total
		£'000	£'000	£'000	£'000	£'000	£'000
Turnover	2	**269,351**	**-**	**269,351**	246,415	-	246,415
Operating costs and cost of sales	2	**(242,106)**	**(4,535)**	**(246,641)**	(223,376)	-	(223,376)
Gains on disposal of housing properties	2 / 4	**610**	**-**	**610**	278	-	278
Operating surplus	2	**27,855**	**(4,535)**	**23,320**	23,317	-	23,317
Other interest receivable and similar income	7	**4,874**	**-**	**4,874**	4,526	-	4,526
Interest and financing costs	8	**(20,266)**	**-**	**(20,266)**	(19,878)	-	(19,878)
Surplus before taxation		**12,463**	**(4,535)**	**7,928**	7,965	-	7,965
Tax on surplus	9	**-**	**-**	**-**	-	-	-
Surplus/ (deficit) for the financial year		**12,463**	**(4,535)**	**7,928**	7,965	-	7,965
Other Comprehensive Income							
Actuarial gains (losses) in respect of pensions	25	**(1,346)**	**-**	**(1,346)**	(1,030)	-	(1,030)
Total comprehensive income for the financial year		**11,117**	**(4,535)**	**6,582**	6,935	-	6,935

All amounts relate to continuing activities except for activities relating to our non-social rent and leaseholder portfolio which we are in the process of disposing. The gross income associated with the properties being disposed of is £5,385k, with an associated profit of £269k. Further details are included in note 2.

The one-off item relates to additional depreciation charged on our kitchen and bathroom components. Further details are included in the key estimates and judgements in note 1b.

The notes on pages 78 to 117 form part of the Financial Statements.

These financial statements were approved and authorised for issue by the Board on 1 August 2024 and are signed on behalf of the Board by:

Elaine Elkington
(Chair)

Michael McDonagh
(Deputy Chair/ Chair of Audit and Assurance Committee)

Paul Hutton
(Secretary)

Group Statement of Changes in Reserves

	2024				2023			
	Income and expenditure reserve	**Cash flow hedge reserve**	**Revaluation reserve**	**Total**	Income and expenditure reserve	Cash flow hedge reserve	Revaluation reserve	Total
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Balance at 1 April	**463,105**	**(10,181)**	**301,320**	**754,244**	454,481	(31,327)	301,256	724,410
Surplus for the financial year	**11,792**	**-**	**-**	**11,792**	9,713	-	-	9,713
Actuarial (losses) on defined benefit schemes	**(1,346)**	**-**	**-**	**(1,346)**	(1,025)	-	-	(1,025)
Movement in the fair value of financial instruments	**-**	**2,881**	**-**	**2,881**	-	21,146	-	21,146
Other comprehensive (cost)/ income for the year	**(1,346)**	**2,881**	**-**	**1,535**	(1,025)	21,146	-	20,121
Transfer from revaluation reserve to income and expenditure reserve	**(25)**	**-**	**25**	**-**	(64)	-	64	-
Balance at 31 March	**473,526**	**(7,300)**	**301,345**	**767,571**	463,105	(10,181)	301,320	754,244

The notes on pages 78 to 117 form part of the Financial Statements.

Association Statement of Changes in Reserves

	2024				2023			
	Income and expenditure reserve	Cash flow hedge reserve	Revaluation reserve	Total	Income and expenditure reserve	Cash flow hedge reserve	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April	**437,650**	**-**	**283,746**	**721,396**	430,779	-	283,682	714,461
Surplus for the financial year	**7,928**	**-**	**-**	**7,928**	7,965	-	-	7,965
Actuarial (losses) on defined benefit schemes	**(1,346)**	**-**	**-**	**(1,346)**	(1,030)	-	-	(1,030)
Other comprehensive (cost) for the year	**(1,346)**	**-**	**-**	**(1,346)**	(1,030)	-	-	(1,030)
Transfer from revaluation reserve to income and expenditure reserve	**(25)**		**25**	**-**	(64)		64	-
Balance at 31 March	**444,207**	**-**	**283,771**	**727,978**	437,650	-	283,746	721,396

The notes on pages 78 to 117 form part of the Financial Statements.

Group and Association Balance Sheets

Registered number 16791R	Note	Group		Association	
		2024	2023	**2024**	2023
		£'000	£'000	**£'000**	£'000
Tangible fixed assets					
Housing properties	11	**1,502,847**	1,433,933	**1,424,897**	1,354,863
Other fixed assets	13	**1,642**	2,652	**1,642**	2,652
		1,504,489	1,436,585	**1,426,539**	1,357,515
Current assets					
Housing properties and stock for sale	14	**14,006**	21,378	**14,006**	21,378
Debtors: receivable after one year	15	**102,000**	105,092	**38,423**	40,540
Debtors: receivable within one year	15	**29,716**	33,927	**28,859**	33,528
Short-term investments	21	**17,800**	33,300	**-**	13,850
Cash and cash equivalents	21	**90,519**	96,195	**77,925**	83,200
		254,041	289,892	**159,213**	192,496
Creditors: amounts falling due within one year	16	**(161,748)**	(121,474)	**(129,666)**	(86,539)
Net current assets		**92,293**	168,418	**29,547**	105,957
Total assets less current liabilities		**1,596,782**	1,605,003	**1,456,086**	1,463,472
Creditors: amounts falling due after more than one year	17	**(821,576)**	(843,121)	**(720,473)**	(734,438)
Provision for defined benefit pension liabilities	25	**(7,635)**	(7,638)	**(7,635)**	(7,638)
Net assets		**767,571**	754,244	**727,978**	721,396
Capital and reserves					
Cash flow hedge reserve		**(7,300)**	(10,181)	**-**	-
Revaluation reserve		**301,345**	301,320	**283,771**	283,746
Income and expenditure reserve		**473,526**	463,105	**444,207**	437,650
		767,571	754,244	**727,978**	721,396

The notes on pages 78 to 117 form part of the Financial Statements.

These financial statements were approved and authorised for issue by the Board on 1 August 2024 and are signed on behalf of the Board by:

....

Elaine Elkington
(Chair)

....

Michael McDonagh
(Deputy Chair/ Chair of Audit and Assurance Committee)

....

Paul Hutton
(Secretary)

Group and Association Cash Flow Statements

	Note	Group		Association	
		2024	2023	**2024**	2023
		£'000	£'000	**£'000**	£'000
Cash from operations	20	**75,807**	51,353	**68,117**	42,794
Taxation		**–**	16	**–**	–
Net cash generated from operating activities		**75,807**	51,369	**68,117**	42,794
Cash flow from investing activities					
Net proceeds from the sale of housing properties		**11,885**	21,225	**11,885**	21,225
Expenditure on housing properties		**(99,494)**	(157,563)	**(99,665)**	(157,216)
Expenditure on other fixed assets		**(1,064)**	(1,037)	**(1,064)**	(1,037)
Receipt of Capital Grants		**23,475**	18,056	**23,475**	18,056
Interest received		**10,506**	8,462	**5,278**	3,789
Maturity of short-term investments		**15,500**	63,250	**13,850**	80,250
Net cash (used in) investing activities		**(39,192)**	(47,607)	**(46,241)**	(34,933)
Cash flow from financing activities					
Repayment of bank borrowings		**(13,317)**	(8,899)	**(5,676)**	(5,736)
Interest paid including refinancing costs		**(28,974)**	(27,428)	**(21,475)**	(21,347)
Net cash (used in) financing activities		**(42,291)**	(36,327)	**(27,151)**	(27,083)
Net (decrease) in cash and cash equivalents		**(5,676)**	(32,565)	**(5,275)**	(19,222)
Cash and cash equivalents at the beginning of the year		**96,195**	128,760	**83,200**	102,422
Cash and cash equivalents at the end of the year		**90,519**	96,195	**77,925**	83,200

The notes on pages 78 to 117 form part of the Financial Statements.

Notes to the Financial Statements

1a. Principal accounting policies

The Financial Statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Housing 21 includes the:

- Co-operative and Community Benefit Societies Act 2014 and the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969
- Housing and Regeneration Act 2008
- FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland"
- Statement of Recommended Practice (SORP) for Registered Social Housing Providers, "Accounting by registered social housing providers" 2018
- Accounting Direction for Private Registered Providers of Social Housing 2022

The preparation of Financial Statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

The Group and Association are Public Benefit Entities (PBEs) for the purpose of the application of certain accounting policies.

1.1. Parent Association disclosure exemptions

In preparing the separate Financial Statements of the parent Association, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the parent Association would be identical
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent Association, because their remuneration is included in the totals for the Group as a whole

1.2. Basis of preparation including going concern

The Financial Statements are prepared on a going concern basis and under the historic cost basis, as modified for (a) the valuation of derivative financial instruments; and (b) the deemed cost basis of valuation of housing properties upon transition to FRS 102 on 1 April 2014.

After making enquiries, the Board has a reasonable expectation that we have adequate resources to continue in operational existence for a period of at least 12 months from the date of signing these accounts. The Board obtains further assurance of financial viability through the annual budgeting, quarterly re-forecasting and long-term business planning exercises. Within all these exercises, the Board assess and stress test the availability of funding, liquidity and compliance with lenders' covenants over at least a three-year period. These stresses typically include:

- Increase in inflation and interest rates
- Sales prices are reduced or all properties for sale are converted to rent
- Increase in construction costs and reduction in grant rates
- Reduction in operating surpluses though either decrease in rents or increase in voids or bad debts
- Combination of the above in a perfect storm or the most conceivable combination

This ensures the Board has a continual and rolling process of reviewing and assessing our financial strength and viability. For this reason, the going concern basis has been adopted in these Financial Statements.

1.3. Basis of consolidation

The consolidated Financial Statements present the results of Housing 21 — registered provider of social housing and its subsidiary companies ("the Group") as if they formed a single entity. Transactions and balances between Group companies are therefore eliminated in full to show transactions and balances with third parties only.

The consolidated Financial Statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the identifiable assets, liabilities and contingent liabilities of the acquired entity are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Comprehensive Income Statement from the date on which control is obtained (usually also the acquisition date). They are de-consolidated from the date control ceases.

1.4. Turnover

Turnover is measured at the fair value of the cash consideration received or receivable. The Group generates the following material income streams:

- Rental income receivable (after deducting lost rent from empty properties available for letting)
- Service charges receivable (see service charges — Note 1.7)
- First tranche sales of low-cost home ownership housing properties developed for sale;
- Sales of outright sale housing properties
- Invoiced amounts receivable from the delivery of care services; and
- Invoiced amounts receivable from the delivery of housing and care services under PFI and PPP contract arrangements (see long term PFI and PPP contracts — Note 1.5)

Rental income is recognised from the point when properties under development reach practical completion and are let.

Income from first tranche sales and sales of properties built for sale is recognised in full at the point of legal completion of the sale.

Income from care is recognised at the point of delivery of the service to the service user.

1.5. Long term PFI and PPP contracts

Income and profit is recognised with reference to the stage of completion and/or delivery of services and milestones associated with the long-term contract. Income recognised from such contracts is stated at the total costs incurred in delivering the contract (including finance costs) plus any attributable profit assessed to have been earned to date, less amounts recognised in previous years.

Any excess of total income invoiced to date above the calculated stage of completion is recognised as a creditor on the Balance Sheet as deferred income. Any shortfall between the total income invoiced compared to the total costs incurred to date is accrued and recognised as a debtor on the Balance Sheet.

Where any losses over the life of the contract including future losses are identified which cannot be recovered from invoiced income, then appropriate provisions are made in full in the year that they are identified.

1.6. Supporting people

The Group receives Supporting People Grants from several local authorities. The grants received in the period as well as costs incurred by the Group in the provision of support services have been included in the Comprehensive Income Statement. Any excess of cost over the grant received is borne by the residents through their support charge. Any excess of grant received over the cost incurred is recognised as a creditor on the Balance Sheet as deferred income until utilised.

1.7. Service charges

The Group adopts the variable method for calculating and charging service charges to its residents and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the amount of service charge receivable from residents, including sinking fund contributions from rental tenants for future capital works.

Any excess of service charge receivable over service costs is deferred to the Balance Sheet as deferred income and is used to offset future years charges. Any shortfall between service charge receivable and service costs is accrued and recognised as a debtor on the Balance Sheet and recovered from residents in future years' charges.

1.8. Taxation

The Group is exempt from Corporation Tax on income and gains to the extent that these are derived from the Group's charitable objectives.

1.9. Valued Added Tax (VAT)

The majority of services supplied by the Group are exempt from VAT. However, the Group does charge VAT on its management contracts and PFI unitary charge income. This enables the Group to recover part of the VAT it incurs on expenditure under a Partial Exemption Special Method (PESM) calculation agreed with HM Revenue & Customs (HMRC).

Under the same PESM, VAT incurred on the construction of new housing properties can be recovered at a ratio of the number of sale units, shared ownership and outright sales, in comparison to total units on individual schemes.

The Financial Statements include VAT to the extent that it is incurred by the Group and not recoverable from HMRC. All expenditure is shown inclusive of VAT and the recoverable VAT arising from partially exempt activities is netted off in the Comprehensive Income Statement against management costs.

1.10. Interest and financing costs

Finance costs are charged to the Comprehensive Income Statement based on the interest rate applicable on the debt in the year. Loan issue costs (including costs associated with arranging security charges on properties for new loans) are initially capitalised as an offset against the principal and then subsequently amortised to the Comprehensive Income Statement over the life of the new loan facility. Non-utilisation and other loan fees for existing debt are charged to the Comprehensive Income Statement.

Loan premiums received on the issue of new debt finance are deferred to the Balance Sheet and included in long-term creditors and initially recognised as the amount received. This amount is amortised using the effective interest rate method and charged to the Comprehensive Income Statement over the life of the loan.

1.11. Interest receivable on finance lease assets

The Group's finance lease assets represent the capital costs incurred on its PFI and PPP contracts — where the underlying properties and associated services are fundamentally controlled by another party. The debt is recovered via the unitary charge contract income over the remaining life of the contract. Until the debtor is fully recovered, an interest credit is released to the Comprehensive Income Statement which is based upon the value of the financial debt outstanding. This interest is included within interest receivable.

1.12. Pension costs

The Group participates in several defined contribution and closed defined benefit pension schemes. Of the defined benefit schemes, three are Local Government Pension schemes where the Group's liability in relation to its employees is capped and are accounted for as defined as defined contribution schemes (see note 25 for further information). The other two defined benefit schemes are the Social Housing Pension Schemes and the London Borough of Lewisham Pension scheme, which are both closed to further accruals. Interest on the scheme liabilities and expected return on scheme assets are included net in other finance costs/income. Actuarial gains and losses are reported in Other Comprehensive Income.

Contributions to the Group's defined contribution pension schemes are charged to the Comprehensive Income Statement in the year in which they become payable.

1.13. Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement for care employees which has accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement at the Balance Sheet date.

1.14. Tangible fixed assets: housing properties

Housing properties constructed or acquired (including land) on the open market since the date of transition to FRS 102 are stated at cost less depreciation and impairment (where applicable). The cost of housing land and property represents their purchase price and any directly attributable costs of acquisition which may include an appropriate amount for employee costs and other costs of developing the property.

Directly attributable costs of acquisition include capitalised interest calculated, on a proportional basis, using finance costs on borrowing which has been drawn in order to finance the relevant construction or acquisition. Where housing properties are in the course of construction, finance costs are only capitalised where construction is ongoing and has not been interrupted or terminated.

Planned expenditure on refurbishments to properties is capitalised where the works:

- Increase the rental stream over the life of the property;
- Reduce the future maintenance costs of the property; and
- Subsequently extend the life of the property

Planned expenditure on a major component is capitalised where the component is expected to provide incremental future benefits to the Group, or the replaced component can be identified and written off (see also Depreciation of housing property — Note 1.15).

All other repair and replacement expenditure is charged to the Comprehensive Income Statement.

Mixed developments, excluding the estimated cost of the element of shared ownership properties held for sale (if any) as first tranche, are held within fixed asset housing properties and accounted for at cost less depreciation.

Housing properties in the course of construction, excluding the estimated cost of the element of shared ownership properties expected to be sold in first tranche (see shared ownership properties and staircasing — Note 1.17), are included in fixed asset housing properties and held at cost less any impairment, and are transferred to completed properties when ready for letting. If a housing property within fixed assets is found to be impaired (once an impairment assessment has been made), this will be expensed in the Statement of Comprehensive Income. Conversely where, in certain circumstances, a previously impaired property meets the criteria as per the FRS102 guidance, of the reason for impairment no longer existing, a reversal may be allowed, crediting the Statement of Comprehensive income and restating the value on the Balance Sheet.

1.15. Depreciation of housing property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time. Land is not depreciated on account of its indefinite useful economic life. The portion of shared ownership property retained or expected to be retained is depreciated over 100 years.

Assets in the course of construction are not depreciated until they are ready for letting to ensure they are depreciated only in periods in which economic benefits are expected to be materially consumed.

The cost of housing property (net of accumulated depreciation to date and impairment, where applicable) and components are depreciated over the useful economic lives of the assets on the following basis:

Component	Years
Land	Infinite
Structure	100
Roof	50
Windows and doors	30
Kitchens and bathrooms	20–25
Mechanical services	20
Emergency call systems	20
Heating and plumbing	25
Fit out costs	25
Emergency call	20

Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life. Where a major component is replaced before the end of its economic useful life and is not fully depreciated, an additional charge (accelerated depreciation), equivalent to the remaining net book value of the component, is recognised in the Comprehensive Income Statement.

1.16. Donated land and other assets

Land and other assets donated by local authorities and other Government sources are added to cost at the fair value of the asset at the time of the donation. The donation is treated as a non-monetary grant and recognised in the Balance Sheet as a liability.

Where the donation is from a non-public source the value of the donation is included as income.

1.17. Shared ownership properties and staircasing

All the Group's shared ownership properties are low-cost home ownership properties. Under low-cost home ownership arrangements, the Group disposes of a long lease on low-cost home ownership housing properties for a share ranging between 25 percent and 75 percent equity. The buyer has the right to purchase further proportions up to 75 percent based on the market valuation of the property at the time each purchase transaction is completed.

Low-cost home ownership properties are split proportionately between current and fixed asset housing properties based on the element relating to expected first tranche sales. The first tranche proportion is classed as current asset with related sales proceeds included in turnover. The remaining element, staircasing element, is classed as fixed asset housing properties and included in completed housing property at cost and any provision for impairment. If a housing property within fixed assets is found to be impaired (once an impairment assessment has been made), this will be expensed in the Statement of Comprehensive Income. Conversely where, in certain circumstances, a previously impaired property meets the criteria as per the FRS102 guidance, of the reason for impairment no longer existing, a reversal may be allowed, crediting the Statement of Comprehensive income and restating the value on the Balance Sheet.

Costs are allocated to the appropriate tenure on a floor area or unit basis depending on the appropriateness for each scheme. When a sale occurs of a property, a proportionate amount is written off to the Comprehensive Income Statement as a cost of sale based on the number of properties and equity percentage sold. Low-cost home ownership properties are depreciated over 100 years. Any impairment in the value of such properties is charged to the Comprehensive Income Statement.

Sales and marketing costs incurred on low-cost home ownership properties under construction at the year-end is deferred and included in debtors due within one year until the scheme reaches practical completion and sales commence. At this point the associated sales and marketing expenditure previously deferred is recognised in the Comprehensive Income Statement.

1.18. Tangible fixed assets: other

Other tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Expenditure on cloud-based products such as software as a service are not deemed to create a separately identifiable asset that we own. As such any spend on the development and implementation of these products is recognised in the Statement of Comprehensive Income rather than capitalised.

1.19. Depreciation of other tangible fixed assets

Depreciation on other assets is charged to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Component	Years
Leasehold office	Over the remaining period of the lease
Office furniture and equipment	10
Motor vehicles	4
Computer software	5
Computer hardware	3

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. Surpluses and losses on disposals are determined by comparing the proceeds with the carrying amount. The gain/loss on disposal of housing properties is shown separately on in Statement of Comprehensive Income.

1.20. Government grants

Grants received in relation to those properties that are presented at deemed cost at the date of transition (1 April 2014) have been accounted for using the performance model as required by Housing SORP 2018. In applying this model, the grant has been presented as if it were originally recognised as income within the Comprehensive Income Statement in the year the associated housing properties were completed and is therefore included within brought forward reserves.

Grant received since the transition date in relation to newly acquired or developed housing properties is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2018. Grant is carried as deferred income in the Balance Sheet and released to the Comprehensive Income Statement on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2018, the useful economic life of the housing property structure has been selected (100 years).

Where Social Housing Grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a Recycled Capital Grant Fund until it is reinvested in a replacement property (see Recycled Capital Grant Fund — Note 1.21). The accounting treatment depends on when the underlying grant was received:

- Any grant recycled that was received before 1 April 2014 is recognised as an expense in the Statement of Comprehensive Income and included within the gain/loss on the disposal of housing properties
- Any grant received that was received post 1 April 2014 is transferred from Deferred Capital Grants within long-term liabilities

If there is no requirement to recycle or repay the grant on disposal of the assets, any unamortised grant remaining within creditors is released and recognised as income within the Comprehensive Income Statement.

Grants relating to revenue are recognised in the Comprehensive Income Statement over the same period as the expenditure to which they relate once performance-related conditions have been met. Grants due from Government organisations or received in advance are included as current assets or liabilities respectively.

Where properties are acquired from other providers and social housing grants are transferred to Housing 21, no accounting adjustment is made for the grant. The acquired grant is disclosed as a contingent liability in Note 19.

1.21. Recycled Capital Grant Fund

On the occurrence of certain relevant events, primarily the sale of properties, Homes England can direct the Group to recycle Capital Grants, or to make repayments of the recoverable amount. The Group adopts a policy of recycling, for which a separate fund is maintained. If unused within a three-year period, it may become repayable to Homes England with interest.

Any unused Recycled Capital Grant held within the Recycled Capital Grant Fund, which it is anticipated will not be used or repaid within one year is disclosed in the Balance Sheet under creditors due after more than one year.

1.22. Impairments of fixed assets

The housing property portfolio for the Group is assessed for indicators of impairment at each Balance Sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of the assets to whichever is higher of the following:

- Net realisable value based on social housing market sale (if known)
- Value in use based on the net present value of future cash flows
- Value in use based on the depreciated replacement cost of a similar asset (which reflects the social purpose of holding the asset)

Impairment assessments are undertaken on 'cash generating units'. The Group defines cash generating units as individual schemes.

Depreciated replacement cost is calculated based on the rebuild cost of a similar asset, adjusted for the same period of depreciation of the asset being assessed. The Group uses information on current and recently completed developments in order to establish a build cost relevant to the property being tested, based on size, location, and other factors.

Where the carrying value is higher than all three of the assessment outcomes listed above, an impairment charge is recognised for the difference in the Statement of Comprehensive Income and the carrying value of the asset adjusted on the Balance Sheet accordingly.

Conversely where the indicators for impairment no longer exist, a reversal may be allowed for part or all of the previously recognised impairment, crediting the Statement of Comprehensive Income and restating the value on the Balance Sheet.

1.23. Housing properties and stock for sale

Housing properties and stock for sale represents work in progress and completed properties developed for outright sale and shared ownership. For shared ownership properties the value held as stock is the estimated cost to be sold as a first tranche.

The stock is stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

1.24. Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Comprehensive Income Statement.

1.25. Recoverable amount of rental and other trade debtors

The Group estimates the recoverable value of rental and other debtors and impairs the debtor by appropriate amounts. When assessing the amount to impair, it also reviews the age profile of the debt, historical collection rates and the class of debt.

The Group has agreed repayment plans for certain residents and service users on their rent arrears and care services. These arrangements represent financing arrangements (in that they are credit terms outside the normal course of business, therefore representing interest free loans) that should be discounted using an equivalent market rate of interest for a similar loan. However, no adjustments have been made in the Financial Statements. This is because discounting would result in the applicable debt being carried on the Balance Sheet at virtually nil, but debts where payment plans are in place would invariably be impaired through a bad debt provision resulting in a materially similar net balance.

1.26. Provisions

A provision is recognised where the Group has a present obligation, be that legal or constructive, it has arisen because of a past event and where the payment is probable and can be estimated reliably. Management determines the level of an obligation by considering the range of possible outcomes and estimating the probable financial effect of settlement using judgement based on past experience and, where applicable, information provided by independent experts.

Conversely, where a provision that has been previously recognised but no longer meets the recognition criteria, all or part of the provision may be derecognised, with a credit charged to the Statement of Comprehensive Income.

1.27. Loans, investments and short-term investments

All loans, investments and short-term deposits held by the Group are classified as 'basic' financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however, the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the Balance Sheet at historical cost.

Loans and investments that are payable or receivable on demand or within one year are not discounted.

1.28. Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet consist of cash at bank, in hand, deposits and short-term investments which can be accessed instantly. Cash that is held on deposit for more than three months is disclosed as a short-term investment in the Balance Sheet.

1.29. Derivative instruments and hedge accounting

The Group holds some floating rate loans which expose the Group to interest rate risk. To mitigate against this risk the Group uses interest rate swap instruments which fix the amount payable over a certain period of time. These instruments are measured at fair value at each reporting date. They are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The Group has designated each of the swaps against drawn floating rate debt.

To the extent to which the hedge is effective in mitigating interest rate risk, the movements in fair value (other than adjustments for own or counter party credit risk) are not recognised in the Comprehensive Income Statement but adjusted directly on the Balance Sheet via Other Comprehensive Income, and presented in a separate Cash Flow Hedge Reserve, which represents all effective cumulative movements in fair value. Any movements in fair value relating to ineffectiveness (and adjustments for our own or counter party credit risk) are recognised in the Comprehensive Income Statement.

1.30. Leases

Where assets are financed by leasing agreements that, to all intents and purposes, give rights of ownership (finance leases), the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable (excluding the interest). Depreciation on the relevant assets is charged to the Comprehensive Income Statement over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the Comprehensive Income Statement over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable on the Balance Sheet.

All other leases are treated as operating leases. Their annual rentals are charged to the Comprehensive Income Statement on a straight-line basis over the term of the lease.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered before the date of transition to the standard (1 April 2014) to continue to be charged over the period to the first break clause rather than the term of lease. For leases entered into on or after 1 April 2014, reverse premiums and similar incentives received to enter into operating lease agreements are released to the Comprehensive Income Statement over the term of the lease.

1.31. Leasehold sinking funds

Unexpended amounts collected from leaseholders for major repairs on leasehold schemes and any interest received are included in creditors.

1.32. Contingent liabilities

A contingent liability is disclosed for a possible obligation, for:

- When it is not yet confirmed that a present obligation exists that could lead to an outflow of resources
- Where a present obligation that does not meet the definitions of a provision as it is not probable that an outflow of resources will be required
- When a sufficiently reliable estimate of the amount cannot be made

Contingent liabilities exist on grants which are dependent on the disposal or cessation for the social letting of related properties.

1.33. Reserves

On transition to FRS 102 the Group took the option of freezing its valuation of housing properties and using that amount as deemed cost. To determine the deemed cost at 1 April 2014, the Group utilised its valuation as at 31 March 2014 which was undertaken by Deloitte Real Estate to value housing properties on an EUV-SH basis. Housing properties will subsequently be measured at cost less depreciation. The deemed cost approach has resulted in a Revaluation Reserve remaining on the Balance Sheet. On disposal of a property or scheme, a transfer is made from the Revaluation Reserve to the Income and Expenditure Reserve of an amount equal to the difference between the historical cost and the deemed cost.

The Cash Flow Hedge Reserve is created from the movements in the fair value of hedging derivatives that are assessed as effective (see Derivative instruments and hedge accounting — Note 1.29).

1b. Judgements in applying accounting policies and key sources of estimation

In preparing these Financial Statements, the key judgements and estimations have been made in respect of the following:

Judgements

1. All housing properties are classified as property, plant and equipment, including our shared ownership and non-social rent properties as opposed to investment properties. This is because these assets are held for their social benefit and we do not hold these assets for capital appreciation which is a key criteria in FRS 102. Furthermore, the rents we charge on our non-social rented portfolio are uplifted in April each year by the same inflationary measure as our social rent portfolio and are not re-assessed against market rents upon re-let.

   The Group does not have any commercial or student accommodation.

2. An impairment assessment is undertaken when an indicator of impairment is identified in the year. When undertaking impairment assessments on housing properties, it is judged that an active market does not exist for the sale of housing properties between registered social providers. Therefore, value in use on the a) net present value of future cash flows or b) depreciated replacement cost is used.

   The net present value of future cash flows is based on the current rentals and cost base of the scheme. These are uplifted by the same inflationary assumptions used in new development appraisals. The cash flows are discounted using the Group's current weighted average cost of capital of its debt. The period over which the cash flows are projected and discounted is based on the estimated remaining useful economic life determined on a case-by-case basis. The depreciated replacement cost is ascertained by the latest average build cost determined by the Group's development team for a similar property.

   We did not identify any indicators of impairment in the year ended 31 March 2024 on our housing properties except for assets under the course of construction. The trigger for the impairment review was the result of contractor insolvency resulting in increased costs for certain schemes. We have also updated our impairment assessment for the schemes impaired in the previous financial year.

   The rental properties were assessed for impairment using the depreciated replacement cost methodology, and an impairment of £27k was recognised and is disclosed in note 3. Low-cost home ownership properties were assessed for impairment by comparing costs of the development versus the net realisable value resulting in an impairment of £715k. This is included with development services costs in note 2.

3. Where an asset is held for sale, FRS 102 requires that it is recognised at the lower of book value and net realisable value. The non-social rent portfolio was expected to be sold below the net book value in 2022/2023 and was impaired accordingly. The sale of the entire portfolio was aborted and a decision has been made to sell them on a case-by-case basis as and when they become void. By adopting this approach, the disposal is expected to generate a better return which has been validated against valuations. As the reason for impairment no longer exists, the impairment of £899k has been reversed in the financial year. This is included in note 2 within non-social rent expenditure.

4. The sales of first tranche shared ownership, outright sale and sale of other properties (including staircasing) are reported in the Comprehensive Income Statement as part of Operating Surplus in accordance with the SORP. However, the associated cash flows are judged to meet the FRS 102 criteria of cash flow from Investing Activities, as opposed to Cash from Operations, because of their association and relationship with the wider development-related capital cash flows. Therefore, they are reported in the Cash Flow Statement as Investing Activities. The surpluses on sale are shown as an adjustment when reconciling the Operating Surplus to Cash from Operations (Note 20). Furthermore, these properties should

be accounted for at the lower of the cost or their net realisable value. If the associated net realisable value falls below the cost, this could be an indicator for impairment. Except for the development under construction mentioned above, there have been no such indicators of impairment existing at 31 March 2024.

5. As part of the PFI contracts the parent Association has provided loan funding to the special purpose vehicles holding the PFI contracts. These are judged to meet the FRS 102 criteria of concessionary loans to public benefit entities and have therefore been accounted as the amount receivable to the Association.
6. Housing 21 acquired properties from another registered provider in the financial year. As Housing 21 will provide all central administration, provide operational infrastructure such as IT equipment and equip the schemes with other significant resources required for the schemes to continue to operate, management have determined that this transaction is a purchase of assets.
7. For the development and implementation of cloud-based products, such as software as a service, expenditure should be recognised in the Statement of Comprehensive Income when incurred. This differs from traditional software products where a separately identified asset is created and associated expenditure is capitalised. In prior years we have incorrectly capitalised £264k worth of expenditure which has then been subsequently depreciated. This has been written off in year with a net charge of £200k and has been recognised in Statement of Comprehensive Income.

Estimates

8. Group housing property components have been identified (as shown in Note 1.15) with reference to the National Housing Federation and Savills' 2011 publication on national property component matrix for sheltered flats. The useful economic lives of components are aligned to our replacement cycle in our stock condition survey.
9. Depreciation is charged on each component based on the estimated useful economic life. Where the useful economic life is amended, the net book value should be written off over remaining useful life. In 2016 the useful estimated life of kitchen and bathrooms was revised from 25 years to 20 and back to 25 years in 2022 for more recent additions. While the useful economic livers were updated, the resulting depreciation was understated leading to a cumulative error of £5,395k. This has been adjusted in year.
10. When a component is replaced, the remaining net book value is charged to Statement of Comprehensive Income in the year of disposal and treated as accelerated depreciation. Where part of component is replaced, the value of the asset to be written off is estimated based on the replacement cost for a like-for-like component. It has been identified the portion of the net book value that was written off associated with the upgrade of the analogue warden call system to digital was too much leading to an overstatement of accelerated depreciation in previous years totalling £821k. This has been adjusted in year. When combined with the £5,395k in point 9 above, this represents the £4,572k one-off charge disclosed in the Statement of Comprehensive Income.
11. For mixed tenure housing properties, an estimate is made to allocate the appropriate element of cost between the following categories:
    - Fixed asset housing properties: rented accommodation
    - Fixed asset housing properties: shared ownership accommodation
    - Current asset housing properties held for sale: shared ownership and outright sale accommodation

    Construction costs are for the scheme as a whole and are not split between the different tenures. The apportionment is based on the property sizes for each tenure type and the expected first tranche sales equity, both with reference to the final completed tenure mix or the latest development appraisal (if under construction).

12. Any associated Homes England (HE) Grant is assigned to individual properties in the HE's Investment Management System (IMS), therefore this is split based on actual allocations. Any grants from non-HE sources are all allocated to the rented portion. No grant is assumed to be associated with first tranche sales.

13. The defined benefit accounting liability for the SHPS pension scheme has been provided by the scheme administrator, The Pensions Trust ('TPT'). The accounting liability has been formulated based on a series of assumptions which are set out in Note 25 to the Financial Statements. TPT provide a standard set of assumptions which it deems are appropriate; however, these are adjustable by individual providers to meet their own circumstances. The standard assumptions have been adopted by the Group as they are judged to be appropriate and reasonable. Details of the estimates used are included in the pensions note. Sensitivity analysis for these key estimates is included in Note 25.

    We were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before mid-2025 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m, of which our contribution could be up to £2m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these Financial Statements in respect of this.

14. Hedge accounting effectiveness is determined by use of the 'critical terms method'. It is deemed effective where the terms of the underlying loan match the swap instrument exactly. Where it is not possible, all hedging instruments are judged to be in accordance with the risk management strategies of the Group regarding interest rate cash flow risk, and therefore, the 'hypothetical derivative method' is used to assess effectiveness.

    The hypothetical value is assessed against the actual fair value of the instrument. Where the fair value is favourable to the hypothetical value, the hedge is deemed to be effective. Where the fair value is adverse to the hypothetical value, the cumulative difference between the two is taken to be ineffective, and this portion taken through the Comprehensive Income Statement.

    Fair value estimates of derivatives are based on relevant market information and information about the financial instruments which are subjective in nature. The fair value of these financial instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate forward curves. The forward and discount curves are derived from various raw yield curves movements in these forward curves and will impact the fair value and show the sensitivity to these movements (analysis is shown in Note 18).

15. The level of income (and surpluses) recognised on the PFI and PPP contracts is based on the estimated stage of completion, which is based on the total expenditure incurred to date compared to the total amount of expenditure expected to be incurred over the life of the contract, and the probability of any losses being incurred on the contract. Income recognition is also impacted by changes to inflation forecasts, with higher inflation resulting in more income being deferred to compensate for higher costs. We have used the latest forecasts provided by our treasury advisors and we refresh every six months.

2. Turnover, Cost of Sales, Operating Costs and Operating Surplus

Group	2024				2023			
	Turnover	Operating costs and cost of sales	Other income	Operating surplus	Turnover	Operating costs and cost of sales	Other Income	Operating surplus
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (Note 3)	199,681	(168,093)	-	31,588	178,613	(152,175)	-	26,438
Other social housing activities								
Support charge	4,651	(4,768)	-	(117)	4,420	(4,546)	-	(126)
Leasehold services	2,084	(2,510)	-	(426)	2,068	(2,290)	-	(222)
First tranche low-cost home ownership sales	10,660	(9,151)	-	1,509	20,045	(16,418)	-	3,627
Development services	269	(1,716)	-	(1,447)	253	(1,934)	-	(1,681)
Gain on disposal of housing properties (see note 4)	-	-	579	579	-	-	137	137
Other	902	(5,219)	-	(4,317)	-	-	-	-
	18,566	(23,364)	579	(4,219)	26,786	(25,188)	137	1,735
Total social housing activities	218,247	(191,457)	579	27,369	205,399	(177,363)	137	28,173
Non-social housing activities								
Care services	53,400	(53,736)	-	(336)	42,462	(43,957)	-	(1,495)
Non-social rent	1,435	(585)	-	850	1,569	(1,935)	-	(366)
Gain on disposal of housing properties (see note 4)	-	-	31	31	-	-	141	141
Leasehold services	1,866	(2,020)	-	(154)	1,925	(2,032)	-	(107)
Other	-	-	-	-	185	(91)	-	94
	56,701	(56,341)	31	391	46,141	(48,015)	141	(1,733)
Total	274,948	(247,798)	610	27,760	251,540	(225,378)	278	26,440

- Total development administration costs capitalised were £1,329k (2023: £1,631k) for the Group
- Development services costs include £715k (2023: £522k) related to impairment of shared ownership properties held for sale as explained in Note 1b. Non-social rent includes a reversal of impairment totalling £899k in the financial year
- We have agreed to dispose of our leasehold portfolio, and we exchanged contracts in March and completed the disposal in July. We're also disposing of our non-social rent portfolio when these properties become void. At year end, 69 properties were void and available for sale
- Included within other turnover is the release the remaining provision associated with the rent remediation project and the charitable payment to residents is included in other costs

2. Turnover, Cost of Sales, Operating Costs and Operating Surplus (continued)

Association	2024				2023			
	Turnover	Operating costs and cost of sales	Other income	Operating surplus	Turnover	Operating costs and cost of sales	Other Income	Operating surplus
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (Note 3)	194,092	(166,942)	-	27,150	173,488	(150,180)	-	23,308
Other social housing activities								
Support charge	4,643	(4,762)	-	(119)	4,420	(4,539)	-	(119)
Leasehold services	2,084	(2,510)	-	(426)	2,068	(2,290)	-	(222)
First tranche low-cost home ownership sales	10,660	(9,151)	-	1,509	20,045	(16,418)	-	3,627
Development services	269	(1,716)	-	(1,447)	253	(1,934)	-	(1,681)
Gain on disposal of housing properties (see note 4)	-	-	579	579	-	-	137	137
Other	902	(5,219)	-	(4,317)	-	-	-	-
	18,558	(23,358)	579	(4,221)	26,786	(25,181)	137	1,742
Total social housing activities	212,650	(190,300)	579	22,929	200,274	(175,361)	137	25,050
Non-social housing activities								
Care services	53,400	(53,736)	-	(336)	42,462	(43,957)	-	(1,495)
Non-social rent	1,435	(585)	-	850	1,569	(1,935)	-	(366)
Gain on disposal of housing properties (see note 4)	-	-	31	31	-	-	141	141
Leasehold services	1,866	(2,020)	-	(154)	1,925	(2,032)	-	(107)
Other	-	-	-	-	185	(91)	-	94
	56,701	(56,341)	31	391	46,141	(48,015)	141	(1,733)
Total	269,351	(246,641)	610	23,320	246,415	(223,376)	278	23,317

- Total development administration costs capitalised were £1,329k (2023: £1,631k) for the Association
- Development services costs include £715k (2023: £522k) related to impairment of shared ownership properties held for sale as explained in Note 1b
- Non- social rent includes a reversal of impairment of market rent properties totalling £899k in the financial year
- We have agreed to dispose of our leasehold portfolio, and we exchanged contracts in March and completed the disposal in July. We're also disposing of our non-social rent portfolio when these properties become void. At year end, 69 properties were void and available for sale
- Included within other turnover is the release the remaining provision associated with the rent remediation project and the charitable payment to residents is included in other costs

3. Turnover, Operating Costs and Operating Surplus From Social Housing Lettings

	Group				Association			
	Retirement Living	Extra Care	2024 Total	2023 Total	Retirement Living	Extra Care	2024 Total	2023 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turnover on social housing lettings								
Rents net of identifiable service charges	66,787	51,892	118,679	99,714	66,787	51,479	118,266	99,331
Service and utility charges	29,028	33,465	62,493	63,574	29,028	33,204	62,232	63,333
Amortisation of government grants	30	878	908	781	30	878	908	781
Other income	5,562	12,039	17,601	14,544	6,511	6,175	12,686	10,043
	101,407	98,274	199,681	178,613	102,356	91,736	194,092	173,488
Expenditure on social housing lettings								
Management	(21,302)	(21,657)	(42,959)	(34,103)	(20,851)	(24,048)	(44,899)	(35,709)
Service and utility costs	(24,348)	(30,431)	(54,779)	(57,135)	(24,348)	(30,167)	(54,515)	(56,910)
Routine maintenance	(9,949)	(8,323)	(18,272)	(15,751)	(9,949)	(7,301)	(17,250)	(14,825)
Planned maintenance	(8,089)	(4,845)	(12,934)	(11,242)	(8,089)	(3,324)	(11,413)	(9,960)
Major repairs	(1,195)	(1,328)	(2,523)	(2,443)	(2,117)	(1,326)	(3,443)	(2,443)
Bad debts	(331)	(813)	(1,144)	(576)	(331)	(813)	(1,144)	(575)
Depreciation of housing properties	(16,929)	(16,254)	(33,183)	(28,519)	(16,929)	(15,050)	(31,979)	(27,352)
Impairments of housing properties	(27)	-	(27)	(230)	(27)	-	(27)	(230)
Lease costs	(418)	(168)	(586)	(501)	(418)	(168)	(586)	(501)
Other depreciation	(861)	(825)	(1,686)	(1,675)	(861)	(825)	(1,686)	(1,675)
	(83,449)	(84,644)	(168,093)	(152,175)	(83,920)	(83,022)	(166,942)	(150,180)
Operating surplus on social housing lettings	17,958	13,630	31,588	26,438	18,436	8,714	27,150	23,308
Void losses	(1,256)	(3,475)	(4,731)	(4,361)	(1,256)	(3,467)	(4,723)	(4,356)

- Included in void losses are first let voids on new properties of £1,410k (2023: £1,474k)
- Included in other income in Group in 2023 is a one-off item of £1,223k relating to a deferral of unitary charge income for the Kent Community Partnership Limited; in 2024 this was £nil. No such adjustment has been made in 2024
- Included in depreciation is an adjustment of £4,572k for Group and £4,535k for Association relating to understated depreciation on kitchen and bathrooms dating back to April 2016

4. Gain on Disposal of Housing Properties

Group and Association	2024			2023
	Staircasing £'000	Other £'000	Total £'000	£'000
Disposal proceeds	906	477	1,383	1,625
Cost of sale	(511)	(251)	(762)	(1,281)
Surplus excl. Recycled Grant	395	226	621	344
Recycled Grant	(11)	–	(11)	(66)
Surplus	384	226	610	278

The gain on disposal of housing properties, excluding first tranche and outright sale, is split between £395k (2023: £137k) generated from staircasing sales and £226k (2023: £141k) from the sale of a non-social housing property and the disposal of a small Retirement Living scheme.

5. Executive Team and Directors' Remuneration

The Executive Team received the following emoluments during the financial year:

	2024	2023
	£'000	£'000
Emoluments	1,129	1,025
Pension contributions	113	73
Total	1,242	1,098

During the year, the aggregate compensation for loss of office of key management personnel was £28k (2023: £45k).

Further details of our Executive Team are outlined on page three. The highest paid director in the year was the Chief Executive. His emoluments were as follows:

	2024	2023
	£'000	£'000
Emoluments	267	253
Pension contributions	33	30
Total	300	283

The Chief Executive is an ordinary member of the SHPS (Defined Contribution) pension scheme as set out in Note 25. Employer's contribution in respect of the Chief Executive's pension in the year was £33k (2023: £30k), of which £23k (2023: £20k) was taken as cash. The above remuneration excludes any employer's social security costs.

The Directors of Housing 21 are defined as Members of the Board and the Executive Team. The Board consists of 12 Non-Executive Members (2023: 10). In addition, there are two (2023: two) Independent Audit Members.

5. Directors' and Executive Team Remuneration (cont)

The Non-Executive Board Members received emoluments totalling £159k (2023: £155k). The emoluments were:

		2024	2023
		£'000	£'000
Elaine Elkington	(Chair from 3 May 2024)	14	14
Michael McDonagh	(Chair between October 2023 to January 2024)	20	14
David Clark		14	14
Sukhjinder Kalirai		14	14
William Roberts		14	14
Lara Oyedele		14	14
Sandra Stark		14	6
Christina Law	(Independent Audit Member)	4	4
Ian Skipp	(Independent Audit Member)	4	4
Ian Devereux	(Resident Extra Care Committee Member)	4	-
Michael Rose	(Resident Retirement Living Committee Member) (Appointed 1 April 2023)	1	-
Stephen Hughes	(Resigned 29 September 2023)	12	25
John Ayton	(Deceased 5 January 2024)	11	6
Gurpreet Dehal	(Appointed 1 February 2024, resigned 3 May 2024)	5	-
Catherine Dugmore	(Resigned 13 May 2024)	14	14
Anne Turner	(Resigned 30 September 2022)	-	7
Neil Revely	(Resigned 30 September 2022)	-	7
Total		**159**	157

Ian Devereux and Michael Rose are resident co-opted members of the Extra Care and Retirement Living Committee. They do not attend Board meetings, nor are they able to vote on decisions, but provide valuable input into the decision-making process.

6. Employee Information

The average number of people employed (including the Executive Team) expressed as full-time equivalents (calculated on a standard working week of 35 hours) during the year was as follows:

	Group		Association	
	2024 No.	2023 No.	2024 No.	2023 No.
Management, scheme managers and administration	1,403	1,270	1,401	1,267
Care and ancillary	1,862	1,639	1,861	1,638
	3,265	2,909	3,262	2,905

Employee costs (including the Board and the Executive Team) consist of:

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Wages and salaries	90,682	75,476	90,560	75,363
Redundancy and other costs	(95)	236	(95)	236
Social security costs	7,894	6,432	7,885	6,424
Pension costs	4,236	3,394	4,236	3,394
	102,717	85,538	102,586	85,417

6. Employee Information (cont)

Detailed below is the number of employees whose remuneration payable (including employer pension contributions) in relation to the period was more than £60,000:

	Group and Association	
	2024 No.	2023 No.
£290,000 – £300,000	**1**	-
£280,000 – £289,000	**-**	1
£190,000 – £199,999	**1**	-
£180,000 – £189,999	**-**	1
£160,000 – £169,999	**3**	-
£150,000 – £159,999	**-**	3
£120,000 – £129,999	**3**	-
£110,000 – £119,999	**4**	3
£100,000 – £109,999	**10**	5
£90,000 – £99,999	**4**	6
£80,000 – £89,999	**11**	5
£70,000 – £79,999	**29**	15
£60,000 – £69,999	**75**	44
	141	83

7. Interest Receivable and Similar Income

	Group		Association	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Interest received on cash deposits and short-term investments	**4,356**	3,194	**3,171**	2,679
Finance asset interest	**5,746**	6,012	**306**	319
Interest receivable from group undertakings	**-**	-	**1,329**	1,344
Gift Aid	**-**	-	**68**	184
	10,102	9,206	**4,874**	4,526

Finance asset interest of £5,746k (2023: 6,012k) for the Group and £306k (2023: £319k) for the Association is generated from the finance asset associated with the Walsall PPP contract (Group and Association) and Oldham Retirement Housing Partnership PFI project (Group only). Until the finance asset receivable is fully settled, interest receivable is generated on the outstanding balance. This is recovered via the Unitary Charge payable by the local authority.

8. Interest and Financing Costs

	Group		Association	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts	**(11,670)**	(12,231)	**(6,007)**	(6,215)
All other loans	**(14,821)**	(14,822)	**(14,821)**	(14,821)
Other financing fees and charges	**(793)**	(385)	**(677)**	(269)
Amortisation of loan premium	**1,132**	1,109	**1,132**	1,109
Net interest on pension liabilities	**(335)**	(210)	**(335)**	(210)
	(26,487)	(26,539)	**(20,708)**	(20,406)
Interest capitalised on construction of housing properties	**442**	528	**442**	528
	(26,045)	(26,011)	**(20,266)**	(19,878)

9. Taxation

Housing 21, Kent Community Partnership Limited and Oldham Retirement Housing Partnership Limited have charitable status and therefore are exempt from Corporation Tax on their income and gains to the extent that these are derived from their charitable objectives.

Housing 21 Guernsey Limited by Guarantee — the Administrator of Income Tax in Guernsey has agreed that the company's surpluses are exempt from Guernsey tax due to the company's charitable activities. The company is managed in such a way that it is treated as being a UK tax resident and will be subject to UK tax. However, as a wholly owned subsidiary of a charitable parent, Housing 21 Guernsey can make gift aid payments that enable it to reduce its corporation tax liability to £nil.

In year, the tax credit relates to the difference between estimated corporation tax liability and amount paid, resulting in a small tax credit being applied.

10. Operating Surplus Before Tax

	Group		Association	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
This is arrived at after (charging)/ crediting				
Depreciation of housing properties	**(33,284)**	(28,623)	**(32,080)**	(27,456)
(Impairment)/ reversal of impairment of housing properties	**872**	(1,129)	**872**	(1,129)
(Impairment) of low-cost home ownership and outright sale properties	**(715)**	(522)	**(715)**	(522)
Depreciation on other fixed assets	**(1,872)**	(1,820)	**(1,872)**	(1,821)
Amortisation of grants	**908**	781	**908**	781
Payments under operating leases				
Land and buildings	**(651)**	(562)	**(651)**	(562)
Other	**(154)**	(92)	**(152)**	(91)
Auditors' remuneration (excluding VAT)				
In their capacity as Financial Statement auditors	**(132)**	(104)	**(100)**	(81)
Covenants compliance audit	**(2)**	(2)	**(2)**	(2)
Leasehold audit	**(44)**	(42)	**(44)**	(42)

11. Housing Properties

Group	Retirement Living		Extra Care		Assets Under Construction		Total
	Rented	Shared Ownership	Rented	Shared Ownership	Rented	Shared Ownership	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
1 April 2023	867,048	1,606	755,261	59,386	53,928	8,268	**1,745,497**
Acquisitions and construction costs	102	-	21,300	19	41,490	6,539	**69,450**
Works to existing properties	23,103	-	10,818	-	-	-	**33,921**
Transfers from/(to) current assets	-	-	-	(746)	-	(544)	**(1,290)**
Reclassifications	356	(198)	-	(152)	(6)	-	**-**
Completed property transfers	581	-	33,366	2,672	(32,610)	(4,009)	**-**
Disposals	(7,652)	-	(3,441)	(508)	-	-	**(11,601)**
31 March 2024	**883,538**	**1,408**	**817,304**	**60,671**	**62,802**	**10,254**	**1,835,977**
Accumulated depreciation and impairments							
1 April 2023	(185,210)	(33)	(123,475)	(2,616)	(230)	-	**(311,564)**
Charge in the year	(17,024)	(5)	(15,654)	(601)	-	-	**(33,284)**
Impairment	872	-	-	-	-	-	**872**
Eliminated on disposals	7,406	-	3,440	-	-	-	**10,846**
31 March 2024	**(193,956)**	**(38)**	**(135,689)**	**(3,217)**	**(230)**	**-**	**(333,130)**
Net book value							
31 March 2024	**689,582**	**1,370**	**681,615**	**57,454**	**62,572**	**10,254**	**1,502,847**
31 March 2023	681,838	1,573	631,786	56,770	53,698	8,268	1,433,933
Land tenure							
Freehold	631,134	1,370	490,940	50,950	51,886	5,231	**1,231,511**
Long leasehold	58,448	-	190,675	6,504	10,686	5,023	**271,336**
31 March 2024	**689,582**	**1,370**	**681,615**	**57,454**	**62,572**	**10,254**	**1,502,847**

Depreciation charge in the year includes £1,194k of accelerated depreciation on replaced components (2023: £3,118k).

During the year, the Group and Association have spent £2,390k on buying back 26 properties from leaseholders/shared owners (2023: £197k on three buybacks). These have subsequently been rented out. Housing properties include our non-social rent portfolio, which has a net book value of £12,818k. (2023: £12,195k).

The carrying amount of tangible fixed assets with restricted title is £73,500k (2023: £62,564k), pledged as security for liabilities is £1,036,612k (2023: £1,058,461k).

11. Housing Properties (cont)

Association	Retirement Living		Extra Care		Assets Under Construction		Total
	Rented	Shared Ownership	Rented	Shared Ownership	Rented	Shared Ownership	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
1 April 2023	867,048	1,606	659,820	59,386	53,928	8,270	**1,650,058**
Acquisitions and construction costs	102	-	21,300	19	41,490	6,539	**69,450**
Works to existing properties	23,103	-	10,733	-	-	-	**33,836**
Transfers from/(to) current assets	-	-	-	(746)	-	(544)	**(1,290)**
Reclassifications	356	(198)	-	(152)	(6)	-	**-**
Completed property transfers	581	-	33,368	2,672	(32,610)	(4,011)	**-**
Disposals	(7,652)	-	(3,441)	(508)	-	-	**(11,601)**
31 March 2024	**883,538**	**1,408**	**721,780**	**60,671**	**62,802**	**10,254**	**1,740,453**
Accumulated depreciation and impairments							
1 April 2023	(185,211)	(33)	(107,104)	(2,617)	(230)	-	**(295,195)**
Charge in the year	(17,024)	(5)	(14,451)	(600)	-	-	**(32,080)**
Impairment	872	-	-	-	-	-	**872**
Eliminated on disposals	7,407	-	3,440	-	-	-	**10,847**
31 March 2024	**(193,956)**	**(38)**	**(118,115)**	**(3,217)**	**(230)**	**-**	**(315,556)**
Net book value							
31 March 2024	**689,582**	**1,370**	**603,665**	**57,454**	**62,572**	**10,254**	**1,424,897**
31 March 2023	681,837	1,573	552,716	56,769	53,698	8,270	1,354,863
Land tenure							
Freehold	631,134	1,370	412,990	50,950	51,886	5,231	**1,153,561**
Long leasehold	58,448	-	190,675	6,504	10,686	5,023	**271,336**
31 March 2024	**689,582**	**1,370**	**603,665**	**57,454**	**62,572**	**10,254**	**1,424,897**

Depreciation charge in the year includes £1,194k of accelerated depreciation on replaced components (2023: £3,118k).

Housing properties include our non-social rent portfolio, which has a net book value of £12,818k. (2023: £12,195k).

The carrying amount of tangible fixed assets with restricted title is £73,500k (2023: £62,564k), pledged as security for liabilities is £976,200k (2023: £996,964k).

11. Housing Properties (cont)

Works to existing properties

Expenditure on existing properties, other than on routine and planned maintenance, was as follows:

	Group		Association	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
New components capitalised	**31,575**	25,477	**31,490**	25,409
Capitalised enhancements	**2,346**	4,824	**2,346**	4,824
	33,921	30,301	**33,836**	30,233
Major repairs expensed (see note 3)	**2,523**	2,443	**3,443**	2,443
	36,444	32,744	**37,279**	32,676

The total amount of interest capitalised in the year was £442k (2023: £528k) and interest was capitalised at a rate of 3.3 percent (2023: 3.3 percent). The cumulative value of capitalised interest included in the net book value in Note 11 and properties held for sale in Note 14 is not separately recorded.

Historic cost (including assets under the course of construction)

If housing property had been accounted for under historic cost accounting rules, the properties would have been measured as follows:

	Group		Association	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Historic cost	**1,692,705**	1,602,249	**1,614,147**	1,523,775
Accumulated depreciation	**(333,133)**	(306,442)	**(315,557)**	(290,070)
	1,359,572	1,295,807	**1,298,590**	£1,233,705

12. Housing Accommodation

	Group		Association	
	2024	2023	**2024**	2023
	No.	No.	**No.**	No.
Retirement Living				
Rented	**11,795**	11,734	**11,795**	11,734
General needs/ family	**29**	40	**29**	40
Non-social rented	**208**	209	**208**	209
Shared ownership	**38**	40	**38**	40
Leasehold: social	**732**	732	**732**	732
Leasehold: non social	**466**	508	**466**	508
Employee accommodation	**56**	63	**56**	63
Managed for others	**1,458**	1,458	**1,458**	1,458
	14,782	14,784	**14,782**	14,784
Extra Care				
Rented	**7,075**	6,489	**6,685**	6,099
General needs/ family	**1**	-	**1**	-
Shared ownership	**1,415**	1,430	**1,415**	1,430
Leasehold	**140**	137	**105**	102
Employee accommodation	**1**	1	**-**	-
Managed for others	**44**	44	**470**	470
	8,676	8,101	**8,676**	8,101
Total	**23,458**	22,885	**23,458**	22,885
Properties in development				
For rent	**681**	475	**681**	475
For shared ownership	**88**	64	**88**	64
Total	**769**	539	**769**	539
Properties to be acquired				
For rent	**42**	525	**42**	525
For shared ownership/ leasehold	**-**	22	**-**	22
Total	**42**	547	**42**	547

General needs/ family properties are designated for older persons housing but these properties do not have access to a warden call system and are not supported by a scheme manager.

12. Housing Accommodation (cont)

	Group							Association						
	1 April 2023	New develop-ments	Acquisitions	Remodel	Awaiting disposal/ disposed	Transfers between tenures	31 March 2024	1 April 2023	New develop-ments	Acquisitions	Remodel	Awaiting disposal/ disposed	Transfers between tenures	31 March 2024
Retirement Living														
Rented	11,734	**47**	**-**	**6**	**-**	**8**	**11,795**	11,734	**47**	**-**	**6**	**-**	**8**	**11,795**
Rented: general needs/ family	40	**-**	**-**	**-**	**(11)**	**-**	**29**	40	**-**	**-**	**-**	**(11)**	**-**	**29**
Rented: market rent	209	**-**	**-**	**-**	**(1)**	**-**	**208**	209	**-**	**-**	**-**	**(1)**	**-**	**208**
Shared ownership	40	**-**	**-**	**-**	**-**	**(2)**	**38**	40	**-**	**-**	**-**	**-**	**(2)**	**38**
Leasehold: social	732	**-**	**-**	**-**	**-**	**-**	**732**	732	**-**	**-**	**-**	**-**	**-**	**732**
Leasehold: non-social	508	**-**	**-**	**-**	**(42)**	**-**	**466**	508	**-**	**-**	**-**	**(42)**	**-**	**466**
Employee accommodation	63	**-**	**-**	**-**	**(1)**	**(6)**	**56**	63	**-**	**-**	**-**	**(1)**	**(6)**	**56**
Owned but managed by others	-	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**	**-**	**-**	**-**	**-**
Managed for others	1,458	**-**	**-**	**-**	**-**	**-**	**1,458**	1,458	**-**	**-**	**-**	**-**	**-**	**1,458**
	14,784	**47**	**-**	**6**	**(55)**	**-**	**14,782**	14,784	**47**	**-**	**6**	**(55)**	**-**	**14,782**
Extra Care														
Rented	6,489	**70**	**481**	**1**	**-**	**34**	**7,075**	6,099	**70**	**481**	**1**	**-**	**34**	**6,685**
Rented: general needs/ family	-	**-**	**1**		**-**	**-**	**1**	-	**-**	**1**	**-**	**-**	**-**	**1**
Shared ownership	1,430	**-**	**19**	**-**	**-**	**(34)**	**1,415**	1,430	**-**	**19**	**-**	**-**	**(34)**	**1,415**
Leasehold	137	**-**	**3**	**-**	**-**	**-**	**140**	102	**-**	**3**	**-**	**-**	**-**	**105**
Employee accommodation	1	**-**	**-**	**-**	**-**	**-**	**1**	-	**-**	**-**	**-**	**-**	**-**	**-**
Managed for others	44	**-**	**-**	**-**	**-**	**-**	**44**	470	**-**	**-**	**-**	**-**	**-**	**470**
	8,101	**70**	**504**	**1**	**-**	**-**	**8,676**	8,101	**70**	**504**	**1**	**-**	**-**	**8,676**
Total	22,885	**117**	**504**	**7**	**(55)**	**-**	**23,458**	22,885	**117**	**504**	**7**	**(55)**	**-**	**23,458**

13. Other Fixed Assets

Group and Association	Leasehold offices and improvements	IT and other equipment	Total
	£'000	£'000	£'000
Cost			
At 1 April 2023	1,245	8,430	**9,675**
Additions	189	902	**1,091**
Disposals	(866)	(1,240)	**(2,106)**
At 31 March 2024	**568**	**8,092**	**8,660**
Accumulated depreciation			
At 1 April 2023	(1,028)	(5,995)	**(7,023)**
Charge for the year	(136)	(1,736)	**(1,872)**
Disposals	840	1,037	**1,877**
At 31 March 2024	**(324)**	**(6,694)**	**(7,018)**
Net book value			
At 31 March 2024	**244**	**1,398**	**1,642**
At 31 March 2023	217	2,435	2,652

14. Housing Properties and Stock For Sale

Group and Association	2024	2023
	£'000	£'000
Low-cost home ownership and outright sale properties available for sale	**7,380**	15,398
Low-cost home ownership and outright sale properties under construction	**6,626**	5,980
	14,006	21,378

Included within low-cost home ownership and outright sale properties under construction is an impairment charge of £715k (2023: £522k).

15. Debtors

	Group		Association	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Greater than one year				
Finance asset receivable	**92,894**	97,369	**4,923**	5,154
Prepayments, accrued income and other debtors	**9,106**	7,723	**-**	-
Amounts owed by group undertakings	**-**	-	**2,129**	2,129
Amounts owed by group undertakings — concessionary loans	**-**	-	**31,371**	33,257
	102,000	105,092	**38,423**	40,540
Within one year				
Rent and service charge arrears	**6,353**	4,177	**6,350**	4,174
Less provision for bad debts	**(3,703)**	(2,575)	**(3,701)**	(2,573)
	2,650	1,602	**2,649**	1,601
Trade debtors	**7,238**	5,809	**4,960**	5,809
Amounts owed by group undertakings	**-**	-	**2,392**	1,195
Amounts owed by group undertakings – concessionary loans	**-**	-	**1,050**	-
Prepayments, accrued income and other debtors	**16,383**	25,691	**14,488**	24,098
Interest rate swap	**125**	-	**-**	-
Social Housing Grant receivable	**3,320**	825	**3,320**	825
	27,066	32,325	**26,210**	31,927
Total	**29,716**	33,927	**28,859**	33,528

In 2023, £837k of amounts owed by group undertakings — concessionary loans were due within one year but was disclosed with the £31,371k due after one year.

Housing 21 provides concessionary loan funding to the following subsidiaries:

	Rate of interest	1 April 2023	Repayment	31 March 2024
		£'000	£'000	**£'000**
Kent Community Partnership Limited ('KCP')	**11%**	6,976	-	**6,976**
Oldham Retirement Housing Partnership Limited ('ORHP')	**2%**	26,281	(836)	**25,445**
		33,257	(836)	**32,421**

Concessionary loan receipts are due as follows:

	KCP		ORHP	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	**£'000**
In one year or less, or on demand	**-**	-	**1,050**	**837**
In more than one year and less than two years	**-**	-	**1,837**	**1,050**
In more than two years and less than five years	**-**	-	**5,171**	**5,199**
More than five years	**6,976**	6,976	**17,387**	**19,196**
Total	**6,976**	6,976	**25,445**	**26,282**

16. Creditors: Amounts Falling Due Within One Year

	Group		Association	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Loans and borrowings (Note 17)	**(38,724)**	(13,395)	**(33,747)**	(5,752)
Loans premium	**(1,157)**	(1,135)	**(1,157)**	(1,135)
	(39,881)	(14,530)	**(34,904)**	(6,887)
Trade creditors	**(6,896)**	(7,552)	**(6,711)**	(7,332)
Amount owed to Group undertakings	**-**	-	**(1,197)**	(1,137)
Other creditors	**(14,819)**	(7,354)	**(14,066)**	(6,696)
Interest rate swaps	**(9)**	(218)	**-**	-
Deferred Capital Grants (Note 19)	**(970)**	(930)	**(970)**	(930)
Leasehold sinking fund balances	**(4,469)**	-	**(4,469)**	-
Accruals and deferred income	**(94,704)**	(90,890)	**(67,349)**	(63,557)
	(161,748)	(121,474)	**(129,666)**	(86,539)

Leasehold sinking fund balances disclosed falling due within one year represent the balances to be transferred upon the sale of our leasehold portfolio.

17. Creditors: Amounts Falling Due After More Than One Year

	Group		Association	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Loans and borrowings	**(628,057)**	(666,704)	**(534,864)**	(568,534)
Loans premium	**(34,590)**	(35,744)	**(34,590)**	(35,744)
	(662,647)	(702,448)	**(569,454)**	(604,278)
Less: funding costs to be amortised	**3,785**	3,303	**2,896**	2,340
Interest rate swaps	**(8,181)**	(10,848)	**-**	-
Deferred Capital Grants (Note 19)	**(142,201)**	(117,309)	**(142,201)**	(117,309)
Recycled Capital Grants Fund	**(299)**	(159)	**(299)**	(159)
Leasehold sinking fund balances	**(11,754)**	(15,360)	**(11,415)**	(15,032)
Deferred income	**(279)**	(300)	**-**	-
	(821,576)	(843,121)	**(720,473)**	(734,438)

Loans are secured by charges on the assets of the Association including specific charges on certain housing properties. Repayment of loans within the PFI special purpose vehicles are secured through charges on the income of the underlying PFI contract over their lifetime. Kent Community Partnership Limited loans are also secured by charges on the assets of the company.

The weighted average interest rate is shown in the table below:

	Group		Association	
	2024	2023	**2024**	2023
Weighted average interest rate	**3.65%**	3.67%	**3.30%**	3.30%

At 31 March 2024, the Group and Association had undrawn loan facilities of £130,000k (2023: £50,000k) consisting of a fully secured unsold bond (£50,000k) and revolving credit facilities (£80,000k) across two banks.

17. Creditors: Amounts Falling Due After More Than One Year (cont)

The loans repayments are due as follows:

Group			2024	2023
	Bank loans	Other loans	Total	Total
	£'000	£'000	£'000	£'000
In one year or less, or on demand (see Note 16)	(38,719)	(5)	**(38,724)**	(13,395)
In more than one year and less than two years	(6,242)	(6)	**(6,248)**	(38,648)
In more than two years and less than five years	(17,732)	(24)	**(17,756)**	(16,865)
More than five years	(153,939)	(450,114)	**(604,053)**	(611,190)
Total	**(216,632)**	**(450,149)**	**(666,781)**	(680,098)

Association			2024	2023
	Bank loans	Other loans	Total	Total
	£'000	£'000	£'000	£'000
In one year or less, or on demand (see Note 16)	(33,742)	(5)	**(33,747)**	(5,752)
In more than one year and less than two years	(2,686)	(6)	**(2,692)**	(33,671)
In more than two years and less than five years	(8,201)	(24)	**(8,225)**	(8,146)
More than five years	(73,833)	(450,114)	**(523,947)**	(526,717)
Total	**(118,462)**	**(450,149)**	**(568,611)**	(574,286)

A loan repayment for £76k, held as payable between one and two years in 2023, was repaid in April 2024 therefore is included in amounts due within one year in 2024.

Undrawn facilities at year end include:

- The remaining £50,000k of the bond remains unsold but is secured and could be accessed in a relatively short time scale
- £80,000k of revolving credit facilities agreed with Barclays and NatWest

The Recycled Capital Grant Fund ('RCGF') balance consists of:

Group and Association	2024	2023
	£'000	£'000
At 1 April	**(159)**	(1,151)
Grants recycled	**(130)**	(357)
Transferred to Deferred Capital Grants	**–**	1,381
Interest accrued	**(10)**	(32)
At 31 March	**(299)**	(159)
Amounts three years old or older where repayment may be required	**–**	–

No RCGF has been allocated to schemes in development in the financial year, nine staircasing sales in the year have increased the balance by £130k and £10k was added from interest generated on these funds.

18. Financial Instruments

	Group		Association	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Financial assets				
Financial assets measured at historical cost				
- Rental and service charge debtors	**2,650**	1,602	**2,649**	1,601
- Trade debtors	**7,238**	5,809	**4,960**	5,809
- Other debtors	**17,681**	24,628	**15,980**	23,281
- Cash and cash equivalents	**90,519**	96,195	**77,925**	83,200
- Short term investments	**17,800**	33,300	**-**	13,850
- Amounts owed from group undertakings	**-**	-	**2,129**	2,129
- Amounts owed from group undertakings: concessionary loans	**-**	-	**32,421**	33,257
Total financial assets	**135,888**	161,534	**136,064**	163,127
Financial liabilities				
Financial liabilities measured at amortised cost				
- Loans payable within one year	**(38,724)**	(13,394)	**(33,747)**	(5,752)
- Loans payable after one year	**(628,057)**	(666,704)	**(534,864)**	(568,534)
Financial liabilities measured at historic cost				
- Trade creditors	**(6,896)**	(7,552)	**(6,711)**	(7,332)
- Other creditors	**(44,708)**	(38,497)	**(43,148)**	(34,901)
- Amounts owed to group undertakings	**-**	-	**(1,197)**	(1,137)
- Loan premium due within one year	**(1,157)**	(1,135)	**(1,157)**	(1,135)
- Loan premium due after one year	**(34,590)**	(35,744)	**(34,590)**	(35,744)
Derivative financial instruments designated as hedges of variable interest rate risk				
— Interest rate swaps due within one year	**(9)**	(218)	**-**	-
— Interest rate swaps due after one year	**(8,181)**	(10,848)	**-**	-
Total financial liabilities	**(762,322)**	(774,092)	**(655,414)**	(654,535)

Hedges

To hedge the potential volatility in future interest cash flows arising from movements in SONIA, the Group has the following floating to fixed interest rate swaps.

The Group's hedging instruments qualify for hedge accounting as they are in accordance with the objectives of managing interest rate cash flow risk. As a result, while the derivatives are recognised on the Balance Sheet, movements are taken straight to reserves through Other Comprehensive Income to the extent they are effective. The element that is not effective is taken through the Statement of Comprehensive Income. The method of assessing hedge effectiveness is disclosed within the accounting policies.

Entity	Notional value	Underlying loan	Fair value of swap	Interest rate swap	Maturity of swap
	£'000	£'000	£'000		
Oldham Retirement Housing Partnership Limited	(41,982)	(41,191)	(1,956)	Receive SONIA pay a fixed 4.8%	October 2034
Kent Community Partnership Limited	(24,371)	(24,371)	(4,057)	Receive SONIA pay a fixed 5.3%	September 2037
Kent Community Partnership Limited	(32,607)	(32,607)	(2,052)	Receive SONIA pay a fixed 5.0%	March 2039
Total	**(98,960)**	**(98,169)**	**(8,065)**		

The underlying interest rate for the loans in the table is SONIA.

18. Financial Instruments (cont)

The fair value of the swaps is subjective and is reliant on making certain assumptions about the future interest rates. The below provides an indication of the impact to the fair value from movement in interest rates. However, it is worth noting that due to the hedging relationship, most of the fair value movement would be recognised directly in the cash-flow hedge reserve, with only a small proportion, the ineffective element, being recognised in the Statement of Comprehensive Income.

Entity	Fair value of swap	+ 50 basis points	- 50 basis points
	£'000	£'000	£'000
Oldham Retirement Housing Partnership Limited	(1,956)	(753)	(3,210)
Kent Community Partnership Limited	(4,057)	(2,157)	(6,094)
Kent Community Partnership Limited	(2,052)	(1,245)	(2,898)
Total	**(8,065)**	**(4,155)**	**(12,202)**

19. Deferred Capital Grants

Group and Association	Retirement Living	Extra Care	Assets under construction	Total
	£'000	£'000	£'000	£'000
Grants				
1 April 2023	(5,891)	(89,428)	(26,096)	**(121,415)**
Grants received	-	-	(25,958)	**(25,958)**
Transfer (to)/ from RCGF	-	118	-	**118**
Completions	(3,404)	(4,674)	8,078	**-**
31 March 2024	**(9,295)**	**(93,984)**	**(43,976)**	**(147,255)**
Accumulated amortisation				
1 April 2023	32	3,144	-	**3,176**
Credit for the year	30	878	-	**908**
31 March 2024	**62**	**4,022**	**-**	**4,084**
Net book value				
31 March 2024	**(9,233)**	**(89,962)**	**(43,976)**	**(143,171)**
31 March 2023	*(5,859)*	*(86,284)*	*(26,096)*	*(118,239)*

The Group receives grants from Homes England, Greater London Authority and local authorities, which are used to fund the development of housing properties and their components.

As outlined in the accounting policies, upon transition to FRS 102 and the adoption of deemed cost accounting for housing properties, grants received in relation to properties developed before 1 April 2014 (£455,720k) were transferred to the income and expenditure reserve. The Group may have future obligations to recycle such grant if the associated properties are disposed of. At 31 March 2024, the total value of grant in the Recycled Capital Grant Fund is £299k (2023: £159k).

20. Reconciliation of Operating Surplus to Cash from Operations

	Group		Association	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Operating surplus	**27,760**	26,440	**23,320**	23,317
Depreciation of housing properties	**33,284**	28,623	**32,080**	27,456
Depreciation of other fixed assets	**1,831**	1,820	**1,831**	1,820
Impairment of housing properties	**(157)**	1,651	**(157)**	1,651
T21 Reversal	**268**	-	**268**	-
Abortive costs	**239**	228	**239**	228
Grant amortisation	**(908)**	(781)	**(908)**	(781)
Property sales included in operating surplus	**(2,866)**	(3,937)	**(2,866)**	(3,937)
SHPS deficit contributions paid	**(1,692)**	(1,604)	**(1,692)**	(1,604)
(Increase)/ decrease in debtors	**9,860**	(10,082)	**9,108**	(13,973)
Increase / (decrease) in creditors	**8,188**	8,995	**6,894**	8,617
Cash from operations	**75,807**	51,353	**68,117**	42,794

21. Analysis of the Changes in Net Debt

Group	At 1 April 2023	**Cash flows**	**Non-cash movement**	**At 31 March 2024**
	£'000	£'000	£'000	**£'000**
Cash	96,195	(5,676)	–	**90,519**
Short-term investments	33,300	(15,500)	–	**17,800**
Bank loans and bonds (excl. capitalised debt issue costs)	(680,098)	13,317	–	**(666,781)**
Net debt (excluding derivatives)	**(550,603)**	**(7,859)**	**-**	**(558,462)**
Interest rate swaps	(11,066)	-	3,001	**(8,065)**
Net debt	**(561,669)**	**(7,859)**	**3,001**	**(566,527)**

Association	At 1 April 2023	**Cash flows**	**Non-cash movement**	**At 31 March 2024**
	£'000	£'000	£'000	**£'000**
Cash	83,200	(5,275)	–	**77,925**
Short-term investments	13,850	(13,850)	–	**-**
Bank loans and bonds (excl. capitalised debt issue costs)	(574,286)	5,675	–	**(568,611)**
Net debt (excluding derivatives)	**(477,236)**	**(13,450)**	**-**	**(490,686)**
Interest rate swaps	-	-	-	**-**
Net debt	**(477,236)**	**(13,450)**	**-**	**(490,686)**

21. Analysis of the Changes in Net Debt (cont)

Further analysis of the movement of bank loans and bonds (excluding capitalised debt issue costs) for the year are shown below:

	At 1 April 2023	Contractual repayments	At 31 March 2024
	£'000	£'000	**£'000**
Housing 21	(574,286)	5,675	**(568,611)**
Kent Community Partnership Limited	(58,115)	1,136	**(56,979)**
Oldham Retirement Housing Partnership Limited	(47,697)	6,506	**(41,191)**
Group	(680,098)	**13,317**	**(666,781)**

22. Share Capital

	2024	2023
	£	£
Start of year	**14**	16
Death/ resignation	**(1)**	(2)
Allotted, issued and fully paid	**13**	14

Each Member of the Association holds a non-equity share of £1 in the Association.

The shares carry no right to dividends. The shares are cancelled on the resignation of members from the Association. The reduction in shares is due to one share (2023: two) being cancelled in the year. The shares carry the right to vote at meetings of the Association on the basis of one share, one vote. No rights to participate in the net assets of the Association in the event of a winding up are conferred by the shares.

23. Capital Commitments

	Group and Association	
	2024	2023
	£'000	£'000
Capital expenditure contracted but not provided for	**105,126**	65,143
Capital expenditure approved but not contracted for	**25,091**	38,667
Acquisitions contracted or approved but not provided for	**4,350**	23,604
Total	**134,567**	127,414

Capital expenditure contracted but not provided for represents the amount committed to development sites for which the Group has a contractual obligation.

Capital expenditure approved but not contracted represents potential commitments to develop schemes which have been approved by Housing 21's Development Steering Group and Investment and Development Committee. Where a scheme is at lockdown investment stage, the tender spend is included or where at initial feasibility stage, the budget to progress the scheme to lockdown is included. A formal investment appraisal is conducted on each development scheme before the Group enters a contractual obligation.

Acquisitions contracted or approved but not provided for are properties where the Board has approved the acquisition from another registered provider and contracts have been exchanged. Both years include amounts for Dorothy Terry House as this acquisition has both moved years and changed in price.

23. Capital Commitments (cont)

The capital commitments at 31 March 2024 will be funded by:

Group and Association	2024	2023
	£'000	£'000
Grants	**34,264**	23,928
Existing cash, short-term investment and debt facilities agreed but not yet drawn	**100,303**	103,486
Total	**134,567**	127,414

A further revolving credit facility has been agreed with Lloyds Bank in April 2024 for £100,000k and will help fund our capital commitments along with our cash, short term investments and facilities already agreed.

24. Commitments Under Operating Leases

Amounts payable as lessee	Group and Association	
	2024	2023
	£'000	£'000
On land and buildings		
Not later than one year	**239**	412
Later than one year and not later than five years	**940**	1,575
Later than five years	**1,016**	322
	2,195	2,309
On other assets		
Not later than one year	**63**	203
Later than one year and not later than five years	**-**	78
Later than five years	**-**	-
	63	281

25. Pensions

The provision for defined benefit pension liabilities consists of:

	2024			2023		
	SHPS £'000	**Lewisham £'000**	**Total £'000**	SHPS £'000	Lewisham £'000	Total £'000
At 1 April	**(7,563)**	**(75)**	**(7,638)**	(7,904)	(103)	(8,007)
Actuarial (losses)/ gains recognised within OCI	**(1,380)**	**34**	**(1,346)**	(1,059)	34	(1,025)
Interest and other charges	**(330)**	**(3)**	**(333)**	(198)	(3)	(201)
Pension deficit contributions paid	**1,727**	**6**	**1,733**	1,640	5	1,645
Current service costs	**(43)**	**(8)**	**(51)**	(42)	(8)	(50)
At 31 March	**(7,589)**	**(46)**	**(7,635)**	(7,563)	(75)	(7,638)

Housing 21 participates in several defined benefit and defined contribution schemes. At the Balance Sheet date, 3,283 (2023: 3,121) employees contributed to a defined contribution scheme with most employees being a member of the National Employment Savings Trust (NEST). At the Balance Sheet date 57 (2023: 58) employees were members of a defined benefit scheme. All schemes' assets are held in separate funds administered by the Trustees of each scheme.

All defined benefit schemes are closed to existing and new employees. Housing 21 participates in three defined benefit schemes where the Association's liability in relation to its employees is capped. Therefore, these schemes are accounted for as a defined contribution schemes in accordance with Section 28 of FRS 102.

25. Pensions (cont)

Social Housing Pension Scheme: Defined Benefit (administered by The Pensions Trust)

The Board decided to close the scheme to new employees at 30 June 2002 and to existing employees at 31 December 2002. From those dates employees have been offered the opportunity to join the group stakeholder pension plan, which is now closed to new members, the SHPS Defined Contribution plan or the NEST defined contribution scheme. The Board also decided to close the scheme to active members from 1 April 2015. This means that Housing 21 is no longer accruing benefits in this scheme but retains responsibility for deferred and pensioner benefits earned up to 31 March 2015. Accordingly, Housing 21 is still responsible for meeting deficit payments and expenses for its proportion of SHPS liabilities relating to past membership up to this date (see below).

Housing 21 accounts for less than one percent of the SHPS total membership.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, Housing 21 is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

Present values of defined benefit obligation, fair value assets and defined benefit liability

	31 March 2024	31 March 2023
	£'000	£'000
Fair value of plan assets	**33,279**	33,752
Present value of defined benefit obligation	**(40,868)**	(41,315)
Deficit in plan	**(7,589)**	(7,563)

Reconciliation of opening and closing balances of the defined benefit obligation

	31 March 2024	31 March 2023
	£'000	£'000
Defined benefit obligation at start of period	**41,315**	56,545
Expenses	**43**	42
Interest expense	**1,977**	1,552
Actuarial losses/(gains) due to scheme experience	**(147)**	234
Actuarial (gains)/losses due to changes in demographic assumptions	**(518)**	(108)
Actuarial (gains)/losses due to changes in financial assumptions	**197**	(15,122)
Benefits paid and expenses	**(1,999)**	(1,822)
Defined benefit obligation at end of period	**40,868**	41,321

Reconciliation of opening and closing balances of the fair values of plan assets

	31 March 2024	31 March 2023
	£'000	£'000
Fair value of plan assets at start of period	**33,752**	48,641
Interest income	**1,647**	1,354
Experience on plan assets (excluding amounts included in interest income): (loss)/gain	**(1,848)**	(16,061)
Contributions by the employer	**1,727**	1,640
Benefits paid and expenses	**(1,999)**	(1,822)
Fair value of plan assets at end of period	**33,279**	33,752

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2024 was a loss of £201k (2023: loss of £14,707k).

25. Pensions (cont)

Defined benefit costs recognised in the Comprehensive Income Statement

	31 March 2024	31 March 2023
	£'000	£'000
Expenses	43	42
Net interest expense	330	198
Defined benefit costs recognised in the Comprehensive Income Statement	373	240

Defined benefit costs recognised in Other Comprehensive Income

	31 March 2024	31 March 2023
	£'000	£'000
Experience on plan assets (excluding amounts included in net interest cost): (loss)	(1,848)	(16,061)
Experience gains and losses arising on the plan liabilities: gain/(loss)	147	(234)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation: gain	518	108
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation: (loss)/gain	(197)	15,122
Total amount recognised in Other Comprehensive Income – (loss)	(1,380)	(1,065)

Assets

	31 March 2024	31 March 2023
	£'000	£'000
Global equity	3,316	630
Absolute return	1,299	365
Distressed opportunities	1,173	1,022
Credit relative value	1,090	1,274
Alternative risk premia	1,056	63
Fund of Hedge Funds	–	-
Emerging markets debt	431	181
Risk sharing	1,948	2,485
Insurance-linked securities	172	852
Property	1,336	1,453
Infrastructure	3,362	3,855
Private equity	27	-
Private debt	1,309	1,502
Opportunistic illiquid credit	1,301	1,444
High yield	5	118
Opportunistic credit	–	2
Cash	657	243
Corporate Bond Fund	–	-
Liquid credit	–	-
Long lease property	215	1,018
Secured income	994	1,549
Liability driven investment	13,544	15,545
Currency hedging	(13)	65
Net current assets	57	86
Total assets	33,279	33,752

None of the fair values of the assets shown above include any direct investments in Housing 21's own financial instruments or any property occupied by, or other assets used, by Housing 21.

25. Pensions (cont)

Key assumptions

	31 March 2024 % per annum	31 March 2023 % per annum
Discount rate	**4.87**	4.89
Inflation (RPI)	**3.19**	3.20
Inflation (CPI)	**2.76**	2.72
Salary growth	**3.76**	3.82
Allowance for commutation of pension for cash at retirement	**75 percent of maximum allowance**	75 percent of maximum allowance

The mortality assumptions adopted imply the following life expectancies at age 65 years:

	31 March 2024 (Years)	31 March 2023 (Years)
Male retiring in 2024	**20.5**	21.0
Female retiring in 2024	**23.0**	23.4
Male retiring in 2044	**21.8**	22.2
Female retiring in 2044	**24.4**	24.9

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure the scheme liability is set out below:

Changes in assumptions at year end	31 March 2024	
	Approx. % increase to employer liability	Approx. monetary increase to employer liability £'000
0.1 percent decrease in real discount rate	**1.1**	465
One year increase in member life expectancy	**2.6**	1,043
0.1 percent increase in salary growth rate	**0.0**	5

Social Housing Pension Scheme: Defined Contribution (administered by The Pensions Trust)

Following the closure of the SHPS Defined Benefit structure to new members, employees can join the SHPS Defined Contribution scheme. The pension cost of this scheme for the Association in the year was £2,165k (2023: £1,617k) with 779 employee members at the year-end (2023: 855). This includes £311k (2023: £231k) outstanding contributions at the Balance Sheet date.

Group Stakeholder Plan with Axa Sun Life

Following the closure of the Social Housing Pension Scheme ('SHPS') defined benefit scheme to new members, employees were offered the opportunity to join the Group Stakeholder Plan. This is closed to new members. The pension cost of this scheme for the Association was £163k (2023: £147k) with 44 employee members at the year-end (2023: 47). This includes £23k (2023: £21k) outstanding contributions at the Balance Sheet date.

25. Pensions (cont)

National Employment Savings Trust

To meet the new requirements of auto-enrolment in October 2013, all employees not part of one of the existing schemes were enrolled into the NEST. This is a defined contribution scheme. The pension cost of this scheme for the Association was £1,741k (2023: £1,389k) with 2,460 employee members at the year-end (2023: 2,219). This includes £244k (2023: £178k) outstanding contributions at the Balance Sheet date.

Local authority pension schemes

Due to the TUPE transfer of employees, the Association participates in the following multi-employer defined benefit pension schemes:

Oldham Metropolitan Borough Council Pension Scheme

Oldham Metropolitan Borough Council's Pension Scheme is a defined benefit scheme. However, Housing 21's liability in relation to its employees is capped at 20 percent. The scheme is therefore accounted for as a defined contribution scheme in accordance with Section 28 of FRS 102 as the charge in the Comprehensive Income Statement represents the employer contribution payable.

During the financial year Housing 21 paid contributions at 20.6 percent (2023: 20.6 percent) totalling £18k (2023: £18k). This includes £0k (2023: £2k) outstanding contributions at the Balance Sheet date. There were three employee members at the year end (2023: three). Employee contributions were between 5.8 percent and 6.5 percent (2023: 5.8 percent to 6.5 percent).

The 0.6 percent difference between Housing 21's capped employer contributions (20 percent) and actual employer contributions (20.6 percent) is reclaimed from Oldham Metropolitan Borough Council.

Walsall Metropolitan Borough Council Pension Scheme

Walsall Metropolitan Borough Council's Pension Scheme is a defined benefit scheme. However, Housing 21's liability in relation to its employees is capped at 14.7 percent. The scheme is therefore accounted for as a defined contribution scheme in accordance with Section 28 of FRS 102 as the charge in the Comprehensive Income Statement represents the employer contribution payable.

During the financial year Housing 21 paid contributions at 11.6 percent (2023: 11.6 percent) totalling £135k (2023: £127k). There were 50 employee members at the year end (2023: 51). This includes £19k (2023: £17k) outstanding contributions at the Balance Sheet date.

The 3.1 percent difference between Housing 21's capped employer contributions (14.7 percent) and actual employer contributions (11.6 percent) is payable to Walsall Metropolitan Borough Council. Employee contributions were between 5.5 percent and 6.5 percent (2023: 5.5 percent — 6.5 percent).

Suffolk County Council Pension Scheme

The Association is an admitted body to the Suffolk County Council Pension Scheme which is administered by Suffolk County Council. Suffolk County Council's pension scheme is a defined benefit scheme. However, Housing 21's liability in relation to its employees is capped at 20.8 percent. The scheme is therefore accounted for as a defined contribution scheme in accordance with Section 28 of FRS 102 as the charge in the Comprehensive Income Statement represents the employer contribution payable.

During the financial year Housing 21 paid contributions at 20.8 percent (2023: 20.8 percent) totalling £9k (2023: £8k). This includes £1k (2023: £1k) outstanding contributions at the Balance Sheet date. There were three (2023: three) employee members at the year end. Employee contributions were 5.5 percent (2023: 5.5 percent).

25. Pensions (cont)

London Borough of Lewisham Pension Scheme

The Association is an admitted body to Lewisham Pension Schemes (the Fund) which is administered by the London Borough of Lewisham under the regulations governing the Local Government Pension Scheme, a defined benefit scheme.

The last formal valuation of the funds was at 31 March 2022, this is carried out every three years. Actuarial valuations have been prepared as at 31 March 2024. For this purpose, to calculate Housing 21's asset share at the 31 March 2024, the actuary has rolled forward Housing 21's assets calculated at the latest funding valuation allowing for investment returns, employer and employee contributions paid in, and estimated benefits paid out by fund. Likewise for Housing 21's liability share, the actuary has rolled forward the value of Housing 21's obligations calculated at the latest funding valuation allowing for the financial assumptions required under the Accounting Standard. Included in this is estimated benefit accrual for current employees and estimated benefits paid out to Housing 21's former employees.

Reconciliation of defined benefit contributions

	31 March 2024	31 March 2023
	£'000	£'000
Opening defined benefit obligation	409	459
Current service costs	8	8
Interest cost on defined benefit obligation	19	12
Contributions by members	2	1
Actuarial gains	(9)	(56)
Benefits paid	(16)	(15)
Closing defined benefit obligation	413	409

Reconciliation of fair value of assets employed

	31 March 2024	31 March 2023
	£'000	£'000
Opening fair value of assets employed	334	356
Interest income on plan assets	16	9
Contributions by members	2	1
Contributions by employers	6	5
Actuarial (losses)/ gains	25	(22)
Benefits paid	(16)	(15)
Closing fair value of assets employed	367	334

	31 March 2024	31 March 2023
	£'000	£'000
Fair value of plan assets	367	334
Present value of plan liabilities	(413)	(409)
Net pension scheme liability	(46)	(75)

Analysis of actuarial loss recognised in Other Comprehensive Income

	31 March 2024	31 March 2023
	£'000	£'000
Changes in financial assumptions	15	134
Changes in demographic assumptions	3	11
Other experience	(9)	(86)
Return on assets excluding amounts included in net interest	25	(25)
	34	34

25. Pensions (cont)

Composition of plan assets

	31 March 2024 (%)	31 March 2023 (%)
Equities	**72**	67
Bonds	**16**	19
Property	**9**	10
Cash	**3**	4

Principal actuarial assumptions used at the balance sheet date

	31 March 2024 (%)	31 March 2023 (%)
Pension increase rate	**2.8**	3.0
Salary increase rate	**3.8**	4.0
Discount rate	**4.8**	4.75

Mortality

Life expectancy is based on the fund's Vita Curves with improvements in line with the CMI 2021 model, standard smoothing, initial adjustment of 0.25 percent and a long term rate of improvement of 1.5 percent p.a. for males and females.

	31 March 2024		31 March 2023	
	Males	Females	Males	Females
Current pensioners	**19.3 years**	**22.1 years**	19.4 years	22.3 years
Future pensioners*	**19.2 years**	**25.3 years**	19.4 years	25.5 years

* Figures assume members aged 45 as at the last formal valuation date.

The pension cost of this scheme to the Association for the year was £6k (2023: £5k). This includes £1k (2023: £1k) outstanding contributions at the Balance Sheet date. There was one employee member at the end of the year (2023: one). The average contribution rate of the Association for the year ended 31 March 2024 was 22 percent (2023: 22.9 percent) and for employees 5.8 percent (2023: 5.8 percent).

26. Investments and Subsidiary Undertakings

The following comprise the subsidiary undertakings for incorporation into the consolidated accounts for the Group in accordance with the Co-operative and Community Benefit Societies Act and Financial Reporting Standards.

Active trading subsidiary companies

Name and principal activity	Country of registration	Status	Basis of control
Housing 21 Guernsey LBG Development and management of Extra Care properties in Guernsey	Guernsey	Private company limited by guarantee	Housing 21 is a member and controls the composition of the Board
Kent Community Partnership Limited Building and managing Extra Care properties in Kent	England and Wales	Co-operative and Community Benefit Society	Housing 21 is a member and controls the composition of the Board
Oldham Retirement Housing Partnership Limited Management of Retirement Living properties in Oldham	England and Wales	Co-operative and Community Benefit Society	Housing 21 is a member and controls the composition of the Board

26. Investments and Subsidiary Undertakings (cont)

Dormant subsidiary companies

Name	Country of registration	Status	Basis of control
Housing 21 Development Services Limited	England and Wales	Private limited company	Ownership of one £1 share being 100% of the issued share capital
Housing 21 Property Services Limited	England and Wales	Private limited company	Ownership of two £1 shares being 100% of the issued share capital

During the year we have struck off Claimar Care Limited and Claimar Care Group Limited. These were both dormant subsidiaries.

Transactions with non-regulated entities

Housing 21 provides several services to its subsidiaries. The services are recharged based on the actual or estimated use of Housing 21's resources. These services are apportioned as follows:

	2024				2023
	Turnover	Operating costs	Interest payable	Total	Total
	£'000	£'000	£'000	£'000	£'000
Kent Community Partnership Limited	3,006	(728)	(767)	1,511	1,235
Housing 21 Guernsey LBG	-	(177)	-	(177)	(160)
Oldham Retirement Housing Partnership Limited	-	(6,192)	(562)	(6,754)	(5,845)
Total	3,006	(7,097)	(1,329)	(5,420)	(4,770)

- **Kent Community Partnership Limited**: rents associated with the properties owned by Kent Community Partnership Limited are set, managed and collected by Housing 21 and are recorded in Housing 21's income accordingly. As part of the contract, Housing 21 pays Kent Community Partnership Limited an agreed level of rent each year. Any difference between rent collected by Housing 21 and paid over to Kent Community Partnership Limited creates a gain or loss in Housing 21. In addition, housing management services have been sub-contracted to Housing 21 and Kent Community Partnership Limited has outstanding concessionary loans of £6,976k (2023: £6,976k), in which interest is charged at 11 percent (2023: 11 percent)
- **Housing 21 Guernsey LBG**: back-office management functions have been sub-contracted to Housing 21 under a management contract
- **Oldham Retirement Housing Partnership Limited**: Maintenance, lifecycle works, and housing management are sub-contracted to Housing 21 under an operating contract. In addition, Oldham Retirement Housing Partnership Limited has outstanding concessionary loans of £25,445k (2023: £26,282k), in which interest is charged at two percent (2023: two percent)

27. Related Party Transactions

There were no Resident Board Members at the end of the financial year as unfortunately John Ayton, who was a Resident Board Member and a resident of the Association, passed away. His tenancy was on the same terms and conditions as other residents. He was unable to use his position as a Board Member to any advantage in his relationship with the Association as a resident. The rent and service charges for the year was £8,492 (2023: £8,410) and he had a balance of £404 prepaid at 31 March 2024 (2023: £397 prepaid).

No other related party transactions have been entered into during the year, other than those disclosed in note 26, which might reasonably affect any decision made by the users of these Consolidated Financial Statements.

28. Guarantees

The Association is a party to a guarantee of £551k (2023: £551k) in favour of Warwickshire County Council within their banking facility and £50k (2023: £50k) with London Borough of Merton.

29. Contingent Assets and Liabilities

We offer to buy back properties across the Group's portfolio from its residents where they have experienced difficulty selling their property. The option to buy back is at the discretion of Housing 21 and would be subject to individual investment appraisals at the time of the transaction. The purchase price would be up to 80 percent of the original sales price. As there is no contractual obligation, the timing is uncertain and the value cannot be reliably estimated, no provision has been recognised in these Financial Statements.

It should be noted that since the properties would be acquired, there would also be assets resulting from the transaction and so the uncertain commitment above could be neutralised in Balance Sheet terms as the asset would likely outweigh the liability.

30. Post-Balance Sheet Events

In April 2024 we agreed a new £100,000k revolving capital facility with Lloyds Bank.

In May 2024 we exchanged on contracts to acquire 1,567 older person housing properties from another registered provider. We'd expect these to transfer to Housing 21 in October 2024 following undertaking the relevant resident consultations.

In July 2024 the disposal of the leasehold portfolio was completed. More information is included on pages 15 and 16.

There are no other post Balance Sheet events.

Housing21

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Community Benefit Society FCA Reg. No. 16791R / Chief Executive: Bruce Moore

BEST PLACES TO WORK 2024 GLASSDOOR

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