2020

22

Annual Report

Year ended 31 March 2022

Housing Solutions

Co-operative and Community Benefit Societies No. 27876R

The Housing Solutions Group

Housing Solutions is a registered housing provider with charitable status dedicated to providing affordable and supported homes.

We have a housing stock of 5,997 properties owned or managed in the South East of England. We offer affordable homes to rent, shared ownership schemes, key worker housing and specialist accommodation for older people and people who need support and care to live within the community. All our homes are supported by a range of housing services, including our own professional team of maintenance staff who provide a comprehensive repair and maintenance service.

As at 31 March 2022 there were three subsidiaries and one joint venture within the Group:

Housing Solutions Capital PLC set up to facilitate capital market funding for the Group.

HSG Property Services Limited provides photo voltaic panels on residents' roofs and other energy saving solutions in order to save utility costs for those residents and at the same time produce revenue for the Group through the Feed in Tariff programme.

Housing Solutions Development Limited set up to facilitate the tax efficient design and building of properties for the Group.

Glassford LLP was a joint venture with The Royal County of Berkshire Pension Fund which owned and managed 40 market rent properties. (Glassford disposed of its sole fixed asset on 4 May 2022).

Our core purpose

Our core purpose is to provide rented housing for disadvantaged local people, who cannot afford to buy or rent on the open market.

Our values

- Ownership
- Innovation
- Teamwork
- Inclusion

Contents

Housing Solutions trades team

Members, Executives and Advisers

Board of Management

Chairman	Elizabeth J. Padmore (Independent)
Chief Executive	Orla Gallagher
Senior Independent Director	Angus McCallum (Independent)
Chair of Audit & Risk Committee	Nick Whitaker (Independent)
Chair of Funding Committee	Valerie Kendall (Independent)
Chair of Remuneration Committee	James Measures (Independent)
Chair of Nominations Committee	Elizabeth J. Padmore (Independent)
Board Members	John Taylor (Independent) Jeremy Stibbe (Independent) Rebecca Smith (Independent) (Appointed 9 February 2022) Barry Malki (Independent) (Appointed 9 February 2022) Orla Gallagher (Chief Executive)
Company Secretary	Shazia Nazir

Executive Directors

Director of Finance	David Joyce
Director of Development	Jill Caress (Retired 25 November 2021)
Director of Property & Development	Steven Brookfield (Director of Housing & Asset Management up to 30 July 2021)
Director of Corporate Services	Carol Lovell
Director of Resident Services & Community	Jacqueline Fearon (Appointed 15 November 2021)

The Executive Team hold no interest in the Association's shares and act within the authority delegated by the Board.

Solicitors

Trowers & Hamlins LLP
3 Bunhill Row
London
EC1Y 8YZ

Auditors

External Auditors

BDO LLP
2 City Place
Beehive Ring Road
Gatwick
RH6 0PA

Internal Auditors

Beever & Struthers
15 Bunhill Row
London
EC1Y 8LP

Funders

Barclays Bank PLC
1 Churchill Place
Canary Wharf
London
E14 5HP

Legal & General Investment Management Ltd
One Coleman Street
London
EC2R 5AA

Lloyds TSB PLC
25 Gresham Street
London
EC2V 7HN

Santander UK Plc
17 Ulster Terrace
Regents Park
London
NW1 4PJ

M & G Ltd
Laurence Pountney Hill
London
EC4R 0HH

MORhomes PLC
Future Business Centre
Kings Hedges Road
Cambridge
CB2 2HY

Treasury Advisors

Chatham Financial Europe Ltd
12 St James's Square,
London
SW1Y 4LB

Valuers

Jones Lang LaSalle Limited
22 Hanover Square
London
W1S 1JA

Registered with Homes England Reg No. L4073 and Registered as a Mutual Benefit Society under the Co-operative and Community Benefit Societies Act 2014 Reg No. 27876R

Registered Office, Crown House, Crown Square, Waldeck Road, Maidenhead, Berkshire SL6 8BY

A statement from the Chairman

Housing Solutions has performed strongly over the year, and this report presents key achievements across a number of areas. I am proud of the way the organisation has risen to the challenges we have faced, keeping residents and colleagues safe as a key priority and maintaining our wider commitments to residents, staff, and stakeholder partners.

> Working in partnership, we developed a framework of environmental, social, and governance indicators to help deliver our sustainable commitments. Providing a helpful measure on our journey to deliver net zero by 2050.

The pandemic has reminded us just how resilient we are. At Housing Solutions, we have seen our financial resilience benefit the communities where we work, and the residents we are here to serve, through greater investment in our communities and homes. This has been highlighted through the generation of £4.2m of social value, an increase of £2.6m from 2021.

Despite challenges, we have continued to follow through on our commitment to actively engage more with our residents and our partners. We are all stronger today because of how we have worked together over the last year.

We were able to welcome back residents to face to face activities and have benefited from more time listening to their voices and those of our colleagues, seeking to empower them through the co-creation of strategy and future plans. This feedback influenced the formation of the Home Ownership and Older Peoples ‘new deal’ panels, and the delivery of service improvements in both these areas.

Coupled with this I’m delighted that we have maintained our annual ‘Getting to Know You’ activity, where we made contact with over 600 residents to gain feedback on our services. Our panels of involved residents grew in strength and number last year and we look forward to continuing our work with them. The benefits of this have been evident in the excellent work of our resident Scrutiny and Improvement Team, helping us shape our draft resident engagement strategy and in the feedback provided to the Regulator of Social Housing on the new Tenant Satisfaction Measures, among other examples. We are committed to listening to our residents, giving them a strong voice and real say in how they can shape our work in all areas, from maintaining the quality of their homes, to supporting their wellbeing, to enhancing our local communities.

In September the organisation launched a new five-year Corporate Strategy developed jointly with the Board, residents and staff. The Strategy focuses on the three big concerns of our residents and our colleagues: being Safe at home and work, being Satisfied with our services and, for our people, their careers, and benefiting from Sustainable, efficient homes and services. A number of supporting operational plans were also launched or refreshed to complement these commitments.

Our priority over the last year has been to ensure that we embed the ‘Safe’ elements of the Corporate Strategy, focusing on keeping residents safe in their homes and I am pleased to note that we completed 98.8% of all emergency and safety repairs within a priority timeframe as well as all scheduled property safety checks.

Housing Solutions has achieved much during 2021/22, the first year of our Corporate Strategy 2021–26. We developed 93 new energy efficient homes and remain focused on providing more new homes for local people. We are committed to working to become a more sustainable organisation across all areas of our business. In 2021/22, working in partnership, we developed a framework of environmental, social, and governance (ESG) indicators to help deliver our sustainable commitments. These indicators will provide a helpful measure on our journey to delivery of net zero carbon by 2050.

Our digital transformation programme continued at pace as more residents migrated to online services with us, 70% holding an online portal account to manage their tenancy by the end of the year, and nearly a quarter of all repairs being logged online – one of the highest in our sector. This shift also saw rental income through the portal rise to £3.63m over the year under our ‘digital first’ approach.

In March 2022, we received confirmation from the Regulator of Social Housing that Housing Solutions retained the highest possible ratings for governance (G1) and viability (V1) confirming the organisation’s strong track record of assurance for our residents, colleagues and stakeholders. The organisation also retained its A+ rating by credit rating agency Standard and Poor, demonstrating Housing Solutions’ financial capacity and resilience in an increasingly difficult operating environment. These results are a testament to the hard work of the entire team and position us well to deliver on our new five-year Corporate Strategy Safe, Satisfied and Sustainable promises to residents.

During the year we successfully achieved an uplift in security value enabling us to secure a further £120m worth of new borrowing to support our development strategy. We are currently working with our new treasury advisors, Centrus, to align our loan covenants with our development and asset management ambitions, further strengthening our long-term funding position.

The Board has been further strengthened this year as we welcomed two new non-executive directors. Rebecca Smith joined us, bringing her expertise in sustainability from sector-leading consultancy Savills and Barry Malki, Director of Communities at Social Squared, brings a wealth of expertise in resident engagement and community investment. These key appointments will help us as we bring our new Corporate Strategy to life.

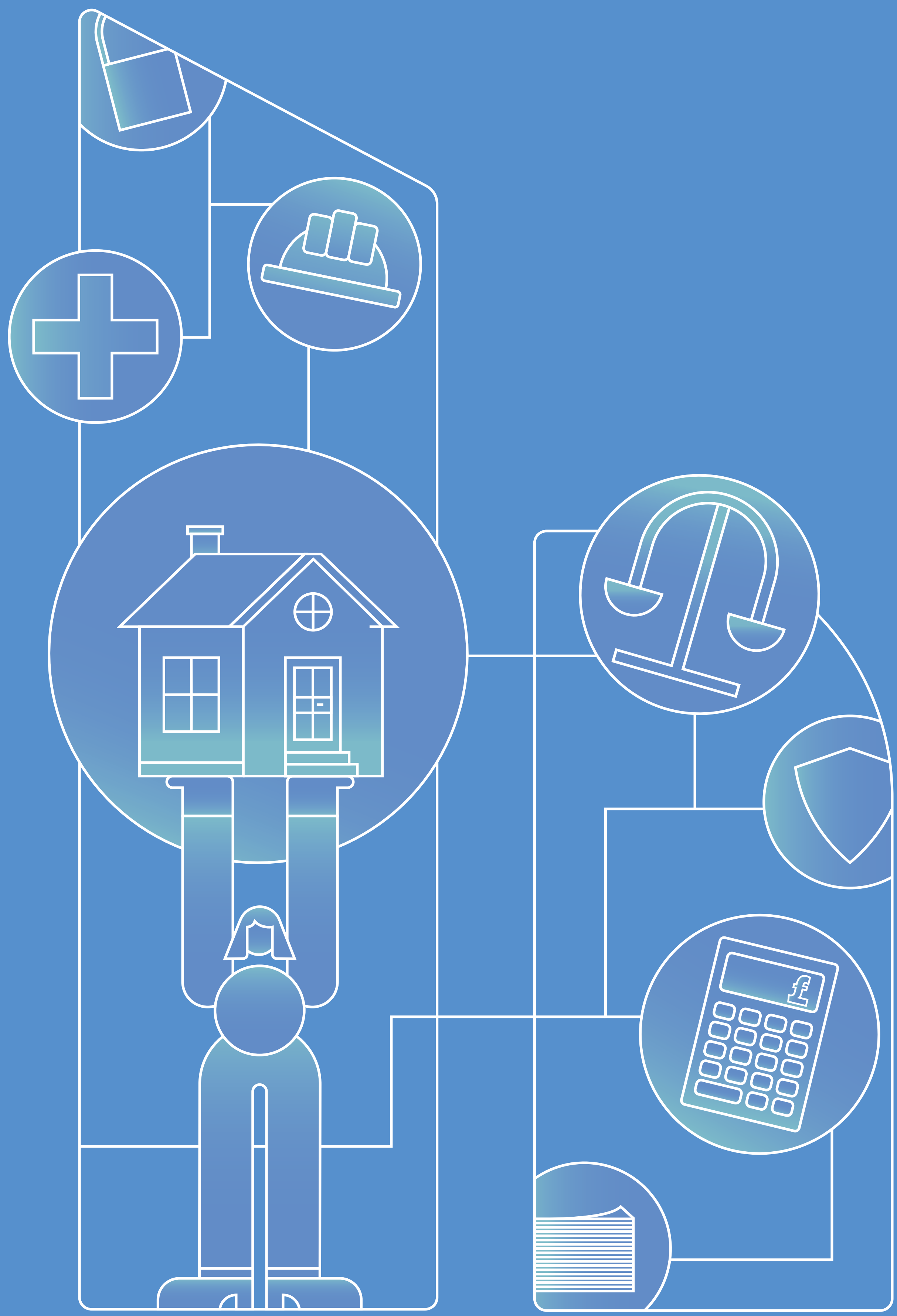
The Executive team was also strengthened over the last year with three new arrivals. Jackie Fearon joined us as our new Director of Resident Services and Community in November, redoubling our efforts to ensure residents are at the heart of everything we do. We also appointed Greg Whelan as Assistant Director of Finance & Procurement to support our strong focus on financial management and drive value for money efficiencies and we welcomed Mary Swaine as Assistant Director of Governance & Corporate Compliance, to support our ongoing commitment to excellence in governance, corporate compliance and communications.

I would like to thank all our staff, the Executive Team, and my fellow Board members for their hard work, dedication, and support over the year in delivering these results. We look forward to achieving the next phase of Housing Solutions’ Corporate Strategy, drawing on the additional strength and resilience we have built, to deliver much-needed homes and quality services for our residents and communities.

Elizabeth J Padmore

Elizabeth J Padmore – Chairman

Our Governance



Report of the Board

The Board of Housing Solutions presents its report together with the audited financial statements of Housing Solutions (the Association) and Housing Solutions Group (the Group) for the year ended 31 March 2022.

The Group comprises of the Association and its subsidiary undertakings: Housing Solutions Capital plc, HSG Property Services Limited, Housing Solutions Development Limited, and joint venture Glassford LLP. Housing Solutions is a Public Benefit Entity.

Principal activities

The Group's principal activities are the development and management of affordable and supported housing and providing repairs services to its own stock.

Housing Solutions has charitable status and operates three key business streams:

- housing for rent, primarily for households who are unable to rent or buy at open market rates;
- supported housing, for people who need additional housing-related support;
- low-cost home ownership, primarily shared ownership whereby residents purchase a share in the equity of their home.

As well as owning or managing 5,997 properties, the Group develops new affordable housing and is a member of the Sovereign Development Consortium (SDC) which facilitates access to Homes England grant funding.

The Group also provides a small amount of non-social housing, in particular, market rent accommodation. However, the Group's focus remains its social housing activities and these constitute 93% of the Group's activities by turnover.

Social housing activities constitute 93% of the Group's activities by turnover

Resident engagement event

Board Members & Executive Directors

The present Board members, committee structure and executive directors of the Group are set out on page 6.

All executives work within the authority delegated by the Board. Group insurance policies indemnify Board members and officers against liability when acting for the Group.

Employment contracts

Excluding the Chief Executive, Board members are paid based on a scale reflecting their relative responsibilities to the Group. The total amount paid to Board members during 2021/22 was £60,829.

The executive directors, including the Chief Executive, were employed on the same terms as other staff with notice periods of six months.

The Chief Executive's salary is set at the market rate.

Overview of our business

The Group's head office is in Maidenhead and its properties are primarily in Maidenhead and surrounding areas, although increasingly new social housing properties are being developed in Wokingham, Slough, and around the counties of Berkshire and Buckinghamshire which we fund and manage.

Corporate Governance

Corporate Governance Statement

The Board has assessed its compliance against its adopted Code of Governance (National Housing Federation Code of Governance 2020) and is satisfied that the organisation's governance is compliant with the material aspects of the Code and is supported by its internal controls, policies, and procedures. The Board approved transitional arrangements in July 2021 to ensure alignment with the Code's provisions on maximum tenure for non-executive directors. The arrangements are designed to ensure that the organisation retains the skills and experience required to deliver its new Corporate Strategy and plan (2021–2026) in the current operating environment.

All required disclosures have been made, and registers have been maintained regarding gifts and hospitality accepted and given to Board members and employees. The Board monitors the regulatory compliance framework, which allows the organisation to self-assess and provide evidence to demonstrate its compliance with the Regulatory Standards and identify gaps, which can then be addressed. The self-assessment was presented to Board on 18 May 2022, which demonstrated compliance.

Compliance with Regulatory Standards

The Board of Housing Solutions has carefully considered the requirements of the regulatory standards and has robustly assessed and received assurance of Housing Solutions' compliance with them during the year. The self-assessment was presented to Board on 27 July 2022. On this basis, the Board confirms that Housing Solutions has complied in all material aspects with the Regulator of Social Housing standards during the reporting period ended 31 March 2022 and to the date of approval of the financial statements.

Regulatory performance

Following an In-Depth Assessment published in March 2022, the Regulator of Social Housing confirmed that the governance and financial viability grades for Housing Solutions remained as:

G1: the provider meets our governance requirements

V1: the provider meets our viability requirements and has the financial capacity to deal with a wide range of adverse scenarios

Health & safety

The Board and the Audit & Risk Committee receive detailed reports on health & safety compliance at every meeting. In addition, the Association also holds ISO45001 for Health & Safety Management.

Internal Controls Assurance

The Board acknowledges its overall responsibility, applicable to all organisations within the Group, for establishing and maintaining the whole system of internal controls and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable assurance against material misstatement or loss.

> The process for identifying, evaluating, and managing the significant risks faced by the Group is ongoing.

The process for identifying, evaluating, and managing the significant risks faced by the Group is ongoing and has been in place throughout the period commencing 1 April 2021 up to the date of approval of the report and financial statements.

Key elements of the control framework include:

- Board approved terms of reference and delegated authorities for Audit & Risk, Funding, Nominations and Remuneration Committees;
- clearly defined management responsibilities for the identification, evaluation, and control of significant risks;
- regular system reviews by appointed internal auditors, Beever & Struthers, and a detailed audit tracking system which is reviewed and monitored by the Audit & Risk Committee;
- robust strategic and business planning processes, with detailed financial budgets and forecasts;
- formal recruitment, retention, training, and development policies for all staff;
- established authorisation and appraisal procedures for significant new initiatives and commitments;
- approved Financial Regulations and Treasury Management Policy alongside a sophisticated approach to treasury management, which is subject to external review each year;
- regular reporting to the appropriate committee on key business objectives, targets, and outcomes;
- Board approved whistle-blowing and anti-theft and corruption policies;
- Board approved anti-fraud, theft, and bribery policies, addressing prevention, detection, and reporting, of financial malpractice;
- regular monitoring of loan covenants and requirements for our loan facilities;
- annual review of compliance with NHF Code of Governance and at least 3 yearly review of policies and procedures.

A fraud and bribery register is maintained and is reviewed annually by the Audit & Risk Committee. During the year there were no reports of actual or suspected frauds.

The Board cannot delegate ultimate responsibility for the system of internal control but has delegated authority to the Audit & Risk Committee to regularly review the effectiveness of the system of internal control.

The Board receives regular reports and meeting minutes from the Audit Committee. The Audit & Risk Committee has received the Chief Executive's annual review of the effectiveness of the system of internal control for the Group, and the annual report of the internal auditor, and has reported its findings to the Board.

Going concern

The Board has considered the effects of the increased economic pressures as a result of Brexit and the Ukrainian conflict, including the increased inflationary impact on our supply chain, and is confident the Group can withstand significant economic volatility.

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

Corporate Wednesday picnic in the park lunch for all our staff

> The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

Statement of the responsibilities of the Board of management for the report and financial statements

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Societies legislation requires the Board to prepare financial statements for each financial year. Under that law the Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under the Co-operative and Community Benefit Societies legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Association at the end of the year and of the surplus or deficit of the Association and Group for that period.

In preparing those financial statements the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards including the Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers Update 2018, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. It is also responsible for safeguarding the assets of the Group and Association and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by Registered Housing Providers Update 2018.

The Board is responsible for the maintenance and integrity of the corporate and financial information on the Group's website.

Our finances

The Group owned or managed 5,997 housing properties, invested a total of £12.9m in new properties and a further £4.8m in capitalised maintenance of existing properties, at 31 March 2022.

Accounting policies

The Group's principal accounting policies are set out on pages 68 to 75 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and include: capitalisation of costs; housing property depreciation; and the treatment of shared ownership properties.

The Group has prepared the accounts in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including the Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and complies with the Accounting Direction for Private Registered Providers of Social Housing 2019.

Pensions

Prior to its closure to new members, the executive directors were entitled to join the Royal County of Berkshire Pension Fund, a defined benefit (Career Average) pension scheme. They participated in the scheme on the same terms as all other eligible staff and the Association contributes to the scheme on behalf of its employees. With effect from 31 March 2020 the Royal County of Berkshire Pension Fund scheme was closed to all employees and all employees have access to a defined contribution Personal Pension Plan. The executive directors may participate in this scheme on the same terms as all other eligible staff and Housing Solutions makes contributions into the Individual Personal Pensions.

Housing properties

At 31 March 2022 the Group owned or managed 5,997 housing properties (2021: 5,931). There were 93 completions and 27 disposals in the year.

The Board approved the change of accounting policy to carry housing properties at historical cost rather than valuation for the year ending 31 March 2021 and this has continued for 2022. Unlike previous years, there is no longer a requirement to annually value the Group's housing properties.

Our investment in new properties, totalling £12.9m, and our further investment of £4.8m in capitalised maintenance of existing properties this year, was funded through a mixture of debt finance and operating surpluses.

Cash flows

We generated £28.5m, from operating activities and our cash outflows to service our debt totalled £12.8m. The investment in new fixed assets during the year was £16.6m. Cash inflows and outflows during the year are shown in the consolidated statement of cash flows (page 66).

Group debt

The Group did not borrow any additional money during the year.

At the year-end Group borrowings amounted to a nominal amount of £290.1 million. Gross gearing, calculated as total loans as a percentage of the balance sheet value of completed housing property, was 68.5% at 31 March 2022 (2021: 66%). Cash held at 31 March 2022 was £12.8 million compared with £29.4 million at 31 March 2021.

The Group is borrowing principally from banks and through private placements, at both fixed and floating rates of interest. Interest rate fixes are in place to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations. The Group's policy is to keep between 65% and 85% of its borrowings at fixed rates of interest and to maintain an average tenure no less than 10 years.

At the year-end, 86.6% of the Group's borrowings were at fixed and index linked rates after taking account of interest rate fixes (2021: 85%). The fixed rates of interest range from 3.28%, including the loan margin, to 6.04%. Our all-in weighted average cost of funds was 4.46%.

The Group's lending agreements require compliance with a number of covenants. The Group's position is monitored against those covenants on an on-going basis and reported to the Board at each meeting. The Group's Funding Committee regularly reviews the Group's treasury position including requirements for new loan facilities. The Group is compliant with its loan covenants at the year-end date and the Board expects to remain compliant in the foreseeable future. The Group borrows and trades only in sterling and so is not exposed to currency risk.

Maturity

	2022 (£m)	2021 (£m)
Within one year	10.4	15.7
Between one and two years	10.6	10.4
Between two and five years	32.0	31.8
After five years	237.1	247.9
	290.1	305.8

Annual General Meeting

The Annual General Meeting will be held on 21 September 2022 at:

Crown House
Crown Square
Waldeck Road
Maidenhead
Berkshire
SL6 8BY

Disclosure of information to auditors

At the date of this report each of the Association's Board members, as set out on page 6, confirm the following:

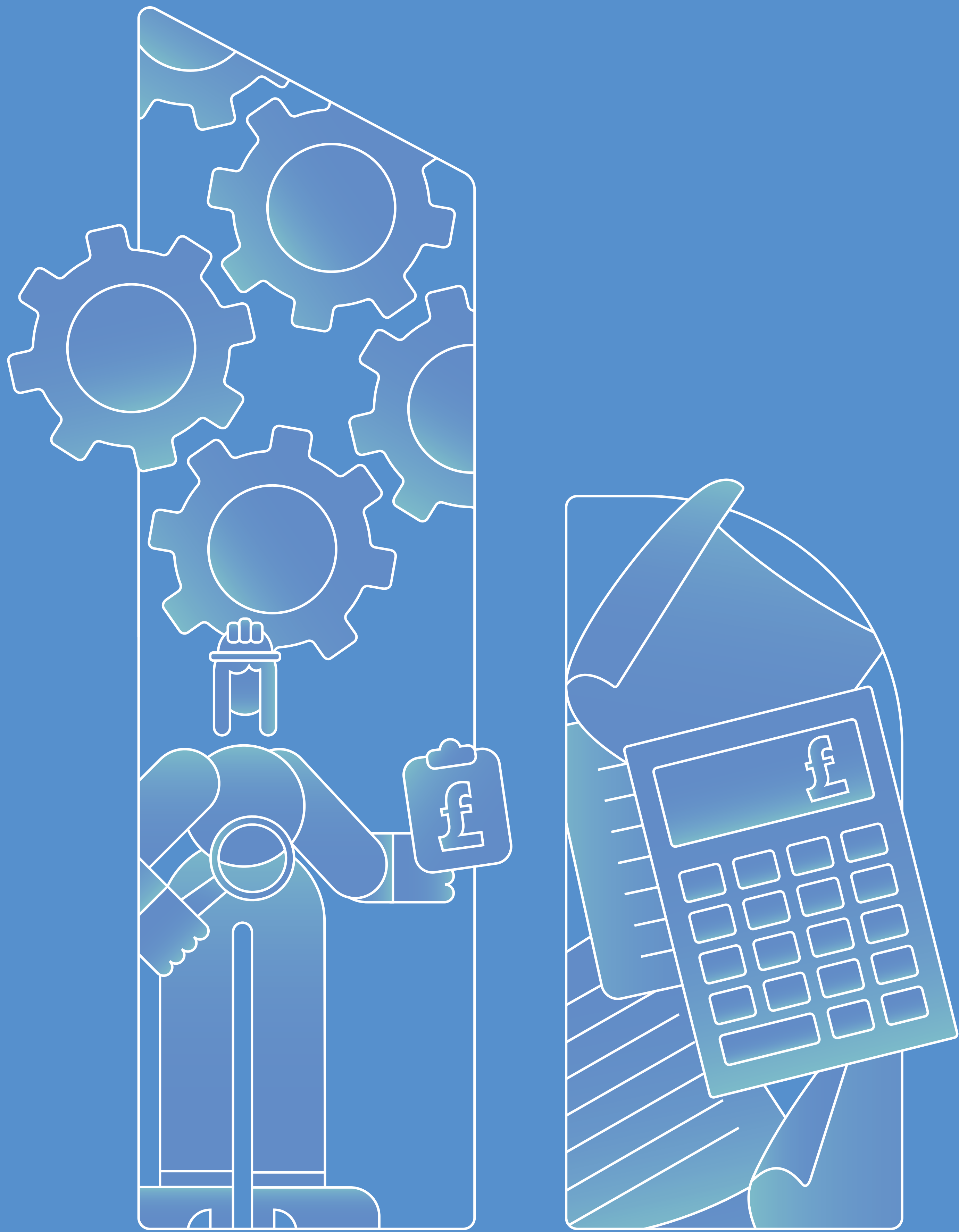
- so far as each Board member is aware, there is no relevant information of which the Group's and Association's auditors are unaware and;
- the Board members have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

External auditors

BDO LLP were reappointed during the year. They have expressed their willingness to continue in office. The report of the Board was approved by the Board on 27 July 2022 and signed on its behalf by:

Elizabeth J. Pa[signature]

Elizabeth J Padmore – Chairman



Our financial & operating review

Our financial performance

The Group's five-year Statement of Comprehensive Income and Statement of Financial Position are summarised on page 25. The following paragraphs highlight key features of the Group's financial position up to, and including, 31 March 2022.

Liquidity and borrowing

The Group's forward business plan, which includes the updated Development Strategy, has been robustly stress tested based on the key strategic risks reported to the Board.

We continue to report a strong Statement of Financial Position with net assets exceeding £120m. As at 31 March 2022, fixed assets totalled £457m (2021: £449m), an increase of £8m on the previous year, reflecting our ongoing investment in both new and existing homes.

Housing Solutions remains in a strong financial position with net debt of £275m and available cash and committed liquidity facilities of £370m at the end of March 2022.

A further £25m revolving credit facility was arranged in April 2021 providing sufficient liquidity to support both our operational cash requirements in response to Covid-19 and our short-term future development plans. Cash and short-term investments have decreased to £13m (2021: £29m) providing sufficient cash balances to meet operational cash requirements and to meet our treasury management policy requirements.

The operating cash flow at £28m was down £6m on last year (2021: £34m). This was reflected in our increase in operational costs and our focus on catching up with repairs delayed during Covid-19.

For every £1 we spend

	2021/22 (pence)	2020/21 (pence)	2019/20 (pence)
New homes	37	41	52
Interest	23	23	20
Management and other expenses	15	14	12
Planned maintenance	8	7	5
Routine maintenance	7	5	5
Estates	5	4	3
IT	1	1	1
Purchase of other assets	3	1	1
Other expenses	1	1	1

Group highlights, five year summary

	2022 £000	2021 £000	2020 £000	2019 £000	2018 £000
Group Statement of Comprehensive Income					
Total turnover – SOCI	49,899	48,875	46,123	45,804	43,883
Turnover excluding sales – Note 3	45,148	43,361	41,273	39,463	38,925
EBITDA (excluding sales)	24,300	25,282	21,330	21,307	22,571
Operating surplus – SOCI	20,109	20,950	17,617	19,578	21,731
Group Statement of Financial Position					
Housing and investment properties (at cost and valuation)	444,226	436,399	429,465	529,530	475,413
Other FA and intangible fixed assets	9,991	10,341	10,166	10,651	10,665
Tangible and intangible fixed assets	454,217	446,740	439,631	540,181	486,078
Long term investments – SOFP	2,509	2,514	2,519	2,427	2,427
Net current assets – SOFP	(401)	11,219	12,120	15,883	48,296
Total assets less current liabilities – SOFP	**456,325**	**460,473**	**454,270**	**558,491**	**536,801**
Loans (due over one year) – SOFP	(279,773)	(290,084)	(295,514)	(283,239)	(290,599)
Unamortised loan premium	(2,572)	(3,080)	–	–	–
Deferred capital grant	(53,590)	(54,434)	(54,082)	–	–
Pensions Liability – SOFP	(21,837)	(26,315)	(18,168)	(20,093)	(20,667)
Net assets – SOFP	98,553	86,560	86,506	255,159	225,535
Reserves					
Revenue Reserve – SOFP	98,553	86,560	86,506	133,239	111,736
Revaluation Reserve – SOFP	–	–	–	121,920	113,799
Total	98,553	86,560	86,506	255,159	225,535
Housing properties owned at year end					
Social Housing – Note 4	5,910	5,844	5,806	5,625	5,525
Non-social Housing	87	87	88	80	78
Total	**5,997**	**5,931**	**5,894**	**5,705**	**5,603**
Statistics:					
EBITDA as % of turnover – excluding property sales	53.82%	58.31%	51.68%	53.99%	57.99%
Operating surplus as % of turnover	40.3%	42.9%	38.2%	42.7%	49.5%
Rent arrears (gross arrears as % of rent and service charges receivable)*	2.25%	2.73%	2.88%	2.39%	2.27%
Liquidity (current assets divided by current liabilities)	1.0	1.4	1.7	1.8	3.9
Gearing (total loans as % of value of completed housing properties)	61.1%	66.8%	68.6%	60.0%	67.0%

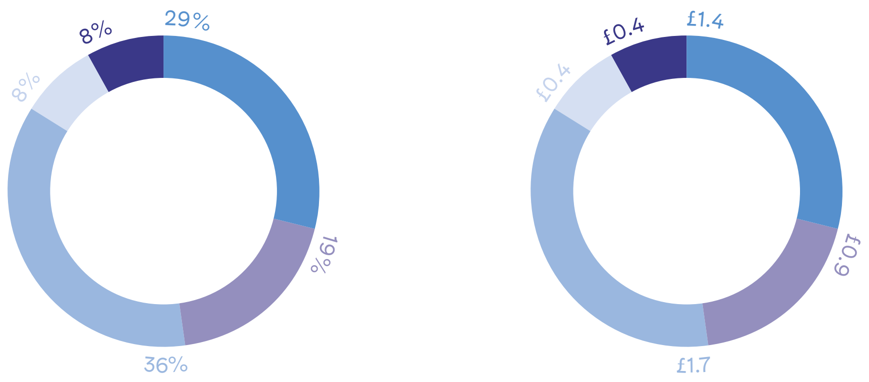
*Excludes rent receivable from care homes and leaseholders as these are paid in advance.

Asset management

In 2021/22 our planned maintenance programme was delivered on time and on budget as we invested £4.8m into our capital programme. This ongoing investment in our homes included over 180 new boilers, to support our residents in the continued rise of energy prices.

Planned maintenance (%)

Planned maintenance (£m)



Kitchen & Bathrooms · Boilers · Windows · Roofs · Fire safety

We are focusing on ensuring homes are highly insulated and seek to use new technologies to minimise utility costs to the residents of our new homes. Over the next 30 years we have set aside £87m to make our residents' homes more sustainable, aiming to achieve EPC ratings of C or better, and being net carbon neutral by 2050.

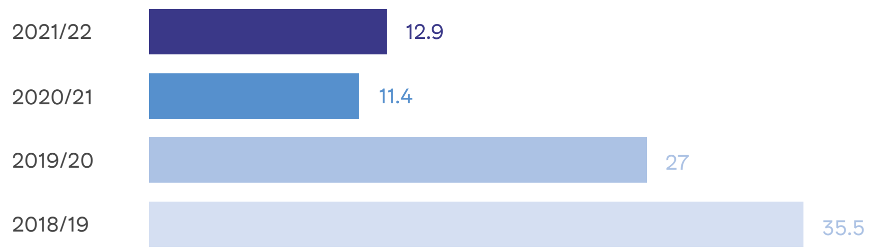
In November we launched our new Asset Management Strategy (2021–26) to support our five-year Corporate Strategy, detailing our £158m investment over the next ten years, including £14.6m on safety measures, to ensure we continue to provide safe, compliant and energy efficient homes.

Shared Ownership properties, Johnson Close, Bracknell

Development

Investment in our new properties totalled £12.9m. This is higher than the previous year as we have worked on completing the current development sites, but are expecting a declining development programme.

New home investment (£m)



£12.9m

total investment in new homes in 2021/22

Our risks

The Board considers that the risks detailed below are the principal risks facing Housing Solutions. These are the risks that could affect the ability of the organisation to deliver its corporate objectives. The Board confirms that the principal risks of the organisation, including those which would threaten future performance, have been robustly assessed throughout the year ended 31 March 2022, and that processes are in place to continue this assessment.

The principal and emerging risks and uncertainties relating to the organisation are reviewed by the Board and the Audit & Risk Committee at every meeting, along with the internal controls and risk management processes that are used to mitigate these risks. Risks are recorded, assessed, and tracked in terms of their impact and likelihood.

The principal risks and management of those risks are described below.

Major risks

	Impact	Challenges	How it's managed and mitigated
1	Duty of care to residents, staff, and the public in the operation of our business	• Building safety • Residual impact of pandemic on health	• Comprehensive safety management system covering safety procedures/risk assessments • Programme of quality assurance checks across key compliance areas • Tailored annual health and safety training for all staff • Qualified external specialist advisors on all health and safety and fire matters • HSE & ROSPA best practice followed • Regular oversight at executive and Board level • ISO 45001 H&S Management Accreditation • Health and wellbeing programme including mental health awareness training & Mental Health First Aiders
2	Data management & control	• Over reliance on spreadsheets, disconnected systems, and poor system interface • Issues of inefficiency and accuracy • Dated asset management systems • Data security/GDPR breaches	• Regular data reconciliation, audit, and validation • Processes and monitoring in place for data protection management, including regular training • Automating of processes and reducing reliance on spreadsheets • Procurement of a new (interfaced) asset management system • Regular mandatory data protection training
3	Development risk (new supply)	• Increased competition for section 106 opportunities • Increased land prices • Labour & materials shortages • Sales slowdown and drop in sales values	• Close monitoring of development projects and forecasting • Stress testing includes impact of shared ownership sales falling, increased sales periods, and development slowdown • Risk assessments prepared and monitored for each scheme • Collaboration with key local authority partners on land led and s106 development opportunities • New Board level working group exploring opportunities including with potential joint venture partners • Diversification in contractor use
4	Not achieving rental income	• Major changes in economic conditions, economic uncertainty & rising cost of living • Changes to government rent settlement • Universal Credit rollout • Increased voids	• Regular, ongoing stress-testing of the Business Plan & monitoring of operating costs • Specialist income and welfare benefit teams with focus on income collection and arrears recovery • Proactive engagement with residents • Proactive resident support package including collaboration with partner organisations • Increased visibility across our estates
5	IT systems failure	• Cyber-attack, malware, or virus • Major failure of hosted servers • Software interface failure • Capacity failure impact on remote working	• Full simulated cyber-attack conducted • Cyber Essentials & Cyber Essentials Plus Certification • Regular penetration testing • Processes in place to protect systems in the event of virus or cyber-attack • Business continuity and disaster recovery plan in place • Third-party assurance on capacity and support in place, including back-up & restore
6	Material fall in operating performance	• Labour and material shortages • Inflationary pressures on costs • Procurement delays and high demand for specialist service contractors • Impact of Covid-19 on routine repairs scheduling	• Supply chain monitoring & management • Detailed repairs profiling and budget management • Regular communications to residents, staff, and stakeholders • Regular performance & budget monitoring • Additional staff & contractor resourcing and coordinated scheduling
7	Material loss of income due to failure of care providers	• Continued financial pressures on care home sector as a result of Covid-19 • Economic uncertainty and cost inflation	• Significant joint collaboration with Buckinghamshire Council to safeguard the care service

Resident engagement

With the easing of Covid-19 restrictions, we were delighted to welcome back many residents to in-person activities and events over the year and saw a renewed interest from residents in partnering with us.

2.25%
gross rent arrears
(2.73% 2020/21)

OVER £4.1m
of social value
(£1.5m 2020/21)

79.2%
of calls dealt with at first point of contact
(79% 2020/21)

Our e-Panel, who engage with us fully online, has grown significantly in size this year, now totalling 146 involved residents. The Panel has supported us with a review of our online tools and forms and helped shape the evolution of our new resident app, as well as key resident communications.

Membership of our Scrutiny & Improvement Team (SIT) doubled over the year and the Team met eight times to carry out vital scrutiny work, inputting into a range of areas from policy and strategy to feedback and procurement. The Team supported us in reviewing our lettings process and, through focus groups, made a number of suggestions to enhance the onboarding experience for new residents.

Housing Solutions staff and residents enjoy tea and a chat

67,398

resident contacts handled by our Contact Centre (up 11% from 2020/21)

Our Community Living and Homeowner Panels were also kept busy reviewing work to deliver on our New Deal promises to homeowners and those in supported accommodation last spring. The Community Living Panel looked in detail at our grounds maintenance and cleaning service and gave positive feedback about the service, with some recommendations to improve things further. We are taking forward these suggestions, including the provision of digital noticeboards in our sheltered and supported schemes in 2022/23, to enhance communication and reduce our use of paper.

We welcomed 40 residents as new estate inspectors who will join their Resident Liaison Officer on estate walkabouts, giving their spare time to improve the maintenance of our schemes. They also attended fuel poverty awareness training to support residents dealing with fuel poverty and help signpost them for specialist additional support.

Our Contact Centre continued to provide an excellent first point of contact for our residents, handling over 67,000 resident contacts during the year, up from 60,000 in 2020/21. We maintained a high call resolution rate over the year, with 79.2% of all calls resolved at first point of contact.

Alongside calls into the Contact Centre, we saw a further shift in digital engagement among our residents, with the proportion of our residents holding an online account increasing to 70%, and 24% of all routine repairs requests transacted through the portal.

Complaints & learning from complaints

Feedback from residents plays a fundamental role in helping us to shape and improve our services. We want residents to have a great experience with us every time, but we recognise that sometimes things don't go as we would want. From over 67,000 total resident contacts over the year, we received 114 informal complaints, 94 of which were resolved at the informal stage with a simple fix or early resolution.

There were also 162 formal complaints dealt with through our complaints process, 86% of which were resolved at Stage 1 of the process, a higher proportion than in 2020/21. Of the 23 complaints which progressed to Stage 2, 13% were resolved at that stage.

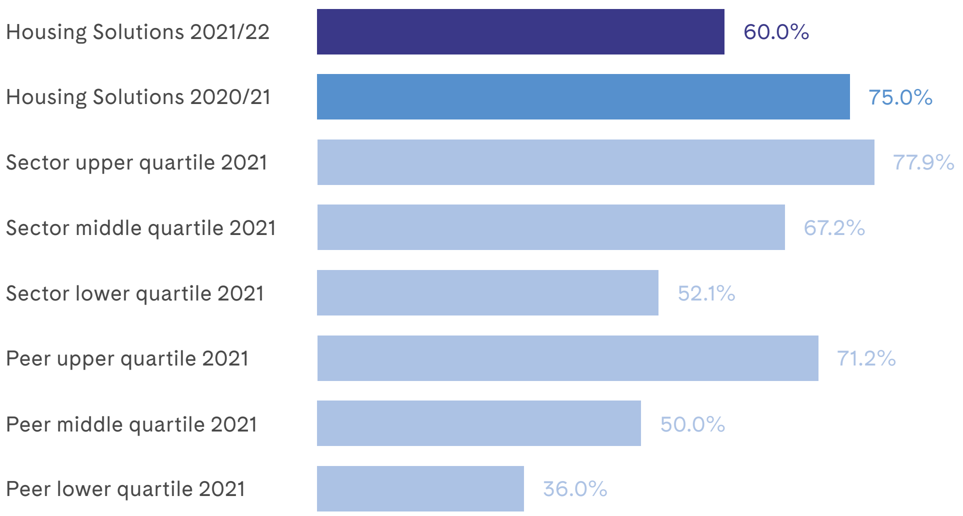
During the year, 10 complainants asked us to progress their complaints to Stage 3 of our complaints process, although 2 complaints were subsequently withdrawn. Four of these cases were partially upheld, one was not upheld and three are currently being determined.

By way of comparison, in 2020/21, we received 115 formal complaints, 95% of which were resolved at Stage 1 of our process. Of those progressing to Stage 2, 80% were resolved at that stage. A total of 5 complaints progressed to our stage 3 complaints panel in 2020/21.

We take every complaint seriously, investigating what has gone wrong and how we can put things right. Although the majority of complaints are resolved at early stages (86% of all complaints at Stage 1 in 2021/22), we know that we need to do better. Satisfaction with our complaint handling was 60% over the year as a whole. We are working hard to ensure we remain responsive while our teams are working away from the office and our people are empowered to resolve issues quickly and fairly at an early stage in the process. In particular, we are focusing on reducing the time it takes for us to conclude complaints through our processes and communicate better with residents.

As part of our commitment to improving overall levels of satisfaction and engagement across all aspects of our service, we appointed a new Director of Resident Services and Community in November 2021 to lead on our resident engagement work, intensifying the resident voice within Housing Solutions, and to lead on delivery of all aspects of our resident focus including work to improve our complaint-handling.

Satisfaction with complaint handling



> We are focusing on reducing the time it takes us to conclude complaints through our processes and communicate better with residents.

Residents have told us that we could do better on communication, in particular the way in which we handle complaints, where residents reported 60% satisfaction with our complaint-handling for the year as a whole. We are reviewing the way in which we handle and respond to complaints to ensure that, not only are we following our procedures but, by keeping residents regularly updated, we are tackling dissatisfaction at the earliest stage. Our clear targets on how quickly we should respond, and how we are dealing with long standing issues are being scrutinised on a regular basis as a priority focus, and we are seeking residents' feedback on improvements that could be made to our formal complaints process.

We're also reviewing what we do regarding the Housing Ombudsman Complaint Handling Code to ensure we uphold best practice, with a clear resident-focussed approach, seeing things through our residents' eyes and resolving problems as quickly as possible. Part of our satisfaction measures will be to keep 'checking in' on how residents feel we are handling communications, what we could learn, and how we could do things differently.

Resident support

As a local housing association, we are much more than just a landlord. We are part of the community. Housing Solutions is dedicated to supporting our residents as well as providing more homes locally.

That support is as important to us as satisfaction with our core services. It means residents are supported to pursue their aspirations by providing training and work-based opportunities with our partners.

Our experienced Welfare and Benefits Team work directly with our Income Team, providing advice and support to those residents who are most in need. They have created a high performing seamless service to residents who may be experiencing financial difficulties, a particularly important area of our support for residents over 2021/22 and continues to be so for next year.

Over the course of the year, the team provided assistance to 1,044 residents, gaining access to more than £94,000 in Discretionary Housing Payments, up from £56,000 in 2020/21. There was a significant increase in residents seeking assistance, including access to food banks and food vouchers, up from 71 families in 2020/21 to 102 families in 2021/22. **The total additional income generated by the team for families in need was just over £172,000,** nearly £50,000 more than 2020/21 when the team accessed £134,000.

Tenancy sustainment & social value

We are much more than a landlord. As a social housing provider, our core purpose is to provide affordable homes for people who need them most and to improve our residents' wellbeing, life chances and opportunities.

> Working with others we achieved a total net value of over £4.1m, more than 2.5 times the £1.5m social value created by Housing Solutions last year.

We continue to measure the social value and impact of our activities using the HACT Social Value Bank, a means of attributing a ready and realistic monetary value to the added value and community-based work we do. During 2021/22 these activities delivered a total net value of over £4.1m, more than 2.5 times the £1.5m social value created by Housing Solutions' activities last year.

This significant increase in the social value we were able to deliver was due to work undertaken to formally engage with more involved residents over the year, work to bolster our estate inspectors across estates, continued extension of Wi-Fi access into residents' homes and efforts to support residents through financial hardship, which became more prevalent, through targeted financial inclusion initiatives during the year.

What we did	Housing Solutions investment (£)		The net social impact benefit (£)		Ratio (£1:£x)	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
Provision of free Wi-Fi	£95,392	£93,893	£437,556	£1,893,797	£1 : £4.59	£1 : £20.17
Resident engagement	£26,500	£67,525	£457,581	£1,765,876	£1 : £17.27	£1 : £26.15
Financial inclusion & employment support	£105,234	£117,558	£691,890	£511,463	£1 : £6.57	£1: £4.35
Total	£227,126	£278,976	£1,587,027	£4,171,136	£1 : £6.99	£1 : £14.95

Keeping residents satisfied

During 2021/22 we continued to deliver top quartile customer satisfaction with our repairs and maintenance service despite the difficult operating environment, with 89.8% of residents reporting that they were satisfied with their most recent repair – the biggest driver of overall resident satisfaction.

Repair satisfaction

Our repairs service faced considerable pressure as a result of Covid-19, impacting our ability to operate our normal services through periods of lockdown restrictions. Like many housing providers in our sector, we also experienced shortages of essential maintenance materials which led to an inevitable backlog of routine repairs jobs. As a result we built additional capacity and resources into our skilled trades team, with the additional support of specialist contractors, to address the backlog and are working to an action plan to address the backlog, returning our service to a standard 21-day response time by the middle of 2022.

Despite this, 95.6% of our responsive repairs were completed within our target of 60 days and we are aiming to reduce this to an industry-leading 21 days within the coming financial year as we remobilise our standard repairs service.

Despite the exceptionally difficult operating conditions, we maintained our priority response times for emergency repairs in order to safeguard resident safety attending 98.8% of all emergency repairs appointments within 24 hours. In the coming financial year we are looking to repeat this exceptional performance whilst reducing our target response time to 4 hours.

89.8%
resident satisfaction with most recent repair (97.7% 2020/21)

100%
decent homes (100% 2020/21)

1,088
stock condition surveys completed (853 2020/21)

Keeping residents safe

Health and Safety remains a top priority for us. With the continuation of periods of national lockdown due to the pandemic, we remained focused on the wellbeing and safety of residents and staff. We prioritised emergency and safety-related repairs to keep residents safe in their homes, completing 98.8% of all emergency repairs within our priority timeframe, and 100% of all property compliance checks.

100%

of properties have a current gas certificate (100% 2020/21)

100%

of properties have a current electrical installation certificate (100% 2020/21)

£11.2m

investment in repairing, maintaining, and improving our homes (£9.5m 2020/21)

Our safety record was reflected in our 100% year end compliance position across gas, electrical, asbestos, water hygiene and lift safety, amongst other reported compliance areas. We have continued to invest in our stock, through our 'Compliance-Plus' approach, fitting sprinklers, and compartmentalising loft spaces in our larger care homes. Throughout this year, we installed 10 sprinkler systems within our homes.

The team have completed a full internal review of the "Big 6"; fire, asbestos, water hygiene, electric, gas and lifts to ensure they are well prepared for a planned system changeover to our new asset management software, Service Connect, during 2022/23.

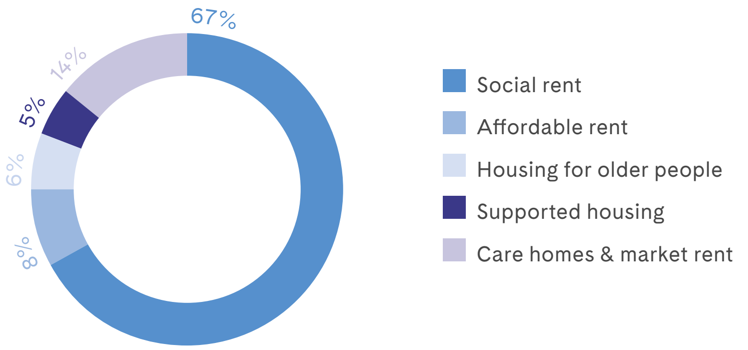
98.8%

of all emergency repairs completed within our priority timeframe

Our homes

Of our housing portfolio, 78% is dedicated to social, affordable, and supported rented accommodation. Including our care homes, this increases to almost 90%.

Our homes

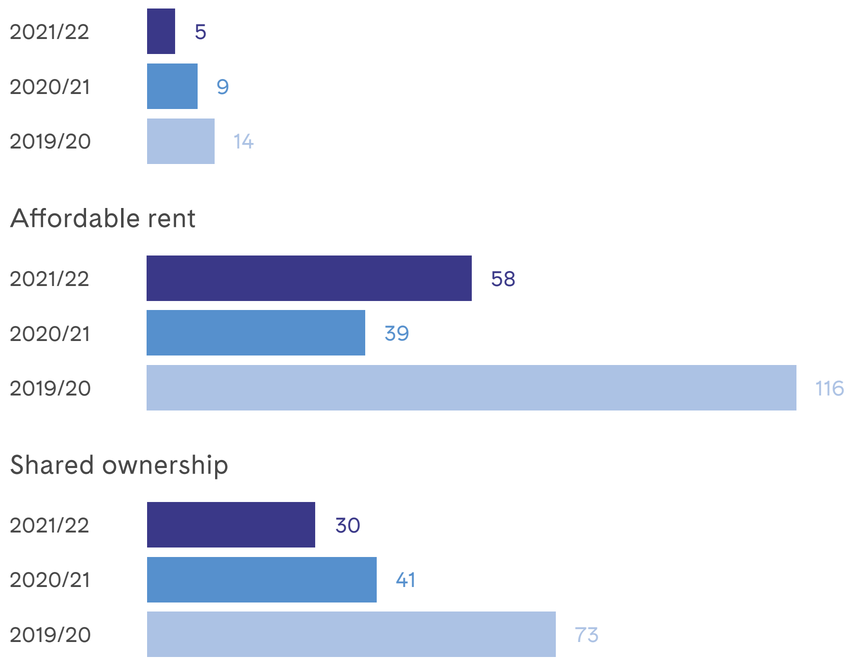


Housing Solutions supported team arranged a gardening event for a local special needs school

Our development programme

During the year, we completed the development of 93 new homes and invested £12.9m. The breakdown of the 93 units was as follows:

New homes by type



Handovers during the year included 35 new homes for rent and shared ownership at our York Road development in partnership with Countryside Partnerships, the first of four major regeneration sites in Maidenhead. We also completed 25 new homes for rent and shared ownership at Haddenham with Dandara New Homes, 20 new affordable rent homes at Daws Hill with Taylor Wimpey, a further 5 social rent homes with Taylor Wimpey at Loddon Park, Woodley and 8 shared ownership homes on our Gardner House redevelopment in Maidenhead.

Our Gardner House development progressed well through the year with all 23 homes on course for completion by the summer of 2022, creating 15 new family homes for social rent and 8 family homes for shared ownership.

Over the course of the year we have secured new section 106 opportunities with a range of developers from SMEs to national organisations. We have also progressed new land-led opportunities with partners, and across our portfolio of land assets which we regularly review to ensure effective and efficient use of our land to maximise the delivery of affordable homes.

Our people

Our people focus in 2021/22 was all about settling into the 'new normal', adapting our services to be delivered safely while protecting the wellbeing of our staff.

Keeping our people safe at work

We continued to successfully manage the risk of Covid-19 infection in the workplace, responding quickly to changing government guidance throughout the year. Our control measures prevented any workplace infection, both within our offices and working within residents' homes. Our latest employee Pulse survey (March 2022) reported 96% of colleagues describing Housing Solutions as a safe place to work.

Employee mental health wellbeing continued to be an important focus over the year, and we successfully launched our Healthy Minds Healthy Lives guide, bringing together all the support on offer for employees to maintain a positive wellbeing.

We launched several new services to support colleagues. Our innovative 'Check-in Wednesdays' sends a weekly text message to colleagues to check in on an individual level and reach out with proactive support to anyone 'not okay'. We trained colleagues from a variety of teams and backgrounds to act as mental health first aiders to provide first response support and intervention if needed. We delivered specialist training for our people managers on managing mental health in the workplace. These changes were well received, our 'Pulse' survey reporting 87% of colleagues knowing where to access mental health support at work, and 88% of managers understanding mental health challenges and feeling equipped to manage any concerns in their own teams.

Keeping our people satisfied

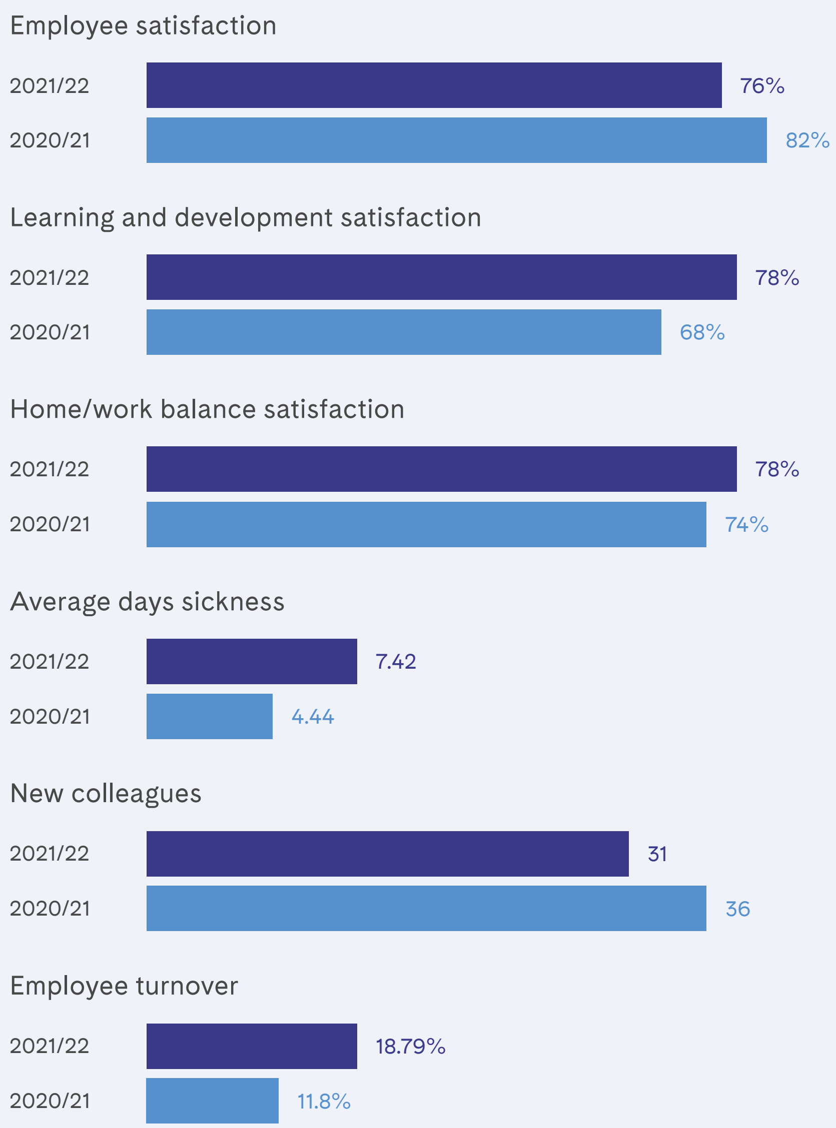
In February 2022 we launched our new agile working model 'Workstyle' combining the benefits of collaboration in person and work life balance. We have successfully transitioned to elements of home working, but still come together for 'Corporate Wednesdays' every week to ensure we keep close and connected. The indicators here are positive, with 78% of colleagues reporting they are satisfied with their home/work balance, an increase of 4% from our last survey.

We continued our commitment to learning and development, taking full advantage of face-to-face learning opportunities opening back up. We recently celebrated 8 colleagues' achievement of level 3 CIH Certificate in Housing and supported a further 5 colleagues with their professional studies. Our recent 'Pulse' survey reported 78% of colleagues being satisfied with their learning and development opportunities, an increase from 68% previously. We intend to build on this further over 2022/23.

Recruitment and retention were a key priority in 2021/22. The relaxation of Covid-19 restrictions led to confidence within the employment market, and the availability of home working has meant we now compete nationally to retain and attract talent. Our end of year employee turnover figure was 18.79% and retention remains a key priority for 2022/23. Key projects delivered throughout 2021/22 to support retention included a market salary review and review and rebranding of our benefits package.

Our Pulse survey reported 76% of colleagues being happy to work for Housing Solutions, and 77% feeling they belong. Our Equality, Diversity and Inclusion Strategy was successfully launched in 2021/22 and outlines our roadmap to becoming a truly inclusive employer and housing provider. Our grass-roots Inclusion Champion staff group continued to promote opportunities to celebrate diversity in all its forms, and our bespoke training programme for 2022/23 will contain a clear focus on conscious inclusion.

Key people measures



Technological solutions

Our digital strategy is focused on simplifying processes, employing iterative thinking, and new technology to help make residents' lives easier, and to support our people in their work.

Our investment in staff and IT systems has continued over the year to enhance our operational and service provision requirements. Our aim is to lead our sector in the use of technology to deliver services to our residents and internally to our people.

In 2021/22 we moved away from a private cloud, transferring all our services to the public cloud, giving us secure access to business systems for an increasingly agile workforce and a platform that is robust, stable, and easy to expand as the organisation continues to grow and evolve. Through this we are starting to see the benefit of reduced costs and enhanced service reliability.

OVER 24%
of repairs logged online
(14% 2020/21)

£3.63m
of rent paid via online portal
(£3.13m 2020/21)

70%
of our residents with an online portal account
(60% 2020/21)

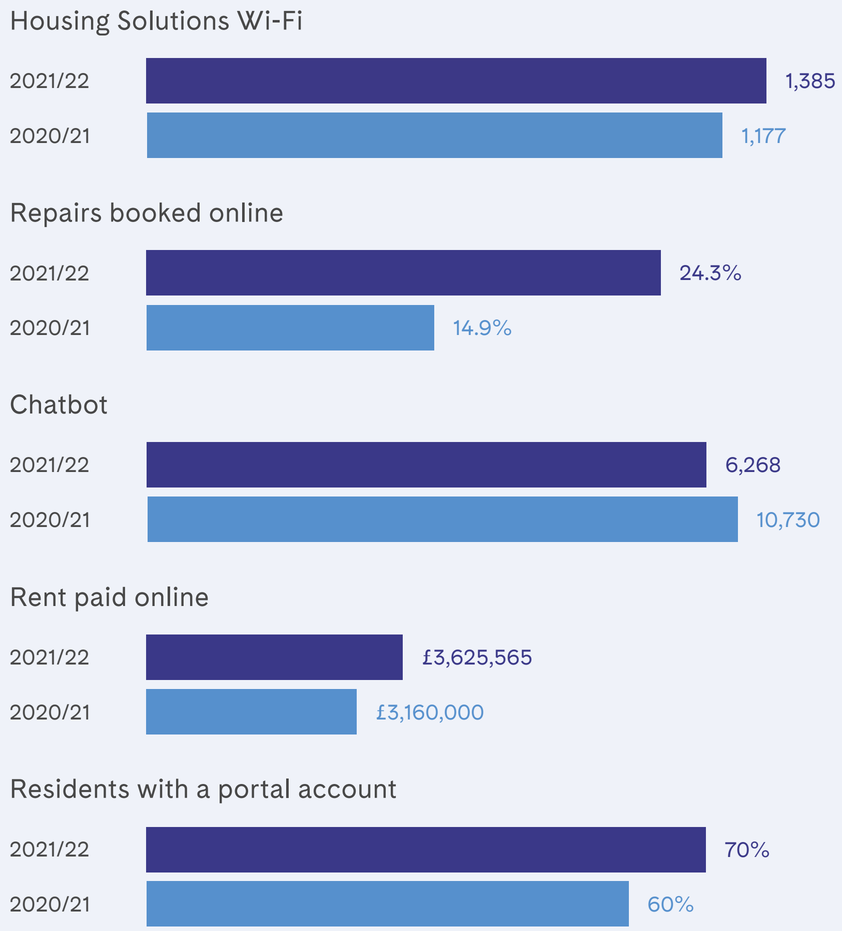
1,385
residents now connected to Housing Solutions Wi-Fi
(1,177 in 2020/21)

60% of all our services are now offered digitally including online repairs logging. We are driving an ongoing programme of improvements to our customer portal and website. By providing 24/7 access to account management we want to make it as easy as possible for our residents to interact with us. Residents can use the portal to book and change appointments, contact their Resident Liaison Officer, check their rent balance and pay rent, and view tenancy information.

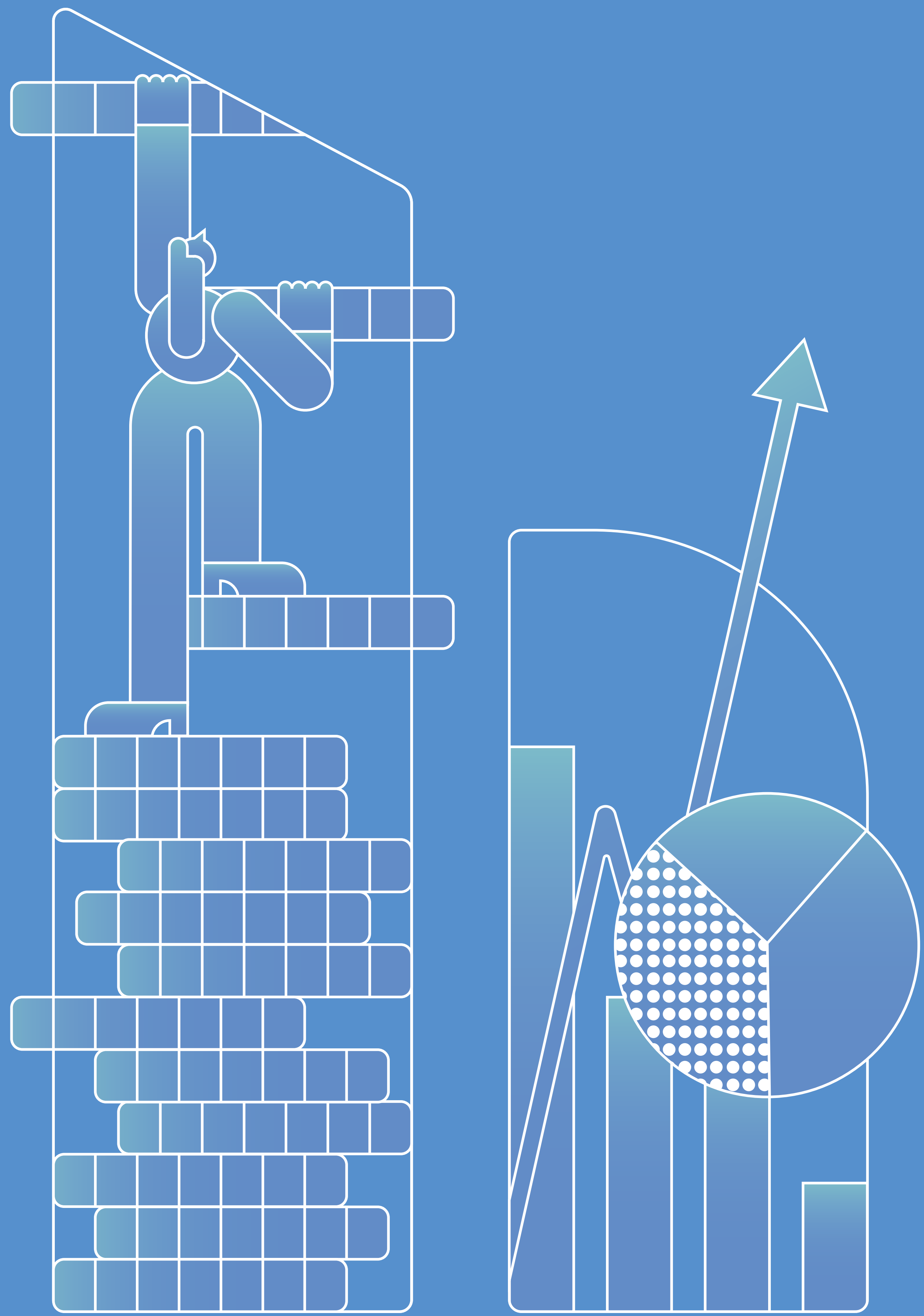
The proportion of residents with a live online portal account has risen to 70% over 2021/22 (up from 60% in 2021/21). More than 1,000 residents check their account at least once a month and our rental income via the portal has increased to £3.63m over the year. We also have one of the highest percentages of repairs logged online in the social housing sector, averaging over 20% each month and 24% for the year as a whole.

Our digital-first approach will continue to see our people freed up for more complex work, enabling more personal contact with residents, many of whom are vulnerable, where it's needed. We continued to roll out subsidised Wi-Fi access to residents, with 1,385 homes (up 26% on 2021/21) now enjoying public Wi-Fi access at minimal cost as part of our digital engagement strategy.

Digital and innovation



Our value for money metrics



Value for money metrics

We report against our own value for money targets as well as metrics set by our regulator.

The regulatory framework published by the Regulator of Social Housing includes specific requirements for registered providers to publish evidence in the statutory accounts to enable stakeholders to understand the providers':

1. Performance against its own value for money targets and any metrics set out by the Regulator, and how that performance compares to peers.
2. Measurable plans to address any areas of underperformance, including clearly stating areas where improvements would not be appropriate and the rationale for this.

To aid benchmarking, we track performance against a representative peer group. This peer group has been carefully selected by reviewing geographic coverage and property portfolio size housing associations.

	Regulator of Social Housing Value for Money Metrics	Housing Solutions 2020/21	Housing Solutions 2021/22	Peer Middle Quartile 2021	Sector Middle Quartile 2021
1	Reinvestment %	3.39%	3.73%	4.42%	5.8%
2	New Supply Delivered (Social Housing Units)	1.52%	1.58%	1.53%	1.3%
3	Gearing %	66.2%	65.2%	42.2%	43.9%
4	EBITDA MRI %	159.76%	155.83%	149.2%	183%
5a	Headline Social Housing Cost Per Unit (Excl. depreciation and planned maintenance)	£2,736	£3,272	–	–
5b	Headline Social Housing Cost Per Unit	£3,495	£4,022	£3,973	£3,730
6a	Operating Margin % (SHL only)	43.47%	38.61%	29.25%	26.3%
6b	Operating Margin % (Overall)	39.87%	37.04%	28.8%	23.9%
7	ROCE %	4.55%	4.41%	33.46%	3.3%

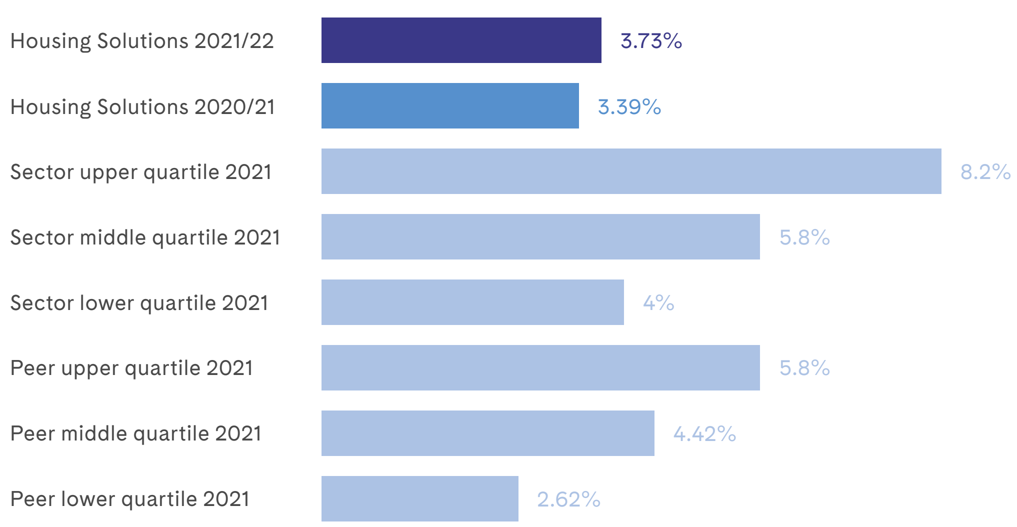
Metric 1 Reinvestment

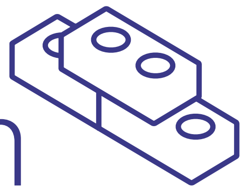
Housing Solutions invested £12.9m in building new homes during 2021/22 and made an additional £4.8m investment in maintaining our current homes.

Our reinvestment metric has increased on the 2020/21 figure of 3.39% and reflects both our development programme and asset management investment programmes in the year. As well as building 93 new homes we have invested in new components across our existing stock – kitchens, bathrooms, heating upgrades and loft compartmentalisation. This investment will continue into 2022/23 as part of our approved Business Plan.

Looking forward into 2022/23, we are anticipating a reinvestment level of 3.3% reflecting a similar level of investment in building new homes and existing homes as 2022.

Reinvestment (%)





£12.9m invested in building new homes during 2021/22

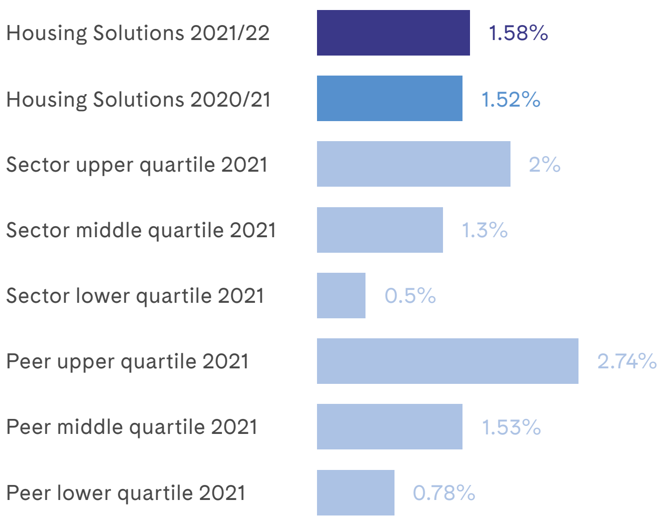
£4.8m investment in maintaining our current homes

Metric 2
New units delivered

Our target for 2021/22 was to deliver 90 new homes and we are pleased to report that this target was exceeded, with the final delivery being 93 properties.

Of the 93 new homes completed, 62% were for affordable rent, 5% for social rent and 32% were shared ownership.

New social housing units delivered (%)



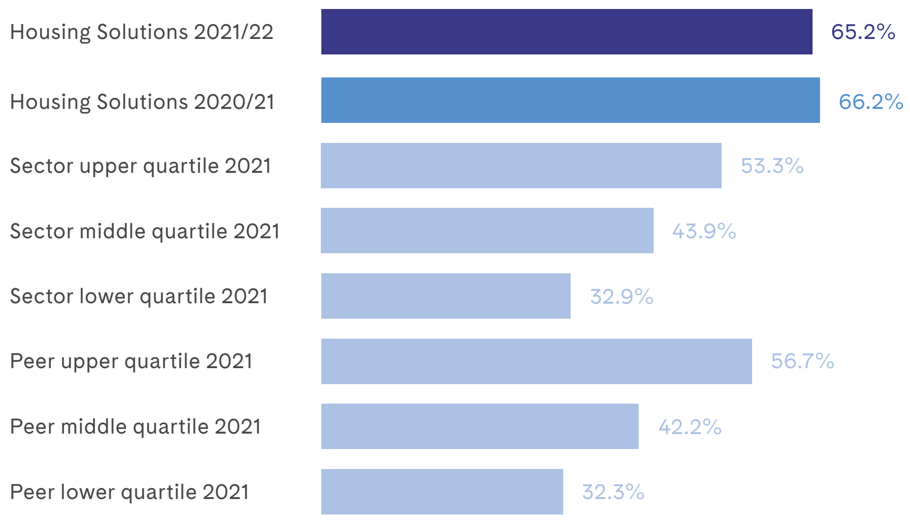
We recognise that our local areas are relatively expensive to rent and buy. We are committed to continuing to provide social rent and low-cost home ownership housing and are continuing to look at opportunities to develop, both in section 106 opportunities, as well as land led and the land we currently own. Our Development Strategy was approved by Board in February 2022 which is focussed on:

- residents being proud of where they live
- a sustainable legacy for future generations, minimising the impact on our planet in both construction and occupation
- well-designed homes that are attractive, affordable, safe, and secure – a place to call home
- fully integrated into the communities where they are built; adding value through investment into infrastructure where possible
- homes that are fit for purpose today and into the future

Metric 3
Gearing

Whilst our gearing ratio has dropped marginally from the 2020/21 position, Housing Solutions is still relatively highly geared but well within all gearing related loan covenants, including headroom for our development ambitions. Housing Solutions originated from a large scale voluntary transfer (LSVT) from the Royal Borough of Windsor & Maidenhead funded entirely through debt financing, as well as significant initial investment in the properties brought also, financed from debt, resulting in a relatively high gearing ratio.

Gearing (%)



During the year there was no requirement to draw down on any of our loan funding facilities, and our loan liability reduced as a result of repayments of £16m against our £304m of drawn loan facilities, leaving drawn loan facilities of £288m at 31 March 2022.

62%
of new homes completed were for affordable rent

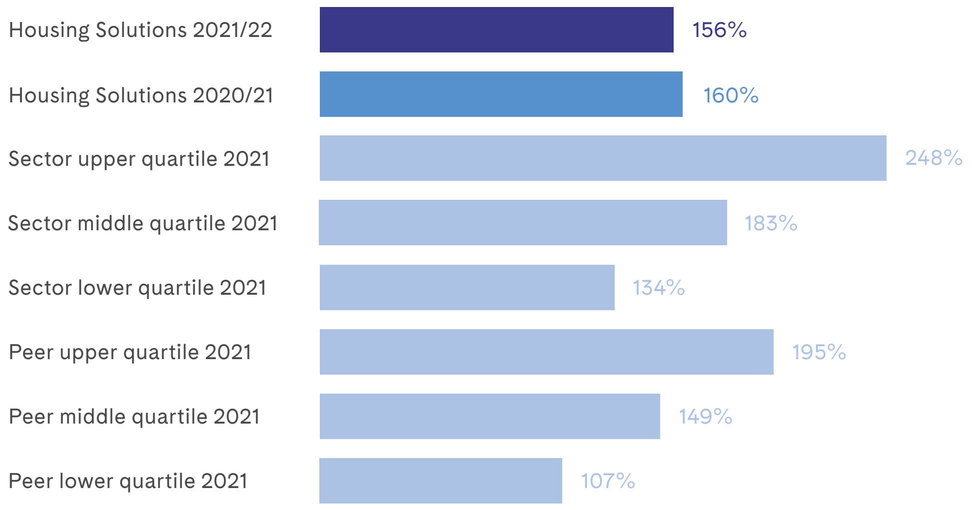
5%
of new homes completed were for social rent

32%
of new homes completed were shared ownership

Metric 4
EBITDA (MRI)

The return of staff to the office during 2021/22, investment in our staffing base and our focus on completing as many of our catch up repairs as possible resulted in our operating costs increasing against 2020/21, and consequently our interest cover reduced accordingly.

EBITDA MRI interest cover (%)



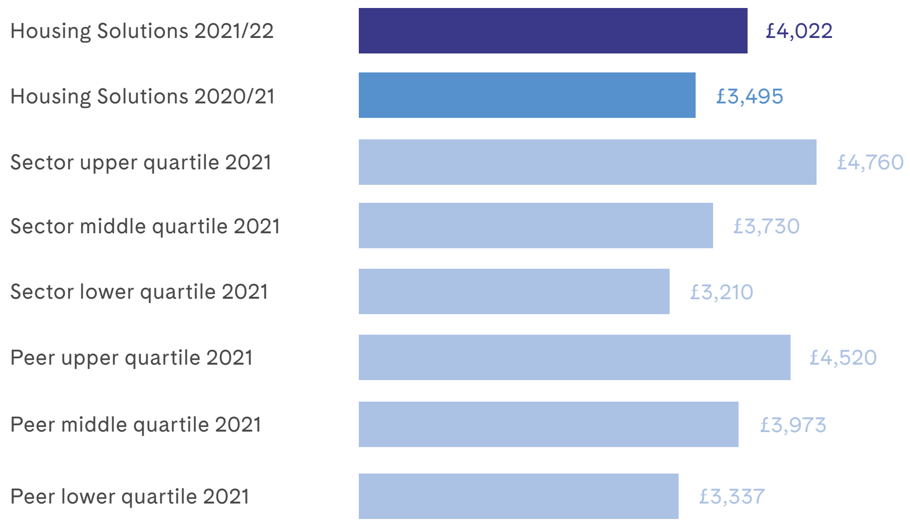
For 2022/23 our interest cover is expected to settle above 140% as we continue our investment in our current properties, provide financial support to those residents most in need, and develop new housing.

Corporate Wednesday picnic in the park lunch for all our staff

Metric 5
Headline social housing cost per unit

Our cost per unit for social housing has increased by 15% on the previous year and was £4,022 per unit. Whilst this is a significant increase, it is reflective of extraordinary increases within our energy budget – the cost of providing communal heat & light across all of our stock, as well as inflationary increase across large areas of our cost base – materials, management costs and estate charges, repairs catch-up work, and staff returning to the office. These increases have been partly mitigated by our increase in stock numbers. In comparison, 2020/21 included a significantly reduced repairs programme as a result of Covid-19 restrictions, government furlough, and overheads being lower as staff worked from home.

Social housing cost per unit (£)



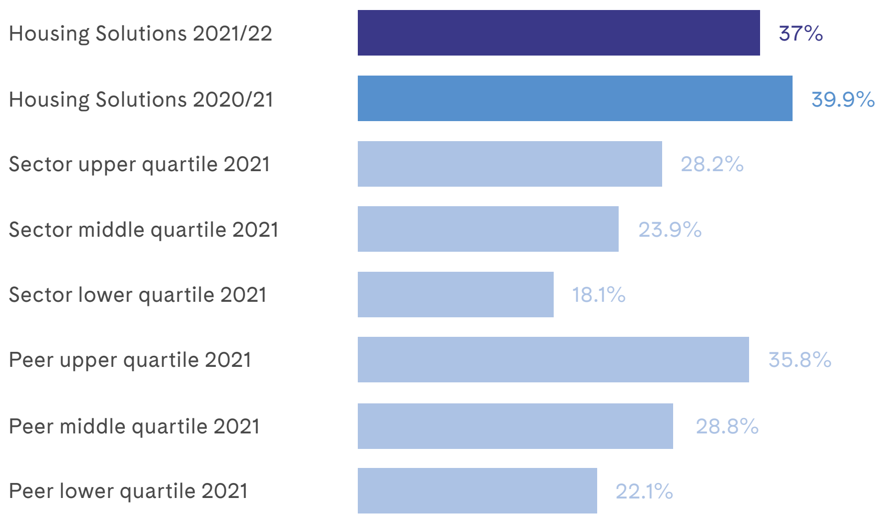
For 2022/23 we have set a maximum target of £4,632 per unit and, whilst this is a further increase on the 2021/22 value, it has been calculated based on known inflationary pressures across our operations.

For 2022/23 our interest cover is expected to settle above 140% as we continue our investment in our current properties, provide financial support to those residents most in need, and develop new housing.

Metric 6
Operating margins

We split our operating margins up to separate the results of all our activities and that just associated with our social housing lettings. The former includes all property sales and non-social housing activities which are used to subsidise our social housing activities, whether these be commercial activities such as letting offices, or through our market rented properties.

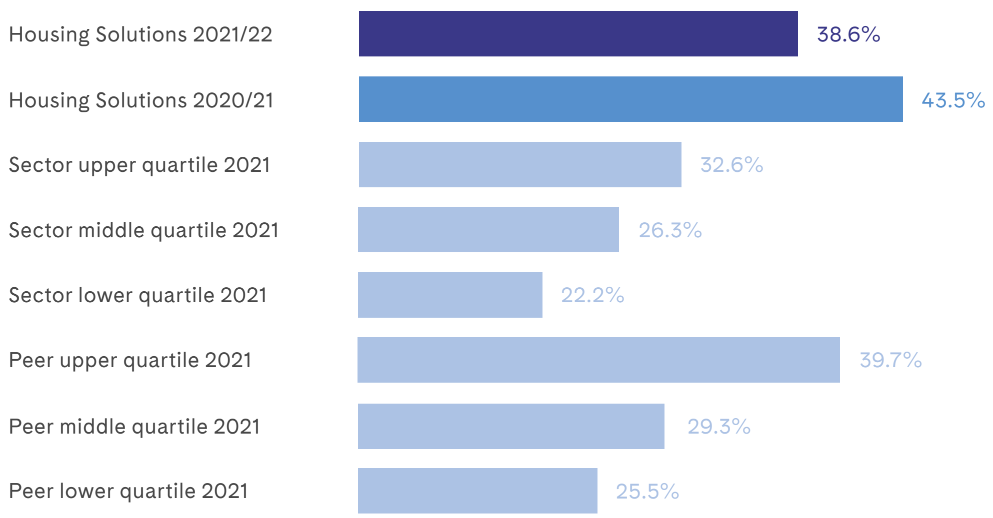
Operating margins (overall) (%)



Both our operating margins decreased as a result of a higher cost per unit but are still well above the sector median.

We maintained a strong overall margin from the sale of the first tranche of shared ownership properties, but the increase in operating costs resulted in this metric reducing. For 2022/23 our budget is forecast to achieve margins of between 35% and 37%, based on budget management and continued strong performance on property sales.

Operating margins (social housing lettings only) (%)

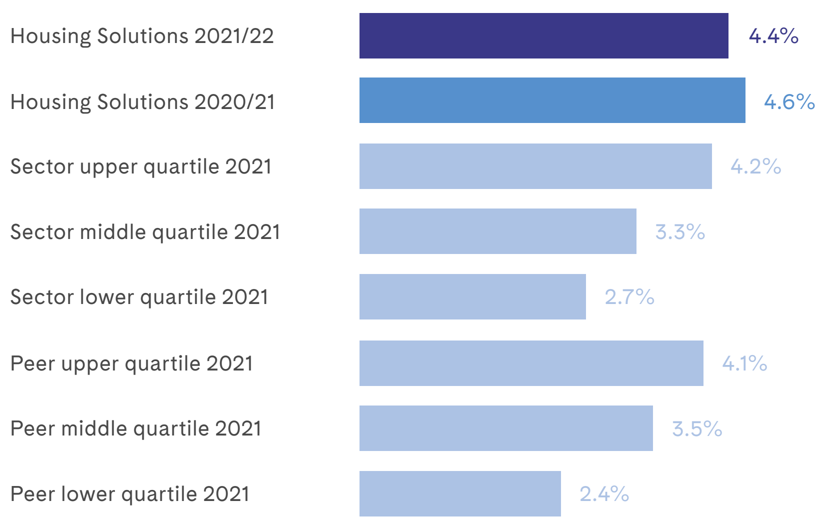


Metric 7
Return on capital employed

The return on capital employed reflects the operating surplus as a percentage of total assets less current liabilities.

The minor reduction in ROCE directly reflects that already mentioned in the other VfM metrics, being the reduction in operating surplus, influenced by the increase in operating costs, and the higher cost per unit.

Return on capital employed (%)



Corporate Wednesday picnic in the park lunch for all staff

Our value for money strategy

One of the core pillars of our corporate objectives is the satisfaction of our residents. In November 2021 the Board approved a new five year Value for Money Strategy.

In November 2021 the Board approved the new 2021–26 Value for Money Strategy. This is a five-year strategy which is reviewed and updated annually, being a revolving five-year programme.

In setting the context of the strategy, from 2017 to 2020, costs have increased on average by 8.5% per annum, with lettings costs and overheads having the greatest increase. Whilst our cost per unit has remained lower than the sector median – this is not a goal by itself, as the Board have expressed a willingness to increase our cost per unit but only if there is a clear and demonstratable improvement in the service provision for our residents. Resident satisfaction, safety, and sustainability being the central pillars to the Housing Solutions Corporate Strategy.

The Board have set the following value for money targets:

Reduce the cost per unit through growth and reinvest this in our services

Objectives	Target 2021/22	Target 2022/23	Target by 2026
Satisfy residents, while keeping rent and service charges as low as possible	Residents consider our services offer good value for money: ›85% of those using general needs services ›75% of sheltered residents ›65% of home ownership residents	Residents consider our services offer good value for money: ›87% of those using general needs services ›77% of sheltered residents ›69% of home ownership residents	Residents consider our services offer good value for money: ›89% of those using general needs services ›80% of sheltered residents ›75% of home ownership residents

Not achieved

One of the core pillars of our corporate objectives is the satisfaction of our residents. We used an independent organisation to survey a number of our residents and the feedback identified service charges as an area adversely impacting on resident satisfaction.

We have formed a service charge working group tasked with identifying areas where our service charges can be improved and the information provided to residents being more transparent and tailored.

Zero harm to staff and residents

Objectives	Target 2021/22	Target 2022/23	Target by 2026
A culture of safety & responsibility	90% staff undertaken safety training	50% of all Asset managers NEBOSH trained	Sector leading engagement in safety week

Achieved

During 2021/22 99% of staff undertook safety training aimed at keeping both our residents and staff safe.

Reduce the cost per unit through growth and reinvest this in our services

Objectives	Target 2021/22	Target 2022/23	Target by 2026
Reduce the cost per unit through growth, either through organic growth and/or inorganic growth	Deliver 93 new homes	Deliver more than 180 new homes (year 1 & 2)	Deliver more than 460 new homes (years 1–5)
A strong local presence	95% of new homes built or acquired will be within 60 minutes of Maidenhead	95% of new homes built or acquired will be within 60 minutes of Maidenhead	95% of new homes built or acquired will be within 60 minutes of Maidenhead

Achieved

We recognise that developing more homes can spread the cost of the overheads and management fees to our residents, effectively benefitting from economies of scale, as well as providing much needed new low cost homes for people in need. During 2021/22 we developed 93 new homes of which 100% were within 60 minutes of Maidenhead.

Source quality goods and services at an optimal cost and a strategic approach to procurement

Objectives	Target 2021/22	Target 2022/23	Target by 2026
Maximising our income through a reduction in our current arrears	Achieve arrears of or below 2.75%	Achieve arrears of or below 2.5%	Achieve arrears of or below ‹2% and maintain this

Achieved

One of the standout areas of performance over the past year was income collection with gross rent arrears falling to 2.25% for 2021/22 by offering tailored support and assistance to enable our residents to continue paying their rent (and service charges) over a difficult year. By working closely with residents and collaboratively across teams we have been able to positively impact income collection at a time which might have seen a marked increase in rent arrears. The next year will continue to present challenges for our residents as we face continued rises in living costs, including energy bills, but we intend to build on the achievements made over 2021/22 to continue to support our residents.

Independent Auditor's Report

Independent auditor's report to the members of Housing Solutions

Opinion on the financial statements

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 2022 and of the Group's and the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance 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 2019.

We have audited the financial statements of Housing Solutions ('the Association') and its subsidiaries ('the Group') for the year ended 31 March 2022 which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association statement of financial position, the consolidated and Association statement of changes in reserves, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board members use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 Group's and of the Association's ability to continue as a going concern for a period of at least twelve 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.

Other information

The Board are responsible for the other information. The other information comprises the information included in the Annual report and Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information including the Chairman's Statement and Strategic Report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the parent Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent Association financial statements are not in agreement with the accounting records and returns; 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 Board members responsibilities statement set out on page 17, 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 members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Association and the industry in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be the Housing and Regeneration Act 2008, the Co-operative and Community Benefit Societies Act 2014 and relevant Tax Legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

In addition, the Association is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: the Regulations set out by the Regulator of Social Housing, Employment Law, Data Protection and Health and Safety Legislation.

Audit procedures capable of detecting irregularities including fraud performed by the engagement team included:

- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. Areas of identified risk are then tested substantively;
- we made enquiries of management and those charged with Governance about whether the company is in compliance with laws and regulations;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports
- reviewing correspondence with HMRC and the Regulator;
- reviewed any potential weaknesses in internal control which could result in fraud susceptibility;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- reviewing any items included in the fraud register as well as the results of internal audit's investigation into these matters;
- challenging assumption made by management in their significant accounting estimates in particular in relation to the recoverable amount of assets and the appropriate allocation of costs between land and structure;
- carrying out detailed testing, on a sample basis, of transactions and balances agreeing to appropriate documentary evidence to verify the completeness, existence and accuracy of the reported financial statements; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

For and on behalf of BDO LLP, statutory Auditor:

Paula Willock

Paula Willock (Senior Statutory Auditor)
Gatwick, 16th September 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

	Note	Group 2022 £000	Group 2021 £000	Association 2022 £000	Association 2021 £000
Turnover	3	49,899	48,875	49,717	48,568
Cost of sales	3	(3,580)	(4,573)	(3,484)	(4,507)
Gain on disposal of assets	3	1,627	1,465	1,627	1,465
Operating costs	3	(27,837)	(24,817)	(27,750)	(24,727)
Operating surplus	3	**20,109**	**20,950**	**20,110**	**20,799**
Interest receivable and other income	9	16	15	55	53
Interest payable and financing costs	10	(12,872)	(12,611)	(12,872)	(12,611)
Movement in fair value of investment properties	14	268	(50)	268	(50)
Surplus on ordinary activities before taxation		**7,521**	**8,304**	**7,561**	**8,191**
Tax on surplus on ordinary activities	11	–	–	–	–
Surplus for the year		**7,521**	**8,304**	**7,561**	**8,191**
Actuarial gain/(loss) on defined benefit pension scheme	28	4,472	(8,250)	4,472	(8,250)
Total comprehensive income for the year		**11,993**	**54**	**12,033**	**(59)**

All of the Group and Association's turnover and surplus disclosed above are derived from continuing activities.

The financial statements were approved and authorised for issue by the Board of Management on 27 July 2022 and are signed on its behalf by:

Elizabeth J. Padmore

Elizabeth J Padmore – Chairman

Orla Gallagher – Chief Executive

Shazia Nazir – Company Secretary

The accompanying accounting policies and notes on pages 68–98 form an integral part of the financial statements.

Group

	Share Capital £000	Revenue Reserve £000	Total £000
Balance as at 1 April 2020	–	86,506	86,506
Total comprehensive income for the year	–	54	54
Balance at 31 March 2021	**–**	**86,560**	**86,560**
Total comprehensive income for the year	–	11,993	11,993
Balance at 31 March 2022	**–**	**98,553**	**98,553**

Association

	Share Capital £000	Revenue Reserve £000	Total £000
Balance as at 1 April 2020	–	86,328	86,328
Total comprehensive income for the year	–	(59)	(59)
Balance at 31 March 2021	**–**	**86,269**	**86,269**
Total comprehensive income for the year	–	12,033	12,033
Balance at 31 March 2022	**–**	**98,302**	**98,302**

The accompanying accounting policies and notes on pages 68–98 form an integral part of the financial statements.

	Note	2022 £000	2021 £000
Fixed Assets			
Tangible Fixed Assets (housing properties)	12a	425,141	417,329
Tangible Fixed Assets (other)	12b	8,854	9,294
Intangible Fixed Assets	13	1,137	1,047
Investment properties	14	19,085	19,070
Investments	15/16	2,509	2,514
		456,726	449,254
Current Assets			
Properties for sale	17	6,828	8,949
Debtors	18	2,482	2,704
Cash and cash equivalents		12,818	29,395
		22,128	41,048
Creditors: amounts falling due within one year	19	(22,529)	(29,829)
Net current assets		(401)	11,219
Total assets less current liabilities		**456,325**	**460,473**
Creditors: amounts falling due after more than one year	21	(335,935)	(347,598)
Net assets excluding pension liability		120,390	112,875
Pension liability	28	(21,837)	(26,315)
Total net assets		**98,553**	**86,560**
Capital and reserves			
Called-up non-equity share capital	24	–	–
Revenue reserve		98,553	86,560
Total reserves		**98,553**	**86,560**

The financial statements were approved and authorised for issue by the Board of Management on 27 July 2022 and are signed on its behalf by:

Elizabeth J Padmore – Chairman

Orla Gallagher – Chief Executive

Shazia Nazir – Company Secretary

The accompanying accounting policies and notes on pages 68–98 form an integral part of the financial statements.

	Note	2022 £000	2021 £000
Tangible Fixed Assets			
Tangible Fixed Assets (housing properties)	12a	425,376	417,491
Tangible Fixed Assets (other)	12b	7,708	8,065
Intangible Fixed Assets	13	1,137	1,047
Investment properties	14	19,085	19,070
Investments	15/16	2,477	2,477
		455,783	448,150
Current Assets			
Properties for sale	17	6,828	8,949
Debtors	18	3,276	4,076
Cash and cash equivalents		12,751	28,806
		22,855	41,831
Creditors: amounts falling due within one year	19	(22,564)	(29,799)
Net current assets		291	12,032
Total assets less current liabilities		**456,074**	**460,182**
Creditors: amounts falling due after more than one year	21	(335,935)	(347,598)
Net assets excluding pension liability		120,139	112,584
Pension liability	28	(21,837)	(26,315)
Total net assets		**98,302**	**86,269**
Capital and reserves			
Called-up non-equity share capital	24	–	–
Revenue reserve		98,302	86,269
Total reserves		**98,302**	**86,269**

The financial statements were approved and authorised for issue by the Board of Management on 27 July 2022 and are signed on its behalf by:

Elizabeth J Padmore – Chairman

Orla Gallagher – Chief Executive

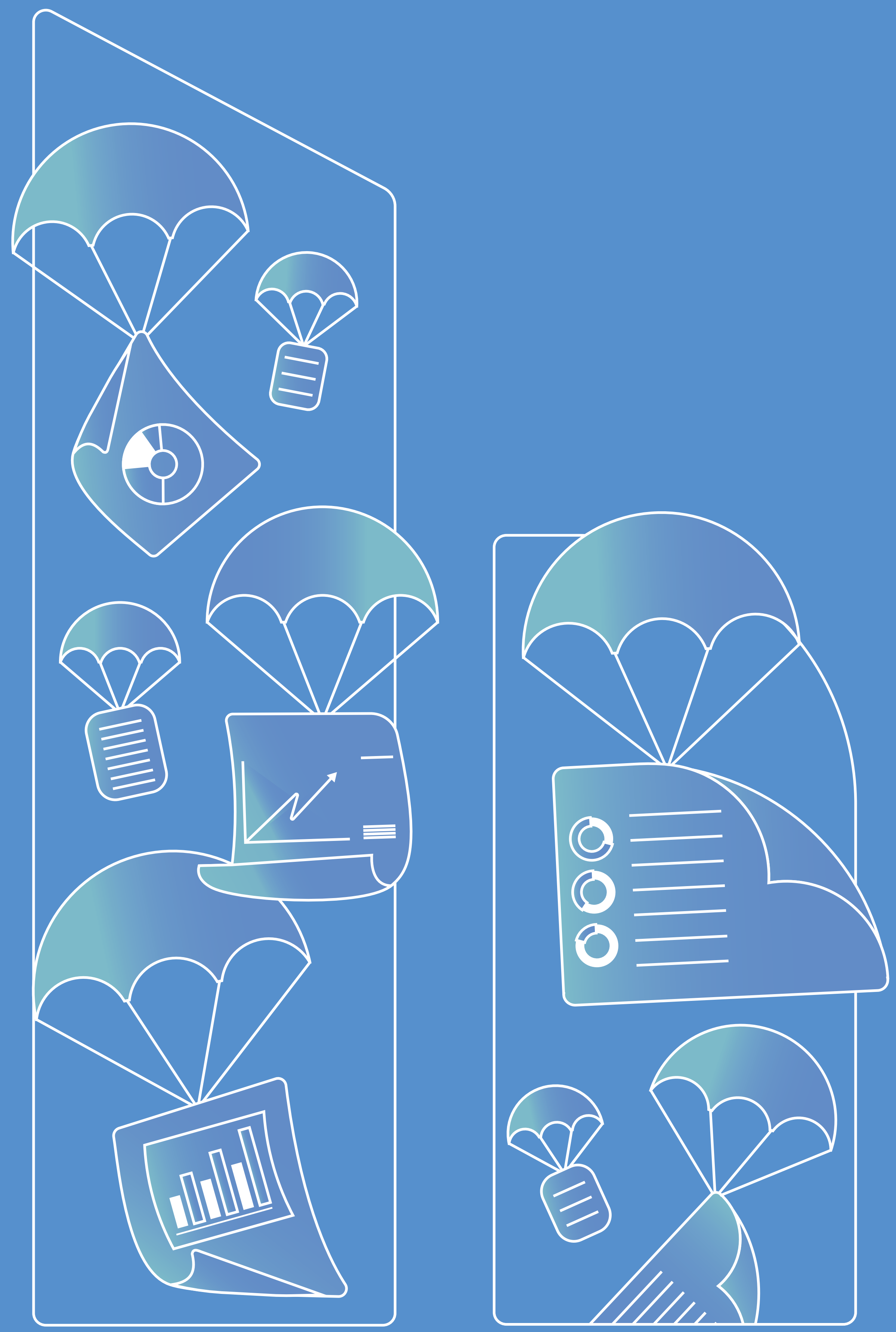
Shazia Nazir – Company Secretary

The accompanying accounting policies and notes on pages 68–98 form an integral part of the financial statements.

	Note	2022 £000	2021 £000
Net cash generated from operating activities	27	32,048	34,435
Cash flow from investing activities			
Purchase of tangible fixed assets		(17,374)	(13,231)
Grants received		31	882
Interest received		16	15
		(17,327)	(12,334)
Cash flow from financing activities			
Interest paid		(15,649)	(13,047)
New secured loans		–	24,499
Repayment of borrowings		(15,649)	(19,060)
		(31,298)	(7,608)
Net increase/(decrease) in cash and cash equivalents		**(16,577)**	**14,493**
Cash and cash equivalents at the beginning of the year		**29,395**	**14,902**
Cash and cash equivalents at the end of the year		**12,818**	**29,395**

The accompanying accounting policies and notes on pages 68–98 form an integral part of the financial statements.

Notes to the financial statements



1.0 Legal status

The Association is registered in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a housing provider. The registered office is shown on page 7.

2.0 Accounting policies

2.1 Basis of accounting

The financial statements of the Group and Association are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

As a Public Benefit Entity, The Group has applied the 'PBE' prefixed paragraphs of FRS 102.

The financial statements are presented in Sterling (£).

2.2 Basis of consolidation

The consolidated financial statements incorporate the results of Housing Solutions and all of its subsidiary undertakings as at 31 March 2022. All intra-group balances, transactions, income and expenses are eliminated in full on consolidation.

2.3 Going concern

The Board reviewed Housing Solutions forecasts for the period to March 2024 at the 2 March 2022 meeting and were content that these plans were affordable and that the accounts should be prepared on a going concern basis.

The continuing impact of the Covid-19 outbreak and its financial effect, as well as the escalation of the Russia/Ukraine war, combined with the current levels of high inflation experienced across the UK economy, has meant that the Executive Team and Board have reviewed the financial plans for the next five years and beyond to ensure that Housing Solutions will remain a going concern. We have modelled a number of scenarios based on current estimates of rent collection, investment in developing new properties, property sales, and maintenance spend, as well as forecasts of future inflation expectations. Board will continue to review the Business Plan with the Executive Team and continue to work with our customers and stakeholders to deliver exceptional services in a friendly, solution-focused way.

We are continuing with our plans to invest in our fire safety programme, as the safety of our residents is our highest priority. This investment is £3.5m for 2022/23 and has been included in our Business Plan. This plan does not result in any covenants forecasted to be breached.

Given the strength of the Statement of Financial Position and availability of cash and liquidity in undrawn loan facilities, totalling around £75m, the Board believe that Housing Solutions will continue as a going concern. Board therefore consider it appropriate for the accounts to be prepared on a going concern basis.

2.4 Investment in subsidiaries and joint ventures

The consolidated financial statements incorporate the financial statements of the Association and entities (including special purpose entities) controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-Group transactions, balances, income, and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the Association financial statements.

Investments in joint ventures are accounted for using equity accounting in the consolidated financial statements and at cost less impairment in the Association financial statements.

2.5 Turnover and revenue recognition

Turnover comprises of rental income receivable in the year, income from shared ownership first tranche sales, and other services. These are included at the invoiced value (excluding VAT where recoverable) of goods and services supplied in the year and grants receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

2.6 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If, and when, all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed. Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised and will be assessed for tax in a future period, except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Value Added Tax

The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or current asset.

2.7 Financial instruments

All financial instruments are judged to be basic financial instruments as defined in Section 11 of FRS 102. The indexed linked loan is accounted for under the amortised cost model whereas the other loans are at cost, as there is not any material difference between the historic cost and amortised cost for these loans.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at transaction price, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method, less any impairment.

Where deferral of payment terms have been agreed at below market rate, and where material, the balance is shown at the present value, discounted at a market rate.

2.9 Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank, local authority, and other loans, are measured initially at transaction price, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

2.11 Pensions

The Group participated in a funded multi-employer defined benefit scheme – Royal County of Berkshire Pension Scheme (RCBPS); the Group ceased to have active members in the scheme from 1 April 2020.

The RCBPS scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high-quality corporate bond rates. The net surplus or deficit is presented as a separate provision on the Statement of Financial Position. A net surplus is recognised only to the extent that it is recoverable by the Group through reduced contributions or through refunds from the plan.

As there are no active members, there are no current service costs or costs from settlements and curtailments charged against operating surplus. Net interest costs are calculated by applying the discount rate to the net defined benefit liability and are recognised in the income and expenditure account as a finance cost. Remeasurements are reported in other comprehensive income.

The Group participates in a defined contribution scheme operated by Scottish Widows.

The Scottish Widows scheme is accounted for as a defined contribution plan. The charge to income and expenditure represents the employer contribution payable to the scheme for the accounting period.

2.12 Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation.

Housing properties under construction are stated at cost and are not depreciated. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period, and expenditure incurred in respect of improvements.

Works to existing properties, which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Depreciation of housing properties

The Group separately identifies the major components, which comprise its housing properties, and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight-line basis, over its estimated useful economic life.

The Group depreciates the major components of its housing properties at the following annual rates:

	% pa	Number of years
Structure	1.0	100
Roofs	1.3	75
Bathrooms	3.3	30
Kitchens	5.0	20
Windows and doors	3.3	30
Heating source	6.7	15
Heating distribution	3.3	30
Rewiring	3.3	30
Lifts	4.0	25

Impairment

Annually, housing properties are assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the asset's carrying amount to its recoverable amount. Where the carrying amount of an asset is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount. This is likely to be the value in use of the asset based on its service potential. The resulting impairment loss is recognised as expenditure in the Statement of Comprehensive Income. Where an asset is currently deemed not to be providing service potential to the Association, its recoverable amount is its fair value less costs to sell.

Social housing grant and other government grants

Government grants include grants receivable from Homes England, local authorities, and other government organisations for the development of housing properties. The amount of grant received is included in deferred capital grants and recognised within turnover over the estimated useful economic life of the associated components.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with the Homes England. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the Statement of Financial Position in creditors.

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

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the Association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Properties for sale

Shared ownership first tranche sales, completed properties for outright sale, and property under construction are valued at the lower of cost and net realisable value. Cost comprises of materials, direct labour, and direct development overheads. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

Capitalisation of interest

Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

- interest on borrowings specifically financing the development programme after deduction of social housing grant received in advance; or

- a fair amount of interest on borrowings of the Association as a whole after deduction of social housing grant received in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the Statement of Comprehensive Income in the year.

2.13 Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised within the Statement of Comprehensive Income.

2.14 Other tangible fixed assets

Other tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Other freehold property	100 years
Free/Leasehold premises' improvements	21 years
Furniture and equipment	5 years
Computer equipment	5 years
Plant & machinery	25 years

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

2.15 Intangible assets

Intangible assets are measured at cost less accumulated amortisation.

Amortisation is provided evenly on the cost of intangible assets to write them down to their estimated residual values over their expected useful lives. The principal annual rate used for intangible assets is:

Computer software	5 years

2.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the Statement of Comprehensive Income account on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Group recognises annual rent expense equal to amounts owed to the lessor. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

2.17 Significant judgements and estimates

In preparing these financial statements, key judgements have been made in respect of the following:

Impairment of assets

Tangible fixed assets (mainly housing properties) are assessed for indicators of impairment at each reporting date. Indicators include changes in government policy, a reduction in the market value of properties where the occupant has the right to acquire, a reduction in the demand for a property, losses from operating that property, obsolescence of a property or contamination of a site. Impairment is tested at income generating unit level which is at scheme level.

There was no impairment of assets during the year.

Classification of properties

The categorisation of housing properties as investment properties or property, plant and equipment is based on the intended use of the asset.

Classification of financial instruments

The classification of financial instruments as “Basic” or “Other” is based on the contractual terms for each instrument. Management have judged all instruments to be Basic.

Properties developed for sale

Properties developed for sale are held at the lower of cost and net realisable value. Net realisable value is based on the estimated selling price less selling costs. Estimated selling prices were provided by external valuers and by reference to actual selling prices for completed developments. For schemes under construction the estimated costs to completion are based on approved budgets and forecasts.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income, and expenses is provided. Actual results may be substantially different.

Valuation of investment properties

Management reviews its valuation of investment properties at each reporting date, based on either formal valuation reports or an update to those reports based on market conditions and other changes to assumptions. Uncertainties in these estimates relate to the discount rate, the cost of property maintenance, and future cash flows. Valued investment properties totalled £19m at the year end.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to Decent Homes standards which may require more frequent replacement of key components.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 28).

3(a)
Particulars of turnover, cost of sales, operating costs and operating surplus

Group

	2022 Turnover £000	2022 Cost of sales £000	2022 Operating expenditure £000	2022 Gain on disposal £000	2022 Operating surplus £000
Social housing lettings	41,584	–	(25,530)	–	16,054
Other social housing activities					
Lifeline alarm system	86	–	(69)	–	17
Shared ownership 1st tranche sales	4,751	(3,484)	–	–	1,267
Supporting people	38	–	–	–	38
	46,459	(3,484)	(25,599)	–	17,376
Activities other than social housing (Note 3b)	3,440	(96)	(2,238)	–	1,106
Gain on disposal of housing properties (Note 8)	–	–	–	1,627	1,627
Total	49,899	(3,580)	(27,837)	1,627	20,109

	2021 Turnover £000	2021 Cost of sales £000	2021 Operating expenditure £000	2021 Gain on disposal £000	2021 Operating surplus £000
Social housing lettings	40,270	–	(22,766)	–	17,504
Other social housing activities					
Lifeline alarm system	97	–	(55)	–	42
Shared ownership 1st tranche sales	5,514	(4,507)	–	–	1,007
Supporting people	84	–	–	–	84
	45,965	(4,507)	(22,821)	–	18,637
Activities other than social housing (Note 3b)	2,910	(66)	(1,996)	–	848
Gain on disposal of housing properties (Note 8)	–	–	–	1,465	1,465
Total	48,875	(4,573)	(24,817)	1,465	20,950

Association

	2022 Turnover £000	2022 Cost of sales £000	2022 Operating expenditure £000	2022 Gain on disposal £000	2022 Operating surplus £000
Social housing lettings	41,584	–	(25,530)	–	16,054
Other social housing activities					
Lifeline alarm system	86	–	(69)	–	17
Shared ownership 1st tranche sales	4,751	(3,484)	–	–	1,267
Supporting people	38	–	–	–	38
	46,459	(3,484)	(25,599)	–	17,376
Activities other than social housing (Note 3b)	3,258	–	(2,151)	–	1,107
Gain on disposal of housing properties (Note 8)	–	–	–	1,627	1,627
Total	49,717	(3,484)	(27,750)	1,627	20,110

	2021 Turnover £000	2021 Cost of sales £000	2021 Operating expenditure £000	2021 Gain on disposal £000	2021 Operating surplus £000
Social housing lettings	40,270	–	(22,766)	–	17,504
Other social housing activities					
Lifeline alarm system	97	–	(55)	–	42
Shared ownership 1st tranche sales	5,514	(4,507)	–	–	1,007
Supporting people	84	–	–	–	84
	45,965	(4,507)	(22,821)	–	18,637
Activities other than social housing (Note 3b)	2,603	–	(1,906)	–	697
Gain on disposal of housing properties (Note 8)	–	–	–	1,465	1,465
Total	48,568	(4,507)	(24,727)	1,465	20,799

Group and Association

	2022						2021
	General needs housing £000	Supported housing and housing for older people £000	Key worker housing £000	Care homes £000	Low cost home ownership £000	Total £000	Total £000
Rent receivable net of identifiable service charges	27,630	3,186	230	5,236	2,047	38,329	37,275
Service charge income	1,067	1,033	–	–	520	2,620	2,302
Amortised government grants	635	–	–	–	–	635	610
Other grants	–	–	–	–	–	–	83
Turnover from social housing lettings	**29,332**	**4,219**	**230**	**5,236**	**2,567**	**41,584**	**40,270**
Expenditure							
Management and other operating expenses	6,034	1,019	32	690	780	8,555	7,685
Service charge costs	1,709	1,013	10	155	223	3,110	2,509
Routine maintenance	2,833	596	13	366	22	3,830	3,027
Planned maintenance	2,687	866	13	802	48	4,416	3,798
Bad debts	(73)	(11)	0	(12)	(10)	(106)	546
Depreciation of housing properties	3,748	564	25	598	–	4,935	4,560
Other costs	575	72	3	77	63	790	641
Operating expenditure on social housing lettings	**17,513**	**4,119**	**96**	**2,676**	**1,126**	**25,530**	**22,766**
Operating surplus on social housing lettings	**11,819**	**100**	**134**	**2,560**	**1,441**	**16,054**	**17,504**
Void losses	302	243	1	0	39	585	539

3(b) Particulars of activities other than social housing

	Group 2022 £000	Group 2021 £000	Association 2022 £000	Association 2021 £000
Market rent accommodation	667	659	667	659
Rental income from garages	259	266	259	266
External estate and repairs maintenance	1,505	1,162	1,505	1,162
Feed-in tariff income from PV panels	239	292	–	–
Other income	770	531	827	516
	3,440	2,910	3,258	2,603

4 Accommodation in management and development

Group and Association

At the end of the year accommodation in management for each class of accommodation was as follows:

	2021 Units	Additions Units	Disposals Units	Tenure changes Units	Other Units	2022 Units
Social housing						
General needs	3,645	5	(3)	–	–	3,647
Affordable	378	58	–	–	–	436
Supported housing and housing for older people	582	–	(10)	–	–	572
Low cost home ownership	519	30	(14)	–	–	535
Key worker housing	27	–	–	–	–	27
Residential care homes	693	–	–	–	–	693
Total owned	**5,844**	**93**	**(27)**	**–**	**–**	**5,910**
Accommodation managed for others	–	–	–	–	–	–
Total owned and managed	**5,844**	**93**	**(27)**	**–**	**–**	**5,910**
Non-social housing						
Market rent – owned	34	–	–	–	–	34
Temporary accommodation – leased out	13	–	–	–	–	13
Market rent – managed for others	40	–	–	–	–	40
Total owned and managed	87	–	–	–	–	87
Accommodation in development at the year end	121	–	–	–	–	52

5 Key management personnel

The members of the Board received a total remuneration for services provided as Directors of £60,829 (2021 – £67,858). The remuneration paid to the Executive Directors of Housing Solutions Group (defined as the Chief Executive, the Development Director (retired), the Director of Finance, the Director of Property & Development, the Director of Resident Services & Community, and the Director of Corporate Services) was:

	2022 £000	2021 £000
Emoluments	836	717
Pension contributions	89	79
	925	796
Emoluments (including pension contributions) paid to:		
The highest paid director (the Chief Executive) base salary	177	175
Pension contributions	21	21
Other non-salary payments	16	9
	214	205

The Chief Executive is a member of the direct contribution pension scheme and their pension entitlement is identical to other members of the scheme. Housing Solutions does not contribute to any other pension scheme on behalf of the Chief Executive.

6 Employee information

	2022 Number	2021 Number
The average weekly number of full-time equivalent persons (including directors) (Calculated using a standard 37 hour week):		
Office staff	105	98
Caretakers and cleaners	15	14
Building maintenance staff	26	34
	146	146

	2022 £000	2021 £000
Staff costs (for the above persons):		
Wages and salaries	7,005	6,219
Social security costs	700	620
Pension costs – Contributions	596	531
Pension cost – contributions to defined benefit scheme	543	528
	8,844	7,898

The full-time equivalent number of staff, including directors, who received emoluments:

	2022 Number	2021 Number
£60,001 to £70,000	7	3
£70,001 to £80,000	3	4
£80,001 to £90,000	6	4
£110,001 to £120,000	1	–
£130,001 to £140,000	1	1
£140,001 to £150,000	–	2
£150,001 to £160,000	2	1
£200,001 to £210,000	1	1

7 Operating surplus

	Group 2022 £000	Group 2021 £000
Operating surplus is stated after charging:		
Depreciation		
– housing properties	4,536	4,470
– accelerated depreciation on components	397	90
– other fixed assets	517	510
Amortisation of intangible assets	343	269
Operating lease rentals:		
– hire of motor vehicles	**22**	**22**
– office equipment	**9**	**11**
Auditor's remuneration		
– for audit purposes		
– parent	45	48
– subsidiaries	12	10
– Total	**57**	**58**
– for non-audit purposes		
– tax compliance	10	10
Internal auditor's remuneration	64	40

8 Gain on sale of fixed assets

Group and Association

	Housing properties 2022 £000	Other Assets 2022 £000	Housing properties 2021 £000	Other Assets 2021 £000
Disposal proceeds	4,358	–	2,530	–
Cost of sales (administration)	(67)	–	(29)	–
Carrying value of fixed assets	(2,664)	–	(1,036)	–
Gain on sale of fixed assets	1,627	–	1,465	–

9 Interest receivable

	Group 2022 £000	Group 2021 £000	Association 2022 £000	Association 2021 £000
Intercompany interest receivable	–	–	39	38
Interest receivable	16	15	16	15
	16	15	55	53

10 Interest and financing costs

	Group 2022 £000	Group 2021 £000	Association 2022 £000	Association 2021 £000
Loans and bank overdrafts	12,824	13,047	4,275	4,434
Interest payable to Group companies	–	–	8,549	8,613
Interest payable capitalised on housing properties under construction	(472)	(857)	(472)	(857)
Defined benefit pension charge	520	421	520	421
	12,872	12,611	12,872	12,611

11 Tax on surplus on ordinary activities

	Group 2022 £000	Group 2021 £000	Association 2022 £000	Association 2021 £000
Current tax				
UK corporation tax on surplus for the year	–	–	–	–
Adjustments in respect of prior years	–	–	–	–
Total current tax	–	–	–	–
Deferred tax				
Net origination and reversal of timing differences	–	–	–	–
Total deferred tax	–	–	–	–
Total tax on results on ordinary activities	–	–	–	–

Analysis of Charge in Period

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom at 19% (2021: 19%)

The differences are explained as follows:

	Group 2022 £000	Group 2021 £000	Association 2022 £000	Association 2021 £000
Total tax reconciliation				
Surplus on ordinary activities before tax – SOCI	7,521	8,304	7,562	8,191
Expected tax at 19% (2021: 19%)	1,429	1,578	1,437	1,556
Effects of:				
Income not taxable for tax purposes	(1,425)	(1,573)	(1,437)	(1,556)
Expenses not deductible for tax purposes	–	15	–	–
Deferred tax not recognised	(4)	(20)	–	–
Total tax charge for the period	–	–	–	–

12(a) Tangible fixed assets – properties

Group

	Housing Properties and Mobile Homes £000	Housing Properties Under Construction £000	Shared Ownership Properties £000	Shared Ownership Properties Under Construction £000	Total £000
Cost or Valuation at 1 April 2021	**401,560**	**8,153**	**56,244**	**5,588**	**471,545**
Additions	–	10,127	–	2,808	12,935
Completed	13,052	(13,052)	5,632	(5,632)	–
Disposals – Staircasing	–	–	(1,455)	–	(1,455)
Disposals – Other	(1,375)	–			(1,375)
Disposals – Components	(1,327)	–	–	–	(1,327)
Works to existing properties	2,918	–	–	–	2,918
Write-off	(279)	–	–	–	(279)
Transfer to current assets	–	–	(143)	–	(143)
At 31 March 2022	414,549	5,228	60,278	2,764	482,819
Depreciation at 1 April 2021	(54,216)	–	–	–	(54,216)
Depreciation charged in year	(4,597)	–	–	–	(4,597)
Eliminated on disposal:					
Housing properties	166	–	–	–	166
Components	930	–	–	–	930
Write-off	39	–	–	–	39
At 31 March 2022	(57,678)	–	–	–	(57,678)
Net book value as at 31 March 2022	**356,871**	**5,228**	**60,278**	**2,764**	**425,141**
Net book value as at 31 March 2021	347,344	8,153	56,244	5,588	417,329

Association

	Housing Properties and Mobile Homes £000	Housing Properties Under Construction £000	Shared Ownership Properties £000	Shared Ownership Properties Under Construction £000	Total £000
Cost or Valuation at 1 April 2021	**401,560**	**8,315**	**56,244**	**5,588**	**471,707**
Additions	–	10,200	–	2,808	13,008
Completed	13,052	(13,052)	5,632	(5,632)	–
Disposals – Staircasing	–	–	(1,455)	–	(1,455)
Disposals – Other	(1,375)	–	–	–	(1,375)
Disposals – Components	(1,327)	–	–	–	(1,327)
Works to existing properties	2,918	–	–	–	2,918
Write-off	(279)	–	–	–	(279)
Transfer to current assets	–	–	(143)	–	(143)
At 31 March 2022	414,549	5,463	60,278	2,764	483,054
Depreciation at 1 April 2021	(54,216)	–	–	–	(54,216)
Depreciation charged in year	(4,597)	–	–	–	(4,597)
Eliminated on disposal:					
Housing properties	205	–	–	–	205
Components	930	–	–	–	930
At 31 March 2022	(57,678)	–	–	–	(57,678)
Net book value as at 31 March 2022	**356,871**	**5,463**	**60,278**	**2,764**	**425,376**
Net book value as at 31 March 2021	347,344	8,315	56,244	5,588	417,491

The carrying value of property used as security for loan facilities totals to £307.6m.

Expenditure on works to existing properties

	Group 2022 £000	Group 2021 £000	Association 2022 £000	Association 2021 £000
Components capitalised	2,918	2,712	2,918	2,712
Amounts charged to income and expenditure	8,246	6,825	8,246	6,825
	11,164	9,537	11,164	9,537

Interest capitalisation

	Group 2022 £000	Group 2021 £000	Association 2022 £000	Association 2021 £000
Interest capitalised in the year	472	857	472	857
Cumulative interest capitalised	18,893	18,036	18,893	18,036
	19,365	18,893	19,365	18,893
Rate used for capitalisation	4.36%	3.80%	4.36%	3.80%

12(b) Tangible fixed assets – other

Group

	Plant & Machinery £000	Other Freehold Property £000	Furniture & Equipment £000	Free/ Leasehold Improvements £000	Computer Equipment £000	Communal Areas £000	Total £000
Cost at 1 April 2021	1,963	5,757	1,107	1,674	668	841	12,010
Additions	–	–	76	1	–	–	77
At 31 March 2022	1,963	5,757	1,183	1,675	668	841	12,087
Depreciation at 1 April 2021	**(734)**	**(579)**	**(689)**	**(288)**	**(382)**	**(44)**	**(2,716)**
Charge for Year	(83)	(58)	(156)	(78)	(98)	(44)	(517)
At 31 March 2022	(817)	(637)	(845)	(366)	(480)	(88)	(3,233)
Net book value as at 31 March 2022	1,146	5,120	338	1,309	188	753	8,854
Net book value as at 31 March 2021	1,229	5,178	418	1,386	286	797	9,294

Association

	Other Freehold Property £000	Furniture & Equipment £000	Free/ Leasehold Improvements £000	Computer Equipment £000	Communal Areas £000	Total £000
Cost at 1 April 2021	5,757	1,107	1,674	668	841	10,047
Additions	–	76	1	–	–	77
At 31 March 2021	5,757	1,183	1,675	668	841	10,124
Depreciation at 1 April 2021	**(579)**	**(689)**	**(288)**	**(382)**	**(44)**	**(1,982)**
Charge for Year	(58)	(156)	(78)	(98)	(44)	(434)
At 31 March 2022	(637)	(845)	(366)	(480)	(88)	(2,416)
Net book value as at 31 March 2022	5,120	338	1,309	188	753	7,708
Net book value as at 31 March 2021	5,178	418	1,386	286	797	8,065

13
Intangible fixed assets

Group and Association

	Computer Software £000
Cost at 1 April 2021	3,172
Additions	432
Disposals	–
At 31 March 2022	3,604
Amortisation at 1 April 2021	(2,125)
Charge for Year	(342)
Disposals	–
At 31 March 2022	(2,467)
Net book value as at 31 March 2022	1,137
Net book value as at 31 March 2021	1,047

14
Investment properties non-social housing properties held for letting

	2022 £000	2021 £000
At 1 April	19,070	19,132
Disposals	(253)	–
Reclassification – Market Rent	–	(12)
Increase/(Decrease) in value	268	(50)
At 31 March	19,085	19,070

Investment properties were valued as at 31 March 2022. The Group's investment properties have been valued by Jones Lang LaSalle, professional external valuers. The full valuation of all properties was undertaken, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors (RICS). Jones Lang LaSalle included the below in their valuation report:

In valuing investment properties, a discounted cash flow methodology was adopted with key assumptions:

Discount rate	6.5%
Annual inflation rate, after first two years	2.5%
Level of long-term annual rent increase	2.5%

15
Investments

The financial statements consolidate the results of HSG Property Services Limited, Housing Solutions Capital PLC and Housing Solutions Development Limited which are all subsidiaries of the Association. The Association has the right to appoint members to the Boards of the subsidiaries and thereby exercises control over them.

	% Shareholding	Country of incorporation	Principal Activity
HSG Property Services Limited	100	England	Provides photo voltaic panels and other energy saving solutions to save costs and creates revenue for the Group
Housing Solutions Capital PLC	100	England	Facilitates capital market funding for the Group
Housing Solutions Development Limited	100	England	Facilitates the design and build of properties for the Group
Glassford LLP	30	England	Owns and manages 40 market rent properties

16
Long term investment

	Group 2022 £000	Group 2021 £000	Association 2022 £000	Association 2021 £000
Investment in Housing Solutions Development Limited	–	–	–	–
Investment in Housing Solutions Capital PLC	–	–	50	50
Investment in Glassford LLP	2,509	2,514	2,427	2,427
	2,509	2,514	2,477	2,477

17
Properties for sale

	Group 2022 £000	Group 2021 £000	Association 2022 £000	Association 2021 £000
Shared Ownership – Completed properties	5,564	5,940	5,564	5,940
Work in progress	1,264	3,009	1,264	3,009
	6,828	8,949	6,828	8,949

18 Debtors

	Group 2022 £000	Group 2021 £000	Association 2022 £000	Association 2021 £000
Due within one year				
Rent and service charge receivable	1,449	1,419	1,449	1,419
Less provision for bad and doubtful debts	(909)	(922)	(909)	(922)
	540	497	540	497
Prepayments and accrued income	945	916	945	916
Amounts owed by Group undertakings	–	–	831	1,328
Other debtors	997	1,291	960	1,335
	2,482	2,704	3,276	4,076

19 Creditors: Amounts falling due within one year

	Group 2022 £000	Group 2021 £000	Association 2022 £000	Association 2021 £000
Loans (Note 22)	10,363	15,701	10,363	15,701
Trade creditors	2,267	2,257	2,267	2,257
Rent received in advance	1,054	899	1,054	899
Other tax and social security	231	179	231	179
Capital creditors	1,048	2,532	1,048	2,532
Accrued interest	1,540	3,857	1,540	3,857
Other creditors	886	867	886	867
Amounts owed to Group undertakings	–	–	116	90
Recycled capital grant fund (Note 20)	1,027	831	1,027	831
Holiday pay accrual	202	219	202	219
Deferred capital grant	640	640	640	640
Accruals	3,271	1,847	3,190	1,727
	22,529	29,829	22,564	29,799

20 Recycled capital grant fund

Group and Association

	2022 £000	2021 £000
As at 1 April	831	944
Grants utilised	–	(200)
Grants recycled	196	87
At 31 March	1,027	831
Amount up to three years	282	139
Amount three years or older where repayment may be required	745	692
	1,027	831

21 Creditors: Amounts falling due after more than one year

Group and Association

	2022 £000	2021 £000
Loans (Note 22)	279,773	290,084
Deferred capital grant (Note 23)	53,590	54,434
Unamortised loan premium	2,572	3,080
	335,935	347,598

22 Borrowings

Group and Association

	2022 £000	2021 £000
Due within one year		
Bank loans	7,863	15,701
Other loans	2,500	–
	10,363	**15,701**
Due after more than one year		
Bank loans	88,580	96,444
Other loans	191,193	193,640
	279,773	**290,084**
Total loans	290,136	305,785

Net Debt Reconciliation	1 April 2021	Cash flows	31 March 2022
Cash at bank and in hand	29,395	(16,577)	12,818
Loans	(305,785)	15,649	(290,136)
Net Debt	(276,390)	(928)	(277,318)

Security

Housing loans are secured by specific charges on the housing properties and by a first fixed charge on Housing Solutions' bank accounts.

Terms of repayment and interest rates

Bank loans are being repaid over different periods, some with quarterly payments and others with annual payments. Final instalments range from April 2022 to June 2037. Interest is both variable and fixed, with rates ranging from 1.51% to 6.04% during the year. Other loans include long term loans with M & G, MORhomes and Legal & General, which have bullet repayments in 2034, 2038 and 2054 and fixed coupons ranging from 3.67% to 5.43%. The M & G loan has an index linked tranche of £50m linked to RPI where repayments commence in 2023. The current fixed rate of this facility is 4.945%.

During the year, the Group agreed a £25m increase of a revolving credit facility maturing April 2026. Following the cessation of London Interbank Offered Rates (LIBOR) at the end of 2021, all interest rates that were calculated in this manner were converted to Sterling Overnight Index Average (SONIA) during the year.

At 31 March 2022 the Group had undrawn facilities of £81.7m (2021: £50.0m)

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	2022 £000	2021 £000
Within one year or on demand	10,363	15,701
One year or more but less than two years	10,580	10,363
Two years or more but less than five years	32,098	31,768
Five years or more	237,095	247,953
	290,136	305,785

23 Deferred Capital Grant

Group and Association

	2022 £000	2021 £000
As at 1 April	55,074	54,689
Grant received in the year	32	882
Grant transferred to/from the recycled capital grant fund on property disposals in the year	(196)	113
Grant released on disposals	(45)	–
Grant amortised to income	(635)	(610)
At 31 March	54,230	55,074
Amount due to be released < 1 year	640	640
Amount due to be released > 1 year	53,590	54,434
As at 31 March	54,230	55,074

The Group has a future obligation to recycle such grant once the properties are disposed of. At 31 March 2022, the value of grant received in respect of these properties that had not been disposed of was £10.2m

24 Non-equity share capital

Shares of £1 each issued and fully paid	Association 2022 Number	Association 2021 Number
At 1 April 2021 and as at 31 March 2022	10	10
	10	10

25 Leasing commitments

Group and Association

The future minimum lease payments of leases are as set out below. Leases relate to motor vehicles and office equipment. The Association and Group's future minimum operating lease payments are as follows:

	2022 £000	2021 £000
Within one year	31	33
Between one and five years	–	22
	31	55

26 Capital commitments

Group and Association

	2022 £000	2021 £000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	3,015	20,133
Capital expenditure that has been authorised by the Board but has not been contracted for	6,292	6,292

Capital commitments will be funded through a combination of retained reserves, loans, and grant.

27 Cash flow from operating activities

	2022 £000	2021 £000
Surplus for the year from SOCI	7,521	8,304
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	5,114	5,070
Amortisation of intangible fixed assets	342	269
Loss on disposal of replaced components	397	–
Amortised grant	(635)	(610)
Interest payable and finance costs	12,872	12,611
Cost element of housing property sales in operating surplus	3,112	1,065
Interest received	(16)	(15)
	28,707	**26,694**
Movement in fair value of investment properties	(268)	50
Share of surplus in joint venture	5	(87)
Decrease in stock	2,264	2,293
Decrease in trade and other debtors	222	1,310
(Decrease) / increase in trade and other creditors	1,644	3,642
Difference between net pension expense and cash contribution	(526)	533
Net cash generated from operating activities	**32,048**	**34,435**

28 Pensions

Housing Solutions operates a defined contribution pension scheme and operated a defined benefit pension scheme (with no active members since 1 April 2020) as detailed below:

Royal County of Berkshire Pension Scheme (Group and Association)

The RCBPS is a multi-employer scheme, administered by The Royal Borough of Windsor and Maidenhead under the regulations governing the Local Government Pension Scheme, is a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2019 by a qualified independent actuary.

Housing Solutions ceased to have active members in the RCBPS at the year ended 31 March 2020. There is an agreement in place to make contributions to the pension deficit. The pension deficit contribution for the accounting period commencing 1 April 2021 was £543,000.

Principal actuarial assumptions
Financial assumptions

	31 March 2022 % per Annum	31 March 2021 % per Annum
Discount rate	2.60%	2.00%
Future salary increases	4.20%	3.85%
Future pension increases	2.85%	2.85%

Mortality assumptions

The post-retirement mortality assumptions adopted to value the benefit obligation are based on the S2PA tables with a multiplier of 95%. These base tables are then projected using the CMI 2020 Model, allowing for a long-term rate of improvement of 1.25% p.a. The new CMI_2020 Model introduces a “2020 weight parameter” for the mortality data in 2020 so that the exceptional mortality experienced due to the coronavirus pandemic can be incorporated without having a disproportionate impact on results.

The assumed life expectations on retirement at age 65 are:

	2021 No. of years	2020 No. of Years	2019 No. of Years
Retiring today:			
Males	**21.2**	21.5	22.0
Females	**23.9**	24.1	24.0
Retiring in 20 years:			
Males	**22.5**	22.9	23.7
Females	**25.4**	25.5	25.8

Amounts recognised in surplus or deficit

	2022 £000	2021 £000
Current service cost	–	–
Administrative expenses	(17)	(9)
Amounts charged to operating costs	**(17)**	**(9)**
Net interest	**(520)**	(421)
Amounts charged to operating costs	**(520)**	**(421)**

Remeasurements in other comprehensive income

	2022 £000	2021 £000
Return on Fund assets in excess of interest	2,029	1,613
Other actuarial gains/(losses) on assets	–	–
Change in financial assumptions	2,534	(10,662)
Change in demographic assumptions	–	362
Experience gain/(loss) on defined benefit obligation	(91)	437
Remeasurements of the net assets/(defined liability)	**4,472**	**(8,250)**

Reconciliation of opening and closing balances of the present value of scheme liabilities

	2022 £000	2021 £000
Opening scheme liabilities	43,725	34,047
Interest cost	865	789
Changes in financial assumptions	(2,534)	10,662
Benefits paid	(908)	(969)
Experience loss on defined benefit obligation	91	(437)
Change in demographic assumptions	–	(362)
Unfunded pension payments	(5)	(5)
Closing scheme liabilities	**41,234**	**43,725**

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

	2022 £000	2021 £000
Opening fair value of plan assets	17,410	15,879
Interest income	345	368
Return on plan assets (in excess of interest)	2,029	1,613
Administration expenses	(17)	(9)
Contributions by employer	543	533
Benefits paid	(913)	(974)
Closing fair value of plan assets	**19,397**	**17,410**

	2022 £000	2021 £000
Net Pension Liability	21,837	26,315

Major categories of plan assets as a percentage of total plan assets

	2022 %	2021 %
Equities	62.0%	60.0%
Bonds	16.0%	16.0%
Properties	12.0%	12.0%
Cash	2.0%	5.0%
Other	8.0%	7.0%
Total	**100%**	**100%**
Return on plan assets	**13.78%**	**12.65%**

Sensitivity analysis

Adjustment to life expectancy assumption

	+1 year £000	None £000	-1 year £000
Present value of gross obligation	43,006	41,234	39,538
Projected service cost	–	–	–

Adjustment to discount rate

	Increase by 0.1%	None £000	Decrease by 0.1%
Present value of gross obligation	40,350	41,234	42,139
Projected service cost	–	–	–

29 Related parties

Tenant members of the Association are charged normal policy rents and receive no favourable treatment in any respect as a result of their membership of the Association.

Transactions between the company and its 100% owned subsidiaries, which are related parties, have been eliminated on consolidation for the Group.

Design and build contracts for £4,463,970 were novated to Housing Solutions Development Limited and the associated costs were transferred from Housing Solutions. On consolidation, these costs are included in the fixed and current assets balance in the Consolidated Statement of Financial Position.

HSG Property Services Limited charged the parent Housing Solutions £11,409 (2021: £15,595) for electricity generated by the photo voltaic panels on residents' roofs and Housing Solutions charged HSG Property Services Limited £11,581 (2021: £11,581) for the rental of residents' roofs. Housing Solutions charged HSG Property Services Limited interest £39,059 (2021: £37,713).

Housing Solutions Capital PLC was charged £8,548,904 (2021: £8,612,707) for interest on the Note Purchase Agreement loan and received £8,548,904 (2021: £8,612,707) in interest from the parent Housing Solutions, for its loan to the parent company.

Glassford LLP was charged £60,690 by Housing Solutions for managing 40 market rent properties owned by the joint venture.

30 Legislative provisions

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014, Registration No. 27876R and is a Registered Social Landlord under the Housing Act 1974, Registration No. L4073.

Housing Solutions

Co-operative and
Community Benefit
Societies No. 27876R

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