Year ended 31 March 2023

Annual Report & Financial Statements

Creating more places for people to thrive and be recognised as a sector leading landlord.

Co-operative and Community Benefit Society Registration Number: 30666R
Regulator of Social Housing Registration Number: L4203

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Board and Senior Officers

Non – Executive Directors

Christopher Michael Gaskell	(Appointed Chair on 1 April 2023)
Alison Cambage	
Derek Cash	(Resigned 31 May 2023)
Stuart Coe	
David Done	(Resigned 30 June 2023)
Chris MacKenzie-Grieve	
Darrell Mercer	
Richard Groome	(Retired as Chair on 31 March 2023)
Beverley May Messinger	
Brenda Smith	

Executive Directors

Brian Cronin (Chief Executive)	(Resigned 30 June 2022)

Company Secretary

Clare Oakley

Registered Office

Youggle House, 130 Birchwood Boulevard
Birchwood
Warrington
WA3 7QH

External auditor

Grant Thornton UK LLP
No 1 Whitehall Riverside
Whitehall Road
Leeds
LS1 4BN

Internal auditor

PwC
1 Hardman Square
Manchester
M3 3EB

Senior Officers

Jacque Allen (Chief Executive Officer)	(Appointed 1 July 2022)
Nicki Buckley (Chief Financial Officer)	(Appointed 9 August 2021, resigned 3 October 2022)
Jeremy Vickers (Interim Chief Financial Officer)	(Appointed 10 October 2022)
Darren Halliwell (Chief Information Officer)	
Clare Oakley (Executive Director of Corporate)	(Appointed 14 March 2023)
Ann Gibbons (Interim Executive Director of Service Improvement)	(Appointed 23 January 2023 to 25 May 2023)

Key Achievements in The Year

In a year of economic challenges in the aftermath of a global pandemic, we are proud that we have continued to consistently deliver against our strategic priorities and deliver improvements for the benefit of our customers and communities. Below are some key achievements we are proud of in the year.

Invested over £32.9M in existing customers' homes

During the year we invested a further £32.9m in improving existing customers' homes. This continues to deliver on our strategic priority to be a great landlord and brings the total reinvested in our assets over the last three years to £115.5m.

Continued to improve our customer service

This year we continued our journey to improve customer service, implementing new initiatives to improve processes and support our customers. We undertook our annual Survey of Tenant and Residents (STAR) survey and saw our overall customer satisfaction increase to 72%.

Appointed a new Chief Executive

In July 2022, following a thorough assessment process Jacque Allen was appointed as the Group's new CEO. Jacque has a wealth of experience in the housing sector and had previously served as the Group's Deputy CEO, and interim CEO, meaning she could step quickly into the role, maintaining continuity for colleagues and customers.

Delivered 377 new homes

In line with our strategy to provide more affordable homes, we completed 377 new homes in FY23, delivering on our commitment to Homes England and playing our part in helping to solve the housing crisis.

Obtained SHIFT Silver accreditation

SHIFT Environmental and Sustainability, a recognised independent sustainability standard recognised us as a Silver Grade Social Landlord. This was following an in-depth review of our corporate and operational activities in September 2022, looking at our CO2 emissions and our impact on the environment.

Delivered £7.7M of efficiencies savings

We delivered over £7.7m of savings, against budget in the year, counteracting the impact of large utility cost increases and interest rate hikes as a result of the economic climate.

Secured an additional £70m of funding facilities

During the year we executed our new Treasury plan and obtained £70m of new funding facilities. This was in addition to obtaining covenant carve outs for our building safety works and pension deficit payments, all of which significantly improved our covenant headroom position and our long-term liquidity.

Chair and Chief Executive's Introduction

The last year has seen unprecedented pressures in the economic environment. The war in Ukraine resulted in significant spikes in interna ional energy prices with the knock-on infla ionary impacts across a range of products and services. Coupled with this the UK is now also seeing the full effects of Brexit, influencing the availability and cost of some products and labour.

It is against this background, over the last year, together with the ongoing impact of Covid, that the Board has been working to ensure the long-term viability and sustainability of the business and ensuring we con inue to deliver the investment in homes and services our customers expect.

This year our long-term CEO left the business and after a thorough interview process we appointed Jacque Allen as our new CEO. Jacque has a long pedigree within the sector, and her previous experience as Deputy CEO at Your Housing Group meant she was able to step quickly into the role, delivering the changes required whilst also maintaining con inuity for customers and colleagues alike.

Following the appointment of the new CEO, the Board also recruited an experienced interim CFO with the necessary skills to support our review of the business plan. We recognised the challenges of the current economic environment and the addi ional requirements for housing providers and wanted our business plan to have the capacity to deliver for us now and in the future. In addi ion to reviewing our cost base and delivering £7.7m of efficienc y savings against budget in year, we have also identified further efficiencies over the next two years.

We have reviewed our treasury arrangements this year, nego ia ing covenant carve outs for fire safety works and obtaining an addi ional £70m of facili ies from our exis ing lenders. The overall impact of these changes is at 31 March the group have 51 months of liquidity cover.

In the Autumn of 2022, the housing sector was rocked by the story of failings which led to the sad death of Awaab Ishak and brought into focus the need to ensure that all homes are free of damp and mould and other hazards. We have had safety as our number one strategic priority for several years now and already had a damp and mould programme in place to ensure that issues were iden ified and dealt with promptly. But this year we have gone further, establishing a dedicated team and recrui ing specialists to support our programme. The Board has also authorised addi ional funding to support vulnerable customers as we understand the importance of hea ing and ven ila ion in preven ing the growth of mould in homes, and we will con inue to keep this under review, as the cost-of-living increases con inue to hit across the economy.

We believe having a safe and decent home is important for everyone and that is why we are con inuing to invest heavily in our customers' homes, and last year we delivered over £10m of improvements such as new kitchens, bathrooms and windows and a further £7.2m in building safety works. We have also invested £0.6m in improving the energy efficiency of our homes, which will have a posi ive effect for our customers but also contribute to ov erall sustainability targets. And we were delighted in February when we received a SHIFT silver accredita ion for our organisa ional sustainability, demonstra ing our commitment in this area.

We have con inued to build new homes, star ing on site with a further 219 homes and taking handover of 377 homes. We are working in partnership with Homes England and doing our bit to solve the affordable housing crisis.

For us as a Board and Execu ive Team, we know that all we do is about delivering homes and services for our customers and we have remained focused on this during the last year, seeking opportuni ies to drive improvements which will make us efficient and effec ive but also make the most difference to customers. For instance, we have relaunched our online portal "Your Home Hub" making it easier for customers to make a repair appointment at a ime that suits them. This has also reduced the volume of calls into our contact centre, freeing up ime to speak to customers who really need to talk to us.

Later this year the government will be bringing the new Social Housing Regula ion into law and we have been preparing for this for a number of years now, with most ac ions to ensure compliance now complete. This year, with customers, we have reviewed our service standards to align with the new Tenant Sa isfac ion Measures meaning all areas will be measurable and as a board we will be able to monitor performance from April 23.

There have also been changes at Board level. In April 2022, Richard Groome, the previous Deputy Chair took over as Chair for a year but reached the end of his maximum term in December. The Board, supported by advisors, undertook a thorough recruitment process and in November announced that Mike Gaskell will take over as Chair, after a period of handover on 1 April 2023. Mike was a leading solicitor in Housing Practice and Regulation before his retirement and more recently has Chaired several Registered Providers, so brings a wealth of experience to the role. The Board wants to take this opportunity to thank Richard for his service to Your Housing Group. We would also want to thank all the colleagues and customers who have worked with us over the last year as we continue to deliver our strategic plans.

Times remain very challenging for everyone in society at the moment, but with an improved business plan, new Treasury arrangements and a new Chair and CEO at the helm, we feel we are well placed to meet those challenges and deliver on our vision to create places where people can thrive.

Michael Gaskell

Christopher Michael Gaskell
Chair

Jacque Allen

Jacque Allen
Group Chief Executive

Strategic Report – Our Strategy and Performance

WHO ARE WE?

Your Housing Group (the 'Group' or YHG) is one of the largest providers of affordable housing in the UK, managing over 29,000 homes across the North West, Yorkshire and the Midlands.
The Group provides:

- Affordable homes to rent
- Hostels and Foyer accredited schemes, which support vulnerable people
- Specialist retirement solutions for older people
- Homes for sale, both outright and through shared ownership
- Community regeneration schemes, creating sustainable neighbourhoods
- Key worker accommodation
- Private Rent Sector (PRS) lettings

OUR BUSINESS STRATEGY

Our strategy of safety first and putting customers at the heart of what we do remains extremely important in the current climate. The war in Ukraine significantly impacted on worldwide energy prices this year and drove historic rates of inflation. We know that these inflationary increases have been felt the most by the poorest in society, including many of our customers and having a safe and secure home and access to good quality services has become increasingly important.

Our strategy is overseen and directed by the Group Board.

Our vision is:
"Creating more places for people to thrive and be recognised as a sector leading landlord"

We know that people need quality homes that they can afford.

Our strategy is designed to make our customers' lives easier by offering great quality homes at a price they can afford. To do this we build and manage appropriate homes for our customers at all stages of their life's journey, meaning we have homes of a mixed tenure and provide appropriate services to suit the needs of the customer. We want to ensure we offer value for money to our customers and to achieve this, we are continuing to transform and evolve our business model, driving out further cost efficiencies whilst retaining and improving our relationship with our customers.

We will continue to use technology and digital innovations to improve our business systems, increasing efficiency and improving productivity. Through the operational efficiencies we will be able to reinvest in our existing assets and maintain our profitability.

People are at the core of our strategy, together we will demonstrate our values and behaviours in accordance with our desired culture; to be 'a place where people can thrive'. When people are thriving, they are constantly growing, developing, learning, performing and flourishing.

We will continue to listen and engage with our colleagues via our surveys, conferences and employee feedback channels, working together we will provide clarity, consistency and a commitment to improving and modernising the way that we work. Pushing the boundaries of both the employee and employer experience.

HOW OUR STRATEGY DELIVERS VALUE FOR MONEY

Having our clearly articulated corporate strategy means that we are clear where we are focusing our finite resources. If decisions need to be made about the allocation or use of resources, we are guided by the prioritisation provided by the Board. This means there is a clear direction and resources are used to deliver the strategy.

At a delivery level each of the underpinning strategies is clear how its operation will deliver Value for Money (VFM), either from greater efficiency, better effectiveness or optimising economy.

The Board has set targets for the delivery of the strategic objectives and monitors performance against these targets as part of its balanced scorecard. Where performance is not on target the Board is able to understand the reasons for this, challenge management and approve improvement plans.

The Board has developed a Financial Plan, which together with the Corporate Strategy, makes up the Business Plan. In developing the five year plan the Board has allocated financial resources in accordance with the agreed priorities. It has also included efficiency targets looking to reduce overall spend on corporate overheads over the life of the plan. We will do this by using innovation and technology to drive efficiency. This will allow us to direct more resources to the frontline, help services be delivered more effectively and ensure we are delivering on our objectives of keeping everyone safe and being a great landlord.

The improvements made in the financial management information this year has meant that Board is now able to understand in even greater detail the performance of each area of the business and is able to evaluate more effectively the best way to deliver services for the benefit of our customers. This will become a key piece of work in the coming year.

We take a considered approach to our development and have clarity that investing in delivering new affordable homes needs to be balanced against our obligations to invest in its existing assets and deliver services to our existing customers.

More information on our performance against the Regulator’s Value for Money metrics can be found on page 20.

OUR BUSINESS PRIORITIES

To deliver our strategy and allocate our resources we must make choices. We have prioritised four key areas of our business. These cover what we do and how we do it:

Priority 1 - Keep everyone safe
Priority 2 - Be a great landlord
Priority 3 - Maintain business viability and balance sheet strength
Priority 4 - Deliver new affordable homes

Underpinning and central to all of this are our employees, and our aim is to provide a working environment where people can thrive. Investing in the right technologies will help us deliver all that we do in a more efficient and effective way for the benefit of our customers.

PRIORITY 1 – KEEP EVERYONE SAFE

Our number one business priority is to keep everyone safe. To provide safe homes for our customers and ensure that our staff are safe doing their job.

Providing our customers with safe homes is very important to us and during FY23 we continued to maintain high levels of compliance with our statutory landlord obligations. Our overall performance was impacted slightly due to the mid-year introduction of legal requirements in respect of smoke and CO alarms. Despite a widespread programme, which commenced early in the year we were unable to meet the statutory deadline for the installation of all alarms and at the 1 October 2022 had c.5,800 properties outstanding. Although we have attempted to visit all homes it has not been possible to gain access in all cases and these homes will be completed as part of the gas servicing programme and will be complete by the summer of 2023. Despite the challenges with the alarms, we finished the year at 98.3% compliance with statutory obligations.

Fire safety continued to be a priority area, with over £7.2m spent on enhancing safety in the year. We are continuing to complete the actions arising from our schedule of Fire Risk Assessments (FRA), with fire stopping works having been completed on 61% of buildings in the FRA programme.

We continue to work together with our customers to ensure they are safe in their homes and this year we completed our fire evacuation strategy project, by ensuring that all residents who live in our multi-occupancy blocks were reminded of the emergency evacuation plan for their home and we confirmed with them their understanding of the plan. The project also ensures that where we have residents that may have difficulty in self-evacuating, a Person-Centred Fire Risk Assessment (PCFRA) is carried out and additional support/interventions put in place if necessary. This will be an annual programme of activity moving forward, in line with the new Fire Safety Regulations.

This year we have also continued to align our work with the new arrangements in the Fire Safety Order and the Building Safety Act by building out our fire door inventory, collating further data on our high-rise buildings and external walls, improving wayfinding signage and providing secure information boxes. We have embedded our Building Safety and External Wall Assessment policies and they are now supported by a Building Safety Management Plan. We have also started work on our Building Safety Cases. In August we launched our customer safety concern reporting facility, which allows our customers living in high-rise buildings to report any safety concerns directly to the Building Safety Team. Our residents continue to be at the heart of everything we do, we have held two High-Rise Forums and completed a programme of site safety walks across all high-rise buildings.

In the Autumn of 2022, the sector was shocked to hear of the sad death of baby Awaab Ishak, caused by damp and mould in his home and bringing into focus the wider aspects of safety in people's homes. As a Group, we have had the safety of customers and employees as our number one priority for several years and have been alert to the challenges of damp and mould. We had already, in 2021, initiated a four-stage damp and mould campaign aimed at identifying and quickly remediating any instances of damp, mould and condensation to the entirety of our portfolio. This included sending letters to all of our customers; providing advice on how to prevent and report damp and mould; face to face visits to capture further damp and mould issues from customers; and Customer newsletter articles with advice on how to report and prevent damp and mould; and information posters in all communal areas of our properties. All responses collected during the campaign were collated centrally and resource was put in place to respond, provide property inspections and deliver any remediation work. This year we have further strengthened our approach with more customer communications and visits, a dedicated team to ensure cases are triaged and dealt with promptly and a new damp and mould policy with established timescales for dealing with any damp and mould issues. As a result of our work, we were able to respond promptly to the request for information that the Regulator sent to all providers in December and to confirm that we had not identified any Category 1 hazards.

We are aware, however, of the links between poverty and the growth of mould in properties, and so we have undertaken a customer communication campaign on the importance of heat and ventilation in the prevention of mould growth and the Board has set aside additional financial resources to support some of our most vulnerable customers. We provide help to ensure customers are accessing all the available benefits and also practical financial support with the cost of heating. This year we have also introduced a "No Contact Dashboard" and process, which identifies those customers who we have had little contact with so we can make efforts to contact them and ensure they are safe.

Occupational Health, Safety & Wellbeing continues to be a priority to ensure our employees remain safe and well in their work. As part of the delivery of our health, safety and wellbeing plan, we have reviewed the health & safety training provided to our repairs and maintenance operatives to ensure that it is engaging and effective yet still remains compliant and we have completed a total of 560 health & safety inspections of work activities and sites. We recorded 23 employee accidents (and 6 contractor accidents) this year compared to 53 employee accidents (and 5 contractor accidents) in FY22, a total reduction of 50%. Reports of unacceptable behaviour towards employees (most typically the use of bad language) has also reduced with a total of 85 reports, compared to 131 reports in the previous year.

We have submitted 3 RIDDOR reports to the HSE this year, compared to 2 last year. One of these was an accident resulting in an over 7-day absence, the other two related to cases of hand arm vibration syndrome, a reportable occupational disease, in grounds maintenance operatives which were identified as part of our routine health surveillance.

We have continued to progress with our Wellbeing plan with a particular focus on both mental health and financial wellbeing for employees given the cost of living increases that we have all faced this year.

PRIORITY 2 – BE A GREAT LANDLORD

We are first and foremost a social landlord and we want to provide homes which are decent and services which reflect the needs of our customers and which they value. We continue to build relationships with our customers and understand that the current cost of living crisis is impacting upon some more than others. Our teams provide a range of support to our customers, including money advice and tenancy support.

Providing our customers with a decent place to call home remains a key priority for us and this year we have continued to invest in our existing homes and services to do just that.

In FY23 we successfully delivered £10m of investment, replacing kitchens, bathrooms and heating systems for our customers. This was compared to a profiled spend of £12.9m

The sudden increase in energy prices experienced across the UK, reinforced the importance of energy efficient homes to help reduce bills for our customers, now and in the future. That is why this year we invested £0.6m in energy efficiency works, installing insulation in c1,500 homes. In part this was funded by £5.3m of funding we secured at the end of FY22 from Wave 1 of the Social Housing Decarbonisation Fund (SHDF). We did experience some challenges in the year as BEIS Policy restricted changes to archetypes (and originally measures) from the original bid and we were unable to access some properties to undertake PAS2035 surveys causing delays. As a result, we have reconsidered our programme for FY24 and somewhat reduced the scale of funding we applied for in the next wave.

In March 2023, we did however secure a further £1m of match funding from Wave 2 of SHDF and this will allow us to make improvements to another 181 homes in the Liverpool City Region, and 95 properties in Greater Manchester to ensure that they achieve a minimum of EPC C. Through funding from SHDF and our own investment, we remain on track to ensure all our homes meet at least EPC C by 2030.

In addition to the benefits, we know an energy efficient home can bring to customers, helping them to stay warm and well but also reducing the cost of their bills, we are also aware of the environmental costs of the fossil fuels used to generate our energy and want to do our bit to reduce our carbon footprint. Sustainability is important to us as a responsible business and we were delighted this year when, following a thorough assessment we were awarded a Silver Accreditation by SHIFT, the sustainability standard for the housing sector. Whilst Silver was a great standard to reach on our first attempt, we know there is more we can do, so following their report we have developed an action plan of activity we will be embarking on in the coming months and years to reduce our environmental impact.

We understand the responsibility to invest in our resources effectively and key to this is the data we hold in respect of our properties. We have a rolling programme to ensure that the data we hold is constantly validated, refreshed and updated, and this year we surveyed 3,571 properties, meaning 66.11% of properties have had a stock condition survey within the last 5 years.

We have used the stock condition information, along with other data we collect, to update and refresh our Strategic Asset Performance (ASAP) model which we implemented in FY22. This is a stock grading system which helps us define and focus our investment. We have also reviewed and refined the criteria within the model to ensure it remains relevant for us. We have used the model to inform priorities for planned investment over the next 12 months and the outputs from the model will inform Board discussions on the future investment and divestment decisions in FY24.

We recognise that being a good landlord is not just about the homes we provide; customers are at the heart of everything we do as a business and it is vitally important that the services, we offer meet their needs. Our Landlord Strategy underpins our commitment to continually improve our services to customers, and includes our Customer Connect Framework which articulates for customers, and colleagues, the expected standards for our frontline services. It embeds our Customer First approach and our Every Contact Counts culture. It is important that our customers' views are listened to and reflected in the design and standards of our services, including in respect of their safety. This year we reviewed the Customer Connect Framework and our service standards to align with the Tenant Satisfaction Measures which have been introduced by the Regulator and will be implemented from April 2023. We have ensured that areas are measurable, standards have been simplified and the range of TSMs are already being reported to our Customer Services Committee.

We remain focused on improving the service we offer to customers and this year we have reviewed our structures within our Older Person's Services and introduced new ways of working including wider teams and regular surgeries for customers. We have also engaged with our customers to develop and implement neighbourhood plans in new areas which will bring improvements designed by them. This year we also implemented a new customer appointment system for routine repairs which has allowed our existing 'Your Home Hub' to be re-launched first to our teams working face to face with customers in the field and then to customers directly. This has enabled customers to make their own appointments for repairs at a time that suits them. It has also reduced the volume of calls into our contact centre, freeing up our advisers to answer calls from customers who really need to speak to us.

We know that many of our customers are finding the current economic climate extremely difficult and have needed a little extra help this year. We have continued to support customers through our Money Advice Team, who provide advice and support to customers, helping them to obtain the benefits they are entitled to and signposting to debt counselling and other services where required. This year we have seen an increase in demand for help with paying for utilities, which we have met in a variety of ways working with partners. We have also continued with our Tenancy Support Programme which provides support to new tenants who, due to their personal circumstances, may need a little extra help to sustain their tenancy. Dedicated officers support identified tenants before they move in with benefit applications and links in to other social and wellbeing services and then stay in touch for the first eight weeks of their tenancy. Through the work of our Money Advice and Tenancy Support Teams we are not only supporting our tenants but have reduced our tenancy turnover from 9% in FY20 to under 6% this year.

In addition to supporting customers, we have also been working hard to improve our overall service to all customers and we have again seen increases in our performance. Our overall satisfaction has increased by 3% and satisfaction with our repairs services has remained stable during the year, despite increased demand on the service from damp and mould works.

We do recognise that we do not always get things right and that customer complaints are a genuine opportunity to learn and improve. We are driving improvements both in the process and culture of how we deal with complaints and have improved our performance in line with the Housing Ombudsman Code of Practice, with 90% being handled within the required timeframes. We continue to learn, and our internal forum reviews the root cause of service failures so we can make positive improvements to our systems, processes and culture.

PRIORITY 3 – MAINTAIN BUSINESS VIABILITY AND BALANCE SHEET STRENGTH

Our strategy needs a solid platform for delivery and our financial plan continues to maintain a robust and resilient business whilst realising our corporate objectives in a challenging operational environment.

Due to the volatile and testing economic environment throughout the year, the financial plan has been regularly reviewed, stress tested and updated with appropriate assumptions to reflect the resulting additional financial pressures driven by the macro-economic environment, coupled with the diminished rent settlement for FY24 and the knock-on impact of the cost of living crisis for our customers. Board have had an iron grip over the impacts to the financial plan and the overall viability of the Group and have taken appropriate informed remedial actions throughout the year to maintain this position. This has been demonstrated by the Regulator's stability check in December 2022 confirming our V2 rating. The financial plan demonstrates improvements in key metrics moving forward as the Group looks to strengthen financial performance to enable delivery of strategies around asset investment, landlord services and growth.

The financial plan continues to be supported by a set of robust controls around Golden Rules, trigger points and operating environment triggers, ensuring that the Group operates within Board's risk appetite. The long-term plan operates within these parameters for its entirety. Key processes around financial forecasting, horizon scanning, management reporting and risk reviews ensure that any early warning indicators are flagged to senior leadership and Board to allow for remedial action to be taken prior to any risk to viability crystalising. In line with our risk management approach, stress testing is also a key tool that Board own and have been fully engaged with throughout the turbulent FY23 environment. This stress testing demonstrates the resilience of the financial plan in maintaining viability during periods of financial shock and is supported by a detailed mitigations tracker which documents both the operational and strategic impacts of potential remedial actions which could be taken.

Underpinning the financial plan is a treasury strategy which is designed to ensure sufficient headroom above covenants is maintained for the entirety of the plan, a sufficient liquidity buffer is held within Golden Rules, security is available to support all debt requirements and the facilities are both cost effective and structured appropriately to achieve corporate objectives. Within the year, the Group has had an active Treasury Strategy to deliver against these aims. £70m of new facilities have been secured from existing lenders to provide a liquidity buffer in line with risk appetite, these have been achieved at competitive rates with a tenor appropriate to the wider Group facilities. As a result, at 31 March 2023, the Group now has £245m arranged but undrawn facilities to support business objectives going forward. Covenants with three lenders have been redefined, achieving a de-risked financial profile over the short to medium term. A £50m fix against existing facilities was put in place in November 2022 to de-risk the financial profile further, effectively stabilising interest costs on the debt at a time of substantial rate rises in the markets. The hedged position of all facilities at 31 March stands in line with Board approved parameters at 90%.

Operationally, key controls around budget delivery and forecasting are in place. Specifically, maintaining our income is essential to our financial viability, and designated support for our customers has helped protect our rent recovery with our rent collection for the year standing at 100.8% despite the cost of living crisis (collection is higher than 100% due to collection of arrears). It is recognised, however, that the economic climate and financial pressures on our customers is potentially set to deepen and the business plan contains provisions to provide support for customers to ensure that collection is protected going forward. The Group balance sheet remains strong with increased debt supporting asset investment and delivery of new units. Gearing is low, standing at 48.1% at 31 March, with ample headroom above covenant requirements maintained across the funded entities through to peak debt in FY26 before it starts to reduce down.

The Group has a number of diverse investments which, whilst aligned to our business, are not classed as core. These include investments in PFI schemes where the Group is a shareholder and delivers some landlord and housing management functions. In FY21 we acquired all the shares in the Avantage PFI following a fire at one of the sites. As work progresses on this project to recover the position prior to the fire, Board have approved for £20m cash support from the Group to allow the necessary remediation and rebuild works to take place. This is allowed for within the financial plan and the liquidity is available to provide the support as required. The stress testing of the business plan includes a number of scenarios looking at subsidiary risk and recognising the diverse investments of the Group. Board have full oversight of this and mitigating plans are in place should any trigger points be hit.

PRIORITY 4 – DELIVER NEW AFFORDABLE HOMES

Our plan sets our plans for future growth. We are committed to help solve the national housing crisis and meet the demand for new homes but understand the need to balance our growth against the obligations to our existing customers.

Our current growth strategy delivers a balanced portfolio of developments to serve the needs of a range of customers and that will deliver revenues which are counter cyclical, and resistant to economic and political influences that cannot be controlled by YHG. Our plan is to hold our new assets, with only a nominal amount for open market sale and the remainder predominantly (c80%) for social /affordable rent. We are developing mixed tenure sites in mostly urban locations with good transport links, good schools and local amenities that our customers need.

To help us achieve our objectives, in 2019 we entered into a strategic partnership with Homes England, this gives us security of grant when considering schemes for the development of new social housing. We are now completed or started on site with 72% of our programme and meet regularly with Homes England who are pleased with our progress.

During FY23 we completed 377 homes and started on site with 219 new homes so that as at the end of March 2023 the Group were physically on-site constructing 1,321 homes.

FY23 was a challenging year in construction nationally and YHG has not been immune to the impacts. During the year we have had productive discussions with Homes England regarding grant levels and with their support will be able to deliver our current schemes within the scheme cost envelope.

We have seen slower than expected spend on the remediation of our land sites at Griffiths Park and Ten Acres Lane and a delay to an acquisition of a further site. This, along with not proceeding with an anticipated site in Preston and the Kirkstall site not continuing due to a change of strategy has reduced our development capital expenditure in the year and reduced the starts on site compared to our budget (219 versus a target of 762).

We have experienced slower than expected sales on one of our completed sites, a scheme for over-55's in Northwich but, generally, interest in our shared ownership homes remained strong in the year and we saw sales values remain stable and, on some sites, increase above the original appraisal. Although this year, due to the delays in some handovers, we were slightly behind on the number of units we sold, the increase in sales values, resulted in us meeting our sales value target.

Within our business plan we have provisions to deliver our revised Homes England target of 1,968 homes against an original target of 2,315.

Our Growth strategy is funded from a mixture of external debt, reserves and grant funding.

OUR PEOPLE, CULTURE AND VALUES

Our people strategy is designed to deliver an organisation where employees are thriving and maintaining an excellent work life balance, using the best technology available to them and delivering the very best customer experience, every day.

The UK employment market remains challenging with low levels of unemployment and more people choosing to step away from traditional employment following the pandemic. This year we have also seen announcements from Government regarding the professionalisation of housing employees and undoubtedly the negative press about the sector may make it challenging to attract new talent into housing in the future.

Our People strategy has sought to respond the current environment through a number of initiatives in the year.

We have, for a number of years, run an apprenticeship scheme which allows us to recruit and grow our own talent. We have had over 22 apprenticeships over many disciplines across the organisation, 11 of which have stayed with YHG in permanent jobs following the end of their apprenticeship. We have also utilised the levy where possible to offer apprenticeship opportunities to existing YHG employees and provide further development in their roles. We have to date had 51 existing employees undertake an apprenticeship, with 18 of those already gaining further qualifications relevant to their area of specialism (a number of these apprenticeships are still ongoing).

We are also starting to work through the introduction of a mentoring program to engage employees and young people from our Foyers looking to develop. We hope this will provide development opportunities for our current team whilst also attracting new employees into the sector.

An important part of our People Strategy is to ensure our employees have access to learning and development opportunities that will provide them, and the organisation, with the skills required to meet our future requirements. This year, in anticipation of the Government's announcement we began an assessment of the qualifications of our housing and asset teams.

Given there has been such a significant change in what people expect from their employment experience, we will be developing a new People Strategy to be in place from 2023 to reflect an agile workforce and labour market. This will be supported by a new transformation programme which will commence early summer

SUSTAINABILITY

As a housing association we feel we can play our part in sustainability by providing people with safe, affordable homes and contributing to strong inclusive communities whilst minimizing our own impact on the environment.
We have adopted the Sustainability Reporting Standard for Social Housing (SRS) as a framework to report on our performance against a range of Environmental, Social and Governance criteria.

During the year we published our first Group Sustainability Report, against this framework, which is available on our website at https://www.yourhousinggroup.co.uk/.

Strategic Report – Summary Financial Results

Statement of Comprehensive Income (£m)	2022/23	2021/22	2020/21
Turnover	181.1	157.5	153.8
Operating surplus (excluding surplus on the sale of fixed assets)	(5.1)	4.4	18.6
Earnings before interest, depreciation, amortisation and sales (EBITDAS)	29.0	29.9	42.8
Earnings before tax (EBT)	(17.6)	(4.7)	4.9

Statement of Financial Position (£m)	2022/23	2021/22	2020/21
Fixed assets	1,286.7	1,242.4	1,182.5
Net current assets	118.7	146.2	93.6
Long term creditors – debt	572.4	537.9	454.9
Long term creditors – grants	473.1	476.8	444.4
Long term creditors – other and provisions	74.1	70.5	85.3
Reserves	285.7	303.3	291.5

Further details of operating performance and the statement of financial position can be found on page 18.

Accommodation figures	2022/23	2021/22	2020/21
Total owned and managed – during the year	27,005	26,806	26,694

Strategic Report – Summary of Financial Results

The strategy of YHG continues to be focused on maintaining our ability to generate surpluses that can be both reinvested into our existing homes and invested in the development of new homes. We achieve this through ensuring we have sufficient cash and liquidity resources.

During FY23 a new treasury strategy was approved by Board and a number of strategic aims delivered; covenant headroom for the financial year and going forward has been improved as a result of agreed carve outs against those facilities with the tightest interest cover definitions, a facility has been modernised with an updated gearing covenant which both strengthens headroom and removes corporate restrictions, liquidity has been bolstered via £70m additional bank facilities and interest rate risk has been mitigated via a £50m fix put in place against a drawn variable facility. Liquidity now supports the delivery of the corporate objectives, including capital reinvestment in assets and development of new homes, through to the next substantial refinancing point in 2027. The increased proportion of fixed debt within the loan facilities has protected interest cover headroom over the short term as rates have risen subsequent to the fix. The next phase of the treasury strategy will be reviewed and updated during the year to ensure continuing support of the corporate objectives in the most effective and cost-efficient way.

FY23 was the third year of delivery against our Capital Reinvestment programme, where we have an objective of deploying more than £219m over five years in our existing homes. In FY23 YHG spent a further £30.8m on planned investment (2022: £51.5m) a reduction in year-on-year expenditure in a response to the cost of energy crisis. However, we were still able to deliver 2,849 components versus a target of 2,724. This included the installation of 748 new kitchens, 569 bathrooms and 383 new boilers for our customers. This is a significant contribution towards our five-year target, which we remain confident in being able to deliver successfully.

Alongside this improvement for our existing residents, we invested a further £57m in the creation of new homes during FY23. During FY23 we completed 377 homes and started on site with 219 new homes so that as at the end of March 2023 the Group were physically on site constructing 1,321 homes. YHG were successful in securing a £0.6m Brownfield Grant at our Century Mill site.

The Board continues to focus on the achievement of key delivery targets in the long-term. Such targets are based substantially around strategic priorities of the Group including “Keep Everyone Safe” and “Be a Great Landlord”. The safety of our customers remains the number one priority, and YHG is committed to deploying the required financial resources to maintain this. In the year we spent £7.5m on making our homes safer. Our customer satisfaction ranks equally highly, with a 3% improvement recorded during FY23, and again the Board is absolutely committed to ensuring that sufficient resources are deployed in delivering these priorities.

The Board remains committed to improving Value for Money (VFM) and ensures at a delivery level, underpinning each of the strategies, actions to improve VFM, either from greater efficiency, better effectiveness, or optimising economy, are clearly laid out.

From a financial metric performance perspective, FY23 has been an interesting year. For the year we are reporting a Financial Loss of £18.1m (before Pension adjustments). Avantage has led to a £19.1m loss for the Group. This is mainly due to provisions included within Avantage for fire remediation works at the 4 Mere schemes where costs are increasing (£4m), and the re-build provision for Beechmere, with the provision increasing by £10.6m due to inflationary pressures and redesign of the building specification. Added to the additional cost in relation to Avantage, we have seen additional spend on Fire Safety works across the Group.

Turnover increased compared with last year by £23.6m. The main contributor is an increase in development sales, along with an increase in rental income (4.1% rent increase).

Strategic Report - Operating Performance and Statement of Financial Position

OPERATING PEFORMANCE

Key performance measures for the year were:

- Income increased to £181.1m (2022: £157.5m); largely as a result of development sales increasing by £18.6m. Furthermore, additional rental income has been generated as YHG increased rents in line with the rent standard (4.1% increase).
- Operating Costs increased in the year to £191.3m (2022: £153.1m); largely driven by an increase in development cost of sales of £14.4m. There has been a significant increase in utility costs during the year which has increased expenditure by £3.0m. Management Services have increased due to an increase in asset reinstatement and fire safety work provisions driven by higher inflation. Management costs have increased due to exiting the Staffordshire County Council Pension Fund, resulting in a surplus of £4.4m which was written off to the statement of comprehensive income.
- Re-build provision increased in the year by £10.6m; largely as a result of increase in inflation and additional direct costs.
- Earnings before interest, tax, depreciation, amortisation and property sales (EBITDAS) was £29.0m (2022: £29.9m) with a margin of 16% (2022: 19.0%).

  Interest costs increased in the year by £1.5m, in-line with expectations and driven by the combination of loan drawdowns in the year and increased rates on the variable debt.
- Earnings before tax margin decreased to -9.7% (2022: -3.0%), primarily reflecting the matters referred to the EBITDAS and Operating Costs commentary above.

STATEMENT OF FINANCIAL POSITION

At 31 March 2023, the Group's Statement of Financial Position demonstrated considerable strength, and the Group remained financially robust, with access to substantial liquidity and cash through our Revolving Credit Facility (RCFs), which can more than cover the current liabilities at year end and future commitments. Key performance measures were:

- The Net Book Value (NBV) of fixed assets was £1,286.7m (2022: £1,242.5m).
- At the year end the Group had invested £57m (2022: £51.5m) in relation to properties under construction.
- The Group owned and managed 27,005 homes.
- The fair value investment properties were £77.6m (2022: £74.1m). The Board appointed JLL and Savills as independent experts to impartially value investment property of the Group as at 31 March 2023. All valuations were conducted in line with RICS methodology.
- The Group had £69.9m (2022: £76.1m) of cash and cash equivalents with £245m (2022: £233m) additional undrawn facilities, based on existing debt facilities.

  Gearing increased to 45.1% (2022: 43.6%) as a result of the increased loan balance over the year as planned, with the new debt being spent on assets under construction which are excluded from the metric.
- The Group had reserves of £285.7m (2022: £303.3m).
- During FY23, Group facilities were enhanced by £70m following completion of additional bank facilities with existing lenders.
- The net defined benefit liability at the year ended 31 March 2023 is £15.4m (2022: £14.9m).
- Your Housing Limited exited the SCCPF during the year, resulting in a net settlement charge of £4.4m.

Strategic Report – Debt Structure and Monitoring

Our Treasury Strategy has been refreshed during FY23 detailing principles and actions that underpin a proactive treasury management approach whilst balancing risk management and value for money. The key strategic aims focus on maintaining facilities that allow for full covenant compliance with the required headroom whilst delivering the Group's Corporate objectives, maintenance of a prudent liquidity buffer, continuation of a well-structured portfolio that delivers value for money, is appropriately hedged and has a reasonable funding and lender mix and developing a primed security pool ready for charging at the point of executing new debt. Delivered within the year to meet these strategic aims was:

A substantially improved interest cover headroom within YHL over the short to medium term as a result of agreed carve outs, predominantly for fire safety costs, from those facilities with the tightest covenant definitions.

A bolstered liquidity position within YHL as a result of £70m additional bank debt facilities arranged during the year on variable rate over a five-year (£40m) and ten-year (£30m) term.

A substantially improved Gearing covenant headroom and relaxed corporate controls within Frontis as a result of reshaping and modernising an existing facility.

A £50m fix against drawn variable rate debt to manage interest rate risk over the short term.

The Group has loan facilities held within YHL, Frontis and Avantage, with 12 lenders across the three entities. As at 31 March 2023, the Group had total borrowings of £585.7m (2022: £545.7m) with a weighted average cost of funds of 3.91% (2022: 3.65%) which compares favourably to peers in the sector. This has increased in the period due to substantial rate rises experienced during the year as a result of economic conditions. The impact of which has been softened to some extent by the level of fixed rate debt within the portfolio which stands at 90% of borrowings at year end. During FY23 the Group has made £7.6m of planned debt repayments and drawn £50m from existing facilities. Further debt analysis can be found in note 21. Loan covenants within the facilities are predominantly focussed on Interest Cover and Gearing and all were met.

The liquidity position has been strengthened during the year following the addition of £70m new bank loan facilities within YHL. As at 31 March 2023, Group cash balances stood at £69.9m with a further £245m available to be drawn from existing agreed facilities, principally in the form of revolving credit facilities. This provides a considerable liquidity pool to support our strategic objectives over the medium term, with current business plan forecasts demonstrating the facilities are sufficient to meet cash requirements until 2027. Group peak debt is projected to be £736m, hit in FY26. Substantial refinancing points for the Group fall within 2027 – 2030 and future funding need will be addressed as part of an update to the treasury strategy due in FY24.

The fundamentals around funding risk and liquidity risk are managed via the Group's golden rules and business plan triggers. There are further operational controls around these risks along with interest rate management and counterparty exposure within the Treasury Management Policy (TMP). This ensures treasury activities are controlled effectively by identification, monitoring and mitigating of such risks. Adherence to the TMP is monitored via regular reporting to the Group Board, Investment Committee and the Executive Leadership Team with robust operational controls underpinning effective reporting within the Treasury function. Surplus funds are invested with counterparties meeting the terms of our Group treasury management policy and these are monitored to ensure compliance. Our investment policy is risk averse and aims to minimise the risk of financial loss or liquidity exposure. We do not hold any financial instruments for speculative purposes.

VFM Report FY2023

Overarching VFM Ambition and approach

The overall aim for YHG is to utilise our available resources effectively and efficiently to deliver our key strategic objectives. It is our ambition to manage an estate of safe desirable homes in which residents want to live and feel supported by our services and to build new fit for purpose homes to meet rising demand where our resources permit. We will do this by:

1. Prioritising resources in alignment with our strategic objectives
2. Stopping doing things which don't deliver our strategic objectives
3. Maximising what we have available through cost reduction and added value
4. Leveraging our activities to deliver even greater value to our customers and communities
5. Being more efficient through the use of better processes and technology

The Board remains committed to improving Value for Money (VFM) and ensures at a delivery level, underpinning each of the strategies, actions to improve VFM, either from greater efficiency, better effectiveness, or optimising economy, are clearly laid out.

The Board has developed a Financial Plan, which together with the Corporate Strategy, makes up the Business Plan. Although the last year has seen unprecedented pressures in the economic environment, we have developed a robust plan to ensure we have the capacity to deliver all of our objectives and the additional requirements within the sector. In developing the plan, the Board has allocated financial resources in accordance with the agreed priorities. It has also included efficiency targets looking to reduce operating expenditure over the life of the plan. We will do this by using innovation and technology to drive efficiency. This will allow us to direct more resources to the frontline, help services be delivered more effectively and ensure we are delivering on our objectives of keeping everyone safe and being a great landlord.

Capital investment in existing stock included within the business plan over the next 5 years is £188m. As a result of this high investment, it is inevitable that whilst some of the VFM metrics are favourable, such as the reinvestment metric, there is an inevitable converse consequence of this in terms of the reduction in financial metrics such as ROCE and EBITDA (MRI).

Whilst the VFM financial metrics may have a mixture of changes, because of the link between increased spending commitments and profitability, this is done in the context of ensuring that the business planning process reflects the consequences of the investment required in the stock, both in terms of a sound asset base and meeting all of the legal and regulatory requirements and aspirations going forward.

Although some of these strategic decisions will reduce the financial performance reflected in the financial metrics, they are still done on the basis of complying with all of the covenants set by the funders to a significant degree as well as the "Golden Rules" set by the board as an early warning indicator against these covenants.

Our delivery of VFM in FY22/2023

Prioritising resources in alignment with our strategic objectives

Having our clearly articulated corporate strategy means that we are clear where we are focusing our finite resources. If decisions need to be made about the allocation or use of resources, we are guided by the prioritisation provided by the Board. This means there is a clear direction and resources are used to deliver the strategy.

Key highlights for us this year have been: -

Building safety remains high as our number one priority, and we have invested over £10m (Capital and revenue expenditure) in FY23 on fire and other related safety improvement works.

By maintaining the overall cost of a repair per property to within the target range delivers an efficient use of finite resource to providing a safe home environment for tenants

The customer satisfaction for FY23 is 72% against a target of 70%. This is an increase of 3% on FY22 and shows our continued dedication in delivering services that are needed and valued by our customer.

Further funding has been secured of £2m for cavity wall insulation works, allowing YHG to reduce the utility bills for our tenants at a time of increasing energy costs. A further £1m has also been secured for SHDF funding which will see 181 of our homes in the Liverpool region, and 95 properties in the Greater Manchester region achieve a minimum of EPC-C.

We have had positive ongoing discussions with Homes England to deliver the Strategic Partnership programme against a number of economic headwinds, notably inflation and successful negotiations with Homes England has led to an agreement on a reduced delivery plan in FY24 and additional grant of £6.5m

Our growth Ambition is to deliver the Strategic Partnership with Homes England which has been extended to March 2026.

Keeping everyone safe and being a great landlord are our top priorities. In our current business plan, we have high level of investment in our existing stock to ensure that we meet all the current regulatory requirements, such as EPC-C and Decent homes 2 and continue with our on-going commitment to provide the highest standard of housing.

Maximising what we have available through cost reduction and added value

The Board monitors all investment across the group and seeks to maximise outcomes for residents by delivering VFM across its entire spend, in 2022/23 the main highlights were: -

i) Through effective purchasing and Procurement processes the Group has benefitted from c£2,245k EBITDA improvement in-year. This has been provided by cost avoidance (£1,171k), and expenditure savings (£1,074k) and is above our FY23 target by £645k.

ii) YHG are committed to creating social value through our core activities. Core activity refers to how we generate a social value return via the delivery of services to our tenants which include (but are not limited to):

- Employment support
- Community investment activity
- Money Advice
- Tenancy Support
- Foyers and supported housing

In FY23 YHG was able to generate over £26.3m worth of social value through core activity. Highlights have included the scale of work undertaken by the Tenancy Support Team, community activity with our Cantonese (former Tung Sing) community and the introduction of the It's In Your Hands grants scheme.

iii) We have delivered in year cost savings of £7.7m and this has been achieved through establishment savings brought about by recruitment freeze and staffing structure reviews, additional sales of properties and efficiency drives in areas such as ICT.

iv) In FY23, there has been a reduction in the number of tenancies terminated (15% YOY reduction), which in turn reduces the costs relating to decants, voids and re-lets and reflects our continued commitment to managing an estate of safe desirable homes.

v) The merger of fix360 into our Asset Management has allowed duplicate roles to be removed, providing a lower overhead cost across the service offering.

Leveraging our activities to deliver even greater value to our customers and communities

We continue to leverage our activities to ensure that we are delivering value for money throughout the business. In FY23, we have achieved the following:

i) We feel, more than ever, good quality, affordable housing will be important for people and we're still doing our bit to contribute to resolving the housing crisis. This year, we delivered 377 new homes and started on site with another 219.

ii) Through the introduction of an inhouse surveying team, we now have greater control, allowing better focused responses to stock condition surveys.

iii) We have reviewed our treasury arrangements this year, hedging some of our existing borrowing, negotiating covenant carve outs for fire safety works and obtaining an additional £70m of facilities from our existing lenders. All of which significantly improved our covenant headroom position and our long-term liquidity.

iv) The Investment programme has delivered over £32m in FY23 (of which £27.7m related to Housing Properties), which included 2,830 property upgrades, delivering better quality homes to customers and potentially leading to reduced reactive repairs.

v) 1st tranche sales exceeded target with higher equity stakes sold adding £3.9m; quarterly valuations ensure that we maximise selling prices and there was a further £0.5m of favourable price/mix variance.

Being more efficient through the use of better processes and technology

To deliver ever greater value to our customers we have aligned ourselves to the greater use of technology in how we operate YHG. This is a long-term strategy and underpins the savings plan outlined in our Business Plan running up until 2028. Key highlights for us this year have been: -

i) We have implemented a new Housing management software which aims to improve the collection of former tenant arrears utilising digital technology. It will provide behavioural insights and data science to build trust, drive efficiencies and maximise revenue.

ii) Following the successful implementation of dynamic scheduling, we have now rolled this out to other areas of the business to maximise efficiencies. In the year, the overall jobs per day per operative was at 3.5 which delivers an efficient use of finite resource to providing a safe and desirable home environment.

iii) We have seen an increase in the number of jobs being raised on the Home Hub portal as we drive to make efficiencies and enhance the customer experience through digitalisation.

iv) The Business Change team have been successfully integrated alongside the ICT department, which has led to a reorganisation of project management positions and enabled a reduction in the use of consultancy and professional services. This alongside a review of software packages in use across the business has led to an overall saving of c£269k against FY23 budget.

v) We have seen improved controls, processes and reporting in ASB, with increases in customer satisfaction.

VFM Scorecard

This report sets out how we have performed in FY22/2023 in respect of the Regulator's VFM metrics and against our peers. It also provides an analysis of how these metrics will change as we move forward and make significant investments in our stock.

As well as monitoring our performance against our strategic objectives and targets, in accordance with the Regulator's requirements we also measure our value for money against the Regulator's technical metrics and in comparison, with our peers. The charts below reflect the set of metrics specified by the Regulator of Social Housing to measure and compare VFM across the sector. The House Mark global accounts comparison tool has been used to obtain benchmark data for the North West, West Midlands and Yorkshire and Humberside Regional Group.

Value for Money Metrics	2022/2023	2022/2023 Target	2021/2022	Benchmark 21/22
Reinvestment	5.8%	8.8%	7.99%	6.2%
New supply delivered (Social)	1.43%	1.26%	0.83%	0.93%
New supply delivered (Non-Social)	0%	0%	0.09%	0.00%
Gearing - loans / fixed assets	44.8%	47.1%	42.4%	42.3%
EBITDA (MRI)	(58.4%)	(70.7%)	(87.9%)	169.4%
Headline social housing cost per unit	£6,698	£6,910	£6,554	£3,890
Operating margin	(5.6%)	5.1%	2.8%	20%
Operating margin - SHL	1.0%	8.4%	9.1%	21.9%
ROCE	(0.4%)	0.8%	0.6%	3.1%

*Benchmark data has been taken from Housemark for 21/22

Re-Investment

In 2022/23, we re-invested 5.8% of the total value of our housing assets, which places us slightly below average compared to the benchmark.

Investing in and maintaining the standard of our existing homes remains one of our main priorities, during the year we have invested £27.7m in our existing housing properties stock. This represents thousands of new kitchens, bathrooms and heating systems for our customers and at the end of the year 100% of all our homes met the decent home standard. We were behind target for the year as it was forecast that we would commence with our SHDF (Social Housing Decarbonation Fund) programme which was rephased into FY24 and there are scoping reviews on some of our major projects to ensure we are providing maximum value for money.

In the year, we have invested over £38m on the development of new housing properties. We continued to work in partnership with Homes England to deliver our strategic ambition of building new homes and to play our part in helping to solve the housing crisis. During the year we took handover of 377 new homes and started on site with 219 new homes. We were behind target as we have seen slower than expected spend on the remediation of our land, a delay to an acquisition of a further site, not proceeding with an anticipated site in Preston and the Kirkstall site not continuing due to a change of strategy.

Our 5-year targets are set out below:

Five Year Plan	FY24	FY25	FY26	FY27	FY28
Re-investment	8.4%	7.3%	5.2%	4.9%	4.0%

New Supply

The New supply metric sets out the number of new housing units (owned/managed) that have been acquired or developed in the year as a proportion of total housing units (owned/ managed) at period end.

Overall, our new supply was ahead of target and in 2022/23 we have delivered 377 units, all social units. This was above our target by 35 units and an increase on prior year of 135 units. In terms of absolute figures, this places us in the upper quartile compared to the sector.

During FY23 we completed 377 homes and started on site with 219 new homes so that as at the end of March 2023 the Group were physically on site constructing 1,321 homes

Our 5-year targets are set out below:

Five Year Plan	**FY24**	**FY25**	**FY26**	**FY27**	**FY28**
New Supply – Social	1.7%	2.6%	1.3%	0.7%	0.6%
New Supply – Non social	0.0%	0.0%	0.0%	0.0%	0.0%

Gearing

This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance.

YHG's gearing for 2022/23 was 44.8%, which is slightly above the sector average, however this represents our planned increase in investment of our existing and new stock as part of our commitments to provide decent quality homes and contribution to help solve the national housing crisis. Our PFI subsidiary, Avantage, is also impacting on our gearing % as it has debt with no assets.

Below are our five-year gearing targets which demonstrates the capacity within our business plan to fund our corporate objectives whilst maintaining substantial headroom from covenant maximums:

Five Year Plan	**FY24**	**FY25**	**FY26**	**FY27**	**FY28**
Gearing	48.7%	49.9%	47.3%	46.2%	45.1%

EBITDA (MRI)

The (EBITDA MRI) interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable.

Within the metric calculation, capitalised major repairs are deducted from the operating surplus, therefore the high level of investment we are making in our existing stock is reflected within this metric %.

This metric is better than target due to a reduction in capitalised major repairs. It was forecast that we would commence with our SHDF programme which was rephased into FY24 and there are scoping reviews on some of our major projects to ensure we are providing maximum value for money. This was partially offset by the in year cost pressures, as per the Headline social housing CPU below, most notably the increase in Utilities and provisions within our PFI, Avantage.

Below are our 5 year targets for EBITDA (MRI) which shows a significant improvement from current performance driven by the in year impact of the rebuild provisions within our PFI, Avantage:

Five Year Plan	**FY24**	**FY25**	**FY26**	**FY27**	**FY28**
EBITDA (MRI)	46.9%	77.6%	142.2%	98.1%	159.6%

The group facilities are based on an EBITDA covenant until FY27, after which the tightest definition becomes EBITDA (MRI). This allows the Group to continue with a period of stock investment, delivering £188m worth of investment to our Housing properties stock over the next 5 years, in addition to the £119m over the last 5 years and in line with our strategic objectives.

As we invest heavily in our stock over the next few years, we expect we will remain behind our comparators, but will return to closer to the sector average towards the end of our five-year plan.

Headline social housing CPU

The unit cost metric assesses the headline social housing cost per unit as defined by the Regulator.

Although comparison of our Headline Social Costs per unit shows that the Group's costs are higher than the peer group, the Group has a significantly high proportion of supported housing and housing for older people within its stock. The Regulator has recognised that this type of stock has an overall higher cost per unit and therefore this is reflected in this metric.

The high investment in our existing stock is also contributing towards the higher cost per unit in line with our corporate objectives.

Our headline social housing cost per unit in 2023 is £6,698 (2022: £6,554) against a target of £6,910.

This is driven by:

Successful early exit of our 602 office lease.
The merger of the Fix360 team into our Asset structure, resulting in reduced headcount in this area
Lower capitalised major repairs due to rephasing of the SHDF program and scoping reviews at our major project schemes.
Procurement savings
FTE savings sought by recruitment freeze and staffing structure reviews
Efficiency savings of £7.7m.

Although efficiencies have been identified we have had some additional cost pressures in the year, which include:

Increased provisions in relation to the rebuild of Beechmere, remedial works at the other Avantage schemes and the requirement of assistant guards.
Increased Utilities costs.
Increased fuel costs on our in-house contractor division
Additional costs in relation to Damp and Mould

Five Year Plan	**FY24**	**FY25**	**FY26**	**FY27**	**FY28**
Headline social housing CPU	£6,557	£6,110	£5,735	£6,118	£5,683

Within this metric there are vital areas of spend that the Board prioritises such as fire and building safety. However, there are some key areas where we have targeted real cost reductions over the plan and work is on-going to drive efficiencies through the business to ensure we meet our business plan targets.

Operating Margin

Margins are under pressure across the sector with operational challenges including increased inflation, a tight labour market and additional requirements for housing providers.

During the year, we have had some significant cost pressures as noted above in the Headline social housing cost per unit, most notably the increase in Utilities and provisions within our PFI, Avantage.

We have improved our financial reporting this year, which has meant the Board is now able to understand performance in this area in more detail and will be a key piece of work in delivering our targets over the next 5 years.

Below are the 5 years targets, which reflect our continued focus on the driving improvements in this area to bring us in line with sector averages:

Five Year Plan	FY24	FY25	FY26	FY27	FY28
Operating Margin	12.2%	18.2%	26.1%	23.3%	24.9%
Operating Margin - SHL	12.5%	19.7%	28.2%	24.6%	26.2%

Return On Capital Employed

This metric compares the operating surplus to total assets less current liabilities and is a common measure to assess the efficient investment of capital resources.

Return on Capital Employed (ROCE) was below target for the year which was driven by the additional cost pressures, mostly notably the increased provisions within our PFI, Avantage.

Whilst this places YHG below the lower quartile for the sector, it also reflects the increased spend in both Development and Asset Investment, in-line with the Corporate Objectives and commitments to improving the quality of homes and creating new homes for people to live. As can be seen from the below targets, taken from our business plan the metric is expected to improve over the next 5 years:

Five Year Plan	FY24	FY25	FY26	FY27	FY28
ROCE	1.9%	2.9%	4.0%	3.4%	3.8%

Value for Money Summary

The Group has been developing a clearly articulated strategy with appropriate prioritisation which means that we are clear where we are focusing resources in the future and how we are delivering value for money. It is inevitable that whilst some of the VFM metrics are favourable, such as the reinvestment metric, there is an inevitable converse consequence of this in terms of the reduction in financial metrics such as ROCE, operating margins and EBITDA (MRI).

Whilst the VFM financial metrics may have a mixture of changes, because of the link between increased spending commitments and profitability, this is done in the context of ensuring that the business planning process reflects the consequences of the investment required in the stock, both in terms of a sound asset base and meeting all of the legal and regulatory requirements and aspirations going forward.

Although some of these strategic decisions will reduce the financial performance reflected in the financial metrics, they are still made on the basis of complying with all of the covenants set by the funders to a significant degree as well as the "Golden Rules" set by the board as an early warning indicator against these covenants.

In delivering each of the strategies underpinning the Business Plan we are clear how we will deliver VFM, either from greater efficiency, better effectiveness, or optimising economy.

Strategic Report – Risks and Uncertainties

Risk

The Group's Risk & Assurance Framework supports the effective identification, assessment, management and monitoring of strategic and operational risks. Risk and assurance reporting forms a core part of the Group's governance arrangements and informs the Group's strategic planning and decision-making activities in line with the Group's Risk Appetite Statement which has been set by the Board.

This financial year has seen unprecedented emerging risks from macroeconomic factors and external events which has resulted in heightened market and economic uncertainty which we have reflected in our risk mitigation strategies. The external operating environments have been heavily impacted by global events in recent years, for example global economic recovery from the Covid-19 pandemic, Brexit and the war in Ukraine created a number of challenges for the business, our customers and partners.

More specifically, the challenges have been felt by the wider sector in relation to, supply chain issues, increased costs, labour shortages and societal changes.

The Board and the Audit and Risk Committee received regular updates on risk and assurance activity via regular reporting and the Board Assurance Framework. The Audit and Risk Committee has ensured that both strategic and operational risks are appropriately mitigated and there is an appropriate assurance to assess the effectiveness of identified controls.

Alongside this, a proactive and robust horizon scanning framework ensures that the Group is aware of emerging issues impacting the sector and this year has seen significant proposed changes in respect of regulation (such as the Social Housing Bill and focus on damp & mould) which the Group has reacted to proactively.

INTERNAL AUDIT

Internal audit activity is an integral part of our risk and assurance framework and ensures that internal controls are assessed independently, and assurance is provided on the effectiveness of the mitigation are in place. During the year, we have worked with our internal audit partner, PWC, to conduct a comprehensive programme of internal audits to help provide assurance on the systems and processes of internal control and ensure that robust arrangements are in place, either pre-existing or as a result of the reviews.

KEY RISKS

We have identified key risks that threaten the achievement of our strategic objectives which have been considered in line with the Sector Risk Profile produced by the Regulator of Social Housing and continued to ensure we work towards implementing the requirements of the Social Housing Bill. In addition to the risks with our strategic risk register, we also undertake monthly horizon scanning and report to our Board emerging risk issues.

A summary of the key strategic risks are as follows:

RISKS	MITIGATIONS
Financial viability We have identified a key strategic risk concerning maintaining sufficient liquidity and funding to deliver all the aspirations in the business plan.	Mitigation controls in place include robust stress testing that responds to external challenges to produce a pragmatic 30-year business plan approved by Group Board to assess capacity and requirements for growth. This includes multi-variate stress testing for the potential variables (including increased labour and construction costs and rent changes), showing and testing the breaking points in the plan. The Group has also a comprehensive business planning process to support the above which include identification of efficiencies for current and future years.
Customer We have a strategic risk that we are unable to deliver the required level of customer service which leads to a decline in customer base,	In the year we have made improvements to our customer operating model to ensure that a high level of customer service can be maintained in light of the current changes to the external environment and have worked towards preparedness for the Social

higher turnover, management costs and poor reputation	Housing Bill. We have adopted the Tenant Satisfaction Measures (TSM's) which have been incorporated into the performance framework. The Group is also implementing a complaints lab to deep dive into complaints, learn lessons and make improvements to future processes.
People Our key people risk is that the Group will not have the people with the right skills, experience and behaviours to successfully deliver the business plan.	In this year we have developed a new People Strategy which will be rolled out in FY24, aimed at supporting staff development, retaining talent and increasing capability within the business. We have been mindful of labour market fluctuations brought upon by "The Great Resignation" and have monitored staffing numbers closely. We are also reviewing our wider employee offer to ensure we remain the employer of choice in the current market.
Operational Risks There is a risk arising from internal processes and systems, such as the ICT capability and the need for robust testing of the Group's Business Continuity arrangements.	Business Continuity framework and responses remain robust, and this year has seen the development of the Group Cyber Response Plans. The Group has significantly strengthened its ICT security controls to protect against attacks with the implementation of the 24 7 network monitoring systems. Further mitigations include comprehensive understanding of our critical systems, planning and testing for how we will continue to provide critical systems and recovery in the event of a serious threat. The Group has also developed its ICT capability and infrastructure to enable growth aligned to the objectives of the business plan. Mitigating controls in respect of a robust project governance process ensures that there is appropriate degree of control and oversight is in place to support the level of change within the business.
Compliance and legal The Group have identified two key strategic health and safety risks concerning keeping staff and customers safe.	Mitigating controls include a robust health and safety management system, including a group wide health and safety audit plan, which acts as a second line of defence. The Group monitors its compliance with statutory obligations through a series of system driven analytical data. During the year we have continued with our commitment to being compliant in our landlord obligations in respect of customer safety, despite the sector wide risk of increased costs and availability of materials and labour.
There is a risk of non-compliance arising from the changing external regulatory and legal environment.	We have further strengthened our Horizon scanning framework this year and ensured proposed changes to the legal and regulatory environment and a horizon scan and view of emerging issues are is carried out monthly and reported to the Executive and the Board.
Growth There is a risk of not achieving our targets for growth and not delivering the desired number of new homes in our growth strategy.	The Group is not immune to the issue of increased labour and materials costs and availability risk during the year. We have however with careful mitigation strategies limited our exposure. Mitigation controls in place include increasing internal resource and capacity and maintaining proactive relationships with local authorities, professional advisors, developers and contractors.
Counterparty risks, in particular within the supply chain, which may impact the Group's Development ambitions are also considered.	The Group recognised that changes in the external construction environment may impact our growth targets and therefore mitigations also included monitoring of the external environment

	developing the supply chain and leveraging our procurement frameworks. We closely monitor contractor activity in a number of ways and will take prompt action if a potential issue is identified. The Group has also developed an active list of strategic suppliers across all areas which is monitored regularly.
Data The Group has refreshed its data related risk, to recognise the progress in respect of the data held. The risk has been refocused to ensure that there is sufficient focus on the availability and need for appropriately governed data to underpin business decision making.	We have significantly strengthened our technical ability to capture, govern and manage data through our Data Governance tools Collibra and Informatica. Data accuracy is an important enabling factor in ensuring the delivery of effective services and complying with regulations and therefore data accuracy is key driver in the delivery of the Data Strategy.

IMPACT OF WIDER ECONOMIC FACTORS & EMERGING RISKS

During the year we have continued to evaluate the potential impact from a combination of macroeconomic events, such as global recovery from Covid 19, impact of Brexit on supply chain war in Ukraine, which has led to an increase energy costs, against the backdrop of the cost-of-living crisis. We continuously reviewed, refreshed mitigations, informed Board and updated risk registers to reflect the evaluation of our current strategic risks.

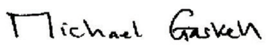
EMERGING EXTERNAL RISKS

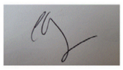
During the year we have continued to evaluate the potential impact that a combination of Covid 19, Brexit, Cost of Living increase and other factors may have on our business and ensured any risk were reflected in the Group's risks registers and the Board are kept informed. Where relevant we have reflected the results of this exercise in the evaluation of our current strategic risks and mitigations.

POTENTIAL IMPACT	EVALUATION/MITIGATIONS
Interest, inflation and currency risk and access to finance.	The Group does not carry a currency risk. We have a proactive and robust stress testing methodology. During the year, with the support of our treasury advisors, we assessed key scenario's that would "break" the business plan & validated their impact and mitigations prior to the preparation of the business plan. Despite a challenging financial market, we currently have good financial reserves and liquidity, and we have stress tested around this issue. We also, as demonstrated by the achievement of our Treasury Strategy this year have good access to finance.
Declining customer affordability and impact on arrears.	Increase in cost of living and energy prices has put unprecedented pressures on the financial priorities for our customers. We have continued to support our residents through our increased Money Advice Team and also referrals to debt charities such as Step Change. Arrear's collection has remained strong during the year and overall performance against this KPI for the year has been within target.
Staff Shortages & Labour Availability.	The job market has fluctuated nationally, and the sector has seen pinch points in specific skill sets and trades, however the buoyant labour market has also presented an opportunity risk in relation to efficiencies and new skills into the Group.

	The Group has rolled out a Recruit well plan in addition to a new People Strategy. As further mitigation, single points of failures have been documented to minimise a capability shortfall.
Availability of labour and materials	Increased labour and materials costs and delays to construction was considered as part of the stress testing of the business plan and mitigations considered. Predictions are that we may continue to see supply chain issues on a global scale for certain goods and materials. In the longer term, markets predict that the rebuilding of infrastructure in Ukraine will place further pressure on the supply chain. We have minimised the impact from this risk via leveraging our procurement strategy and frameworks.
Supply Chain Issues & Supplier Solvency	We actively monitor our critical strategic suppliers to ensure that we understand their financial status and have resilience in respect of the goods and services they provided. We also mitigate this risk by our strong relationships with our suppliers and the wider network. Disruption in the supply chain has impacted the wider sector with certain pinch points, however the Group has not seen a material impact as a result of supply chain disruption. Market predictions are that supply chain issues will continue due to the pressures on rebuilding infrastructure following the war in Ukraine. Recent public sector strikes have not caused significant disruption to the Group's ability to provide services or operate the business.

The Strategic Report was approved and authorised by the Board on 22 September 2023 and signed on its behalf by:





Christopher Michael Gaskell	Jacque Allen	Clare Oakley
Chair	Group Chief Executive	Group Company Secretary

Report of the Board – Governance

GOVERNANCE

Our Group Board is responsible for the long-term strategy and viability of the Group. During FY23 the Board comprised nine non-executive directors. Until July 2022 the Group Chief Executive was also appointed as an executive director.

Our Board is responsible for providing leadership for the Group within a framework of prudent and effective controls. It sets out our strategic direction, objectives, values and standards, reviews management performance and ensures that the necessary financial, material and human resources are in place for us to meet our objectives.

The Board has reserved the following matters for its consideration in accordance with the provisions of the National Housing Federation (NHF) Code of Governance 2020:

i) Setting and ensuring compliance with the values, vision, mission and strategic objectives of the organisation, ensuring its long-term success.
ii) Establishing a culture that is positive, focused on the needs of current and future residents, other customers and other key stakeholders, and embeds equality, diversity and inclusion in the organisation.
iii) Ensuring the organisation operates effectively, efficiently and economically.
iv) Providing oversight, support, direction and constructive challenge to the organisation's chief executive and other executives.
v) Appointing and, if necessary, dismissing the chief executive.
vi) Satisfying itself as to the integrity of financial information, and setting and approving each year's budget, business plan and annual accounts prior to publication.
vii) Establishing, overseeing and regularly reviewing a framework of delegations to committees and staff.
viii) Establishing and overseeing control and risk management frameworks in order to safeguard the assets, compliance and reputation of the organisation; and
ix) Holding to account the organisation's subsidiary boards, committees and senior staff for the exercise of any powers delegated to them.

Delivery of the business strategy is delegated to our Executive Leadership Team (ELT). The ELT is made up of the Group Chief Executive who is responsible for leading the development and execution of our business plan and strategies, organisational capability and governance, the Chief Financial Officer, responsible for overseeing the Group's viability including all financial matters, funding and Treasury, and the Chief Information Officer responsible for the continuation of the digitalisation of services and leading on transformation and continuous improvement.

In addition, this year the ELT was strengthened by the appointment of senior officers in the new roles of Executive Director of Corporate Services, responsible for overseeing all corporate services areas including Governance, Human Resources and Occupational Health & Safety, and Interim Executive Director of Service Improvement, responsible for leading the Housing and Property Directorates and reviewing and overseeing improvements in specific customer service areas.

We also have a group of Operational Directors who work to deliver our business plan and objectives at an operational and functional level.

The Group Board Chair, Deputy Chair and Chief Executive predominately are also appointed as appropriate to the Group's subsidiary Boards. Additional members may also be appointed from the Executive Leadership Team or other Non-Executive Group board members to the appropriate level of oversight of the activities of these subsidiaries.

GROUP STRUCTURE

We operate a Common Board structure for our parent and two of our stock-owning entities, Your Housing Limited (YHL) and Frontis Homes Limited (FHL). Our Governance Framework determines how we are governed and sets out the relationships and delegated authorities and responsibilities between the parent and subsidiaries. The Group Board Committees also exercise oversight of the Group subsidiaries where practicable.

We regularly review our Group structure and Governance Framework to ensure it is appropriate to and reflects our operations.

THE GROUP BOARD

During the year, our Group Board continued to focus on providing effective leadership and oversight of our strategic objectives.

The Group Board was chaired by Richard Groome from 1 April 2022 until his retirement on 31 March 2023. Richard had served on the Board from January 2017, subsequently becoming Deputy Chair in August 2018, and had reached his full term of six years on the Board.

Following its adoption of the 2020 NHF Code of Governance, the Group has assumed, as contained in its Board Standing Orders, the principal of limiting terms to six years, except in exceptional circumstances. An external recruitment process took place in the Autumn 2022 for an experienced Chair with strong knowledge of the sector and Mike Gaskell was successfully appointed to the role from 1 April 2023. A handover period of 3 months was approved in advance of the formal appointment on 1 April 2023, to ensure a smooth and managed transition alongside a formal induction programme.

Brian Cronin also stepped down from the Board as an Executive Director on 30 June 2022 as he retired from his role with the Group as CEO. With resulting changes to the roles and membership of the Executive Leadership Team, the Board has chosen not to make further Executive Director appointments at present and has focussed on improving the working relationship and engagement between the Board and executive.

The Board has recently reviewed our Board Committee membership to ensure that directors continue to be placed in Committees that best suit their skills and experience. Board Champions are also appointed in the areas of Value for Money, Equality & Diversity, Health & Safety, Sustainability, Complaints and Safeguarding.

In addition to the annual Board skills analysis, every Board member undergoes an annual appraisal which supports their personal development. Information from the skills analysis and Board member appraisals has been used to develop individual and collective Board training and development activities.

An internal review of the Board's collective effectiveness was undertaken during the year. The process for this was approved and overseen by the Remuneration Committee and was in accordance with the Board Development Framework. The outputs from this exercise were reviewed by the Committee and discussed by the Board at a session in early 2023 with the Chair Designate to consider actions to develop and strengthen the Board's effectiveness. An external Board collective effectiveness review is carried out every three years and will next take place during FY24 as part of a wider governance review.

Diversity and Inclusion

Board members are appointed according to their skills and attributes and to ensure that it is able to collectively understand and clearly consider the impact of its strategic decisions on its communities. This is also achieved through the appointment of customers representing its varied communities on the Board's Customer Services Committee.

Details of the Board's composition as at 31 March 2023 was:

Gender	Male – 6 Female – 3
Ethnicity	White – 9
Total	9

The Board is committed to broadening its diversity and inclusion and during the year completed its first Board apprentice programme. The programme was launched in 2021 as an internal initiative to support its future succession plans through the recruitment of two Board apprentices with diverse backgrounds and attributes, currently in senior executive roles and who wished to develop the skills and experience required for a non-executive director role. The Board apprentices attended Board and Committee meetings and received the Group's support with training and development activities towards their future recruitment to non-executive roles, either within the Group, the wider sector or beyond. Following this programme, the Board is keen to consider a similar initiative in the future to encourage broader diversity in non-executive roles in the sector.

Director biographies detailing skills and experience are available on the YHG website.

During the year the Board held six formal scheduled meetings and five strategy sessions, and seven additional meetings as required to discuss arising matters during the year.

Attendance at Board and Strategy meetings

Brian Cronin[1]	100%
Richard Groome[2]	91%
Brenda Smith	82%
Derek Cash	91%
Chris MacKenzie-Grieve	100%
Alison Cambage	91%
David Done	82%
Darrell Mercer	100%
Stuart Coe	100%
Bev Messinger	100%

[1] resigned 30 June 2022
[2] resigned 31 March 2023

BOARD REMUNERATION

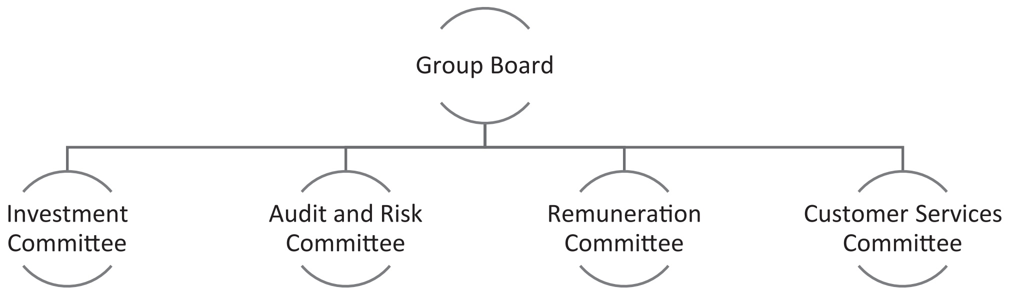
Current Non-Executive Director remuneration is detailed in note 11 to the financial statements on page 74.

Non-Executive Director remuneration is reviewed every three years. An external review of Non-Executive Director remuneration was last considered in April 2020 and the Board noted recommendations to ensure that the Group's position remains competitive. A further review is scheduled during FY24.

BOARD COMMITTEES

We have four Board Committees which oversee our Group operations as delegated to them by the Board in their specific Terms of Reference. The performance of our Group operations is further delegated to the ELT and Senior Managers as necessary. The Committees also oversee some of the activities of our Group subsidiaries as delegated to them by the Board.

Minutes of the meetings of the Committees are made available to all the members of the Board for their information and Committee Chairs report back at formal Board meetings.



In addition to the four permanent Board Committees, the Board established a Repairs Integration and Improvement Committee for FY22. This was created in view of the transfer of the repairs and maintenance services from Fix360 Ltd (Fix) into the Group's core operations, for the Board to maintain delegated oversight of the transfer and the ongoing service improvement plans. Members of this committee were appointed from the previous Board of Fix to provide consistency and the Committee operated and held quarterly meetings from 1 April 2021 until 31 March 2022. The Committee was chaired by Richard Groome, the other members being Brian Cronin, Chris MacKenzie-Grieve and Derek Cash and meetings were attended by the Managing Director of Fix and other senior employees. In March 2022, the Board agreed that it was satisfied with the progress of the integration of the services and agreed to disband the Committee, delegating continued oversight of employee health & safety, service improvement and repairs and maintenance performance among its other committees.

COMMITTEE COMPOSITION (as at 31 March 2023)

Committee	Members
Investment Committee	Darrell Mercer (Chair)
	Richard Groome
	Chris MacKenzie-Grieve
	Brenda Smith
	Alison Cambage
Audit and Risk Committee	Brenda Smith (Chair)
	Stuart Coe
	Darrell Mercer
	Chris MacKenzie-Grieve
Remuneration Committee	Bev Messinger (Chair)
	Richard Groome
	David Done
	Brenda Smith
Customer Services Committee	Derek Cash (Chair)
	Richard Groome
	David Done
	Brenda Smith
	Anver Zeria
	Beata Luczak
	John Morris
	Sarah Walmsley (appointed 23 May 2022)

The Board has reviewed and updated its Committee membership from 1 April 2023. This review took into account the appointment of the Mike Gaskell as new Board Chair and considered the mix of skills and experience required on each committee. Committee membership and Board Champion appointments are regularly reviewed and following any changes to Board membership.

COMMITTEE ACTIVITY

Investment Committee

Our Investment Committee is responsible for overseeing and providing the Group Board with assurance on the implementation of the Treasury, Asset Management, Development and Growth strategies. This includes reviewing and recommending proposals for investments, stock acquisition and divestment and large capital project approvals up to the delegated limits. The Committee functions as the Investment Committee of the registered providers in the Group: Your Housing Group Limited, Your Housing Limited and Frontis Homes Limited.

During the year the Committee had five Non-Executive members and met four times. The Executives also attend the Committee meetings to deliver reports and updates on relevant issues. The Committee is chaired by a Non-Executive Director.

Some of the matters considered by the Committee during the year were the:

- Approval of schemes for development in line with the Growth Strategy and recommending schemes to the Board for approval where they were in excess of the Committee's delegated authority.
- Review of liquidity levels to ensure the achievement of Asset and Development programmes.
- Review of progress against the Asset Investment Programme for the year.
- Approval of and updates on developments, schemes and investments.
- Regular updates on the Group's Diverse Investments and Project Schemes to understand financial or operational risks.
- Implementation of the Group's Treasury Strategy; and
- External advice received on changes in market rates and land values.

The Committee has reviewed its activities for the year in line with its Terms of Reference and is satisfied that it has fulfilled all its functions.

Audit and Risk Committee
Our Audit and Risk Committee ensures that there is an effective system of internal control in the Group and oversees the implementation of the group risk management strategy. The Committee also oversees the appointment and activities of the internal and external auditors.

During the year the Committee consisted of four Non-Executive Directors. The Committee Terms of Reference provide that the Group Board Chair and employees of the Group are not eligible to be members of the Committee. However, the Committee meetings were attended by employees and the auditors for reports and updates on various issues. The Committee met six times during the year.

Some of the key activities of the Committee during this period include:

- Reviewing internal audit reports and management responses throughout the year presented by the Internal Auditors, PwC.
- Reviewing internal control arrangements including the Board Assurance Map.
- Establishing a Task & Finish Group to direct the completion of the Group's Finance Improvement plan.
- Approving the internal and external audit plans for the year.
- Reviewing Statutory Annual Reports and Accounts for the Group and all subsidiaries.
- Reviewing the scope and findings of the Annual Audit of the Financial Statements.
- Reviewing all whistleblowing allegations.
- Reviewing all regulatory and compliance matters.
- Reviewing Group accounting policies.
- Risk referrals in specific areas of the business to gain assurance on matters of concern to the Board and / or the Committee; and
- Review of Annual declarations of interest and the Group's gifts and hospitality register.

The Committee has reviewed its activities during the year in line with its Terms of Reference and is satisfied that it has fulfilled its functions.

Remuneration Committee
Our Remuneration Committee reviews and makes recommendations on the remuneration of the Group Chief Executive, Non-Executive directors and the Executive Leadership Team. The Committee also reviews the culture of the organisation and approves the remuneration principles for all employees across the Group. The Committee is responsible for the Group and all its subsidiaries. The Committee had four Non-Executive directors as members during the year and met seven times during the period under review.

During the year, the Committee:

- Approved the process for the recruitment of a new Group Chair.
- Reviewed and recommended amendments to the appraisal process for the Group Chief Executive.
- Approved the appointment of external consultants to support the Board's recruitment of a permanent CEO.
- Reviewed remuneration principles for all staff across the Group, including the removal of bonus payments for Executive and Senior Leadership team members.
- Reviewed the outcomes of the annual Collective Effectiveness Review and future succession and board development plans.
- Reviewed annual colleague survey results and approved a recruit and retain plan.
- Approved the review of the composition of the Board Committees.
- Received progress against the Group's employee Health, Safety & Wellbeing plans; and
- Reviewed and made recommendations on the new People Strategy.

The Committee has reviewed its activities for the year in line with its Terms of Reference and is satisfied that it has fulfilled its functions.

In March 2023, the Board approved the re-establishment of the committee as the People Committee from 1st April 2023, to reflect the broadening of its remit to overseeing delivery of the new People Strategy from FY24.

Customer Services Committee

The Customer Services Committee is a key part of our 'Your Voice' customer engagement policy, providing assurance to the Group Board on the appropriate discharge of the Group's legal and regulatory duties and delivery of customer services by the Group under its Landlord Strategy, including the Group's compliance with the Consumer Standards set by the Regulator. The Committee was responsible for the registered providers in the Group: Your Housing Group Limited, Your Housing Limited and Frontis Homes Limited.

The Committee consisted of four customer members and four non-executive directors for the majority of the year[1]. The Committee met six times during the year, one of which was a joint strategy meeting with the Board and one also attended by members of the Customer Connect Panel. The Committee meetings were also attended by the Chair of the Customer Connect Panel and by employees of the Group as required. Five informal Learning and Development Sessions also took place during the year for Committee members on specific areas of the business relating to the Committee's terms of reference.

During the year the Committee:

- Reviewed reports on all areas concerning customer experience, including customer satisfaction.
- Monitored performance targets relating to the customer experience.
- Ensured compliance with the consumer standards by reviewing and approving the Group's compliance statements and customer Annual Report.
- Reviewed the capture of performance against Tenant Satisfaction Measures (TSMs) in line with the new TSM regulatory standard, incorporating changes to customer surveys.
- Commissioned reports by the Customer Scrutiny Inspectors, monitoring actions arising from scrutiny activity.
- Received updates on the Group's actions in relation to Equality, Diversity and Inclusion (EDI) and approved the EDI delivery plan.
- Approved the new Customer Engagement Policy to increase Customer Involvement Pathways and provide new structures for customer engagement; and
- Reviewed and approved new and existing operational policies.

The Committee reviewed its activities for the year in line with its Terms of Reference and is satisfied that it has fulfilled its functions.

[1] The number of customer members rose from three to four following the appointment of Sarah Walmsley on 23 May 2022.

GOVERNANCE COMPLIANCE STATEMENT

The Group's governance structures comply with best standards and practices in corporate governance and this year are predicated on compliance with the National Housing Federation's (NHF) Code of Governance 2020 (the Code) which it adopted from April 2021, the Group's Rules, Governance Framework and Corporate Governance best practices.

The Board has considered the Group's compliance with the Code as at 31 March 2023 and confirms that, throughout the year, Your Housing Group (including its registered provider subsidiaries) has applied the main principles and complied with the relevant provisions set out in the NHF Code of Corporate Governance 2020.

In support of this statement, an in-depth review of all evidence has been undertaken, including cross checking information provided and confirming relevance.

In June 2022, following an In-Depth Assessment (IDA) the Regulator of Social Housing issued a regulatory judgement for the Group which maintained our G2 rating, indicating that the Group meets the Regulator's governance requirements. In the judgement the regulator confirmed that it had assurance that the Group continues to comply with the Governance and Financial Viability Standard. The Regulator recognised improvements which have been made since our original regrade to G2 in 2020, noting the strengthening of leadership, a new corporate strategy and decision making and allocation of resources which reflect our strategic priorities. The Regulator also noted our improved approach to asset management which supports the development and delivery of our investment plans.

The Regulator did determine, however, that we have some further work to do to strengthen risk management and internal controls, particularly within the finance function. During FY22, we had also identified errors in our Rent Setting functions and made a self -referral to the Regulator and resulted in a Regulatory Notice.

Through actioning organisation improvement plans during the year and positive ongoing engagement with the Regulator, we intend to ensure that we are able to return as soon as possible to a G1 rating.

The Regulator has also maintained the Group's V2 rating which the Regulator issued as a revised regulatory judgement in December 2020. This is a compliant rating and indicates that the Regulator considers we have the financial capacity to deal with a reasonable range of adverse scenarios but that we need to manage material risks to ensure continued compliance. We recognise that the high levels of planned asset investment, including on building safety works results in a weaker financial profile in the short term, but we are confident that we have sufficient capacity to deliver our plans.

REGULATORY COMPLIANCE STATEMENT

We recognise the impact that any legislative or regulatory breaches can have on the Group and its customers, and so we monitor and co-ordinate compliance activities through our Risk & Assurance team and each year assesses ourselves against the Regulator of Social Housing's Regulatory Standards. The regulatory standards comprise the economic standards (namely the governance and financial viability, value for money and rent standards) and the consumer standards (namely the tenant involvement and empowerment, home, tenancy and neighbourhood and community standards).

We have undertaken an annual review of compliance for FY23, including our compliance in preparation for the new Tenant Satisfaction Measures (TSM) Standard which comes into effect from 1 April 2023. Following assessment, the board has determined that we are fully compliant with the Regulatory Standards and is assured of our future compliance with the TSM Standard.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

We have maintained Directors' and Officers' liability insurance throughout the year and up to the date of approval of the financial statement.

Report of the Board – Statement of Internal Control

The Board acknowledges that it has overall responsibility for maintaining a sound system of internal control however recognises that no system of internal control can provide absolute assurance or eliminate all risk. Whilst the Board are ultimately responsible for these systems, they delegate its operation via the Chief Executive Officer and Executive Teams and through its Governance and Committee Framework.

Review of the System of Internal Control
The system of internal control is designed to manage risk and provide reasonable assurance that key business objectives, strategies and expected outcomes will be achieved. It also exists to give assurance regarding the preparation and reliability of financial and operational information and the safeguarding of the Group's assets and interests.

The Group have implemented the COSO model of internal control and undertook in the previous year a comprehensive review, which is to be followed up annually. In this current financial year, a demonstrative improvement has been noted via the findings of the Group's internal audit findings.

The internal control framework is embedded within the day-to-day management and governance processes. This approach includes the regular evaluation of the risks that the Group may be exposed to and meets the principle of the National Housing Federation's Code of Governance.

The Board has a number of mechanisms in place to support the Group's systems of internal control delegated to the Chief Executive and Executive Leadership Team, for example:

A robust and up to date policy framework. The Policy framework ensures all policies are up to date, compliant with relevant legislation and that the policy framework will respond to internal & external changes. This is further supported by framework of documented procedures that provide guidance for staff on day-to-day activity and is a key conduit for implementation of internal controls. This is further enhanced via guidance & training for staff to ensure controls are understood and can be put into practice.

Delegated Authority. The Group has management structures and delegations with clearly defined levels of responsibility and delegated authority. Each member of the Senior & Executive Leadership Team reviews the internal control environment & management of risks in their delegated area and present a signed statement of compliance to support the preparation of the statement of internal control.

Comprehensive Risk Management framework, which has established a process for identifying, evaluating, and managing the significant risks faced by the Group which is cognisant of internal factors, in addition to the complex and challenging external landscape the sector is navigating. The Group has a well-established and refreshed risk appetite & risk tolerances in place, established by the Board.

Assurance Framework (Three lines of Defence). A range of assurance activities which includes management review, second line assurance and independent assurance via external partners. The assurance framework also includes management self-assessment against regulatory standards and wider compliance activities, which it reports to Board.

Performance Framework. A refreshed and comprehensive performance framework delegated to individual committees including Board that review performance of established Key Performance Indicators.

Financial control. This is exercised through the setting of detailed budgets each year which feed into the financial planning process, coupled with a reporting and monitoring system that is driven by key performance indicators. Stress testing of significant risks is undertaken and considered as part of the business plan preparation.

Fraud detection & Prevention. Managed via the Fraud Working Group. The Group has a zero-tolerance policy to fraud and has in place a suite of controls to monitor and detect fraud. The employee code of conduct clearly sets out employee's responsibilities and standards of conduct and a whistleblowing policy is also in place and employees are encouraged to report any wrongdoing they become aware of. All suspected frauds are investigated, recorded in the fraud register, and are presented to the Audit and Risk Committee. No significant frauds have occurred during the year.

Committee Assurance. The Audit & Risk Committee receive quarterly reports of risk management activity both operationally and strategically in addition to internal audit reports. The Board receives bimonthly the updated Board Assurance Framework which highlights key areas of risk and risk indicators including the control environment. Every committee has an established performance scorecard that will manage performance of the relevant Key Performance Indicators as per their terms of reference.

Internal and External Auditors. The Group's Internal Auditors (PWC) utilise a risk-based methodology to the development of an annual plan and remain independent to the operations of the Group and report directly to the Audit & Risk Committee. The Group's External Auditors (Grant Thornton) undertake a comprehensive programme of audit consideration and testing and present their findings to the Audit & Risk Committee.

Conclusion

It should be noted that assurance can never be absolute, the statement of assurance is not a guarantee that all aspects of the internal control system are adequate and effective. It does confirm that, based on the evidence from internal audit, risk and assurance arrangements and internal control mechanisms, there are no signs of material weaknesses in the framework of control in 2022-23.

Your Housing Group has received a strap line judgement issued by the Regulator of Social Housing of G2 V2 and this remains a compliant position. The Board is confident that the Group will ensure that appropriate assurance is provided on compliance with all regulatory standards within the coming financial year.

Report of the Board - Going Concern

The Group's business activities, its current financial position and factors likely to affect its future capital programmes are set out within the Strategic report. The Group continues to be affected by uncertainty from the regulatory environment, government policy and economic factors. These include inflationary and economic pressures, legislative requirements with substantial financial impact and additional consumer regulation. The period of going concern review is 18 months from the anticipated date of signing the accounts, being 31 March 2025.

The Group has long-term 30-year business plans based on robust assumptions which reflect the current operating environment of the business. These have been stress tested in line with the risk register and Board have agreed on appropriate mitigating actions where remedial action is required. The business plans and long-term debt facilities demonstrate that the Group has adequate resources to provide the finance required to support committed reinvestment, committed development programmes, loan repayments, along with the Group's day-to-day operations. Bank covenants have been met in all plans and forecasts.

The Group's liquidity cover within the March 2023 financial plan demonstrated liquidity cover of over £100m in excess of the next 24-month group net cash requirements on both an operational and risk adjusted basis. This is a result of the delivered treasury strategy during FY23 and the updated forecasts around capital programmes.

The suite of stress tests applied to the business plan reflect the inflation, interest rate and real cost pressures currently being experienced in addition to YHG specific risks informed by the risk register. Risks addressed within the stress test scenarios modelled the following risks: interest rate, inflation, cost pressure, rental income, customer affordability, sales exposure, subsidiary and divestment. These have also been combined through a robust suite of multivariate tests. There have been no breaches noted during the period of the Going Concern assessment.

On this basis, the Board has reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 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.

Report of the Board - Statement of the Responsibilities of the Board 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 Society legislation requires the board to prepare financial statements for each financial year. Under that law the board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under the Co-operative and Community Benefit Society 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 and surplus or deficit of the association and group for that period. In preparing these financial statements, the board are 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 and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 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 association 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, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing (April 2022). It is also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board are responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

A decision regarding the appointment of the external auditors for the next financial year will be proposed to the Board in accordance with the Association's Rules.

The Report of the Board was approved and authorised by the Board on 22 September 2023 and signed on its behalf by:

Michael Gaskell

Christopher Michael Gaskell	Darrell Mercer	Clare Oakley
Chair	Non-Executive Director	Group Company Secretary

Independent auditor's report to the members of Your Housing Group Limited

Opinion

We have audited the financial statements of Your Housing Group Limited (the 'parent society') and its subsidiaries (the 'group') for the year ended 31 March 2023, which comprise the Group Statement of Comprehensive Income, Association Statement of Comprehensive Income, Statement of Financial Position – Group and Association, Group Statement of Changes in Reserves, Association Statement of Changes in Reserves, Group Statement of Cash Flows 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent society's affairs as at 31 March 2023 and of the group's and the parent society's income and expenditure for the year then ended: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Direction for Social Housing Providers 2022.

Basis for opinion

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or parent society to cease to continue as a going concern.

In our evaluation of the board's conclusions, we considered the inherent risks associated with the group's and parent society's business model including effects arising from macro-economic uncertainties such as high inflation levels, we assessed and challenged the reasonableness of estimates made by the board and the related disclosures and analysed how those risks might affect the board's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
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 parent society'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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The board is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

a satisfactory system of control over transactions has not been maintained; or

the parent society has not kept proper accounting records.

the financial statements are not in agreement with the books of account; or

we have not received all the information and explanations we need for our audit.

Responsibilities of the board for the financial statements

As explained more fully in the statement of board's responsibilities set out on page 41, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board is responsible for assessing the group's and parent society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intends to liquidate the group or parent society or to cease operations, or has 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent society, and the sector in which it operates. We determined that the following laws and regulations were most significant; financial reporting legislation (Housing SORP 2018, United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102, the Accounting Direction for Social Housing Providers 2022), the Co-Operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, Social Housing Regulatory Standards, and the NHF Code of Governance 2020. The engagement team remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We understood how the group and parent society is complying with those legal and regulatory frameworks by, making inquiries of management and those responsible for legal and compliance procedures. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of board minutes and papers provided to the Audit and Risk Committee, and through our legal and professional expenses review.

To assess the potential risks of material misstatement, we obtained an understanding of:

The group and parent society's operations, including the nature of its revenue sources, expected financial statements disclosures and business risks that may result in a risk of material misstatement; and

The group and parent society's control environment including the adequacy of procedures for authorisation of transactions.

We assessed the susceptibility of the group and parent society's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

Evaluating the processes and controls established to address the risks related to irregularities and fraud.

Testing manual journal entries, in particular journal entries relating to management estimates, revenue and journals entries deemed to relate to unusual transactions.

Challenging assumptions and judgement made by management in its significant accounting estimates.

Identifying and testing related party transactions; and

Completion of audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

The engagement partner has assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the group and parent society operates in, and its practical experience through training and participation with audit engagements of a similar nature. All team members are considered to have sufficient knowledge and experience of companies of a similar size and complexity, appropriate to their role within the team; and

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

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

Use of our report

This report is made solely to the society, as a body, in accordance with sections 87(2) and 98(7) of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society 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 society as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds

22 September 2023

Group Statement of Comprehensive Income

	Notes	2023 £'000	2022 £'000
TURNOVER	3.1	181,090	157,483
OPERATING EXPENDITURE	3.1	(191,273)	(153,111)
GAIN ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	5	4,540	3,393
MOVEMENT IN FAIR VALUE OF INVESTMENTS	16.3	5,079	1,497
TOTAL OPERATING (DEFICIT)/SURPLUS	7	(564)	9,262
Interest receivable and other income	8	3,554	5,150
Interest payable and similar costs	9	(20,554)	(19,099)
(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION		(17,564)	(4,687)
Tax on ordinary activities	13	(582)	(495)
(DEFICIT) FOR THE FINANCIAL YEAR		(18,146)	(5,182)
Attributable to shareholders		(18,146)	(4,957)
Attributable to non-controlling interests		-	(225)
		(18,146)	(5,182)
OTHER COMPREHENSIVE INCOME			
Actuarial (loss)/gain in respect of pension schemes	30	(2,473)	25,448
Restriction of non-recoverable pension surplus	30	3,010	(5,532)
		537	19,916
TOTAL COMPREHENSIVE (LOSS)/INCOME		(17,609)	14,734
Attributable to shareholders		(17,609)	14,959
Attributable to non-controlling interests		-	(225)
		(17,609)	14,734

All amounts relate to continuing activities. The notes form an integral part of the financial statements.

Approved and authorised for issue by the Board on 22 September 2023 and signed on its behalf by:

Michael Gaskell

Christopher Michael Gaskell
Chair

Darrell Mercer
Non-Executive Director

Clare Oakley
Group Company Secretary

Association Statement of Comprehensive Income

	Note	2023 £'000	2022 £'000
TURNOVER	3.2	34,474	36,256
OPERATING EXPENDITURE	3.2	(34,518)	(36,291)
DONATION FROM SUBSIDIARY		1,344	350
OPERATING SURPLUS	7	1,300	315
Interest receivable and other income	8	44	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,344	315
Tax on surplus on ordinary activities	13	-	-
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		1,344	315

All amounts relate to continuing activities. The notes form an integral part of the financial statements.

Approved and authorised for issue by the Board on 22 September 2023 and signed on its behalf by:

Michael Gaskell

Christopher Michael Gaskell
Chair

Darrell Mercer
Non-Executive Director

Clare Oakley
Group Company Secretary

Statement of Financial Position – Group and Association

		Group		Association	
	Note	**As at 31 March 2023 £'000**	**As at 31 March 2022 £'000**	**As at 31 March 2023 £'000**	**As at 31 March 2022 £'000**
FIXED ASSETS					
Tangible fixed assets	14	1,197,758	1,151,418	-	-
Intangible fixed assets	15	4,458	4,076	-	-
Goodwill	15	422	6,344	-	-
Investments	16.1	3,690	3,867	50,051	50,051
Share of associates	16.2	2,724	2,605	-	-
Investment properties	16.3	77,641	74,117	-	-
		1,286,693	1,242,427	50,051	50,051
CURRENT ASSETS					
Debtors falling due in less than one year	18	40,338	36,667	3,706	7,006
Debtors falling due after more than one year	18	46,449	44,941	-	-
Inventories	17	44,026	49,534	-	-
Cash and cash equivalents	17.1	69,850	76,144	2,888	4,087
		200,663	207,286	6,594	11,093
CREDITORS: amounts falling due within one year	19	(81,946)	(61,074)	(7,781)	(13,624)
NET CURRENT ASSETS/ (LIABILITIES)		118,717	146,212	(1,187)	(2,531)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,405,410	1,388,639	48,864	47,520
CREDITORS: amounts falling due after more than one year	20	(1,055,979)	(1,025,516)	-	-
PROVISIONS FOR LIABILITIES	25	(48,294)	(44,843)	-	-
PENSION LIABILITY	30	(15,404)	(14,938)	-	-
TOTAL NET ASSETS		285,733	303,342	48,864	47,520
CAPITAL AND RESERVES					
Share capital	26	-	-	-	-
Revaluation reserve		18,965	14,004	-	-
Revenue reserve		266,768	289,338	48,864	47,520
		-			
GROUP'S/ASSOCIATION'S FUNDS		285,733	303,342	48,864	47,520

The notes form an integral part of the financial statements.

These financial statements were approved and authorised for issue by the Board on 22 September 2023 and signed on its behalf by:

Michael Gaskell

Christopher Michael Gaskell	Darren Mercer	Clare Oakley
Chair	Non-Executive Director	Group Company Secretary

Group Statement of Changes in Reserves

	Revaluation Reserve £'000	Revenue Reserves £'000	Equity Attributable to the owners of the parent £'000	Attributable to non controlling interest £'000	Total £'000
Balance as at 1 April 2021	**12,552**	**277,657**	**290,209**	**(1,601)**	**288,608**
Deficit for the year	-	(4,957)	(4,957)	(225)	(5,182)
Other comprehensive income	-	19,916	19,916	-	19,916
Total Comprehensive Income for the year	-	14,959	14,959	(225)	14,734
Reserves transfer	1,452	(3,278)	(1,826)	1,826	-
Balance as at 31 March 2022	**14,004**	**289,338**	**303,342**	**-**	**303,342**
Deficit for the year	-	(18,146)	(18,146)	-	(18,146)
Other comprehensive income	-	537	537	-	537
Total Comprehensive Income for the year	-	(17,609)	(17,609)	-	(17,609)
Reserves transfer	4,961	(4,961)	-	-	-
Balance as at 31 March 2023	**18,965**	**266,768**	**285,733**	**-**	**285,733**

Association Statement of Changes in Reserves

	Revenue reserves £'000
Balance as at 31 March 2021	47,205
Surplus for the year	315
Balance as at 31 March 2022	47,520
Surplus for the year	1,344
Balance as at 31 March 2023	48,864

The notes form an integral part of the financial statements.

Group Statement of Cash Flows

	Notes	2023 £'000	2022 £'000
Net cash generated from operating activities	28	35,418	18,192
Cash flow from investing activities			
Purchase of housing properties		(64,772)	(88,666)
Purchase of other fixed assets		(5,402)	(7,826)
Purchase of intangible assets		(1,652)	(1,227)
Grants received		2,477	38,110
Purchase of investment properties		(171)	(1,021)
Proceeds from the sale of tangible fixed assets & investment properties		8,631	12,535
Dividends received from associates		121	133
Interest received		851	627
		(59,917)	(47,335)
Cash flow from financing activities			
Interest paid		(22,831)	(17,368)
Loan drawdowns		90,000	274,372
Loan repayments		(48,218)	(215,409)
Tax paid		(746)	(495)
		18,205	41,100
Net change in cash and cash equivalents		(6,294)	11,957
Cash and cash equivalents at the beginning of the year		76,144	64,187
Cash and cash equivalents at the end of the year		69,850	76,144

The notes form an integral part of the financial statements.

Notes to the Financial Statements

1. LEGAL STATUS

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is a registered housing provider. The registered office address is Youggle House, 130 Birchwood Boulevard, Birchwood, Warrington, WA3 7QH.

The principal activity includes the provision of affordable homes to rent, homes for sale, sheltered and supported accommodation for older people, and hostels and foyer accredited schemes which support vulnerable people.

The Group includes several smaller entities which help to support principal activities. These include development companies which are registered companies. The Group also includes a limited liability partnership which provides non-social housing for rental and a limited company which provides management and maintenance services of extra care housing facilities under a PFI contract. Further details can be found in note 29.

2. ACCOUNTING POLICIES

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 (FRS102) 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 2022.

The functional and presentational currency is Sterling (£). The Association is a Public Benefit Entity.

The parent Association has applied the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures, including:
  - categories of financial instruments
  - items of income, expenses, gains or losses relating to financial instruments
  - exposure to and management of financial risks
- the practical expedient under Section 11.20 to account for changes required by interest rate benchmark reform.

Going concern

The Group's business activities, its current financial position and factors likely to affect its future capital programmes are set out within the Strategic report. The Group continues to be affected by uncertainty from the regulatory environment, government policy and economic factors. These include inflationary and economic pressures, legislative requirements with substantial financial impact and additional consumer regulation. The period of going concern review is 18 months from the anticipated date of signing the accounts, being 31 March 25.

The Group has long-term 30-year business plans based on robust assumptions which reflect the current operating environment of the business. These have been stress tested in line with the risk register and Board have agreed on appropriate mitigating actions where remedial action is required. The business plans and long-term debt facilities demonstrate that the Group has adequate resources to provide the finance required to support committed reinvestment, committed development programmes, loan repayments, along with the Group's day-to-day operations. Bank covenants have been met in all plans and forecasts.

The Group's liquidity cover within the March 2023 financial plan demonstrated liquidity cover of over £100m in excess of the next 24-month group net cash requirements on both an operational and risk adjusted basis. This is a result of the delivered treasury strategy during FY23 and the updated forecasts around capital programmes.

2. ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

The suite of stress tests applied to the business plan reflect the inflation, interest rate and real cost pressures currently being experienced in addition to YHG specific risks informed by the risk register. Risks addressed within the stress test scenarios modelled the following risks: interest rate, inflation, cost pressure, rental income, customer affordability, sales exposure, subsidiary and divestment. These have also been combined through a robust suite of multivariate tests. There have been no breaches noted during the period of the Going Concern assessment.

On this basis, the Board has reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 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.

Significant judgements and estimates

The following are the management judgements and estimates made in applying the accounting policies of the Group that have the most significant effect on the financial statements:

Judgements

Categorisation of housing properties – In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. There may be tenure types where it will be a matter of judgement whether they should be categorised as investment property or housing property. In such circumstances, the association will consider whether the property is operating at below market rent for the wider benefit of the community and whether the association is subsidising the properties and operating them at a loss in order to continue providing a service.

The classification of the Group's properties is a significant judgement which directly impacts the statutory net asset position, as housing properties are held at the lower of cost and net realisable value, whilst investment properties are held at fair value, with gains or losses taken through the consolidated income statement. The Group continually reviews properties for changes in use that could subsequently change the classification of properties. A change in use occurs if property meets, or ceases to meet, the definition of investment property which is more than a change in management's intentions. The fact patterns associated with changes in the way in which properties are utilised are considered on a case-by-case basis and to the extent that a change in use is established, property reclassifications are reflected appropriately.

Impairment – An impairment review is performed at least once per year. Each business area uses judgement to identify where impairment triggers, if any, exist. Where impairment triggers are found, such as high level of void properties or a slowdown in shared-ownership sales, a full impairment assessment takes place. If the carrying amount of the cash generating unit is higher than its recoverable value, an impairment charge is recorded. Management judgement is applied in determining the recoverable value and therefore the impairment charge. The impairment charge for the year was £251,000 and release for the year was £4,000 (2022: charge of £821,000) and is disclosed in note 14.

Finance debtor and services concession – The Group makes judgements on the recoverability of the Finance Debtor, based on the receipt of unitary fee in accordance with the contractual payment mechanism contained in the project agreement. The PFI finance debtor is disclosed in note 18. The finance debtor due less than one year is £1,133,000 (2022: £1,133,000), due after more than one year is £45,214,000 (2022: £43,705,000).

2. ACCOUNTING POLICIES (CONTINUED)

Significant judgements and estimates (continued)

Provisions – Management judgement is applied in determining the likelihood of the Group being required to settle present obligations and in estimating the consideration requ ired. The group makes assumptions to determine the timing and its best estimate of the number of its liabilities for which provisions are held. The Group continually reviews at each reporting date the identified risks that it is aware of to ensure that th e amount of the provision remains appropriate. The Group also continually reviews its utilisation of the provision, releasing it in line with the expenditure, which was provided for, or adjusting as necessary in line with the remaining obligation at the reporting date.

Provisions are disclosed in note 25 and were £48,294,000 in total as at 31 March 2023 (2022: £44,843,000). Following the fire at Beechmere a provision has been made for rebuild costs which cannot be avoided due to the terms of the PFI Agreement. Provision has also been made for fire safety works at the other 4 Meres which must be completed by law due to receipt of fire safety notices. Neither the rebuild nor fire safety works are eligible for capitalisation as they relate to PFI assets.

Estimates

Provisions – Management have estimated the cost of rebuilding Beechmere and completing the fire safety works on the other 4 Meres to establish the provision required. The estimate is based on detailed and up to date quotes from the Group's appointed contractor but the actual cost could increase significantly in the future due to external factors such as rising raw material and labour costs. A 10% increase in the cost of the rebuild and fire safety works would increase the provision required by £4,461,000.

Fair value of investment properties – At the reporting date, the Group holds £77,641,000 of residential investment properties, of which £71,120,000 relates to market rent properties valued by Jones Lang LaSalle (JLL). Valuations have been prepared on the basis of Market Value subject to the existing Tenancies (MV-T). Each scheme has been valued individually in order to reflect the different risks and opportunities associated with each, with specific reference to stock condition survey data and a 30-year planned maintenance programme.

The following assumptions have been used:

Discount rate (income)	7.5% - 8.0%
Exit Yield	5.5% - 5.75%
Annual rental growth (nominal)	3.5%(Yr 1), 3.0% (Yr 2),2.5% (Yrs 3+)
Stamp Duty Land Tax	At the prevailing rate

The most sensitive of these assumptions is the discount rate. An increase in the discount rate of 1% would reduce the valuation of the market rent properties by £785,000 or approximately 1.1%.

Defined Benefit Obligations (DBO) – The cost of defined benefit obligations are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. The Group's management uses external actuarial consulting firm for the purpose of valuations of pension obligations. The assumptions used to calculate the total liability are disclosed in note 30.

Analysis of the sensitivity to the principal SHPS's assumptions are shown below:

	Change in assumption	**Change in liabilities**
Discount rate	Increase of 0.1% p.a.	Decrease by 1.7%
Rate of inflation	Increase of 0.1% p.a.	Increase by 1.6%
Rate of salary growth	Increase of 0.1% p.a.	Increase by 0.0%
Rate of mortality	Probability of surviving each year increased by 10%	Increase by 1.7%

2. ACCOUNTING POLICIES (CONTINUED)

Significant judgements and estimates (continued)

Defined Benefit Obligations (DBO) (continued)

Sensitivity analysis of Arena Housing Group Pension Scheme are shown below:

Present value of defined benefit obligation		
Discount rate - 50 basis points	22,621	30,215
Price inflation rate +25 basis points	21,651	28,982
Post retirement mortality assumption - 1 year age rating	21,722	28,725
Weighted average duration of defined benefit obligation (in years)		
Discount rate - 50 basis points	14.00	17.00
Discount rate + 50 basis points	13.00	17.00

The sensitivity of the liabilities in the Scheme to each significant actuarial assumption is summarised in the following table, showing the impact on the defined benefit obligation if each assumption is altered by the amount specified in isolation, whilst assuming that all other variables remain the same. In practice, this approach is not necessarily realistic since some assumptions are related. This sensitivity analysis applies to the defined benefit obligation only and not to the net defined benefit pension liability, the measurement of which depends on a number of factors including the fair value of plan assets.

Note: as these are changes in actuarial assumptions, almost all of the in-year impact of any change would be included in other comprehensive income.

Basis of consolidation
The Group financial statements consolidate the financial statements of the Association and all of its subsidiaries at 31 March 2023 using the purchase method.

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

Where the Group has control but does not own 100% of a subsidiary, the entire results for the year are included in the Group financial statements and the non-controlling interests are shown in the Statement of Financial Position.

All intra-group transactions, balances, and unrealised gains on transactions between Group companies are eliminated on consolidation.

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

Associates
Undertakings that are not subsidiaries but where the Group has significant influence are classified as associates (i.e. the power to participate in the financial and operating policy decisions) and are accounted using the equity method of accounting, accounting for the Group's share of assets and liabilities.

Turnover and revenue recognition
Turnover comprises rental income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale, management services revenue, service charges receivable, PFI Income and government grants. Turnover is accounted for at the invoiced value (excluding VAT) of goods and services supplied in the year and revenue grants receivable in the year.

Management services revenue is recognised monthly in accordance with the management agreements.

2. ACCOUNTING POLICIES (CONTINUED)

Turnover and revenue recognition (continued)

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Rental income is recognised on a straight-line basis in accordance with the tenancy agreement.

Service charge income is recognised in the period to which it relates, based on the corresponding expenditure incurred, 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.

PFI income is recognised in respect of the services provided as contractual obligations are fulfilled in respect of those services and in line with the fair value of the consideration receivable. Major maintenance costs are recognised on an incurred basis and the revenue receivable in respect of these services is recognised when the services are performed.

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.

Termination benefits are incurred in the period that detailed formal restructuring plans are communicated to those affected by it.

Donations from subsidiaries

The Association received gift aid of £344,000 (2022: £350,000) from Nuvu Development Ltd. and £1,000,000 from Frontis Homes Limited (2022:£nil).

All donations from subsidiaries are cash transfers and recognised on receipt.

Interest receivable and payable

Other interest receivable and similar income include interest receivable on funds invested and interest recognised on the finance debtor based upon the finance debtor accounting policy below.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Other interest payable is charged to the Statement of Comprehensive Income in the year using the effective interest method.

Capitalised Interest

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

a) Interest on borrowing specifically financing the development programme after deduction of related grants in advance; or
b) A fair amount of interest on borrowings of the Association as a whole after deduction of Government Grant received in advance to the extent that they can be deemed to be financing the development programme.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable surplus for the current or past reporting period 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.

2. ACCOUNTING POLICIES (CONTINUED)

Deferred taxation (continued)
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 cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income and expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:
The Group can control the reversal of the timing difference, and
It is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax relating to investment property that is measured at fair value is measured using the tax rates and allowances that apply to the sale of the asset, except for investment property that has a limited useful life and is held in a business model whose objective is to consume substantially all the economic benefits embodied in the property over time.

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

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and liabilities are only off set where there is a legal right to do so.

Movements in actuarial assumptions can lead to the recognition of gains and losses in respect to the impact of these assumptions on pension liabilities and assets. These movements are non-cash movements and as such can create timing differences in respect of tax which would be reflected through deferred tax assets and liabilities.

VAT
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 is 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 asset.

Housing properties
Housing properties are assets for rent held to provide social housing or other social benefit. Values are at cost less accumulated depreciation and impairment losses. Costs include acquisition, development and interest incurred during development.

Costs of shared ownership properties are apportioned based on the percentage of the expected first tranche sales. The part expected to be sold in the first tranche is recognised as a current asset, with sales proceeds included in turnover. The remaining share is recognised as a fixed asset within housing properties.

Housing properties are divided into separate components. Components are replaced at the end of their useful life. On replacement, the cost of the new component is recognised; the cost of the old component is derecognised. Any work that increases net rental income, reduces repair costs or extends the life of the asset is capitalised as improvements.

Capitalisation of property development costs – Land remediation, construction contracts and staff costs are capitalised once development begins. Costs are measured using the allocation of costs estimate detailed above. Capitalisation ceases when the asset is ready for use. The budgeted costs approved by Board during the appraisal process are monitored throughout development. If a development is aborted, its costs are written off to income and expenditure.

2. ACCOUNTING POLICIES (CONTINUED)

Capitalisation of interest
Interest is capitalised while developments are in progress based on the weighted average cost of capital and the total capital employed less any grant received in relation to the underlying asset base.

Donated land and other assets
Land and other assets donated by local authorities and other government sources are added to cost at the fair value of the land at the time of the donation. Where the land is not related to a specific development and is donated by a public body an amount equivalent to the increase in value between fair value and consideration is paid as a non-monetary government grant and recognised on the statement of financial position as deferred income within liabilities. Where the donation is from a non-public source, the value of the donation is included as income.

Investment properties
Investment properties include commercial and residential properties held for rental income at market rates, capital appreciation, or both. Initial recognition is at cost with revaluation through profit or loss at each reporting date. Movements in fair value are recognised in the Statement of Comprehensive Income.

YHG procure a valuation report for investment properties to be dated 31 March each year, being the reporting date. This report will be prepared by a RICS qualified Chartered Surveyor of good standing and with the resources to complete the assignment in time to include the movements in valuation in the annual financial statements.

Accurate valuation of investment properties in development is not possible. Cumulative cost is used during development with revaluation at the first reporting date after completion.

Investment in subsidiaries and associates
Investments in subsidiaries and associates are accounted for at cost less impairment in the individual financial statements.

Impairment of Investment in subsidiaries
The Association has investments in subsidiaries specialising in investment properties and properties under construction. The investment properties owned by the subsidiaries are revalued annually by an expert in line with the Investment Property Revaluation Policy. Valuations are in line with current methods and assumptions as given in the RICS Valuation Global Standards.

If the investment properties or properties under construction are devalued, management will consider the requirement of an impairment to the investment.

Shared Equity Investment
The Group has a number of historic equity loans granted to assist home buyers. Loans are secured and have an interest free period, after which monthly interest is due. Loans are settled on sale of the property or earlier at the borrower's choice. Repayment of the capital is based on the percentage of the current market value of the property.

Inventories - repairs stock
Repairs stock consists of materials for the repair and maintenance of properties. Stock is valued at the lower of cost or estimated selling price less costs to complete.

2. ACCOUNTING POLICIES (CONTINUED)

Bad debts
The bad debt policy is in line with the debt collection policy. The debt collection policy considers the length of time the invoice has been overdue or whether it is being disputed, the financial viability of the debtor, if there has been a default on a payment plan or if there are ongoing settlement discussions as management judge this as indication of recoverability.

Tenant Arrears are provided for in accordance with the stage in the collection process:

Age of Arrear	Collection Stage	Provision Value
2–3 months	Early Intervention	10%
4–6 months	Notice Seeking Possession	25%
7–9 months	Litigation	50%
>9 months	Enforcement	100%

Non-Tenant debt is provided for on an individual basis, with debts being assessed monthly to determine if there any known factors which would call into question the recoverability of the debt. The non-tenant bad debt provision is £77,000 (FY22 £52,000).

Allocation of Costs – Group overhead costs are recharged to subsidiary entities and tenure types based on unit numbers. Where the association has a mixed tenure, during construction, costs of assets under construction are allocated between the different tenure types based on unit numbers, and on completion, based on square footage of each property.

Government grants
Government grants include those received from Homes England, local authorities and other government bodies. Grants relating to housing properties are recognised under the accruals model over the useful life of the property structure, being 100 years.

Grants relating to revenue are recognised in income over the same period as the related expenditure once reasonable assurance has been gained that the entity will comply with the grant conditions and the funds will be received. Grants received in advance are recognised in current liabilities.

By agreement with Homes England, grants received for housing properties are subordinated to the repayment of loans. Grants released on disposal of properties are repayable but are normally available to be recycled through the Recycled Capital Grant Fund. Recycled grants are recognised as a creditor in the Statement of Financial Position.

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

The value of government grants and amortisation in the year are disclosed in note 23.

Other grants
Other grants are recognised under the performance model. A grant without specific future performance conditions is recognised as revenue when the grant proceeds are received or due. A grant with specific future performance conditions is recognised when these conditions are met. Until such conditions are met, the grant is recognised as a liability.

2. ACCOUNTING POLICIES (CONTINUED)

Depreciation of housing properties
Housing property components are held separately and depreciated on a straight-line basis to reduce the cost of each component over its useful economic life.

The useful economic lives of each component are:

Structure	100 years
Structure – modular homes	60 years
Roofs	60 years
Kitchens	20 years
Bathrooms	25 years
Electrical Systems	30 years
Doors	30 years
Windows	30 years
Boilers	20 years
Central Heating	40 years
Loft Insulation	30 years
Renewable technology	20 years

Freehold land is not depreciated

Leasehold properties are depreciated over the shorter of the life of the lease or their estimated useful economic lives in the business.

Impairment
Housing properties are reviewed at least once per year to identify impairment triggers. Where impairment triggers are found, a full impairment assessment takes place. If the carrying amount of the cash generating unit is higher than its recoverable value, an impairment charge is recognised in operating expenditure. Where properties are not deemed to provide their service potential, the recoverable amount is its fair value less costs to sell.

For all other assets, the approach to impairment is to consider the future economic value of capitalised project spend.

Other tangible fixed assets
Other tangible fixed assets are recognised at cost less accumulated depreciation and impairment losses.
Assets are held separately and depreciated on a straight-line basis to reduce the cost of each asset over its useful economic life.

The useful economic lives of other assets are:

Freehold office buildings	40 years
Leasehold property	Lower of life of lease or 40 years
Communal assets	10 - 30 years
Garages	25 years
Furniture, fixtures, fittings & office equipment	5 years
Mobile technology	2 years
Computer hardware and telephony equipment	4 years
Motor vehicles	4 years

Freehold land is not depreciated

2. ACCOUNTING POLICIES (CONTINUED)

Intangible Fixed Assets
Intangible fixed assets are measured at cost less accumulated amortisation and impairment losses.

Assets are held separately and amortised on a straight-line basis to reduce the cost of each asset over its useful economic life.

The useful economic lives of intangible assets are:

Computer software	5 years
Goodwill	30 years being the life of the PFI to which it relates

Leased Assets
Finance leases are recorded where substantially all the risks and rewards of ownership are transferred to the Group. All others are recorded as operating leases.

Assets held under finance leases are recognised at the lower of its fair value or the present value of the minimum lease payments as at the lease inception. The finance lease obligation is recognised as a liability in the statement of financial position. Lease payments are split between finance charges and a reduction of the lease obligation using the effective interest method to achieve a constant rate of interest on the remaining liability. Finance charges are deducted in measuring the surplus or deficit. Assets held under finance leases are held in tangible fixed assets and depreciated and assessed for impairment in the same way as owned assets.

Operating lease payments are charged to the statement of comprehensive income on a straight-line basis over the lease term.

Lease incentives are recognised as a reduction to the lease expense over the lease term on a straight-line basis.

Properties for sale
The first tranche of shared ownership properties and properties developed for outright sale (including those in development) are held at the lower of cost and net realisable value. Cost includes construction costs, development staff, direct development overheads and capitalised development interest. Net realisable value is based on an estimated sales price after allowing for costs of completion and disposal.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. The Group is obligated to keep a separate cash reserve for Avantage (Cheshire) Limited, in respect of future major maintenance costs. This restricted cash balance amounts to £1,431,594 (2022: £1,424,000). Similarly, Avantage (Cheshire) Limited hold a restricted cash balance comprising of ringfenced insurance cash of £2,095,135 as at 31 March 2023. Both sums are shown in the Group balance sheet within the “cash at bank and in hand” balance.

Debtors and creditors
Short term debtors and creditors are measured at transaction price. Debtors are shown less any impairment. Where deferral of payment terms has been agreed below market rate, and where material, the balance is shown at the present value, discounted at a market rate.

Sinking Fund income is collected through service charges and leaseholder property sales, moved to the Sinking Funds creditor account and released when the corresponding expenditure is incurred.

Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2. ACCOUNTING POLICIES (CONTINUED)

Finance debtor and services income
A subsidiary within the Group is an operator of a Private Finance Initiative (PFI) contract, which was entered into prior to transition to FRS 102. Therefore, the accounting has been continued using the accounting policies applied prior to the date of transition to FRS 102 as follows. The underlying asset was not deemed to be an asset of the Company under section 35 of FRS 102 because the risks and rewards of ownership as set out in that Standard are deemed to lie principally with the Authority.

During the construction phase of the project, all attributable expenditure was included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs were transferred to the finance debtor. During the operational phase unitary charge receipts are included within turnover, finance debtor and interest receivable.

Finance debtor and contractual receivables are classified as loans and receivables as defined in FRS 102. As they meet the conditions of a basic financial instrument under Section 11.9 of FRS 102. They are initially recognised at the fair value of the consideration receivable under the contract and are then stated at amortised cost.

The subsidiary recognises income in respect of the services provided as it fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of those services. Major maintenance costs are recognised on an incurred basis and the revenue receivable in respect of these services is recognised when the services are performed.

Insurance debtor
A reimbursement asset has been recognised in relation to insurance recoveries following a fire at an extra care scheme of which a rebuild provision has been recognised to reinstate the destroyed asset. An insurance recovery asset has been recognised based on the existence of a valid insurance policy that includes cover for the incident and a claim is expected to be settled by the insurer.

Financial instruments – debt
Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS102 are accounted for under an amortised cost model.

Non-basic financial instruments are recognised at fair value using a valuation technique. For non-basic financial instruments FRS102 section 12 has been applied.

All non-basic financial instruments relate to interest rate swaps.

Loan issue costs
Costs incurred on the issue of loan finance are initially recorded as a deduction from the gross proceeds of the loan and included in creditors greater than one year. The costs are then subsequently amortised to the Statement of Comprehensive Income over the term of the loans.

Provisions for liabilities
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the presentation obligation at the end of the reporting period, taking into account the risk and uncertainties surrounding it.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at its present value, using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the Statement of Comprehensive income, in the period it arises.

2. ACCOUNTING POLICIES (CONTINUED)

Pension costs

The Group participates in two multi employee defined benefit schemes the Social Housing Pension Scheme (SHPS) and the Staffordshire County Council Pension Fund, and a defined benefit pension scheme: The Arena Group Pension Scheme.

The SHPS scheme applies defined benefit accounting. The 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 separately from other net assets on the statement of financial position. This has been recognised within the defined benefit pension liability on the face of the statement of financial position.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income. Refer to note 30 for more details.

For the Staffordshire County Council Pension Fund, it is also possible to identify the share of underlying assets and liabilities. The Group's share of pension scheme assets is measured at fair value. The Group's share of pension scheme liabilities is measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the Statement of Financial Position date.

Your Housing Group ceased to have active members in the Staffordshire County Council Pension Fund in 2017 and entered into a Funding Agreement with the Fund.

During the year, the funding position improved to the extent that Your Housing Group decided to terminate the Funding Agreement with effect from 2 December 2022. The Fund Actuary prepared a Cessation Report which confirmed that no cessation payment was required from Your Housing Group. Your Housing Group has been discharged of all future obligation to the Fund.

As at the year ended 31 March 2023, the net defined benefit pension deficit liability was £62,000 (2022: £700,000).

A pension scheme liability is recognised to the extent that the company has a legal or constructive obligation to settle the liability. Current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are spread over the period until the benefit increases vest. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income. The Group is no longer an active member of the scheme.

For the Arena Group Pension Scheme, the scheme is closed to future accrual. The pension scheme assets and liabilities are valued using the same methodology as the Staffordshire County Council Pension Fund, recognising the fair value of the pension scheme assets and the liabilities using a projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. The pension scheme surplus is only recognised to the extent that the Group can recover the surplus through ownership of the asset returns.

The current service costs and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Net interest costs are calculated by applying the discount rate to the net defined benefit liability and are recognised in the Statement of Comprehensive Income as a finance cost. Re-measurements are reported in other comprehensive income.

2. ACCOUNTING POLICIES (CONTINUED)

Pension costs (continued)

As at the year ended 31 March 2023, the net defined benefit pension surplus was £2,522,000 (2022: £5,532,000 deficit). Defined benefit pension scheme surpluses are limited to the extent they are considered recoverable either through reduced contributions or agreed refunds from the scheme. Neither are applicable and therefore the surplus is restricted to nil.

For the defined contribution arrangements, the amount charged to the Statement of Comprehensive Income in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Guaranteed Minimum Pension is a portion of pension that was accrued by individuals who were contracted out of the Stated Second Pension prior to 6 April 1999. The rate at which GMP was accrued, and the date it is payable, is different for men and women, meaning there is inequality for male and female members who have GMP. The liability was first included in the accounts for the year ended 31 March 2021, any change in the allowance to 31 March 2023 has been taken to the Statement of Comprehensive Income.

In October 2022 a second ruling in the Lloyds bank case clarified that compensation would be required to members who transferred benefits out since May 1990. The Government has not yet acknowledged a liability in public service schemes nor indicated in the liability. For all three of the Group’s pensions schemes, the actuaries have confirmed that at present there is no methodology to calculate what the potential liability will be. Therefore, this has not been factored into the year-end liability.

Reserves

The revenue reserves are unrestricted and available for use within the Group’s activities. The revaluation reserve is the difference between fair value and historic costs for the affected assets.

3.1 TURNOVER, OPERATING EXPENDITURE AND OPERATING RESULT – GROUP

	2023			2022		
	Turnover £'000	Operating Expenditure £'000	Operating surplus/ (deficit) £'000	Turnover £'000	Operating expenditure £'000	Operating surplus/ (deficit) £'000
Social housing lettings (note 4.1)	146,799	(145,258)	1,541	139,519	(126,766)	12,753
Other social housing activities						
Shared ownership first tranche sales	24,565	(20,072)	4,493	6,286	(5,852)	434
Outright property sales	478	(349)	129	180	(175)	5
Supporting People contract income	2,032	(1,697)	335	1,812	(1,758)	54
Neighbourhood regeneration	45	(1,018)	(973)	28	(1,438)	(1,410)
Development costs not capitalised	-	(45)	(45)	-	(175)	(175)
Management services	1,567	(19,273)	(17,706)	1,485	(985)	500
Other	122	(700)	(578)	203	(10,976)	(10,773)
	28,809	(43,154)	(14,345)	9,994	(21,359)	(11,365)
Non-social housing activities						
Lettings (note 4.2)	5,482	(2,861)	2,621	5,450	(2,521)	2,929
Non Social – Other	-	-	-	2,520	(2,465)	55
	5,482	(2,861)	2,621	7,970	(4,986)	2,984
	181,090	(191,273)	(10,183)	157,483	(153,111)	4,372

Within management services are asset reinstatement costs and fire safety works which are explained further in note 25. These were presented in 'other' in the prior year.

3.1 TURNOVER, OPERATING EXPENDITURE AND OPERATING RESULT – GROUP (continued)

Operating / surplus analysed:	**2023 £'000**	**2022 £'000**
Lettings	4,162	15,683
Shared ownership first tranche sales	4,493	434
Management services	(17,706)	500
Sale of properties	129	5
Other	(1,261)	(12,250)
	(10,183)	4,372

3.2 TURNOVER, OPERATING EXPENDITURE AND OPERATING RESULT – ASSOCIATION

	Turnover £'000	**Operating expenditure £'000**	**2023 Operating deficit £'000**	**Turnover £'000**	**Operating expenditure £'000**	**2022 Operating deficit £'000**
Other income and expenditure						
Management services to group undertakings	34,474	(34,518)	(44)	36,256	(36,291)	(35)

4.1 INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS – GROUP

	General Housing £'000	Supported housing & housing for older people £'000	Low cost home Ownership £'000	Care Homes £'000	Key Worker £'000	Other £'000	Total 2023 £'000	Total 2022 £'000
Income from social housing lettings								
Rent receivable net of identifiable service charges	88,231	18,194	4,684	243	3,126	213	114,691	109,815
Service charges receivable	4,099	12,978	3,468	10	356	278	21,189	20,463
Charges for support services	20	119	21	-	-	-	160	187
Facility fee	-	-	-	-	431	-	431	381
Government grant taken to income	3,268	941	355	209	-	1	4,774	4,672
Cheshire PFI	-	-	-	-	-	-	-	6
Other income	224	4,157	55	-	326	792	5,554	3,995
	95,842	36,389	8,583	462	4,239	1,284	146,799	139,519

4.1 INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS – GROUP (CONTINUED)

	General Housing £'000	Supported housing & housing for older people £'000	Low cost home ownership £'000	Care Homes £'000	Key Worker £'000	Other £'000	Total 2023 £'000	Total 2022 £'000
Expenditure on social housing letting activities								
Management	(30,806)	(13,169)	(3,172)	(187)	(1,222)	(11,815)	(60,371)	(47,954)
Routine maintenance	(17,350)	(2,729)	(489)	(99)	(95)	(241)	(21,003)	(20,940)
Planned maintenance	(6,682)	(6,304)	(796)	(476)	(639)	19	(14,878)	(13,483)
Major repairs expenditure	(498)	(2,458)	(89)	-	(64)	-	(3,109)	(3,240)
Service charge costs	(5,918)	(13,249)	(1,330)	(38)	(1,294)	(30)	(21,859)	(18,860)
Cost of support services	(7)	(701)	(18)	(2)	-	-	(728)	(425)
Rent losses from bad debts	(671)	(413)	(138)	163	334	(16)	(741)	(1,384)
Housing property depreciation	(13,552)	(3,124)	(662)	(320)	(681)	(617)	(18,956)	(18,033)
Ground rent	(633)	(8)	(16)	-	-	-	(657)	(662)
Impairment (note 14.7)	-	(251)	-	-	-	-	(251)	977
Payment to SPV	-	(1,647)	(1,058)	-	-	-	(2,705)	(2,758)
Total expenditure on social housing lettings	(76,117)	(44,053)	(7,768)	(959)	(3,661)	(12,700)	(145,258)	(126,766)
Operating surplus on social housing lettings	19,725	(7,664)	815	(497)	578	(11,416)	1,541	12,753
Void losses	(1,467)	(1,951)	(94)	(68)	(695)	(132)	(4,407)	(3,125)

Payment to SPV relates to payments to Sapphire Extra Care Limited for care services.

4.2 PARTICULARS OF TURNOVER FROM NON-SOCIAL HOUSING LETTINGS – GROUP

	2023 £'000	2022 £'000
Full market rent	4,242	4,717
Intermediate market rent	655	733
Other	585	2,520
	5,482	7,970

5. GAIN ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Group	2023 £'000	2022 £'000
Proceeds of sales	8,874	8,636
Cost of sales	(4,334)	(5,243)
Surplus for year	4,540	3,393

The above surplus can be analysed as follows:

	2023 £'000	2022 £'000
Right to buy/ Right to acquire	1,769	1,671
Staircasing	2,561	2,022
Other disposals	210	(300)
	4,540	3,393

6. ACCOMMODATION IN MANAGEMENT – GROUP

The number of units in management at 31 March for each class of accommodation is as follows:

	2023 No.	2022 No.
General needs	18,964	18,951
Housing for older people	3,384	3,388
Low-cost home ownership	1,992	1,825
Supported housing	806	809
Care homes	115	121
Key worker	635	635
Market rented	417	426
Intermediate market rented	131	81
Other	65	65
Accommodation managed on behalf of other associations	496	505
	27,005	26,806
Managed by others	-	-
Total owned and managed	27,005	26,806
Accommodation in development at year end	1,321	1,479

Property numbers for the year ended 31 March 2023 meet the Statistical Data Return definition of accommodation in management as far as is possible to be consistent with the accounting required under the Accounting Direction 2022.

Overall, there was an increase of 199 in owned properties. 377 new properties were developed in the year: 103 general needs, 221 low-cost home ownership and 53 intermediate market rented.

The Association does not own any properties.

7. OPERATING DEFICIT/SURPLUS

Operating surplus is stated after charging:

	Group		Association	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Depreciation of housing properties (note 14.2)	19,077	18,033	-	-
Depreciation of other tangible fixed assets (note 14.6)	6,189	6,373	-	-
Impairment of goodwill (note 15)	5,688	-		
Amortisation of intangible fixed assets (note 15)	1,546	1,158	-	-
Amortisation of finance debtor	1,567	1,251	-	-
Impairment of housing properties (note 14.2)	251	22	-	-
Reversal of impairment of other fixed assets (note 14.6)	-	(999)	-	-
Fire safety	7,215	7,597	42	1
Effect of settlements of Staffordshire Pension Scheme exit	4,426	-	-	-
Bad and doubtful debts	793	1,364	-	-
Operating lease rentals:				
- vehicles and equipment	1,197	997	-	-
- land and buildings	2,952	3,624	-	-

Fire safety costs that have not met the criteria for capitalisation have been charged to operating surplus and included above.

Auditor's remuneration (excluding VAT) was paid by Your Housing Group Limited on behalf of its subsidiaries and is included in the consolidated financial statements. The estimated charge is detailed below:

	Group		Association	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Fees payable to the company's auditor for the audit of the financial statements	320	305	42	38
Fees payable to the company's auditors in respect of:				
Tax compliance	45	44	6	4
Taxation advisory services	16	25	-	-
Other advisory services	49	27	2	10
	430	401	50	52

8. INTEREST RECEIVABLE AND OTHER INCOME

	Group		Association	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Finance debtor interest	2,703	2,666	-	-
Other interest receivable	851	629	44	-
Loan forgiven by SMDC	-	1,855	-	-
	3,554	5,150	44	-

9. INTEREST PAYABLE AND SIMILAR COSTS – GROUP

	2023 £'000	2022 £'000
Loans and bank overdrafts	22,802	20,127
Interest payable capitalised on assets	(2,277)	(1,165)
Pension Interest	211	771
Fair value movement of non-basic instruments	(274)	(727)
Finance Leases	92	93
	20,554	19,099

Interest is capitalised using an average monthly interest rate of 3.51% (2022: 3.04%).

10. EMPLOYEES

	Group		Association	
Average monthly number of employees expressed as full time equivalents	**2023 No.**	**2022 No.**	**2023 No.**	**2022 No.**
Administration	194	335	193	295
Housing, support and care	745	651	295	185
Development	15	15	15	15
	954	1,001	503	495

Staff costs:	**2023 £'000**	**2022 £'000**	**2023 £'000**	**2022 £'000**
Wages and salaries	32,871	32,895	19,481	18,772
Social Security costs	3,073	2,985	1,878	1,765
Other pension costs	1,478	1,445	1,021	964
	37,422	37,325	22,380	21,501

The Association participated in the SHPS, Arena Housing Group Pension Scheme, Cheshire Pension Scheme and Staffordshire County Council Pension. Cheshire Pension Scheme as of 31 March 2023 is not included in these financial statements as the results are not material. The Group exited from SCCPF on 2 December 2022. Further details are provided in note 30.

10. EMPLOYEES (CONTINUED)

The full time equivalent number of Directors and staff who received emoluments greater than £60k were:

	2023 £'000	2022 £'000
£60,001 - £70,000	47	16
£70,001 - £80,000	12	10
£80,001 - £90,000	9	10
£90,001 - £100,000	10	5
£100,001 - £110,000	6	3
£110,001 - £120,000	2	-
£120,001 - £130,000	2	2
£130,001 - £140,000	-	4
£150,001 - £160,000	2	1
£160,001 - £170,000	2	-
£170-001 - £180,000	1	1
£180,001 - £190,000	-	1
£200,001 - £210,000	1	-
£220,001 - £230,000	1	-
£230-001 - £240,000	-	1
£240,001 - £250,000	1	-
£260,001 - £270,000	1	-
	97	54

11. BOARD MEMBERS AND EXECUTIVE DIRECTOR

The aggregate amount of total remuneration paid to the highest paid executive, the Group's Chief Executive, was £273,862 (2022: £232,137) and contribution to pension scheme for that director amounted to £2,460 (2022: £9,690)

The Group's Chief Executive is an Executive Director, an ordinary member of the Social Housing Pension Scheme and does not receive any enhancements or special terms.

The total emoluments of the Executive and Non-Executive directors were:

	Salary £'000	Employer's NI £'000	Benefits in kind £'000	Pension contributions £'000	Severance cost & pay in lieu of notice £'000	2023 Total £'000	2022 Total £'000
Executive directors	600	114	54	40	332	1,140	830
Non-Executive directors	131	5	3	-	-	139	138
	731	119	57	40	332	1,279	968

11. BOARD MEMBERS AND EXECUTIVE DIRECTOR (CONTINUED)

Board Members

Your Housing Group operates a Common Board structure; the Common Board operates on behalf of the following entities – Your Housing Group Limited, Your Housing Limited and Frontis Homes Limited.

All the Common Board members have a role in addition to their Board role; they either chair a Committee, Subsidiary or are a Committee member. Their level of remuneration reflects these additional responsibilities. The disclosure below relates to fees paid to Non-Executive members of the Board and customer members of the Customer Services Committee.

	2023 £'000	2022 £'000
Richard Groome	29	17
Darrell Mercer	14	13
Beverley Messinger	14	10
Brenda Smith	13	13
Stuart Coe	11	8
Alison Cambage	9	9
David Done	9	9
Christopher Mackenzie-Grieve	9	9
Mike Gaskell	7	-
Anver Zeria	5	-
Beata Luczak	5	-
John Morris	5	-
Sarah Walmsley	4	-
Andrea Hampton	5	-
Derek Cash	-	13
Kathy Doran	-	27
Fred Leatherbarrow	-	2
Roy Grant	-	5
Paula Steer	-	3
	139	138

The 2022 figures in the above table have been amended as two members were not on the Group Board.

12. KEY MANAGEMENT PERSONNEL

The aggregate remuneration for key management personnel, which includes all members of the executive leadership team, including the Group's Chief Executive were:

	Salary £'000	Employer's NI £'000	Benefits in kind £'000	Pension contributions £'000	Severance cost & pay in lieu £'000	2023 Total £'000	2022 Total £'000
Executive leadership team	600	114	54	40	332	1,140	831

13. TAX ON SURPLUS ON ORDINARY ACTIVITIES

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Taxation charge for the year	160	361	-	-
Adjustment for prior periods	37	(99)	-	-
Total current tax	197	262	-	-
Deferred taxation – origination and reversal of timing differences	385	(133)	-	-
Effect of tax rate change on opening balance	-	366	-	-
Total tax on results on ordinary activities	582	495	-	-

The standard rate of tax for the year based on the UK standard rate of corporation tax is 19% (2022: 19%). The actual tax charge for the current and previous year differs from the standard rate for the reasons set out in the reconciliation below.

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
(Deficit)/surplus on ordinary activities before tax	(17,564)	(4,687)	1,344	315
Theoretical tax at 19% (2022: 19%)	(3,337)	(891)	255	60
Effects of:				
Losses caried back	-	(15)	-	-
Expenses not deductible for tax purposes	3,052	1,490	1	166
Difference between capital gain for	251			
accounts and tax purposes	-	-	-	-
Adjustment for prior periods	123	(84)	-	-
Income not taxable	(2,481)	(3,851)	(256)	(275)
Deferred tax not recognised	3,609	3,936	-	49
Net adjustment to deferred tax	-	42	-	-
Amounts relating to other comprehensive income or otherwise transferred	(635)	(132)	-	-
Total tax charge	582	495	-	-

14. TANGIBLE FIXED ASSETS

14.1 NET BOOK VALUE (NBV)

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Housing Properties (Note 14.2)	1,153,175	1,106,005	-	-
Other Fixed Assets (Note 14.6)	44,583	45,413	-	-
	1,197,758	1,151,418	-	-

The value of assets held as security on loan financing arrangements at 31 March 2023 was £1,095m on a secured basis.

14.2 HOUSING PROPERTIES – GROUP

	Housing properties held for letting £'000	Housing properties under construction £'000	Low cost home ownership held for letting £'000	Low cost home ownership under construction £'000	Total £'000
Cost					
At 1 April 2022	1,199,222	51,211	76,276	32,767	1,359,476
Reallocation	2,069	(1,866)	(1,840)	1,774	137
Additions – works to existing properties	27,676	-	1,045	-	28,721
Additions – new properties developed	-	28,075	-	10,314	38,389
Schemes completed in year	23,961	(23,961)	17,805	(17,805)	-
Transfer (to)/from current assets	2,023	-	1,147	-	3,170
Disposals	(6,243)	-	(2,075)	-	(8,318)
At 31 March 2023	1,248,708	53,459	92,358	27,050	1,421,575
Depreciation					
At 1 April 2022	240,958	-	8,254	-	249,212
Charge for year	18,416	-	661	-	19,077
Disposals	(4,151)	-	(244)	-	(4,395)
At 31 March 2023	255,223	-	8,671	-	263,894
Impairment					
At 1 April 2022	4,089	-	170	-	4,259
Charge for year	251	-	-	-	251
Disposals	(4)	-	-	-	(4)
At 31 March 2023	4,336	-	170	-	4,506
Net Book Value					
At 31 March 2023	989,149	53,459	83,517	27,050	1,153,175
At 31 March 2022	954,175	51,211	67,852	32,767	1,106,005

14.2 HOUSING PROPERTIES – GROUP (CONTINUED)

	Housing properties held for letting £'000	Housing properties held for letting under construction £'000	Low cost home ownership held for letting £000	Low cost home ownership under construction £'000	Total 2023 £'000	Total 2022 £'000
Freehold properties	760,482	53,459	63,902	27,050	904,893	854,994
Long-leasehold properties	212,068	-	19,615	-	231,683	233,784
Short-leasehold properties	16,599	-	-	-	16,599	17,227
	989,149	53,459	83,517	27,050	1,153,175	1,106,005

14.3 MAJOR REPAIRS EXPENDITURE ON EXISTING PROPERTIES – GROUP

	2023 £'000	2022 £'000
Capitalised major repairs works	28,636	48,039
Revenue major repairs works charge to income and expenditure	3,109	3,240
	31,745	51,279

14.4 SOCIAL HOUSING ASSISTANCE – GROUP

	2023 £'000	2022 £'000
Total accumulated social housing grant received or receivable for the year:		
Recognised in the Statement of Comprehensive Income (note 4.1)	4,774	4,673
Held as deferred income (note 23)	477,946	481,680
	482,720	486,353

14.5 FINANCE COSTS – GROUP

	2023 £'000	2022 £'000
Amount of finance costs included in the cost of housing properties	2,277	1,165

14.6 OTHER TANGIBLE FIXED ASSETS – GROUP

	Freehold office property £'000	Leasehold property improvements £'000	Furniture, fixtures, fittings, office equipment £'000	Computer and telephone equipment £'000	Plant and machinery £'000	Scheme assets £'000	Assets under construction £'000	Total £'000
Cost								
At 1 April 2022	12,048	3,112	234	17,963	134	31,474	2,674	67,639
Additions	56	-	-	711	-	4,241	394	5,402
Reclassification	17	-	-	-	-	(56)	(4)	(43)
At 31 March 2023	12,121	3,112	234	18,674	134	35,659	3,064	72,998
Depreciation								
At 1 April 2022	1,973	1,754	60	12,955	62	5,422	-	22,226
Charge for year	445	224	42	3,685	38	1,755	-	6,189
Reclassification	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
At 31 March 2023	2,418	1,978	102	16,640	100	7,177	-	28,415
Impairment								
At 1 April 2022	-	-	-	-		-	-	-
Reversal of impairment	-	-	-	-		-	-	-
At 31 March 2023	-	-	-	-		-	-	-
Net book value								
At 31 March 2023	9,703	1,134	132	2,034	34	28,482	3,064	44,583
At 31 March 2022	10,075	1,358	174	5,008	72	26,052	2,674	45,413

The reclassifications were made during the year following a review of the appropriateness of the categorisation of all other fixed assets and intangible software.

14.7 IMPAIRMENT

The aim of conducting an impairment review is to verify that the value of assets is not overstated compared to their recoverable amount. This involves comparing the recoverable amount with the carrying value of the asset to determine if it is impaired. If the recoverable amount is higher than the carrying value, then no impairment exists and there is no need for a write-down.

During the year as a result of the disposal of 79 Geoffrey Street an impairment of £4,000 has been released. Total impairment of £51,000 recognise for the properties marked for disposal and £200,000 recognised for long-term voids in the current year accounts.

An impairment provision of £156,000 was included in the prior year accounts for a diesel contamination at a market rent scheme. Works to remediation the soil contamination and restore the properties to a good condition have taken place. The underlying values of the investment properties are unaffected and therefore previous impairment can now be released.

15. INTANGIBLE FIXED ASSETS

	Software £'000	Goodwill £'000	Total £'000
Cost			
At 1 April 2022	5,965	6,475	12,440
Additions	1,652	-	1,652
Reclassification	43	-	43
At 31 March 2023	7,660	6,475	14,135
Amortisation			
At 1 April 2022	1,890	131	2,021
Charge for year	1,312	234	1,546
31 March 2023	3,202	365	3,567
Impairment			
At 1 April 2022	-	-	-
Charge for year	-	5,688	5,688
31 March 2023	-	5,688	5,688
Net book value			
At 31 March 2023	4,458	422	4, 880
At 31 March 2022	4,075	6,344	10,419

Avantage was identified as a single CGU, an impairment review has been undertaken to consider whether there are any impairment triggers, which would require a wider impairment review. Impairment indicators were identified and the expected cash flows from the services provided under the PFI arranged were discounted to present value.

As a result of annual impairment review, impairment triggers were discovered. Management concluded an impairment of £5,688,000 on goodwill be recognised in the current year accounts.

16.1 FIXED ASSET INVESTMENTS – GROUP

	Associates investment fund £'000	Shared equity investment £'000	2023 Total £'000	2022 Total £'000
Valuation				
At 1 April	2,496	1,371	3,867	4,504
Additions	-	-	-	263
Disposals	-	-	-	(263)
Repayments	(10)	(167)	(177)	(124)
Impairment	-	-	-	(511)
Reclassification	-	-	-	-
At 31 March	2,486	1,204	3,690	3,869

Associates Investment Fund

Loan balances between Associate entities:	2023 £'000	2022 £'000
Sapphire Extra Care (Holding) Limited	2,133	2,133
Grove Village Holdings Limited	353	364
	2,486	2,497

Shared Equity Investments
The Group operates a scheme by lending a percentage of the cost to home purchasers, secured on the property. An equity loan is provided by YHL to the value of between 20% and 25% of the property value. YHL charge interest on this loan to the Client. The mortgage period is variable up to 25 years. The portion loaned by YHL is settled on the termination date of the mortgage. Should the customer sell the property before the end of the mortgage period in this case the mortgage would be settled. Should the purchaser run into financial hardship and not be able to settle the loan to YHL the property will be sold. Shared Equity Investments are valued at cost. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period.

FIXED ASSET INVESTMENTS – ASSOCIATION

The association had the following invested capital in investments:	2023 £'000	2022 £'000
Nuvu Development Limited	43,620	43,620
Nuvu Living LLP	6,431	6,431
	50,051	50,051

All entities are 100% owned subsidiaries of the Group with investments held at cost.

16.2 SHARE OF ASSOCIATES – GROUP

The Group had the following aggregate interest in the net assets of the associates:

	Grove Village Holdings Limited	Sapphire Extra Care (Holding) Limited	Total £'000
At 1 April	2,552	53	2,605
Increase/ (decrease) in net assets	89	30	119
At 31 March	2,641	83	2,724

Investment in Associates
The Group had an interest in the following associates as at 31 March 2023, all of which are shareholdings held by Your Housing Limited:

Name of undertaking	Country of registration	Description of shares held	Proportion of nominal value of issued shares held 2023	Proportion of nominal value of issued shares held 2022	Nominal value of issued shares held 2023 £
Grove Village Holdings Limited	England	Ordinary £1 B shares	25.5%	25.5%	12,750
Sapphire Extra Care (Holding) Limited	England	Ordinary £1	33.3%	33.3%	16,667

Grove Village Holdings Limited
The Group holds a 25.5% interest in the ordinary share capital of Grove Village Holdings Limited, a company registered in England and Wales. The principal activity of the company is that of designing, refurbishing, financing, maintaining property and providing housing management services on the A6 Plymouth Grove social housing estate in Manchester, under a contract under the Government's Private Finance Initiative (PFI). During 2007 the Association provided funding in the form of unsecured loan notes to Grove Village Limited of £952,000, the balance on the notes at 31 March 2023 was £353,000 (2022: £364,000). The loan notes are due for final redemption in 2031 and accrue interest at 9.07% p.a. Dividends of £55,000 (2022: £133,000) were received during the year. Transactions are disclosed in note 29.

Sapphire Extra Care (Holding) Limited
During 2014 the Association provided long term funding in the form of unsecured loan notes to Sapphire Extra Care (Holding) Limited of £1,718,000, additional loan notes of £542,000 were provided in June 2021. The balance of outstanding notes at 31 March 2023 was £2,133,000 (2022: £2,133,000). The loan notes are due for final redemption in 2039 and accrue interest at 11.5% p.a. The Association held a 25.0% interest in the ordinary share capital of Sapphire Extra Care (Holding) Limited, a company registered in England and Wales, which was increased to 33.33% on 18th June 2021. The principal activity of the company is that of design, finance, build and provision of management and maintenance services of extra care housing facilities under a Private Finance Initiative ('PFI') contract with Stoke-On-Trent City Council. Dividends of £66,000 (2022: £nil) were received during the year. Transactions are disclosed in note 29.

16.3 INVESTMENT PROPERTIES

	2023 £'000	2022 £'000
Valuation		
At 1 April	74,117	83,972
Additions	171	995
Disposals	(168)	(2,519)
Fair value movement	5,079	1,497
Reclassification	(1,421)	(9,828)
Transfers to housing properties	(137)	-
At 31 March	77,641	74,117

The Board appointed JLL as the independent expert in the impartial valuation of properties held for market rent of the Group as at 31 March 2023. The Board have used the independent experts' report to determine the fair value of properties held for market rent of the Group as at the year end. The key valuation for market rent properties has been completed on a market value subject to the existing tenancies (MV-T) basis.

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

Discount rate	7.5% - 8.0%
Annual rental growth (nominal)	3.5% (Year 1); 3.0% (Year 2); 2.5% (Years 3+)
Exit yield	5.5% - 5.75%
Stamp duty land tax	At the prevailing rate

Valuations for commercial properties are based on third-party valuation reports on a 5-year basis with an annual update to those reports, based on market conditions, in the intervening reporting periods. Valuations of self-constructed investment properties under development are based on the cost at initial recognition.

17. INVENTORIES

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Outright sales – completed	1,383	4,141	-	-
Shared ownership – completed	3,296	4,410	-	-
Outright sales – under construction	48	2,569	-	-
Shared ownership – under construction	39,130	36,973	-	-
Repairs stock	169	1,441	-	-
	44,026	49,534	-	-

17.1 CASH AND CASH EQUIVALENTS

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Cash and cash equivalents	69,850	76,144	2,888	4,087
	69,850	76,144	2,888	4,087

Cash and Cash equivalents includes restricted cash comprising of ringfenced insurance cash (£2,095,135) and a future major maintenance costs reserve of £1,431,594 in Avantage (Cheshire) Limited.

18. TRADE AND OTHER DEBTORS

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Due within one year				
Arrears of rent and service charges	11,425	10,042	-	-
Less: provisions for bad and doubtful debts	(6,334)	(5,920)	-	-
	5,091	4,122	-	-
Amounts due from group undertakings (note 29)	-	-	45	3,241
Trade receivables	2,534	2,928	-	-
Prepayments	3,674	3,421	373	3,238
Accrued income	1,006	1,880	36	17
Insurance debtor	21,000	21,000	-	-
Finance debtor	1,133	1,133	-	-
Other debtors	5,900	2,184	3,252	510
	40,338	36,668	3,706	7,006

£21m Insurance debtor relates to the re-build of Beechmere site that was destroyed by fire in August 2019 (Avantage) that is due to commence in early 2024. The Debtor is recognised within one year.

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Due after more than one year				
PFI finance debtor	45,214	43,705	-	-
Deferred Taxation	1,235	1,236	-	-
	46,449	44,941	-	-

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Bank loans (note 21)	13,258	5,938	-	-
Trade Creditors	8,195	6,954	847	405
Amounts due to group undertakings (note 29)	-	-	2,482	9,631
Rent and service charges received in advance	6,000	5,744	-	-
Recycled Capital Grant Fund (note 24)	493	-	-	-
Deferred grant income (Note 23)	4,817	4,849	-	-
Corporation tax	92	256	-	-
Finance lease obligations	23	19	-	-
Accruals	29,230	19,669	1,976	1,890
Other creditors	5,395	3,771	1,475	669
Other taxation and social security	1,013	1,530	1,001	1,028
Deferred income – services	720	1,080	-	-
Sinking fund creditor	6,002	5,128	-	-
Accrued contractor capital works	6,708	6,136	-	-
	81,946	61,074	7,781	13,624

20. CREDITORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Bank loans and Private Placements (note 21)	572,421	537,936	-	-
Financial derivatives	-	79	-	-
Recycled Capital Grant Fund (note 24)	9,451	9,669	-	-
Deferred Grant Income (note 23)	473,129	476,831	-	-
Finance Lease obligations (note 21)	978	1,001	-	-
	1,055,979	1,025,516	-	-

21. DEBT ANALYSIS

Bank debt and Private Placements are repayable as follows:

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Due within one year (note 19)	13,258	5,938	-	-
Due after more than one year:				
Between one and two years	8,347	13,242	-	-
Between two and five years	108,820	22,432	-	-
After five years	459,670	506,053	-	-
	576,837	541,727		
Less: Debt issue costs	(4,416)	(3,791)	-	-
Fair value adjustment	-	-		
Due after more than one year	572,421	537,936	-	-
Total borrowings	585,679	543,874	-	-

The loans are secured by fixed charges on individual properties. As at 31 March 2023, the weighted average interest rate was 3.91% (2022: 3.65%).

During the year the Group executed additional Bank facilities of £70m. These remained undrawn at 31 March 2023, contributing to total undrawn committed facilities of £245m (2022 - £225m).

The majority of debt is currently secured by way of first legal charges on certain housing properties of the Company. These properties are valued periodically by professional valuers and are stated either on an Existing Use Value for Social Housing or Market Value subject to tenancies basis.

21. DEBT ANALYSIS (CONTINUED)

Avantage Debt

The lender for Avantage (as security trustee for the senior finance parties) holds a fixed and floating charge over the Avantage company and its assets.

The PFI's largest loan obligations relate to a senior loan facility, the security for which is principally the cashflow generated by the project company. In the event that Avantage was unable to make its scheduled repayments and was therefore in default, the lender would have no recourse to Your Housing Limited as the parent entity of Avantage, either in terms of asset security or as any guarantor of Avantage's loans. This is the same for Your Housing Group.

Avantage has currently paused repayment of loans with lender consent.

Bank and other loans comprise the following:

	£'000	Fixed/variable	Interest rates	Repayment profile
Bank and building society loans	304,147	Fixed and variable	1.11% to 8.05%	Bullet and instalments by January 2042
Private placements and other non-bank funding.	285,948	Fixed	2.44% to 11.35%	Bullet and instalments by May 2071
Less: Debt issue costs	(4,416)			
	585,679			

Within the bank and building society loans, the range includes certain tranches which are drawn on a SONIA plus margin basis as well as fixed rate plus margin basis. The other loans were predominantly executed pre 2008 and the associated fixed rates are somewhat higher than the rates currently available on similar fixed rate loans. 81% of the £304.1m bank and building society loans are on a fixed rate.

Finance leases are repayable as follows:	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Due within one year	23	19	-	-
Between one and two years	28	23	-	-
Between two and five years	118	101	-	-
After five years	832	877	-	-
Due in greater than one year	978	1,001		
	1,001	1,020	-	-

The finance leases are secured over individual assets to which they relate.

22. FINANCIAL ASSETS AND LIABILITIES

The Treasury Strategy is designed to ensure that the Group has sufficient funding in place for all developments for the next 12 to 24 months, and that refinancing risk is managed to ensure that the Group does not need to refinance material amounts of debt in any one year. The Group does not hold any financial instruments for speculative purposes.

The Treasury Strategy manages short term cash flows by depositing facilities until they are required. Returns are maximised using money market deposits for free cash balances.

The Group holds £15,000,000 of financial derivative swaps to protect against interest rate risk, the movement in the fair value of the swap of £(273,565) was confirmed by an external valuation and has been included within the interest expense for the year.

Financial assets and liabilities are categorised as follows:	**2023 £'000**	**2022 £'000**
Cash and cash equivalents	69,850	76,144
Trade and other debtors	35,353	32,114
Financial assets measured at amortised cost – PFI Debtor	46,347	44,838
Financial liabilities measured at amortised cost – debt	(585,679)	(543,874)
Financial liabilities measured at amortised cost – finance leases	(1,001)	(1,020)
	(586,680)	(544,894)
Financial assets/(liabilities)measured at fair value through surplus or deficit	188	(85)
Creditors	(49,528)	(36,528)
	(434,760)	(428,411)

23. DEFERRED GRANT INCOME – GROUP

	2023 £'000	**2022 £'000**
At 1 April	481,680	449,012
Grants received	2,477	38,110
Government grants taken to income	(4,795)	(4,694)
Grants recycled	(1,416)	(748)
At 31 March	477,946	481,680
Due in less than one year (note 19)	4,817	4,849
Due in greater than one year (note 20)	473,129	476,831
	477,946	481,680

The grant value above is shown net of amortisation, the gross value is £565,651,000 (2022: £569,256,000).

24. RECYCLED CAPITAL GRANT FUND – GROUP

	2023 £'000	2022 £'000
At 1 April	9,669	12,953
Grants recycled and disposed	50	(3,309)
Interest accrued	225	25
At 31 March	9,944	9,669
Due in less than one year (note 19)	493	-
Due in greater than one year (note 20)	9,451	9,669
	9,944	9,669

Recycled Capital Grant Fund is capital grant provided through Homes England and Local Authorities which is repayable in certain circumstances, but for which the Group is proposing to exercise its option to recycle into new projects. Withdrawals from the recycled capital grant fund were used for the purchase and development of new housing schemes for letting and for approved works to existing properties. The Group is actively working with the relevant agencies to mitigate the risk of being required to payback any sums by allocating amounts to schemes that are currently progressing.

25. PROVISIONS FOR LIABILITIES

Total provision

		Group		Association	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Deferred taxation	25.1	1,776	1,391	-	-
Onerous lease	25.2	-	1,837	-	-
Dilapidations	25.3	-	1,072	-	-
Asset reinstatement	25.4	43,342	32,734	-	-
Fire safety works	25.5	3,176	7,809		
At 31 March 2023		48,294	44,843	-	-

25. PROVISIONS FOR LIABILITIES (CONTINUED)

25.1 DEFERRED TAXATION

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
At 1 April	1,391	1,159	-	-
Charge to the Statement of Comprehensive Income (note 13)	385	232	-	-
At 31 March	1,776	1,391	-	-

Analysis of deferred tax balances	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Accelerated capital allowances	781	788	-	-
Short term timing differences	21	(41)	-	-
Provision for rollover relief	974	644	-	-
Provision for deferred tax	1,776	1,391	-	-

25.2 ONEROUS LEASE

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
At 1 April	1,837	-	-	-
Utilised during the year	(1,325)	1,837	-	-
Released to income and expenditure account	(512)	-		
At 31 March	-	1,837	-	-

The Group leased a building at 602 Aston Avenue which was previously used as a head office. Due to a shift towards home working and the purchase of a new head office, this building was only being used for storage and occasional meetings. As the future economic benefit of this lease was negligible, a provision was made in the prior year for the remaining lease payments due until the break clause could be exercised. The building was vacated during the year and lease contract terminated.

25. PROVISIONS FOR LIABILITIES (CONTINUED)

25.3 DILAPIDATIONS

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
At 1 April	1,072	1,022	-	-
Release to statement of comprehensive income	(1,072)	-	-	-
Utilisation of provision	-	50		
At 31 March	-	1,072	-	-

As part of the group's property leasing arrangements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The cost is charged to profit and loss as the obligation arises. The above dilapidations provision includes the cost of reinstating 602 Aston Avenue on termination of the lease, which expires in 2029. The cost of the reinstatement works was valued by Stephen D Buxton & Associates in March 2020.

There has been limited wear and tear on the building since the valuation and no structural changes, therefore management have determined that there is no material change in the dilapidation valuation provided in March 2020. The lease contract was terminated during the year; therefore, no provision remains.

25.4 ASSET REINSTATEMENT

Asset reinstatement provision	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
At 1 April	32,734	26,148	-	-
Additional Provisions in the year	11,229	6,738	-	-
Utilisation of provision	(621)	(152)	-	-
At 31 March	43,342	32,734	-	-

The asset reinstatement provision relates to the rebuild of Beechmere, a scheme owned by Avantage which was destroyed by fire in 2019. Rebuild is required under Clause 63.3 Reinstatement of the Project Agreement between Avantage and the Councils. The construction is expected to commence in early 2024, with completion expected to take approximately 2 years. The payments for the construction will be met by the insurance property damage claim with the shortfall funded by additional debt (Nationwide) and Grant provided to Avantage by the Association. The provision has increased during the year due to required changes in the new building specification and rising materials costs, due to inflation. Funds will be drawn to meet the build contract payments and will only commence once the Deed of Variation to the Project Agreement is completed with the Councils.

25. PROVISIONS FOR LIABILITIES (CONTINUED)

25.5 FIRE SAFETY WORKS

Fire safety work provision	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
At 1 April	7,809	5,500	-	-
Additional Provisions in the year	1,804	3,700	-	-
Utilisation of provision	(6,437)	(1,391)	-	-
At 31 March	3,176	7,809	-	-

Fire safety works

The fire safety works are required to:

Meet the June 2023 deadline in the Cheshire Fire and Rescue's report on resolving the requested modifications to those remaining Mere schemes to address the findings resulting from the fire at Beechmere. Avantage must comply in accordance with meeting the requirements of the Output Specification on Health and Safety; and

Install sprinkler systems to meet the conditions of the requirement of the solution to respond to the Cheshire Fire and Rescue report to ensure meeting the requirement of the Output Specification on Health and Safety.

The funding for this work is via Avantage funding, together with an intercompany loan from YHL. Works were completed in August 2023 with all certificates being received by Cheshire Fire and Rescue by the end of July.

26. NON-EQUITY SHARE CAPITAL

Shares of £1 each issued and fully paid	2023 £	2022 £
At 31 March	9	9

The shares provide members with the right to vote at general meetings but do not provide any rights to dividends or distributions. The members' liability is limited to £1 on a winding up of the Association.

27. FINANCIAL COMMITMENTS

	Group		Association	
Capital commitments	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Expenditure contracted for but not provided in the accounts	83,694	141,875	-	-
Expenditure authorised by the board, but not contracted	91,212	33,340	-	-
	174,906	175,215	-	-
Financed by				
Social housing grant	-	-	-	-
Loans / cash funds	174,906	175,215	-	-
	174,906	175,215	-	-

27. FINANCIAL COMMITMENTS (CONTINUED)

Operating lease commitments

The future minimum payments of leases are set out below.

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Land and buildings - Office				
Within one year	-	867	-	-
Between two and five years	-	1,733	-	-
More than five years	-	-	-	-
	-	2,600	-	-
Land and buildings - PFI Contracts				
Within one year	2,350	2,024	-	-
Between two and five years	10,250	8,698	-	-
More than five years	37,802	33,788	-	-
	50,402	44,510	-	-
Vehicles and Equipment				
Within one year	634	864	634	864
Between two and five years	622	1,273	622	1,273
	1,256	2,137	1,256	2,137
	51,658	46,647	1,256	2,137

28. RECONCILIATION OF OPERATING SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES – GROUP

	2023 £'000	2022 £'000
(Deficit) / Surplus for the year	(18,146)	(4,957)
Adjustments for non-cash items:		
Non-controlling interest share	-	(224)
Depreciation of housing properties	19,077	18,033
Depreciation of other fixed assets	6,189	6,373
Amortisation of intangible assets	1,546	1,158
Grant amortisation	(4,795)	(4,694)
Impairment of housing properties	251	22
Reversal of impairment of fixed assets	(4)	(999)
Impairment of goodwill	5,688	-
Movement in fair value of investments	(5,079)	(1,471)
Decrease/(increase) in trade and other debtors	(2,470)	2,626
(Decrease)/increase in trade and other creditors	12,117	(6,489)
Increase in inventories	3,759	(6,491)
Increase in other provisions	3,451	11,014
Pension costs less contributions payable	792	(4,206)
Adjustment to acquisition of subsidiary	-	(2,924)
Adjustments for investing or financing activities:		
Net gain on sale of fixed assets	(4,540)	(2,989)
Pension Interest	-	771
Fair value movement of non-basic instruments	-	(727)
Interest payable	20,554	19,055
Finance debtor interest	(2,703)	(2,666)
Interest received	(851)	(2,482)
Taxation	582	459
Net cash flow from operating activities	35,418	18,192

Analysis of changes in net debt

	At 1 April 2022 £'000	Cash flows £'000	Loan drawdown £'000	Loan repayment £'000	Non-cash movement pa £'000	At 31 March 2023 £'000
Cash at bank and in Hand	76,144	(6,294)	-	-	-	69,850
Cash and cash equivalents	76,144	(6,294)	-	-	-	69,850
Borrowings						
Bank loans due within one year	(5,938)	-	-	5,938	(13,258)	(13,258)
Bank loans due after one year	(537,936)	-	(90,000)	42,257	13,258	(572,421)
Other loans due within one year	-	-	-	-	-	-
Finance Leases	(1,020)	19	-	-	-	(1,001)
Total	(544,894)	19	(90,000)	48,195	-	(586,680)

The opening balances in the net debt note above have been updated to include debt issue costs. There is no impact on the net assets of the group.

29. GROUP UNDERTAKINGS AND RELATED PARTIES

The group undertakings consolidated within the Your Housing Group financial statements, all of which were owned by the Your Housing Group Limited, unless otherwise stated, were as follows:

Name of Undertaking	Nature of Undertaking	Principal Activity
100% Owned		
Your Housing Limited	Registered Industrial and Provident Society	Registered provider of social housing
Frontis Homes Limited	Registered Industrial and Provident Society	Registered provider of social housing
Nuvu Development Limited	Company incorporated and limited by guarantee under the Companies Act 2006	Property development company
Your Housing (Development) Limited[2]	Company incorporated and limited by shares under the Companies Act 2006	Property development company
Outlook Homes Limited[4]	Company incorporated and limited by guarantee under the Companies Act 2006	Management of residential properties
Avantage (Cheshire) Holdings Limited[3]	Company incorporated and limited by shares under the Companies Act 2006	The provision of management and maintenance services
Avantage (Cheshire) Limited[7]	Company incorporated and limited by shares under the Companies Act 2006	Provider of extra care housing under PFI contract
Nuvu Living LLP[5]	Limited Liability Partnership	Property partnership
Nuvu Living (Wavertree) LLP[6]	Limited Liability Partnership	Property partnership
Madison Gardens Garage Company Limited[4]	Company incorporated and limited by guarantee under the Companies Act 2006	Dormant company
Arena Housing Group Pension Trustees Limited[2]	Company incorporated and limited by shares under the Companies Act 2006	Dormant company
Your Hive (No. 2) Limited[1]	Company incorporated and limited by shares under the Companies Act 2006	Dormant company
YHG & EWG Developments Limited[1]	Company incorporated and limited by shares under the Companies Act 2006	Dormant company
Nuvu Living (Liverpool Waters) LLP[6]	Limited Liability Partnership	Dormant company
Nuvu Living (No.2) LLP[6]	Limited Liability Partnership	Dormant company
Nuvu Living (No.3) LLP[6]	Limited Liability Partnership	Dormant company
Minority Interest:		
Grove Village Holdings Limited[8]	Company incorporated and limited by shares under the Companies Act 2006	Holding company
Grove Village Limited[10]	Company incorporated and limited by shares under the Companies Act 2006	Provider of social housing under PFI contract
Sapphire Extra Care (Holding) Limited[9]	Company incorporated and limited by shares under the Companies Act 2006	Holding company
Sapphire Extra Care Limited[11]	Company incorporated and limited by shares under the Companies Act 2006	Provider of extra care housing under PFI contract

29. GROUP UNDERTAKINGS AND RELATED PARTIES (CONTINUED)

Key to numbering:

1 Entity is a wholly-owned subsidiary undertaking of Your Housing Group Limited.
2 Entity is a wholly-owned subsidiary undertaking of Your Housing Limited.
3 Entity is a wholly-owned subsidiary of Your Housing Limited.
4 Entity is a wholly-owned subsidiary undertaking of Frontis Homes Limited.
5 Entity is 99.9% owned by Your Housing Group and 0.01% by Nuvu Development Limited.
6 Entity is 99.9% owned by Nuvu Living LLP and 0.01% by Nuvu Development Limited.
7 Entity is 100% owned by Avantage (Cheshire) Holdings Limited.
8 Entity is 25.5% owned by Your Housing Limited.
9 Entity is 33.3% owned by Your Housing Limited.
10 Entity is 100% owned by Grove Village Holdings Limited, treated as an Associate in the consolidation.
11 Entity is 100% owned by Sapphire Extra Care (Holding) Limited, treated as an Associate in the consolidation.

All entities are incorporated in England and Wales. The shares provide members with the right to vote at general meetings but do not provide any rights to dividends or distributions, with the exception of Avantage (Cheshire) Holdings Limited, Avantage (Cheshire) Limited, Grove Village Holdings Limited, Grove Village Limited, Nuvu Development Limited, Nuvu Living LLP, Nuvu Living (Liverpool Waters) LLP, Nuvu Living (Wavertree) LLP, Outlook Homes Limited, Your Housing (Development) Limited and Your Hive (No. 2) Limited, where the Group is entitled to dividends or distributions.

The Association has taken advantage of the exemption not to disclose transactions with other members of Your Housing Group Limited, which are registered providers. There are no transactions with non-registered providers where the Group does not control 100% of the entity.

29. GROUP UNDERTAKINGS AND RELATED PARTIES (CONTINUED)

The Group has taken advantage of the exemption not to disclose transactions with other wholly owned members of Your Housing Group Limited, which are registered providers. Transactions with non-registered providers are shown below, along with associate entities.

Management charges between entities are calculated based on the number of units managed, increasing on an annual basis by RPI.

2023	Sales/ interest £'000	Purchases £'000	Debtor £'000	Creditor £'000	Loan £'000
Subsidiaries:					
Your Housing Development Limited	-	-	-	(35)	-
NUVU Development Limited	582	(48,635)	56,162	-	-
NUVU Living (Wavertree) LLP	68	-	-	(498)	-
Avantage (Cheshire) Holdings Limited	-	-	-	(3,669)	-
Avantage (Cheshire) Limited	2,181	(3,396)	3,669	-	12,519
Associates:					
Grove Village Holdings Limited	952	-	2,314	-	353
Sapphire Extra Care (Holdings) Limited		(2,951)	-	-	2,133

2022	Sales/ interest £'000	Purchases £'000	Debtor £'000	Creditor £'000	Loan £'000
Subsidiaries:					
Fix 360 Limited	-	(1,346)	-	-	-
Your Housing Development Limited	-	-	-	(530)	-
NUVU Development Limited	1,058	(32,560)	67,830	-	-
NUVU Living (Wavertree) LLP	72	-	82	-	-
Avantage (Cheshire) Holdings Limited	520	-	-	-	2,407
Avantage (Cheshire) Limited	2,046	(3,120)	866	-	-
Associates:					
Grove Village Holdings Limited	943	-	381	-	364
Sapphire Extra Care (Holdings) Limited	760	(2,758)	148	-	2,133

The loan to Avantage (Cheshire) Holdings Limited is provided at a rate on 10.45%. The loan to Grove Village Holdings Limited is provided at a rate of 9.07%. The loan to Sapphire Extra Care (Holdings) Limited is provided at a rate of 11.50%.

The amounts due from group undertakings include intercompany loans of £3,714,000 (2022: £3,714,000) and £8,805,000 (2022: nil). The £3.7m unsecured loan is repayable over 14 years and attracts interest at a fixed rate of 10.45%. The £8.8m has been drawn from an unsecured loan facility of £11m at a fixed interest rate of 2.5% with £2.2m facility remaining. Following a variation to the loan facility agreed on 31 July 2023, repayment is due by 31 March 2024. The intercompany loans to Avantage have been impaired on Your Housing Limited financials.

30. PENSIONS

The Social Housing Pension Scheme (SHPS)

The Association participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

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

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2021. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

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

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 28 February 2023 inclusive.

The liabilities are compared, at the relevant accounting date, with the Association’s fair share of the Scheme’s total assets to calculate the Association’s net deficit or surplus.

The Association has been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme’s benefits over the years and the result is that there is uncertainty surrounding some of these changes which could potentially impact the value of Scheme liabilities. The contingent liability is disclosed in note 31.

The net defined benefit liability at the year ended 31 March 2023 is £15,342,000 (2022: £14,238,000).

	2023	2022
	£’000	£’000
Fair value of plan assets	72,348	115,901
Present value of defined benefit obligation	(87,690)	(130,139)
Defined benefit liability to be recognised	(15,342)	(14,238)

30. PENSIONS (CONTINUED)

The Social Housing Pension Scheme (SHPS) (continued)

Reconciliation of Opening and Closing Balances of the Defined Benefit Obligation

	2023 £'000	2022 £'000
Defined benefit obligation at start of period	130,139	139,818
Expenses	93	96
Interest expense	3,593	2,906
Actuarial (gains)/losses due to scheme experience	(985)	6,985
Actuarial (gains)/losses due to changes in demographic assumptions	(771)	(1,981)
Actuarial (gains)/losses due to changes in financial assumptions	(41,747)	(14,867)
Benefits paid and expenses	(2,632)	(2,818)
Defined benefit obligation at end of period	87,690	130,139

Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets

	2023 £'000	2022 £'000
Fair value of plan assets at start of period	115,901	106,040
Interest income	3,248	2,230
Experience on plan assets (excluding amounts included in interest income) – (loss)/gain	(48,032)	7,216
Contributions by the employer	3,863	3,233
Benefits paid and expenses	(2,632)	(2,818)
Fair value of plan assets at end of period	72,348	115,901

The actual return on plan assets (including any changes in share of assets) over the period ended 31 March 2022 to 31 March 2023 was (£44,784,000) (2022: £9,446,000).

Defined Benefit Costs Recognised in Statement of Comprehensive Income (SOCI)

	2023 £'000	2022 £'000
Expenses	93	96
Net interest expense	345	676
Defined benefit costs recognised in statement of comprehensive income (SoCI)	438	772

30. PENSIONS (CONTINUED)

The Social Housing Pension Scheme (SHPS) (continued)

Defined Benefit Costs Recognised in Other Comprehensive Income

	2023 £'000	2022 £'000
Experience on plan assets (excluding amounts included in net interest cost) – (loss)/gain	(48,032)	7,216
Experience gains and losses arising on the plan liabilities – gain/(loss)	985	(6,985)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	771	1,981
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	41,747	14,867
Total (loss)/gain recognised in other comprehensive income	(4,529)	17,079

Assets

	2023 £'000	2022 £'000
Global Equity	1,350	22,242
Absolute Return	783	4,650
Distressed Opportunities	2,190	4,148
Credit Relative Value	2,731	3,852
Alternative Risk Premia	134	3,822
Fund of Hedge Funds	-	-
Emerging Markets Debt	389	3,372
Risk Sharing	5,326	3,816
Insurance-Linked Securities	1,826	2,702
Property	3,114	3,129
Infrastructure	8,263	8,256
Private Debt	3,219	2,971
Opportunistic Illiquid Credit	3,095	3,894
Cash	522	394
High Yield	253	999
Opportunities Credit	5	412
Corporate Bond Fund	-	7,732
Liquid Credit	1	1
Long Lease Property	2,183	2,982
Secured Income	3,321	4,318
Liability Driven Investment	33,320	32,341
Currency Hedging	139	(454)
Net Current Assets	184	322
Total assets	72,348	115,901

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

30. PENSIONS (CONTINUED)

The Social Housing Pension Scheme (SHPS) (continued)

Key Assumptions

	2023 % per annum	2022 % per annum
Discount Rate	4.80	2.79
Inflation (RPI)	3.10	3.49
Inflation (CPI)	2.80	3.15
Salary Growth	3.30	3.60
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	2023 No. of Years	2022 No. of Years
Retiring today (member age 65) – Male	20.7	21.1
Retiring today (member age 65) – Female	23.1	23.7
Retiring in 20 years (member age 45 today) – Male	21.9	22.4
Retiring in 20 years (member age 45 today) – Female	24.5	25.2

Arena Housing Group Pension Scheme

The Association has a pension liability in relation to a defined benefit scheme with the Arena Group Pension Scheme.

Assumptions as at 31 March

	2023 % p.a.	2022 % p.a.
Inflation assumption	3.20	3.60
Salary increases – year one	3.30	3.60
Salary increases – year two onwards	3.30	3.60
Discount rate	4.80	2.80

Weighted average life expectancy for mortality tables used to determine benefit obligations:

	2023 No. of Years	2022 No. of Years
Retiring today (member age 65) – Male	21.1	21.1
Retiring today (member age 65) – Female	23.1	23.0
Retiring in 20 years (member age 45 today) – Male	22.2	22.1
Retiring in 20 years (member age 45 today) – Female	24.8	24.7

30. PENSIONS (CONTINUED)

Arena Housing Group Pension Scheme (continued)

Analysis of amounts recognised in the Statement of Financial Position:

	2023 £'000	2022 £'000
Estimated employer assets	23,651	33,247
Present value of scheme liabilities	(21,129)	(27,715)
Defined benefit pension scheme surplusx`per valuation	2,522	5,532
Non-recoverable surplus	(2,522)	(5,532)
Net pension asset/(liability) included in the financial statements	-	-

The scheme has been valued showing a surplus of £2,522,000 as at 31 March 2023 and of £5,532,000 as at 31 March 2022. Defined benefit pension scheme surpluses are limited to the extent they are considered recoverable either through reduced contributions or agreed refunds from the scheme. Neither are applicable and therefore the surplus is restricted to nil.

Analysis of amount charged to Statement of Comprehensive Income:

	2023 £'000	2022 £'000
Total net interest cost	(153)	10
Administration charges	141	164
Total charge	(12)	174

Defined Benefit Costs Recognised in Other Comprehensive Income (SOCI)

	2023 £'000	2022 £'000
Effect of changes in assumptions	7,701	3,895
Effect of experience adjustments	(1,986)	791
(Return) on plan assets (excluding interest income)	(8,737)	228
Net movement on restriction of non-recoverable surplus	3,010	(5,532)
Total (loss) recognised in other comprehensive income	(12)	(618)

30. PENSIONS (CONTINUED)

Arena Housing Group Pension Scheme (continued)

Amounts recognised in Other Comprehensive Income:

	2023 £'000	2022 £'000
Experience on plan assets (excluding amounts included in net interest cost) – (loss)/gain	(8,737)	228
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	5,715	4,686
Actuarial (loss)/gain	(3,022)	4,914

Reconciliation of defined benefit obligation:

	2023 £'000	2022 £'000
Opening defined benefit obligation	27,715	32,401
Interest cost	753	673
Actuarial (gains)/losses	(5,715)	(4,686)
Benefits paid	(1,624)	(673)
Loss on curtailments/changes/introductions	-	-
Closing defined benefit obligation	21,129	27,715

Reconciliation of fair value of employer assets:

	2023 £'000	2022 £'000
Opening fair value of employer assets	33,247	31,993
Interest Income	906	663
Contribution by the employer	-	1,200
Administration expenses	(141)	(164)
Actuarial (losses)/gains	(8,737)	228
Benefits paid	(1,624)	(673)
Closing fair value of employer assets	23,651	33,247

Contributions

The Association expects to contribute £nil (2022: £nil) to the Arena Group Pension Scheme during the 2023/24 financial year in respect of the shortfall in funding as the shortfall has now been paid in full. The last triennial valuation was carried out at 31 March 2019, with the 31 March 2023 triennial valuation currently in progress. A new schedule of contributions will be agreed as part of this valuation.

30. PENSIONS (CONTINUED)

Staffordshire County Council Pension Fund (SCCPF)

The SCCPF is a multi-employer scheme, administered by Staffordshire County Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2023 allowing for the different financial assumptions required under FRS102, to 31 March 2023 by a qualified independent actuary.

The net defined benefit liability at the year ended 31 March 2023 is £62,000 (2022: £24,282,000).

The employer's contributions to the SCCPF by the association for the year ended 31 March 2023 were £24,000 (2022: £24,000). No employees are contributing to the scheme. Estimated employer's contributions to the SCCPF during the accounting period commencing 1 April 2023 are £24,000 (2022: £24,000).

Your Housing Group ceased to have active members in the Staffordshire County Council Pension Fund in 2017 and entered into a Funding Agreement with the Fund.

During the year, the funding position improved to the extent that Your Housing Group decided to terminate the Funding Agreement with effect from 2 December 2022. The Fund Actuary prepared a Cessation Report which confirmed that no cessation payment was required from Your Housing Group. Your Housing Group has been discharged of all future obligation to the Fund.

Assumptions as at 31 March

	2023 % p.a.	2022 % p.a.
Inflation assumption	3.0	3.2
Salary increases	4.0	3.2
Discount rate	4.8	2.7
Commutations	65.0	50.0

Weighted average life expectancy for mortality tables used to determine benefit obligations:

	2023 No. of Years	2022 No. of Years
Retiring today (member age 65) - Male	21.4	21.2
Retiring today (member age 65) - Female	24.3	23.8
Retiring in 20 years (member age 45 today) - Male	22.2	22.2
Retiring in 20 years (member age 45 today) - Female	25.7	25.5

30. PENSIONS (CONTINUED)

Staffordshire County Council Pension Fund (continued)

Analysis of amounts recognised in the balance sheet:
Net pension liability at

	2023 £'000	2022 £'000
Estimated employer assets	-	23,582
Present value of scheme liabilities	(62)	(24,282)
Present value of unfunded liabilities	-	-
Total value of liabilities	(62)	(24,282)
Net pension liability	(62)	(700)

Analysis of amount charged to operating profit:

	2023 £'000	2022 £'000
Current service cost	-	-
Past service cost	-	-
Effect of settlements	4,426	-
Total operating charge	4,426	-

Analysis of defined benefit cost recognised in Statement of Comprehensive Income:

	2023 £'000	2022 £'000
Expected return on employer asset	(629)	(446)
Interest on pension scheme liabilities	648	531
Total finance costs	19	85

30. PENSIONS (CONTINUED)

Staffordshire County Council Pension Fund (continued)

Analysis of amounts recognised in Other Comprehensive Income:

	2023 £'000	2022 £'000
Experience on plan assets (excluding amounts included in net interest cost) – gain	(1,038)	2,135
Experience gains and losses arising on the plan liabilities – (loss)/gain	(2,441)	(49)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	145	124
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	8,412	1,245
Actuarial gain	5,078	3,455

Reconciliation of defined benefit obligation:

	2023 £'000	2022 £'000
Opening defined benefit obligation	24,282	25,580
Interest cost	648	531
Effect of settlements	(17,278)	-
Actuarial (gains)/losses	(7,010)	(1,320)
Estimated unfunded benefits paid	(5)	(4)
Estimated benefits paid	(575)	(505)
Closing defined benefit obligation	62	24,282

Reconciliation of fair value of employer assets:

	2023 £'000	2022 £'000
Opening fair value of employer assets	23,582	21,482
Interest Income	629	446
Effect of settlements	(21,704)	-
Actuarial gains	(1,932)	2,135
Contribution by the employer	-	24
Estimated unfunded benefits paid	(5)	-
Estimated benefits paid	(575)	-
Estimated contributions in respect of unfunded benefits paid	5	-
Benefits paid	-	(505)
Closing fair value of employer assets	-	23,582

30. PENSIONS (CONTINUED)

Aggregate Position of Pension Funds

	2023 £'000	2022 £'000
Assets		
Fair Value of plan Assets	95,999	172,730
Liabilities		
Present value of defined benefit obligation	(108,819)	(182,136)
Present value of unfunded liabilities	(62)	-
Total value of liabilities	(108,881)	(182,136)
Non-recoverable surplus	(2,522)	(5,532)
Defined benefit liability to be recognised	(15,404)	(14,938)

Reconciliation of Opening and Closing Balances of the Defined Benefit Obligation

	2023 £'000	2022 £'000
Defined benefit obligation at start of period	182,136	197,799
Expenses	93	96
Effect of settlements	(17,278)	-
Interest expense	4,994	4,110
Actuarial (losses)/gains	(56,228)	(15,869)
Estimated unfunded benefits paid	(5)	(4)
Benefits paid and expenses	(4,831)	(3,996)
Defined benefit obligation at end of period	108,881	182,136

Reconciliation of fair value of employer assets:

	2023 £'000	2022 £'000
Opening fair value of employer assets	172,730	159,515
Effect of settlements	(21,704)	-
Expenses	(141)	-
Interest Income	4,783	3,339
Contribution by the employer	3,863	4,457
Actuarial (losses)/gains	(58,701)	9,579
Benefits paid	(4,831)	(4,160)
Closing fair value of employer assets	95,999	172,730

30. PENSIONS (CONTINUED)

Aggregate Position of Pension Funds (continued)

Defined Benefit Costs Recognised in Statement of Comprehensive Income (SOCI)

	2023 £'000	2022 £'000
Expenses	234	260
Net interest expense	211	771
Effect of settlements	4,426	-
Defined benefit costs recognised in statement of comprehensive income (SoCI)	4,871	1,031

Defined Benefit Costs Recognised in Other Comprehensive Income

	2023 £'000	2022 £'000
Experience on plan assets (excluding amounts included in net interest cost) – gain	(57,807)	9,579
Experience (losses) arising on the plan liabilities – (loss)/gain	(1,456)	(7,034)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	916	2,105
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	55,874	20,798
Total gain/(loss) recognised in other comprehensive income	(2,473)	25,448
Net movement on restriction of non-recoverable pension surplus	3,010	(5,532)
Total gain recognised in other comprehensive income	537	19,916

31. CONTINGENT LIABILITY

The Association has been notified by the Trustee of the Social Housing Pension Scheme (SHPS) that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

31. CONTINGENT LIABILITY (CONTINUED)

In late June 2023, Cheshire Fire and Rescue Service (CFRS) issued a court summons alleging that Your Housing Limited and Avantage (Cheshire) Limited (together with four unrelated Companies) breached duties under the Regulatory Reform (Fire Safety Order 2005), following a fire at Beechmere retirement living development in 2019. Devonshires have been engaged to represent YHL and Avantage. A review of the initial prosecution disclosure has been undertaken and as a result of that we are advised to enter pleas of not guilty to all charges. We are advised that a court hearing can be expected in a window from late 2024 to late 2025. The outcome is uncertain.

No Provision has been made for potential fines associated with the fire, in these financial statements as management do not consider that there is any probable loss.

The guidelines that may be adopted by the court set a range of fines dependent on turnover and the levels of harm and culpability. These levels are determined by the judge when sentencing and not at the time of charges being brought. We continue to co-operate fully with Cheshire Fire and Rescue Service. Avantage and YHL's management and legal advisers do not recognise the strength of the case made, will lead to a guilty finding. As a result of this, it is not possible to determine with any degree of certainty, what, if any, financial penalties will be levied on Avantage or YHL.

The potential range of financial outflow could be in the region of £1m - £2.0m, for fines.

At such time as the quantum and likelihood of any penalty is able to be reliably determined and where it is considered probable, further disclosure or provision, as appropriate will be made in accordance with FRS102 "Provisions, Contingent Liabilities and Contingent Assets".