Financial Statements

For the Year Ended 31 March 2023

Greatwell Homes

An Exempt Charity

(Co-operative and Community Benefit Society)

(property, plant and equipment held at cost not valuation)

Basis of preparation:

Compliant with 2018 SORP for Housing Associations and

Accounting Direction 2022

Contents

Company Information

Board Members:		Executive Directors:	
Chairman:	John Lewis	Chief Executive Officer	Joanne Savage
Vice Chair:	Simon Brooksbank	Executive Director and Company Secretary	Julie Robinson
Board Members:	Cheryl Armatrading	Executive Director (until 30 June 2023)	Denise Lewis
	David Beale		
	Mona Shah		
	Martin Lord		
	Martin Wheatley (until 15 September 2022)		
	Jo Robinson		
	Kevin Edwards		
	Gurmeet Virdi		
	Helen McGregor (from 15 September 2022)		

Advisors and Bankers:		
Registered Office: Greatwell Homes Limited Unit 7, Midland Business Units Finedon Road Wellingborough Northampton NN8 4AD	**Auditors:** Beever and Struthers St George's House 215 Chester Road Manchester M15 4JE	**Principal Solicitors:** Trowers and Hamlins 3 Bunhill Row London EC1Y 8YZ
Principal Funders and Bankers: Barclays Bank PLC Midlands Team PO Box 3333 One Snowhill Snowhill Queensway Birmingham B3 2WN	**Valuers: (Social Housing)** JLL 45 Church Street Birmingham B3 2RT	**Valuers: (Market Rent & Commercial)** Harwoods 21 Silver Street Wellingborough Northamptonshire NN8 1AY

Overview

Greatwell Homes is a not-for-profit registered provider of social housing. Created in December 2007, we own and manage over five thousand homes for low-cost rent and shared ownership in Northamptonshire. We exist to provide good quality homes in a variety of ways for people who might otherwise be unable to afford them. We work to ensure we have successful and sustainable relationships with our customers and other stakeholders.

Principal Activities

Our principal activities are the management, maintenance, and development of affordable homes for rent. As at March 2023, we owned 5,111 homes and managed a further 74 homes.

Legal Structure

We are a charitable Registered Society under the Cooperative and Community Benefit Societies Act 2014 (30097R). We are registered with the Regulator of Social Housing as a Registered Provider of Social Housing with a registration number of L4509.

2022/23 - Year at a Glance

Number of Live Greatwell actions completed. **78** (2022: N/A)	Number of Properties owned and managed. **5,185** (2022: 5,197)	Full Time equivalent staff **176** (2022: 153)
First Tranche Sales Income **£1,368k** (2022: £3,139k)	Works to existing properties **£5,026k** (2022: £3,704k)	Social Housing Unit Cost **£4,261** (2022: £3,589)
Operating Margin **23%** (2022: 36%)	Net Margin **7%** (2022: 25%)	Net Assets **£90,833k** (2022: £87,606k)
Current Tenant Arrears **2.05%** (2022: 1.85%)	Void Loss **0.62%** (2022: 0.58%)	

Chair’s Statement

This is my last Chair’s statement as after nine years I am stepping down from the Board in September 2023.

It has been such a pleasure to be part of this fantastic organisation and through my time here, I’ve seen a really positive shift in how the Board operates and works with the rest of the organisation. The ability of a group of people to come together and work as one is not always easy, but I believe the Board is in that place. One of the reasons our Board works well is that we have the opportunity to see the impact of our work through our close relationship with our customers. Our regular conversations with the members of our Customer Assembly and Scrutiny groups means that we can feel confident in steering the organisation to do the right things.

In April 2022, we launched our Live Greatwell corporate plan which our customers played a major role in shaping. The Plan has four main strategies; Live proud, Live green, Live happy and Live safe and each strategy puts our customers at the core of everything we do.

Supporting our customers through the cost of living crisis has been a top priority for us. Throughout the winter, we supplied almost 90 households with warm home packs which included winter tog duvets, blankets, draught tape, hot water bottles and thermal socks. We also identified 30 customers in our lowest energy efficient homes who all received a warm home pack, as well as energy saving light bulbs, a free warm home energy assessment and £100 voucher. Over 130 families also received an average of £50 to go towards the cost of school uniforms over the summer break.

We’ve invested heavily in our existing homes to make them as safe and energy efficient as they can be. All void properties with an EPC rating of D or lower are brought up to a C rating before they are re-let. We received £664,000 from the Social Housing Decarbonisation Fund to allow us to improve the insulation in a further 66 homes allowing us to invest £2m overall. And we have started on our second Safer Streets project with the Northamptonshire Police, Fire and Crime Commissioner where we will install 650 new safety doors on our Queensway estate in Wellingborough.

Considering the challenging operating environment, I and the rest of the Board are pleased with the financial performance for 2022/23. Our margins have reduced because of cost increases and decisions made during the year to provide support to our staff with cost of living and to mitigate the impact of the rent cap to be applied in 2023/24.

Throughout this busy year, we also underwent our In-Depth Assessment by the Regulator of Social Housing where we retained the highest governance rating. This achievement is down to the great teamwork across the organisation involving our Board, the Executive team and most importantly the Greatwellers that work for this great organisation.

To me, being a Greatweller is understanding that we are part of one big team. As a Board we see lots of things, but we recognise that we can play only a part in what the organisation does. With the Executive team and the fantastic team supporting them, we can be confident we will continue to do our best for all our residents and stakeholders, for years to come.

Chair’s Statement continued

I would like to end with a big thank you to everyone involved with our work at Greatwell Homes; our partners, stakeholders and funders who continually support everything we do and above all to my colleagues, it has been great fun working with you. I wish you all the best and I am looking forward to seeing the great things this organisation will continue to achieve.

John Lewis
Chair of the Board

Strategic report for the year ended 31 March 2023

Objectives and Strategy

Our vision, mission and promise drive everything we do.

VISION

Great communities where people live well.

MISSION

We partner with customers and communities to shape places people are proud to call home.

PROMISE

We provide homes and services that work for you.

As "Greatwellers" our people embody the values and principles we want everyone who deals with us to see, hear, feel, and experience.

Our Values	
Inclusion	We value difference and respect every person.
Collaboration	We trust our team family and work together openly.

Objectives and Strategy continued

Our Values continued	
Kindness	We are friendly, wish each other well and look out for each other.
Customer focused	We take pride in working with customers and communities.
Adaptability	We look for ways to be more efficient and effective in what we do.

Principles

We're also committed to four important principles:

1. **Effective services** – that works for local people and empower communities.
2. **Impactful partnerships** – working well together with customers, communities, and partners to increase impact.
3. **Great culture** – attracting talented people to work together, learn together and celebrate diversity.
4. **Efficient business** – driving progress towards our vision through effective strategies and practices.

Objectives and Strategy continued

Live Greatwell Corporate Plan

Our Live Greatwell corporate plan sets out how we will work towards our vision of 'great communities where people live well' over the three years from 2022 to 2025.

We believe that living well starts at home, and that a home is much more than a place to live. That's why, as a community-based housing provider, we're all about creating safe, secure and sustainable homes for people in and around north Northamptonshire.

Our four core strategies support our mission and vision, and how we'll measure success.

Strategy	Objectives for 2022-25
Live proud Empowering communities	**We'll work closely with customer, communities, and partners to shape places that people are proud of.** **To deliver the Live Proud Strategy we'll:** • **Explore best practice in placeshaping and define our approach.** • **Improve our understanding customers' experiences and aspirations at a community level.** • **Increase visibility and connection with communities, focussing on areas where we can make the greatest impact.**
Live green Achieving net zero carbon	**We'll move towards becoming a net zero carbon business by 2050. This means making homes more energy efficient and working with customers to reduce our carbon emissions.** **To deliver the Live Green Strategy we'll:** • **Define our carbon zero journey to 2050.** • **Reduce our organisational footprint by 2025.** • **Use data and insight to increase the percentage of customers benefitting from affordable warmth.** • **Progress plans to ensure all Greatwell Homes properties achieve a minimum C EPC (Energy Performance Certificate) rating by 2030.** • **Investigate other ways to support customers and communities in achieving net zero.** • **Build zero carbon ready new homes.**

Objectives and Strategy continued

Strategy

Objectives for 2022-25

Live happy

Creating great experiences

People are at the heart of everything we do. We will build relationships that work well for customers, communities, partners and staff.

To help people Live Happy we'll:

- **Improve how we collect and use data.**
- **Develop a refreshed customer experience standard.**
- **Improve inclusivity, diversity and equal opportunity.**
- **Be an employer of choice.**
- **Strengthen the Greatweller culture**
- **Promote wellness**
- **Develop a robust, focussed and engaging approach to stakeholder management**

Live safe

Building resilience

We'll provide homes where customers feel safe, neighbourhoods where people want to stay and services that are efficient and reliable so we can deliver more.

To promote Live Safe we'll:

- **Improve insight and understanding of existing homes.**
- **Keep customers safe and feeling safe in their homes.**
- **Develop a resilient repairs and maintenance service that delivers a great experience for customers.**
- **Achieve a better balance between planned work and day to day repairs.**
- **Invest at least £15m in existing homes by 2025.**
- **Deliver new homes.**

Objectives and Strategy continued

How we Work

We have a robust and comprehensive set of “Working Well” frameworks to support the way we deliver our four core strategies:

Working Well: Risk and Assurance	**Identifying and managing foreseeable threats to the stability and continuity of our business**
Working Well: Customer Involvement	**Connecting and working alongside customers as encouraging, friendly equals.**
Working Well: Communications	**Getting our message across and enhancing our profile and reputation.**
Working Well: Finance and Value for Money	**Investing and spending wisely on things that matter most to customers and communities.**
Working Well: Transformation	**Challenging, modernising and improving our processes, systems and use of technology to become more effective.**
Working Well: Governance	**Maintaining high standards of probity and integrity in the way we operate.**

Customer Commitments

We’ll pursue the objectives set out in our corporate plan through the four commitments we’ve already co-created with customers. These cover:

- **Managing neighbourhoods.**
- **Managing tenancies.**
- **Managing homes.**
- **Managing relationships.**

Objectives and Strategy continued

Live Greatwell Achievements 2022/23

Of the 84 Live Greatwell actions commenced in 2022/23, we completed 78.

For the remaining 6, 2 are continuing into 2023/24 and 4 have been deferred.

Theme	Business Unit	Completed	Continuing	Deferred
Live Green	Corporate Services	4	-	-
	Customer Excellence	5	-	-
	Housing & Neighbourhood Services	2	-	-
	Property Investment, Sales & Lettings	8	-	-
Live Green sub-total		**19**	**-**	**-**
Live Happy	Corporate Services	10	-	1
	Customer Excellence	1	-	-
	Housing & Neighbourhood Services	1	-	-
Live Happy sub-total		**12**	**-**	**1**
Live Proud	Corporate Services	-	-	-
	Customer Excellence	1	-	-
	Housing & Neighbourhood Services	11	-	-
	Property Investment, Sales & Lettings	1	-	-
Live Proud sub-total		**13**	**-**	**-**
Live Safe	Property Investment, Sales & Lettings	8	1	-
	Property Services & Compliance	8	-	-
Live Safe sub-total		**16**	**1**	**1**
	Corporate Services	5	-	-
	Customer Excellence	3	-	-
	Finance, Treasury & IT	4	-	1
	Housing & Neighbourhood Services	1	-	1
	Property Investment, Sales & Lettings	2	-	-
	Property Services & Compliance	3	1	-
Resource Intensive BAU sub-total		**18**	**1**	**2**
Total		**78**	**2**	**4**

Operating Environment and Review of the Year

2022/23 has been another challenging yet rewarding year for Greatwell Homes.

Price inflation gathered pace as global supply chains struggled to meet demand following the lifting of restrictions imposed during the Covid-19 pandemic and Russia's invasion of Ukraine in February 2022 further exacerbated these issues, particularly in relation to fuel and gas prices, leading to high inflation and a cost of living crisis.

In recognition of this the Westminster government launched several schemes to help with the cost of living in particular the Energy Bill Relief Scheme which provided universal support for all bill payers and other more targeted schemes for those most affected.

To further support those in most need, at the end of August, the government announced a consultation period for the social housing sector to provide feedback on proposals to cap the increase in social rent for current tenants from April 2023. Without a cap, social rents could have increased by up to 11.1% with the September 2022 Consumer Prices Index (CPI) being 10.1% and the social housing rent increase formula being September CPI + 1%.

Following this announcement, Greatwell Homes activated our Resilience Sounding Board (RSB) to consider the financial implications of a rent cap, combined with high cost inflation, as this scenario is a business plan stress test requiring corrective action.

In November 2022 following feedback from the sector and the National Housing Federation the government announced a 7% rent cap for social housing rents that would be voluntarily applied to shared ownership rents. In recognition of the impact on scheme viability, supported housing rents were excluded from the rent cap.

The RSB recommended, and the Board agreed, a strategy to mitigate the financial impact including the early repayment of fixed rate debt and to renegotiate or refinance to an EBITDA only interest cover covenant during 2023/24 in respect of our loan facility with Barclays.

Alongside the government support and rent cap Greatwell Homes had already introduced a customer assistance fund for 2022/23 to support our customers. This has funded warm home packs, energy saving light bulbs and helped towards the cost of school uniforms to name but a few.

The cost-of-living crisis has had an impact on our staff as well as our customers and we have experienced high levels of staff turnover and recruitment and retention issues. As a result, the Board approved the award of a non-consolidated pay increase for the 6 months to 31 March 2023 for all staff below Head of Service level.

Operating Environment and Review of the Year continued

In July 2022 the contractor for gas servicing and repairs gave notice that they would not be able to fulfil their contract and following an options appraisal, considering timeframes and advantages and disadvantages it was decided to bring this service in-house. Under the Transfer of Undertakings Protection of Employment (TUPE) regulations, staff from the contractor transferred to Greatwell Homes increasing the number of staff we employ. Greatwell Heating went live on 1 November joining Greatwell Works, our in-house repairs and maintenance service.

We continued to invest in our properties under the capital programme for 2022/23 which included component renewals for roofing, windows and doors, roofline works and heating. A seven-year cyclical decoration programme also started in 2022/23 with works completed to 333 properties. We were successful in receiving grant funding from the Police, Fire and Crime Commissioner for Northampton under Safer Streets Phase 4, which will see front and rear door replacements across selected addresses on the Queensway Estate. Kitchen and bathroom replacements for void properties, electrical upgrades as well as investing in our neighbourhoods, including our garage portfolio, resulted in a total investment across the capital improvement programme of £5m.

We have been successful in securing funding under the Social Housing Decarbonisation Fund (SHDF). Adopting a fabric first approach, we will use this funding to provide external wall and loft insulation to 66 of our properties to help reduce heat loss and improve the energy performance rating of these properties. In addition, we are piloting a retrofit at one of our Independent Living (IL) schemes, Charles Robinson Court, which will look at the heating, windows, and insulation upgrades to improve the energy efficiency of the building. We continue to collect and monitor the ratings of our homes and are committed to ensuring all new build properties have an EPC rating of at least B. Alongside exploring installation of solar panels on our blocks, these are just some of the commitments to deliver our Live Green Strategy.

Following the hot summer of 2022, we saw an increase in subsidence with subsequent insurance claims leading to higher insurer loss ratios pushing up the cost of our insurance premiums. We have taken steps to control our future loss ratios and manage increases in insurance premiums.

In September 2022, following a procurement exercise and after consideration of the financial implications and non-financial benefits the Board approved the redevelopment of the independent living scheme at Hearnden Court, subject to confirmation of Homes England grant funding. The new building will be net zero carbon ready (NZC) and will support delivery of our Live Green strategy.

Operating Environment and Review of the Year continued

Alongside prioritising investment to upgrade or regenerate our existing homes and schemes we continue to seek opportunities to increase the number of homes we provide through new development schemes that meet our financial parameters for investment. In 2022/23 we acquired 13 new properties for social and affordable rent and shared ownership.

In September, following a change in prime minister, a mini budget announcement was not well received by the financial markets. Interest rates, that were already on the rise to control inflation, increased further with an expectation that rates would now go higher for longer. The long period of historically low Interest rates, since the financial crisis in 2008, now seems to be behind us and the cost of new borrowing to support our investment and growth aspirations is now likely to be higher.

In recognition of the economic challenges facing the sector the Regulator of Social Housing announced towards the end of 2022 that many Registered Providers would be regraded to a financial viability rating of 2 (V2). This rating remains compliant with the Governance and Financial Viability Standard (GFVS) but recognises the change in economic conditions, coupled with the investment required to improve safety and energy efficiency and reduce the carbon footprint of homes means the financial capacity to cope with shocks is reduced. Greatwell Homes was one of several providers regraded to V2 in November 2022.

In Q3 and Q4 Greatwell Homes underwent a regulatory In Depth Assessment (IDA). These inspections are carried out by the Regulator of Social Housing every 4 years and involve the provision of information, meetings with the Executive Management Team and Board and regulatory attendance at a Board meeting. Following the conclusion of the IDA we were delighted to learn in March 2023 that we had retained the highest possible G1 rating for governance.

Financial Performance Review

Considering the challenging operating environment, the Board is pleased with the financial performance for 2022/23 as summarised in Table 1 below.

Turnover for the year was comparable with 2021/22 with a reduction in income from shared ownership first tranche sales off-set by an increase in income from social housing lettings due to the 4.1% increase for most rents (September 2021 CPI + 1%).

Most staff received an annual inflationary cost of living pay award of 3.1% in line with September 2021 CPI. Staff earning less than £29k received a higher award of 4.1%. For the last 6 months of the financial year all staff below Head of Service level received an additional non-consolidated payment ranging between 5% and 10% dependent upon earnings to help with cost of living and recruitment and retention issues.

Operating Environment and Review of the Year continued

Alongside increases in staff costs, repairs and maintenance also saw increases in the cost of materials and contractor assistance.

Gains on disposal of fixed assets were reduced due to lower numbers of property sales and gains following the revaluation of investment properties were also lower than in the prior year.

The operating surplus for the year was £6,515k (2022: £10,155k) and the operating margin was 23% (2022: 36%).

In implementing the strategy to deal with the financial impact of a rent cap for 2023/24 combined with high cost inflation, two tranches of fixed rate debt were repaid early in March 2023 and £1.5m early repayment charges were paid increasing interest payable for the year to £4,910k (2022: £3,096k).

This reduced the surplus for the year to £1,849k (2022: £7,063k) and the net margin to 6% (2022: 25%). But for these additional costs our surplus would have exceeded the budgeted target for the year.

Actuarial gains on defined benefit pension schemes of £1,378k (2022: £1,965k) increased total comprehensive income for the year to £3,227k.

In addition to the early repayment of £10m fixed rate debt a further £9m drawn from the Barclays revolving credit facility was also repaid from surplus cash reducing the cash at bank to £9m at the end of the financial year. Due to the nature of a revolving credit facility the £9m can be re-drawn when it is required up to 31 December 2026.

Table 1 – 5-Year Summary of Financial Performance

For year ended 31 March	**2023**	**2022**	**2021**	**2020**	**2019**
Summary Statement of Comprehensive Income	£'000	£'000	£'000	£'000	£'000
Total turnover (note 2)	28,450	28,462	24,955	25,651	26,088
Income from Social Housing lettings (note 3)	25,224	23,686	22,537	21,386	20,733
Operating surplus: continuing activities	6,515	10,155	7,579	7,341	8,768
Surplus before tax	1,849	7,063	4,882	4,869	6,973
Income for the year transferred to reserves	3,227	9,028	3,870	5,977	5,751
Operating margin	*23%*	*36%*	*30%*	*29%*	*33%*
Net margin	*6%*	*25%*	*20%*	*19%*	*27%*

Operating Environment and Review of the Year continued

Table 1 – 5-Year Summary of Financial Performance

For year ended 31 March	2023	2022	2021	2020	2019
Summary Statement of Financial Position	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Housing properties including Investment properties (notes 11, and 12)	154,183	150,743	145,457	126,999	112,597
Other Property, Plant and Equipment (note 11)	540	546	506	651	932
Total fixed assets	**154,723**	**151,289**	**145,963**	**127,650**	**113,529**
Net current assets	6,327	27,195	14,627	14,108	11,386
Pension asset (note 10)	2,838	1,337	-	-	-
Total assets less current liabilities	**163,888**	**179,821**	**160,590**	**141,758**	**124,915**
Funded by:					
Loans (due over one year) (note 28)	59,862	78,831	68,799	58,771	48,745
Pension liability (note 10)	801	777	1,145	35	916
Other long-term liabilities (note 18)	12,392	12,607	12,067	8,244	6,523
Capital and reserves:					
Revenue reserve	90,833	87,606	78,579	74,708	68,731
Liabilities due in more than 1 year	**163,888**	**179,821**	**160,590**	**141,758**	**124,915**

Risk and Assurance

Our Risk, Assurance and Compliance Framework underpinning our corporate plan strategies came into effect from 2019/20 and is reviewed on an annual basis.

Our risk and assurance register is reviewed throughout the year to provide robust evidencing of internal controls and mitigating actions, using a three-lines-of-defence approach. The risk and assurance register specifies who is responsible for managing the risk and the processes that are in place to embed a culture of risk management.

Annually the Board considers the scope of our risk areas, defines its risk appetite and what each means in practice to demonstrate that governance and risk management is aligned to our risk appetite, as shown below. This also means that our overall objectives and activities align to the risk appetite set by the Board. The Board last reviewed their risk appetite in January 2023.

Our strategic risk register contains eight key risk areas as outlined below. The combined material risk faced by the organisation at year end is amber; with the average likelihood scoring 2.75, average speed scoring 2.75 and average impact scoring 3.25.

Risk Area	Risk appetite set by the Board	Total Risk Score	Comments, controls, and action
Asset Health & Safety Compliance	Minimal	35	The risk score increased in the year when the gas servicing contractor gave notice to terminate the contract. Although this service has now successfully been brought in-house the increase in the risk score has remained because of: • an increase in disrepair claims relating to damp and mould in the last year, these have been driven by solicitors cold-calling and targeting our customers. • Contractor performance has impacted EICR rates. • Large numbers of Fire Risk Assessments were due in 2022/23 leading to high volumes of remedial works however all priority 1 and 2 works have been completed.
Finance & Treasury Management	Cautious	25	Due to high inflation and the rent cap for 2023/24 the risk score increased significantly in the year but, by the year end, the likelihood and speed have reduced due to the Board approving a viable budget and business plan which included compliance with an EBITDA MRI interest cover covenant and the rephasing, rather than reprofiling, of improvement spend. Good levels of liquidity were also factored in with the £55m

			Revolving Credit Facility available to draw until 31 December 2026.
Housing Management & Maintenance	Open	18	The impact score has lowered from serious to substantial based on improved controls, new certainty relating to the Hearnden Court redevelopment, the removal of COVID risks and improved stock data.
New Supply, Acquisitions & Disposals	Open	18	The likelihood has decreased given the increase in the number of Section 106 opportunities that we are being asked to appraise. The outcome of funding for the redevelopment of the independent living scheme at Hearnden Court determined an agreed way forward for this redevelopment.
Regulatory Compliance	Minimal	18	G1 result received from the regulator following IDA carried out in December-January. V2 regrade at end of 2022
People	Open	15	The likelihood and impact scores have reduced as turnover is at its lowest for over 12 months. Cost of Living pay rises take effect from 1st April which have been widely well received. Staff survey results in Q3 were, overall, positive. Sickness levels, despite increasing in Q3, have come in well under target for year end.
Support Services	Minimal/Cautious	12	The impact score has reduced from substantial to noticeable. The likelihood score has lowered from 'likely' to 'possible. This is a result of stock improvements, removal of COVID risks and new technology implemented.
New Business Ventures	Open	6	We are not currently pursuing any new business ventures.

Governance

Corporate governance

On 31 March 2023 the Rules of the Association allowed for the appointment of up to twelve Board members and as at this date there were ten Board members. Board members are selected from a wide range of backgrounds to encompass a mix of skills, competencies, and knowledge.

The current board members (and others who served during the period) are set out on page 67. Board members are remunerated for their services and are permitted to claim expenses incurred in the performance of their duties. Details of the remuneration of Board members is set out in note 8 to the financial statements.

Non-Executive Directors are not eligible to participate in any company pension scheme.

The Board determines what matters should be delegated to the Executive Management Team or to a Committee of the Board and what matters it reserves for its own consideration and decision. These are clearly defined in the Governance and Delegation Framework. Board members act in the interest of Greatwell Homes and not on behalf of any other interest group.

Greatwell Home's Board, supported by its committees, ensures that the organisation operates to high standards of integrity, transparency, and accountability.

The Board is supported by two committees, the Audit and Risk Committee and the Board Effectiveness and People Committee.

Audit and Risk Committee

This committee comprises of at least four, but no more than six, members. The Chair of the Committee is appointed by the Board and cannot be the Chair of the Board. The Committee met four times in the year. Its responsibilities include, to review the financial statements and the appointment of the external and internal auditors and recommend their approval by the Board. The Committee meets with Greatwell Homes' auditors, without officer's present, at least annually.

The Committee plays a valuable role in monitoring the control environment and ensuring that there is an appropriate risk management strategy, risk assessment and control processes are embedded, and appropriate systems are in place.

Board Effectiveness and People Committee

This Committee comprises of at least three, but no more than five, members and met four times in the year. The Chair of the Committee is appointed by the Board and cannot be the Chair of the Board. Its responsibilities include overseeing matters relating to the recruitment, succession, appraisal, training and remuneration of board members and the executive management team.

Executive Management Team

The Board delegates day to day management and control of Greatwell Homes, to a group of Executive Directors who meet as an Executive Management Team (EMT). The EMT meets on a regular basis and recommends policy decisions to the Board.

Led by the Chief Executive, the EMT ensures the effective performance and successful delivery of services to customers and investment in neighbourhoods, in line with the agreed corporate objectives.

The Chief Executive and other Executive Directors are appointed on permanent contracts of employment with a notice period of between three and six months. The remuneration of the Executive Directors is reviewed by the Board Effectiveness and People Committee, who make recommendations to be considered and determined by the Board. Details of the executive emoluments are set out in note 8 to the financial statements.

The Executive Directors are eligible to participate in the Social Housing Pension Scheme defined contribution or benefit schemes. Their participation is on the same terms as all other eligible staff. Greatwell Homes contributes to the scheme on behalf of its employees.

The Executive Directors are also entitled to participate in a health care scheme and are eligible, subject to Board approval, for an annual bonus which is based on achieving targets set by the Board.

Corporate governance continued

Employees

We recognise that the success of our business and our ability to meet our objectives and commitments to our customers and communities depends on our employees. It is the policy of Greatwell Homes that training, career development and promotion opportunities should be available to all employees. We ensure that all employees understand their contribution towards delivery of our Corporate Plan. This is reinforced by regular individual meetings between managers and their direct reports, and by our performance appraisal and target setting process.

We are fully committed to inclusion and have in place modern employment policies that ensure that we are an attractive and engaging employer to individuals regardless of their gender, age, ethnicity, sexual orientation, religion, or disability status. We have adjusted these policies to incorporate the new remote way of working and implemented a new flexible working offer. The health, safety, and wellbeing of all our employees is of prime importance. We have in place detailed health and safety policies and provide staff with training and education on health and safety matters.

We recognise the Unison Trade Union and engage in local collective negotiations with them. We also have an established elected staff forum.

Insurance

Insurance was maintained throughout the period including cover for members and senior employees against liabilities in relation to the Association.

Corporate Social Responsibility

The Board are committed to be a socially responsible organisation, managing in a socially responsible way, ensuring adherence to legislation and ethical operation. We have been working to establish how we will measure and evidence ESG – Environmental, Social value and Governance and we will publish our report on our website when it is finalised. The Association is actively working with local communities and partners to improve the life chances of our customers.

Statement of Compliance

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in Paragraph 4.7 of the 2018 SORP for Registered Social Housing Providers.

As a public benefit entity, Greatwell Homes Limited has applied the public benefit entity 'PBE' prefixed paragraphs of FRS102.

Corporate governance continued

Code of Governance

The National Housing Federation launched the NHF Code of Governance 2020, 'Equipping for Excellence' for Housing Associations in November 2020. The new code reflects the need to protect and promote the interests of customers and the communities they live in, while safeguarding public and private investment in Social Housing and maintaining public trust in the sector. The Board made the decision to adopt the code from 1 April 2021. On 31 March 2023 we had eight overdue gas safety checks. This may result in us not being compliant with the code at certain points during the coming year. We will report all non-compliance to the Regulator in line with their instructions.

Compliance with Governance and Financial Viability Standard

The Association is registered with and regulated by the Regulator of Social Housing (RSH). Under a coregulation approach the onus is on each registered provider to self-regulate, assess, and scrutinise service provision and demonstrate clearly that services provided represent value for money.

The Accounting Direction 2022 has a requirement for providers to certify that they have complied with the Regulator's Governance and Financial Viability Standard within the narrative reporting. In addition to this certification, any areas of non-compliance should be disclosed and explained.

The following areas of potential non-compliance were identified during the year. None of the issues identified had a material impact on the organisation and controls have been strengthened where appropriate.

In 2022 we identified that the social rent for one of our customer's was incorrect as an average January 1999 valuation had been used in the calculation of rent rather than a more property specific one. This was reported to the Regulator whilst an investigation was carried out where it was found that this customer was the only customer whose rent was affected in this way.

The 2023/24 rent review process highlighted two issues relating to the correct application of legislation in respect of (a) providing a service charge rights and obligations document and (b) using a S166 notice in relation to ground rent. It was also highlighted that we had not applied the correct RPI per the contract with some shared owners when applying their rent increase.

Statement of Internal Control

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and conduct an annual review of the effectiveness of this system.

The process for identifying, evaluating, and managing the significant risks faced by the Association is on-going and has been in place throughout the period 1 April 2021 up to the date of approval of the report and financial statements and beyond. These internal controls act to provide reasonable assurance that planned corporate objectives are achieved. They also exist to give reasonable assurance that the financial and management performance information is reliable, and the Association's assets are safeguarded. However, the Board recognises that no system of internal control can provide absolute assurance against material misstatement or loss.

Key elements of the systems of the control framework include:

- Board approved terms of reference and delegated authorities for Board, Committees and Executive Management Team.
- Clearly defined management responsibilities for the identification, evaluation, and control of significant risks.
- Robust strategic and business planning processes, which are stress tested and include detailed financial budgets and forecasts.
- Formal recruitment, retention, training, and development policies for all staff.
- Established authorisation and appraisal procedures for significant new initiatives and commitments.
- A robust approach to treasury management which is reviewed externally each year.
- Regular reporting to the appropriate committee on business objectives, targets, and outcomes.
- Board approved whistle blowing and fraud policies covering prevention, detection, and reporting of fraud.
- Regular monitoring of loan covenants and requirements for any new loan facilities.
- Robust business continuity plans in place which are tested annually including disaster recovery of IT systems

A fraud register is maintained and reviewed by the Audit and Risk Committee at each of its meetings. During 2022/23, there were three instances of attempted fraud reported. None of the instances resulted in any material loss to the company.

The Board cannot delegate ultimate responsibility for the system of internal control but has delegated authority to the Audit and Risk Committee to regularly review the effectiveness of the system of Internal Control. The Board receives Audit and Risk Committee minutes and a report from its Chair. The Committee has received the Executive Management Team's annual review of the effectiveness of the system of internal control for the Association, and the annual report of the internal auditor, and has reported its findings to the Board.

External Audit Assurance

The work of the external auditor, Beever and Struthers provides some independent assurance over the adequacy of the internal control environment. The Association receives a management letter from the external auditors which identifies any internal control weaknesses identified as part of their work on the audit of the financial statements. The Board itself and through the activities of the Audit and Risk committee has reviewed the outcome of external audit work and the external audit management letter.

Statement of Internal Control continued

Going Concern

Our business activities, our current financial position, and factors likely to affect our future development are set out within the Strategic Report. There is much uncertainty in these unprecedented times post pandemic, however, we have in place funding, which provides resources to finance committed reinvestment and development programmes, along with day-to-day operations. We have a long-term business plan that shows we can service the debt facilities whilst continuing to comply with lenders' covenants. We have performed many stress tests and outlined mitigations should they materialise.

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

Accounting Policies

The Association's principal accounting policies are set out on pages 41 to 50 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and include: capitalisation of costs; amortisation of deferred government grant; housing property depreciation; investment properties and the treatment of pensions.

Effects of Material Estimates and Judgements Upon Performance

Preparation of the financial statements requires management to make significant judgements and estimates. The estimates and assumptions that can have the most significant effect on recognition and measurement of assets, liabilities, income, and expenses is provided below.

- ### Housing Property Categorisation

The categorisation of housing properties is a significant judgement made by management. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals. The Association has determined that market rented properties are investment properties.

- ### Impairment

Management assesses the Association's housing properties for indicators of impairment at each balance sheet date. Where indicators exist, a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. Judgements in assessing the level of a cash generating units and the recoverable amounts could lead to increases or decreases in the impairment provision. The impairment review at 31st March 2023 resulted in no impairment for the financial year.

- ### Useful Lives of Depreciable Assets

Management reviews its estimate of the useful lives of its depreciable assets at each reporting date based upon the expected utility of the assets. Uncertainty in these estimates relate to changes in decent homes standards, component failure or obsolescence and customer abuse or misuse. Any of these could lead to more frequent replacement of key components.

Statement of Internal Control continued

- ### Defined Benefit Pension Obligations

Management's estimate of the Association's defined benefit pension obligations under the Local Government Pension Scheme and Social Housing Pension Scheme is based upon a number of critical underlying assumptions such as rates of inflation, mortality, discount rates, investment returns, and future salary increases. Variation in these assumptions may significantly impact upon the obligation amount and the annual defined benefit expenses (as shown in note 10). As at 31st March 2023, the Association had a SHPS (Social Housing Pension Scheme) defined benefit pension liability of £801k (2022: £777k) and a LGPS (Local Government Pension Scheme) defined benefit pension asset of £2,838k (2022: £1,337k). Further details are provided in note 10 to the accounts. The reports provided by the actuaries are based on asset valuations as at 31 March 2023.

- ### Provisions for Doubtful Debt

Management reviews the provision held against the risk of failure to recover current and former tenant rent and service charge arrears at each reporting date. The provision made has an impact upon the value of the current assets recognised at the reporting date and any change in value of the provision during the period is recognised as an operating cost in the statement of comprehensive income in the period. At 31st March 2023, the Association's provision for doubtful debt was £782k (2022 £705k).

Disclosure of Information of Auditors

The Board Members who held office at the date of approval of this Board report, confirm that so far as they are each aware, there is no relevant audit information of which our auditors are unaware; and each Board member has taken all the steps that ought to have been taken as a Board member to make themselves aware of any relevant audit information, and to establish that the auditors are aware of that information.

Independent Auditors

A resolution to re-appoint Beever and Struthers as the organisation's auditors will be proposed at the forthcoming board meeting on the 27 of July 2023. Beever and Struthers have indicated their willingness to continue in office should the resolution concerning their reappointment be agreed at that meeting.

Value for Money Assessment

The Finance and Value for Money (VFM) Framework is one of six "Working Well" frameworks underpinning the four core strategies of our Live Greatwell Corporate Plan 2022-25.

It sets out how we aim to remain financially viable in light of the challenging economic times and outlook and as we look to decarbonise our homes and business.

The purpose of the framework is to maintain our financial strength and embed value for money in everything we do. We will achieve this in the following areas:

Treasury Management	• Have funds available at the lowest possible cost to match our investment plan. • Minimise the cost of managing capital funds. • Ensure funding availability is aligned to our strategies. • Avoid restrictive covenants to ensure future activities are not unduly curtailed. • Keep refinancing risk within acceptable limits. • Keep the number of properties charged to lenders to a minimum to ensure future growth. • Comply with the Treasury Management Policy and control all risk.
Income Management	• Maintain existing margins and aim to maximise surplus levels where possible. • Invest in new and existing homes and services where funding allows. • Consider additional income streams where they are financially and/or socially beneficial and do not detract from the core business. • Collect income in an efficient manner, with support for those who need it. • Only write off income due where there is no realistic prospect of collection and/or it is not economically viable to pursue. • Let all our homes and as many garages as possible to maximise rental income.
Procurement	• Ensure procurement is supported by our financial and contract regulations • Carry out procurement in the most cost effective way • Ensure procurement provides good quality services and work at the most advantageous price • Ensure goods and service contracts offer the best possible value • Consider environmental impact and social value when procuring goods and services
Financial Viability	• Maintain Greatwell Homes long term financial stability and ensure our business plan is capable of withstanding stress scenarios • Manage cash flows to ensure the business has robust liquidity for its day to day operations and can release cash to invest in services and homes • Maximise value for money while meeting our corporate and social objectives • Comply with all our corporate and charitable status responsibilities

Value for Money Assessment continued

Environmental, Social and Governance (ESG)	• Adopt the sustainable reporting standard (SRS) for social housing
Merger and Acquisition	• Consider opportunities if they demonstrably provide substantial improvements for customers and an ability to markedly accelerate the growth ambitions of Greatwell Homes

In applying our Finance and Value for Money Framework we have defined what success will look like:

- Co-creating VFM opportunities with customers.
- Investments providing an appropriate financial or social return.
- Reducing costs, creating efficiencies, and providing better quality in contracts and services.
- Creating social value or positive environmental impact in services we procure.
- Effective and compliant procurement and contract management.
- Embedding VFM in everything we do.
- Ensuring we have the right ESG reporting to make us an attractive investment.
- Ensuring we have robust liquidity for day to day operations, and cash to invest in services and homes.
- Ensuring we are fully compliant with all corporate and charitable status responsibilities.

We will use the VFM metrics incorporated in key and operational performance indicators (KPIs and OPI's) for customer satisfaction, social value and procurement to measure success.

Value for Money Assessment continued

Value for Money KPI's 2022/23

We used the following Key Performance Indicators (KPI's) to monitor our performance throughout the year:

Regulator of Social Housing (RSH) Metrics

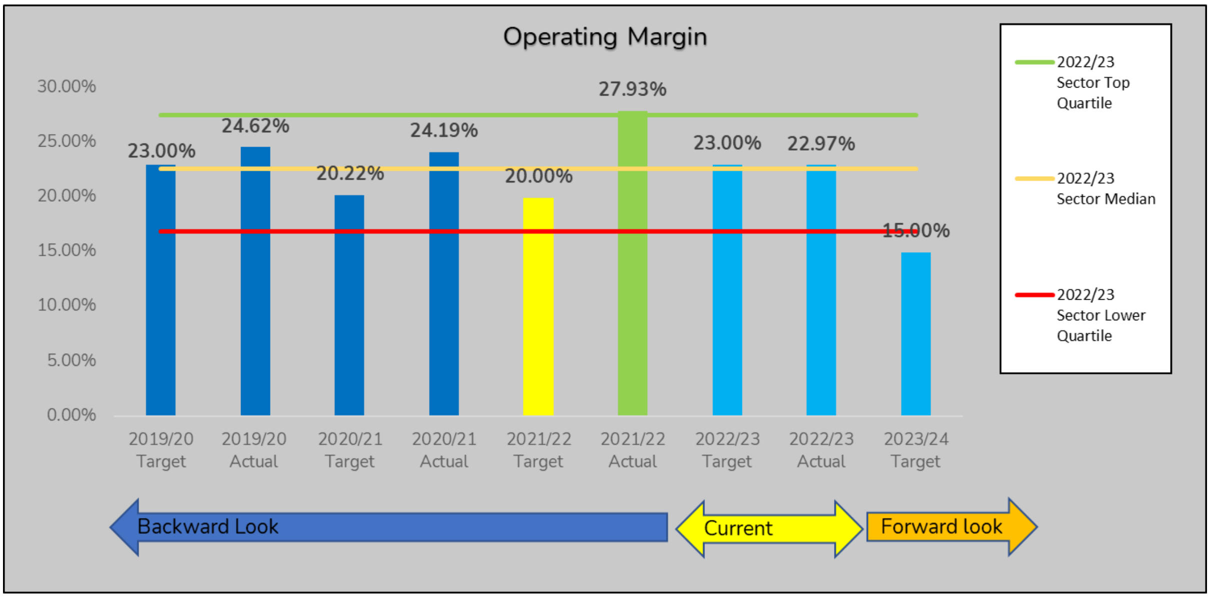
Indicator	2022/23 Target	2022/23 Actual	Target 2023/24
Unit cost[1]	<£4,375	£4,261	<£5,221
Reinvestment percentage[2]	>10%	4.30%	6.06%
Gearing percentage	<38%	27.74%	31%
Return on capital employed (ROCE)	>3%	4.36%	2.71%
New supply delivered % (Social only)	N/A	0.26%	N/A
New supply delivered % (Non-Social)	N/A	0%	N/A
Operating Margin Social Housing Lettings	N/A	16%	N/A
Overall Operating Margin	>23%	22.97%	15%
Interest Cover EBITDA (MRI) (as per RSH VFM metrics calculation)	>138%	122.95%	72%

[1]Social housing unit cost increased to £4,261 as costs in all areas were higher and there was limited growth in the number of homes to help absorb these increases. The outturn for the year, however, was only slightly above our budgeted target for the period.

[2]The reinvestment percentage was lower than target due to delays with new development schemes and capital improvement programmes.

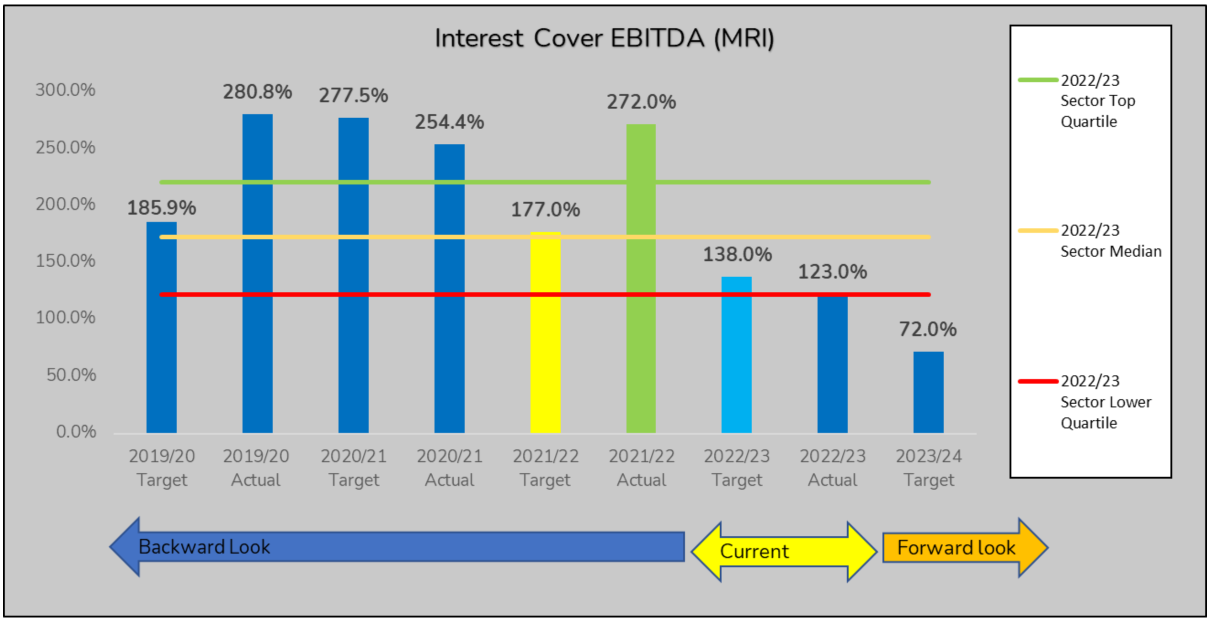
- **Overall Operating Margin**

Our operating margin for 2022/23 has reduced compared to the previous year as costs have increased and growth in turnover was limited as we had less shared ownership first tranche sales however performance is in line with target. For the next financial year, we are looking to achieve an operating margin of more than 15%.

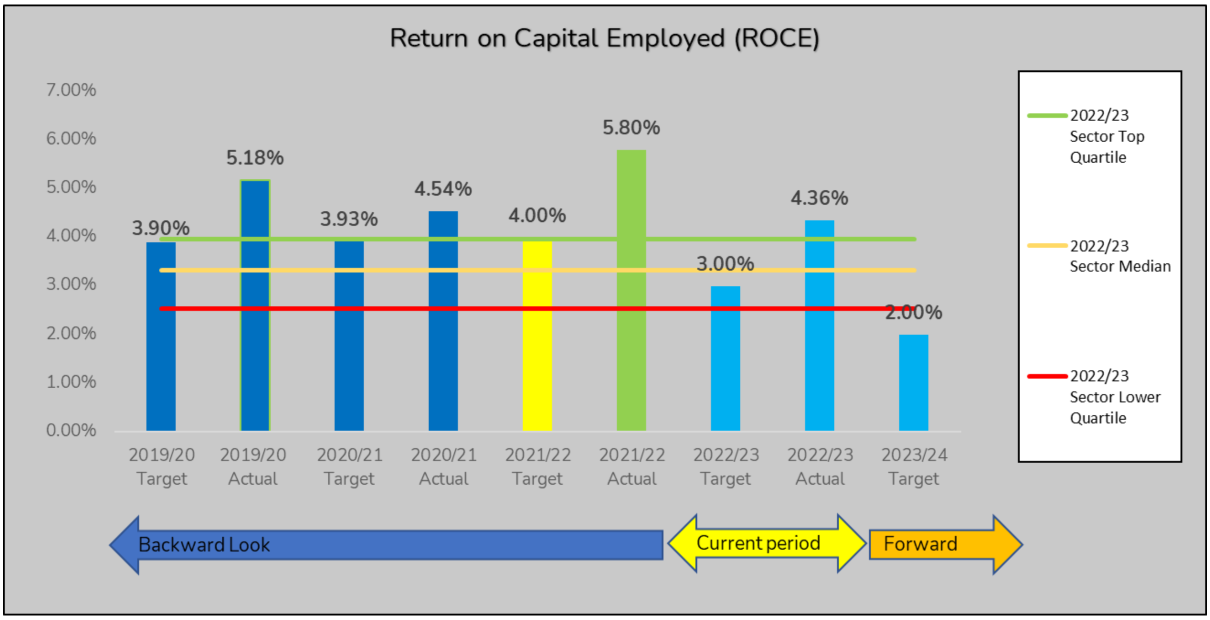


- **Interest Cover EBITDA MRI (as per RSH VFM metrics calculation)**

Our interest cover for target for 2022/23 was >138%. We achieved 123% which is lower than target mainly due to an increase in interest costs following the early repayment of two tranches of fixed rate loans that was not included when the budget was set. The target for 2023/24 is low as we have a carve out agreed allowing us to do more major repairs. This carve out is not reflected in the RSH VFM definition. Our interest cover forecast, including the carve out, is 128%.



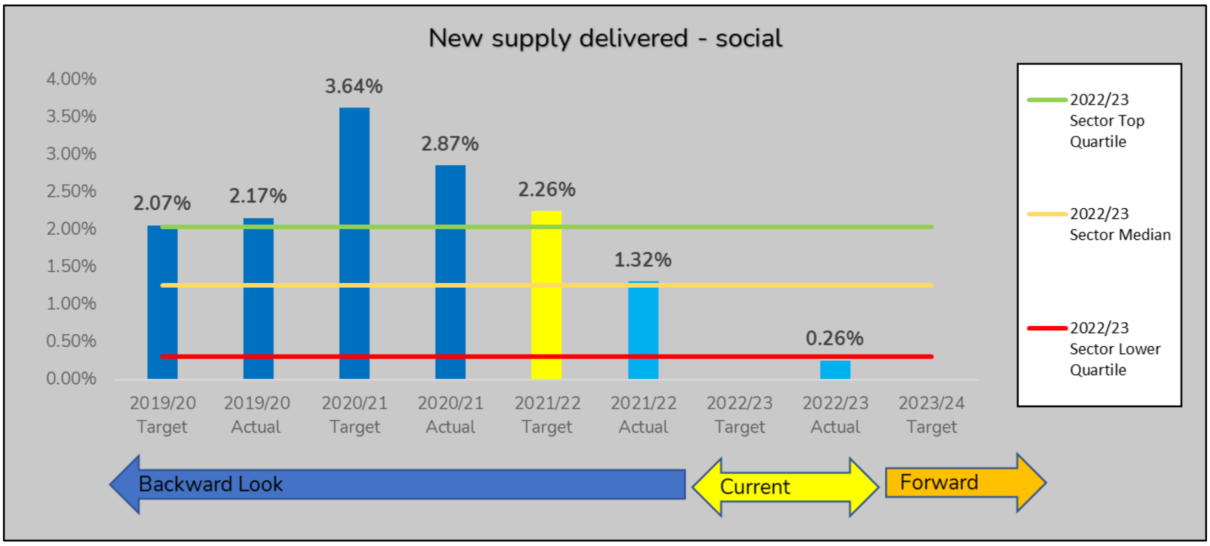
- **Return on Capital Employed**



Return of capital employed was lower than 2021/22 due to a reduction in operating surplus and surplus on sales however we did exceed our target for the year.

- **New supply delivered (Social only)**

During 2022/23 we delivered a 0.26% increase in our stock numbers, lower quartile within the peer group, This was as expected as our development programmed slowed with the focus on investment in our existing homes. We have not set a target for 2023/24 but anticipate 31 new homes will be delivered.



Other KPI's

Income Management

Indicator	2022/23 Target	2022/23 Actual	Target 2023/24
Current tenant arrears as a % annual rent debit net of Housing Benefit	2.50%	2.05%	2.50%

Current tenant arrears have increased from the historic low of 1.85% at the end of 2021/22 but remain below the 2.5% target for the year. High inflation and the cost of living crisis have impacted our customers and cost base.

Property and Neighbourhood Services

Indicator	2022/23 Target	2022/2023 Actual	Target 2023/24
% dwellings with a valid gas safety certificate[1]	100%	99.83%	100%
Repairs completed at first visit as % repairs completed	93%	94.87%	94%
Emergency Repairs completed in target as % repairs complete	99%	99.11%	99%
Dwellings with a satisfactory EICR within last 5 years[2]	100%	94.02%	100%
Actions resulting from Fire Risk Assessments resolved within timescales[3]	100%	38.75%	100%
Average days taken to complete routine repairs[4]	21	24.90	21
% of rent loss due to voids	0.58%	0.62%	0.58%
Average re-let time of properties[5]	25 days	31.07 days	28 days

[1]At the end of March 2023 there were 8 overdue gas safety certificates representing the highest compliance since May 2022. Our in-house service, Greatwell Heating, was mobilised in the year providing greater control over both performance and customer satisfaction.

[2]Contractor performance has impacted EICR rates. Weekly meetings are now taking place to monitor performance and the contractor has committed additional resources.

[3]Large numbers of Fire Risk Assessments were due in 2022/23 leading to high volumes of remedial works. All priority 1 and 2 works have been completed. The back log of outstanding works, which are mainly priority 4 and 5, are due to be completed by July 2023 and work is underway to remove annual peaks and troughs in relation to FRAs to avoid excessive numbers becoming due in the same year.

[4]Issues with materials supplies impacted the average days taken to complete routine repairs with the target of 21 being exceeded.

[5]Our Land and Property Disposal Policy enables us to consider disposal of a property when it becomes vacant if there is low demand and it is not economically viable to invest or if any of the following other criteria apply:

- The land/property has no clear potential to meet current or future housing and/or service delivery needs or for strategic development purposes.
- The income generated is not equivalent to that which could be achieved by disposal and subsequent investment of the capital receipt.
- The disposal may allow for estate redesign and layout issues to be addressed.
- The sale of the land would generate a financial return and has limited or no alternative use value and would not prejudice current and or future use of neighbouring land or property by Greatwell Homes.

Staff

Indicator	2022/23 Target	2022/23 Actual	2023/24 Target
Average no of sick days per employee	8.5	5.96	8
All staff turnover in the year	20%	22.65%	20%

Turnover has consistently decreased over the past 12 months as our staffing levels have stabilized following the Covid-19 pandemic which led to a hybrid way of working. Sick days came in at a near record low, partly due to decreases in long-term sickness.

Customer

Indicator	2022/23 Target	2022/23 Actual	2023/24 Target
Satisfaction with complaint handling	85%	97.37%	90%
Percentage of customers satisfied with their last repair	93%	93.95%	94%
Satisfaction with handling of ASB case[1]	80%	64%	70%
Number of services changed, withdrawn, and implemented because of customer feedback[2]	15	20	16
Percentage increase in customers using online services[3]	15%	17.09%	250 (No.)

[1]Customer satisfaction with our handling of anti-social behaviour cases did not meet target. For 2023/24 the Board have approved a revised target of 70% which is higher than the current sector median performance.

[2]During 2022-23 as a direct result of both formal and informal customer feedback, 20 service changes were made and these included:

- Introduction of a new communal cleaning satisfaction survey to inform service improvements, using feedback to target specific geographic locations of the service.
- Cleaning standard to be displayed within blocks and independent living schemes to ensure customers have clarity of service standard.
- Home Improvement Request Procedure format amended to allow to be used on mobile devices.
- Introduction of £100 grant for Independent Living projects on community and wellbeing
- New Neighbourhood Management Policy co-designed with customers

To further build on this work, our Customer Voice Framework has been embedded within the organisation to capture all elements of the customer voice. The framework provides a structured approach on how we capture and analyse this information and more importantly what we then do with it. It ensures our services continue to be improved to meet the needs of our customers and offer value for money.

[3]As more customers sign up to use online services it becomes more difficult each year to out perform the previous year hence the reduction in target to 15% which was exceeded and setting a number rather than percentage target for 2023/24.

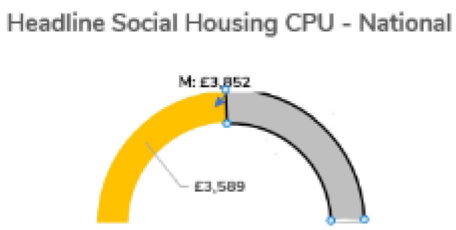
Value for Money Peer Group Comparison

In this section we benchmark our KPI performance with our peers. The information in this section relates to 2021/22 as this is the latest information available for benchmarking. A comparison against our peer group for 2022/23 will appear in the financial statements for 2023/24.

Regulator of Social Housing VFM Metrics

Indicator	2021/22 Target	2021/22 Actual	Peer group comparison – quartile position
Unit cost	<£3,491	£3,589	1st
Reinvestment percentage	>9%	7.69%	2nd
Gearing percentage	<38%	33.86%	2nd
Return on capital employed (ROCE)	>4%	5.67%	2nd
New supply delivered % (Social only)	2.26%	1.32%	2nd
New supply delivered % (Non-Social)	N/A	0.65%	1st
Operating Margin Social Housing Lettings	N/A	23.63%	4th
Overall Operating Margin	>20%	30.57%	1st
Interest Cover EBITDA (MRI) (as per RSH VFM metrics calculation)	>177%	284.48%	1st

Headline Social Housing Cost
Our total Cost per Unit (CPU) in 2021/22 was £3,589 which increased from £3,392 in 2020/21. This is lower than the median of Housing Associations across the country. Our costs will increase as we are delivering more planned works and major improvements and also due to inflation



Housemark HA and peer group
When comparing ourselves to 78 peers using Housemark data, our overall headline costs were lower than the median in 2021/22

Social housing cost per unit breakdown by activity

Breaking this down further shows our social housing cost by service activity.

Social Housing Cost per Unit	Total	Housing Management	Maintenance	Major Repairs	Service Charges	All Others
2021/22 Result	£3,589	£1,192	£1,011	£321	£99	£966
2021/22 Quartile	1st	2nd	1st	2nd	1st	2nd
2021/22 Peer Group Median	£3,671	£1,169	£1,022	£270	£103	£1,107
2022/23 Quartile	*Benchmarking information will be made available on our website later in the year*					

Although unit cost was higher than target, we still managed to fall within the first quartile in our peer group comparison which averaged at £3,671 in Quartile 1.

Other KPI's

Income Management

Indicator	2021/22 Target	2021/22 Actual	Peer group comparison – quartile position*
Current tenant arrears as a % annual rent debit net of Housing Benefit	3%	1.85%	**2nd**

Property and Neighbourhood Services

Indicator	2021/22 Target	2021/22 Actual	Peer group comparison – quartile position
% dwellings with a valid gas safety certificate	100%	99.94%	3rd
Repairs completed at first visit as % repairs completed	93%	94.75%	N/A
Emergency Repairs completed in target as % repairs complete	98%	99%	N/A
Percentage of completed electrical installation condition reports (EICR)	100%	98.7%	N/A
% of rent loss due to voids	0.73%	0.58%	3rd
Average re-let time of properties	32 days	26.25 days	N/A

We ended the year in a much better position than the year before, with the majority of the Covid-19 backlog cleared. However, where we missed our targets, this was due to non-access issues partly due to Covid-19. Despite the challenges, and backlog, that COVID-19 presented we improved compared to the previous year.

Value for Money Assessment continued

Staff

Indicator	2021/22 Target	2021/22 Actual	Peer group comparison – quartile position
Average no of sick days per employee	8.6	7.86	1st
All staff turnover in the year	15%	27.33%	N/A

Customer

Indicator	2021/22 Target	2021/22 Actual	Peer group comparison – quartile position
Satisfaction with complaint handling	85%	96.43%	N/A
Percentage of customers satisfied with their last repair	92%	93.36%	1st
Number of services changed, withdrawn, and implemented because of customer feedback	15	23	N/A
Percentage increase in customers using online services	25%	22.30%	N/A

The biggest reason, which accounted for over a quarter of voluntary staff turnover cases, was people looking to change their career. Both the increase in turnover, and *career change* being the biggest factor in that increase, are in line with what has been mirrored both in the wider housing sector and beyond, something which has been dubbed "the great resignation" in the media. HR consultants put this down to a combination of pent-up workforce movement following 12-18 months where job stability became scarce in many sectors, and a shift in mindset as people re-evaluate their lives in a post pandemic world.

Percentage increase in customers using online services target was missed due to a combination of the historical 25% target being less achievable year on year. The target set for 2022/23 was reflective of this.

Value for Money Assessment continued

Value for Money savings and efficiencies

During the year we made the following efficiency gains against a Board approved target of £100k for on-going savings:

Quarter	Service	Saving/ Efficiency	On-going saving	One-off saving	Comment
Q1 2022/23	Housing Associations' Legal Alliance (HALA) and Procurement savings	Legal Services Training	- -	£10.4k £0.2k	HALA membership
Q2 2022/23	HALA savings Procurement	Legal Services Cyclical Decorations	- £383k	£1.1k -	From HALA membership New Contractor
Q3 2022/23	Business Improvement Treasury Finance	Vacant Post Net interest Savings VAT PESM	£65k - -	- £100k £187k	Resource no longer required Repayment from surplus cash Refund following 4 year review
Q4 2022/23	HALA savings	Legal Services Training	- -	£14.1k £1.5k	From HALA membership
Total			**£448k**	**£314.3k**	

Value for Money Assessment continued

Future Prospects

2023/24 will be year 2 of our Live Greatwell Corporate plan where we will be looking to deliver actions identified in our four Live Greatwell strategies. There are a total of 67 actions as outlined below:

Strategy	Business Unit	Action
Live Green	Corporate Services	• Work towards achieving IiE Silver accreditation • Identify and deliver projects to aid IiE accreditation • Raise awareness of energy efficiency funding schemes
	Customer Excellence	• Increase customer awareness and engagement • Monitor referrals to Care & Repair and energy providers • Identify projects to increase recycling/enhance biodiversity • Explore training and employment opportunities with green sector
	Finance, Treasury & IT	• Switch energy providers for communal electricity • Include requirements for employing local people in procurement policy
	Housing and Neighbourhood Services	• Phase 3 – implement furniture recycling project on voids
	Property Investment, Sales and Lettings	• Plan and deliver a pilot retrofit at Charles Robinson Court • Monitor/evaluate effectiveness of investment in voids pilot • Monitor delivery of energy saving improvements • Explore potential funding programmes • Investigate installation of solar panels on blocks • Collection of EPC data for our existing stock • Assess EPC ratings for our properties • Review specification for planned improvements • Revise spec to include low carbon heating alternatives • Ensure all new properties developed have an EPC rating of B
	Property Services and Compliance	• Achieve 39% electric vehicles in our fleet by 2025 • Identify contractors to support bringing our properties up to EPC C
Live Happy	Corporate Services	• Use data to shape service deliver • Improvements to customer portal and website • Monitor internal promotions and development opportunities • Develop and implement a leadership development programme • Review our Future Working Principles • Review annualised hours for Greatwell Works and Places • Review our pension offer to employees • Introduce a formal apprenticeship plan • Conduct an annual staff survey • Comprehensive stakeholder mapping and management exercise • Gather the views of under represented groups

	Customer Excellence	• Monitor/learn from customer complaints satisfaction surveys • Prepare for changes to Consumer Standards: Engagement and Accountability • Prepare for changes to Consumer Standards: Transparency • Review of the governance structure
	Housing and Neighbourhood Services	• Deliver a bespoke customer assistance fund • Evaluate results/benefits of hardship fund on customer wellbeing • Prepare for changes to Consumer Standards: Tenancy • Prepare for changes to Consumer Standards: Neighbourhoods
	Property Services and Compliance	• Prepare for changes to Consumer Standards: Safety and Quality
Live Proud	Customer Excellence	• Demonstrate value of feedback via customer voice framework • Deliver two co-creation exercises with customers
	Housing and Neighbourhood Services	• Revise the way we design future environmental improvements • Implement the agreed number of community led initiatives • Deliver furnished tenancies pilot scheme • Improve our response to crime, ASB and domestic abuse • Use the co-created metrics to validate our role as a placeshaper • Complete accreditation process for Domestic Abuse Housing Alliance (DAHA)
	Property Investment, Sales and Lettings	• Deliver phase 2 of environmental improvements programme • Develop new independent living scheme at Hearnden Court site
Live Safe	Property Investment, Sales and Lettings	• Complete 20% of stock condition surveys • Create and deliver an annual programme of cyclical works • Create and deliver an annual programme of planned works • Work towards 40/40/20 split by end of Live Greatwell • Ensure adherence to the future building standard • Develop options for poorly performing properties • Work with Rentplus on new build housing sites
	Property Services and Compliance	• Implement new ways of managing void repairs • Make better us of technology to improve repairs service • Improve repairs tracking for customers via customer portal • Pilot and evaluate enhancements to our service offer • Explore apprenticeships • Assess outcomes from Decent Homes 2 standard review and regulatory home standard • Pilot investment in void properties to get zero carbon ready

		• Invest in void properties to achieve EPC C rating or above

As well as the Live Greatwell actions as detailed above there are also 11 resource intensive business as usual actions.

As we progress with our Live Greatwell corporate plan we will introduce the following additional KPI's as outlined in our Finance and Value for Money Strategy:

- Social value created in procurement
- Environmental impact in procurement
- Social Return on Investment
- Customer satisfaction with
- Average NPV of stock

We will continue to remain flexible and adjust our plans to deal with challenges and take advantage of opportunities as they arise.

Value for Money conclusion

Value for money is more than just being low cost; it is about achieving better quality and a social return on investment. Delivering value for money helps us to achieve long term financial sustainability by:

- Operating within financial and contract regulations
- Ensuring every member of staff understands and contributes to value for money
- Monitoring the Regulator of Social Housing's VFM metrics
- Setting targets and monitoring Key Performance Indicators
- Use the Transforming our Future Programme to assess technology to help us work more efficiently
- Logging our VFM activity and setting targets for cashable savings

Board's Responsibilities in Respect of Financial Statements

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

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the association and of the Income and Expenditure for the period of account.

In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable accounting standards 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 association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Society Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It has general responsibility for taking reasonable steps to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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

Statement of Compliance

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in paragraph 4.7 of the 2018 SORP for Registered Social Housing Providers.

The Board's Strategic Report was approved on 27 July 2023 and signed on its behalf by:

John Lewis	**Julie Robinson**
Chair	**Company Secretary**

Report of the Independent Auditor

Opinion

We have audited the financial statements of Greatwell Homes Limited (the Association) for the year ended 31 March 2023 which comprise the Consolidated and Association Statement of Comprehensive Income, Consolidated and Association Statement of Financial Position, Consolidated and Association Statement of Changes in Equity (Reserves), Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2023 and of the Association's income and expenditure and the Association's income and expenditure for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's 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 Strategic Report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of 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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the Audit was Considered Capable of Detecting Irregularities, including Fraud

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

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

- We obtained an understanding of laws and regulations that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Group's activities and the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

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

Beever and Struthers

Beever and Struthers, Statutory Auditor
St George's House
215 Chester Road
Manchester
M15 4JE
Date: 29 September 2023

Greatwell Homes Limited - Statement of Comprehensive Income

	Notes	**Year Ended 31 Mar 2023 £'000**	Year Ended 31 Mar 2022 £'000
Turnover	2	**28,450**	**28,462**
Operating expenditure and Cost of Sales	2	**(22,945)**	**(21,089)**
Gain on disposal of fixed assets	5	**579**	**1,456**
Increase in valuation of investment properties	12	**431**	**1,326**
Operating surplus		**6,515**	**10,155**
Interest receivable	6	**244**	**4**
Interest payable and financing costs	6	**(4,910)**	**(3,096)**
Surplus before tax	7	**1,849**	**7,063**
Taxation		**0**	**0**
Surplus for the year after tax		**1,849**	**7,063**
Other comprehensive income			
Actuarial gain in respect of pension schemes	10	**1,378**	**1,965**
Total comprehensive income for the year		**3,227**	**9,028**

The financial statements on pages 46 to 50 were approved and authorised for issue by the Board on 27 July 2023 and were signed on its behalf by:

John Lewis Chair	Simon Brooksbank Vice Chair	Julie Robinson Company Secretary

Greatwell Homes Limited - Statement of Financial Position

	Notes	As at 31 Mar 2023 £'000	As at 31 Mar 2022 £'000
Fixed Assets			
Tangible fixed assets	11	**146,243**	**143,240**
Investment Properties	12	**8,480**	**8,049**
		154,723	**151,289**
Current Assets			
Stock	13	**467**	**642**
Trade and Other debtors	14	**1,730**	**1,634**
Investments	15	**30**	**30**
Cash and Cash equivalents	16	**9,161**	**30,342**
		11,388	**32,648**
Less Creditors: amounts falling due within one year	17	**(5,061)**	**(5,545)**
Net Current assets		**6,327**	**27,103**
Pension assets	10	**2,838**	**1,337**
Total assets less current liabilities		**163,888**	**179,729**
Creditors: amounts falling due after more than one year	18	**(72,254)**	**(91,346)**
Pension liabilities	10	**(801)**	(777)
Total net assets		**90,833**	**87,606**
Reserves			
Income and expenditure reserve		**90,833**	**87,606**
Non-equity share capital		**-**	**-**
Total Reserves		**90,833**	**87,606**

The financial statements on pages 46 to 50 were approved and authorised for issue by the Board on 27 July 2023 and were signed on its behalf by:

John Lewis Chair	Simon Brooksbank Vice Chair	Julie Robinson Company Secretary

The notes on pages 51 to 79 form an integral part of these accounts.

Greatwell Homes Limited - Statement of Changes in Reserves

	Income and Expenditure Reserve £'000
Balance as at 1 April 2021	**78,578**
Surplus/(deficit) for the year after tax	7,063
Other comprehensive income for the year	1,965
Balance as at 31 March 2022	**87,606**
Surplus/(deficit) for the year after tax	1,849
Other comprehensive income for the year	1,378
Balance as at 31 March 2023	**90,833**

The notes on pages 51 to 79 form an integral part of these accounts.

Greatwell Homes Limited - Statement of Cash flows

	Notes	Year ended 31-Mar-23 £'000	Year ended 31-Mar-22 £'000
Net cash generated from Operating Activities	note i	**9,099**	**13,342**
Cash flow from investing activities:			
Purchase of tangible fixed assets	11	**(7,867)**	**(7,727)**
Purchase of investment properties	12	**-**	**(1,275)**
Purchase of tangible fixed assets-Other	11	**(997)**	**(647)**
Proceeds from sale of tangible fixed assets-RTB/RTA	5	**2,179**	**3,280**
Proceeds from receipt of grants	19	**36**	**551**
		(6,649)	**(5,818)**
Cash flow from financing activities:			
Interest received	6	**244**	**4**
Interest paid	6	**(4,875)**	**(3,207)**
Loans Repaid	28	**(19,000)**	**-**
New long-term loan financing	28	**-**	**10,032**
Net cash inflow(outflow) from financing activities		**(23,631)**	**6,829**
Net change in cash and cash equivalents		**(21,181)**	**14,353**
Cash and cash equivalents at beginning of the year		**30,342**	**15,989**
Cash and cash equivalents at end of the year	16	**9,161**	**30,342**

The notes on pages 51 to 79 form an integral part of these accounts.

Consolidated statement of cash flow continued

Note i

	Notes	Year ended 31-Mar-23 £'000	Year ended 31-Mar-22 £'000
Cashflow from Operating activities			
Surplus for the year	SOCI	**1,849**	**7,063**
Adjustment for non-cash items:			
Depreciation of Tangible fixed assets	11	**4,955**	**4,425**
Decrease/(increase) in stock	13	**175**	**873**
(increase) in Trade and other debtors	14	**(96)**	**(304)**
(Decrease)/Increase in trade and other creditors	17 & 18	**(555)**	**1,296**
Pension costs less contributions payable	10	**(99)**	**231**
Carrying amount of tangible fixed assets disposals	11	**907**	**1,366**
(Gain) from adjustment in fair value of investment properties	12	**(431)**	**(1,328)**
Adjustments for investing or financing activities:			
Proceeds on disposal of tangible fixed asset	5	**(2,179)**	**(3,280)**
Government grants utilised in the year	19	**(93)**	**(92)**
Increase in investments	15	**0**	**0**
Interest payable	6	**4,910**	**3,096**
Interest received	6	**(244)**	**(4)**
Net cash generated from operating activities		9,099	13,342

The notes on pages 51 to 79 form an integral part of these accounts.

Greatwell Homes - Notes to the financial statements for the year ended 31 March 2023

Legal Status
Greatwell Homes Limited is incorporated in England and Wales under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Housing Association. The registered office is Unit 7 Midlands Business Units, Finedon Road, Wellingborough, NN8 4AD. Greatwell Home's principal activity is to provide social housing.

1. Principal Accounting Policies

Basis of Accounting
The Association's financial statements have been prepared in accordance with applicable United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018.

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 2022. The financial statements are prepared on the historical cost basis of accounting as modified by the revaluation of investments and are presented in sterling £'000 for the year ended 31 March 2023.

The Association's financial statements have been prepared in compliance with FRS 102. The Association meets the definition of a public benefit entity (PBE).

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Going concern
The Association's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. No significant concerns have been noted in the base case business plan updated for 2023/24 and therefore we consider it appropriate to continue to prepare the financial statements on a going concern basis.

Critical accounting judgements and key sources of estimation uncertainty
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

a. **Development expenditure**. The Association capitalises development expenditure in accordance with the accounting policy described on page 45. Initial capitalisation of costs is based on management's judgement that the development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

b. **Categorisation of housing properties**. The Association has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals. The Association has determined that market rented properties are investment properties.

c. **Impairment.** The Association considers whether indicators of impairment exist in relation to tangible assets. Indicators considered include external sources of information such as market value, market interest rates and returns on investment, actual or proposed changes to the technological, economic, or legal environment, obsolescence or damage to the asset, operational changes or internal reporting which indicates that the asset is performing worse than expected. The Association also considers expected future performance of the asset. See note 11 for more information. Any impairment loss is charged to the Statement of comprehensive Income.

Impairment is recognised where carrying value of a cash generating unit exceeds the higher of its net realisable value less costs to sell or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

Following a trigger for impairment, the Association performs impairment tests based on a fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arms-length transaction on similar cash generating units (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cashflow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Association as the existing property. The cash flows are derived from the business plan for the next 30 years and do not include restructuring activities that the Association is not yet permitted to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

The Association has identified a cash generating unit for impairment assessment purposes at a property scheme level. The Association has not identified any properties in the period with an impairment liability.

d. **Lease accounting**. Whether the risks and rewards of ownership in relation to individual leases indicator that it should be accounted as a finance lease or an operating lease. The carrying value of finance leases at 31 March 2023 was nil.

Other key sources of estimation and assumptions:

a. **Tangible fixed assets**. Other than investment properties, tangible fixed assets are depreciated over their useful economic lives considering residual values, where appropriate.
b. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The carrying value of tangible fixed assets at 31 March 2023 was £146.2m.

c. **Revaluation of investment properties**. The Association carries its investment properties at fair value, with changes in fair value being recognised in The Statement of Comprehensive Income. The Association engaged independent valuation specialists to determine fair value at the reported period date. The valuer used a valuation technique based on a discounted cashflow model. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long-term vacancy rate. The key assumptions used to determine the fair value of investment property are further explained in note 12. The carrying value of investment properties as at 31 March 2023 was £8m.

d. **Goodwill and other intangible assets**. The Association establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, regulatory, or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses. Where, in exceptional circumstances, the useful life of goodwill cannot be determined, the life will not exceed 10 years. The carrying value of goodwill and other intangible assets as at 31 March 2023 was nil.

e. **Intangible fixed assets**. Intangible fixed assets are amortised over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are considered.

f. **Pension and other post-employment benefits**. The costs of defined benefit pension plans and other post-employment benefits 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. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases, and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 10.

Turnover and revenue recognition
Turnover represents rental income receivable, amortised capital grant, revenue grants from Local Authorities and the Homes England, income from the sale of shared ownership and other properties developed for outright sale and other income.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. Supporting People Income is recognised under the contractual arrangements.

Sales of properties developed for outright sale are included in Turnover and Cost of Sales and are recognised on legal completion.

Support income and costs including Supporting People income and costs (SP)
Supporting People (SP) contract income received from Administering Authorities is accounted for as SP income in the Turnover as per note 2. The related support costs are matched against this income in the same note.
Support charges included in the rent are included in the Statement of Comprehensive Income from social housing lettings note 3 and matched against the relevant costs.

Service charges
Service charge income and costs are recognised on an accrual basis. The Association's variable service charges are on a scheme-by-scheme basis in full consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the Statement of Financial Position.

Where periodic expenditure is required, a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within long term creditors, this is referred to as a sinking fund.

Loan interest costs
Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

Loan finance issue costs
These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

Taxation
The tax expense for the period comprises current and deferred tax. Tax is recognised in The Statement of Comprehensive Income, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated based on tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Association's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits,
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met, and
- Where timing differences relate to interests in subsidiaries, associates and joint ventures and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair value of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Value Added Tax
The Association charges VAT on some of its income and can recover part of the VAT it incurs on expenditure. All amounts disclosed in the financial statements are inclusive of VAT to the extent that it is suffered by the Association and not recoverable.

Tangible fixed assets and depreciation

Housing Properties
Tangible fixed assets are stated at cost, less accumulated depreciation. Donated land/assets or assets acquired at below market value from a government source, i.e. local authority, are included as a liability in the Statement of Financial Position at the fair value less consideration paid.

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction. For mixed tenure housing properties, costs are allocated in the following way:

Freehold land and shared ownership properties are not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Association depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

UELs for identified components are as follows:

Component	Years
Adaptations	10
Bathroom	30
Electric Shower	15
Boilers	15
Communal Equipment	5
Electrical Wiring	30
Enveloping	50
Heating Systems	30
Kitchens	20
Lifts	25
Property	75
Roofs	60
Windows and Doors	20
Fire Doors	30
Air Cooler	15
Smoke/Heat/CO detectors	10
External works	30

The Association depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives which are as follows:

Component	Years
Fixtures, fittings, and equipment	3
IT Equipment	3
Estate capital improvements	30

Low cost home ownership properties
The costs of low-cost home ownership properties are split between current and tangible fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a tangible fixed asset and subsequent sales treated as sales of fixed assets/ property sales in operating profit.

Intangible fixed assets
Intangible assets are stated at cost, less accumulated amortisation. Amortisation is charged on a straight-line basis over the expected economic useful life of the asset as follows:

Capitalisation of interest and administration costs
Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress.

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

Leasing and hire purchase

Where assets are financed by hire purchase contracts and leasing agreements that give rights approximating to ownership (finance leases), they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor in creditors. They are depreciated over the shorter of the lease term and their economic useful lives.

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

Other leases are treated as operating leases and payments are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to Statement of Comprehensive Income over the term of the lease.

Investment property

Investment property includes commercial and other properties not held for social benefit of the Association. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted, if necessary for any difference in the nature, location, or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income. There are no restrictions on realisation or remittance of income or disposal proceeds.

Current asset investments

Current asset investments include cash and cash equivalents invested for periods of more than 24 hours. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the Statement of Comprehensive Income.

Stock and properties held for sale

Stocks of materials are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

Properties developed for outright sale are included in current assets as they are intended to be sold at the lower of cost or estimated selling price less costs to complete and sell.

At each reporting date, stock and properties held for sale are assessed for impairment. If there is evidence of impairment, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

Short-term debtors and creditors
Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenses.

Non-government grants
Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as Turnover.

Social Housing Grant (SHG) and other government grants
Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHG received for items of cost written off in the Statement of Comprehensive Income Account is included as part of Turnover.

When SHG in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Recycling of Capital Grant
Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties. Where recycled grant is known to be repayable it is shown as a creditor within one year.

Retirement benefits
The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

Provisions
Provisions are recognised when the Association has an obligation at the reporting date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Provisions for cyclical maintenance or major works to existing stock are not made unless they represent commitments or obligations at the Statement of Financial Position date where there is no discretion to avoid or delay the expenditure.

The Association makes a provision for rental arrears, which are considered to be non-recoverable. The full value of former tenant debt is provided for. The provision for current tenant debt is calculated based upon the value of the debt.

Financial Instruments
Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through the Statement of Comprehensive Income, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

- Debt instruments that meet the conditions in paragraph 11.8(b) or 11.8(bA) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.
- Commitments to receive or make a loan to another entity which meet the conditions in para 11.8(c) of FRS 102 are measured at cost less impairment.
- Investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are measured at:
    - Fair value with changes in fair value recognised in the Statement of Comprehensive Income if the shares are publicly traded or their value can otherwise be measured reliably, and
    - At cost less, impairment for all other such investments.

Financial instruments held by the Association are classified as follows:

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method.
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method.
- Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method.
- Commitments to receive or make a loan to another entity which meet the conditions above are held at cost less impairment.
- An investment in another entity's equity instruments other than non-convertible preference shares and non-puttable ordinary and preference shares are held at fair value.
- Derivatives such as interest rate swaps are classified as financial assets or financial liabilities at fair value.

Financial assets and financial liabilities at fair value are classified using the following fair value hierarchy:

a) The best evidence of fair value is a quoted price in an active market.
b) When quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted to reflect any circumstances specific to the sale, such as a distress sale, if appropriate.

c) Where there is no active market or recent transactions then a valuation technique is used to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

Loans
All loans held by the Association are classified as basic financial instruments in accordance with FRS 102. They are measured at transaction price plus transaction costs initially, and subsequently at amortised cost using the effective interest rate method. Loans repayable within one year are not discounted.

Impairment of Financial Assets
Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately.

The following financial instruments are assessed individually for impairment:

a) All equity instruments regardless of significance; and
b) Other financial assets that are individually significant.

Other financial instruments are assessed for impairment either individually or grouped based on similar credit risk characteristics.

An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:

a) For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.
b) For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in the Statement of Comprehensive Income immediately.

2 Particulars of Turnover, cost of sales, operating expenditure, and operating surplus

	2023				
	Turnover	Cost of Sales	Operating Expenditure	Additional items	Operating Surplus
	£'000	£'000	£'000		£'000
Social Housing lettings (note 3a)	25,224	-	(21,074)		4,150
Other social housing activities					
First Tranche low cost home ownership sales	1,368	(810)	-		558
Charges for support services	114	-	(298)		(184)
VAT shelter Income	648	-	(408)		240
Activities other than social housing					
Lettings (note 3b)	1,096	-	(355)		741
Other					
Gain on disposal of fixed assets				579	579
Increase / (decrease) in valuation of investments				431	431
Total	**28,450**	**(810)**	**(22,135)**	**1,010**	**6,515**

	2022				
	Turnover	Cost of Sales	Operating Expenditure	Additional items	Operating Surplus
	£'000	£'000	£'000		£'000
Social Housing lettings (note 3a)	23,686		(18,089)		5,597
Other social housing activities					
First Tranche low cost home ownership sales	3,139	(2,163)			976
Charges for support services	116		(240)		(124)
VAT shelter Income	483		(154)		329
Activities other than social housing					
Lettings (note 3b)	1,038		(443)		595
Other					
Gain on disposal of fixed assets				1,456	1,456
Increase / (decrease) in valuation of investments				1,326	1,326
Total	**28,462**	**(2,163)**	**(18,926)**	**2,782**	**10,155**

3a. Particulars of turnover and operating expenditure from social housing lettings

	General Housing	Supported Housing And Housing For Older People	Low Cost Home Owner ship	Other	Total 2023	Total 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Rent receivable net of identifiable service charges and net of voids	21,813	1,075	1,752	-	**24,641**	**23,254**
Service charge Income	245	217	28	-	**490**	**340**
Amortised government grants	93	-	-	-	**93**	**92**
Total Turnover from Social Housing Lettings	22,151	1,292	1,781	-	**25,224**	**23,686**
Operating expenditure						
Management	6,043	310	622	-	**6,975**	**5,988**
Service charge costs	353	397	3	-	**753**	**497**
Routine Maintenance	5,933	241	-	-	**6,174**	**5,006**
Planned Maintenance	649	15	-	-	**664**	**729**
Major Repairs expenditure	-	-	-	1,864	**1,864**	**1,568**
Bad Debt	197	-	-	-	**197**	**109**
Dep'n of Hsg Properties	3,645	306	-	-	**3,951**	**3,705**
Lease Costs	355	28	2	111	**496**	**487**
Total Operating Expenditure on Social Housing Lettings	17,175	1,297	627	1,975	**21,074**	**18,089**
Operating Surplus/(deficit) on Social Housing Lettings	4,976	(5)	1,154	(1,975)	**4,150**	**5,597**
Void Losses	130	10	6	-	**146**	**241**

3b. Turnover from activities other than social housing

	2023	2022
	£'000	£'000
Lettings		
Market Rent	**305**	266
Garages	**791**	772
Other	**1,096**	1,038

4. Accommodation owned, managed and in development

	2023		2022	
	No. of properties		No. of properties	
	Owned	Managed	Owned	Managed
Social Housing				
Under development at end of year:				
General needs housing social rent	-	-	2	-
General needs housing affordable rent	-	-	7	-
Supported housing	-	-	-	-
Intermediate rent	-	53	-	17
Market Rent	-	-	-	-
Low-cost home ownership	-	-	4	-
	-	53	13	17
Under management at end of year:				
General needs housing social rent	4,076	-	4,097	-
General needs housing affordable rent	461	-	455	-
Supported housing	248	-	245	-
Housing for older people	-	-	-	-
Intermediate rent	44	74	44	75
Low-cost home ownership	249	-	248	-
	5,078	74	5,089	75
At the beginning of the year	5,089	75	5,022	67
Increase / (decrease) in units	(11)	(1)	67	8
At the end of the year	5,078	74	5,089	75
Non-Social Housing				
Under management at end of year:				
Market rented	33	-	33	-
Total	5,111	74	5,122	75

5. Gain on disposal of property, plant and equipment (fixed assets)

	Right to Buy/Acquire	Shared Ownership Staircasing	Other	2023	2022
	£000	**£000**	**£000**	**£000**	£000
Proceeds of sales	1,041	408	730	**2,179**	3,280
Less: Costs of sales	(118)	(214)	(580)	**(912)**	(981)
Less: Clawback payable NNC	(688)	-	-	**(688)**	(843)
	235	**194**	150	**579**	1,456

6. Net Interest

	2023	2022
	£'000	£'000
Interest receivable and similar income		
On financial assets measured at amortised cost:		
Interest receivable from current accounts	**244**	4
	244	4

	2023	2022
	£'000	£'000
Interest payable and financing costs		
On financial liabilities measured at amortised cost:		
On loans repayable within five years	**1,390**	115

On loans wholly or partly repayable in more than five years	**2,008**	3,093
Break costs payable on the early repayment of fixed rate debt	**1,527**	-
Grant received towards costs	**(22)**	(22)
Costs associated with financing	**22**	22
	4,925	3,208
On defined benefit pension scheme		
Expected return on plan assets LGPS	**(254)**	(179)
Expected return on plan assets SHPS	**(174)**	(115)
Interest on scheme liabilities LGPS	**220**	171
Interest on scheme liabilities SHPS	**193**	152
On financial liabilities measured at fair value		
Fair value loss on derivative financial instruments	**-**	**-**
Less: Interest capitalised on housing properties under construction	**-**	**(141)**
	4,910	**3,096**

Surplus on ordinary activities

	2023	2022
	£'000	£'000
The operating surplus is stated after charging: -		
Auditors' remuneration (excluding VAT):		
Audit of financial statements	**21**	21
Operating lease rentals:		
- Vehicles	**436**	250
- Land and Buildings	**253**	71
- Office equipment	**-**	7
Depreciation of housing properties	**3,951**	3,818
Depreciation of other fixed assets	**1,003**	607

8 Key management personnel remuneration

Key management personnel comprise the executive and non executive directors. Total remuneration amounted to £664k.

Remuneration for executive directors for the year ended 31 March 2023:

2023	2023	2023	**2023**	2022
Basic Salary £000	Benefit in Kind £000	Emp'er Pension £000	**Total £000**	Total £000
501.1	2.2	76.6	**579.9**	**546.3**

Denise Lewis was the highest paid executive in the period to 31 March 2023 as a result of pay in lieu of notice and termination benefits due to the contract of employment ending on 30 June 2023. Denise was a member of the SHPS defined benefit pension scheme, the details of which are reported in note 10. There were no enhanced benefits to her pension contributions.

Members of the Board

Non executive Board member remuneration for the year ended 31 March 2023:

Name	**2023** Salary £'000	**2023** Benefits in Kind £'000	**2023** E'er Pen £'000	**2023** E'er NIC £'000	**2023** Total £'000	2022 Total £'000
John Lewis – Chair	-	-	-	-	**-**	**0.1**
Simon Brooksbank – Vice Chair	7.2	-	-	-	**7.2**	**6.6**
Martin Wheatley – (until 15 September 2022)	3.9	-	-	-	**3.9**	**6.1**
John Welch – Audit & Risk Chair (until 16 September 2021)	-	-	-	-	**-**	**3.3**
Cheryl Armatrading	5.0	-	-	-	**5.0**	**4.5**
Martin Lord	5.0	-	-	-	**5.0**	**4.5**
David Beale	5.0	-	-	-	**5.0**	**4.5**
Mona Shah – Chair ARC	7.4	-	-	-	**7.4**	**5.5**
Gurmeet Virdi	5.0	-	-	-	**5.0**	**2.4**
Kevin Edwards	5.0	-	-	-	**5.0**	**4.6**
Jo Robinson – Chair BEP	5.8	-	-	-	**5.8**	**4.6**
Helen McGregor (from 15 September 2022)	2.1	-	-	-	**2.1**	**-**
	51.4	**-**	**-**	**-**	**51.4**	**46.7**

John Lewis has elected not to receive remuneration.

9. Employee information

The average number of persons employed during the year expressed in full time equivalents (37 hours per week) was:

	2023 No.	2022 No.
Office Staff	**119**	110
Repairs and maintenance	**37**	15
Independent Living staff, caretakers, and cleaners	**20**	28
	176	153

9. Employee Information continued

	2023	2022
	£'000	£'000
Staff costs:		
Wages and salaries	**6,641**	**5,391**
Social security costs	**711**	**545**
Other pension costs	**829**	**544**
	8,181	**6,480**

Aggregate number of full-time equivalent staff whose remuneration (including, salary, bonuses, allowances, employer NIC pension contributions and compensation for loss of office) exceeded £60,000 in the period:

	2023	2022
	No.	No.
£60,000 - £70,000	7	7
£70,000 - £80,000	2	0
£80,000 - £90,000	2	2
£90,000 - £100,000	1	2
£100,000 - £110,000	1	2
£110,000-£120,000	-	-
£120,000 - £130,000	-	-
£130,000 - £140,000	-	-
£140,000 - £150,000	-	-
£150,000 - £160,000	-	1
£160,000 - £170,000	-	1
£170,000 - £180,000	1	-
£180,000 - £190,000	-	1
£190,000 - £200,000	1	-
£200,000 - £210,000	1	-

10 Pension obligations

Greatwell Homes participates in two schemes, the Social Housing Pension Scheme (SHPS), and the Northamptonshire County Council Pension Fund (LGPS). Both schemes are multi-employer defined benefit schemes. The schemes are funded and were contracted out of the state scheme until 6 April 2016. In addition the Association also particpates in the SHPS defined contribution scheme.

Social Housing Pension Scheme
The Association participates in the Social Housing Pension Sceme("SHPS"), a defined benefit multi-employer scheme administered by TPT retirement solutions("TPT". The accounting policy in relation to SHPS is set out in page XX.

Principal Actuarial Assumptions
The following information is based upon an actuarial valuation of the fund at 31 March 2021 by a qualified independent actuary.

	SHPS		**LGPS**	
	2023	2022	**2023**	2022
	% per annum	% per annum		
Rate of Increase in salaries	**3.81**	3.87	**3.5**	2.4
Rate of Increase for pensions in payment/inflation			**3**	1.9
Discount rate for scheme liabilities	**4.83**	2.78	**4.75**	2.3
Inflation assumption (CPI)	**2.81**	3.13		1.9
Commutation of pensions to lump sums			**50/75**	50/75

The current mortality assumptions include ehough allowance for future improvements in mortality rates.
The assumed life expectations on retirement age 65 are:

	At 31 Mar 2023	At 31 Mar 2022	**At 31 Mar 2023**	At 31 Mar 2022
	years	years	**years**	years
Retiring in 2023				
Males	**21**	21.1	**20.7**	21.5
Females	**23.4**	23.7	**24.3**	23.7
Retiring in 20 years				
Males	**22.2**	22.4	**23.5**	22.3
Females	**24.9**	25.2	**25.9**	25.1

Analysis of the amount charged to operating expenditure in the statement of comprehensive income

	At 31 Mar 2023	At 31 Mar 2022	**At 31 Mar 2023**	At 31 Mar 2022
	£'000	£'000	**£'000**	£'000
Employer Contribution	**491**	374	**0**	0
Employer service cost(net of employee contributions)	**(215)**	(411)	**(186)**	(209)
Past service cost	**0**	0	**0**	0
	276	(37)	**-186**	(209)
Analysis of pension finance income/(costs)				
Expected return on pension scheme assets	**175**	115	**254**	179
Interest on pension liabilities	**(193)**	(152)	**(220)**	(171)
Amounts (charged)/credited to financing costs	**(18)**	(37)	**34**	8

10 Pension obligations continued

Amount of gains and losses recognised in the Statement of cComprehensive Income	**At 31 Mar 2023 £'000**	At 31 Mar 2022 £'000	**At 31 Mar 2023 £'000**	At 31 Mar 2022 £'000
Actuarial gains/(losses) on pension scheme asset	**-742**	1391	**(394)**	406
Actuarial gains/(losses) on pension scheme liabilities	**460**	(442)	**2,026**	610
	(282)	949	**1,632**	1,016

Movement in surplus/(deficit) during year	**At 31 Mar 2023 £'000**	At 31 Mar 2022 £'000	**At 31 Mar 2023 £'000**	At 31 Mar 2022 £'000
Surplus / (deficit) in scheme at 1 April	**(777)**	(1,652)	**1,337**	507
Movement in year:				
Employer service cost (net of employee contributions)	**(215)**	(411)	**(186)**	(209)
Employer contributions	**491**	374	**21**	15
Past Service cost	**0**	0	**0**	0
Net interest/return on assets	**(18)**	(37)	**34**	8
Remeasurements	**(282)**	949	**1,632**	1,016
(deficit)/Surplus in scheme at 31 March	**(801)**	(777)	**2,838**	1,337

Asset and Liability Reconciliation

Reconciliation of Liabilities:	**At 31 Mar 2023 £'000**	At 31 Mar 2022 £'000	**At 31 Mar 2023 £'000**	At 31 Mar 2022 £'000
Liabilities at start of period	**6,858**	6,603	**8,147**	8,508
Service cost	**215**	411	**186**	209
Interest cost	**193**	152	**220**	171
Employee contributions	**13**	93	**30**	30
Benefits paid	**(74)**	(30)	**(199)**	(161)
Past Service cost		0	**0**	0
Actuarial (gain)/loss	**(2,801)**	(371)	**(2,026)**	(610)
Liabilities at end of period	**4,404**	6,858	**6,358**	8,147
Reconciliation of Assets:				
Assets at start of period	**6,081**	4,951	**9,484**	9,015
Return on plan assets	**(3,083)**	578	**0**	0
Interest return on plan assets	**175**	115	**254**	179
Remeasurement	**0**	0	**(394)**	406
Employer contribution	**491**	374	**21**	15
Employee contribution	**13**	93	**30**	30
Benefits paid	**(74)**	(30)	**(199)**	(161)
	3,603	6,081	**9,196**	9,484
	(801)	777	**2,838**	1,337

11. Tangible fixed assets

	Housing Properties								
	Social Housing Properties for Letting Completed £'000	Social Housing Properties for letting under Construction £'000	Low cost home ownership properties Completed (LCHO) £'000	Low cost home ownership properties under Construction £'000	Housing Estates £'000	Estates WIP £'000	**Total Housing Properties £'000**	Furniture and Office equipment £'000	**Total fixed assets £'000**
Cost									
At start of the year	146,995	5,775	18,496	1,098	2,896	608	**175,868**	4,328	**180,196**
Additions to properties acquired	2,650	-	190	-	-	-	**2,841**	997	**3,838**
Works to existing properties	5,026	-	-	-	-	-	**5,026**	-	**5,026**
Transfer to/from WIP	1,205	(1,205)	1,000	(1,000)	608	(608)	**-**	-	**-**
Interest capitalised	-	-	-	-	-	-	**-**	-	**-**
Disposals	(766)	-	(214)	-	-	-	**(980)**	-	**(980)**
At end of year	155,111	4,570	19,472	98	3,504	-	**182,755**	5,325	**188,080**
Depreciation and impairment									
At start of the year	(33,139)	-	-	-	(34)	-	**(33,173)**	(3,782)	**(36,955)**
Charge for the year	(3,930)	-	-	-	(21)	-	**(3,951)**	(1,003)	**(4,955)**
Disposals	73	-	-	-	-	-	**73**	-	**73**
At end of year	(36,996)	-	-	-	(55)	-	**(37,051)**	(4,785)	**(41,837)**
Net Book Value at 31 March 2023	118,114	4,570	19,472	98	3,449	-	**145,703**	540	**146,243**
Net Book Value at 31 March 2022	113,856	5,775	18,496	1,098	2,861	608	**142,694**	546	**143,240**

11. Tangible fixed assets (continued)

	2023	2022
Housing Properties comprises:	**£'000**	£'000
Freehold land and Buildings	**145,685**	142,676
Long leasehold land and buildings	**18**	18
	145,703	142,694

Cost of properties include £138k (2022: £141k) for direct administrative costs capitalised during the year

	2023	2022
Works to existing properties in the year:	**£'000**	£'000
Improvement works capitalised	**5,026**	**3,704**

There were no capitalised interest costs in 2023 (2022: average interest on borrowings of 4.126% was used for calculating capitalised interest costs of £140k).

12. Investment properties held for letting

	2023	2022
	£'000	£'000
At start of year	**8,049**	5,446
Additions	**-**	1,275
Additions: Commercial Properties	**-**	-
Gain/(Loss) from adjustment in fair value	**431**	1,328
At end of year	**8,480**	8,049

Investment properties were valued at 31 March 2023 by Harwoods, professional qualified external valuers. The valuation of properties was undertaken in accordance with the Royal Institute of Chartered Surveyors Valuations Standards.

13. Stock

	2023	2022
	£'000	£'000
Shared Ownership properties:		
Completed	**-**	471
Work in Progress	**296**	-
Other materials stock held	**171**	171
	467	642

14. Trade and other debtors

	2023	2022
	£'000	£'000
Rent Arrears	1,309	1,137
Less: provision for bad debt	(782)	(705)
	527	432
Other debtors	422	442
Prepayment and accrued income	781	760
	1,730	1,634

Debtors are all due within one year.

15. Investments

	2023	2022
	£'000	£'000
Listed on a recognised investment exchange	30	30
	30	30

16. Cash and cash equivalents

	2023	2022
	£'000	£'000
Money Market Investment	-	-
Cash at Bank	9,161	30,342
	9,161	30,342

In the above are balances totalling £565k (2022: £635k) which are held in a sinking fund for tenants for service chargeable replacement costs.

17. Creditors: amounts falling due within one year.

	2023	2022
	£'000	£'000
Trade creditors	309	1,216
Rents and service charges paid in advance	1,066	1,204
Taxation and social security payable	276	201
Accruals and deferred income	2,629	1,989
Deferred Capital Grant (Note 19)	93	92
Other Creditors	688	843
	5,061	5,545

Other Creditors relates to the Right to Buy clawback payment due to North Northamptonshire Council (formerly the Borough Council of Wellingborough) due under the terms of the transfer agreement.

18. Creditors: amounts falling due after more than one year

	2023	2022
	£'000	£'000
Bank and other loans (note 29)	59,862	78,831
Deferred Capital Grant (Note 19)	11,540	11,628
Recycled Capital Grant Fund (Note 20)	287	252
Sinking fund	565	635
	72,254	91,346

Sinking fund creditor includes the £565k as part of cash in note 16 which includes a £12k year-end adjustment amount.

Loans are secured by housing properties, see note 29.

19. Deferred capital grant

	2023	2022
	£'000	£'000
At the start of the year	11,720	11,421
Grants received during the year:		
Housing properties	36	551
Land rationalisation stock	-	-
Grants recycled during the year:	(30)	(160)
Amortised Grant	(93)	(92)
At the end of the year	11,633	11,720
Due within one year	93	92
Due in more than one year	11,540	11,628
	11,633	11,720

20 Recycled capital grant fund

	2023	2022
Opening balance	252	158
Inputs to fund:		
Grant recycled	30	94
Interest accrued	5	-
Recycling of grant etc	-	
	287	252

21 Provision for liabilities and charges

In line with accounting policies a review has been undertaken of potential liabilities and charges. There are no disclosures to report.

22 Non-equity share capital

	2023	2022
Allotted Issued and Fully Paid:	**£**	£
At the start of the year	**10**	10
Issued during the year	**1**	1
Reduced in the year	**1**	1
At the end of the year	**10**	10

The par value of each share is £1. The shares do not have the right to any dividend or distribution in a winding -up and are not redeemable. Each share has full voting rights. All shares are fully paid.

23 Capital commitments

Tangible fixed assets/intangible fixed assets

	2023	2022
	£'000	£'000
Capital expenditure that has been contracted for but not been provided for in the financial statements	**-**	948
Capital expenditure that has been authorised by the Board but has not yet been contracted for	**37,619**	1,469
	37,619	2,417

The Association expects these commitments to be financed with:		
Social Housing Grant	**2,995**	36
Proceeds from the sale of properties	**5,697**	2,381

Committed loan facilities	**28,927**	-
	37,619	2,417

24 Capital commitments (continued)

The above figures include the full cost of shared ownership properties contracted for.

There are no performance conditions attached to the above commitments.

25 Other commitments

The Association had no other commitments as at 31 March 2023 that have not been disclosed elsewhere in these accounts.

26 Operating leases

	2023	2022
Land and Buildings	**£'000**	£'000
In one year or less	**287**	225
In one year or more but less than two years	**306**	248
In two years or more and less than five years	**744**	744
In five years or more	**890**	1,659
Others		
In one year or less	**234**	52
In one year or more but less than two years	**346**	22
In two years or more and less than five years	**468**	50
In five years or more	**-**	-
	3,275	3,000

27 Contingent liabilities

We have 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. 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.

28 Related parties

In accordance with FRS 102 Related Party Disclosures, Section 33.1A the Association has not disclosed transactions entered between two or more members of the Association, where each party to the transaction is 100% owned.

The Association entered the following related party transactions in the year ended 31 March 2022:

- The Board has one member who holds a tenancy agreement on normal terms and transactions are undertaken at an arm's length basis. Total rent charged to the Tenant Board member was £4,878 (2022: £4,686). There are no arrears on their tenancy at the reported period end £nil (2022: £nil).

29 Financial instruments and risk management

Greatwell Homes had total borrowing facilities of £115m at 31 March 2023 (2022: £125m) of which £55m (2022:£46m) were undrawn.

Lender Tranche/Series	**Total £000**	**Variable Rate**	**Fixed Rate**	**Maturity Date**
Barclays	10,000	-	6.00%	30.09.2026
Tranche B	10,000	-	4.34%	17.07.2025
Tranche C				
PIC				
Series A	10,000	-	3.343%	29.03.2058
Series B	10,000	-	3.373%	29.03.2057
Series C	10,000	-	3.454%	29.03.2053
Series D	10,000	-	3.421%	29.03.2058
Total Drawn	60,000			
Barclays				
Undrawn RCF	55,000			
Total Facilities	**115,000**			

The maturity profile of outstanding borrowing at 31 March 2023 was:

	2023 £'000	2022 £'000
Loans not repayable by Instalments:		
Within one year	-	-
in one year or more but less than two years	-	-
in two years or more and less than five years	**20,000**	29,000
in five years or more	**40,000**	50,000
Less loan issue cost	**(138)**	(169)
Total loans	**59,862**	78,831

29 Financial instruments and risk management continued

Refinancing risk is managed via the Treasury Management Policy ensuring that there is a minimum 12 months projected funding requirement in place.

The average cost of capital at 31 March 2023 was 3.98% (2021: 4.1256%).

All loans are secured by specific charges on individual housing properties.

Interest rate risk

Volatility of cash flows and interest payments in relation to interest rate risk is managed by limiting exposure to variable interest rate risk. The Treasury Management Policy approved by the Board states fixed rate loans shall be 65% or more of drawn funds to provide certainty on interest payments and manage interest rate risk.

Currency risk

We trade in and hold sterling balances so we are not exposed to any currency risks.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument fails to discharge an obligation. Credit risk guidance is part of the Treasury Management Policy which is approved by the Board each year.

Financial assets and liabilities

The Associations financial instruments may be analysed as follows:	**2023**	2022
Financial assets measured at historical costs:		
Trade receivables	**527**	432
Other receivables	**1,203**	1,202
Investments	**30**	30
Cash and cash equivalents	**9,161**	30,342
	10,921	32,006
Financial liabilities		
Financial liabilities measured at amortised cost		
Loans payable	**59,862**	78,831
Financial liabilities measured at historical cost		
Trade creditors	**1,375**	2,420
Other creditors	**13,449**	13,651
Accruals	**2,629**	1,989
	77,315	96,891

The book value of financial assets and liabilities at 31 March 2023 is deemed to equal fair value.

30. Post Balance Sheet events

There are no post balance sheet events to report.