ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2023

The Housing Plus Group Limited
Acton Court, Acton Gate, Stafford, ST18 9AP

Registration No. 30224R

CONTENTS

BOARD MEMBERS, EXECUTIVE OFFICERS, AUDITORS AND ADVISORS

Registered Office	Acton Court, Acton Gate, Stafford, ST18 9AP
The Housing Plus Group Limited	Registered Co-operative & Community Benefit Society No: 30224R Registered by the Regulator of Social Housing No: L4491
Internal Auditors	Beever and Struthers 20 Colmore Circus Queensway, Birmingham, B4 6AT
External Auditors	KPMG LLP Chartered Accountants and Statutory Auditors, One Snowhill, Birmingham, B4 6GH
Legal Advisers	Anthony Collins LLP 134 Edmund Street Birmingham, B3 2ES
Funders	Nationwide Building Society Kings Park Road, Moulton Park, Northampton, NN3 6NW
	BAE Systems Pension Funds Investment Management Ltd Burwood House, 14/16 Caxton Street London, SW1H 0QT
	Canada Life Investments 1-6 Lombard Street, London, EC3V 9JU
	Shropshire Council The Shirehall, Abbey Foregate, Shrewsbury, SY2 6ND
	Barclays Bank PLC 1 Churchill Place, London, E14 5HP
	Clydesdale Bank plc 30 St Vincent Place Glasgow, GH1 2HL
	Aviva Investors Structured and Private Debt, St Helen's 1 Undershaft, London EC3P 3DQ
	M&G, Laurence Pountney Hill, London, EC4R 0HH

BOARD MEMBERS, EXECUTIVE OFFICERS, AUDITORS AND ADVISORS (CONTINUED)

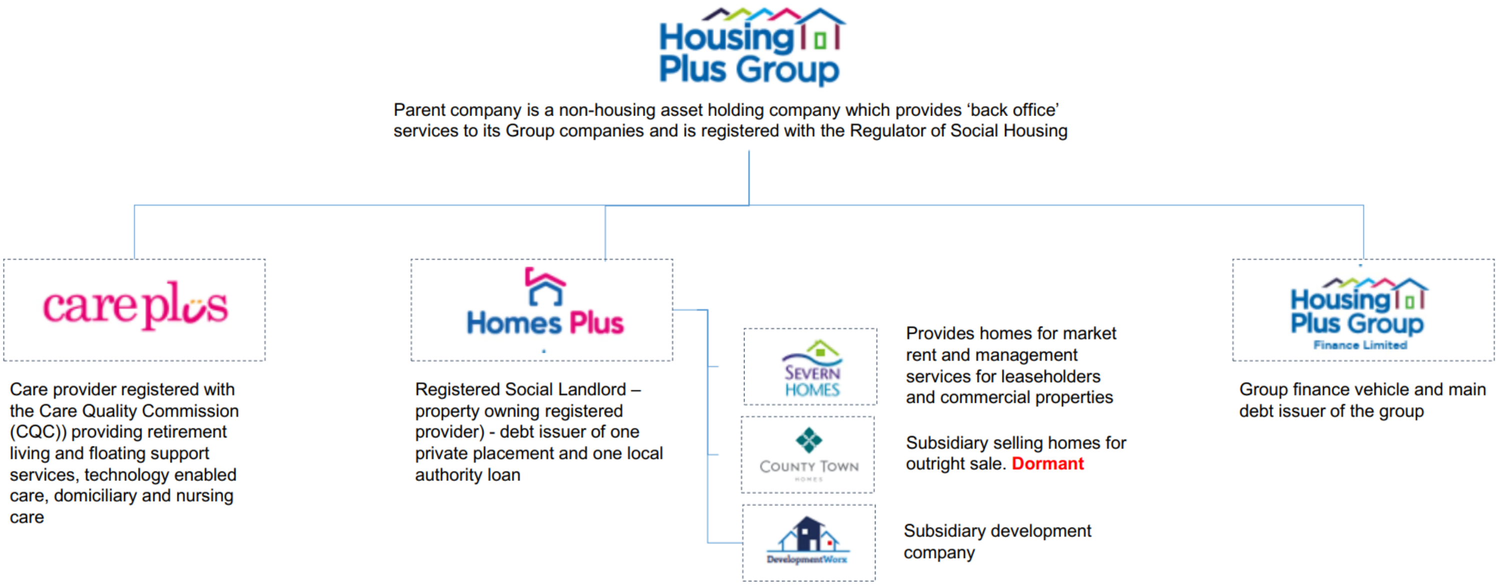
Bankers	**Barclays Bank PLC** One Snowhill, Birmingham, B3 2WN
	National Westminster Bank PLC 8 Mardol Head, Shrewsbury, SY1 1HE
Board of Management	S Jennings (Chair) G Evans (Vice Chair - Resigned 31 July 2022) G Betts R Bowden (Resigned 31 July 2022) A Burns (Appointed 31 July 2022) J Burt C Dass A Dhillon I Fleming (Appointed 1 July 2022) S Boden (Executive Director)
Chief Executive	S Boden
Executive Directors	
Executive Director of Finance and Transformation	V Whibley
Executive Director of Housing and Care	L Clarke
Executive Director of Property	A Kenny
Company Secretary	I Molyneux

REPORT OF THE BOARD

Principal activities

The Housing Plus Group ("the Group") is a leading provider of housing and related services within Shropshire and Staffordshire, providing more than 19,000 homes and employing more than 900 staff.

The parent company, The Housing Plus Group Limited ("the parent") is a non housing asset holding company which provides 'back office' services to its Group companies. The Parent was originally incorporated by the Financial Conduct Authority on 10 May 2007 (30224R) and was registered with the Regulator of Social Housing (L4491) on 22 May 2007.



The Parent has three direct subsidiaries:

- Homes Plus Limited (Landlord – property owning registered provider)
- Care Plus (Staffordshire) Limited (Care provider registered with the Care Quality Commission (CQC))
- The Housing Plus Group Finance Limited (Group finance vehicle)

Homes Plus Limited ("Homes Plus") – The Group has simplified its governance structure through the merger of Homes Plus and Property Plus (internal repairs delivery company) on 24th March 2023. Homes Plus is a property owning registered society/community benefit society ("CBS") and a charitable housing association registered with the Regulator of Social Housing (RSH). Homes Plus is a debt issuer of one private placement and one local authority loan. All other funding for Homes Plus is provided by The Housing Plus Group Finance Limited which is the main debt issuer of the group.

REPORT OF THE BOARD (continued)

Principal activities (continued)

Homes Plus has three wholly owned subsidiaries.

- Severn Homes whose principal activity is the buying and selling of real estate. Severn Homes is fully funded by Homes Plus via an intra group loan agreement to deliver works on behalf of the landlord.
- Development Worx provides design and build services to Homes Plus and is the contracting vehicle for external partners, suppliers and contractors who support the Homes Plus development programme.
- County Town Homes was incorporated in 2017 as a subsidiary of the legacy landlord, Stafford and Rural Homes, to deliver new build developments for outright sale. County Town Homes is currently dormant as its activities are a duplication of other subsidiaries within the group. The branding of County Town Homes is currently being used for the Groups outright sale properties.

Care Plus (Staffordshire) Limited ("Care Plus") became a subsidiary in April 2010 and provides retirement living and floating support services, technology enabled care, domiciliary and nursing care; primarily to the residents of Homes Plus properties. Care Plus purchased a care home in October 2020 which is the only property asset Care Plus owns. Care Plus is an exempt charity and is registered with the Care Quality Commission (CQC).

The Housing Plus Group Finance Limited ("HPGF")

HPGF is the funding vehicle and main debt issuer for the Group. The company was incorporated in 2019 and commenced operations on 22 September 2019. All existing loans originally made to legacy landlords were novated to HPGF with the exception of one private placement and one local authority loan. During January 2023 the £15m facility with Clydesdale came to an end. In anticipation HPGF increased its Revolving Credit Facility with Nationwide to mitigate the reduction in overall facility.

The results of Homes Plus, Care Plus, HPGF, Severn Homes and Development Worx have been consolidated into the financial statements of the Group for the year to 31st March 2023.

Board members and Executive Officers

The Group is governed by a Board composed of seven non-executive members plus the Group's Chief Executive. Six of the non-executive members are also members of subsidiary Boards. Membership of the Boards across the Group are periodically renewed to reflect business need.

There are three Group committees: Audit and Risk, People and Development. Membership of these committees is drawn from all Boards within the Group and is detailed in Note 10 to the financial statements.

REPORT OF THE BOARD (continued)

The Group is managed by an executive management team headed by the Chief Executive supported by an Executive Director of Finance & Transformation, Executive Director of Housing & Care and Executive Director of Property.

Each non-executive member of the Board holds one share of £1 in the Housing Plus Group Limited. The Executive Officers of the Group hold no interest in the Group's share capital and, although they do not have the legal status of Directors, they act as Executive Officers within the authority delegated to them by the Board and are termed Directors.

The Group has purchased Directors' and Officers' Liability Insurance for the Board Members, Executive Officers and staff of the Group.

Members of the Board receive remuneration. The remuneration of the Chief Executive is determined by the Group Board and through the Chief Executive, remuneration of the other Executive Officers is approved by the People Committee. External professional advice is sought as necessary to ensure that regard is taken of remuneration levels in similar organisations within the housing sector and the wider marketplace. Full details of the remuneration of each Board Member and Executive Management Team Member are provided in note 10 of the financial statements.

Local authority and funders' support

The Group Board wishes to place on record its gratitude for the support of South Staffordshire Council, Shropshire Council and Stafford Borough Council - the Members and Officers have been invaluable in their continued contribution to the success of our business. Our thanks are also extended to our Funders; Nationwide Building Society, Barclays, BAE Systems Pension Funds Investment, Canada Life, Shropshire Council, M&G, Aviva and Clydesdale, who left the funding portfolio during the year. Our funders continue to respond positively to proposals put to them and give us the benefit of their vast experience in the field of social housing.

Accounting policies

The policies can be found on pages 67 to 78 of the financial statements. Accounting policies are consistent across all Group entities. These include the effects of material estimates on judgements contained within the financial statements.

Governance

The Group complies with the Regulator of Social Housing's Governance and Financial Viability Standard. The Group Board makes this statement having reviewed the results of various self-assessments that have been undertaken including those of subsidiary boards.

REPORT OF THE BOARD (continued)

The Group maintains an accurate and up to date record of its assets and liabilities. The Audit and Risk Committee undertake an annual review of the register to ensure that this is reflective of the Group's position.

In October 2019 the Group confirmed its adoption of the National Housing Federation's "Code of governance: Promoting board excellence for housing associations (2015 edition)" as it's approved Code of Governance and confirms that the Group complies fully with the Code in all respects. The Group has since adopted the 2020 edition of the National Housing Federation's Code of Governance.

Health and Safety and Well-being

The Group Board is very aware of its health and safety responsibilities, promotes and maintains a culture of excellence and is proud of the Group's record in this area. We have comprehensive training programmes for our staff and strong internal audit arrangements. Linked to an extensive fire risk assessment programme, significant investment has been made into improving fire safety within our buildings which, where necessary, has included the installation of new fire doors and building compartmentalisation work. Regular reports on the status of compliance against our statutory and regulatory obligations are presented to our boards and the Group Audit and Risk Committee.

Statement of internal controls

The Group Board is the ultimate governing body for the Group and has overall responsibility for establishing and maintaining the whole system of internal control and reviewing its effectiveness. This has included annual reviews at away days and production of improvement programmes.

The system of internal control is designed to manage rather than eliminate risk, to prevent and/or detect fraud and to provide reasonable, but not absolute, assurance against material misstatement, loss or failure to achieve business objectives. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Group's assets and interests.

In meeting its responsibilities, the Group Board has adopted a risk-based approach to internal controls which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed.

The process adopted by the Group Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework, includes:

REPORT OF THE BOARD (continued)

Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Group's activities.

The Executive Management Team regularly considers and receives reports on significant risks facing the Group and the Group's Chief Executive is responsible for reporting to the Board on any significant changes affecting key risks. The Group Audit and Risk Committee has delegated authority to oversee this arrangement.

The People Committee has responsibility for overseeing people related and general governance matters. In discharging its duties, its activities include the recruitment and appointment of all Group Board Members and the executive management team. It also makes recommendations with regard to their remuneration levels to the Group Board and has general oversight in respect of Board effectiveness reviews and non-executive director succession planning.

Environmental and control procedures

The Group Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury strategy and new investment projects. Business plans are stress tested using scenarios agreed with boards and any necessary mitigation plans are formulated. Policies and procedures cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

Information and financial reporting systems

Financial reporting procedures include preparing detailed budgets for the financial year ahead for each entity within the Group. Detailed financial statements are produced monthly for management review and presented at least quarterly to the Boards together with forecasts for the remainder of the financial year.

All of the above are reviewed in detail by the Executive Management Team and are considered and approved by the relevant board. All boards also regularly review key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

All Board Members receive regular information on a range of topics plus Board and Committee papers and minutes.

REPORT OF THE BOARD (continued)

Fraud reporting systems

The Group as a whole aims to prevent fraud and corruption by the following measures:

- Code of Conduct for Employees and Board Members
- Policies in respect of: Anti-fraud, Bribery and Corruption, Money Laundering and Whistleblowing
- Standing Orders and Financial Regulations
- Data Protection and Confidentiality Policies
- Internal Audit programmes

These arrangements are intended to minimise the opportunity for fraud and highlight any areas of potential fraud and corruption before they occur. Quarterly fraud update reports are provided to the Audit and Risk Committee.

Monitoring and corrective action

A process of regular management reporting on control issues provides assurance to senior management and to the Boards across the group. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements and the delivery of our services.

The internal control framework and the risk management process are subject to regular review by Internal Audit who advise the executive management team and report to the Group Audit and Risk Committee. The Committee considers internal control and risk at each of its meetings during the year.

The internal audit providers, Beever and Struthers, have concluded that based on the work undertaken, and subject to the weaknesses identified and reported in internal audit reports, the Board can be provided with a reasonable level of assurance that there is an effective framework of governance, risk management and internal controls.

The Group Audit and Risk Committee conducts an annual review of the effectiveness of the system of internal control. A report is prepared which has taken account of any changes needed to maintain the effectiveness of risk management and control processes and this report is shared with Board members.

The Board confirms that there is an ongoing process for identifying and managing significant risks faced by the Group. This process has been in place throughout the year under review, up to the date of the annual report and financial statements and is regularly reviewed by the Board.

No weaknesses were found in internal controls which resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements for the year ended 31 March 2023 and up to the date of approval of the financial statements.

REPORT OF THE BOARD (continued)

Statement of Board's responsibilities in respect of the Board's report and the financial statements

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

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the Association and of its income and expenditure for that year.

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 UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the Group or the Association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its 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. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

REPORT OF THE BOARD (continued)

Provision of information to auditors

The Group 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 the Group's auditors are unaware; the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Independent auditors

A resolution to appoint External Auditors will be proposed at the next Annual General Meeting.

By Order of the Board:

S Jennings
Chair

I Molyneux
Company Secretary

S Boden
Director

24 July 2023

GROUP STRATEGIC REPORT

Objectives and Strategy

The Group is a public benefit entity and as such its primary objective is to provide goods or services for the general public, community or social benefit. The Group has a clear vision and priorities which are shared across the Group. Its members are committed to delivering quality affordable homes and services in both Shropshire and Staffordshire.

The Group is a leading housing provider, care provider and property developer. Any profits realised through its subsidiaries are reinvested into its homes, customers, communities and continued investment in the Groups business resilience. These corporate priorities are at the heart of the Corporate Plan 2022-25 'Progressive and Resilient Through Change'.

Our ***vision*** is:

A resilient organisation, making a positive difference to homes, lives and communities

Our 2022-25 strategic priorities to achieve this vision are:

Homes

- **Complete more new homes** to meet identified housing needs across a range of tenures
- **Continue to invest in our homes,** using asset data to prioritise investment and provide timely, quality repair services
- Begin delivery of the **Net Zero Carbon** strategy and the improvement of energy performance
- Continue to be a **sector leader** in our **property compliance** and health and safety activities
- **Minimise and deal** promptly with disrepair**, damp and mould** or other issues which adversely affect the health and wellbeing of residents

GROUP STRATEGIC REPORT (continued)

Lives and Communities

- Be obviously and unequivocally a business that **values and respects its customers**, driving a strong customer service culture, embracing the customer standards
- **Respond to the growing population and needs of older and vulnerable people** through an increased provision of a range of both care services and accommodation choices
- Continue to develop **effective customer engagement**, utilising feedback and data and ensuring that every interaction with customers is used to improve the customer experience
- **Enhance our customers' resilience and wellbeing**, through financial and employment advice, floating support services and partnerships with specialist agencies
- Support our customers to **ensure they are not digitally excluded**
- Establish a **"making a positive difference"** fund to support community focused initiatives in our most deprived wards
- Continue our apprenticeship programme and **invest in the skills and knowledge of our colleagues** to enable them to serve customers well and meet the needs of the business
- Offer **employment and training opportunities** to our communities

Business Resilience

- **Maximise** the **Group's income streams**
- Ensure **timely procurement of additional funding streams**, to deliver the Group's priorities
- **Take care of our staff's wellbeing**, learning and professional development needs
- Make THE GROUP a **great place to work** with modern, inclusive working environments, practices and leadership
- **Attract, retain and grow talented** and committed people
- Ensure a **dynamic approach** to risk identification and mitigation
- Ensure we have **appropriate systems and technology to drive business** transformation and greater business efficiencies
- Ensure we have **secure, appropriate data, skills, systems and technology** to enable effective management and development of our businesses
- Continue to **modernise our governance services and structures** to ensure efficient, supportive and skilled services and Regulatory compliance
- **Growing the business**

GROUP STRATEGIC REPORT (continued)

Our values

Communication	Providing communication that is timely, open, honest, clear and consistent.
Learning	Committed to seeking knowledge, innovating and adopting new ways of working to enhance the work of the Group.
Accountable	Taking responsibility for our actions and performance, providing support and ideas to seek solutions.
Respectful	Being polite and considerate, understanding the needs of others, respecting and valuing their views.
Inclusive	Working together to create an environment that celebrates differences and embraces diversity of thought.
Trust	Acting with integrity at all times, empowering our colleagues and seeking assurance that others will do the same.
You	Taking personal responsibility for living and embodying our values.

You – Employees
We share a responsibility to live our values every day

You – Customers
YOU are at the heart of all our work

You – Stakeholders
We can do more, with YOU

Our values have been developed by our staff and the board to express how we work with each other, our customers, and our stakeholders. They are an expression of our culture and underpin everything we do. They provide guidance for the excellent staff across our Group and form the fabric of our relationships and partnerships.

Business & financial review

Regulatory Assessments

The Group's performance is assessed by the Regulator for Social Housing (RSH) and the Care Quality Commission (CQC).

GROUP STRATEGIC REPORT (continued)

The Group consistently obtains the highest regulator grading of G1 for governance. In the latest Stability check (30 November 2022) the Viability grading was regraded from V1 to V2, in common with a significant number of RPs in the sector following the recent economic turbulence and impact on operating margins and credit ratings.

Care Plus was awarded "Good" ratings in all areas by the CQC.

The Group is committed to achieving the highest standards across all its operations, financials, risk management and governance.

The Group complies with the 2020 NHF Code of Governance and continually reviews its ongoing compliance with this Code as well as the Regulatory standards, procedures and guidance.

Statement of Comprehensive Income

	31 March 2022	31 March 2023
	£000's	£000's
Turnover	£101,463	£111,316
Operating Surplus	£25,102	£26,377
Operating Surplus %	24.7%	23.7%
Surplus for the Year	£8,557	£8,013
Surplus for the Year %	8.4%	7.2%

Turnover

Turnover of £111.3m (2022: £101.5m) increased by 9.7% on the previous years result mainly due to £5.9m of additional rent and £3.8m of market sales activity.

Operating Surplus

The operating surplus of £26.4m (2022: £25.1m) shows a 1% point reduction in the operating surplus % mainly due to £3.8m of additional cost of property sales and additional £3.8m of operating expenditure which reduced the Groups margin on its additional turnover.

Surplus for the Year

The surplus of £8.0m (2022: £8.6m) reduced by 7% on the previous years result due to £1.9m of additional interest payable resulting from a combination of increased base rates and the in year drawdowns required to fund the 2022/23 development programme.

GROUP STRATEGIC REPORT (continued)

Statement of Financial Position

	31 March 2022	31 March 2023
	£000's	£000's
Fixed Assets	£690,843	£703,369
Current Assets	£33,733	£44,361
Current Liabilities	(£28,678)	(£28,595)
Long Term Creditors	(£472,566)	(£487,375)
Pension	(£17,992)	(£3,280)
Reserves	(£205,340)	(£228,480)

Fixed Assets

The carrying value of the Groups fixed assets held on a historical cost basis increased by £12.5m to £703.4m (2022: £690.8m) mainly due to housing property additions resulting from the 2022/23 development programme and capital investment on existing stock.

Current Assets

The Groups current assets increased by £11.0m to £44.8m (2022: £33.7m) mainly due to the completed and under construction market sale properties.

Current Liabilities

The Groups current liabilities of £29.0m (2022: £28.7m) is broadly in line with 2021/22.

Long Term Creditors

The long terms liabilities increased by £14.8m to £487.4m (2022: £472.6m) mainly due to £25.0m of loan drawdowns during the year offset by £11.8m of loan repayments.

Pension

The Groups net pension liabilities of £3.3m (2022: £18m) reduced by £14.7m due to the schemes asset valuations decreasing by £11.6m and the schemes liabilities decreasing by £26.3m.

GROUP STRATEGIC REPORT (continued)

Reserves

The Groups reserves increased by £22.8m during 2022/23 resulting from a £8.0m increase in the income and expenditure reserve and a £14.8m actuarial gain in the Groups defined benefit schemes valuations.

Statement of Cashflows

	31 March 2022	31 March 2023
	£000's	£000's
Operating Cashflows	£31,627	£33,009
Investing Cashflows	(£42,745)	(£27,015)
Financing Cashflows	£7,608	(£5,078)
Net Increase/ (Decrease) in Cash	(£3,510)	£916
Opening Cash at Bank	£13,939	£10,429
Closing Cash at Bank	£10,429	£11,345

Operating Cashflows

The £1.0m reduction in operating cash inflows from 2021/22 of £33.0m (2022: £34.1m) is consistent with that stated in the Statement of Comprehensive Income.

Investing Cashflows

Investing cash outflows of £27.0m (2022: £45.2m) resulted from £36.8m (2022: £56.2m) of cash outflows from the purchase of fixed assets, offset by inflows of £8.5m (2022: £8.4m) of proceeds from the sale of fixed assets and £1.1m (2022: £2.6m) of grants recieved.

Financing Cashflows

Financing cash outflows of £5.1m (2022: £7.6m inflows) resulted from £25.0m (2022: £27m) of cash inflows from loan drawdowns, offset by outflows of £17.9m (2022: £15.8m) of interest paid and £12.1m (2022: £3.6m) of loan repayments.

GROUP STRATEGIC REPORT (continued)

Treasury management

Treasury management responsibility is delegated by the Group Board to the Executive Director of Finance and Transformation. The Treasury Policy is set annually, approved by the HPGF Board and ratified by the Group Board, both of which are provided with quarterly monitoring reports.

HPGF sources funding on behalf of the Group Limited directly from banks, building societies and institutional investors. HPGF on-lends the proceeds to the asset-owning subsidiaries of the Group. HPGF entered into a secured loan facility agreement with Nationwide Building Society on 22 August 2019 using property owned by Homes Plus as security. On 31 October 2019, HPGF entered into three further secured loan facility agreements with Clydesdale Bank Plc, BAE Systems Pensions Funds Investment Management Ltd and Canada Life Investments, using property owned by Homes Plus as security. On 3 August 2021 the Barclays loan previously held by Stafford and Rural Homes was novated to HPGF, using property owned by Homes Plus as security.

All of the drawn funding is on-lent to Homes Plus. Subsequently Homes Plus is able to on-lend a maximum of £30m to other subsidiaries within the Group. HPGF has £35.5m of undrawn revolving credit facilities as at 31 March 2023. Non-utilisation fees in relation to undrawn facilities are re-charged to Homes Plus.

The funding held outside of HPGF is a historic loan from Shropshire Council and the M&G/Aviva Private Placement, both of which are held directly with Homes Plus using property owned by Homes Plus as security.

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk, interest rate risk and liquidity risk. The use of financial derivatives is governed by the Group's Treasury Policy approved by the Board, which provides written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

The Group has pursued a strategy of fixing interest rates on loans to provide certainty of future interest payments. At the year-end, 66% of loans (fixed or index linked) were at fixed rates of varying length, with floating and revolving credit facilities attracting interest at variable rates linked to the Sterling Overnight Index Average (SONIA). The Group reviews its policy on interest rate risk on a regular basis in order to manage this risk based on the most up to date information available.

Total Group borrowing at the financial year-end comprised:

GROUP STRATEGIC REPORT (continued)

	Facility	Undrawn	Fixed	Variable	Term to Maturity	Repayment
Lenders	**£000's**	**£000's**	**£000's**	**£000's**		
Nationwide	£245,000	£30,500	£113,000	£101,500	18.4	Amortising
Barclays	£70,000	£5,000	£25,000	£40,000	3.1	Bullet
M&G/Aviva	£50,000	-	£50,000	-	26.0	Bullet
BAE	£45,000	-	£45,000	-	27.0	Amortising
Canada Life	£35,000	-	£35,000	-	7.8	Amortising
Shropshire Council	£7,873	-	£7,873	-	10.1	Amortising
Total	**£452,873**	**£35,500**	**£275,873**	**£141,500**	**10.5**	**Mixed**

Funding Capacity

In terms of access to new funding, the Group has £110m surplus security with its lenders as well as £159m of uncharged security based on a EUV-SH valuation methodology.

During 2022/23 the Group has worked in partnership with its legal advisors and Local Authorities to ensure it is in a position to value its transferred properties at MVT-STT levels for future funding. The Group currently has £62m (EUV-SH) of secured properties already held in trust which could be allocated quickly to secure new funding if required.

Funders Covenants

The Group ensures that it operates with a prudent level of covenant headroom and monitors performance on a monthly basis. This performance is reported to the Board on a quarterly basis. There were no covenant breaches during the 2022/23 financial year, although the current inflationary pressures, additional property compliance costs and interest rates have reduced the EBITDA MRI ratio considerably in 2022/23.

	31 March 2022	31 March 2023
EBITDA MRI	141%	116%*
Net Debt per Unit	£21,411	£22,422

* Regulators VFM metric calculation

GROUP STRATEGIC REPORT (continued)

Operating Environment

The combination of fewer people seeking work following the Covid-19 pandemic and the labour shortages following the withdrawal of the United Kingdom from the European Union has continued to make recruitment of skilled workers challenging during 2022/23, this has been felt most significantly in the groups care and property divisions. In addition, the war in Europe and subsequent rise in the cost of living resulted in a near miss recession for the United Kingdom. Although the United Kingdom does not have significant direct trading links with either Russia or Ukraine, the United Kingdom's most significant exposure to the Russian invasion of Ukraine is through the global price of energy. Higher costs of electricity, gas and petrol not only impact on the Group's customers directly, but also indirectly as these fuels are key to the production of almost all goods and services. During 2022/23 the Group had to deal with its own inflationary pressures, and with 34% of its debt being at floating rates has also meant dealing with rising interest rate costs which increased from a base rate of 0.75% in April 2022 to 4.25% in March 2023, the highest rate in 14 years.

Despite the continued challenging economic environment the Group has continued to operate effectively, delivering quality services to its customers. The Group are proud of how the business and its people continue to provide vital services throughout this ever-changing and challenging economic and political environment.

The Group are delivering on the majority of its corporate priorities despite the difficult operating environment, but due to the finite resources available to the Group, the changes in operating environment will ultimately lead to a revision of some of the Corporate Plan targets during 2023/24.

The current challenges for both the Group and the Sector and how the Group has responded to these challenges are detailed below:

Rent Settlements

Like most Registered Providers, Homes Plus seeks to plan in the long term to provide resources to provide landlord services including management, maintenance and improvement of its existing homes, whilst committing to a development programme in support of the Governments targets for the construction of new social housing and ensuring that in part it meets the demand for new housing in the geography in which the Group operates.

In October 2017, the Government announced its intention to set a long term-rent deal for both local authority landlords and housing associations. This permitted annual rent increases on both social rent and affordable rent properties of up to CPI+1% from 2020, for a period of at least five years.

In August 2022, due to the increased cost pressures for social housing tenants the Government consulted the sector on what resulted in a rent cap of 7%. Currently this is a single year decision to move away from the long-term rent settlement, although rent

GROUP STRATEGIC REPORT (continued)

certainty is now a significant risk for the sector with a consultation on any future rent settlement due in 2023/24.

The Group were supportive of the Governments intentions to help ease the financial burden on social rent tenancies, although as the Group were subject to the same inflationary pressures and were already absorbing the current year disparity between cost (10.1%) and rent inflation (4.1%) this put significant pressure on the Groups resources.

Although the Group had absorbed the marginal impact of these increases in 2022/23, the Group went further during the rent consultation, by matching the 7% cap required for General Needs with its Supported Housing increase, which although not required was also capped at 7% rather than the 11.1% allowed. Unfortunately the Group did not feel able to match this cap for its shared ownership customers due to the contracted lease terms agreed when customers bought a share in their property and the ongoing implications of breaking the lease agreement.

Customer Satisfaction

Previous to the new Tenant Satisfaction Measures introduced by the Regulator of Social Housing during the year, every quarter residents were telephoned and invited to take part in a telephone interview. The survey was designed to collect the views of approximately 250 residents per quarter, proportionately sampled by tenure, area and age. However, the quarterly surveys were replaced in 2022/23 with surveys based on the Regulators new Tenant Satisfaction Measures with a one-off annual survey of 1,020 tenants being completed during Q4. The new Tenant Satisfaction Measures will become mandatory from April 2023 and once again will return to be conducted on a quarterly basis.

The telephone survey is confidential, and the results are sent back to Homes Plus anonymised unless residents give their permission to be identified – 81% of residents did give permission to share their name and 81% of these residents are also happy for Homes Plus to contact them to discuss any issues they raised.

The aim of the survey is to provide data on residents' satisfaction, which will allow Homes Plus to:

- Provide information on residents' perceptions of current services
- Compare the results with previous surveys (where possible)
- Compare the results with other landlords (where appropriate)
- Report to the regulator from April 2023 onwards

In order to develop its customer experience, during 2022/23 the Group restructured its customer service, quality assurance and complaints teams, which now report into the new dedicated post of Director of Improving the Customer Experience.

GROUP STRATEGIC REPORT (continued)

Property Compliance

Property compliance is the Groups number one priority, with customer's welfare at the heart of everything the Group does.

There were two legislative changes that impacted on the Group during 2022/23.

1. The Fire Safety (England) Regulations 2022 made it a legal requirement from 23 January 2023 for responsible persons for all multi-occupied residential buildings in England with multiple storeys over 11 metres in height to undertake quarterly checks of all fire doors (including self-closing devices) in the common parts. This change in legislation impacted on the existing inspection program, where the Group undertook six monthly inspections on the individual flat fire doors. These quarterly checks of communal fire doors added an additional 672 inspection visits for the communal doors programme. This required additional resources from the Fire Risk Assessments team, who successfully delivered the program despite these imposed increases.

2. The Smoke and Carbon Monoxide Alarm (Amendment) Regulations 2022 came into force on 1 October 2022. Which required all relevant landlords to:

- Ensure at least one smoke alarm is equipped on each storey of their homes where there is a room used as living accommodation (This has been a legal requirement in the private rented sector since 2015).
- Ensure a carbon monoxide alarm is equipped in any room used as living accommodation which contains a fixed combustion appliance (excluding gas cookers).
- Ensure smoke alarms and carbon monoxide alarms are repaired or replaced once informed and found that they are faulty.

This legislative change had a significant impact on the Group, both financially and in resourcing. The Group were aware of the impending change in the regulation, but not the timescales. The Group were required to ensure it had CO alarms in 16,500 properties in very challenging timescales and failure to do so risked a £5000 fine per occurrence. Additionally, supply chain's nationally struggled to keep up with demand, despite this the Group were able to procure large quantities of CO alarms from its own supplier base. The alarms were distributed to both the internal repairs team and gas service provider. CO alarms were fitted at every possible opportunity (annual gas safety inspection, gas repair visits, EICR inspections etc). Additionally, the internal repairs team diverted significant resources to provide a dedicated team to install at scale. Inevitably this impacted on other works, but the Group successfully completed on its legal duties which although unplanned at the start of the financial year, achieved a year-end performance of 99.26% for CO alarm installation and 99.86% shortly after.

GROUP STRATEGIC REPORT (continued)

Damp & Mould (Housing Health & Safety Rating System (HHSRS) Risk Number 1)

Health threats due to dust mites, mould or fungal including mental and social wellbeing health threats associated with damp, humid and mouldy conditions, with health effects of allergies, asthma, effects of toxins from mould and fungal infections is the HHSRS number one risk.

In November 2022, following the tragic death of Awaab Ishak in Rochdale from a respiratory condition caused by exposure to mould in his home, the Group saw a significant increase in the damp and mould cases being reported and subsequently managed by the Group's internal repairs team..

The Group are obligated by Government (and the Regulator of Social Housing) to declare its HHSRS cases and are now duty bound to address both category 1 & 2 hazards.

The Group are committed to improving its detection and management of Category 1 cases and as such during 2022/23 completed the following actions:

1. A halt in repairs MOT activities to release operatives to address the legacy HHSRS cases
2. Seconded Inspectors from other work streams to aid in the scoping and appraisal of the new cases

The Groups challenge is to gather the intelligence or implement systems to capture all HHSRS Failings.

To provide a more proactive response the Group approved its Damp and Mould Strategy in April 2023. This document provides an overview of the strategic approach the Group are taking to prevent damp and mould problems across its portfolio. From asset management through to customer awareness and support, it guides a 'changing culture', aligning with the recommendations of the Housing Ombudsman's spotlight report on Damp and Mould (2021).

The principles of the Group's strategy are:

1. Developing a proactive approach to maintaining our assets
2. Balancing this 'fabric focused' approach with customer awareness and support, working together to ensure properties are well maintained, well-ventilated and heated
3. Don't wait for the phone to ring!
    a. Find our less engaged customers (the 'thin files')
    b. Know our stock
    c. Make it easy for customers to engage with us and tell us about their concerns

GROUP STRATEGIC REPORT (continued)

Fuel Poverty/Cost of Living

Costs and inflation

The Group's costs are expected to rise over the coming years, in part due to the restated stock condition survey and business transformation costs alongside additional void costs, damp and mould issues, planned remedial safety works and its energy efficiency improvements to existing stock. Failure to manage the cost base effectively could impact on the Group's financial resilience, with reductions in cashflow, margin, and EBITDA MRI. The Bank of England inflation forecast reduces significantly during 2023/24, due mainly to reductions in the wholesale cost of energy, a fall in the price of imported goods as production difficulties businesses have faced start to ease and finally, as people have less money to spend, the Bank of England expects there to be less demand for goods and services in the United Kingdom.

To reflect the fact that this is still a forecast, and the continuing uncertainties surrounding any escalation of the war in Ukraine it is still considered relevant to consider the possibility of inflation remaining above the Bank of England target of 2% for some time to come.

Interest Rates

The Group holds up to 40% (March 2023: 34%) of its debt at floating rates and therefore exposes itself to interest rate fluctuations. As current inflation forecasts are not being achieved, the Bank of England is expected to continue its interest rate rise policy further to regain control on its Consumer Price Index target.

The Group stress tests its business plan to high levels of inflation and interest to ensure it has mitigations in place so that it remains financially resilient as a business. The Group business plan is able to mitigate high levels of inflation, interest rates and considerable reductions in the open market value of its property sales portfolio, along with other stressors through its robust approach and high frequency of stress testing.

Energy Targets

The Corporate Plan 2022-25 'Progressive and Resilient Through Change' sets key net zero targets, including key targets for reaching EPC band C on all properties, in line with the UK Governments target of 2030.

The following key targets were set for the percentage of properties reaching EPC Band C or above by 2030 in each financial year:

1. 76.5% in 2022/2023
2. 79% in 2023/2024
3. 82% by 2024/2025

As can be seen in the ESG report for 2022/23 included within these financial statements, current performance is 83%. Although ahead of target, the group must endeavour, where

GROUP STRATEGIC REPORT (continued)

possible, to secure funding to make the changes necessary to have all properties at Band C or above by the target deadline by committing the Groups resources within the business plan and securing external funding where available.

Within the next 3 years, external funding for fabric improvements will be critical to ensure the Group can work towards these targets, especially during the current turbulent economic climate.

If the Group are unsuccessful or are unable to source future funding for all carbon reduction initiatives the Group must be prepared to independently fund both fabric based and technological improvements to reach band C and net-zero targets.

As a not-for-profit organisation, the Group are searching, applying, and utilising as much funding as possible to ensure our customers receive the best work packages that involve the least disturbances within their homes. Unfortunately as already referenced within this strategic report, it must be remembered that annual inflation will impact on energy efficiency targets as well as other services.

In accordance with the Group's Asset Management Strategy, from a financial perspective, plans to reduce carbon emissions must come from detailed assessments. When assessing a property, the Group considers:

1. the viability of retaining that property
2. the cost effectiveness of selling the asset
3. the acquisition of new assets of which have better energy efficiency and opportunities for improvement

Stock condition surveys have identified a price point of £800 per SAP point to carry out improvements. In total this will result in a budget requirement of approximately £40 million to reach band C for all assets, and £200 million for the business to fully embrace net zero targets.

Over recent years, as decarbonisation has come to the fore, the Group has recognised its potential financial impact by making provision for additional expenditure in its business plan.

It is recognised that the actual cost to the business is still currently difficult to ascertain until scope and cost of the works required to meet the targets set are known.

The Social Housing Decarbonisation Fund (SHDF) offers £3.8 billion over a period of 10 years to reduce the carbon emissions from circa 4.1 million social homes in England (Department for Business, Energy, and Industrial Strategy, 2021). The aim of the Fund is to help Local Authorities and Housing Associations work towards achieving a Band C EPC for all their assets. Wave 1 of the fund took a 'fabric-first' approach, which the Group have adopted, conditional on the funding received

GROUP STRATEGIC REPORT (continued)

The Group is starting with a focus on the worst performing homes that currently hold lower EPC ratings. The Group entered two bids for the first Wave of the SHDF in 2021 to support fabric works on 148 of the worst performing buildings across its portfolio. The Group were successful with both bids, acquiring £1.24m in funding.

In addition, the Group are currently working towards the Governments net carbon zero target of 100% by 2050. The Energy Efficiency (Private Rented Property) (England and Wales) (Amendment) Regulations 2019 has the effect that the minimum percentage by which the net UK carbon account for the year 2050 must be lower than the 1990 baseline was increased from 80% to 100%. The Group has included £567m (inflated) within its 2050 business plan.

Recruitment and retention

The labour market remains persistently tight with vacancies being plentiful but available workers being scarce. Recruitment of skilled individuals continues to be an issue for the Group as those with experience or qualifications are highest in demand.

These issues have been made worse by the end of free movement associated with the European Union and the disruption to labour markets created by the pandemic. This places additional financial pressures on the Group as it continues to use agency workers in its care division and subcontractors in its property division to cover vacancies.

The Chartered Institute of Personnel and Development produced an analysis on hard-to-fill vacancies showing that nationally healthcare hard to fill vacancies were running at 78%. This has a particular impact on the Group care division who during the year have successfully recruited nurses and carers from overseas as part of a specific recruitment campaign designed to address the current skills shortages in the United Kingdom. In addition, the Telecare division consulted on changes to specifically address their recruitment and retention issues, proposing to change working hours and rotations to meet the specific work life balance needs of current and future staff. Efforts have also been made to invest in increasing the care division's candidate pool by improving job postings on social media platforms and exploring collaboration opportunities with local colleges and universities to potentially generate interest from students for casual / part-time work.

Ongoing skill shortages may also threaten the Group's ability to deliver capital and development programmes. There have been long-running concerns about the availability of qualified construction staff. The Group have used agencies with some degree of success and introduced incentive payments for referring a friend but ultimately a considerable amount of the vacant resource during the year has been backfilled through subcontractors. This has been especially true for electricians and although the Group are paying JIB rates, other Housing Association's and house builders are offering significantly higher packages. For other trades, the Group offers competitive pay for the sector, although is limited in what it is able to offer compared to the private sector due to the other financial pressures on the housing sector and the rent standard restriction on rent increases.

GROUP STRATEGIC REPORT (continued)

Development

176 property completions were achieved compared to the target of 225. The shortfall was due to delays with two land led developments and five S106 off-the-shelf schemes. The delay in the land led developments resulted from a combination of highways delays, sub-contractor liquidation and material shortages. The delays with the S106 off the shelf schemes were primarily the result of developers prioritising open market sales homes over delivery of affordable homes.

The Group is committed to developing and providing good quality affordable homes and creating attractive neighbourhoods where people aspire to live.

For the period 2019-2023 the number of new units delivered by the Group was:

Financial Year	2019/20	2020/21	2021/22	2022/23
Total Units	446	191	376	176

For 2022/23 the tenure split of these units was:

	Units	Cost	Grant
Land led:	**No's**	**£000's**	**£000's**
Social Rent	-	-	-
Affordable Rent	6	£931	£294
Shared Ownership	9	£1,495	£177
Outright Sales	16	£2,732	-
Total	**31**	**£5,158**	**£471**

GROUP STRATEGIC REPORT (continued)

	Units	Cost	Grant
S106:	**No's**	**£000's**	**£000's**
Social Rent	34	£4,003	-
Affordable Rent	73	£8,240	-
Shared Ownership	38	£5,302	-
Outright Sales	-	-	-
Total	145	£17,545	-

The Board approved a business plan in May 2023 that includes a further 861 units under the following tenures before March 2027:

	Units	Cost	Grant
Committed units:	**No's**	**£000's**	**£000's**
Social Rent	84	£10,879	£459
Affordable Rent	71	£9,891	£388
Market Rent	-	-	-
Shared Ownership	98	£17,005	£536
Outright Sales	148	£35,407	-
Total	401	£73,182	£1,383

	Units	Cost	Grant
Uncommitted units :	**No's**	**£000's**	**£000's**
Social Rent	139	£18,002	£4,265
Affordable Rent	171	£23,822	£5,247
Market Rent	8	£1,111	-
Shared Ownership	117	£20,303	£3,590
Outright Sales	25	£7,943	-
Total	460	£71,181	£13,102

It should be noted that the Group had exposure to outright sales during the year with 14 properties being sold through Homes Plus, producing a surplus of £200k (5.3% margin). The significant majority of committed outright sale units are at a single development being

GROUP STRATEGIC REPORT (continued)

delivered through Severn Homes. This will deliver 131 outright sale units ahead of 2026. Considerable stress testing and mitigation costings have been modelled for this development, including break clauses, land sales, investment portfolios, tenure changes and purchase incentives. The sale reservations of the outright sales properties to date at this development are c. 20% above those appraised in terms of value. The Group continues to monitor this situation closely as there is early indication of a downturn in open market sales values in the region as developers seek to maintain market share through discounts and other incentives.

The Housing Plus Group Limited (Parent)

The Parent returned a surplus of £288k (2022: £261k) for the year. The turnover in the company is intra-group and results from it providing corporate services to the rest of the Group.

During 2022/23 the Transformation Project team has continued its work on the implementation of a single housing management system and repairs system. The core modules of the new system have been built and configured and rigorous testing is now being conducted. A data migration team has been assembled and are working on multiple data cuts from the 3 legacy systems in to the new housing management system.

Although the costs of transformation are currently high, the benefits of the removal of the legacy systems and operating efficiencies are expected to start to crystallise during 2023/24.

The actuarial gain in respect of the pension scheme valuation for the year was £1.7m (2022: £7.1m) resulting in total comprehensive income for the year of £2.0m (2022: £7.3m).

Going concern

The Board reviewed the 30 year financial plans in May 2023, as part of its normal annual review and budget approval process. The financial plans were stress tested and mitigation plans noted. The Group's principal financial risks were also considered at this time. The Group Board were satisfied that the Group and all of its subsidiaries had sufficient resources, taking account of severe but plausible downsides, such as higher than forecast inflation, higher than forecast Bank of England base rates, changes to the Government's rent settlement agreement, downturn in the UK housing market or other adverse operational issues, to continue operating as a going concern, being a period of at least 12 months from the date of signing of these financial statements. The accounts have been prepared in the reasonable expectation that the Group is a financially viable organisation.

The high levels of inflation resulting from the war in Ukraine and the after effects of the Covid-19 pandemic has impacted significantly on customers' personal finances, despite this impact, the financial performance of the Group remained strong. The Group ended

GROUP STRATEGIC REPORT (continued)

the year with an arrears figure of 1.9% against a corporate target of 3% which is testament to the hard work of staff across the organisation.

As already stated in the treasury section, The Group has £110m surplus security with its lenders as well as £159m of uncharged security based on a EUV-SH valuation methodology. The Group currently has £62m (EUV-SH) of secured properties already held in trust which could be allocated quickly to secure new funding if required.

In terms of the non-registered subsidiaries, only Care Plus and Severn Homes carry out significant trading on a commercial basis outside of the Group. Demand for Care Plus services outside of the group remain stable although staffing and compliance issues at the Group’s care home resulted in occupancy levels of below 50% during the year. Both issues have now been resolved with occupancy levels peaking at 88% during quarter 4 of the 2022/23 financial year. Care Plus produces a 5 year business plan annually which is reviewed by the Care Board and although the Care Home occupancy levels have resulted in a loss for 2022/23, this is forecast to return to a surplus position in 2023/24 now that the care homes occupancy levels are in line with that of the business plan. Severn Homes has returned a loss during the year due to the timing of its only development build period versus its sales period. Currently the sales within Severn Homes relate to golden brick payments from Homes Plus for the affordable homes developed, as there is no material surplus expected on the sales of the affordable units there is limited contribution to the intragroup interest payable. Severn Homes only current development is due to complete early in 2026 when it is forecast to make a surplus due to the higher margins of its outright sale properties. The development is stress tested on a regular basis to ensure it remains financially viable and mitigating actions are under constant review by both Board and Executive Team.

Short term cash flow is monitored daily for all group entities and on a consolidated basis. Cash flow variances are investigated and the information is used to update and improve cash flow forecasts. The Group has maintained liquidity in line with its Treasury Policy throughout 2022/23.

Longer-term liquidity is reviewed on a monthly basis and reported to the Group Board on a quarterly basis, covering an 18 month planning horizon. Again, this process encompasses all group entities. Latest forecasts demonstrate clearly that the Group and all subsidiaries have sufficient liquidity to cover the period of investment until January 2025, although work is underway to seek additional funding, in part to support future growth but also to address the current levels of floating debt which is currently 34%, which although is within policy, exposes the Group to interest rate risk.

As such, the Board conclude that the Group and all subsidiaries remain going concerns. The Board remains satisfied that the Group, taking account of severe but plausible downsides, can continue operating as a going concern, being a period of at least 12 months from the date of signing these financial statements. The accounts have been prepared in the reasonable expectation that the Group and all subsidiaries are financially viable.

GROUP STRATEGIC REPORT (continued)

Risks and uncertainties

The Corporate Strategy both informs and takes account of the Group Board's Risk Appetite and Tolerance. In its Risk Appetite Statement, the Board articulates that it requires the following key risk objectives to be delivered on a consistent basis:

- Maintain Business Resilience (operational capacity and capability)
- Maintain Financial Viability
- Ensure the safety of our staff, contractors, and customers, always
- Maintain compliance with all applicable legislation and regulatory requirements
- Proactively adapt to, and where possible influence, Government or Local Authority decisions that affect our business

Ensure effective processes, people, and systems are in place to allow effective and efficient achievement of our corporate aims and objectives.

These objectives cumulatively aim to provide the platform for delivering sustainable, organic growth over the longer term, while seeking operational efficiencies to control cost.

The Group has an active and clear approach to Risk Management – documented in the Risk Management Framework & Policy.

The Group regards effective risk management and the provision of assurance, based on a 'three lines of defence' model, as critically important to ensuring the achievement of our objectives.

Effective identification and management of risk supports the Group in meeting its legal and regulatory obligations, increases external and internal stakeholder confidence, and greatly reduces the chance of adverse incidents affecting our business.

Risk Management Cycle is a set of activities that allow for risks to be identified, recorded, assessed, managed, monitored and reported, using a methodical approach

Following the defined cycle allows for the population and refresh of the Group Key Risk Map, with the Key Risk Map providing the data that is analysed for the purpose of understanding the Group's risk exposures and providing assurance reporting to the Audit & Risk Committee, and boards as appropriate.

GROUP STRATEGIC REPORT (continued)

All boards within the Group recognise that risk and assurance is not an area for which Boards alone are responsible. The Group is mindful that risk should be understood, assessed and managed across all levels of the organisation. Regular meetings take place with staff to discuss risk management in their specialist areas which includes identifying emerging risks and how these will be either eliminated or controlled and enables the updating of group risk and assurance maps, that include key controls to manage the risk, set out who is responsible for the control and how assurance is gained over the control effectiveness.

All reports presented for discussion at all Board meetings include an assessment of risk and provide assurance on how this is or will be controlled. Specific risks that may prevent the Group achieving its objectives are considered and reviewed quarterly by the Audit and Risk Committee. All risks are analysed according to their impact and likelihood as set out in our risk assessment matrix.

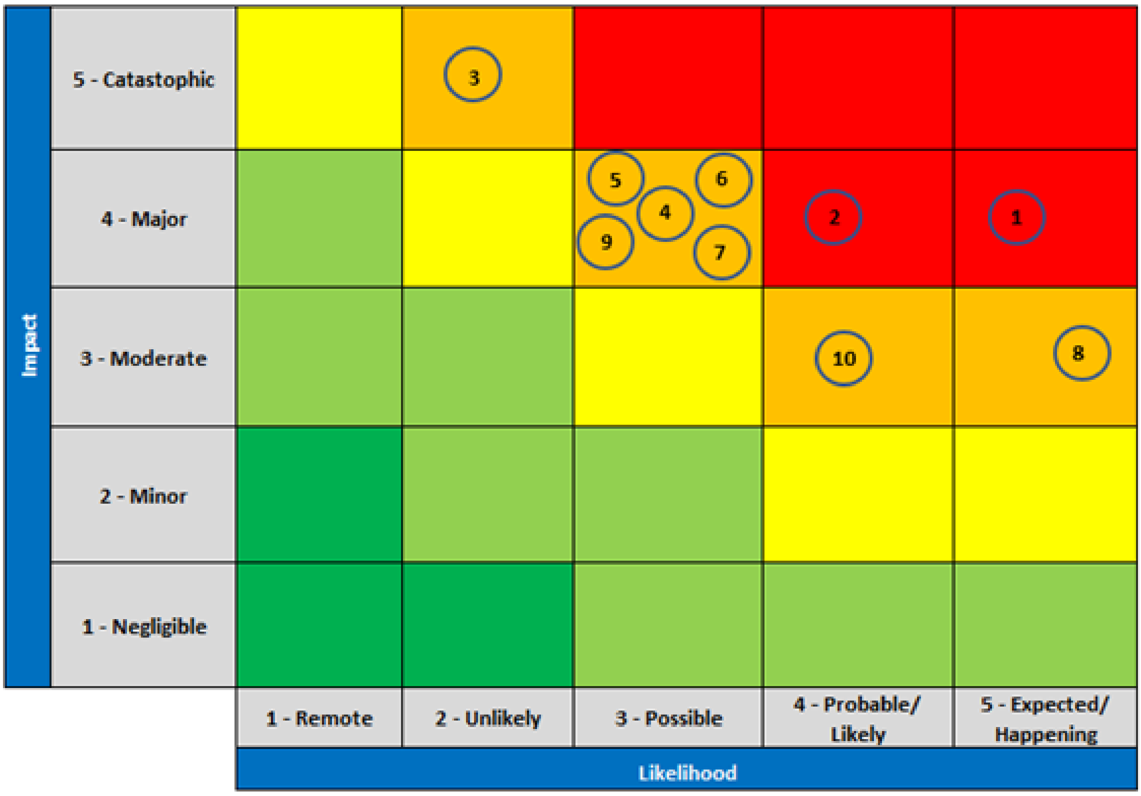
The highest scoring risks for the Group as at 31 March 2023 were:

Ref	Risk Description
1	Corporate Plan focused/achievability
2	Future Rent Reviews
3	UK wide/global external event
4	Damp & Mould
5	Strategic Growth
6	Increasing disrepair claims
7	Data management
8	Failure to manage rental income, service charges, voids and rent arrears
9	Failure to maintain properties to a good standard
10	Employee retention and talent acquisition

The heat map below presents these 10 risks based on their impact and likelihood:

GROUP STRATEGIC REPORT (continued)

Top Risks (Group)



The Group recognises the importance of not only identifying risks with a high current 'net' score but also those that are inherently high risk but are mitigated by controls.

Controls in place to mitigate identified risks include Board review of business plans, stress testing, monitoring of delivery plans, key performance indicators, comprehensive health and safety policies and procedures and internal audit reviews.

The Group Audit & Risk Committee, in accordance with its delegated responsibilities, acts on behalf of all members of the Group, liaising with them and ensuring that each Board in the Group receives assurance that the controls that mitigate the risks can be relied upon through regular checks by the Internal Auditors or specialist independent companies.

Regular risk management assurance reports are provided to each Board within the Group on a six monthly basis, and by way of additional assurance, overarching risk management/internal control reports are provided to Group Board by the Executive Team and the Group Audit and Risk Committee on an annual basis.

GROUP STRATEGIC REPORT (continued)

Value for Money (“VFM”)

The Group continues to achieve VFM by delivering its corporate plan objective of being Progressive and Resilient through change. 2022-23 has been another challenging year, dominated by a tough economic background already referenced in the Strategic Report.

High Level Review

Current tenant arrears have performed highly again, ahead of target and top quartile against our peers, having achieved 1.9% against a national average of 4.7%.

Property Plus, the in-house repairs team, have had a very challenging year, whilst trying to catch up with programmes delayed by the pandemic. Two new unbudgeted issues being the mandatory fitting of Carbon Monoxide (CO) alarms and damp & mould have meant that the teams have had to react quickly and divert resourse to mitigate these demands as fast as possible to protect our customers. By the end of March 2023 99.26% of homes had a CO alarm fitted, and the Group have dealt with hundreds of additional enquiries regarding damp & mould. This has resulted in the launch of a new Priority Repairs Team and strategy to understand the issues, and support our customers to live in compliant, quality homes.

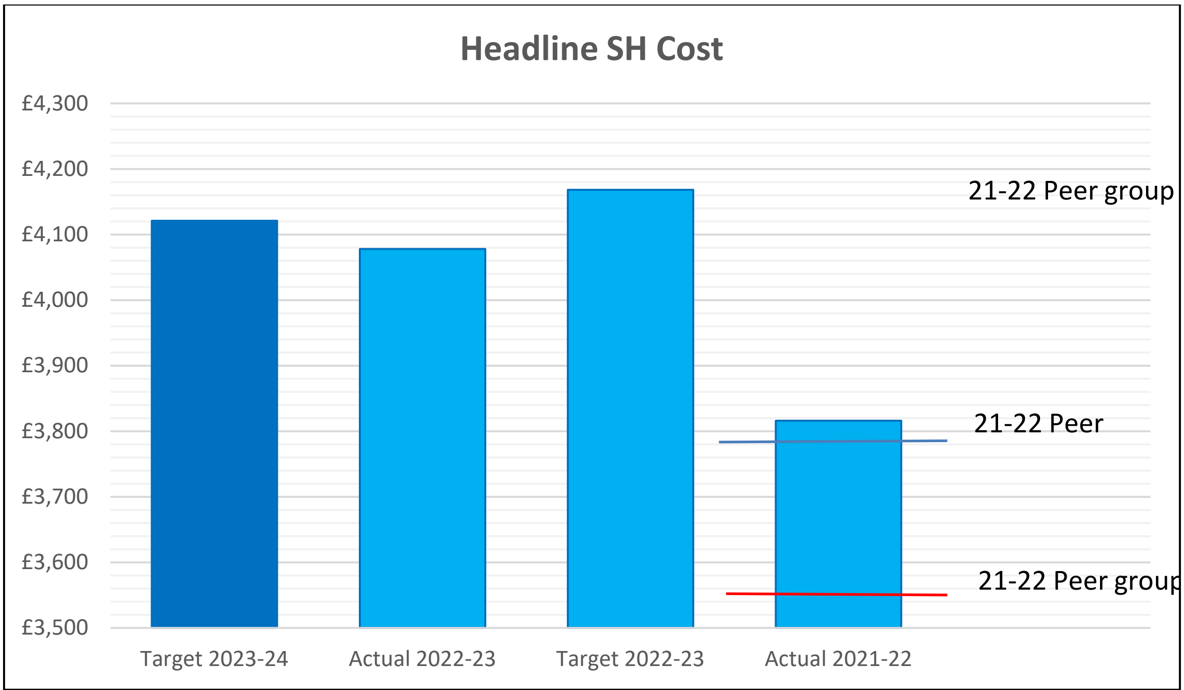
The Group have also launched a new customer engagement strategy, to ensure that there is a customer centric approach to service delivery, involving customers to improve services and communications.

VFM Performance 2022-23 and peer benchmarking

The information below details the Groups performance for 2022-23 against the Regulator for Social Housing’s 7 VFM metrics. These results are also compared against our peer group, being 14 registered providers (RP’s) who are traditional or Large Scale Voluntary Transfer (LSVT) organisations with 15,000 – 25,000 units. Registered providers based in London and RP’s with more than 30% supported housing have been discounted due to their higher cost bases.

GROUP STRATEGIC REPORT (continued)

Headline Social Housing Cost



Headline social housing cost per unit has increased by less than forecast from £3,816 per unit in 2021/22 to £4,078 in 2022/23 (Target £4,168). Although costs have increased, the Group continues to invest in new IT systems, which will drive our digital transformation, allowing for future efficiencies as the number of systems our staff use is consolidated and data quality and access is improved. This will enable the Group to support customers and make a wide range of decisions which are driven by data, control and insight.

During the year sub-contractor costs have increased in order to manage the increasing number of voids and allow internal teams to focus on the delivery of carbon monoxide alarms, damp & mould detection and remediation works. To offset these higher revenue repairs costs, £1m of overhead savings were identified during 2022/23, contributing to the favourable performance against target.

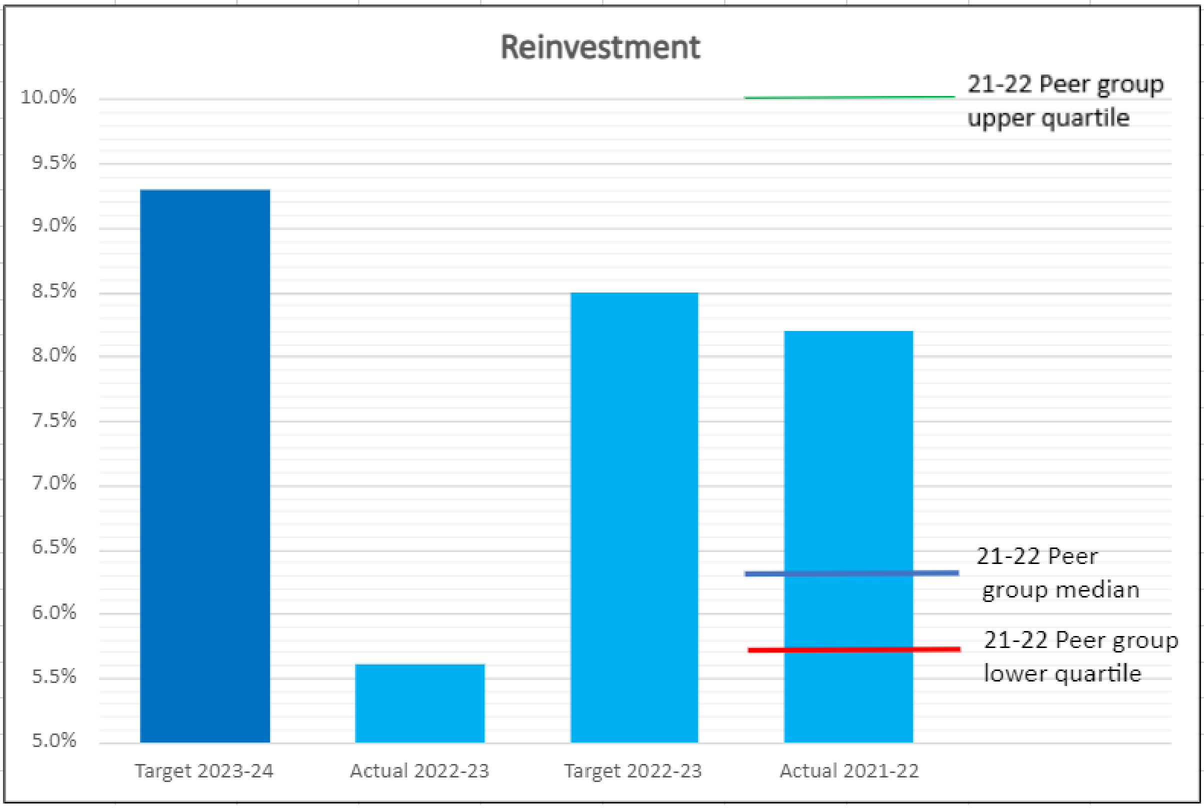
There has been a backlog in the delivery of new homes (see new supply below for more details), which means that the overall ‘per unit’ cost has increased as a result compared to forecast.

Housing unit costs were close to the peer group median for 2021-22. In April 2023, the Group joined the Vantage benchmarking club and will be using this opportunity to scrutinise and collaborate with our peers to ensure we are sharing and learning best practice in various business areas and in turn challenge the use of resources.

GROUP STRATEGIC REPORT (continued)

Future headline social housing costs are expected to remain high due to inflationary pressures, investment in our stock including environmental improvements, and an increased lettable standard at void.

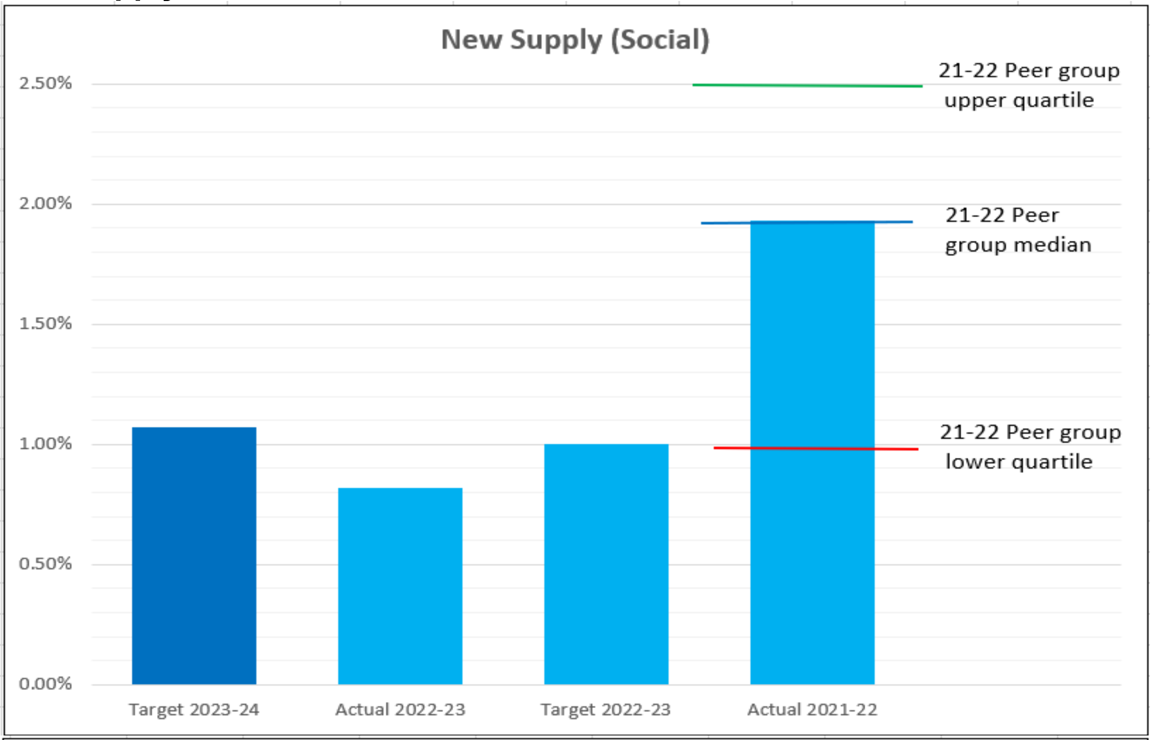
Reinvestment

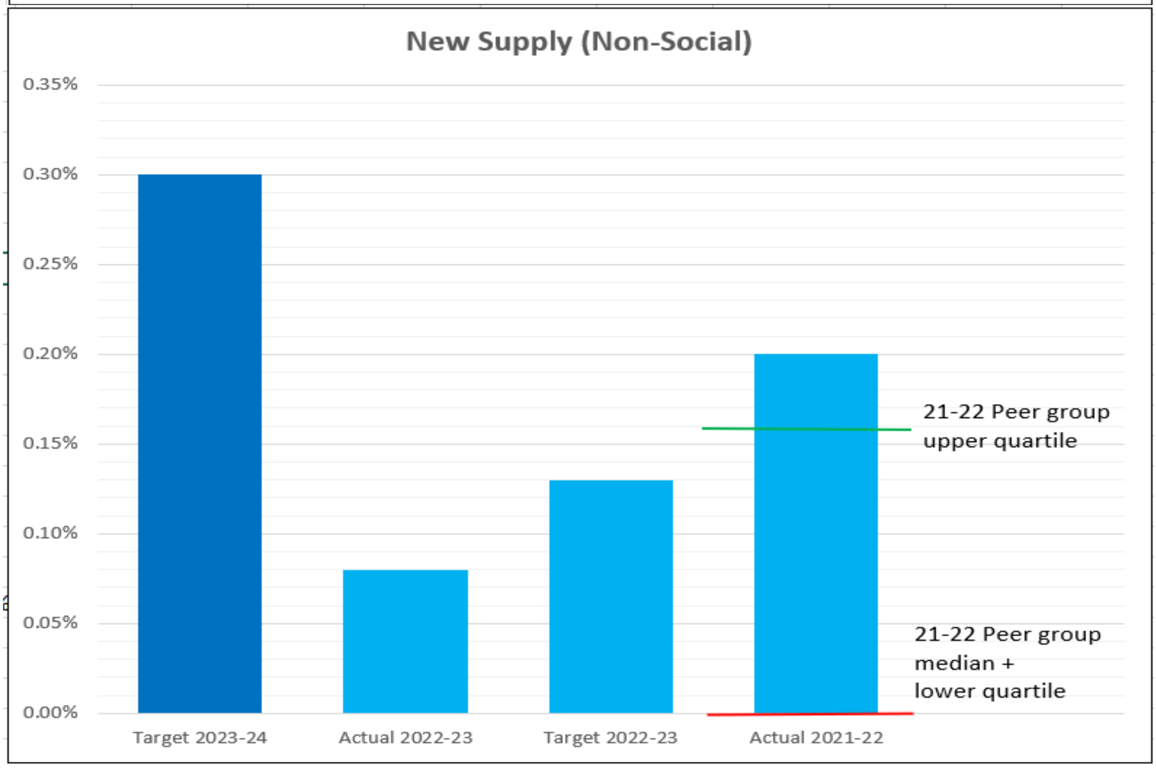


Reinvestment for 2022-23 was lower than target, achieving 5.6% (target 8.5%). The main reasons for this are due to the reduction in the number of new homes completed against target, and some underspend on planned works due to moving resources to address damp & mould concerns and the fitting of CO alarms. Last year's performance was 2% above the peer group median, this reflects the Groups continuous commitment to invest and improve our properties, and deliver more new properties for our customers.

GROUP STRATEGIC REPORT (continued)

New Supply





The delivery of 176 new social housing properties during 2022/23 is below the target of 225. The first phase of the Groups largest design and build development has been delayed due to the entrance road not being completed due to overdue permissions, this has meant 46 homes that were planned to be completed are behind schedule.

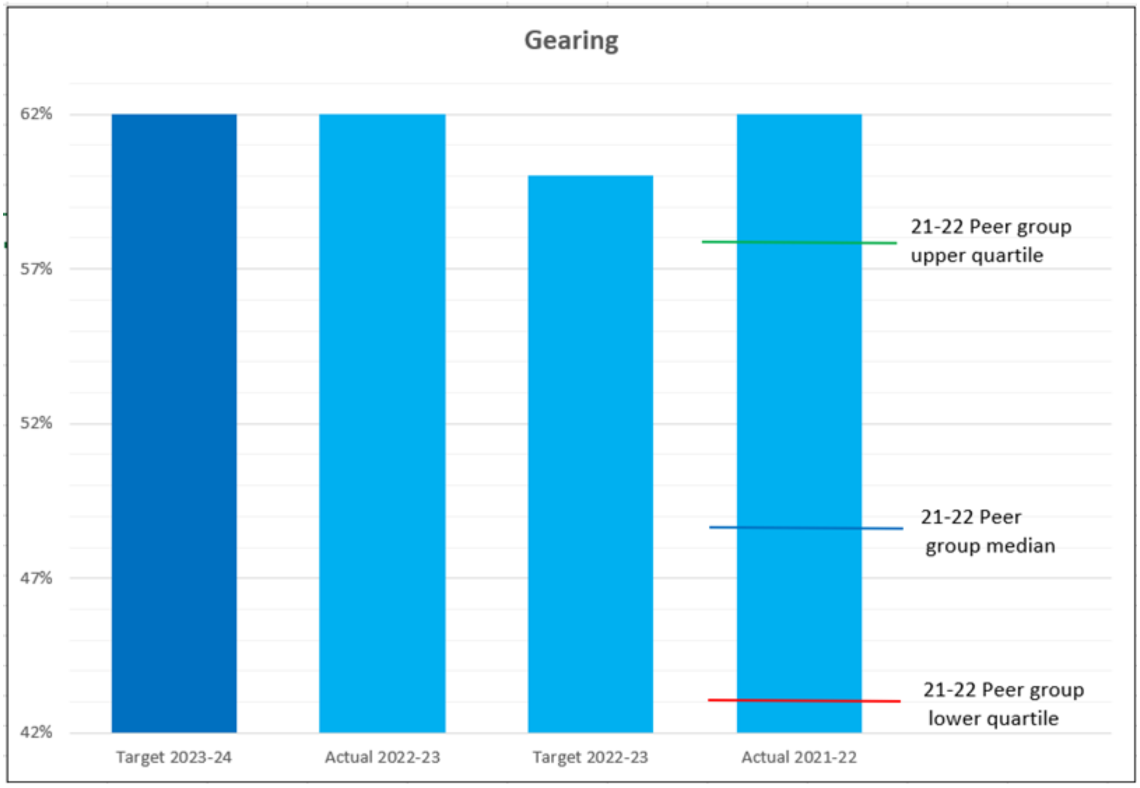
GROUP STRATEGIC REPORT (continued)

Off the shelf schemes have also seen delays due to developers prioritising the construction and sale of their own market sale units before completing affordable homes.

The Group have developed more non-social homes this year than forecast, with some developments having a significant proportion of properties for market sale. This mixed tenure improves the viability of the site both financially and socially as it addresses local housing demand.

Development of social homes in 2021-22 was in line with the peer group median, the delivery of market sales properties on land led schemes has seen the Group placed in the upper quartile for this metric, only half of the peer group of fifteen have developed any non-social housing.

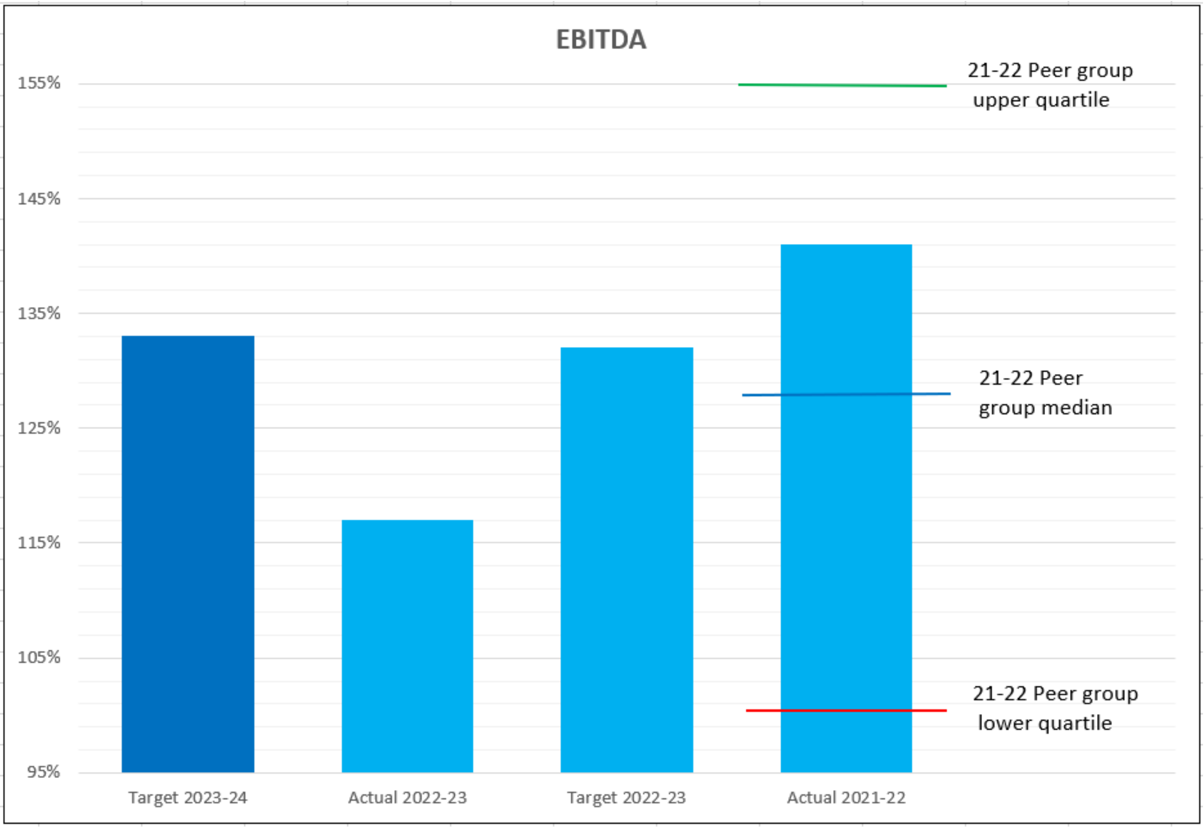
Gearing



This metric assesses how much of the adjusted assets are made up of debt and degree of dependence on debt finance. Gearing of 63% is above the target of 60%, this metric tends to consistently sit in the upper quartile (as per the Regulators VFM analysis) for our peer group. This reflects factors such as the value of properties at transfer and the amount of investment in those properties, and the continued commitment to develop new homes.

GROUP STRATEGIC REPORT (continued)

EBITDA MRI

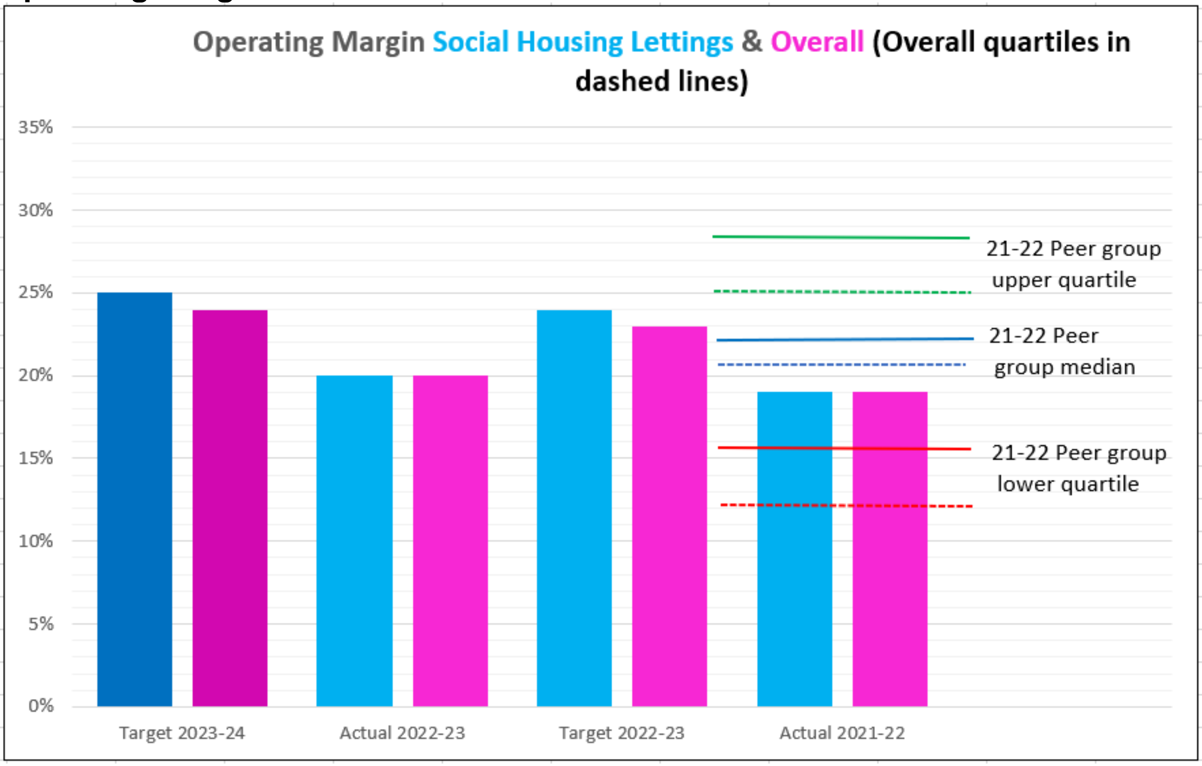


The EBITDA MRI (Earnings Before Interest, Tax, Depreciation and Amortisation - Major Repairs Included) interest cover metric is a key indicator for liquidity and investment capacity. This ratio measures the ability of the business to generate cash. EBITDA MRI for 2022/23 is 117% based on the Regulators EBITDA MRI definition which is below the target of 132% and reflects the increase in operating costs, particularly IT investment, CO alarms, damp & mould surveying and remediation. The figure is within our funders covenant requirements but is below the Groups 'Golden Rule' triggers, plans are currently under review to improve this performance during 2023/24. The senior management team reviewed the Groups discretionary costs during the year, and identified over £3m of savings, which were prioritised according to impact. The impact of these savings, rather than increasing EBITDA MRI levels, funded the non discretionary unbudgeted spend on revenue repairs.

The EBITDA MRI figure for 2021-22 was above the median for our peer group, and performance was above target. This demonstrates our track record of delivering new homes, and investing in existing stock whilst having higher interest costs due to higher gearing levels than the sector median. This year the Group is preparing to go out to market for new funding to support our ongoing ambition to be a growing, resilient organisation.

GROUP STRATEGIC REPORT (continued)

Operating Margin



Overall operating margin is 3% below target at 20%, this has been affected by:

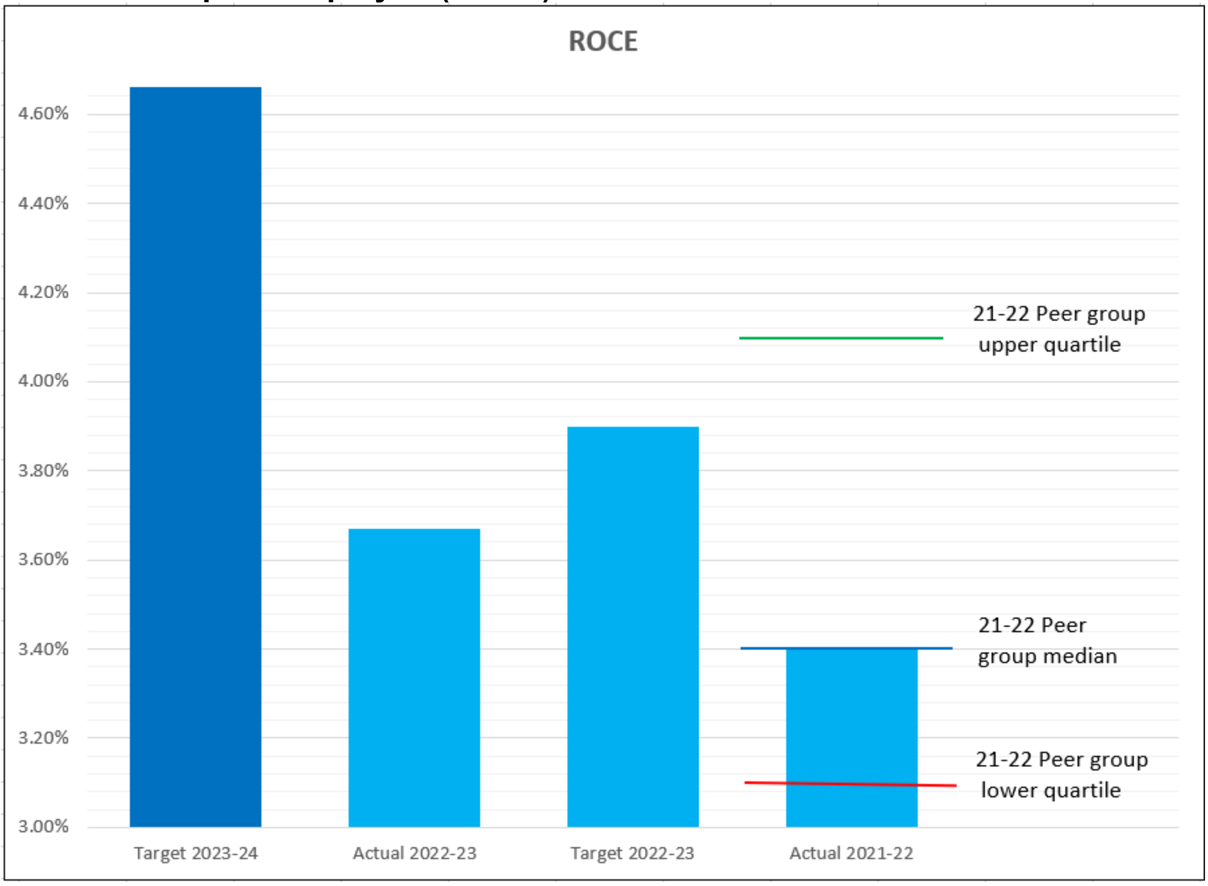
- Income for rent and service charges being lower than forecast due to the delayed completion of new developments.
- Increased revenue repair and maintenance costs of £4m due to increased use of sub-contractors, damp & mould works, and installation of CO alarms.
- Regulated care made a deficit of £656k, due to reduced occupancy levels at the Groups nursing home due to recruitment issues and compliance works.
- Property sales have contributed a £3m surplus on non-social housing activities.

Social Housing Lettings operating margin was also 20%, reflecting higher than forecast expenditure on revenue repairs and in part from the delay in new rental properties coming into management.

The peer group indicators shown on the graph are for Social Housing Lettings only. For Social Housing Lettings the Group were 3% below the average peer group surplus. The Group recognises that it is important to continuously improve efficiency and is currently investing heavily in new systems which will improve customer service. This will give our customers and staff more access to information using modern forms of communication and technology. This will enable the Group to reduce our historic costs of managing and maintaining legacy platforms and allow staff to focus on providing excellent customer service. The procurement team are also working across the business to ensure that major contracts are tendered and managed to a high level to ensure VFM is delivered.

GROUP STRATEGIC REPORT (continued)

Return on Capital Employed (ROCE)



ROCE is below target for 2022/23, this is due to delays in the development programme and higher than forecast maintenance costs in the year. Steps have been taken to implement a strategic approach to dealing with damp & mould, and improve the standard of our void properties. In the long term it is hoped that this will assist in the improvement of the Groups stock quality and increase customer satisfaction.

In 2021-22 the Group's ROCE was on the median for our peer group, this demonstrates that we are running the organisation efficiently, whilst continuing to invest in our assets to meet our strategic objectives.

GROUP STRATEGIC REPORT (continued)

HPG VFM Metrics

In addition to the mandatory VFM metrics above, the HPG Group board also approve and monitor specific HPG VFM metrics which are reported to Group board on a bi-annual basis. The Group's VFM Strategy highlights the importance of providing VFM to achieving our corporate objectives, therefore the metrics below are the golden thread which ensure our objectives are aligned with VFM. A new Corporate Plan was launched in 2022 for the period 2022-25 entitled **Progressive and Resilient Through Change**, therefore some new metrics have been included in the table below which will be reported in future years.

HPG Metrics 2022-23					**Comments**
Metric	**Target 2023-24**	**Target 2022-23**	**Actual 2022-23**	**Actual 2021-22**	
Homes					
Complete 225 new homes	465	225	176	376	See New Supply section above.
Achieve 100% compliance against all regulatory and legislative requirements	100%	100%	99.32%	99.95%	Compliance for gas, electric, water hygiene and lifts was 100%. Some areas of compliance such as LOLER testing and asbestos were slightly below target. See below for more details.
Metric	**Target 2023-24**	**Target 2022-23**	**Actual 2022-23**	**Actual 2021-22**	**Comments**
Lives & Communities					
Implement a Quality Strategy to improve customer experience and service quality	Deliver Quality Strategy	Approve & start to deliver strategy		New for 22-25 corporate plan	Quality strategy has been approved, and is being delivered

Voids loss (including rent loss, void repair costs and utilities)		£4.8m	£6.1m	£3.9m	Volume of voids has increased to 1,400, utilities costs have increase, and letting standard has increased. See below for more details.
Overall customer satisfaction with landlord services	85%	80%	75%	76%	This has dipped recently, due to repairs timescales and damp and mould. 75% is the median from 67 landlords.
Overall satisfaction with domiciliary care services	92%	90%	89.5%	83%	Overall satisfaction very close to target, although satisfaction in Staffordshire was lower than Shropshire – that service has now ceased.
Achieve £2.4m in savings and additional benefits for tenants by the employment and money advice team	£2.6m	£2.4m	£2.83m	£2.78m	2,181 customers have accessed the service against a target of 1,130, helping to sustain tenancies and support our customers.
Establish a new community hub	1	1 new hub launched	0	New for 22-25 corporate plan	Burton Square community hub is slightly delayed, due to open in Q1 2023/24
Business Resilience					
Maximise rental income through effective collection and financial support	3% or less	3% or less	1.9%	1.75%	Arrears performance is excellent considering current cost of living crisis. Top quartile performance. National average arrears is 4.7%.
Develop a consistent strategy to service charges	Project on hold	Agree approach		New for 22-25 corporate plan	Project is at business case stage. Project on hold until the 1 Housing Management Project is complete to ensure adequate resourcing.
Develop and deliver ESG strategy	Deliver Strategy	Strategy approved & start to deliver		New for 22-25 corporate plan	ESG strategy has been approved

GROUP STRATEGIC REPORT (continued)

VFM performance against our objectives

The Group's VFM strategy is to achieve VFM by delivering our corporate plan objectives:

HOMES

Providing quality affordable homes to meet identified housing need

Development

The development programme was 49 homes behind target for completions this year. This was due to a number of factors, including highways delays, material shortages and developers prioritising their open market sales homes over the delivery of affordable homes on S106 schemes. All development projects are closely monitored and reported to board, delays are mitigated as much as possible through close contract management and the employment of employer's agents who work with the Group to ensure developments are delivered on-time and meet high quality standards before handover. Although some developments have been delayed they are still achieving net present values (NPV) far in excess of the business plan assumptions, increasing profit which considerably offsets any rent loss due to delays.

Compliance

Compliance activities are continuing to perform well, achieving 99.3% compliance by the end of March across all activities. 100% of fire doors have been inspected for buildings over 11 metres as per the new regulations introduced in January 2023. 1,400 new fire doors were installed during the year, achieving the target set on the programme to replace all communal fire doors.

Over 16,400 carbon monoxide alarms have been fitted in our customers homes, 63 were outstanding at the end of March 2023.

A damp & mould strategy has been approved, our focus moves from reactive to a preventative model, through our asset management approach backed up with a new priority repairs team who are trained to work in a proactive way with our customers particularly for complaints, disrepair, and damp & mould issues.

GROUP STRATEGIC REPORT (continued)

LIVES & COMMUNITIES

Delivering effective housing and care services that customers trust and support our customers and communities to achieve their goals

Voids

There has been a £1.3m overspend on voids during the year, due to increased volumes, inflationary pressures on utilities, labour and materials. The launch of a new quality strategy has led to the development of a revised lettable standard to ensure all homes let are to the quality homes standard. A void working group has been established to reduce costs and time required to re-let whilst continuing to meet the quality standard.

Customer satisfaction

Although overall customer satisfaction with landlord services and domiciliary care services were both below target there have been some positive improvements in customer satisfaction and engagement during the year. The group have established a service improvement committee which has a focus on learning and improvement. This cross-functional group reviews complaints and ensures action is taken to remedy the complaint, but also learn and develop the service to prevent issues happening in the future and identify trends. Some headline improvements so far include:

Issue	Resolution
Unreliable pop-up plugs	Review and replacement with alternative which customers can maintain
Missed appointments by contractors	Revised KPI's and compensation
Customer complaints about repairs that are their responsibility	Set a suite of standard responses for guidance and support to customers, where there was no evidence of service failure. Provide support through 'How To' videos.
Large increase in damp and mould complaints and requests	.Mobilised immediate response, with communications, and full review of 2021 policy and processes.

This is part of a long-term approach, with the launch of a new customer engagement strategy. This is to ensure a customer centric approach to service, involving customers to improve services and communication.

A review of performance in the customer service centre resulted in a decision to maintain current staffing levels to achieve our current SLA of answering 75% of calls within 30 seconds. If the SLA was reduced to 75% of calls being answered within 10 minutes it would only save 1.6FTE. It was decided that the risk of reduced customer satisfaction

GROUP STRATEGIC REPORT (continued)

and the potential for repairs to be unreported due to customers being unwilling to wait to report issues outweighed any saving, which in turn may result in additional costs elsewhere within the business.

Money and employment

The money and employment team have exceeded their target for 2022-23. They have helped our customers make savings or receive additional support amounting to £2.8m. There are two community hubs located in Shrewsbury which support the team to meet people and host events such as CV writing courses, and digital support.

A new community hub was due to open in March 2023 in Stafford, unfortunately there were some delays in the redevelopment however the hub is now open and will support hundreds of customers in Stafford.

The Group has exceeded its target of employing 20 apprentices this year, 33 apprenticeships have been utilised throughout the Group, from business apprenticeships in Finance to electricians in the Property Plus team, and some existing staff have begun apprenticeships to up-skill and develop within the company.

BUSINESS RESILIENCE

A financially strong, well governed Group; with skilled and motivated people, transformational IT and reliable data, able to respond to the changing environment

The income team have achieved an excellent performance again, current tenant arrears ended the year at 1.9%, a 0.15% increase over last year which is positive in the light of the current economic climate. This performance along with the support our money and employment team give our customers helps to sustain tenancies and reduce costly enforcement action.

Initial scoping of the service charge project to change the recovery model has identified that this will be a significant project requiring dedicated resources. The change and transformation team and front line teams are heavily committed to delivering the new single Housing Management System for the group (1HMS), so it has been decided to put this project on hold until resources are available once 1HMS is live.

The Group's first ESG strategy has been approved, the first year's report is included in these financial statements updating performance against 23 environmental, social and governance targets.

The Change & Transformation team have been supporting the Group to deliver significant projects during the year including:

- **Migration of phone systems** to new cloud based service – enables move to digital which allows more telephony analysis and future flexibility.

GROUP STRATEGIC REPORT (continued)

- **ESG strategy** – supports the Groups corporate objectives and future funding opportunities.
- **Cyber security** – Delivery of security operations centre and IT security awareness to mitigate Cyber risks as far as possible.
- **Rent & service charge review** – co-ordinate accurate, compliant rent and service charge process.

Procurement

During 2022-23 the procurement team has been restructured to cover the whole group with a dedicated Head of Procurement. This provides a strategic, consistent approach to procurement across the business. The team support major tender exercises and are developing the contract register to be a pro-active tool, supported with benchmarking and contract reviews to ensure VFM is delivered.

During this period of high inflation and supplier volatility, the team have been supporting budget holders to manage these challenges and create VFM.

Specification reviews – over £35k of savings from reviewing and changing product specifications such as tiles and grout.

Inflation protection – working in partnership with suppliers to ensure inflationary increases are justified and kept to a minimum. The core basket of building materials has increased by 7% on average during 2022/23, which is significantly below headline inflation.

Benchmarking – regularly reviewing major contracts to ensure prices remain competitive.

Tender support – Negotiated a £104k saving on procurement framework commission for a £7m retrofit works contract.

GROUP STRATEGIC REPORT (continued)

Future Plans
Housing Plus Group continue to deliver the corporate plan 2022-25 objectives including:

- **Deliver 1HMS** single housing management system for the group – enabling efficiencies and improved customer service
- **Implement Total Connect Contractor software** – creating a 'one group' operational model – providing a single source of data
- **Application decommissioning** – greatly reduce the number of applications to reduce costs and centralise data.
- **Repairs self-service** – this improvement will give customers more access and choice to report repairs in their preferred way. This will reduce out of hours calls and calls to the customer service centre, saving £90k over two years.
- **Chatbot** – the introduction of an automated knowledgebase and webchat will give customers more ways to get in touch and be helped, saving £50k over two years.
- **Asset Management Strategy** – in light of the significant resource constraints due to damp & mould, the installation of CO alarms and the rent cap, the Director of Asset Management is working with board to review the current Asset Management strategy.
- **Corporate plan review** - It is recognised that in the current economic and ever-changing operating environment that the plan should be reviewed to assess the affordability and deliverability of the objectives and targets currently agreed during 2023/24.

Self-assessment

After considering the information outlined above, we the Group board believe the Group complies with the VFM standard set by the Regulator of Social Housing.

As already stated in the Strategic Report, the changes in operating environment will ultimately lead to a revision of some of the Corporate Plan targets during 2023/24 and this in turn may impact on the Groups VFM targets.

GROUP STRATEGIC REPORT (continued)

Environmental, Social and Governance

The Group's **Environmental, Social and Governance** (ESG) strategy sets out the Group's approach to ESG. The ESG strategy also has close links to other Group strategies such as VFM, Data strategy, Asset Management strategy and Net zero carbon strategy.

The Group's approach to ESG

The Group understands it's Environmental, Social and Governance impact on the Staffordshire and Shropshire counties is significant. The Group is committed to building more affordable homes and deliver on its social purpose through the services it provides.

Following the approval of the ESG Strategy in 2022, the group has made it a priority to bring its existing ESG reporting into a single repository and in turn reported on in this ESG report for 2022/23.

The report uses mainly quantitative results and seeks to provide context where results are either behind target or where targets are due to be met in future years. The intention is to present the ESG performance so that it can be compared to other Regulated Providers and although the Group have not adopted the voluntary Sustainability Reporting Standard for Social Housing in its entirety, the Group have adopted a number of its measures for consistency.

The Government places increased expectations on the housing sector to take responsibility to reduce their carbon footprint, both in terms of managing their existing stock and the development of new homes. The UK social housing sector is leading the way with recent notable developments; including the Sustainability Reporting Standard for Social Housing which was published in November 2020 by the ESG Social Housing Working Group. Although the Group's strategy cross references with this Sustainability Reporting Standard on a number of its metrics, it was felt that given the Group had already set a number of ESG related targets during the creation of its Corporate Plan 2022-25, the Groups ESG strategy should be seen more as a continuation of the Groups commitment to environmental, social and governance improvements, rather than a standalone strategy.

Although it is not required to make ESG disclosures as part of the financial statements, the ESG strategy recognises that this area is becoming increasingly important for stakeholders, especially lenders and institutional investors who are seeking to add sustainability related covenants to future funding opportunities.

The Group's Corporate plan 2022-25 – Progressive and Resilient Through Change, reflects on the fact that the Group is operating in changing and challenging times but recognises the significant changes the Group has already made, enabling the Group to be resilient and progressive at a time when it needs to be exactly that, focussing resources on providing better homes, better lives and better communities for its customers whilst remaining resilient as a business.

GROUP STRATEGIC REPORT (continued)

With the background detailed above, the Group are proud to present its first ESG report, which for 2022-23 forms part of the financial statements.

This report explains the Group's ESG direction and annual performance against a number of short term, medium term and long term targets. As several of the targets are linked to the sustainability reporting voluntary standard for Social Housing, this allows for comparison with other Registered Providers as well as being a public record of our corporate plan performance against ESG related targets.

Environmental

The environmental factor in the ESG equation focuses on how the Group performs as a steward of nature. It considers how the Group uses natural resources and how its operations impact the environment. It includes not only our direct operations, but also all activities across our supply chains. (* denotes that the metric is a corporate plan target)

Metric 1 - Distribution of Energy Performance Certificate (EPC) ratings of existing homes

Target: **100% C and above*** | Target date: 2030

Current performance: **83%**

Update: The Group are on track to achieve 100% EPC C or above by 2030. It should be noted that the central body will be changing the calculation in June 2023 to reflect the new costs associated with heating so there is the potential that some of our existing properties EPC ratings could move to a lower grading.

Metric 2 - Distribution of EPC ratings of new homes

Target: **100% B and above***

Current performance: **100% B**

Metric 3 - Scope 1 and scope 2 greenhouse gas emissions

Target: 5% annual reduction | Target date: 2030

Current performance: 2.2% increase

Update: The total greenhouse gas emissions for 2022/2023 was 2,593.59 tonnes of carbon dioxide (tCO2e). The largest contributor to this emissions total was the consumption of gas (mainly by tenants), which accounted for just over 65% of the emissions. The Group continues to implement energy efficiency measures where it is able and this remains a priority for the Group, both in terms of its operations and supply chain

Metric 4 - Energy efficiency actions undertaken in the last 12 months (EPC)

Target: **£3.3m** | Target date: 2023/24

Current performance: **£2.1m**

GROUP STRATEGIC REPORT (continued)

Update: Tenant refusals have resulted in some spend being moved forward into 2023/24. The Group are hoping to include customers from wave one of the Social Housing Decarbonisation Fund works to provide assurances to future beneficiaries of the scheme in terms of benefits and disruption.

Metric 5 - Energy efficiency actions undertaken in the last 12 months (Heating upgrades)

Target: **£4.5m** | Target date: 2023/24

Current performance: **£2.7m**

Update: The Group reduced its 2022/23 target for energy efficiency to £2.7m following the economic uncertainty triggered by Russia's invasion of Ukraine and subsequent impact on available resources. The Group achieved 100% of the restated target.

Metric 6 - Reduction of pollutants (Pollutants include Mould)

Target: **90% of damp and mould cases reviewed within 7 days*** | Target date: 2024

Current performance: 100%

Social

The social component of ESG centres on relationships. In particular, how the Group manages its relationship with its residents, the communities in which it operates, and the broader political environment. (* denotes that the metric is a corporate plan target)

Metric 1 - Share and number of new homes

Target: **81% social, 19% commercial (including outright sale)*** | Target date: 2024/25

Current performance: **81% social, 19% commercial**

Metric 2 - Percentage of homes with a gas appliance that have an in-date, accredited gas safety check

Target: **100%***

Current performance: **100%**

GROUP STRATEGIC REPORT (continued)

Metric 3 - Achieve 100% compliance against all regulatory and legislative requirements (including CO and smoke alarms)

Target: **100%***

Current performance: **Electric 100%, Lifting Operations and Lifting Equipment Regulations (LOLER) 96.82%, Water hygiene 100%, Asbestos 99.23%, Fire Risk Assessments (FRA) 99.84%, CO alarms 99.26% and Smoke alarms 99.98%**

The reported non-compliance for LOLER and FRA was due to failure of process by third party Service Providers. The outstanding inspections were subsequently carried out in the first week of April 2023. Both areas of compliance are now at 100%.

The reported non-compliance for Asbestos relates to 2 boiler rooms which have been decommissioned and are no longer in use (although have both since been inspected). The Group are now 100% compliant in this area.

The CO alarm requirement is to install CO alarms in 16,498 properties and will be delivered within a very short timescale. The project is expected to be 100% compliant by the end of May 2023. Current compliance position is 99.86%

Smoke Alarms non-compliance was found following a reconciliation exercise that revealed confirmation of a working smoke alarm could not be evidenced in three properties. The three properties have since been booked in to replace the smoke alarm. The Group have not been able to access two of these properties resulting in 99.9% compliance.

Metric 4 - What percentage of homes meet the (national housing quality standard) Decent Homes Standard?

Target: **100% (excluding refusals)***

Current performance: **100%**

Metric 5 - Tenants' ability to hold management to account for provision of services

Target: **190 contacts (customer engaged)** * | Target date: 2024

Current performance: **1020**

Update: This performance reflects the new Tenant Satisfaction Measures introduced by the Regulator of Social Housing during the year with an annual survey of 1,020 residents being completed. Whilst the results for the number of customers contacted are favourable, only 68% of residents are satisfied with their opportunities to make their views known and 64% feels that Homes Plus listens to their views and acts upon them. To address the current levels of customer engagement a new senior role of Director of improving the customer experience was introduced during 2022/23.

GROUP STRATEGIC REPORT (continued)

Metric 6 - Tenant satisfaction

Target: **90%*** | Target date: 2024/25

Current performance: **75%**

Update: This performance reflects the new Tenant Satisfaction Measures introduced by the Regulator of Social Housing during the year. The survey for 2022/23 found that three-quarters of residents are satisfied with the overall services provided by Homes Plus. However, there are even higher scores for other measures, including the neighbourhood as a place to live (88%), provision of a safe home (83%), residents being treated fairly and with respect (80%) and keeping residents informed (78%).

Metric 7 - Support services offered to tenants

Target: **£2.8m savings achieved for customers per annum by Employment and Money Advice team*** | Target date: 2024/25

Current performance: **£2.84m**

Metric 8 - Place making or place shaping activities

Target: **Making a Positive Difference fund £50k pa*** | Target date: 2024/25

Current performance: **Nil**

Update: Provision for the fund will be made within the 2024/25 budget

Governance

Governance refers to a set of rules or principles defining rights, responsibilities, and expectations between different stakeholders, including the Group's employees. (* denotes that the metric is a corporate plan target)

Metric 1 - Viability and Governance regulatory grading

Target: **V1 / G1**

Current performance: **V2 / G1**

Update: In November 2022 the Group, along with 37%** of the sector, were downgraded from V1 to V2. A consistent factor across the sector regarded interest cover headroom in a time of economic uncertainty. Specifically for the Group the 'regrade was due to significantly increased level of investment in its existing homes, primarily to address the Government's energy efficiency targets. The combination of rising interest costs and the additional economic uncertainty in relation to inflation, has reduced the forecast headroom on its interest cover loan covenant and the available capacity to manage

GROUP STRATEGIC REPORT (continued)

adverse events'. The Group recognises the pressures the sector is under, and the capacity removed from its business plan as a result of the 2023/24 rent cap. The Group will continue to address the Governments energy efficiency targets within its prudent approach to business planning and will seek to generate efficiencies within the business plan so that the Group is well placed to be upgraded when the current sector wide pressures start to dissipate.

** Source: Regulator of Social Housing Website

Metric 2 - Adverse regulatory findings in the last 12 months

Target: **Nil**

Current performance: **Nil**

Metric 3 - Compliance with the NHF 2020 Code of Governance

Target: **100%**

Current performance: **100%**

Metric 4 - Demographics of the Group's employees

Target: **New recruits from local communities 85%*** | Target date: 2024/25

Current performance: **87%**

Metric 5 - Staff turnover

Target: **14%*** | Target date: 2024/25

Current performance: **22%**

Update: This target is highly unlikely to be achieved as United Kingdom average turnover is increasing and is currently at 23%. On this basis this target for future years will be revised to take account of the national trend.

Metric 6 - Percentage of employees paid the Real Living Wage

Target: **80%** | Target date: 2024/25

Current performance: **78.8%**

Update: Although close to target the Group is not expected to move significantly on actual performance by 2024/25.

Metric 7 - Staffing should be representative of the communities we serve

GROUP STRATEGIC REPORT (continued)

Target: **Equality, Diversity and Inclusion interventions of >3%***

Current performance: **7.95%**

Metric 8 - Employee satisfaction

Target: **74%*** | Target date: 2024/25

Current performance: **74%**

Metric 9 - Staff sickness

Target: **4.2%** | Target date: 2024/25

Current performance: **3.8%**

Conclusion

The Group ESG report for 2022/23 communicates the Groups ESG direction of travel to both our current and future stakeholders.

The Group takes its position seriously in addressing the current issues with housing supply and does so with a balanced portfolio of services to enable customers and communities to flourish through continued investment and engagement.

The Group's Corporate Plan takes a long-term view of its customer's interests and this in turn shapes both the structure and focus of the Group's activities with sustainability at its core.

The Group understands that this report presents its commitment to ESG at a point in time but is committed to challenge itself as and when new opportunities become available to stretch the existing targets set out in the Group's ESG Strategy.

During 2023/24 The Group intends to invest further in its approach to ESG, with the intention of working with funding partners to achieve its growth ambitions using funding with underlying sustainability targets imbedded.

The Group understands that to commit fully to its ESG priorities it will need to enforce its ESG expectation on its supply chain. This is something The Group will be looking to develop during 2023/24 and is now a standard part of all new tenders.

Finally, The Group has made good progress on its ESG reporting during 2022/23, bringing together a balanced suite of metrics which were already tracked through existing strategies and KPI reporting. Now that the ESG reporting dashboard has been imbedded within The Group's reporting cycle, The Group are looking to develop its ESG ambitions further during 2023/24.

GROUP STRATEGIC REPORT (continued)

Statement of compliance

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in the Statement of Recommended Practice for registered social housing providers 2018 update.

The Board confirms that the Group has complied with all relevant regulatory and legal requirements. The Board confirms this for the Group and its subsidiaries through appropriate policies and procedures and a strong control framework (described in the Statement of Internal Controls). The Board also reviews the effectiveness of the control framework and the assurance received from it, including receiving external reviews from the Internal Auditor.

This Group Strategic Report was approved by order of the Board:

S Jennings
Chair

I Molyneux
Company Secretary

S Boden
Director
24 July 2023

Independent auditor's report to The Housing Plus Group Limited

Opinion

We have audited the financial statements of The Housing Plus Group Limited ("the Association") for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of affairs of the Group and the Association as at 31 March 2023 and of the income and expenditure of the Group and the Association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group and the Association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Association's Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Association or to cease their operations, and as they have concluded that the Group's and the Association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Board's conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group's and the Association's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Association's ability to continue as a going concern for the going concern period.

Independent auditor's report to The Housing Plus Group Limited (continued)

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Association will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the Audit & Risk Committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit & Risk Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Obtaining a copy of the Group's fraud register

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet *loan covenants* and *regulatory performance targets*, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as valuation of pension liabilities and valuation of investment properties. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue is derived from routine transactions with limited management incentive and opportunity to fraudulently recognise revenue.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included unusual postings to cash and borrowings and unusual postings to revenue.

Independent auditor’s report to The Housing Plus Group Limited (continued)

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards), and from inspection of the Group’s regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related Co-operative and Community Benefit Societies legislation), taxation legislation and specific disclosures required by housing legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety and employment law recognising the nature of the Group’s activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing 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, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

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

Independent auditor's report to The Housing Plus Group Limited (continued)

Other information

The Association's Board is responsible for the other information, which comprises the Board's Annual Report and the Statement on Internal Controls. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Board's responsibilities

As explained more fully in their statement set out on page 11, the Association's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent auditor's report to The Housing Plus Group Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

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 those matters we are required to state to it 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, for our audit work, for this report, or for the opinions we have formed.

Rees Batley

Rees Batley
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

13 September 2023

CONSOLIDATED AND PARENT STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2023

	Note	Year Ended 31 March 2023		Year Ended 31 March 2022	
		Group	Parent	Group	Parent
		£'000	£'000	£'000	£'000
Turnover	3	111,316	19,363	101,463	18,279
Cost of Sales	3	(7,223)	-	(3,456)	-
Operating Costs	3	(82,227)	(19,037)	(78,383)	(17,861)
Gain on disposal of property, plant and equipment (fixed assets)	4	4,129	-	4,327	-
Movement in fair value of investment properties	14	382	-	1,151	-
Operating surplus		**26,377**	**326**	**25,102**	**418**
Interest receivable and similar income	5	94	-	3	-
Interest and financing costs	6	(18,411)	(38)	(16,531)	(157)
Surplus before tax	7	**8,060**	**288**	**8,574**	**261**
Taxation on surplus	8	(47)	-	(17)	-
Surplus for the year		**8,013**	**288**	**8,557**	**261**
Actuarial gain/(loss) in respect of pension schemes	24	15,278	1,740	23,227	7,072
Total comprehensive income for the year		**23,291**	**2,028**	**31,784**	**7,333**

All the Group and Parent turnover and surplus disclosed above are derived from continuing activities.

The accompanying notes on pages 67 to 120 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
for the year ended 31 March 2023

	GROUP			PARENT		
	Income and Expenditure Reserve	Restricted Reserve	Total	Income and Expenditure Reserve	Restricted Reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2022	**201,932**	**3,408**	**205,340**	**530**	**-**	**530**
Total surplus from Statement of Comprehensive Income	**5,346**	**2,667**	**8,013**	**288**	**-**	**288**
Actuarial gains / (loss) on defined benefit pension scheme	15,278	-	15,278	1,740	-	1,740
Other Comprehensive Income for the year	**15,278**	**-**	**15,278**	**1,740**	**-**	**1,740**
Capital spend in the year	-	**(151)**	**(151)**	-	-	-
Balance at 31 March 2023	**222,556**	**5,924**	**228,480**	**2,558**	**-**	**2,558**

	GROUP			PARENT		
	Income and Expenditure Reserve	Restricted Reserve	Total	Income and Expenditure Reserve	Restricted Reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2021	**171,113**	**2,780**	**173,893**	**(6,803)**	**-**	**(6,803)**
Total surplus from Statement of Comprehensive Income	**7,592**	**965**	**8,557**	**261**	**-**	**261**
Actuarial gains / (loss) on defined benefit pension scheme	23,227	-	23,227	7,072	-	7,072
Other Comprehensive Income for the year	**23,227**	**-**	**23,227**	**7,072**	**-**	**7,072**
Capital spend in the year	-	(337)	(337)	-	-	-
Balance at 31 March 2022	**201,932**	**3,408**	**205,340**	**530**	**-**	**530**

The accompanying notes on pages 67 to 120 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2023

	Note	As at 31 March 2023 Group	As at 31 March 2023 Parent	As at 31 March 2022 Group	As at 31 March 2022 Parent
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets and goodwill	11	4,885	576	3,719	842
Tangible fixed assets					
Housing properties	12	668,391	-	656,439	-
Other tangible fixed assets	13	7,862	477	8,155	852
Investment Properties	14	22,231	-	22,530	-
		703,369	1,053	690,843	1,694
Assets: amounts receivable after more than one year					
Pension asset		383	249	-	-
		383	249	-	-
Current assets					
Stocks	15	25,258	-	16,001	-
Debtors	16	7,751	5,847	7,296	2,078
Investments		7	-	7	-
Cash and cash equivalents		11,345	696	10,429	303
Less: Creditors: Amounts falling due within one year	17	(28,595)	(5,284)	(28,678)	(2,371)
Net current assets/ (liabilities)		**15,766**	**1,259**	**5,055**	**10**
Total assets less current liabilities		**719,518**	**2,561**	**695,898**	**1,704**
Creditors: Amounts falling due after more than one year	18	(487,375)	-	(472,566)	-
Pension Provision	24	(3,663)	(3)	(17,992)	(1,174)
Total net assets		**228,480**	**2,558**	**205,340**	**530**
Reserves					
Income and expenditure reserve		222,556	2,558	201,932	530
Restricted reserve		5,924	-	3,408	-
Total reserves		**228,480**	**2,558**	**205,340**	**530**

The financial statements were approved by the Board and authorised for issue and are signed on its behalf by:

S Jennings
Chair

S Boden
Director

I Molyneux
Company Secretary

24 July 2023

The accompanying notes on pages 67 to 120 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2023

	Note	Year Ended 31 March 2023		Year Ended 31 March 2022	
		£'000	£'000	£'000	£'000
Cash from operations	26		**32,929**		**31,303**
Taxation receivable / (payable)			84		324
Net cash generated from operating activities			**33,013**		**31,627**
Cash flows from investing activities					
Purchase of tangible fixed assets		(34,979)		(54,074)	
Purchase of intangible assets		(1,777)		(2,096)	
Proceeds from sale of tangible fixed assets		8,500		10,783	
Grants received		1,143		2,637	
Interest received		94		4	
Net cash from investing activities			**(27,019)**		**(42,745)**
Cash flows from financing activities					
Interest paid		(17,943)		(15,767)	
Loan drawdowns/ new loans		25,000		27,000	
Repayments of borrowings		(12,135)		(3,625)	
Net cash used in financing activities			**(5,078)**		**7,608**
Net increase/ (decrease) in cash and cash equivalents		916		(3,510)	
Cash and cash equivalents at beginning of the year		10,429		13,939	
Cash and cash equivalents at end of the year	24		**11,345**		**10,429**

The accompanying notes on pages 67 to 120 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Legal status

The Parent, the Housing Plus Group Limited, is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 and is a non-housing asset holding company registered with the Regulator of Social Housing. Housing Plus is a public benefit entity as described by Financal Reporting Standard 102.

2. Accounting policies

A summary of the key accounting policies, which have been applied consistently across all group entities, is set out below.

Basis of accounting

The financial statements have been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), UK Generally Accepted Accounting Practice (UK GAAP) including FRS102 (*the Financial Reporting Standard* applicable in the UK and Republic of Ireland), and the Statement of Recommended Practice for registered social housing providers 2018 update (SORP). The financial statements comply with the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2019.

The financial statements have been prepared under the historic cost convention, except for investment properties, which are stated at their fair value.

The financial statements are presented in pounds sterling (£).

The accounts have been prepared in accordance with applicable accounting standards under the historical cost accounting rules and on a going concern basis.

Going Concern

The Board reviewed the 30 year financial plans in May 2023, as part of its normal annual review and budget approval process. The financial plans were stress tested and mitigation plans noted. The Group's principal financial risks were also considered at this time. The Group Board were satisfied that the Group and all of its subsidiaries had sufficient resources, taking account of severe but plausible downsides, such as higher than forecast inflation, higher than forecast Bank of England base rates, changes to the Government's rent settlement agreement, downturn in the UK housing market or other adverse operational issues, to continue operating for the foreseeable future and accounts have been prepared in the reasonable expectation that the Group is a financially viable organisation.

The high levels of inflation resulting from the war in Ukraine and the after effects of the Covid-19 pandemic has impacted significantly on customers' personal finances, despite this impact, the financial performance of the Group remained strong. The Group ended the year with an arrears figure of 1.9% against a corporate target of 3% which is testament to the hard work of staff across the organisation.

NOTES TO THE FINANCIAL STATEMENTS (continued)

In terms of the non-registered subsidiaries, only Care Plus and Severn Homes carry out significant trading on a commercial basis outside of the Group. Demand for Care Plus services outside of the group remain stable although staffing and compliance issues at the Group's care home resulted in occupancy levels of below 50% during the year. Both issues have now been resolved with occupancy levels peaking at 88% during quarter 4 of the 2022/23 financial year. Care Plus produces a 5 year business plan annually which is reviewed by the Care Board and although the Care Home occupancy levels have resulted in a loss for 2022/23, this is forecast to return to a surplus position in 2023/24 now that the care homes occupancy levels are in line with that of the business plan. Severn Homes has returned a loss during the year due to the timing of its only development build period versus its sales period. Severn Homes only current development is due to complete early in 2026 when it is forecast to make a surplus. The development is stress tested on a regular basis to ensure it remains financially viable and mitigating actions are under constant review by both Board and Executive Team.

Short term cash flow is monitored daily on a consolidated basis. Cash flow variances are investigated and the information is used to update and improve cash flow forecasts and the Group has maintained liquidity in line with its Treasury Policy throughout 2022/23.

Longer-term liquidity is reviewed on a monthly basis and reported to the Group Board on a quarterly basis, covering an 18 month planning horizon. Again, this process encompasses all group entities. Latest forecasts demonstrate clearly that the Group and its subsidiaries have sufficient liquidity to cover the period of investment until January 2025, although work is underway to seek additional funding, in part to support future growth but also to address the current levels of floating debt which is currently 34%, which although is within policy, exposes the Group to interest rate risk.

As such, the Board conclude that the Group and all subsidiaries remain a going concern. The Board remains satisfied that the Group, taking account of severe but plausible downsides, can continue operating for at least 12 months from the date of signing of these financial statements and the accounts have been prepared in the reasonable expectation that the Group and its subsidiaries are financially viable.

Basis of consolidation

The Group financial statements consolidate the financial statements of The Housing Plus Group Limited parent entity and its wholly owned subsidiaries.

At 31 March 2023, the wholly owned subsidiaries were: Homes Plus Limited, Severn Homes Limited, Care Plus Staffordshire Limited, Development Worx and Housing Plus Group Finance Limited.

The consolidated statement of financial position at 31 March 2023 incorporates the assets and liabilities of all entities within the group at that time. The consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows incorporate the results for the period that they were members of the group.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Intercompany transactions and balances within group companies have been eliminated in full on consolidation.

The Housing Plus Group Limited meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside these consolidated financial statements. Exemptions have been taken in relation to the following:

- A Statement of Cash Flows has not been presented for the parent company.
- Certain disclosures in the parent company's financial statements have not been presented where equivalent disclosures have been provided for the Group as a whole.

Turnover and income recognition

Turnover represents rental and service charge income receivable net of voids, sales of first tranche shared ownership properties, grant amortisation and care services income for the year. Turnover (representing those items listed above) in the notes to the financial statements are analysed to identify General Needs, Supported Housing, Care Housing and Shared Ownership properties.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting.

Income from Low Cost Home Ownership sales and sales of properties built for sale (outright sales) is recognised at the point of legal completion of the sale.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Service charges, Supporting People Income and care services are recognised when the service has been performed and expenditure incurred.

Value Added Tax (VAT)

The Group's main income stream, being rent, is exempt for value added tax (VAT) purposes. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs (HMRC). The Group and subsidiaries are able to reclaim VAT in line with a Partial Exemption Special Method agreed with HMRC.

VAT reclaimed under the partial exemption method is calculated using a sectorised approach, allowing the different activities of the Group to be assessed separately for recovery based on the VAT treatment of the supply.

The balance of VAT payable to or recoverable at the year-end is included in the financial statements as a current liability or asset.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Interest payable and other finance costs

Interest and finance costs represent the cost of financing the purchase of those properties transferred and property acquisitions as well as new development. Loans are secured on the majority of housing properties owned by Homes Plus Limited.

Interest and finance costs are charged to the Statement of Comprehensive Income in the year in which they are incurred.

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

- Interest on borrowings specifically financing the development programme after deduction of related grants received in advance; or
- A fair amount of interest on borrowings, as a whole, after deduction of SHG received in advance, to the extent that they can be deemed to be financing the development programme

Taxation

The Parent, Homes Plus, Care Plus are all exempt charities, Severn Homes and Property Plus are liable for Corporation Tax and an annual provision is made to meet any assessed tax liability.

Pensions

The Group participates in a number of defined benefit pension schemes. The assets of these schemes are held separately to those of the Group.

For defined benefit schemes accounted for as defined benefit schemes, the net liability (or asset, to the extent it is recoverable) is calculated by estimating the amount of future benefit that employees have earned to date, discounted to present value, and deducting the fair value of the scheme's assets. Changes in this net defined benefit liability arising from employee service, introductions, benefit changes, curtailments and settlements during the period are recognised in operating costs. The net interest expense (or income) on the net liability (or asset) for the period is recognised as other finance cost (or income).

Re-measurement of the net liability (or asset) is recognised as actuarial gains/losses in Other Comprehensive Income.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

Holiday pay accrual

A current liability is recognised for any unused holiday pay entitlement which has accrued at the Statement of Financial Position date. This is measured at the undiscounted salary cost of the future holiday entitlement at the Statement of Financial position date.

Housing properties

Housing properties are held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent. Completed housing properties for lettings are stated at cost less accumulated depreciation and accumulated impairment losses. The cost includes costs of acquiring land and buildings, development costs incurred during the development period and other directly attributable costs including capitalised interest.

Housing properties under construction are stated at cost less accumulated impairment losses.

Completed housing properties are split between their land and other components. Freehold land is not depreciated. Housing properties are depreciated on a straight-line basis over the useful economic life of the assets. The depreciable amount is arrived at on the basis of original cost.

Expenditure on shared ownership properties is split proportionally between current and fixed assets based on the element relating to first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

The Group's housing assets are depreciated as follows:

- Depreciation is charged from the date of acquisition or practical completion of works.
- Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.
- The estimated useful lives of components and classes of components are kept under review.
- Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter.

Component estimated useful life

• Structure	100 years
• Roof	60 years
• Kitchens	20 years
• Bathrooms	30 years
• Heating System/Boilers	15 years
• Wiring System	30 years

NOTES TO THE FINANCIAL STATEMENTS (continued)

• Lifts	30 years
• UPVC external doors	30 years
• UPVC windows, fascia's and guttering	30 years
• Porches	30 years
• Solar Panels	30 years
• Housing Act Sewerage Works	25 years

Capitalisation

Works to existing properties which replace a component that has been treated separately for depreciation purposes are capitalised as improvements.

Major improvements and renovation of housing properties which extend the life of the asset, increase the rent or considerably reduce future routine maintenance are capitalised and depreciated over the useful economic life of the asset.

Staff and other costs that are directly attributable to bringing housing properties to practical completion are capitalised. Development costs not capitalised are shown as other activities in the Statement of Comprehensive Income.

Interest costs relating to new development are capitalised. The interest charged reflects the net interest paid over the period of the developments.

Accounting for grants

The Group receives Social Housing Grant and grants from Local Authorities. Any grants provided to reduce the capital cost of housing properties held at cost or specific components of housing properties, are recognised by the Group using the accrual model. It means that grants are released to the Statement of Comprehensive Income, on a systematic basis over the expected useful life of the housing property structure or if a Disabled Facilities Grant over the expected useful life of the bathroom.

If an asset (housing property or any of its components) is disposed of, for which grant was received, and there is no obligation to repay the grant, any grant remaining within liabilities on the Statement of Financial Position is released to the Statement of Comprehensive Income. If the grant is available to be recycled it is credited to a Recycled Capital Grant Fund and included as a liability in the Statement of Financial Position.

Any grants received in respect of revenue expenditure are recognised in the Statement of Comprehensive Income as they become receivable.

Donations of land or other tangible assets acquired below market value from a government source are treated as a non-monetary grant. The difference between the fair value of the tangible asset donated or acquired and the consideration paid is recognised as a liability in the Statement of Financial Position. Once the terms of the donation have been met it is released as income to the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Sale of housing property

Under shared ownership arrangements, the Group sells a long term leasehold interest of Shared Ownership housing units to persons who occupy them at a lease premium equal to between 25% and 100% of open Market Value.

The proceeds of first tranches sales are accounted for as turnover in the Statement of Comprehensive Income. The total property cost is apportioned between the shared ownership element and the element remaining in the Group's ownership based on the percentage sold or estimated to be sold.

Properties developed for sale that are either unsold or work in progress at the year-end are included in current assets. Any subsequent tranches sold ('Stair-casing') are accounted for as disposals. The remaining unsold element remains on the Statement of Financial Position as a fixed asset and is subject to an annual impairment review.

Under Right to Buy and Right to Acquire arrangements Homes Plus may sell properties to qualifying tenants. For properties previously owned by South Staffordshire Housing Association (due to the nature of the transfer with South Staffordshire Council) is not possible to separately identify the cost of each property sold. An average cost is eliminated from the property assets following each sale and charged to the Statement of Comprehensive Income. Receipts from Right to Acquire sales are required to be retained in a ring-fenced fund that can only be used for providing replacement housing. The sales receipt less eligible expenses are held in a disposal proceeds fund, which is held in creditors (either current or long-term dependent on when it is anticipated to be used).

Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance. The Group's intangible assets include licences, warranties and software. These are stated at cost less accumulated amortisation and any accumulated impairment losses. The cost includes cost of asset purchase and other directly attributable costs.

Intangible assets are amortised on a straight-line basis over the useful economic life of the assets as follows:

Software warranties & licences	5 years
Business Transformation costs	7 years

Other tangible fixed assets

Other tangible assets are depreciated on a straight-line basis over the useful economic life of the asset as follows:

• Office structure	60 years
• Vehicles	4 years
• IT software	5 years
• Furniture & equipment	5 years
• Photocopiers	3 years

NOTES TO THE FINANCIAL STATEMENTS (continued)

- IT hardware 3 years

For assets categorised as other tangible fixed assets the threshold for capitalisation is £500 for a single asset or group of assets.

Impairment

The Group carries out an annual impairment review of individual tangible fixed assets and cash generating units. The Group considers cash generating units to be schemes or geographical areas depending on size.

The review takes into account internal and external indicators of impairment; including obsolescence, physical damage, expected cash flows, replacement values market factors and government policy.

Where an indicator of impairment exists, an impairment assessment is performed. The assessment compares the carrying amount to the recoverable amount If the carrying amount of an asset or cash generating unit exceeds the higher of the value in use or fair value less costs to sell then the loss is charged to the Statement of Comprehensive Income as expenditure and as a separate line within operating expenditure where it is considered to be material.

Leased assets and leasing obligations

At inception, the Group assesses all agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date. The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Payments received when the Group is acting as a lessor (Commercial Offices) are treated as rental revenue in the Statement of Comprehensive Income and the leased asset is a fixed asset in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the net identifiable assets at the date of acquisition.

Housing Plus Group recognises intangible assets from goodwill if the intangible meets all of the following three criteria:

- meets the recognition criteria per FRS 102.18.4
- are separable
- arise from contractual or other legal rights.

Goodwill on acquisitions is included in 'intangible assets' and is carried at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be in line with any financing made available to acquire the business or business combination. The estimated useful lives are as follows:

- The Sandford Care Home – 4.5 years

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with FRS 102 Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Debtors and creditors

Debtors and creditors 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 expenditure.

Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability of another entity. The Group accounts for its financial instruments using sections 11 'Basic Financial Instruments' and 12 'Other Financial Instruments Issues' of FRS102.

The Group's financial instruments are all currently classified as basic and include rent receivable, trade creditors, cash and loans.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Basic financial instruments are initially recognised at transaction price and in subsequent years at amortised cost. Financial assets are derecognised when the rights to the cash flows from the asset expire or are settled.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expired. Any difference between the consideration paid or received and the amounts derecognised are recorded in the Statement of Comprehensive Income.

Cash and cash equivalent

Cash and cash equivalents' consists of cash at bank, cash in hand, deposits and short term investments with an original maturity of three months or less.

Loan issue costs

Loan issue costs are amortised over the life of the related loan. Loans are presented in the Statement of Financial Position within creditors falling due after more than one year net of any unamortised loan issue costs.

Amortised loan issue costs are recognised in the Statement of Comprehensive Income in the year, and are included within interest payable and similar charges

Provisions for liabilities and charges

The Group only makes a provision when:

- there is a present legal or constructive obligation, resulting from a past event, at the Statement of Financial Position date;
- it is probable that a transfer of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the Statement of Financial Position date.

The Group sets a provision against rent arrears of current and former tenants based upon historic trends relating to write offs. All other receivables including trade receivables are provided for on a case by case basis.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

The Group does not recognise a contingent liability but discloses its existence in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

A contingent liability exists on grant repayment which is dependent on the disposal of the related property.

Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds.

Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires the use of certain accounting estimates and judgements concerning the future. The estimates and assumptions that

have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

- *Impairment of assets*

The Group assesses whether there is any indicator of impairment. Where an indication of impairment exists then an estimate must be made of the recoverable amount of the cash generating unit (CGU). This can require estimation of future cash flows from the CGU or costs of constructing/replacing the CGU if it is not held solely for its cash flows but for its service potential. Estimations are also made in relation to the selection of appropriate discount rates in order to calculate the net present value of those cash flows or costs.

- *Defined benefit pension scheme*

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, asset valuations and the discount rate on corporate bonds. Management relies on the estimates made by actuaries and the pension fund in these areas.

During the year ended 31 March 2023, the range of assumptions used by the individual schemes of which the Group is a member is shown in Note 23 of the financial statements.

- *Classification of Financial Instruments*

The Group must make judgements over the classification of Financial Instruments as either basic or other. The implication of this is that if treated as ‘other’, the loan would have to be shown at fair value with any movements in fair value reflected in the Statement of Comprehensive Income. All of these adjustments are non-cash and would have no impact on the Group’s loan covenants.

The Group’s financial instruments are all currently classified as basic and measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS (continued)

- *Leases*

Whether leases entered into by the Group either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

- *Development expenditure*

The anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale. This judgement is also based on the best estimate of sales value based on economic conditions within the area of development.

- *Assets*

The appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership between current and fixed assets. The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.

- *Revaluation of investment properties*

The association carries its investment property at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. The association engaged independent valuation specialists to determine the fair value at the reporting date. The valuer used a valuation technique based on a discounted cash flow model. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long-term vacancy rate.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, if appropriate. The actual lives of the assets are assessed annually and may vary depending on a number of factors.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

- *Debtors*

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Particulars of turnover, cost of sales, operating costs and operating surplus

Group	Note	Year Ended 31 March 2023				Year Ended 31 March 2022			
		Turnover	Cost of Sales	Operating Expenditure	Operating Surplus/ (Deficit)	Turnover	Cost of Sales	Operating Expenditure	Operating Surplus/ (Deficit)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing Lettings									
Income and expenditure from social housing lettings	3a	95,517	-	(76,792)	18,725	89,602	-	(72,887)	16,715
Other social housing activities									
1st Tranche Low Cost Home Ownership sales		5,590	(3,872)	(302)	1,416	4,952	(3,456)	(188)	1,308
Leaseholders		211	-	(164)	47	122	-	(101)	21
Tenant garages		157	-	(12)	145	169	-	-	169
External activities		2,318	-	(2,488)	(170)	2,683	-	(2,965)	(282)
Development team		-	-	(206)	(206)	-	-	(370)	(370)
Office depreciation and impairment		-	-	(266)	(266)	-	-	(95)	(95)
Other activities		311	-	-	311	417	-	1	418
Gain on disposal of property assets					4,097				4,327
		8,587	(3,872)	(3,438)	5,374	8,343	(3,456)	(3,718)	5,496
Activities other than social housing activities									
Income on closure of subsidiaries		14	-	-	14	-	-	2	2
Shops		335	-	-	335	297	-	(4)	293
Private garages		838	-	-	838	901	-	(7)	894
Market and commercial rent		1,005	-	(12)	993	974	-	(171)	803
Other		-	-	-	-	84	-	-	84
Market sales		3,780	(3,351)	(229)	200	-	-	(62)	(62)
Sandford care home		1,240	-	(1,756)	(516)	1,262	-	(1,536)	(274)
Gain on disposal of investment properties					32				-
Movement in fair value of investment properties					382				1,151
		7,212	(3,351)	(1,997)	2,278	3,518	-	(1,778)	2,891
Total		**111,316**	**(7,223)**	**(82,227)**	**26,377**	**101,463**	**(3,456)**	**(78,383)**	**25,102**

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Particulars of turnover, operating costs and operating surplus (continued)

PARENT	Note	Year Ended 31 March 2023 Turnover	Cost of Sales	Operating Expenditure	Operating Surplus/ (Deficit)	Year Ended 31 March 2022 Turnover	Cost of Sales	Operating Expenditure	Operating Surplus/ (Deficit)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing Lettings									
Income and expenditure from social housing lettings	3a	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
Other Social Housing Activities									
Charges for support services		19,363	-	(18,831)	532	18,279	-	(17,491)	788
External Activities		-	-	-	-	-	-	-	-
Development Team				(206)	(206)			(370)	(370)
Intra Group		-	-	-	-	-	-	-	-
		19,363	-	(19,037)	326	18,279	-	(17,861)	418
Total		**19,363**	**-**	**(19,037)**	**326**	**18,279**	**-**	**(17,861)**	**418**

All social housing activities are undertaken by Homes Plus as the owners of the housing assets within the Group. Other housing activities are undertaken by the Parent and all subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3a. Income and expenditure from social housing activities

GROUP	Year Ended 31 March 2023 General Housing	Supported Housing	Low Cost Home Ownership	Care Housing	Total	Year Ended 31 March 2022 Group Total
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover						
Rent receivable net of identifiable service charges	70,369	11,042	2,296	4,383	88,090	83,405
Service charge income	995	2,780	455	1,269	5,499	5,440
Amortised government grants	512	133	59	106	810	757
Other revenue grants	1,118	-	-	-	1,118	-
Turnover from social housing lettings	**72,994**	**13,955**	**2,810**	**5,758**	**95,517**	**89,602**
Operating Expenditure						
Management	(17,393)	(3,306)	(663)	(1,322)	(22,684)	(25,038)
Service charge costs	(3,574)	(2,591)	(5)	(1,917)	(8,087)	(5,167)
Routine maintenance	(10,821)	(4)	-	(13)	(10,838)	(10,634)
Planned maintenance	(18,124)	(35)	-	(35)	(18,194)	(16,083)
Bad debts	(379)	(2)	-	-	(381)	(237)
Depreciation of housing properties	(13,494)	(2,208)	(379)	(527)	(16,608)	(15,517)
Impairment of housing properties	-	-	-	-	-	(211)
Operating costs on social housing lettings	**(63,785)**	**(8,146)**	**(1,047)**	**(3,814)**	**(76,792)**	**(72,887)**
Operating surplus/ (deficit) on social housing lettings	**9,209**	**5,809**	**1,763**	**1,944**	**18,725**	**16,715**
Void Losses	(944)	(567)	(7)	(41)	(1,559)	(1,020)

Included within Planned maintenance are compliance costs as follows:

Compliance costs	(10,834)	(20)	-	(18)	(10,872)	(7,663)

The parent does not hold any housing stock for letting

NOTES TO THE FINANCIAL STATEMENTS (continued)

3b. Classes of accommodation in management and development

Group	2023	2022
	Number	Number
General housing		
- Social rent	14,377	14,402
- Affordable rent	1,453	1,374
Supported housing and housing for older people		
- Social rent	1,896	1,876
- Affordable rent	121	121
Low cost home ownership	807	767
Care Housing		
- Social rent	202	202
- Affordable rent	50	50
Total social housing units	**18,906**	**18,792**
Market rent	114	122
Other	2	2
Leasehold	646	643
Leasehold for the elderly	30	30
Total social housing units owned and managed	**19,698**	**19,589**
Accommodation managed on behalf of others	1	-
Total social housing managed	**19,699**	**19,589**
Non social leasehold	40	40
Total housing managed	**19,739**	**19,629**
Homes under construction at the year end	**186**	**91**

The parent does hold any housing stock

NOTES TO THE FINANCIAL STATEMENTS (continued

4. Gains/ (loss) on disposal of property, plant and equipment (fixed assets)

	Right to Buy sales	Other Disposals	Investment Properties	Total 2023	Total 2022
	£'000	£'000	£'000	£'000	£'000
Proceeds of sales	1,914	4,000	669	**6,583**	5,831
Less: Cost of sales	(744)	(984)	(622)	**(2,350)**	(1,446)
Selling costs	(29)	(60)	(15)	**(104)**	(58)
	1,141	**2,956**	**32**	**4,129**	**4,327**

Parent	Right to Buy sales	Other Disposals	Investment Properties	Total 2023	Total 2022
	£'000	£'000	£'000	£'000	£'000
Proceeds of sales	-	-	-	**-**	**1,606**
Less: Cost of sales	-	-	-	**-**	**(1,606)**
	-	**-**	**-**	**-**	**-**

5. Interest receivable and similar income

	Year Ended 31 March 2023		Year Ended 31 March 2022	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Interest received from current asset investments	94	-	-	-
Other loans to group undertakings	-	-	3	-
Interest receivable and similar income	**94**	**-**	**3**	**-**

NOTES TO THE FINANCIAL STATEMENTS (continued)

6.Interest payable and financing costs

	Year Ended 31 March 2023 Group	Year Ended 31 March 2023 Parent	Year Ended 31 March 2022 Group	Year Ended 31 March 2022 Parent
	£'000	£'000	£'000	£'000
Bank loans and overdraft	(19,410)	-	(16,673)	-
Loan commission and commitment fees	-	-	(23)	-
Loan amortisation	1,120	-	1,120	-
Renegotiation fees	(207)	-	(344)	-
Capitalised interest	833	-	494	-
Non utilisation fee	(268)	-	(307)	-
Net interest on pension liability	(479)	(38)	(798)	(157)
Interest payable and financing costs	**(18,411)**	**(38)**	**(16,531)**	**(157)**

Interest was capitalised at an average rate of 4.75% (2022: 5.00%)

7.Surplus on ordinary activities before taxation

This is arrived at after charging:	**Note**	**Year Ended 31 March 2023 Group**	**Year Ended 31 March 2023 Parent**	**Year Ended 31 March 2022 Group**	**Year Ended 31 March 2022 Parent**
		£'000	£'000	£'000	£'000
Depreciation:					
Housing assets		16,608	-	15,517	-
Other tangible fixed assets		937	445	858	332
Impairment:					
Housing assets		-	-	211	-
Other tangible fixed assets		-	-	20	-
Amortisation:					
Intangible assets	11	610	265	511	165
Grants		(810)	-	(757)	-
Fair value movement (gain) on investment properties		(382)	-	(1,151)	-
Operating lease rentals	22	842	30	624	29
Auditor's Remuneration (incl. expenses excl. VAT):					
Fees for the audit of the financial statements		137	34	115	28
Fees for other services		49	6	50	6

NOTES TO THE FINANCIAL STATEMENTS (continued)

8.Taxation

The difference between the total tax charge and the amount calculated by applying the standard rate of UK corporation tax to surplus before tax is as follows:

	Year Ended 31 March 2023			Year Ended 31 March 2022	
	Group	Parent		Group	Parent
	£'000	£'000		£'000	£'000
Surplus/ (deficit) on ordinary activities before tax	8,060	288		8,574	261
Tax on surplus on ordinary activities at standard UK corporation tax rate of 19% (2022: 19%)	1,532	55		1,629	50
Less: tax on surplus attributable to charitable activities	(1,485)	(55)		(1,612)	(50)
	47	-		17	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Employees

The average number of persons employed during the financial year expressed as full-time equivalents was:

	Year Ended 31 March 2023 Group	Year Ended 31 March 2023 Parent	Year Ended 31 March 2022 Group	Year Ended 31 March 2022 Parent
	Number	Number	Number	Number
Administration and Management	475	220	479	198
Property Services	266	228	249	205
Housing Support and Care	137	36	136	30
Other	4	4	4	4
Total	**882**	**488**	**868**	**437**

Employees' costs:

	Note	Year Ended 31 March 2023 Group	Year Ended 31 March 2023 Parent	Year Ended 31 March 2022 Group	Year Ended 31 March 2022 Parent
		£000	£000	£000	£000
Wages and salaries		29,093	17,919	27,699	15,797
Social Security costs		2,739	1,810	2,478	1,564
Other pension costs	23	2,631	1,545	2,587	1,422
Total		**34,463**	**21,274**	**32,764**	**18,783**

10.Directors' emoluments

Directors (key management personnel) are defined as the members of the board, the Chief Executive and other Executive Directors

Below are the emoluments paid to the Board Members.

Summary of Board Members Payments	Year Ended 31 March 2023 Group	Year Ended 31 March 2023 Parent	Year Ended 31 March 2022 Group	Year Ended 31 March 2022 Parent
	£'000	**£'000**	**£'000**	**£'000**
Pay	202	202	199	199
National Insurance	5	5	3	3
Total	**207**	**207**	**202**	**202**

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Directors' emoluments (continued)

Details of Board Members Pay	31 March 2023 £'000	Member of Board Group Board	Homes and Property Board	Care Plus Board	Audit and Risk Committee	People Committee	Finance	Development
Board Members Pay								
A Dhillon	9	X		X				
A Burns	11	X			X		X	
C Dass	13	X				X		
C Purdy	10		X					
C Royall	9		X					X
E Harrison	9		X			X		
G Evans (retired 31 July 2022)	4							
G Betts	11	X		X				
H Bowman	9		X		X			
I Farrell	9		X					X
I Fleming (appointed 1 July 2022)	8	X					X	
J Burt	12	X	X		X			
J Taylor	9			X				
J Pert	9		X					
J Filary (retired 31 March 2023)	10							
K Shaw	9		X					X
P Price (retired 1 December 2022)	6							
R Barber	9		X					
R Bowden (retired 18 August 2022)	4							
R Preen (appointed 1 December 2022)	4			X				
S Jennings	19	X				X	X	
V Cross	9		X		X		X	X
Total	**202**							

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Directors' emoluments (continued)

The aggregate amount of emoluments (including benefits in kind and pension contributions) paid to or receivable by the four (2022: five) Executive Officers of the Group and of the four (2022: five) of the Parent during the year was made up as follows:

	Year Ended 31 March 2023		Year Ended 31 March 2022	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Emoluments (including Benefits in Kind)	709	709	720	720
Pension Contribution	125	125	114	114
Total	**834**	**834**	**834**	**834**

The emoluments (including benefits in kind and pension contributions) paid to the Chief Executive, and Executive Officers and other higher earners were in the following range:

	Year Ended 31 March 2023		Year Ended 31 March 2022	
	Group	Parent	Group	Parent
More than £60,000 but not more than £70,000	17	14	14	12
More than £70,000 but not more than £80,000	8	6	8	6
More than £80,000 but not more than £90,000	8	7	4	4
More than £90,000 but not more than £100,000	3	3	3	3
More than £100,000 but not more than £110,000	5	4	2	2
More than £110,000 but not more than £120,000	3	3	1	1
More than £120,000 but not more than £130,000	2	2	1	1
More than £130,000 but not more than £140,000	1	1	3	3
More than £140,000 but not more than £150,000	-	-	-	-
More than £150,000 but not more than £160,000	-	-	-	-
More than £160,000 but not more than £170,000	-	-	1	1
More than £170,000 but not more than £180,000	1	1	-	-
More than £180,000 but not more than £190,000	1	1	2	2
More than £190,000 but not more than £200,000	2	2	-	-
More than £200,000 but not more than £210,000	-	-	-	-
More than £210,000 but not more than £220,000	-	-	-	-
More than £220,000 but not more than £230,000	-	-	-	-
More than £230,000 but not more than £240,000	-	-	-	-
More than £240,000 but not more than £250,000	-	-	-	-
More than £250,000 but not more than £260,000	-	-	1	1
More than £260,000 but not more than £270,000	1	1	-	-

The emoluments paid to the current Chief Executive, Mrs Sarah Boden, who was also the highest paid director, (excluding benefits in kind and pension contributions) were £229k (2022: £222k). The Chief Executive is a member of the LGPS pension scheme on an ordinary 50:50 basis, employer pension contributions were £41k (2022: £40k)

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Intangible assets and goodwill

	As at 31st March 2023			
	Group			Parent
	Software	Goodwill	Total	Software
	£'000	£'000	£'000	£'000
Cost				
At 1 April	4,275	1,550	5,825	2,061
Additions	1,777	-	1,777	-
Disposals	(1)	-	(1)	(1)
At 31 March	**6,051**	**1,550**	**7,601**	**2,060**
Accumlated amortisation				
At 1 April	(1,594)	(512)	(2,106)	(1,219)
Charge for the year	(265)	(346)	(610)	(265)
Transfer from tangible fixed assets	-	-	-	
At 31 March	**(1,859)**	**(858)**	**(2,716)**	**(1,484)**
Net book value				
At 31 March	4,193	692	4,885	576
At 1 April	2,681	1,038	3,719	842

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Housing properties at cost

Group	As at 31 March 2023					
	Houses for Letting		Low Cost Home Ownership		Other	
	Complete for Letting	Under Construction	Complete for Letting	Under Construction		Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April	703,243	15,479	54,549	3,471	7	776,749
Additions	13,887	10,519	68	8,853	-	33,327
Disposals	(4,712)	(134)	(501)	-	-	(5,347)
Transfer on completion	14,758	(14,758)	5,553	(5,551)	-	2
Transfer to current assets			(1,343)	(2,138)	-	(3,481)
At 31 March	**727,176**	**11,106**	**58,326**	**4,635**	**7**	**801,250**
Less accumulated depreciation and impairment						
At 1 April	(116,993)	-	(3,317)	-	-	(120,310)
Depreciation charge for year	(15,405)	-	(443)	-	-	(15,848)
Eliminated in respect of Disposals	3,159	-	40	-	-	3,199
Impairment (losses)/ reversals	-	-	100	-	-	100
At 31 March	**(129,239)**	**-**	**(3,620)**	**-**	**-**	**(132,859)**
Net book value						
At 31 March	597,937	11,106	54,706	4,635	7	668,391
At 1 April	586,250	15,479	51,232	3,471	7	656,439

Note: Included within 'Eliminated in respect of disposals' is accelerated depreciation of £381k (2022: £409k). Of the total additions, £12,177k relate to component replacements and £1,648k fire safety works (2022: £9,204k component replacements, £1,773k fire safety works).

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Housing properties at cost (continued)

Homes Plus hold all housing assets within the Group. The ultimate controlling party, the group parent, The Housing Plus Group Limited is a non-housing asset holding company.

Charges against properties

GROUP	As at 31 March 2023	As at 31 March 2022
Number of properties on which there is a fixed charge	16,190	16,220
Number of properties not charged	2,716	2,572
Total number of properties	**18,906**	**18,792**

Housing properties book value, net of depreciation and impairments

GROUP	As at 31 March 2023	As at 31 March 2022
	£'000	**£'000**
Freehold land and buildings	667,919	655,965
Long leasehold land and buildings	472	474
	668,391	**656,439**

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Other tangible fixed assets

GROUP	As at 31 March 2023				
	Vehicles	Furniture & Equipment	Computer Equipment &Telephones	Land & Buildings	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April	647	5,695	5,895	11,427	23,664
Additions	-	229	69	346	644
At 31 March	647	5,924	5,964	11,773	24,308
Accumulated Depreciation & Impairment					
At 1 April	(618)	(4,989)	(5,046)	(4,856)	(15,509)
Depreciation charge for year	(20)	(322)	(444)	(151)	(937)
At 31 March	(638)	(5,311)	(5,490)	(5,007)	(16,446)
Net book value					
At 31 March	9	613	474	6,766	7,862
At 1 April	29	706	849	6,571	8,155

Land and buildings includes £2,235k held under long leasehold (2022 £2,235k)

NOTES TO THE FINANCIAL STATEMENTS

13. Other tangible fixed assets (continued)

PARENT	As at 31 March 2023			
	Vehicles	Furniture & Equipment	Computer Equipment & Telephone	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April	243	9	3,105	3,357
Additions	-	2	68	70
At 31 March	243	11	3,173	3,427
Accumulated Depreciation & Impairment				
At 1 April	(242)	(9)	(2,254)	(2,505)
Depreciation charge for year	(1)	-	(444)	(445)
At 31 March	(243)	(9)	(2,698)	(2,950)
Net book value				
At 31 March	-	2	475	477
At 1 April	1	-	851	852

There are no charges on any of these assets.

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Investment properties

GROUP	As at 31 March 2023	As at 31 March 2022
	£'000	£'000
At 1 April	22,530	20,654
Additions	-	-
Transfer from/ (to) other property, plant and equipment	(59)	725
Disposal	(622)	-
Net gain from fair value adjustments	382	1,151
At 31 March	**22,231**	**22,530**

All investment properties were valued as at 31st March 2023 using the valuation methodology – market value subject to tenancies (MV-STT). The valuations were performed by independent valuers with recognised and relevant qualifications (Jones Lang LaSalle). There are no restrictions on the investment property and there are no contractual obligations to purchase, construct or develop investment property.

Investments in group undertakings

The Parent and Group have investments in the following subsidiary undertakings, which principally affected the surpluses or net assets of the Group.

	Principal activity	Holding	%
Homes Plus	Registered Provider of social housing	Non-equity shares	100%
Housing Plus Finance Ltd	Group funding vehicle	Equity shares	100%
Care Plus Staffordshire Ltd	Care and support services	Non-equity shares	100%
Severn Homes Ltd	Developing and selling properties for outright sale	Equity shares	100%
County Town Homes Ltd	Dormant	Equity shares	100%
Development Worx	Developing of properties	Equity shares	100%

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Stocks

GROUP	As at 31 March 2023	As at 31 March 2022
	£'000	£'000
Properties developed for outright sale		
Completed	4,661	-
Under Construction	17,990	-
Total outright sales properties	**22,651**	**-**
Shared ownership properties		
Completed	869	1,361
Under Construction	1,442	1,456
Total low cost home ownership	**2,311**	**2,817**
Other stocks	296	174
Land held for development	-	13,010
Total Inventories	**25,258**	**16,001**

Stock is held at the lower of actual cost and estimated selling price less costs to complete and sell. There have been no impairments in the year (2022: none).

16. Trade and other debtors

	As at 31 March 2023		As at 31 March 2022	
	Group	Parent	Group	Parent
Due within one year	**£'000**	**£'000**	**£'000**	**£'000**
Rent and service charges receivable	3,996	-	3,529	-
Less: Provision for bad and doubtful debts	(732)	-	(586)	-
	3,264	-	2,943	-
Care service receivable	271	-	236	-
Less: Provision for bad and doubtful debts	(14)	-	(2)	-
	257	-	234	-
Amounts due from group undertakings	-	5,018	-	1,396
Other debtors	2,431	132	2,544	33
Less: Provision for bad and doubtful debts	(66)	-	(69)	-
	2,365	5,150	2,475	1,429
Prepayments & accrued income	1,865	697	1,577	649
Taxation & social security	-	-	67	-
Total Debtors	**7,751**	**5,847**	**7,296**	**2,078**

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Creditors: Amounts falling due within one year

	As at 31 March 2023		As at 31 March 2022	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Loans payable within one year	(9,843)	-	(12,134)	-
Trade Creditors	(2,471)	(1,091)	(741)	(161)
Rents and service charges received in advance	(3,170)	-	(3,072)	-
Amounts owed to group undertakings	-	(3,500)	-	(516)
Taxation and social security	(64)	-	-	(2)
Other creditors	(142)	-	(53)	-
Deferred grant income	(990)	-	(1,040)	-
Recycled capital grant and disposal proceeds fund	-	-	-	-
Accruals and deferred income	(10,296)	(687)	(8,987)	(1,019)
Accrued interest	(1,586)	-	(1,596)	-
Employees	(33)	(6)	(1,055)	(673)
Total Creditors: Amounts falling due within one year	**(28,595)**	**(5,284)**	**(28,678)**	**(2,371)**

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

	As at 31 March 2023		As at 31 March 2022	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Loans and Borrowings	(419,326)	-	(405,290)	-
Loan arrangement fees	1,088	-	1,198	-
Deferred grant income	(66,970)	-	(66,547)	-
Recycled capital grant and disposal proceeds fund	(302)	-	(191)	-
Other designated funds	(1,865)	-	(1,736)	-
Total Creditors: Amounts falling due after more than one year	**(487,375)**	**-**	**(472,566)**	**-**

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Creditors: Amounts falling due after more than one year (continued)

Repayment of loans

Group	As at 31st March 2023		
	Bank Loans	Other Loans	Total
	£'000	£'000	£'000
In one year or less, or on demand	9,500	343	9,843
In more than one year but not more than two years	8,500	353	8,853
In more than two years but not more than five years	121,000	1,119	122,119
In more than five years	220,500	67,854	288,354
	359,500	69,669	429,169

Group	As at 31st March 2022		
	Bank Loans	Other Loans	Total
	£'000	£'000	£'000
In one year or less, or on demand	11,800	334	12,134
In more than one year but not more than two years	9,500	344	9,844
In more than two years but not more than five years	91,500	1,089	92,589
In more than five years	233,500	69,357	302,857
	346,300	71,124	417,424

Security, terms of repayment and interest rates

As at 31 March 2023 the Group had total facilities as detailed below of £452.9m (2022: £457.0m) with £35.5m (2022: £52.5m) remaining undrawn. £25m of additional funding was drawn from existing facilities during the year and £11.8m repaid. Loan balances as 31 March 2023 were £417.4m (2022: £404.5m). It should be noted that the Group's loan repayment schedule in note 17 includes a fair value adjustment of £11.8m (2022: £12.9m) for the SARH loans at acquisition.

The Nationwide loan is secured by properties owned by Homes Plus. The final scheduled loan repayment is due in March 2045. Of the total loan drawn of £214.5m, 53% are fixed rate loans (including index linked) with a weighted average interest rate of 6.17%, 47% are variable rate loans with a weighted average interest rate of 5.06%. The total Nationwide facility as at 31 March 2023 is £245m, which includes a £15m increase in Revolving Credit Facility negotiated during the year to replace the £15m facility with Clydesdale which ended in January 2023. £30.5m of the Nationwide facility remains undrawn.

The Barclays loan is secured by properties owned by Homes Plus. The final scheduled loan repayment is due in March 2031. Of the total loan drawn of £65m, 38% are fixed rate loans

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Creditors: Amounts falling due after more than one year (continued)

with a weighted average interest rate of 5.75%, 62% are variable rate loans with a weighted average interest rate of 5.27%. The total Barclays facility as at 31 March 2023 is £70m, with £5m remaining undrawn.
The Private Placement with the BAE pension fund of £45m is secured against properties owned by Homes Plus. £35m of the Private Placement is to be repaid between August 2038 and August 2042 in equal instalments of £7m and has a fixed interest rate of 5%, with the remaining £10m being repaid in a single instalment in August 2042 with a fixed interest rate of 3.75%.

The Private Placement with Canada Life of £35m is secured against properties owned by Homes Plus. The interest rate is fixed at 4.54% and the Private Placement is due to be repaid in September 2048.
The £15m Revolving Credit Facility with Clydesdale Bank plc ended in January 2023. In anticipation of this reduction in facility, HPGF negotiated a £15m increase to its Revolving Credit Facility with Nationwide.

The Shropshire Council annuity loans of £6.1m and £1.8m held within Homes Plus are repayable in instalments, with the final scheduled loan payments due in August 2041 and June 2039 respectively.
The Shropshire Council loans are secured against properties that Homes Plus owns. The interest rates are fixed at 4.32% and 2.3%.
Homes Plus holds a £15m Private Placement with M&G and a £35m Private Placement with Aviva Investors. The Private Placements are repayable in annual instalments of £10m between 2047 and 2051.

The M&G Private Placement is secured against properties that Homes Plus owns. The interest rate is fixed at 3.86%.

The Aviva Investors Private Placement is secured against properties that Homes Plus owns. The interest rate is fixed at 3.86%.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Creditors: Amounts falling due after more than one year (continued)

Deferred Capital Grant

Homes Plus have received government grants in order to acquire and develop housing properties. Grants are amortised through the Statement of Comprehensive Income over the useful economic life of the structure of the property. Any unamortised grant is held as deferred income. A breakdown of this grant is shown below:

GROUP	As at 31 March 2023	As at 31 March 2022
	£'000	£'000
Deferred capital grant at 1st April	67,587	61,541
Grants received during the year	1,190	6,274
Grants recycled from/(to) the recycled capital grant fund	(110)	185
Transfers from reserves	90	373
Releases to income during the year	(797)	(786)
Deferred capital grant at 31 March	**67,960**	**67,587**
Amounts due within one year	990	1,040
Amounts due after more than one year	66,970	66,547
Total	**67,960**	**67,587**

Recycled Capital Grant Fund

Group	As at 31 March 2023	As at 31 March 2022
	£'000	£'000
Recycled Capital Grant Fund		
Balance as at 1 April	191	376
Recycled Grant Input	111	-
Withdrawals	-	(185)
Balance as at 31 March	**302**	**191**
Amounts due within one year	-	-
Amounts due after more than one year	302	191
Total	**302**	**191**

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Financial instruments

	Note	As at 31 March 2023			As at 31 March 2022	
		Group	Parent		Group	Parent
		£'000	£'000		£'000	£'000
Financial assets measured at historic cost						
Rent & service charge receivable	16	3,264	-		2,943	-
Care service receivable	16	257	-		234	-
Amounts owed from group undertakings	16	-	5,018		-	1,396
Other debtors	16	2,365	132		2,475	33
Investments in short term deposits		7	-		7	-
Cash and cash equivalents		11,345	696		10,429	303
Total Financial Assets		**17,238**	**5,846**		**16,088**	**1,732**
Financial Liabilities measured at amortised cost						
Loans	17/18	(429,169)	-		(417,424)	-
		(429,169)	**-**		**(417,424)**	**-**
Financial liabilities measured at historical cost						
Trade creditors	17	(2,471)	(1,091)		(741)	(161)
Accruals	17	(11,882)	(687)		(10,583)	(1,019)
Amounts owed to group undertakings	17	-	(3,500)		-	(516)
Other creditors	17	(142)	-		(53)	-
		(14,495)	**(5,278)**		**(11,377)**	**(1,696)**
Total Financial Liabilities		**(443,664)**	**(5,278)**		**(428,801)**	**(1,696)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Called up non equity share capital

Each member of the Board of Management holds one non-equity share of £1 each. These shares carry the right to vote at General Meetings on the basis of one share one vote. The shares are not transferable, non-redeemable and carry no right to receive income or capital payments.

Parent	2023	2022
	£	£
As at 1 April	6	6
Shares issued during the financial period	-	-
As at 31 March	**6**	**6**

21. Capital commitments

The following describes the way the Group funds development:

	2023		2022	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Expenditure contracted but not provided in the financial statements	27,492	-	33,060	-
Expenditure authorised by the Board but not contracted	84,717	-	99,278	-
Total capital commitments	**112,209**	**-**	**132,338**	**-**

The expenditure will be funded as follows:

Group	2023	2022
	£'000	£'000
Loans and reserves	68,714	90,027
Social housing grant	15,380	10,029
Forecast sales	28,115	32,282
Total gross expenditure	**112,209**	**132,338**

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. Leases

Operating leases

At 31 March 2023 the total of future minimum lease payments under non-cancellable operating leases for each of the following periods was:

	2023		2022	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Leases for vehicles:				
Not later than one year	800	-	572	-
Later than one year and not later than five years	834	-	553	-
Leases for equipment:				
Not later than one year	42	30	52	29
Later than one year and not later than five years	85	62	153	131
	1,761	**92**	**1,330**	**160**

The expenditure charged in the Statement of Comprehensive Income during the year in relation to minimum lease payments was £842k for the Group (2022: £624k) and £30k for the Parent (2022: £29k).

Finance leases and hire purchase

The group had no obligations under finance leases or hire purchase agreements as at 31 March 2023 (2022: None)

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Pensions

The Housing Plus Group, as a group, participates in two multi-employer pension schemes, the Staffordshire County Council Scheme, and the Shropshire Council Scheme. In addition, the group participates in the Housing Plus Pensions Scheme. This is a separate trustee administered fund set up on 31 October 2018 following the transfer of obligations from the Social Housing Pension Scheme (SHPS). The Housing Plus Group Limited, the parent organisation, participates in the Housing Plus Pension Scheme and the Staffordshire County Council Scheme.

Impact of Inflation

Recent changes in global and UK economic pressures and tightening of monetary policy have had a significant impact on asset markets and corporate bonds yields, which are key to the FRS102 assessment of the net pension asset or liability. In particular, AA corporate bond yields, used to set the FRS102 discount rate, have increased significantly, with corresponding falls in asset values. The markets have been exceptionally volatile and therefore both gross Defined benefit obligations and assets have fallen for each of the schemes the company participate in.

a) Staffordshire County Council Scheme

The parent, and Housing Plus Group participate in the Staffordshire County Council Pension Scheme which is a multi-employer defined benefit Scheme, is funded and is contracted out of the state scheme.

The Housing Plus Group has 3 schemes within the Staffordshire LGPS of which two relate to Homes Plus. Two of the schemes (one in Housing Plus and ones in Homes Plus are currently pooled together but for the purposes of the accounting valuation for the financial statements they have been split out. We are currently in the process of pooling the other Staffordshire LGPS scheme so there will be one overall scheme for the Group.

The latest triennial valuation of the scheme was carried out as at 31 March 2022. The triennial valuation is based on the pooling of all 3 schemes within the Housing Plus Group. The funding position at 31 March 2022 is a surplus of £21,432k. (Assets £90,010k, Liabilities £68,578k, funding level 131%)

The actuary has estimated that the net pension liability under FRS102 as at 31 March 2023 for HPG (the parent) is an asset of £10,250k (2022: £728k liability). The other schemes within the Group have an estimated net pension asset/ liability as follows. Scheme 1 is a liability of £3,653k (2022: £6,086k). For Scheme 2 there is an asset of £12,669k. (2022: £616k).

The surplus on a scheme is not recoverable in full, we have followed IAS19 to determine the economic benefit of the surplus that the Group can recognise. For 2023 the surplus recognised as an asset in the statement of financial position for HPG (the parent) £249k (2022; £0). The amount recognised in the Group is is £383k (2022: £0).

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Pensions (continued)

a) Staffordshire County Council Scheme (continued)

The organisations' net liabilities can be summarised as:

	2023			2022		
	Parent	Homes Plus	Group	Parent	Homes Plus	Group
	£'000	£'000	£'000	£'000	£'000	£'000
Fair vale of employer assets	35,647	52,373	88,020	36,223	57,803	94,026
Net asset ceiling	(10,001)	(12,535)	(22,536)	-	(616)	(616)
Present value of defined benefit obligations	(25,397)	(43,357)	(68,754)	(36,951)	(63,273)	(100,224)
Provision at the end of period	**249**	**(3,519)**	**(3,270)**	**(728)**	**(6,086)**	**(6,814)**
Asset	249	134	383	-	-	-
Liability	-	(3,653)	(3,653)	(728)	(6,086)	(6,814)
Provision at the end of period	**249**	**(3,519)**	**(3,270)**	**(728)**	**(6,086)**	**(6,814)**

Reconcialtion of the effect of the net asset ceiling	**2023**		**2022**	
	Parent	**Group**	**Parent**	**Group**
	£'000	**£'000**	**£'000**	**£'000**
Opening asset ceiling	**-**	**616**	**-**	**-**
Movement in asset ceiling	**10,250**	**22,303**	**-**	**616**
Asset ceiling	**10,250**	**22,919**	**-**	**616**
Surplus recognised (IAS19)	**(249)**	**(383)**	**-**	**-**
Closing net asset ceiling	**10,001**	**22,536**	**-**	**616**

Assumptions as at	**2023**	**2022**
	%p.a.	%p.a.
Salary increases	3.30%	3.70%
Pension increases	2.80%	3.20%
Discount rate	4.80%	2.80%

The life expectancy is based on the Fund's VitaCurves and based on these assumptions, the average future life expectancies at age 65 are summarised below:

Housing Plus	**Males**	**Females**
Current Pensioners	21.5 years	25.4 years
Future Pensioners*	22.6 years	26.0 years
Homes Plus Scheme 1	**Males**	**Females**
Current Pensioners	21.4 years	24.4 years
Future Pensioners*	22.2 years	25.4 years
Homes Plus Scheme 2	**Males**	**Females**
Current Pensioners	21.2 years	24.2 years
Future Pensioners*	22.7 years	25.7 years

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Pensions (continued)

a) Staffordshire County Council Scheme (continued)

Categories of plan assets as a % of total plan assets	2023	2022
	%	%
Equities	68	71
Bonds	22	17
Property	8	8
Cash	2	4

Information about defined benefit obligation before surplus restrictions	2023		2022	
	Parent	Group	Parent	Group
	£'000	£'000	£'000	£'000
Active members	12,426	17,722	24,764	48,252
Deferred members	6,629	25,654	6,671	26,227
Pensioner members	6,342	25,326	5,516	25,682
Unfunded obligations	-	52	-	63
Closing Liabilities	**25,397**	**68,754**	**36,951**	**100,224**

The approximation involved in the roll forward model means that the split of scheme liabilities between the three classes of member may not be reliable for certain types of employer. However, the Actuary is satisfied that the approach used leads to reasonable estimates for the aggregate liability figure.

Net pension liability	2023		2022	
	Parent	Group	Parent	Group
	£'000	£'000	£'000	£'000
Fair value of employer assets	35,647	88,020	36,223	94,026
Present value of scheme liabilities	(25,397)	(68,702)	(36,951)	(100,161)
Net (under)funding in funded plans	10,250	19,318	(728)	(6,135)
Present value of unfunded liabilities	-	(52)	-	(63)
	10,250	19,266	(728)	(6,198)
Effect of net asset ceiling*	(10,001)	(22,536)	-	(616)
Net pension (liability)	**249**	**(3,270)**	**(728)**	**(6,814)**

* We have elected to cap a surplus £22,919k (2022: £616k) on the asset celling of two schemes to £383k (2022: £0) for the Group. For Housing Plus the parent we have capped the surplus of £10,250 (2022: £0) to £249k (2022: £0).

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Pensions (continued)
a) Staffordshire County Council Scheme (continued)

Amounts charged to operating surplus	2023		2022	
	Parent	Group	Parent	Group
	£'000	£'000	£'000	£'000
Current service cost*	(1,562)	(2,183)	(1,864)	(2,690)
Past service cost	-	(13)	-	-
Total operating charge	(1,562)	(2,196)	(1,864)	(2,690)
Amount charged to financing costs				
Interest income on plan assets	1,025	2,626	636	1,672
Interest cost on defined benefit obligation	(1,053)	(2,810)	(772)	(2,113)
Total net interest	(28)	(184)	(136)	(441)
Total defined benefit cost recognised in surplus for the year	**(1,590)**	**(2,380)**	**(2,000)**	**(3,131)**

* The Service Cost figures include an allowance for administration expenses of 0.6% of payroll.

Re-measurements recognised in Other Comprehensive Income	2023		2022	
	Parent	Group	Parent	Group
	£'000	£'000	£'000	£'000
Change in financial assumptions	16,710	38,878	3,538	8,818
Change in demographic assumptions	1,151	1,792	(82)	(254)
Other experience	(4,641)	(10,009)	(93)	(254)
Effect of movement in net asset ceiling	(10,001)	(21,920)	-	(616)
Return on assets (excluding amounts included in net interest)	(1,699)	(4,353)	3,228	8,490
Total re-measurements recognised in Other Comprehensive Income	**1,520**	**4,388**	**6,591**	**16,184**

Reconciliation of defined benefit obligation	2023		2022	
	Parent	Group	Parent	Group
	£'000	£'000	£'000	£'000
Opening defined benefit obligation	**36,951**	**100,224**	**37,702**	**104,991**
Current service cost	1,562	2,183	1,864	2,690
Past service cost	-	13	-	-
Interest cost	1,053	2,810	772	2,113
Contributions from members	314	409	329	438
Actuarial losses/ (gains)	(13,952)	(34,602)	(3,363)	(8,310)
Estimated unfunded benefits paid	-	(3)	-	(3)
Estimated benefits paid	(531)	(2,280)	(353)	(1,695)
Closing defined benefit obligation	**25,397**	**68,754**	**36,951**	**100,224**

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Pensions (continued)

a) Staffordshire County Council Scheme (continued)

Reconciliation of fair value of employer assets	2023		2022	
	Parent	Group	Parent	Group
	£'000	£'000	£'000	£'000
Opening fair value of employer assets	**36,223**	**94,026**	**31,302**	**83,495**
Expected return on assets	(2,431)	(8,294)	3,228	8,490
Interest income on plan assets	1,025	2,626	636	1,672
Contributions from members	314	409	329	438
Contributions from employer	1,047	1,533	1,081	1,626
Contributions in respect of unfunded benefits	-	3	-	3
Unfunded benefits paid	-	(3)	-	(3)
Benefits paid	**(531)**	**(2,280)**	**(353)**	**(1,695)**
Closing fair value of employer assets	**35,647**	**88,020**	**36,223**	**94,026**

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Pensions (continued)
b) Shropshire County Council Scheme
Home Plus participates in the Local Government Pension Scheme, which is a multi-employer defined benefit Scheme, is funded and is contracted out of the state scheme.

The latest triennial valuation of the scheme was carried out as at 31 March 2022. The funding position at 31 March 2022 is a surplus of £4,006k. (Assets £45,279k, Liabilities £41,273k, funding level 110%)

The disclosures necessary in respect of FRS102 are shown in various tables below. The actuary has estimated that the net pension asset/liability as at 31 March 2023 is an asset of £749,000 (2022: £9,709,000 Liability). The surplus is not recoverable in full, we have followed IAS19 to determine the economic benefit of the surplus that Homes Plus can recognise. For 2023 the surplus recognised as an asset in the statement of financial position is £nil (2022: £nil).

Assumptions	**2023**	**2022**
	%p.a.	%p.a.
Salary increases	3.30%	3.70%
Pension increases	2.80%	3.20%
Discount rate	4.80%	2.80%

The life expectancy is based on the Fund's VitaCurves and based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.0 years	24.9 years
Future Pensioners*	23.1 years	26.3 years

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

Categories of plan assets as a % of total plan assets	**2023**	**2022**
	%	**%**
Equities	51	50
Bonds	19	19
Property	3	4
Alternatives	26	25
Cash	1	2

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Pensions (continued)

b) Shropshire County Council Scheme (continued)

Reconcialtion of the effect of the net asset ceiling	2023	2022
	£'000	£'000
Opening asset ceiling	-	-
Movement in asset ceiling	749	-
Asset ceiling	749	-
Surplus recognised (IAS19)	-	-
Closing net asset ceiling	**749**	**-**

Net pension liability	2023	2022
	£'000	£'000
Fair value of employer assets	42,496	45,082
Present value of funded obligations	(41,514)	(54,520)
Net (under)funding in funded plans	982	(9,438)
Present value of unfunded liabilities	(233)	(271)
	749	(9,709)
Effect of net asset ceiling	(749)	-
Net pension (liability)	**-**	**(9,709)**

Amount charged to operating surplus	2023	2022
	£'000	£'000
Current service cost	(659)	(720)
Past service cost	-	-
Administration expense	(15)	(11)
Effects of curtailments	-	-
Total operating charge	(674)	(731)
Amount charged to financing costs		
Interest income on plan assets	1,248	848
Interest cost on defined benefit obligation	(1,512)	(1,137)
Total net interest	(264)	(289)
Total defined benefit cost recognised in income statement for the year	**(938)**	**(1,020)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Pensions (continued)
b) Shropshire County Council Scheme (continued)

Re-measurements recognised in Other Comprehensive Income	**2023**	**2022**
	£'000	£'000
Change in financial assumptions	19,839	3,694
Change in demographic assumptions	312	(247)
Other experience	(6,431)	(134)
Effect of movement in net asset ceiling	(749)	-
Return on assets (excluding amounts included in net interest)	(2,803)	2,142
Total re-measurements recognised in Other Comprehensive Income	**10,168**	**5,455**

Reconciliation of defined benefit obligation	**2023**	**2022**
	£'000	**£'000**
Opening defined benefit obligation	**54,791**	**57,306**
Current service cost	659	720
Past service cost	-	-
Interest cost	1,512	1,137
Contributions from members	122	125
Actuarial losses/ (gains)	(13,720)	(3,313)
Result on curtailments	-	-
Estimated benefits paid	(1,617)	(1,184)
Closing defined benefit obligation	**41,747**	**54,791**

Reconciliation of fair value of employer assets	**2023**	**2022**
	£'000	**£'000**
Opening fair value of employer assets	**45,082**	**42,681**
Expected return on assets	(2,803)	2,142
Interest income on plan assets	1,248	848
Contributions from members	122	125
Contributions from employer	479	481
Administration expenses	(15)	(11)
Unfunded benefits paid		-
Benefits paid	(1,617)	(1,184)
Closing fair value of employer assets	**42,496**	**45,082**

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Pensions (continued)
b) Shropshire County Council Scheme (continued)

History of gains and losses	2023	2022
	£'000	£'000
Fair value of employer assets	42,496	45,082
Net asset ceiling	(749)	-
Present value of defined benefit obligations	(41,747)	(54,791)
Surplus/ (deficit)	**-**	**(9,709)**

c) Housing Plus Pension Scheme

The Association participates in the Housing Plus Pension Scheme which is a defined benefit Scheme in the UK. This is a separate trustee administered fund set up on 31 October 2018 following the transfer of obligations from the Social Housing Pension Scheme (SHPS). The Scheme holds the pension scheme assets to meet long term pension liabilities. Scheme liabilities at 31 March 2023 were based on data used to calculate the amount of assets to be transferred on 31 October 2018, updated by a qualified actuary, independent of the Association. The major assumptions used by the actuary are shown below.

The latest triennial valuation of the scheme was carried out as at 30 September 2022. The results are still being finalised.

The actuary has estimated that the net pension asset/ liability as at 31 March 2023 under FRS102 is a liability of £10,000 (2022: £1,469,000) for the Group.

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 given the current level of uncertainties, 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. We have been informed the maximum potential liability would be £1000,000 for the Group (Parent £30,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Pensions (continued)

c) Housing Plus Pension Scheme

Assumptions	2023	2022
	%p.a.	%p.a.
Discount rate	4.80%	2.80%
Inflation (RPI)	3.15%	3.60%
Inflation (CPI)	2.80%	3.20%
Deferred revaluation	3.15%	3.60%
Pension increases		
- CPI max 5% p.a.	2.74%	3.05%
- CPI max 3% p.a.	2.22%	2.40%

Demographic assumptions as at	2023	2022
Mortality		
Base Tables	Pre retirement: nil Post retirement: 113% of S3PXA	Pre retirement: nil Post retirement: 111% of S2PXA
Improvement allowance	CMI_2021 (1.25%) for males CMI_2021 (1.25%) for females	CMI_2021 (1.25%) for males CMI_2021 (1.25%) for females
Smoothing parameter	7.0	7.5
Life expectancy from age 65		
Pensioners (currently aged 65)	Male: 21.3 Female :23.7	Male: 21.4 Female :23.7
Non-pensioners (currently aged 65)	Male: 22.6 Female: 25.2	Male: 22.6 Female: 25.1
Commutation	90% of maximum allowance	90% of maximum allowance
Other demographic assumptions	As per most recent Technical Provisions assumptions	As per most recent Technical Provisions assumptions

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Pensions (continued)
c) Housing Plus Pension Scheme (continued)

Categories of plan assets	2023		2022	
	Parent	Group	Parent	Group
	£'000	£'000	£'000	£'000
Equities	12	39	593	1,955
Bonds	1,335	4,401	1,619	5,337
Property	164	542	176	579
Other	970	3,196	1,107	3,648
Total market value of assets	**2,481**	**8,178**	**3,495**	**11,519**

Net pension liability	2023		2022	
	Parent	Group	Parent	Group
	£'000	£'000	£'000	£'000
Fair value of employer assets	2,481	8,178	3,495	11,519
Present value of scheme liabilities	(2,484)	(8,188)	(3,941)	(12,988)
Surplus/ (deficits)	(3)	(10)	(446)	(1,469)
Effect of asset celling	-	-	-	-
Net pension (liability)	**(3)**	**(10)**	**(446)**	**(1,469)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Pensions (continued)

c) Housing Plus Pension Scheme (continued)

	2023		2022	
	Parent	Group	Parent	Group
Amount charged to operating surplus	**£'000**	**£'000**	**£'000**	**£'000**
Current service cost	-	-	-	-
Past service cost	-	-	-	-
Administration expense	(31)	(101)	(24)	(79)
Settlement losses/ (gains)	-	-	-	-
Total operating charge	(31)	(101)	(24)	(79)
Amount charged to financing costs				
Interest income on plan assets	100	331	64	212
Interest cost on defined benefit obligation	(110)	(362)	(85)	(280)
Total net interest	(10)	(31)	(21)	(68)
Total defined benefit cost recognised in income statement for the year	**(41)**	**(132)**	**(45)**	**(147)**

	2023		2022	
Re-measurements recognised in Other Comprehensive Income	**Parent**	**Group**	**Parent**	**Group**
	£'000	£'000	£'000	£'000
Change in financial assumptions	1,642	5,412	533	1,757
Change in demographic assumptions	123	404	(14)	(45)
Other experience	(239)	(789)	(165)	(544)
Return on assets (excluding amounts included in net interest)	(1,306)	(4,305)	127	420
Total re-measurements recognised in Other Comprehensive Income	**220**	**722**	**481**	**1,588**

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Pensions (continued)

c) Housing Plus Pension Scheme (continued)

Changes in assets/ (liabilities) during the year	2023 Parent	2023 Group	2022 Parent	2022 Group
	£'000	**£'000**	**£'000**	**£'000**
Opening Surplus/ (deficit) at the start of the period	**(447)**	**(1,469)**	**(1,147)**	**(3,779)**
Net interest cost	(10)	(31)	(21)	(68)
Expenses	(31)	(101)	(24)	(79)
Re-measurements included in other comprehensive income	221	722	481	1,588
Employer contribution	264	869	264	869
Surplus/ (deficit) at the end of the period	**(3)**	**(10)**	**(447)**	**(1,469)**

Change in liabilities during the year	2023 Parent	2023 Group	2022 Parent	2022 Group
	£'000	**£'000**	**£'000**	**£'000**
Opening liabilities	**3941**	**12988**	**4279**	**14103**
Interest cost on defined benefit obligations	110	362	85	280
Benefits paid	(41)	(135)	(69)	(227)
Actuarial (gain)/ loss on changes in assumptions	(1,765)	(5,816)	(519)	(1,712)
Experience (gain)/ loss on liabilities	239	789	165	544
Closing Liabilities	**2484**	**8188**	**3941**	**12988**

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Pensions (continued)
c) Housing Plus Pension Scheme (continued)

Reconciliation of fair value of employer assets	**Parent**	**Group**	**Parent**	**Group**
	£'000	**£'000**	**£'000**	**£'000**
Opening fair value of employer assets	**3,495**	**11,519**	**3,133**	**10,324**
Expected return on assets	(1,306)	(4,305)	127	420
Interest income on plan assets	100	331	64	212
Contributions from members	-	-	-	-
Contributions from employer	264	869	264	869
Administration expenses	(31)	(101)	(24)	(79)
Unfunded benefits paid	-	-	-	-
Benefits paid	(41)	(135)	(69)	(227)
Closing fair value of employer assets	**2,481**	**8,178**	**3,495**	**11,519**

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. Pension liability

As detailed in note 23, the Group had the following provisions during the year:

	Staffordshire LGPS	Shropshire LGPS	HPPS	Total
	£'000	**£'000**	**£'000**	**£'000**
At 1 April 2022	(6,814)	(9,709)	(1,469)	(17,992)
Additions/(reductions) dealt within surplus/deficit	(660)	(195)	768	(87)
Additions/(reductions) dealt within other comprehensive income	4,388	10,168	722	15,278
Interest costs	(184)	(264)	(31)	(479)
At 31 March 2023	**(3,270)**	**-**	**(10)**	**(3,280)**
Asset	383	-	-	383
Liability	(3,653)	-	(10)	(3,663)
At 31 March 2023	**(3,270)**	**-**	**(10)**	**(3,280)**

The Parent had the following liabilities during the year:

	Staffordshire LGPS	HPPS	Total
	£'000	**£'000**	**£'000**
At 1 April 2022	(728)	(446)	(1,174)
Additions/(reductions) dealt within surplus/deficit	(515)	233	(282)
Additions/(reductions) dealt within other comprehensive income	1,520	220	1,740
Interest costs	(28)	(10)	(38)
At 31 March 2023	**249**	**(3)**	**246**
Asset	249	-	249
Liability	-	(3)	(3)
At 31 March 2023	**249**	**(3)**	**246**

Pension liability – LGPS

The Staffordshire and Shropshire LGPS pension schemes are multi-employer defined benefit schemes. Each year the scheme actuary values the assets and liabilities of the scheme using a set of assumptions. Changes in assumptions and performance of the assets/liabilities in the year means that the present value of the defined benefit obligation is subject to uncertainty.

Pension liability – HPPS

The HPPS pension scheme is a defined benefit Scheme in the UK. This is a separate trustee administered fund set up on 31 October 2018 following the transfer of obligations from the Social Housing Pension Scheme (SHPS). An independent actuary values the assets and liabilities of the scheme using a set of assumptions. Changes in assumptions and performance of the assets/liabilities in the year means that the present value of the defined benefit obligation is subject to uncertainty.

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Restricted reserves

Restricted reserves constitute surpluses accruing from sales of LSVT units under the Right to Buy scheme. The receipts are to be used solely for the provision of new housing or disabled facility grants, subject to approval by the relevant local authority.

NOTES TO THE FINANCIAL STATEMENTS (continued)

26. Reconciliation of surplus to net cash flow from operating activities

GROUP	Year Ended 31 March 2023	Year Ended 31 March 2022
	£'000	**£'000**
Surplus for the year	**8,060**	**8,574**
Adjustments for non cash items:		
Amortisation	(1,320)	(1,366)
Depreciation & Impairment	16,685	13,740
(Increase) in stock	(10,686)	(4,039)
(Increase) in trade and other debtors	(522)	(944)
(Decrease) in trade and other creditors	3,322	(246)
Pension costs less contributions payable	568	1,323
Valuation Movements	(382)	(1,151)
Movement in sinking fund	129	96
Non cash amount of tangible fixed asset disposals	3,366	3,913
	11,160	11,326
Adjustments for investing or financing activities:		
Surplus from the sale of tangible fixed assets	(4,129)	(4,327)
Government grants utilised in the year	-	-
Interest payable	17,932	15,733
Interest received	(94)	(3)
	13,709	11,403
Cash flow from operations	**32,929**	**31,303**

27. Analysis of changes in net debt during year

GROUP	Year Ended 31 March 2023	Cash Flow	Year Ended 31 March 2022
	£'000	**£'000**	**£'000**
Cash at bank and in hand	11,345	916	10,429
Short Term Deposits	7	-	7
	11,352	916	10,436
Housing loans due within one year	(9,843)	2,291	(12,134)
Housing loans due after one year	(419,326)	(14,036)	(405,290)
Loan arrangement fees	1,088	(109)	1,198
Total changes in net debt	**(416,729)**	**(10,938)**	**(405,790)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

28. Related party transactions

Transactions with non-regulated members of the Group

	2023 - Parent		
	Care Plus	Severn Homes Ltd	Development Worx
	£'000	£'000	£'000
Inflow			
Services provided	859	56	50
Total	**859**	**56**	**50**
Outflow			
Services received	-	-	
Total	**-**	**-**	**-**

	2022 - Parent		
	Care Plus	Severn Homes Ltd	Development Worx
	£'000	£'000	£'000
Inflow			
Services provided	812	41	50
Total	**812**	**41**	**50**
Outflow			
Services received	-	-	-
Total	**-**	**-**	**-**

At the year end the following net trading and loan balances were due from/ (to) non regulated entities

	Parent	
	2023	2022
	£'000	£'000
Care Plus	89	84
Severn Homes	132	24
Development Worx	50	-
Total	**271**	**108**