Annual Report and Financial Statements

Wythenshawe Community Housing Group Limited
Year Ended 31 March 2022

Co-operative & Community Benefit Society Registered Number: 8530
Regulatory of Social Housing Number: L4219

Contents

WYTHENSHAWE COMMUNITY HOUSING GROUP LIMITED

Group Highlights – Summary Financial Performance

For the year ended 31 March 2022

Statement of Comprehensive Income

	2022	2021
	£000	£000
Total turnover	71,830	73,024
Income from social housing lettings	63,385	62,085
Operating surplus	18,788	10,684
(Deficit)/surplus for the year transferred to reserves	37,961	(9,514)

Statement of Financial Position

	£000	£000
Intangible assets	229	434
Tangible assets	375,956	355,748
Fixed assets	376,185	356,182
Net current assets	25,417	29,456
Total assets less current liabilities	401,602	385,638
Loans due >1 year	135,451	136,320
Pensions liability	15,059	34,666
Other provisions	7,878	9,399
Reserves: revenue	169,551	127,641
Reserves: revaluation	73,663	77,612

Accommodation Figures

Total General Needs housing properties owned at the year end (Number of dwellings):

General needs housing - social rent	12,413	12,443
- affordable rent	748	747
Supported housing - social rent	81	81
Supported housing - affordable rent	104	100
Rent To Buy	38	38
Market rent	54	42
Market rent - Step Down	5	5
Shared ownership	270	265
Completed properties for outright sale	1	3
	13,714	**13,724**

WYTHENSHAWE COMMUNITY HOUSING GROUP LIMITED

Board Members, Executive Directors, Advisors and Bankers

Board	
Chair and Board Members:	Bishop David Walker Chair to 31 March 2022 Nick Crofts – Chair from 31 March 2022 Anthony Bell Clare Flynn Michelle Gregg Tahir Idris David Nuttall Sarah Russell Nigel Sedman Sam Wilson
Executive Officers	
Group Chief Executive	Nick Horne
Executive Director of Finance	Simon Morris
Executive Director of Assets	Paul Butterworth
Executive Director of Development	Andrea Lowman
Executive Director of Housing and Community Investment	Paul Seymour
Executive Director of Transformation & Resources	Shahida Latif-Haider
Secretary	Shahida Latif-Haider – resigned 1 June 2021 Simon Morris – appointed 1 June 2021
Registered Office	Wythenshawe House 8 Poundswick Lane Manchester M22 9TA
Registration Numbers	
Cooperative & Community Benefit Society Registered No.	8530
Regulator of Social Housing No.	L4219
External Auditors	Crowe UK LLP 3rd Floor The Lexicon Mount Street Manchester M2 5NT
Internal Auditors	RSM UK Risk Assurance Services LLP 14th Floor 20 Chapel Street Liverpool L3 9AG

Board Members, Executive Directors, Advisors and Bankers *(continued)*

Solicitors	Devonshires Solicitors 30 Finsbury Circus London EC2M 7DT
Bankers	National Westminster Bank PLC 1 Hardman Boulevard 1st Floor Manchester M3 3AQ
Funders	National Westminster Bank Plc 1 Hardman Boulevard 1st Floor Manchester M3 3AQ
	M&G Investments Laurence Poutney Hill London EC4R 0HH
	Aviva Life & Pensions UK Limited St. Helens 1 Undershaft London EC3P 3DQ

Report of the Board

The Board is pleased to present its report and the audited financial statements of Wythenshawe Community Housing Group Limited ("WCHG") and its subsidiaries (together "the Group") for the year ended 31 March 2022.

Principal activities

Wythenshawe Community Housing Group is a not-for-profit provider of social housing and is registered with the Regulator of Social Housing ("RSH") as a social landlord. WCHG is a charitable community benefit society registered under the Co-operative and Community Benefit Societies Act 2014.

The Group's principal activities are the development and management of affordable housing.

Group Structure and active companies as at 31 March 2022

Wythenshawe Community Housing Group Limited is the parent association of the Group with Garden City Trading Limited (a non-charitable property company) and Garden City Design and Build Limited (a development services company) being the subsidiaries of the parent association.

The financial statements of the Group include the results of Garden City Trading Limited and Garden City Design and Build Limited for both years.

Business Review

Details of the Group's performance for the period and future plans are set out in the Strategic Report that follows the Report of the Board.

Future developments

Despite the impact of the Covid-19 pandemic on the operations of the Group during the financial year, the Group has responded strongly, as shown by the financial performance in these statements, with substantially increased operating margins, whilst still retaining future capacity and good levels of liquidity. Overall this demonstrates a resilient financial position.

The current Corporate Plan set out our objectives and actions over the period from 2020 to 2022. The activities were designed to build our longer term resilience and capability and support our tenants and the wider community in the wake of the Covid-19 pandemic. We are now working on a new Corporate Plan to be approved in September 2022, as we continue to develop our understanding of the longer terms needs of our tenants, the community and our business, and address the challenges that we face collectively.

The ongoing pandemic effects, and more recently, the cost of living crisis, continue to have a significantly negative impact on the Wythenshawe area. So, in response to the changing needs of our tenants and the community, through the new Corporate Plan we will rebalance our resources in partnership with others so as to have the most positive impact possible.

The Group will continue its challenging new build development strategy to deliver a pipeline of c.200 new units per annum over the next five year period. Where possible, new developments will be focused in the Group's key geographical areas, meeting the needs, demands and aspirations of both current and future residents across both the affordable and private markets. The Group remains confident the strategy can be delivered. The Development Committee closely review all proposals and monitors all development activity across the Group.

The Group will continue to develop our commitment to long term carbon reduction across property assets and business operations. This is a key commitment for Greater Manchester Registered Providers, and is part of the Group's longer term corporate objectives.

The Board and Executive Officers

The Board comprises of ten Non-Executive members and is responsible for managing the affairs of the Group. They collectively have professional, commercial and local experience. The Board meets formally six times during the year to deal with the Group's business, including performance, business planning and to discuss and formulate strategy.

The Board is responsible for the Group's strategy and policy framework. It delegates the day-to-day management and implementation of that framework to the Group Chief Executive and other Executive Officers.

The Executive team comprises the Group Chief Executive, and five other Executive Directors. The Executive team meet on a regular basis and attend all Board and Committee meetings.

The Executive Officers hold no interest in the Group's shares and act within the authority delegated by the Board. They are Directors as defined by the Accounting Direction 2019 so far as disclosure of interests and emoluments are concerned.

The Group holds insurance to cover the liabilities of Board members and Executive Officers in relation to the Group's activities.

Details of the present Board members and the Executive Officers of the Group, and those who served during the year are detailed on page 4.

Committees

The Group Audit & Risk Committee, Group Remuneration & Governance Committee and Group Development Committee all meet at least four times per year. A Customer Experience Committee was set up during the year, to replace the Tenant Committee. The Customer Experience Committee's first meeting was in January 2022 and it will meet six times a year.

The Group Remuneration & Governance Committee considers all matters of probity for Board members, employees or close relatives. It also reviews the skills and effectiveness of all the Board Members, and oversees Board recruitment. The Committee oversees compliance with the Constitution, policies, the principles of good governance, regulatory or statutory requirements, and the Human Resources functions. The Committee recommends to the Board the Group's remuneration policy for its Executive Officers, as well as establishing the framework within which staff salaries are set.

The Group Audit & Risk Committee has the responsibility of overseeing the Group's internal and external audit functions, leading on matters of probity and risk, health & safety and information governance and security.

The Development Committee oversees and reviews the Development activity of the Group and monitors achievement of the objectives of the Development Strategy.

The Customer Experience Committee's membership comprises Board Members, tenants and residents of Wythenshawe. The Committee's role is to oversee customer services, monitor performance and ensure effective customer engagement and involvement.

The Tenant Committee met five times during the year and held its last meeting in December 2021. The Committee's role included the review of management reports related to the delivery of customer services and overseeing customer involvement activity.

The WCHG Board, Subsidiary Boards, and Group Committees obtain external specialist advice as required.

Employees

Colleague Health & Safety has been paramount as we have navigated through the second 12 months of living with Covid-19 and the phased lifting of lockdown restrictions. Government guidance along with cautious steps have helped ease us into new ways of working, with colleagues previously working from home gradually returning to WCHG sites. The aspiration for increased collaborative working has been reinforced with the introduction of spaces such as the Customer Hub and Transformation space. This has provided the focus for bringing various teams from across WCHG together, to the benefit of our customers and delivering better services and improved efficiency. The office re-design project (and current interim office upgrades) present new opportunities for how we can utilise our physical space and work differently to support developing our agile mindset. The WCHG agile working principles shaped the understanding of what it means to be agile, and this is something that will continue to grow. We will soon launch a new Agile and Flexible working policy. This policy has been developed with input from colleagues and sets out our vision for transforming the way we work, with the WCHG purpose and meeting the needs of our customers at the core.

Colleague engagement remains strong with engaged groups i.e., 'Our Voice', 'BeeWell', the Inclusion Group, and the Sustainability working party, being actively attended; along with holding regular Trade Union meetings. These forums provide a further channel of communication to champion ideas; consult on Policies and Strategies; and progress employment related workstreams, i.e., the Pay & Conditions review, Achieving Wyth Purpose recognition scheme; and the development of the new WCHG values. During the autumn of 2021 colleagues experienced significant change with consultation around the new Pay Framework; changes to Occupational Sick Pay (OSP); and, a restructure in Customer and Communities. This was a challenging and unsettling time for many, and within the context of discussions around contractual hours in Property and Assets; and TUPE transfers. The annual Staff Survey which went live in November 2021 reflected a sense of uncertainty and unease amongst colleagues, which is understandable given what was happening at that time. The results of the survey have been shared with all WCHG colleagues, who all have a part to play in what we take away from the survey; and how we use this to shape our future.

The new WCHG Pay Framework and Occupational Sick Pay arrangements were brought in from 1st April 2022 following several months of consultation. Going forward, the new pay model provides a transparent framework based on the principle of one salary per job role; and the transitional period helps address historical inconsistencies. The current employment market is erratic, with more job posts available than people unemployed. We continue to track the market and monitor job roles and salary levels closely, to enable us to be best placed to recruit and retain future talent.

During September 2021, WCHG was proud to be accredited 'Silver' against the Investors in People (IIP) – We Invest in Wellbeing standard. This accreditation was awarded against the new IIP standard, and is therefore a new accreditation for WCHG. It is a measure of our commitment to wellbeing and how we continue to develop this as a key element of our culture. Colleagues participated in the assessment through completion of a survey; and a number of one-to-one interviews. IIP produce a comprehensive report summarising findings from the assessment, and the feedback has been used to inform subsequent actions including the development of a Wellbeing toolkit; line manager training; introduction of Mental Health First Aiders (MHFA) and a number of BeeWell related activities. A further IIP review is planned for September 2022.

We are committed to investing in an inclusive staff team, promoting WCHG as an employer of choice where differences are recognised as strengths in delivering our purpose. Our aim is to deliver diverse recruitment and create equal employment opportunities for all regardless of characteristics. We continue to be recognised for being a 'Disability Confident Employer' and are committed to employing, keeping and developing disabled people and those with long term health conditions, to provide opportunities to fulfil their potential and realise their aspirations. Our recruitment practices are inclusive and accessible with applications via an online portal. We continue to take a hybrid approach to recruitment (i.e. virtually and face to face). We acknowledge that some candidates from underrepresented groups may need more help to be successful, and may be currently underrepresented in senior posts. To support our ambitions of having a diverse talent pool, applicants from diverse backgrounds, who are underrepresented within WCHG senior and management posts i.e. BAME, Female, LGBTQ+ and those with a disability, will be guaranteed an interview for senior roles and roles with responsibility for line management, providing they meet the requirements of the person specification. It is our aim to reduce any inequalities in the representation of individuals from underrepresented groups in order to reduce any equality gaps across the organisation. We have undertaken significant recruitment in the last 12 months, and with investment in primarily back office and specialist roles; and some specialist roles in Property in view of the requirements of increasing building standards.

WCHG colleagues are given equal access to training and development opportunities, and understand these may need to be adjusted to meet different learning styles and capabilities. We were delighted to open up internal applications for two ILM courses: ILM L3 Certificate & ILM L5 Coaching & Mentoring. In addition, there have been a number of training programmes delivered during the year focusing on Equality & Diversity; Health & Wellbeing; Attendance Management; Report Writing; and Managing Agile Teams. We have recently carried out an organisational wide skills gap analysis to project current and future skills requirements and identify internal colleague development needs; or where we need to source external talent to provide specialist skills. The findings have helped shape the development of a ‘Skills App’ which will be used to carry out individual skills assessments, and to signpost learning solutions via a resource hub. The organisational wide skills analysis also identified soft skills requirements in the form of behaviours. This information has been used to develop a behaviour based performance engagement framework. This will be launched as part of the embedding of the new WCHG values, where we will bring to life what living the WCHG values means in terms of day to day activity.

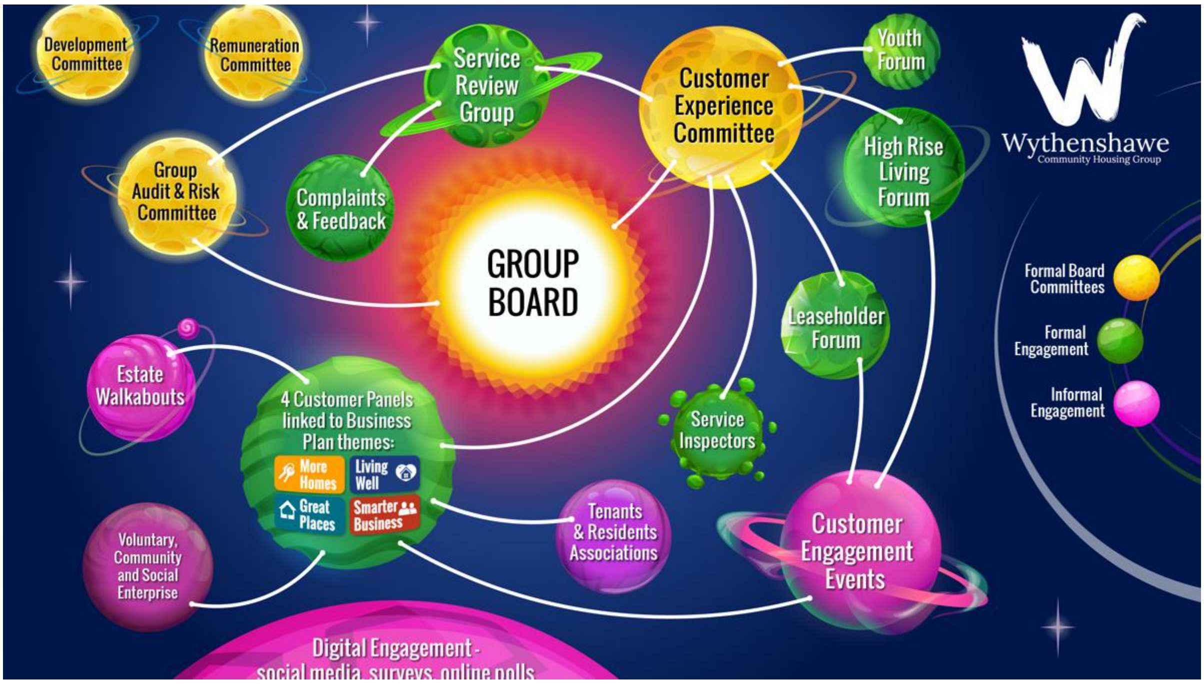
Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. The Group has a dedicated internal Health and Safety Department which oversees health and safety management across all functions, with additional external expertise where required. This includes comprehensive health and safety policies, procedures, risk assessments, training and an advisory service.

Customer Engagement

<u>Why?</u>
Understanding our customers’ experience is essential to strengthening our ability to deliver high-quality homes and services. This in turn enables us to deliver WCHG’s organisational purpose.

<u>What?</u>
We below Customer Engagement Universe shows pictorially the customer engagement mechanisms operated at WCHG.



The organisation operates a range of formal tenant engagement mechanisms including:

- **Customer Experience (CX) Committee**: a new committee of Board overseeing all performance of customer-facing services as well as championing consumer regulation and amplifying customer voice at the Board. The Committee is made up of three Board members and five tenant members. In addition, there is a leaseholder position currently held available by the committee, to be recruited during 2022/23.

- **Leaseholder Forum**: responsible for the review of services to leaseholder customers. This forum is a new group, established to guide WCHG in developing its leaseholder services. During the year, the group oversaw the development of a Leaseholder Handbook which is to be made available on the WCHG website and used as a reference document for colleagues.

- **Service Review Group**: responsible for tenant-led service reviews across the front line. Review recommendations are submitted to the CX Committee for approval. In 2021/22, the Service Review Group reviewed the quality of all Stage 2 complaints and made recommendations for improvement. The implementation of these recommendation is overseen by the Group Audit and Risk Committee.

A refreshed Customer Engagement Strategy was approved in September 2021. During 2021/22, we built on our strong foundations by:

- Creating and recruiting to a new Board Committee, dedicated to Customer Experience (see CX Committee overview above)
- Developing a hybrid approach to formal meetings, allowing customers to attend in person or online
- Establishing a dedicated High-Rise Living Forum specifically for customers living in our 10 high rise blocks across the estate
- Launching the four customer panels aligned to our Corporate Plan: Great Places; More Homes; Living Well; Smarter Business

Who?
Our 218 actively involved customers (2020/21: 159) volunteered a total of 3,250 hours of their time to scrutinise our performance, influence our policies, contribute to strategic priorities, agree service standards, inspect services and help deliver and improve services locally.

More broadly, 22% of our tenants and leaseholders (3,205 people, up from 1,452 people in 2020/21) spent time giving us a more detailed insight into their customer experience during the year. Customers contributed their views on a wide range of issues via ‘Chips & Chat’ outreach events, complaints, compliments and additional surveys.

So what?
Customers have influenced the organisation in a number of areas in the last 12 months, including:

- Refreshing the organisational purpose and guiding principles
- Steering investment in building safety in high and medium rise buildings
- Scrutinising complaints; timescales; quality; lessons learned
- Setting contact centre service standards during COVID-19 pandemic
- Reviewing our gardening service offer: who should benefit? how often?
- Reviewing our investment in Woodhouse Park Lifestyle Centre, leading to improved partnership working and cost saving
- Developing our new ‘locality approach’ to housing service delivery
- Approving customer-facing policies and strategies

What’s next?
The following areas will be reviewed during 2022/23:

- WCHG’s Corporate Plan and 10-year vision
- Community Safety Strategy
- Stronger relationships with local community groups and voluntary organisations, listening to people where they are rather than only bringing them into our spaces
- Further work to strengthen leaseholder voice in the development and delivery of services.

Statement of Internal Controls

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

The Board has processes in place to:

- Assess the principle and emerging risks facing the Group;
- Monitor the Group’s system of internal control (which includes the ongoing process for identifying, evaluating and managing risk); and
- Review the effectiveness of that system annually.

The Board has reserved certain matters to itself, including determining the long-term business objectives of the Group and any material decisions. The Board annually review the formal scheme of delegation and financial regulations that set a framework for Board committees, the Chief Executive and Executive Team.

The Board has a number of mechanisms in place to support the Group’s systems of internal control. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health & safety, data and asset protection and fraud detection and prevention. Financial control is exercised through the setting of detailed budgets each year which feed into the financial planning process, coupled with a reporting and monitoring system that is driven by key performance indicators.

There is an approved anti-fraud policy that covers the prevention, detection and reporting of fraud. Details of identified frauds are maintained in the fraud register, which is reviewed annually by the Audit & Risk Committee on behalf of the Board. There have been no reported cases of fraud during the year 2021/22 with a financial loss of £nil (2020/21 - £nil). The anti-bribery and corruption policy sets out guidelines for all staff to ensure the highest standards of conduct in business dealings. The Group’s whistleblowing policy enables employees to raise issues on a confidential basis and know that they will be properly investigated.

The Group Audit & Risk Committee meets four times a year and considers internal control and risk management at each meeting. The Committee meet with members of the Executive Team, and the internal auditors to review specific reporting and internal control matters, and to satisfy themselves that the internal control systems are operating effectively. All Board Members receive the minutes of Group Audit & Risk Committee meetings.

The internal audit function is outsourced and has direct access to the Group Audit & Risk Committee. The Internal Auditors attend all meetings of the Committee and all recommendations for improvement made by the Internal Auditors are followed up. The internal audit programme of work is aligned to the Group's strategic objectives and risk environment.

The work of the external auditors provides further independent assurance on the control environment as described in their audit report within these financial statements. The Group also receives a letter from the external auditors identifying any internal control weaknesses which is considered by the Group Audit & Risk Committee and the Board.

The Board have reviewed the effectiveness of the system of internal control, including risk management, for the year to 31 March 2022, and up to the date of signing these financial statements. It has not identified any weaknesses in internal controls which resulted in material losses, contingencies or uncertainties that require disclosure in these financial statements.

Statement of compliance with the Governance & Financial Viability Standard

The Board formally reviewed compliance with the Governance and Financial Viability Standard as part of its annual formal review against the RSH's Regulatory Framework in May 2022; no areas of non-compliance were identified for the year ended 31 March 2022.

The RSH re-confirmed the Group's Regulatory Judgement for Governance and Viability as G1 and V1 in December 2021 following the routine annual stability check.

The Group complies with all relevant law.

Code of Governance

The National Housing Federation's (NHF) 2020 Code of Governance was formally adopted by the Group from 1 April 2021. Compliance with the adopted code is annually reviewed by the Board and was last reviewed in May 2022 for the year ended 31 March 2022.

In accordance with the requirements, the Group is pleased to report full compliance with the adopted code for the year ended 31 March 2022, and has identified no areas of non-compliance to report.

Going concern

The assessment of the significant risks faced by the Group, including the exposures arising from Covid-19, is considered in various sections of this annual report. The results of this analysis, combined with generally improving VFM metrics, good asset values and significant headroom in loan covenants, has led to the Board's judgement that WCHG has a financially robust long term Business Plan, including potential mitigations which indicate sufficient resilience to respond to different stress testing scenarios. Overall this demonstrates WCHG's ability to remain financially viable.

The Board therefore has a reasonable expectation that the WCHG has adequate resources to continue in operational existence for the foreseeable future, being a period not less than twelve months after the date on which this annual report and financial statements are approved. For this reason, the Board continues to adopt the going concern basis in the financial statements. In reaching this view the Board has fully appraised the changing business environment facing WCHG, it has considered the financial projections set out in the long term Business Plan, the results of stress tests and assessed the strategic risks faced and the means available to it to mitigate these risks.

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

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

Co-operative and Community Benefit Society legislation requires the Board to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under the Co-operative and Community Benefit Society legislation, the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs, and surplus or deficit. of the association and Group for that period.

In preparing these financial statements, the Board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Association will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the Group and Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

Financial statements are published on the Group and Association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group and Association's website is the responsibility of the Board. The Board's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Annual general meeting

The annual general meeting will be held on 26 September 2022.

Statement as to disclosure of information to auditors

The board members confirm that:

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

To the best of our knowledge:

- That the Group's financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Association and the undertakings included in the consolidation taken as a whole; and
- the Report of the Board and Strategic Report include a fair review of the development and performance of the business and the position of the Association and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

External auditors

This report was approved by the Board on 26 July 2022 and signed on its behalf by:

Nick Crofts

Nick Crofts
Chair of the Board
26 July 2022

Strategic Report

Activities

WCHG is a not-for-profit registered provider of social housing. WCHG is a charitable community benefit society registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing ("RSH") as a social landlord.

The Group has two subsidiary companies, Garden City Design & Build Limited, a development company, and Garden City Trading Limited, a non-charitable property company. Neither subsidiary is regulated by the RSH.

The Group operates primarily as a social landlord, providing affordable general needs housing, delivering high quality services to 13,714 homes in Wythenshawe. The Group's head office is based in Wythenshawe and the vast majority of its properties are situated within five miles. The Trust is a charitable organisation and operates primarily as a social landlord, providing affordable general needs housing.

Objectives and strategy

Wythenshawe Community Housing Group is the largest Manchester based housing association responsible for 13,714 properties providing a home to circa 29,100 people – circa 37% of the Wythenshawe community. Some 48% of our 540 staff live in Wythenshawe and 20% are also our tenants. The Group has a critical role as a community based business that goes beyond housing. In Wythenshawe we are a major local employer, investor, support provider and enabler, building on the strengths of local people, organisations and the wider community.

Wythenshawe is 8 miles south from Manchester City Centre and is home to about 79,000 residents. There are many positive aspects to Wythenshawe which for many years have improved it as a place to live and work. The positives must be balanced with the downsides, most notably relatively high levels of deprivation and lower life expectancies.

The current Corporate Plan set out our actions over the period from 2020 to 2022. The activities were designed to build our longer term resilience and capability and support our tenants and the wider community in the wake of the Covid-19 pandemic. We are now working on a new Corporate Plan to be approved in September 2022, as we continue to develop our understanding of the longer terms needs of our tenants, the community and our business and address the challenges that we face collectively.

The ongoing pandemic effects, and more recently, the cost of living crisis, continue to have a significantly negative impact on the Wythenshawe area. So, in response to the changing needs of our tenants and the community, through the new Corporate Plan we will rebalance our resources in partnership with others so as to have the most positive impact.

The Group's 30 year Business Plan shows a healthy and improving financial performance as measured by the metrics of EBITDA-MRI, liquidity and gearing. Relatively low debt levels enable a strong EBITDA-MRI to be achieved despite a still relatively low operating margin, but one that has significantly increased in 2021/22.

The current Corporate Plan has a golden thread at its heart, which links detailed actions with achievement of the Group's **Purpose**, which is: '*To provide good quality homes and services to our tenants and leaseholders and to play a leading role in creating safer, healthier communities'.*

The current plan, focussed on the pandemic period, had 'The 4 R's' model (Respond, Refocus, Rebuild, Relaunch) to help navigate the organisation through that difficult period. Having weathered that period, the Board and Executive very much feel that the new Corporate Plan will 'Relaunch' the organisation into a new, challenging, yet successful period.

Most of the mechanisms we put in place through that period are still valid – for example, we still have nine **Guiding Principles** to support the selection and delivery of our developing new Corporate Plan actions, covering what we do, how we work and how we effectively implement strategy and deliver positive change. During the financial year we have developed a set of **Values and Behaviours** to further support our people to deliver better customer-focussed services

However, at the heart of the current Corporate Plan are four **Strategic Themes** and Board has agreed that these are still very relevant to the organisation over the next Corporate Plan period. The strategic themes are summarised below, whilst the detailed activities underlying these may change within the new plan:

- **More Homes:** The Group will play an active part to address the shortage of affordable homes. Our Development Strategy resources the delivery of up to circa.200 new homes per annum across all tenure types but with an emphasis on affordable homes for rent.

- **Living Well**: Through a range of service reviews, engagement with residents and partner and community programmes, we will continue to support tenants and the wider community. We will build on Wythenshawe's many strengths and as best we can mitigate existing challenges and the threats presented by the pandemic.

- **Great Places**: Service reviews and programmes of work balance the need for additional shorter term investment to improve the safety and amenity of our resident's homes with a longer term focus on improving estate quality and optimising the performance of our property portfolio.

- **Smarter Business**: Organisational infrastructure, service efficiency and delivery capability will be improved through programmes across the key areas of Customer Contact; Culture and People; Data Governance; Service Design and Systems.

The Board monitors performance and achievement of the Corporate Plan objectives by strategic theme, through a suite of performance indicators, which are detailed on pages 20-25.

During 2021/22, the Group commenced a business transformation journey with its **'Change Wyth'** programme, this was a year of discovery which built on the 180+ detailed Corporate Plan actions and outcomes that colleagues across the business had identified as necessary to deliver the four strategic themes. The work to fully understand the operating model and new target operating model continues into 2022/23 which will see the Group move into delivery of changes.

The discovery phase has involved individual service reviews along with adopting a Systems Thinking approach. This involved key customer facing teams mapping out their high demand processes in order to identify waste and new ways of working. Proposed changes will be implemented during 2022/23 following the review and development of the associated business case and cost/benefit analyses.

Tenants and staff are helping to inform these reviews throughout in order to ensure that they are in line with their expectations and will deliver real benefits.

The programmes of work aligned to the Corporate Plan remain the key workstreams in place across WCHG future and are detailed below.

Living Well		
Programmes of work		
Customer Experience	Community and Neighbourhood Development	Living well
Change outcomes		
○ Customer voice, insight and aspirations shaping everything we do ○ Right first time approach to service delivery ○ Quicker, easier, digital customer communication ○ A clear, impactful and affordable community service offer ○ More tenants sustain tenancies and live well ○ Extra care and sheltered schemes that help residents age well and deliver value for money		
Great Places		
Programmes of work		
The Carbon Reduction Agenda	The Building Quality and Safety Agenda	Designing a more efficient repairs and maintenance service
Change outcomes		
○ Clear, affordable roadmap to Carbon Reduction ○ More affordable warmth for customers, driving long term demand ○ Improved and compliant homes ○ More engaged customers in buildings safety and accountability ○ Effective and efficient repair processes that deliver value for money ○ A digital, first right first time delivery culture		
More Homes		
Programme of work		
The Future Wythenshawe		
Change outcomes		
○ An understanding of the future shape of Wythenshawe ○ An approach to future delivery that meets the needs of customers ○ Understand the quality and use of open spaces ○ Using existing future commercial assets to increase income		
Smarter Business		
Programmes of work		
Business Head Social Heart	Giving colleagues and customers the right digital tools	
Change outcomes		
○ Improved financial resilience and capacity ○ Value for money embedded in all activities ○ A culture of challenging ourselves through accountability ○ Demonstrate and evidence value for money to all stakeholders ○ Core systems to deliver our 'Digital First' targets ○ Seamless transition of data between systems ○ Fully supported agile working ○ Data leakage reduced ○ Resources to deliver and support new digital services		

Financial Performance and Performance Indicators

Financial overview

The Group's Statement of Comprehensive Income and Statement of Financial Position are summarised in the Group Highlights (page 3) and the key features of the Group's financial position are set out below.

The financial statements report an increase in operating surplus to £18.8m (2021: £10.7m). There have been some key drivers to this improvement, detailed below.

Turnover has fallen this year by £1.2m to £71.8m. This is because development income has fallen by £2.7m, a greater figure than the £1.4m increase in rental income and service charge following the annual increases.

Reduction in development sales and costs has only had a net reduction on surplus of £0.18m. Despite the fall in turnover, surpluses increased because there has been a reduction in costs of £5.4m. This is due to:

- £4.2m reduction in current year depreciation and accelerated depreciation.
- no fire safety accelerated depreciation, compared to £3.2m in 2020/21;
- no impairment, £0.8m in 2020/21;
- £1.2m increase in net right to buy receipts. The numbers of sales have returned to levels in 2019/20 after a pandemic-related dip last year. However, the overall receipts are larger due to a higher proportion of right to acquire sales and higher valuations.
- £0.5m reduction in service costs due to staff vacancies and fire risk safety assessments being performed in 2020/21 not repeated in 2021/22;
- £0.3m reduction in other social housing costs due to reorganisation of staff costs in the Customer and Communities restructure and the end of the Real Food programme;
- These reductions have offset an increase in management costs of £3.3m (mainly due to a non-cash pension service cost increase of £1.6m non-cash).

More detail as to the reasons these changes have occurred are included in the operating margin section of the VFM reporting in these financial statements.

Routine repairs have increased because of pent up demand following the pandemic. Secondly, a decision was made to accelerate the smoke alarm installations bringing c.£1m forwards. Major repairs appear to be £0.8m less than last year in the SOCI. This is because in 2020/21 there was a large amount of expensed fire safety works. Overall, with planned repairs, the property costs in the accounts are £0.3m higher than the previous year

Revenue repairs and capital repairs (as per Note 13) was £15.5m against £20m in the prior year. However, if adjusted for the effect for the fire safety provision the true movement is £10.7m in 2020/21 to £14m in 2021/22. Hence, there has been a significant increase on year on year activities due to coming out of the pandemic.

No additional debt was drawn down during the year. As there was an increase in rent cash collection, higher right to buy sales and reduced development spend, cash balances including £8m disclosed in investments, have increased from £31m to £38m. Cash inflows and outflows for the period are shown in the cashflow statement on page 54.

The end of the year has seen a substantial decrease in the pension deficit by £19.607m to £15.059m. A significant element of this decrease is down to a fall in the real discount rate, this being a combination of a lower discount rate assumption and a significantly higher CPI assumption. This swing counteracts the £16.259m opposite swing we saw in the 2020/21 year end. Hence the liability is now £15.059m compared to £17.068m in 2019/20.

Performance Indicators

The Board has adopted a suite of performance indicators to monitor achievement of the Corporate Plan objectives through the four strategic themes.

The tables on pages 21 to 24 compares the 2021/22 performance to target and prior year where relevant. Some measures are relatively new so are compared to the earliest measured date (where stated). Some new measures may also not yet have a target as exact definitions are still being agreed, but when Board approve the new corporate plan from September 2022, all measures will have targets.

Overall the Group continued to deliver overall strong performance during 2021/22, although there were still some impacts of the COVID-19 pandemic on performance, in many areas these indicators are improving.

Living Well

The Group's customer access channels remained live throughout the pandemic and office reception has reopened to customers. The customer hub was completed at the end of 2021/22 to support collaborative working from duty teams and the contact centre.

Complaints handling has performed well in 2021/22 and lessons learnt from complaints are being used to improve services and processes across the business. Training for staff was also enhanced with four new complaints handling training modules delivered during 2021/22 and a new Complaints Handling Network established to embed improvements in the business. The Service Review Group (SRG) conducts regular checks of complaints to ensure they comply with our complaints policy and this remit has been extended to include the quality of complaints.

A customer experience survey was completed in July 2021 with Acuity to measure tenant satisfaction and gauge satisfaction over a number of questions. Telephone interviews were conducted with 992 customers across tenure types. The previous survey to this was conducted in 2018 so comparisons between this large gap are challenging. Moving forwards we will be conducting customer experience surveys for frequently to compliment transactional data and enable trend analysis.

Satisfaction with the handling of ASB has remained strong through 2021/22 with a range of actions having taken place to deal with reported incidents from providing CCTV footage, supplying the police with information and securing injunctions.

Failed tenancies increased very slightly from previous year due to tenants moving to private rented accommodation or abandoning properties. Work has been done to solidify the definitions of this metric and add in a new metric for failed tenancies over 12 months from tenancy start date to fully understand this area.

Living Well							
Performance Indicator	March 2022	Expected Performance 2022	RAG rating	March 2021	RAG rating	Benchmark [1]	RAG rating
Tenant Net Promoter Score	32	n/a*		n/a*		UK median 28.9	
Leaseholder Net Promoter Score	-19	n/a*		n/a*		UK median -42.6	
Satisfaction with landlord listening to views and acting on them	71%	n/a*		n/a*		UK median 65%	
Satisfaction with leaseholder listening to views and acting on them	50%	n/a*		n/a*		UK median 38%	
Overall satisfaction with landlord services	82%	n/a*		n/a*		UK median 82%	
Leaseholder satisfaction with landlord services	58%	n/a*		n/a*		UK median 53%	
Satisfaction with our handling of Anti-social behaviour	96.0%	90%		96.7%		n/a	
Percentage of calls resolved at first contact	91.4%	90%		89.4%		72.4%	
Tenancy failures within 12 months of tenancy start date	3.02%	4.00%		2.73%		4.75%	
Tenancy failures over 12 months from tenancy start date	5.55%	n/a*		4.53%		n/a*	
If in doubt shout resulting in referral	179 referrals	n/a*		n/a*		n/a*	
Percentage of complaints resolved in timescale	99.5%	100%		100%		n/a	

* Tenant Satisfaction: No target set for tenant satisfaction and previous satisfaction survey prior to 2021 was completed in 2018. We will have a 2022 survey to compare to next year.

Tenancy failures: No target yet set for tenancy failures over 12 months from start date and as this is WCHG created measure so benchmarking not currently available, benchmarking measure for controllable customer turnover rate used for tenancy failures within 12 months of tenancy start.

If in doubt shout referrals: As related to safeguarding no target currently set and no benchmarking measure available.

[1]Benchmarking sources:

Tenant satisfaction – Housemark

Percentage of calls resolved at first contact and tenancy failures within 12 months of tenancy start date - Vantage

Great Places / Compliance

The compliance indicators including gas safety were maintained throughout the year at 100% compliance, ensuring that customer safety remains our number one priority.

Repairs & Maintenance delivery has been extremely challenging across the sector during the last 12 months and some of our supply chains continue to experience impact. Apart from fencing renewal & non-urgent external works, we have service delivery within pre-pandemic timescales for repairs activity.

Repairs completed on the first visit performance has improved from last year and is close to the 80% target, performance is being closely monitored and imprest kits are being updated to accommodate a new working model with our materials supplier.

Repairs satisfaction data has continued to perform strongly and well above the peer group average. This is collected on a transactional basis by colleagues once they have completed the repair, this is being reviewed to ensure customer satisfaction with repairs is reflective and can be used to improve the service.

Our empty homes team have closely supported the repairs function and as a result we have seen an adverse impact on empty home turnaround times for 2021/22. This was necessary to focus our resources on existing customer repair demand; void turnaround times are expected to strengthen during 2022/23. As a result of the WCHG's commitment to sustainability, remedial works have been undertaken on 156 void properties to increase Energy Performance Certificate Band (EPC) rates, which were either previously not banded or below band C.

Great Places / Compliance							
Performance Indicator	March 2022	Expected Performance 2022	RAG rating	March 2021	RAG rating	Benchmark[1]	RAG rating
Average SAP rating	71.06	71		69.88		n/a	
Average Energy Band	C	C		C		n/a	
First time fix (responsive repairs)	77.6%	80%		73.4%		n/a	
Satisfaction with repairs (transactional)	99.93%	99.50%		99.95%		87.30%	
Total relet time	36.94 days	20 days		27.4 days		41 days	
Decent homes standard	100%	100%		100%		n/a	
Responsive repairs completed in timescale	98.5%	99.95%		97.3%		n/a	
Gas (domestic)	100%	100%		100%		n/a	
Non-gas H&S (domestic)	100%	100%		100%		n/a	
Solid Fuel (domestic)	100%	100%		100%		n/a	
Gas/ Biomass (commercial)	100%	100%		100%		n/a	
ECR (domestic)	100%	100%		100%		n/a	
ECR (Commercial & communal)	100%	100%		100%		n/a	
Fire Safety Systems	100%	100%		100%		n/a	
Fire Risk Assessments	100%	100%		100%		n/a	
Asbestos management reviews	100%	100%		100%		n/a	
Water Safe management	100%	100%		100%		n/a	
Domestic lifting equipment	100%	100%		100%		n/a	
Commercial lifts	100%	100%		100%		n/a	
Other assets	100%	100%		100%		n/a	

[1]Benchmarking sources: Vantage

Smarter business

Rental arrears as a percentage of annual debit were slightly improved on than previous year, which in the current climate is an excellent result. The rents team successfully applied for over £31k of funding via MCC's vulnerable renters fund in the run up to year end benefiting 22 tenants. These applications focused on cases where the next step in the process would have been to apply for an eviction or start possession proceedings.

Staff sickness continued to be a challenge in 2021/22 but WCHG's approach to COVID related absence was such that these were not escalated if an individual hit an absence trigger up to 31 March 2022. Should there be future additional spikes in infection rates, WCHG would manage individual situations appropriately.

There was significant change during 2021/22 including the launch of the new pay model, which adversely affected a proportion of colleagues. The Engage for Change employee survey results made it possible to measure the impact of this on colleague satisfaction. As expected there was a negative impact on the net promoter score, which was lowest in the most recent survey at -5 (November 2021), this reduced from 37 in July 2021 and 47.5 in April 2021. The employee engagement figures have also reduced to a smaller degree and will be monitored over the next year.

Smarter Business							
Performance Indicator	March 2022	Expected Performance 2022	RAG rating	March 2021	RAG rating	Benchmark[1]	RAG rating
Staff net promoter score	-5*	n/a		38		9*	
Employee engagement index	72%*	80%		79%		81.4%*	
Employee engagement index – emotional	75%*	81%		81.4%		n/a	
Employee engagement index - motivational	73%*	81%		80.6%		n/a	
Employee engagement index – rational	77%*	81%		80.9%		n/a	
Staff sickness	6.10%	3.25%		4.25%		n/a	
Rent arrears	2.48%	3.77%		2.53%		3.92	
App repairs logged	1680 total	n/a		1366 total		n/a	
Percentage of rent payments made via web	23%	n/a		24%		n/a	
Headline cost per unit	£3,712	£3,685		£3,720		£4078	

* Staff net promoter score and employee index figures for 2022 are taken from the last Engage4Change Employee survey in 2021/22, there were three surveys in this year (April 2021, July 2021 and November 2021). The figure for March 2021 is taken from the only Engage for Change employee survey in 2020/21 which was in October 2020. Expected performance has not been set for satisfaction but can be compared to [1]UK average (for all businesses – Engage4Chage) and industry benchmarking for employee satisfaction (Vantage). Headline cost per unit benchmark from Vantage.

More Homes

The Group completed 46 homes in 2021/22, which comprised of 5 developments.

In addition to the numbers in the more homes data table, at the end of the financial year, we had an additional 154 properties in contract or on site, including Northenden College which was entered into in the closing days of the financial year.

We had a further 214 properties across 6 developments approved by Development Committee within the year, which are now being progressed towards purchases and entering into contracts.

The combined total for 2021/22 is 414 new homes that have either been delivered, in delivery or firm schemes we are progressing with.

More Homes - March 2022						
Measure	Out Right Sale	Shared Ownership	Affordable rent	Social Rent	Market Rent	TOTAL
Homes completed 21/22	5	16	10	7	8	46
Development Homes on Site	0	59	57	28	10	154
Approved Schemes not yet started	0	32	107	75	0	214
TOTAL	5	107	174	110	18	414

Value for Money

Strategic approach to Value for Money

The Group's VFM strategy aligns to our 2020-2022 Corporate Plan, our Purpose and nine Guiding Principles.

Our VFM strategy can be found here: [VFM Strategy - WCHG]

One of our nine Guiding Principles encapsulates our approach to VFM: ***"Have a business head and a social heart"***, which can also be described as:

"We will run our business efficiently and effectively and we will review all our services to ensure we deliver value for money in everything we do. This will maximise the resources we can invest in providing good quality, good value services for current and future tenants, leaseholders and their communities".

The collective nine Guiding Principles strengthen and steer the Group's strategic activities to ensure that we achieve VFM whilst balancing our financial and social returns, alongside ultimately delivering our Purpose.

The Group has an 'Open' risk appetite for VFM which defines the level of risk the organisation is prepared to accept in seeking VFM to deliver its strategic objectives, values and make its target returns.

An open risk appetite means that the Group is;

"willing to consider all potential options and choose the one that is most likely to result in success, while providing an acceptable level of reward".

Objective of the VFM strategy

The purpose of the VFM strategy is to ensure:

- We run our business efficiently and effectively and review all our services to ensure we deliver value for money in everything we do;
- We maximise the resources we can invest in providing good quality, good value services for current and future tenants, leaseholders and their communities;
- We increase customer influence on VFM; engaging and informing customers, involving in VFM decision making and encouraging scrutiny;
- We continuously develop our VFM culture; improving staff understanding, encouraging ideas and gaining benefit from staff feedback and;
- We comply with the Regulator's VFM standard.

Approach to VFM

Stakeholders

Whilst developing the Group's VFM strategy, key stakeholders, including Board, staff and customers were consulted and improvements were incorporated into the strategy including;

- Improved customer involvement and input, continuous engagement and communication;
- Creation of a staff focus group to capture VFM ideas from all staff and translate into practical actions;
- Use of multi channel communications to share VFM best practice and celebrate achievements with staff and;
- Embed a culture of VFM, emphasising the responsibility of colleagues to bring ideas and suggestions for improving VFM and ensuring that there is appropriate training to support them in helping deliver this.

Board

The Group's VFM strategy outlines the Board's ultimate responsibility for decision making and focuses on the importance that the Board receive clear information in order to make difficult choices in striking a balance between the potentially competing requirements around the quality and level of service versus the cost, and that there is an audit trail of the consideration in coming to decisions.

Future VFM plans

The Group commits to delivering VFM through our day to day activities; ensuring we work efficiently and effectively to maximise value for money in everything we do.

In addition, our business transformation programme, "Change Wyth", incorporates service reviews and improvement projects across the four strategic themes, which will, over time, deliver VFM benefits.

The high level VFM objectives within each of the four strategic themes are as follows:

- **More Homes** – delivering more new homes for future tenants and leaseholders with demonstrable VFM;

- **Living Well** - adopt a person-centred, right first time approach including an enhanced digital offer for customers and elimination of waste in services; delivering efficiency benefits, and maximum social value impact.

  Develop sustainable plans for the Village 135 Independent Living Extra Care home and WCHG community centres, increasing benefits to tenants and communities, alongside improving financial resilience.

- **Great Places** – a new repairs and maintenance delivery model across our property and asset teams which offers customers a digital first, efficient experience, with full control over service requests, optimising processes to remove touchpoint and eliminating waste work and;

- **Smarter Business** – 'invest to save' projects incorporating technology and infrastructure to give colleagues and customers the right digital solutions; delivering medium to long term VFM efficiencies.

  Develop a revised procurement strategy to ensure that the Group is maximising its purchasing power.

Realising and demonstrating VFM

A key area of improvement in the revised VFM strategy is to how the Group identifies, calculates, reports and monitors VFM;

- We will comply with the RSH's VFM Standard and monitor the Regulator of Social Housing's (RSH) VFM metrics, seeking to improve these indicators over time;
- We will also report and monitor our own key performance indicators relating to VFM;
- We will report and monitor the VFM benefits gained from the business transformation projects and service reviews. These will be identified using the Group's benefit realisation model which enables the Group to capture a holistic overview of the full spectrum of benefits delivered; social, environmental, financial and operational along with the VFM impact. Benefits are additionally classified as cash or non-cash to allow assessment of financial impact against targets.

Value for Money Metrics

This section complies with the regulatory requirement to annually publish evidence to enable stakeholders to understand our performance against our own VFM targets and those metrics set out by the Regulator. We also review how that performance compares to peers.

For peer benchmarking we have used the Value for Money Metrics and Reporting 2021 document published by the Regulator. We have compared our results against the previous year's results for 35 organisations of a similar size (10,000 to 19,999). Secondly, we have noted which quartile we are performing in for all providers.

This year, to enhance our data analysis we have also created a peer group of RPs from the North West. There are 36 providers in the North West. We chose RPs to be in the peer group which had 10,000-19,999 units throughout the last 4 years; with the addition of Great Places, as they are a close neighbour and not materially over 20,000 units. This has created a consistent group of ten registered providers. WCHG is the fourth largest of the providers and seven of the ten providers have very similar numbers of units to WCHG. The ten providers represent 28% of all the NW providers of any size and 28% nationally of the organisations with 10,000-19,999 units.

The data used for each provider is taken from their Financial Viability Assessment (FVA) for all metrics but the operating margin and cost per unit. Therefore, we rely upon RPs, being consistent between their statutory accounts and the FVA in their categorisation. For the operating margin and cost per unit, data was taken directly from each RP's accounts and a median operating margin and an average cost per unit was calculated. The reason for the difference in methodology is because it is difficult to recreate these metrics from the FVA to tie into the RP's own published values.

Registered provider	Social Housing units owned
Bolton at Home	18,721
First Choice Homes	11,608
ForHousing	17,779
Great Places	20,320
Livv Housing	13,083
Magenta Living	12,705
One Manchester	11,878
One Vision	12,849
Regenda	12,231
Rochdale Boroughwide Housing	12,610
WCHG	*13,654*

		Actual							Target			
Section	**Indicator**	**2019/20**	**2020/21**	**2021/22**	**Target 2021/22**	**NW Peer Group 20/21 unless stated ~**	**Median National Peer Group 2020/21 ^**	**Quartile – All RPs 2020/21 ^**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Business Health	Operating margin (overall)	7.00%	9.80%	19.32%	12.00%	20/21 20.3% 21/22 19.8%	24.00%	3	17.40%	20.70%	22.20%	22.90%
	Operating margin (social housing lettings)	6.40%	10.30%	20.66%	12.70%	20/21 25.8% 21/22 21.0%	26.00%	4	16.80%	20.40%	22.20%	23.10%
	EBITDA-MRI %	158.90%	203.80%	261.34%	251.5%	186.48%	180.00%	1	209.10%	235.70%	251.90%	237.70%
Development-capacity and supply	New supply delivered (social housing) %	0.30%	0.90%	0.34%	0.4%	0.83%	1.10%	4	0.20%	1.20%	1.60%	1.10%
	New supply delivered (non-social housing) %	0.10%	0.10%	0.12%	0.1%	0.07%	0.00%	1	0.10%	0.00%	0.00%	0.10%
	Gearing %	29.00%	23.50%	20.72%	26.1%	43.1%	48.80%	4	26.80%	28.40%	29.50%	30.50%
Outcomes delivered	Reinvestment %	3.30%	6.00%	5.47%	10.6%	8.07%	7.10%	2	11.20%	13.90%	13.50%	11.70%
Effective asset management	Return on capital employed	2.40%	2.70%	4.53%	2.9%	3.80%	3.80%	1	4.00%	4.30%	4.30%	4.30%
Operating efficiencies	Headline social housing cost per unit	£3,850	£3,720	£3,658	£3,719	20/21 £3,483 21/22 £3,841	£3,370	3	£4,178	£4,395	£4,503	£4,650
	Management	£1,029	£927	£1,174	£1,167				£1,384	£1,347	£1,341	£1,335
	Service	£408	£376	£345	£384				£373	£392	£399	£405
	Maintenance	£718	£668	£742	£644				£777	£813	£832	£849
	Major repairs	£1,562	£1,648	£1,322	£1,415				£1,537	£1,731	£1,816	£1,965
	Other social housing	£133	£101	£74	£109				£107	£112	£114	£96

^ Taken from the Value for Money Metrics and Reporting 2021 document published by the Regulator of Social Housing

~ Taken from analysis of the RPs FVA and secondly their statutory accounts. The 2020/21 number is an actual figure, the 21/22 is a target each RP published in their 2020/21 accounts for the following year

Business Health

Operating Margin – this metric is defined as operating surplus divided by turnover and demonstrates the profitability of operating assets. The regulatory requirement is to show the overall operating margin but also that of social housing lettings only.

	2019/20	2020/21	2021/22	Target 2021/22	Specific NW peer Group 2020/21	NW peer group target for 2021/22	Median National Peer Group 2020/21	Quartile – All RPs 2020/21
Operating margin (overall)	7.0%	9.80%	19.32%	12.00%	18.6%	19.8%	24.00%	3
Operating margin (social housing lettings)	6.4%	10.30%	20.66%	12.70%	23.0%	21.0%	26.00%	4

WCHG has been on a journey over the past few years to understand and improve its operating margin. Whilst 2020/21 was the year which the pandemic reduced our ability to spend, there was an offsetting adjustment from the inclusion of a fire safety provision. Hence our underlying margin was 9.8%. This year's margin of 19.32% marks a significant improvement of WCHG margins against prior years and target performance.

Performance against target for overall margin

The overall margin was expected to increase 9.8% to a target of 12.0% (12.7% social housing). However, the overall margin was actually 19.32% (20.08% for social housing). Whilst this was unexpected at the beginning of 2021/22, it is however explainable and evidence of the work to understand our financial position.
The margin is driven by both turnover and costs. Firstly, the overall turnover is £0.7m higher than the budget (£1.3m for social housing). The turnover is higher due to catch up of the aids and adaptations contract with Manchester City Council following the pandemic, more rent than expected due to further disaggregation of rents from service charges, and finally, increases in other social housing income, such as the government funded Kickstart programme to help people back into work.

The surplus against budget, when adjusted for right to buy sales, is £5.3m higher. Surplus is higher than budget because of:

- A reduction in depreciation of £3.3m against the target. The asset data has been migrated into a new fixed asset register module within the existing accounting system. The opportunity was taken to undertake a wholesale review of all components in order to harmonise remaining useful life data to their net book values. This led to a reduction of £2.5m in annual depreciation.
  There was also a reduction in accelerated depreciation of £0.8m due to a review of working practices. In total depreciation contributed 4.5% rise in overall operating margin.
- The inclusion of the fire safety provision in the 2020/21 accounts. This means £1.5m of costs were allocated to the provision rather than 2021/22 performance. 3.7% of the rise against budget is because these costs were accounted for in 2020/21.
- The £0.7m turnover increase in the points mentioned above.

Therefore, the operating margin has increased above target primarily due to accounting changes in depreciation and the fire safety provision which were not known when the budget was approved. This has far outweighed additional spend in management costs and additional income.

Against prior year

The overall margin has almost doubled from 9.8% to 19.32% from the prior year and the social housing margin has increased from 10.3% to 20.66%.

2020/21 was an unusual year for all Registered providers. WCHG's results were further affected by the fire safety provision which countered many of the underspends from the year of the pandemic. Therefore, comparisons with the prior year need to be performed with care.

Turnover overall decreased by £1.2m against the prior year (although there was a £1.3m increase in social housing turnover). Whilst there was a large increase in rental income of £1.4m and other significant increases from aids and adaptations funding of £0.7m; the increase was dampened by a reduction in furlough payments (£0.7m) and a reduction of £2.5m in development sales.

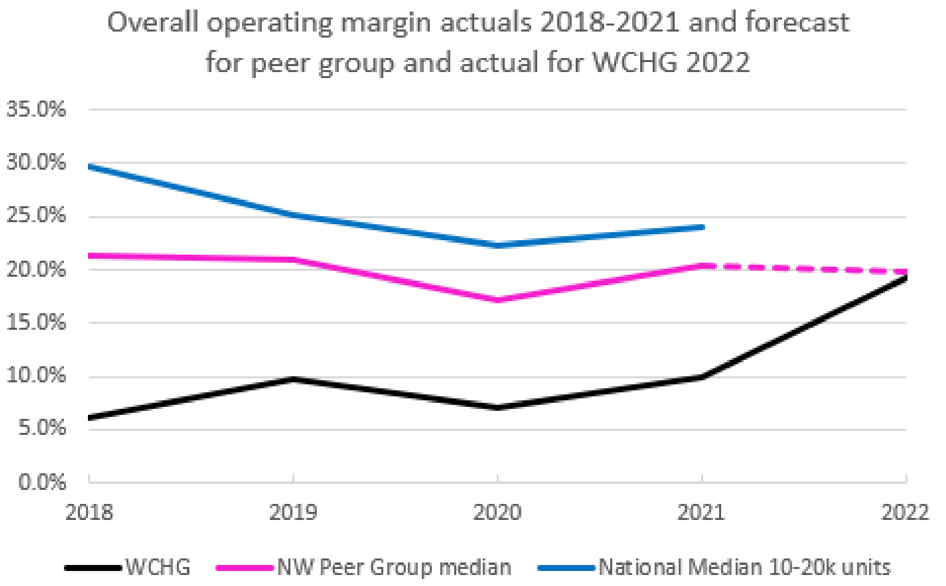
The overall surplus, excluding right to buys, has increased from £6.8m to £13.8m (social housing surplus from £6.4m to £13.0m). Other than the £1.2m decrease in overall turnover, costs fell £7.8m (£5.3m social housing). This was because:

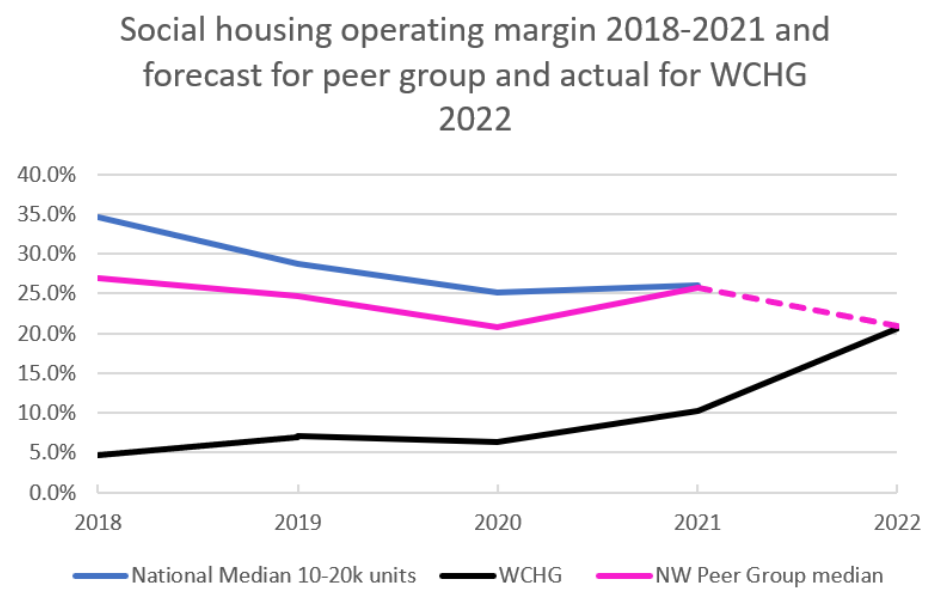
- £4.2m reduction in depreciation on housing properties. This is due the £2.5m noted above but also because 2020/21 accounts had a £2.5m adjustment because of over depreciated kitchens;
- £0.8m reduction in impairment in 2021/22 as there was no impairment in the current year. Last year's impairment was an office building;
- A reduction of £3.2m in depreciation in relation to the accelerated depreciation of fire safety components;
- £1.5m reduction in cost of sales of development properties due to the reduction in properties for sale;
- £1m reduction in non-social housing costs linked to our commercial activities;
- Against these significant reductions in expenditure there has been increases in management costs of £3.4m mainly due to £1.7m increase in the pension service provision (non-cash) and increases in staff costs (£0.8m), £0.6m ICT costs as we gear up for business transformation of our systems and finally £0.3m in business transformation costs.

The impairment and depreciation changes have created 11.2% of the movement on the prior year overall margin and 13.2% on the social housing margin. Therefore, the reduction in turnover and surplus due to the reduced development sales and the increase in management costs has dampened the margin from being potentially even higher.

It should be recognised that whilst there has been a dramatic improvement in the operating margin, these changes are in the main non-cash items. This is evidenced in the discussion of the cost per unit later in this analysis, which has remained similar to previous years.

Benchmarking:





WCHG has historically had a lower operating margin than its peers as shown by the black line in the graphs above. This year there has been a significant improvement to the operating margins due to changes in depreciation and fire safety provision.

The median target of our NW peer group for 2021/22 19.8% for the overall margin and 21% for the social housing margin. Interestingly this is where the actual performance of WCHG falls. WCHG has now effectively reached the median of this peer group.

However, WCHG's margin is historically lower than peers because of two significant factors:

- Firstly, unlike many RPs, there was a decision to not disaggregate all rents from services charges during the four year rent decrease period (this has now been reversed for re-lets but it will take many years to disaggregate all rents). This has reduced the possible income streams in the organisation by c.£1m or 0.5% in year end 2022.
- Secondly, depreciation charges have historically been higher than peers in the benchmark group, because WCHG's assets are valued at deemed cost (others do not use deemed cost). Our current operating margin would be 22.4% if the deemed cost was not previously adopted by the organisation.

We noted last year that the Board and Executive wanted to improve operating margins to 20% by 2025/26. 20% was felt to be an achievable target which would place WCHG closer to the 10,000-19,999 properties overall average of 22.2% in 2020. Whilst this has been almost achieved this year, it has been an accounting adjustment and we are still anticipating improved income streams and improvements from reviewing our expenditure. Expenditure will be reviewed by the new procurement team and the ongoing business transformation reviews which looking at removing “waste” from processes. Furthermore, the overall national median is now 24% for all RPs our size in England.

EBITDA-MRI - this metric (the acronym standing for Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included) is defined as a key indicator of liquidity and investment capacity, as it seeks to measure the level of surplus that is generated compared to interest payable. The Regulator ratio is defined differently to our funders’ required ratio of ‘interest cover’ which also seeks to measure liquidity.

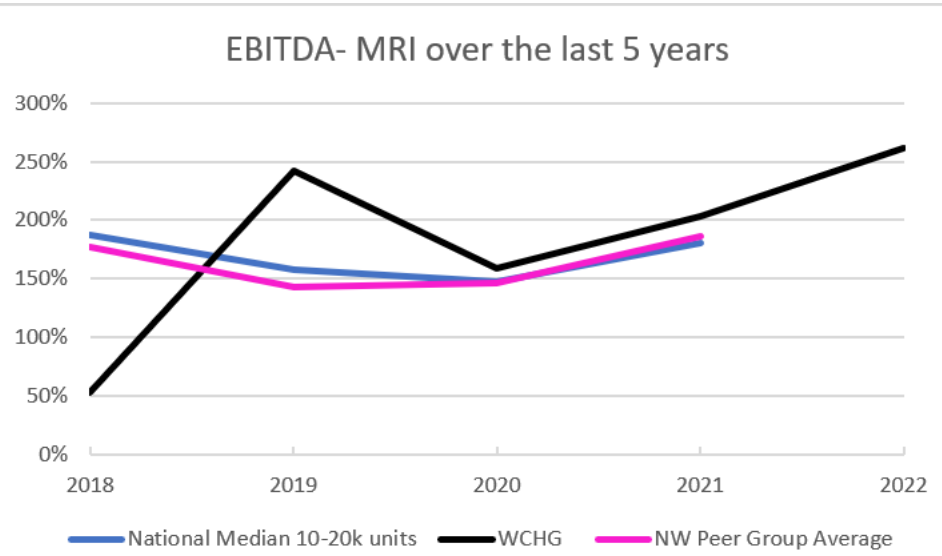
	2019/20	2020/21	2021/22	Target 2021/22	Specific NW peer Group 2020/21	Median National Peer Group 2020/21	Quartile – All RPs 2020/21
EBITDA-MRI %	158.9%	203.80%	261.34%	251.50%	186.48%	180.00%	1

EBITDA-MRI has continued to rise in 2021/22 against prior years. This is because our earnings (surplus adjusted for right to buys and non-cash items such as depreciation and amortisation) have increased from £10.1m in 2020/21 to £14.4m in 2021/22. It has also increased against the target of £11.7m. The earnings have increased against the prior year because of the annual increase in rent as well as increases in adaptations income. Costs have fallen because of the reduced net position of development sales.

The interest costs are fairly steady but are affected by the pension interest cost rather than loan interest as level of debt has remained constant. Over the past few years interest has been £5.3m in 2019/20, £4.9m in 2020/21 to £5.1m in 2021/22. The increase in interest costs in 2021/22 has dampened the EBITDA by 11%.

The Group has surpassed the target EBITDA-MRI of 251.50% because earnings are higher. A far smaller impact has been the reduction in the interest against budget, this has only contributed 6.5% of 38.78% increase on target.

Benchmarking:



To note- 2018 was a year of refinancing with large break costs hence the low EBITDA

Both the national peer group and the specific NW peer group have lower EBITDA MRI rates than WCHG. WCHG outperforms this is because our effective interest rate is 3.91%, lower than most other RPs. Secondly, there are only 4 RPs with less debt in the NW peer group than WCHG, which means that interest payments are smaller than many. Given we are the fourth largest RP in the peer group, our debt is disproportionately small. As our operating margin improves the EBITDA will continue to rise against peers until the growing debt outweighs the improvement in operating performance.

Development - Capacity & Supply

New supply delivered – this metric is defined as the units acquired or developed in the year as a proportion of existing stock. The Regulator requires that this metric be split to cover both social and non-social housing units.

	2019-20	2020/21	2021/22	Target 2021/22	Specific NW Peer Group 2020/21	Median National Peer Group 2020/21	Quartile – All RPs 2020/21
New supply delivered (social housing) %	0.30%	0.90%	0.34%	0.40%	0.8%	1.10%	4
New supply delivered (non-social housing) %	0.10%	0.10%	0.12%	0.10%	0.03%	0.00%	1

During the year, the Group completed 48 social housing units. There were 48 social housing units from a number of small sites: Alf Morris (6) Broadoak (7), Hall lane (5), Greenbrow (10) Portway (10) and buybacks (10).

The delivery is less than 2020/21 because a large project was completed in 2020/21 is the nature of the pipeline is such that several schemes have been at earlier stages at the end of the financial year.

The target was 70 units. This was primarily not met because 23 Alf Morris social rented properties were handed over in April 2022, and one scheme of 8 properties did not go forward as planning was rejected.

The non-social housing units continued to be at the same level of 0.1% which equates to 17 properties this year and 19 properties last year. The target was 0.1% or 8 properties. The reason we have surpassed this is because some of the outright sale units on the Alf Morris scheme were delivered early.

Benchmarking:

Given that our peer group all have a housing stock of 10-20k units, the new supply delivered ratios maybe easier understood in raw numbers. This is also helpful as the delivery of units has the widest variation across the group of all the metrics.

Registered provider	2017/18	2018//19	2019/20	2020/21	Total	2021/22
NW Peer Group social units	1,308	1,118	1,411	1,341	5,178	N/A
Average per RP	131	112	141	134	N/A	N/A
WCHG social units	107	169	58	136	470	48
NW Peer Group non-social	27	264	287	113	691	N/A
Average per RP	3	26	29	11	NA	N/A
WCHG non-social	24	23	9	19	75	17

There are 10 RPs in our NW peer group. There is a wide range of levels of output, e.g., Great Places is building 20% of the units overall, contributing c.250 per annum. On average, WCHG is building as many social housing units as others and is developing slightly more non-social housing units than others. Given external pressure to increase supply and all RPs are on average increasing their supply, WCHG must continue to increase development levels to remain in the median of the group. Our development strategy includes the delivery of over 1,000 new units across a six-year period to 2026/27 which will increase our supply to c.200 units a year.

Gearing - this metric is defined as the proportion of borrowing in relation to the size of the asset base and is seen as a key indicator of potential growth. The Regulator ratio is different to the 'financial indebtedness' ratio required by our funders, which is an alternative measure of gearing.

	2019/20	2020/21	2021/22	Target 2021/22	Specific NW Peer Group 2020/21	Median National Peer Group 2020/21	Quartile – All RPs 2020/21
Gearing	29.00%	23.50%	20.72%	26.1%	43.1%	48.80%	4

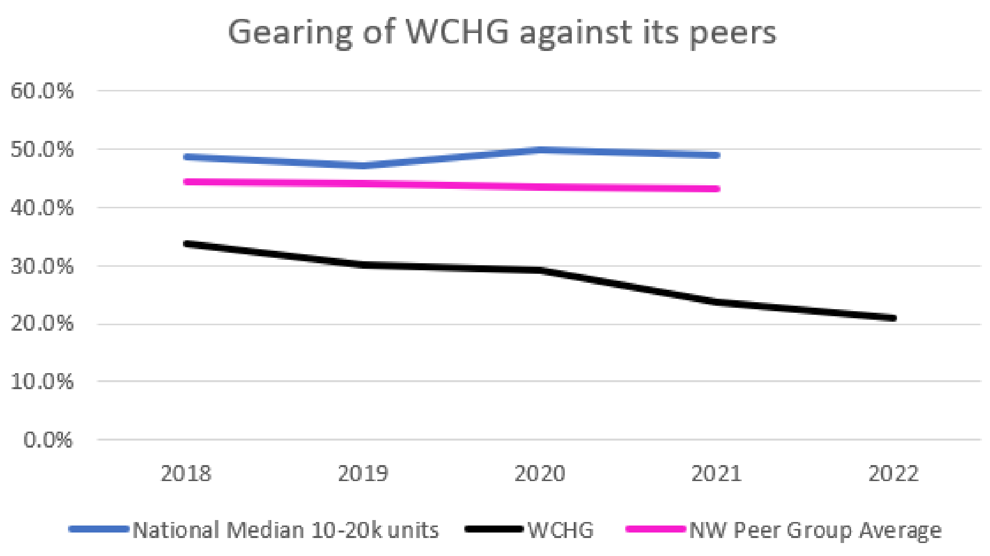
The Group's gearing ratio has fallen to 20.72% this year, a further reduction on the previous 2 years. WCHG has improved performance against the prior year partly because of the increased asset base but mainly because of the increased cash reserves. The year end cash balances were £38m whereas the previous year was £31m. We had forecast for the cash to be £18.9m in our target. There has been no change in our debt levels.

Cash reserves have increased because there has been more rental income to collect and more property sales than expected in the budget. There have been £2.2m more cash receipts than expected from right to buy and right to acquire properties. Whilst there have been a similar number of RTB/RTA properties sold as expected, the value of the properties has been higher and there has been a higher proportion have been Right to Acquire sales. There has been £0.8m more than target of new build properties sales due to early sales of properties on Alf Morris which were expected in 2022/23.

Development spend has been lower than expected. We spent £17.1m against a target of £27.8m, however this was a significant increase on the prior year's expenditure of £7.3m. The reason for a lower than expected spend on development is because two sites were delayed by the planning process and a further site was rejected. This has had a material effect on development spend.

Gearing performance against target is significantly better because of the additional nearly £20m in cash reserves against target but also because the asset base is £10m smaller. Put another way, we have not created property assets with our cash as much as we had expected.

Benchmarking:



WCHG is not as highly geared as other organisations of our size nationally or even locally. It is a key strength of WCHG that we have capacity to borrow further funds to build more properties (or invest in other areas where required). As WCHG has valued its properties at deemed cost, gearing in 2021/22 is lowered by 10%. Even with the adjustment of the 10% our gearing is lower than the peer group and national benchmark. This is because WCHG has not borrowed as much due to a historically smaller development programme. This will change over time as the organisation is forecasting to increase gearing to 30.5% by 2025/26. With the adjustment for deemed cost this would bring WCHG more into line with its NW peers. Note that, our funders' gearing calculation excludes the deemed cost adjustment so our funders' gearing covenant is 31% rather than 20.72%.

Outcomes Delivered

Reinvestment – this metric is defined as the scale of investment into existing housing and acquisition or development of new housing in relation to the size of the asset base.

	2019/20	2020/21	2021/22	Target 2021/22	Specific NW Peer Group 2020/21	Median National Peer Group 2020/21	Quartile – All RPs 2020/21
Reinvestment	3.30%	6.00%	5.47%	10.60%	8.84%	7.10%	2

Reinvestment spend is connected to spend on existing buildings and development expenditure.

The ongoing works to our existing properties were £10m in 2021/22. The spend in 2020/21 was £13.1m, of which there was £9m which was connected to a fire safety provision. Without the provision, the result for 2020/21 would have been 2.7% hence 2021/22 reinvestment of 5.47% is a marked improvement. The increased spend in 2021/22 brings the total property spend more into line with 2019/20.

Reinvestment spend is also connected to development of new properties. The main reason for the increase to 5.47% is the rise in development spend to £9.5m from £7.3m last year. In reality spend on development is higher at £17.1m but the reinvestment percentage does not include spend on outright sales, and the first tranche of shared ownership properties. This also excludes expenditure such as the £4.1m investment in our market rent portfolio in 2021/22.

In relation to the target, reinvestment development spend was £9.5m but did not hit the budget target of £27.8m. This is because of delays in planning decisions and also one adverse decision on large sites.

Whilst the development budget did not hit target, the works to existing properties was £200k over target. Hence the difference between the target of 10.60% and the actual of 5.47% is purely reduced development spend.

Benchmarking:

WCHG has continued to increase its reinvestment percentage closer to the NW peer group and also the median of the national peer group. In 2020/21, the NW peer group ratio had a split of 1.7% for existing works and 8.1% for development. Wythenshawe's equivalent is 2.9% for works and 4.9% for development. Hence, the increasing development programme in the next few years is what will bring our reinvestment percentage in line with others.

It is also worth noting that if the reinvestment percentage was reworked with the historic cost rather than deemed cost, the reinvestment ratio would be 3.7% higher. This would put WCHG above its peer group and the national median for its size.

Effective Asset Management

Return On Capital Employed (ROCE) – this metric assesses the efficient investment of capital resources by comparing the operating surplus to total assets less current liabilities.

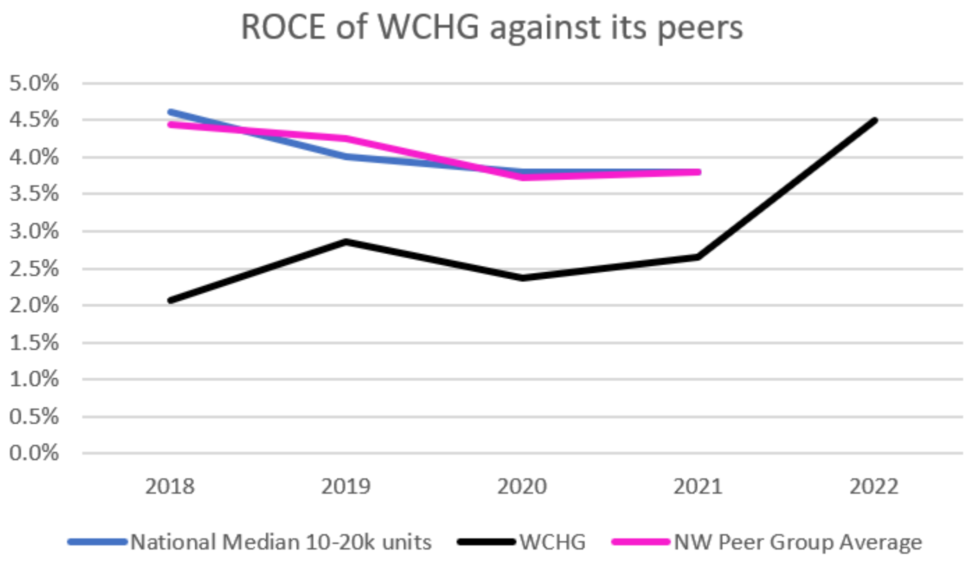
	2019/20	2020/21	2021/22	Target 2021/22	Specific NW peer Group 2020/21	Median – Peer Group 2020/21	Quartile – All RPs 2020/21
Return on Capital Employed	2.86%	2.70%	4.53%	2.88%	3.80%	3.80%	1

ROCE is calculated by dividing the operating surplus by the net assets. As the operating surplus has risen to £18.1m, ROCE has risen beyond the prior year and the target. The surplus in the target was £11.1m and the prior year operating surplus was £10.2m. The definition of operating surplus in ROCE also includes fair value and right to buy surpluses, not included in the operating margin definition. There was a fair value adjustment of £0.6m included in the accounts which was not in the target and was higher than the previous year's £0.4m. Right to buy surpluses were £4.3m, higher than £3.1m last year and the £2.6m target. This enhanced the return on capital employed.

The total assets less current liabilities have risen beyond the previous year and target for 2021/22 because of WCHG holding increased cash balances of £7.6m and the increase in investment properties of £4.1m due mainly to the purchase of a block. However, despite the increase in assets this only minorly (0.2% reduction against target) affects the ROCE. The rise in operating surplus is primary reason for the outperformance.

The trend over the last few years has been an increasing ROCE. The surplus in 2020/21 was artificially reduced because of the accelerated depreciation linked to the fire safety provision. ROCE would have been 3.6%.

Benchmarking:



Coincidentally the NW peer group and the national median for 2020/21 are the same ratio of 3.8%. Given the large surplus in 2021/22 WCHG have surpassed ROCE benchmarks. The operating surplus has increased because of depreciation changes (which will continue) but also increases in right to buy sales, which we cannot rely upon in the future. Hence our targets going forward are 4.0% - 4.3%, a level lower than this year's performance but above the current benchmarking.

The Group's assets have been measured at deemed cost, this means that our assets are higher than other Registered Providers which chose not to adopt this methodology at the transition to FRS102. This creates an effect of reducing ROCE by 1%.

Operating Efficiencies

Headline Social Housing Cost Per Unit – this metric uses the Regulator's definition of headline social housing cost per unit, which is then broken down into its key headings (management, maintenance, major repairs, service, other).

	2019/20	2020/21	2021/22	Target 2021/22	Specific NW peer Group 2020/21	NW peer Group forecast 2021/22	Median – Peer Group 2020/21	Quartile – All RPs 2020/21
Headline social housing cost per unit	£3,850	£3,720	£3,658	£3,719	£3,483	£3,841	£3,370	3
Management	£1,029	£927	£1,174	£1,167				
Service	£408	£376	£345	£384				
Maintenance	£718	£668	£742	£644				
Major repairs	£1,562	£1,648	£1,322	£1,415				
Other social housing	£133	£101	£74	£109				

The headline social housing cost per unit in 2021/22 appears to be very similar to the prior year. However, 2020/21 was inflated by £680 in major repairs for a fire safety provision so the underlying value was £3,040 rather than £3,720. 2020/21 was an unusual year because of the pandemic and the difficulties in spending on maintenance and other social housing. Hence it is also useful to look at costs in 2019/20 as well. The effect of the fire safety provision on the cost per unit is shown in the graph included in the benchmarking section.

Management costs have increased against the prior year by £3.4m. Some of this was planned as the 21/22 value is very similar to the target value from budgets. We had anticipated an increase in pension service cost. The increase was £1.8m against the prior year but it was also £533k more than the budget. There were also increases in ICT (£0.6m) and business transformation (£0.3m) costs to the prior year. Both the prior year and target had not included £750k additional staffing costs in management across all departments.

Whilst the actual management costs of £1,174 per unit were very similar to the target management cost of £1,167. There were extra costs in non-cash pension service costs of £0.5m and £0.75m staffing costs. Whilst there were higher spends in ICT and Business Transformation, they did not spend their budgets and were underbudget by £0.3m for ICT and 0.6m for business transformation.

Service costs in 2021/22 reduced against both the prior year and the target because there has been a reduction in staff costs because of vacancies, in particular vacancies in grounds maintenance. In addition, in 2020/21 there were additional one-off costs for fire safety assessments which were no repeated in 2021/22.

Maintenance was higher than target and previous years for two reasons. Firstly, the installation of mains operated smoke alarms was brought forward and cost around £78 per property (c.£1m, not in the budget and hence target). This was the largest movement. The second increase on the budget is £300k connected to day to day repairs. We believe that as the restrictions eased after the pandemic, tenants started to request repairs which they had delayed. There were also more void properties as people started to move house more. This pushed up the voids spend and day to day repairs.

Major repairs spend has recovered from 2020/21, which would have been £968 per unit without the fire safety provision. With an adjustment for the fire safety works spent this year (£1.5m or £112 per unit), the major repairs would have been £1,434 per unit.. With adjustment for the provision we have increased major repairs spend from £10.3m to £17m. There has been additional spend on against the prior year of £1.5m on fire safety works. This was close to the target value.

Whilst the actual major repairs spend is close to the target investment in our stock, there have been many variances. For instance, the roofing programme and kitchen replacement programmes were accelerated £2m and £1m above budget to compensate for the slow start on multi storey fire safety works which is £2.9m behind budget. The organisation has flexed its plans to respond to the difficult supply chain conditions to ensure we use the contractors available on the market when other contracts cannot be delivered as planned.

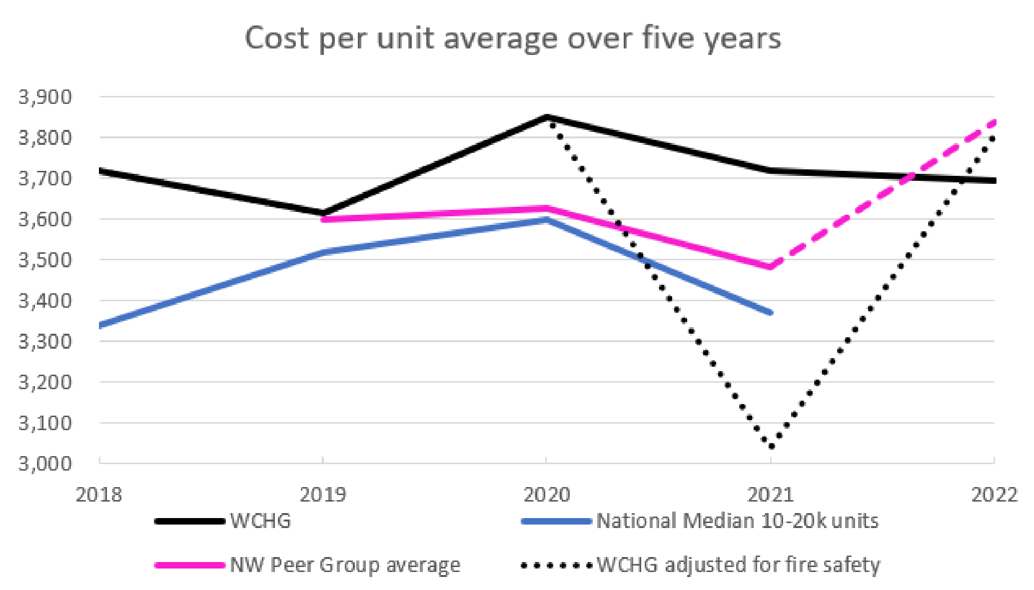
Other social housing cost per unit is less than target and the previous year because there has been a drop in staff costs due to the reorganisation of the Customer and Communities directorate. The restructure has reduced staff costs for the Communities department which are all charged to other social housing but also moved some staff to Customer areas. The Customer staff are charged to management. This is £158k or £11 per unit, hence activities have broadly remained the same but at a cheaper cost. The Real Food programme ended in the year and no further funding was found so costs were £100k down or £7 per unit. There have been smaller reductions against prior year and target due to a planned reduction in spend on litter pickers and secondly the government Kickstart programme has replaced the spend on WCHG Futures programme. As one has replaced the other there has been lag in the spend between the two.

WCHG remains very committed to its community. There are other costs in non-social housing linked to spend in the community which are not factored into the other social housing cost per unit. These total £1,498k or £110 per unit. The activities include funding the employment initiatives and the enterprise centre, the Woodhouse Park Lifestyle centre, the Village 135 Bistro, providing a youth service for the area, supporting the Wythenshawe Games and finally carrying out the Motiv8 contract. This latter contract aims to help people experiencing complex and multiple challenges to move forward with their lives. This may include helping people access the support they need around health, accommodation, addiction or moving into employment or training which helps people into work.

Benchmarking:

Given 2020/21 was an unusual year, with a suppressed cost per unit for many RPs, it is also important to look at trends in the cost per unit and the general position of WCHG against its peers. The graph below shows how WCHG spend in the black line but also the adjusted spend for the fire safety provision on the dotted line. WCHG would have been £3,040 excluding the fire safety provision in 2020/21 and in 2021/22 the cost per unit would have been £111 higher. These changes would put WCHG closer to its NW peer group in 2022.

In the past, WCHG cost per unit has been higher than other RPs. The specific NW peer group data shows a benchmark which is closer to WCHG performance. The dashed pink line shows the forecast cost per unit in 2022. This is far closer to WCHG performance than before. Perhaps a regional difference in costs and standard of stock means that the NW benchmark is more relevant. Ultimately, WCHG sees investment in its tenants' activities and stock as crucial to meeting its purpose. We anticipate that as the Business Transformation journey continues we will have further insight to why our costs per unit are specifically different to others.



Assets

Our Asset Management strategy sets the framework to drive value for money from our stock. We aim to increase the return on assets and have in place policies & standards that ensure assets are well maintained, comply with appropriate standards and are supported by management activities & interventions. The Group invested in Savills SHAPE asset performance model that enables NPV values to be routinely established, monitored and intelligently influence our annual plans & interventions. Annually, we are able to review poor performing asset groups and apply ethical decisions on investment, intervention or disposal. This approach also enables considerable benchmarking with other North West RP's and the ability to develop realistic objectives and metrics. Through driving the return on assets, we are able to influence the value of our stock and future capacity of the business.

Our stock is formally surveyed by external Chartered Surveyors to ensure a robust long-term business planning process. We recognise the importance of reliable asset data and have strengthened our approach to Stock Condition Surveys. We have developed an ambitious target to ensure over 95% of our homes have a stock condition survey that is less than 5 years old. Whilst we have asset data from surveys on 100% of our homes, we have 65% of our homes with surveys less than 5 years old and will achieve over 95% by 2024. Our new 20% per annum approach will strengthen & influence our investment planning. This is particularly important as we model and develop solutions to the zero-carbon challenge, balancing the competing demands for our future resources.

Our Corporate Plan 2020-22 includes an objective to develop an affordable approach to meeting the long term challenges of the national low carbon agenda. The Carbon Reduction Strategy, (approved during the previous financial year), set clear commitments for our organisation. During this financial year, Board undertook the first annual progress review which confirmed our targets and objectives for year 1 of the strategy were met. Our strategy supports Manchester's commitment to be a carbon zero city by 2038 and respond to the requirements of current & future, national and international legislation/policy.

The underpinning aim of our strategy is 'Building Better Futures' for every colleague, customer, partner and community with whom the Group works. The Carbon Reduction Strategy highlights seven themes around which the carbon reduction activity is actively underway as detailed below:

Theme	Focus
Governance	Embed carbon reduction as a corporate plan priority for resources, ways of working and culture.
Stock and existing assets	Ensure the Asset Management Strategy will deliver radical and rapid energy efficiency improvement programmes across the housing Stock, in line with the approved business plan.
New Build	Avoid adding assets that increase the decarbonisation challenge.
Energy	Reduce consumption, and transition to renewable energy sources.
Waste	Reduce waste generation and maximise recycling.
Transport	Reduce carbon emissions and maximise the efficiency of travel connected to our business and service delivery.
Ecology	Minimise the negative, and maximise the positive impact of our activity on the natural environment.

Within the stock & assets theme, the Group achieved Social Housing Decarbonization Funding, (SHDF) through a wave 1 grant submission, kickstarting our journey to net zero homes. A continued commitment to delivering SAP level C for all stock by 2028 is well underway, (2 years ahead of the national target). The Group has almost 3,000 homes to improve to SAP C and the full costs of achieving SAP C have been baked into the business plan.

Further detailed asset modelling work was delivered to achieve net zero by 2050 and costs fully understood through stress testing on our business plan. Our net zero detailed costs will also inform the NPV modelling work, further enhancing our intelligence and investment decision making. Going forward the Group will continue to develop our commitment to long term carbon reduction across property assets and business operations.

The Group continues to manage adherence to various standards including Decent Homes compliance, energy performance standards and building safety requirements. Our Asset software system, Promaster is an essential specialist tool for this asset planning process. Our approach is underpinned by live performance data which influences our day to day decisions on maintenance, empty homes management and preventative decision making. The Group continues to drive towards upper quartile performance measures on turnover, demand, letting times, void costs and compliance.

Treasury Management and Capital Structure

The Group utilises financial instruments in order to provide long term finance for the Group's activities, which exposes the Group to a range of financial risks. The Board approves a Treasury Policy and Annual Treasury Strategy with guidance from independent treasury advisors, designed to mitigate the following financial risks:

Interest rate risk – The risk that changes to interest rates impacts on the financial viability of the Group. This is managed by the use of an optimum balance of fixed and variable rate loan facilities, reviewed annually.

Liquidity / cash flow risk – The risk of running out of cash or available loan facilities necessary to meet the Group's financial commitments. In order to manage this the Treasury Policy sets rules around the minimum holding of cash and instant access funds, along with a range of controls around cash flow forecasting. In addition to these minimum holdings, at 31 March 2022, the Group had £40m of undrawn committed facilities.

Credit / counterparty risk – The risk of contracting financial instruments with organisations that are not of good financial standing resulting in loss of funds. The Treasury Policy requires that all counterparties have a prudent minimum credit rating, in order to ensure the security of the principal sums invested.

Refinancing risk – The risk that loan facilities cannot be refinanced at a market interest rate at the end of their term. The Group manages this by closely monitoring the maturities of all loan facilities, planning any renewal or refinancing of facilities early, to maximise the ability to obtain competitive rates in the light of prevailing market conditions.
Currency risk – the risk that the Group's viability is affected by adverse foreign exchange rate movements. However, the Group borrows only in sterling and so is not exposed to such risk.

The Group's loan funding structure in place at 31 March 2022 is detailed in the table below. This includes a £90m note purchase agreement which is fully drawn at a fixed rate of 3.4% per annum. At the end of the year there were two investors, M&G Investments (£44.5m) and Aviva Life & Pensions UK (£45.5m). Note that Aviva purchased its holding from M&G during the financial year. There is also a £61m loan facility with NatWest including £21m of fixed rate loans (fully drawn at various fixed interest rates) and £40m revolving credit facilities (undrawn).

Funder	Loan facility	Loans drawn	Loans undrawn	Security	Asset Cover Ratio*
Natwest	£61m	£21m	£40m	£106.3m	158% (110%)
M&G/Aviva	£90m	£90m	N/A	£159.8m	169% (105%)

**funding agreement asset cover limits included in brackets*

Based on asset cover requirements of 110%, the Group has scope for additional funding of c.£285m. The Group protects itself against the full impact of uncertainty and, in particular, interest rate increases, by having an appropriate proportion of its debt at fixed rates – at 31 March 2022 all drawn debt is at fixed rates – the £90m note purchase agreement is at 3.4%, whilst the NatWest £21m has an average fixed rate of 6.07%.

The Group's effective interest rate for 2021/22 was 3.91% which is lower than the sector's average effective interest rate of 4.0% for 2020/21 (Source: Regulator of Social Housing: 2021 Global Accounts of private registered providers).

Post Balance Sheet Events

There have been no events since 31 March 2022 that have had a significant effect on the Group's financial position shown within these financial statements.

Principal risks and uncertainties

The Group has a risk management framework in place and has fully embedded the risk management process throughout the business. The risk management process includes regular identification and review of risks on the strategic risk register by Board, Group Audit & Risk Committee, the Executive team and operational managers. The Group risk management processes include, but are not limited to:

- A Group Audit & Risk Committee with delegated authority from the Board for oversight of risk and internal control processes
- An established 'Three lines of defence' risk and assurance governance model
- A risk appetite statement that is regularly reviewed by the Board
- Established stress testing and regular evaluation of cumulative risk exposures
- A strategic risk register with regular updates to the Board and Group Audit & Risk Committee
- Operational risk registers for all business areas

The Group's risk appetite is determined by the Board and is influenced by the capacity of the business to manage the risk if it were to materialise, the longer-term consequences of the risk and the return achieved by taking such risks. The most significant judgements are associated with investment decisions on development schemes, the asset management strategy and carbon reduction strategy, the customer offer, obligations under regulation and legislation, and also maintaining sufficient financial capacity and headroom. In general, the Group has a low level of appetite for risks that would impact our record on areas such as regulatory compliance, health and safety, and reputational damage. We have a higher level of risk appetite for development, business change and transformation.

Risk-based stress testing is crucially important to the organisation's understanding of risk and a range of sensitivities and stress tests are applied to the Business Plan, for example how the impact of changes to inflation, interest rates or a sharp drop in income might affect the future viability of the Group. The Board have also reviewed a number of multi-variate stress tests based on the simultaneous crystallisation of risks from the strategic risk register. Annually the Board reviews a recovery plan, which focuses on actions Board would take in the event of a significant financial shock to the organisation, noting that these actions are different depending on the nature of the issue.

The principal risks and uncertainties currently facing the Group are detailed in the following table:

Key Risks	***Key Mitigations & Actions***
Impact of external events • Covid Pandemic • Economic environment and inflation	• Corporate Plan 2020-22 includes Strategic Objectives covering support for residents and community • Monitoring of external environment and regular reporting to Board • Close partnership working with local authority, NHS and voluntary and community groups • Regular reviews of service delivery and working practices to take account of government guidance and changing restrictions relating to Covid 19 • Stress testing and mitigation plans reviewed by Board • Living Well fund providing additional financial support for tenants •
Customers • Customer Voice • Customer Experience • Value for money	• Customer Panels aligned to the four corporate plan themes • External review of compliance with Consumer Standards confirming compliance and identifying areas to improve. • Customer Experience Committee set up • Regular performance reporting to Customer Experience Committee and Board • Customer Experience Baseline Project providing information on how customers experience services and identifying opportunities to improve • Transformation Programme delivering programme of service improvement and change projects • Updated VFM Strategy approved by Board
Safety • Fire Safety • Health & Safety • Safeguarding	• Regular Board reporting and oversight • Dedicated specialist personnel in these functions • Updated Fire Risk Assessments and planned implementation of recommendations • Third party compliance testing and checking • Implemented people and process changes to ensure compliance with emerging Fire and Building Safety requirements • Accounts provision for costs of Fire Safety Work • Safeguarding Review undertaken and Safeguarding Policy revised

Income • Rental Income • Property Sales	• Performance monitoring and regular reporting to Board • Stress testing against range of adverse scenarios • Development Committee oversight of development programme • Prudent business plan assumptions on rent arrears and property sales
Data Governance • Data Security • Data Accuracy	• Regular penetration testing • ISO 27001 accreditation • Mandatory annual GDPR/e-learning for all staff including focus on remote working risk • Rollout of software to reduce data leakage risk • Phishing simulation and e-learning system introduced • Board approved Data Strategy
Assets • Meeting carbon net zero targets • Property condition	• Carbon Reduction Strategy approved by Board • Carbon retrofit pilot programme in progress • Development Strategy includes targets for carbon zero • Fabric first approach to carbon zero investment • Damp and mould response and repair plan • Stock condition survey of all stock every five years with investment works scheduled to ensure continued compliance with Decent Homes Standard
Colleagues • Attracting and retaining the best staff within WCHG	• New pay and rewards framework implemented • New People Strategy approved by Board • New Values and behaviours developed • Investors in People - ‘We Invest in Wellbeing’ Silver status and Health & Wellbeing Award • Review of organisational design as part of Transformation Programme • Development of agile working policy and reassessment of office provision

Approved by

Simon Morris
Executive Director of Finance
26 July 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WYTHENSHAWE COMMUNITY HOUSING GROUP LIMITED

Opinion

We have audited the financial statements of Wythenshawe Community Housing Group Limited (the "Parent Association") and its subsidiaries (the "Group") for the year ended 31 March 2022 which comprise the Consolidated and Association Statement of Comprehensive Income, the Consolidated and Association Statement of Financial Position, the consolidated and Association Statement of Changes in Reserves, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and Parent Association's affairs as at 31 March 2022 and the Group and Parent Association's income or expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing from April 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The Board is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the group; or
- a satisfactory system of controls over transactions has not been maintained; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 13, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the Group and Parent Association operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Co-operative and Community Benefit Societies Act 2014 (and related Directions and regulations), the Housing and Regeneration Act 2008 and other laws and regulations application to a registered social housing provider in England together with the Housing SORP, along with the Companies Act 2006 . We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statements items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Group and Parent Association's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Group and Parent Association for fraud. The laws and regulations we considered in this context for the UK operations were requirements imposed by the Regulator of Social Housing, health and safety, taxation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Group and Parent Association and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Group Audit and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence, designing audit procedures over the timing of income and reading minutes of meetings of those charged with governance.

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 (irregularities) 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 irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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

Crowe UK LLP

Crowe U.K. LLP
Statutory Auditor
The Lexicon
Mount Street
Manchester
M2 5NT

15 September 2022

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2022

	Note	2022 £000	2021 £000
Turnover	3	71,830	73,024
Cost of sales	3	(7,479)	(9,940)
Operating costs	3	(50,474)	(55,910)
Movement in fair value of investment properties	3	606	436
Surplus on sale of fixed assets – housing properties	6	4,305	3,074
Operating surplus		**18,788**	**10,684**
Movement in fair value of financial instruments	25	1,276	899
Interest receivable and other income	7	32	21
Interest payable and similar charges	8		
- Loan interest		(4,143)	(4,240)
- Non utilisation fees		(200)	(220)
Other finance charges	32	(729)	(403)
Surplus on ordinary activities before taxation		**15,024**	**6,741**
Tax on surplus on ordinary activities	11	-	4
Surplus for the financial year		**15,024**	**6,745**
Actuarial gain/(loss) in respect of pension schemes	32	22,937	(16,259)
Total comprehensive income for the year		**37,961**	**(9,514)**

The operating surplus for the year arises from the Group's continuing operations.

The accompanying notes form part of these financial statements.

The financial statements were authorised and approved by the Board on 26 July 2022 and are signed on its behalf by:

Nick Crofts	Anthony Bell	Simon Morris
Chair of the Board	**Chair of Audit & Risk**	**Secretary**

Statement of Comprehensive Income - Association
for the year ended 31 March 2022

	Note	2022 £000	2021 £000
Turnover	3	70,738	73,429
Cost of sales	3	(6,400)	(10,341)
Operating costs	3	(50,413)	(55,852)
Movement in fair value of investment properties	3	606	436
Surplus on sale of fixed assets – housing properties	6	4,305	3,074
Operating surplus		**18,836**	**10,746**
Movement in fair value of financial instruments	25	1,276	899
Interest receivable and other income	7	92	34
Interest payable and similar charges	8		
- Loan interest		(4,177)	(4,240)
- Non utilisation fees		(200)	(220)
Other finance charges	32	(729)	(403)
Gift Aid		0	-
Surplus on ordinary activities before taxation		**15,098**	**6,816**
Tax on surplus on ordinary activities	11	-	-
Surplus for the financial year		**15,098**	**6,816**
Actuarial gain/(loss) in respect of pension schemes	32	22,937	(16,259)
Total comprehensive income for the year		**38,035**	**(9,443)**

The operating surplus for the year arises from the Group's continuing operations.

The accompanying notes form part of these financial statements.

The financial statements were authorised and approved by the Board on 26 July 2022 and are signed on its behalf by:

Nick Crofts

Nick Crofts **Chair of the Board**	**Anthony Bell** **Chair of Audit & Risk**	**Simon Morris** **Secretary**

Consolidated Statement of Changes in Reserves for the year ended 31 March 2022

	Income and expenditure reserve £000	Restricted reserve £000	Revaluation reserve £000	Total £000
Balance at 1 April 2020	132,130	60	82,577	214,767
Surplus for the year	6,745	-	-	6,745
Other comprehensive income for the year	(16,259)	-	-	(16,259)
Transfer from revaluation reserve to income and expenditure reserves	4,965	-	(4,965)	-
Transfer from income and expenditure reserves to restricted reserves	60	(60)	-	-
Balance at 1 April 2021	127,641	-	77,612	205,253
Surplus for the year	15,024	-	-	15,024
Other comprehensive income for the year	22,937	-	-	22,937
Transfer from revaluation reserve to income and expenditure reserves	3,949	-	(3,949)	-
Transfer from income and expenditure reserves to restricted reserves	-	-	-	-
Balances at 31 March 2022	**169,551**	**-**	**73,663**	**243,214**

The accompanying notes form part of these financial statements.

Statement of Changes in Reserves - Association for the year ended 31 March 2022

	Income and expenditure reserve £000	Restricted reserve £000	Revaluation reserve £000	Total £000
Balance at 1 April 2020	132,084	60	82,577	214,721
Surplus for the year	6,816	-	-	6,816
Other comprehensive income for the year	(16,259)	-	-	(16,259)
Transfer from revaluation reserve to income and expenditure reserves	4,965	-	(4,965)	-
Transfer from income and expenditure reserves to restricted reserves	60	(60)	-	-
Balance at 1 April 2021	127,666	-	77,612	205,278
Surplus for the year	15,098	-	-	15,098
Other comprehensive income for the year	22,937	-	-	22,937
Transfer from revaluation reserve to income and expenditure reserves	3,949	-	(3,949)	-
Transfer from income and expenditure reserves to restricted reserves	-	-	-	-
Balances at 31 March 2022	**169,650**	**-**	**73,663**	**243,313**

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position as at 31 March 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Intangible fixed assets	12	229		434	
Tangible fixed assets					
Housing properties	13	347,113		339,352	
Other tangible fixed assets	14	8,658		8,849	
Investment Properties	15	11,398		7,221	
Investment in Joint Venture	17	767		306	
Investment	18	8,020		20	
Total fixed assets			**376,185**		**356,182**
Current assets					
Properties for sale	19	1,238		3,374	
Stock	20	191		49	
Debtors	21	4,822		4,979	
Cash and cash equivalents		30,960		31,066	
		37,211		39,468	
Creditors: Amounts falling due within one year	23	(11,794)		(10,012)	
Net current assets			**25,417**		**29,456**
Total assets less current liabilities			**401,602**		**385,638**
Creditors: amounts falling due after more than one year	24	135,451		136,320	
Provisions for liabilities:					
Defined benefit pension liability	32	15,059		34,666	
Other provisions	33	7,878		9,399	
			158,388		180,385
Total net assets			**243,214**		**205,253**
Capital and reserves					
Non-Equity share capital	34		-		-
Revenue reserve	35		169,551		127,641
Revaluation reserve	36		73,663		77,612
			243,214		**205,253**

The accompanying notes form part of these financial statements.

The financial statements were authorised and approved by the Board on 26 July 2022 and are signed on its behalf by:

Nick Crofts

Nick Crofts
Chair of the Board

Anthony Bell
Chair of Audit & Risk

Simon Morris
Secretary

Statement of Financial Position – Association as at 31 March 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Intangible fixed assets	12	229		434	
Tangible fixed assets					
Housing properties	13	347,192		339,406	
Other tangible fixed assets	14	8,658		8,849	
Investment Properties	15	11,398		7,221	
Investment	18	8,020		20	
Total fixed assets			**375,497**		**355,930**
Current assets					
Properties for sale	19	980		2,664	
Stock	20	191		49	
Debtors	21	5,039		4,906	
Cash and cash equivalents		30,921		31,058	
		37,131		38,677	
Debtors: Amounts falling due after more than one year	22	782		991	
Creditors: Amounts falling due within one year	23	(11,709)		(9,935)	
Net current assets			**26,204**		**29,733**
Total assets less current liabilities			**401,701**		**385,663**
Creditors: amounts falling due after more than one year	24	135,451		136,320	
Provisions for liabilities:					
Defined benefit pension liability	32	15,059		34,666	
Other provisions	33	7,878		9,399	
			158,388		180,385
Total net assets			**243,313**		**205,278**
Capital and reserves					
Non-Equity share capital	34		-		-
Revenue reserve	35		169,650		127,666
Revaluation reserve	36		73,663		77,612
			243,313		**205,278**

The accompanying notes form part of these financial statements.

The financial statements were authorised and approved by the Board on 26 July 2022 and are signed on its behalf by:

Nick Crofts

Nick Crofts
Chair of the Board

Anthony Bell
Chair of Audit & Risk

Simon Morris
Secretary

Consolidated Statement of Cash Flows
for the year ended 31 March 2022

	Note	2022 £000	2021 £000
Net cash inflow from operating activities	37	**29,540**	**39,772**
Cash flow from investing activities			
Purchase and construction of housing properties	13	(18,981)	(20,439)
Purchase of tangible fixed assets	14	(233)	(456)
Purchase of intangible fixed assets	12	-	-
Purchase of investment properties	15	(3,571)	(302)
Proceeds from sale of housing properties	6	5,948	4,099
Interest received	7	32	21
		(16,805)	**(17,077)**
Cash flow from financing activities			
Interest paid		(4,380)	(4,475)
Investment in Joint Venture		(461)	(199)
Investment in Money Market		(8,000)	-
		(12,841)	**(4,674)**
Net change in cash		**(106)**	**18,021**
Cash at beginning of the year		31,066	13,045
Cash at the end of the year		**30,960**	**31,066**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
for the year ended 31 March 2022

1. Legal status

Wythenshawe Community Housing Group Limited is registered under the Co-operative and Community Benefit Society Act 2014 and is a registered provider of social housing.

Wythenshawe Community Housing Group Limited has two subsidiaries; Garden City Design & Build Limited and Garden City Trading Limited. Both are these are registered under the Companies Act and develop new affordable and commercial housing respectively.

The Group's registered office is Wythenshawe House, 8 Poundswick Lane, Manchester, M22 9TA.

2. Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers (Housing SORP 2018) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

In preparing the individual financial statements of the parent association, advantage has been taken of the following disclosure exemptions available in FRS102:

- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent association's financial instruments (including categories of financial instruments; items of income, expenses, gains or losses relating to financial instruments; and the exposure to and management of risk) have not been presented as equivalent disclosures have been provided in respect of the Group as a whole;
- Disclosures in respect of related party transactions with fellow wholly owned group undertakings consolidated in the accounts of WCHG.

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

Going concern

The assessment of the significant risks faced by the Group, including the exposures arising from Covid-19, is considered in various sections of this annual report. The results of this analysis, combined with generally improving VFM metrics, good asset values and significant headroom in loan covenants, has led to the Board's judgement that WCHG has a financially robust long term Business Plan, including potential mitigations which indicate sufficient resilience to respond to different stress testing scenarios. Overall this demonstrates WCHG's ability to remain financially viable.

The Board therefore has a reasonable expectation that the WCHG has adequate resources to continue in operational existence for the foreseeable future, being a period not less than twelve months after the date on which this annual report and financial statements are approved. For this reason, the Board continues to adopt the going concern basis in the financial statements. In reaching this view the Board has fully appraised the changing business environment facing WCHG, it has considered the financial projections set out in the long term Business Plan, the results of stress tests and assessed the strategic risks faced and the means available to it to mitigate these risks.

Significant judgements and estimates

Preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for income and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Significant management judgements

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

i. **Capitalisation of property development costs** - the Group capitalises development expenditure in accordance with the accounting policy set out in the notes to these financial statements. Initial capitalisation of costs is based on management's judgement that development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

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

iii. **Classification of loans** – the Group has reviewed the terms of loan agreements in accordance with the requirements of FRS 102. Following this it has been concluded that there is a £7m fixed rate loan within WCHG that has a callable option on it (details within note 25) and therefore is classified as non-basic with the fair value adjustment being recognised through the statement of comprehensive income. All other loans are considered basic and are held at amortised cost.

iv. **Impairment** - As part of the Group's continuous review of the performance of assets, management identify any homes, or schemes, that have increasing void losses, are impacted by policy changes or where the decision has been made to dispose of the properties. These factors are considered to be an indication of impairment. Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any impairment losses are charged to operating surpluses.

v. **Fire safety provision** – A capital provision of £9.399m had been recognised at 31 March 2021 in accordance with the relevant accounting standards, as a result of a significant amount of fire safety works that were required to be completed over a four year period from April 2021. The works included the replacement of doors and external panels across the stock to bring them in line with current fire standards. During the year 2021/22 £1.521m was spent on these works. The relevant estimation uncertainties are detailed in the section below.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses is provided below:

i. **Tangible fixed assets** – other than investment properties, tangible fixed assets are depreciated over their useful lives, taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles, maintenance programmes and any changes to the Decent Homes Standard (which may require more frequent replacement of key components) are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

ii. **Revaluation of investment properties** - the Group carries its investment property at fair value, with changes in fair value being recognised in the statement of comprehensive income. The Group engages independent valuation specialists to determine fair value at each year end. The valuer uses a valuation technique based on an open market basis. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long term vacancy rate. The key assumptions used to determine the fair value of investment property are further explained in Note 15.

iii. **Pension and other post-employment benefits** - the cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in Note 32. The liability as at 31 March 2022 was £15.059m.

iv. **Fair value measurement** – Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices. Fair value measurements have been applied to a £7m fixed rate loan which has an option in the year 2025, the total value of this instrument was £9.120m at 31 March 2022 (2021: £10.396m). The movement in the fair value of financial instruments recognised in the Statement of Comprehensive Income for the year is £1,276k (2021: £899k)

v. **Bad Debts and Write Offs** - The Group provides against general debtors and rent arrears of current and former tenants to the extent that they are considered to be irrecoverable. An estimation of rent arrears that will not be recovered is made on the following basis:

Current tenants:	Arrears of up to 4 weeks	0%
	Arrears of 4 to 13 weeks	10%
	Arrears of 13 to 26 weeks	25%
	Arrears of 26 to 39 weeks	50%
	Arrears of 39 to 52 weeks	75%
	Arrears over 52 weeks	95%
Former tenants:	All arrears	100%

vi. **Fire safety provision** – In relation to the provision for £9.399m for fire safety works included under significant management judgements above, £1.521m was released from the provision during the year relating to spend on the external panels and fire doors.

vii. **Fire safety depreciation-** Those components which will be replaced early as a result of future fire safety work have had their useful economic life reduced. A plan of works has been used to judge when the component will be replaced to therefore assess the expected life of the asset. Secondly, management judgement has been used to calculate the proportion of the structure of the tower blocks that will be replaced in the process. This has been carried out on an individual tower block basis.

Consolidation

The consolidated financial statements incorporate the results of Wythenshawe Community Housing Group Limited and its subsidiary undertakings as at 31 March 2022 using the merger method of accounting as required.

Turnover and revenue recognition

Turnover comprises rental and service charge income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale, support services, other services provided at the invoice value (excluding VAT where recoverable) and revenue grants receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Service charge income is recognised when service charge expenditure is incurred as this is the point at which the services have been performed. Income from first tranche sales and sales of properties built for sale 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. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities. Revenue from non-social housing (mainly community centre activities) is recognised on receipt of takings.

Gift Aid

Donations received under the Gift Aid scheme to the parent company, from its subsidiaries are recognised as turnover upon receipt, as it relates to the principal activities of the association, and are eliminated on consolidation.

Taxation

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

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

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

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

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

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

Value Added Tax

The Group is registered for VAT. A large proportion of its income, including rents and service charges, is exempt from VAT. The majority of expenditure is subject to VAT which cannot be reclaimed, and expenditure is therefore shown inclusive of VAT. Partial exemption has been obtained for some business activities and any VAT recovered through partial exemption rules is credited to the Statement of Comprehensive Income. The balances of VAT payable and recoverable at year-end are included as a current liability and/or asset.

Interest Payable

Interest payable includes non-utilisation fees and is charged to the Statement of Comprehensive Income in the period.

Interest is capitalised on borrowings related to 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.

Interest Receivable

Interest receivable includes interest earned from bank and deposit accounts and is recognised in the Statement of Comprehensive Income in the period it is received.

Employee Benefits

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

Pensions

The Group participates in the Greater Manchester Pension Fund (GMPF), a multi-employer defined benefits scheme. The assets of the scheme are held separately from those of the Group.

For the GMPF, scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. A net surplus is recognised only to the extent that it is recoverable by the Group through reduced contributions or through refunds from the plan.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Remeasurements are reported in the Statement of Comprehensive Income.

The Group also operates a defined contribution pension scheme. Contributions to the scheme are charged to the Statement of Comprehensive Income in the period to which they relate.

Intangible Fixed Assets

Intangible fixed assets represent licenses in respect of telecommunications masts purchased from Manchester City Council as part of the transfer and other purchased software licences. These are carried at cost less accumulated amortisation and impairment losses.

The telecommunications licenses were amortised over 10 years and are now fully amortised.

Amortisation is charged on a straight-line basis over the expected useful life of the software.

Loan Arrangement Fees

Loan arrangement fees are capitalised and depreciated over the life of the loan.

Financial instruments

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

Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in surplus or deficit. At each year end, the instruments are revalued to fair value, with the movements posted to the Statement of Income (unless hedge accounting is applied).

The Group has not applied hedge accounting.

Housing Properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and shared ownership.

The Group elected to apply deemed cost to properties held at the date of transition to FRS 102 (1 April 2014). Since this date housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings and development costs incurred during the development period.

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

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected 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. Where the first tranche has been sold prior to the acquisition of the properties, these are included in fixed assets only.

Properties for Sale

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

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

Investment property

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

Investment in subsidiaries

Investment in subsidiaries are accounted for at cost less impairment.

Investment in jointly controlled entities

Investment in jointly controlled entities are held at cost less impairment. The Group has investments in GMJV and JV North.

Government Grants

Government grants include grants receivable from Homes England (and its predecessor organisations), local authorities and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model. The Group has taken advantage of transitional relief for deemed cost and as such grant up to date of transition has been treated under the performance model with subsequent grants treated under the accruals model.

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

Government grants received for housing properties are subordinated to the repayment of loans by agreement with Homes England. Government grants released on the sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the Statement of Financial Position in creditors.
If there is no requirement to recycle or repay the grant on disposal of the asset, any amortised grant remaining within creditors is released and recognised as income in the Statement of Comprehensive Income.

Upon disposal of the associated property, the Group is required to recycle grant proceeds and recognise them as a liability.

Disposal Proceeds Fund (DPF)

Up to 31 March 2017 receipts from the sale of SHG funded properties less the net book value of the property and the costs of disposal were credited to the DPF, this creditor is being carried forward until it is used to fund the acquisition of new social housing within the allotted time frames.

Other grants

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

Depreciation of housing properties

No depreciation is provided on freehold land, or assets under construction.

Major components are treated as separable assets and depreciated over the expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following annual rates, on a straight line basis:

Structure	100 years
Roof	70 years
Wiring	40 years
Canopies	35 years
Doors	35 years
Windows	30 years
Consumer Units (Electrical CU)	30 years
Central Heating	30 years
Bathrooms	30 years
PV Panels	20 years
Kitchens	20 years
Boilers	15 years

Accelerated depreciation on disposal of components, presented in Note 3 is a result of components being renewed or replaced before the end of the expected useful economic life.

Impairment

Housing properties are assessed annually for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a scheme is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell.

Other fixed assets are reviewed for impairment if there is an indication that impairment may have occurred. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down is charged to the Statement of Comprehensive Income.

Other Tangible Fixed Assets

Other tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight line basis, at rates considered appropriate to write them down to their estimated residual value over their expected useful lives as follows:

Freehold buildings	2%-4%
Long leasehold property	Over life of lease
Furniture, fixtures and fittings	10%
Computers and office equipment	25%
Motor vehicles	20%
Plant and machinery	20%
CCTV	20%

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

Stock

Stock relates to items that are held on Wythenshawe Works vans. These items are included in the accounts at the lower of cost and estimated net realisable value.

Short-term debtors and creditors

Short term debtors are measured at transaction price, less any impairment.

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

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

Leases

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

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring surplus or deficit. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

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

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Holiday pay accrual

The Group recognises an accrual for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

Intra-Group Recharges

Costs are incurred by the Parent organisation, Wythenshawe Community Housing Group Limited, and a percentage is charged to Garden City Design & Build Limited (GCDB) and Garden City Trading Limited (GCT) in accordance with the intra group agreement. Such costs are recognised by GCDB and GCT on notification from Wythenshawe Community Housing Group Limited.

Sinking funds – service charges

The Group operates primarily variable service charges on a scheme-by-scheme basis. Service charges on all schemes are set on the basis of budgets. Where variable service charges are used for social rented properties, the budget will include an allowance for the surplus or deficit from prior years, with a surplus being returned to residents in the form of a reduced charge for the year and a deficit being recovered via a higher service charge. Charges made to leaseholders for the replacement of equipment and major repairs within the estates are held in sinking funds in a separate bank account which are ring-fenced for use on those estates. Such sinking funds are disclosed on the balance sheet as creditors.

Provisions for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

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

The provision in Note 33 represents the planned fire safety works over 4 years from April 2021. The works includes the replacement of doors and external panels across the stock to bring them in line with current fire standards. Of the provision of £9,399k, £9,301k is capital expenditure and £98k is revenue expenditure recognised through the Statement of Comprehensive Income. During the year 2021/22 £1.5m has been spent on these works.

Reserves

The Group establishes restricted reserves for specific purposes where their use is subject to external restrictions and designated reserves where reserves are earmarked for a particular purpose.

Revaluation Reserve

The difference on transition between the valuation of housing properties and the historical cost carrying value is credited to the Revaluation Reserve.

Each year an element is transferred to reserves, being the depreciation charge in respect of the revaluation uplift of the asset.

3. Turnover, cost of sales, operating costs and operating surplus

Continuing activities - Group

	2022					
	Turnover £000	Sale on surplus of housing properties £000	Fair value movement £000	Cost of Sales £000	Operating Costs £000	Operating Surplus £000
Social housing activities						
Income & expenditure from lettings	63,385	-	-	-	(50,290)	13,095
Other social housing activities						
First Tranche shared ownership sales	4,425	-	-	(4,183)	-	242
Other	184	-	-	-	(184)	-
Non-social housing activities						
Other	3,836	-	-	(3,296)	-	540
Movement in fair value of investment properties (note 15	-	-	606	-	-	606
Surplus on sales of fixed assets - housing properties (note 6)	-	4,305	-	-	-	4,305
Total	**71,830**	**4,305**	**606**	**(7,479)**	**(50,474)**	**18,788**

	2021					
	Turnover £000	Sale on surplus of housing properties £000	Fair value movement £000	Cost of Sales £000	Operating Costs £000	Operating Surplus £000
Social housing activities						
Income & expenditure from lettings	62,085	-	-	-	(55,682)	6,403
Other social housing activities						
First Tranche shared ownership sales	5,420	-	-	(5,040)	-	380
Other	228	-	-	-	(228)	-
Non-social housing activities						
Other	5,291	-	-	(4,900)	-	391
Movement in fair value of investment properties (note 15	-	-	436	-	-	436
Surplus on sales of fixed assets - housing properties (note 6)	-	3,074	-	-	-	3,074
Total	**73,024**	**3,074**	**436**	**(9,940)**	**(55,910)**	**10,684**

3. Turnover, cost of sales, operating costs and operating surplus (continued)
Continuing activities – Association

	2022					
	Turnover £000	Sale on surplus of housing properties £000	Fair value movement £000	Cost of Sales £000	Operating Costs £000	Operating Surplus £000
Social housing activities						
Income & expenditure from lettings	63,385	-	-	-	(50,229)	13,156
Other social housing activities						
First Tranche shared ownership sales	4,425	-	-	(4,191)	-	234
Other	184				(184)	-
Non-social housing activities						
Other	2,546	-	-	(2,020)	-	526
Development Services	146	-	-	(139)	-	7
Corporate Services	52	-	-	(50)	-	2
Movement in fair value of investment properties (note 15	-	-	606	-	-	606
Surplus on sales of fixed assets - housing properties (note 6)	-	4,305	-	-	-	4,305
Total	**70,738**	**4,305**	**606**	**(6,400)**	**(50,413)**	**18,836**

	2021					
	Turnover £000	Sale on surplus of housing properties £000	Fair value movement £000	Cost of Sales £000	Operating Costs £000	Operating Surplus £000
Social housing activities						
Income & expenditure from lettings	62,085	-	-	-	(55,624)	6,461
Other social housing activities						
First Tranche shared ownership sales	5,420	-	-	(5,050)	-	370
Other	228				(228)	-
Non-social housing activities						
Other	5,291	-	-	(4,906)	-	385
Development Services	327	-	-	(311)	-	16
Corporate Services	78	-	-	(74)	-	4
Movement in fair value of investment properties (note 15	-	-	436	-	-	436
Surplus on sales of fixed assets - housing properties (note 6)	-	3,074	-	-	-	3,074
Total	**73,429**	**3,074**	**436**	**(10,341)**	**(55,852)**	**10,746**

3. Turnover, cost of sales, operating costs and operating surplus (continued)
Particulars of income and expenditure from social housing lettings – Group

	2022			2021		
	General Housing £000	Supported Housing £000	Total £000	General Housing £000	Supported Housing £000	Total £000
Turnover from social housing lettings						
Rent receivable net of identifiable service charges	59,694	1,037	60,731	58,422	1,016	59,438
Service charges receivable	589	267	856	544	227	771
Net rental income	**60,283**	**1,304**	**61,587**	**58,966**	**1,243**	**60,209**
VAT shelter income	30	-	30	40	-	40
Amortised government grants	404	-	404	359	-	359
Government grants	27	-	27	743	-	743
Other revenue grants	1,209	42	1,251	590	17	607
Other income	69	17	86	111	16	127
Turnover from social housing lettings	**62,022**	**1,363**	**63,385**	**60,809**	**1,276**	**62,085**
Expenditure on social housing lettings						
Management	(15,804)	(222)	(16,026)	(12,507)	(164)	(12,671)
Services	(4,067)	(647)	(4,714)	(4,468)	(673)	(5,141)
Routine maintenance	(9,996)	(140)	(10,136)	(9,019)	(119)	(9,138)
Planned maintenance	(2,658)	(36)	(2,694)	(2,511)	(33)	(2,544)
Major repairs expenditure	(5,965)	(83)	(6,048)	(6,787)	(89)	(6,876)
Other social housing expenditure	(820)	(12)	(832)	(1,139)	(15)	(1,154)
Bad Debts	(98)	(1)	(99)	(223)	(3)	(226)
Depreciation and amortisation charges	(8,978)	(126)	(9,104)	(13,223)	(174)	(13,397)
Impairment losses	-	-	-	(788)	-	(788)
Accelerated depreciation on fire safety costs	-	-	-	(3,183)	-	(3,183)
Accelerated depreciation on disposal of components	(637)	-	(637)	(564)	-	(564)
Operating costs on social housing lettings	**(49,023)**	**(1,267)**	**(50,290)**	**(54,412)**	**(1,270)**	**(55,682)**
Operating surplus on social housing lettings	**12,999**	**96**	**13,095**	**6,397**	**6**	**6,403**
Void losses	(482)	(23)	(505)	(354)	(35)	(389)

3. Turnover, cost of sales, operating costs and operating surplus (continued)
Particulars of income and expenditure from social housing lettings – Association

	2022			2021		
	General Housing £000	**Supported Housing £000**	**Total £000**	**General Housing £000**	**Supported Housing £000**	**Total £000**
Turnover from social housing lettings						
Rent receivable net of identifiable service charges	59,694	1,037	60,731	58,422	1,016	59,438
Service charges receivable	589	267	856	544	227	771
Net rental income	**60,283**	**1,304**	**61,587**	**58,966**	**1,243**	**60,209**
VAT shelter income	30	-	30	40	-	40
Amortised government grants	404	-	404	359	-	359
Government grants	27	-	27	743	-	743
Other revenue grants	1,209	42	1,251	590	17	607
Other income	69	17	86	111	16	127
Turnover from social housing lettings	**62,022**	**1,363**	**63,385**	**60,809**	**1,276**	**62,085**
Expenditure on social housing lettings						
Management	(15,738)	(221)	(15,959)	(12,429)	(163)	(12,592)
Services	(4,066)	(648)	(4,714)	(4,468)	(673)	(5,141)
Routine maintenance	(9,996)	(140)	(10,136)	(9,019)	(119)	(9,138)
Planned maintenance	(2,658)	(37)	(2,695)	(2,511)	(33)	(2,544)
Major repairs expenditure	(5,969)	(84)	(6,053)	(6,808)	(89)	(6,897)
Other social housing expenditure	(820)	(12)	(832)	(1,139)	(15)	(1,154)
Bad Debts	(98)	(1)	(99)	(223)	(3)	(226)
Depreciation and amortisation charges	(8,978)	(126)	(9,104)	(13,223)	(174)	(13,397)
Impairment losses	-	-	-	(788)	-	(788)
Accelerated depreciation on fire safety costs	-	-	-	(3,183)	-	(3,183)
Accelerated depreciation on disposal of components	(637)	-	(637)	(564)	-	(564)
Operating costs on social housing lettings	**(48,960)**	**(1,269)**	**(50,229)**	**(54,355)**	**(1,269)**	**(55,624)**
Operating surplus on social housing lettings	**13,062**	**94**	**13,156**	**6,454**	**7**	**6,461**
Void losses	(482)	(23)	(505)	(354)	(35)	(389)

3b. Particulars of turnover from non-social housing lettings

	Group		Association	
	2022 £000	2021 £000	2022 £000	2021 £000
Proceeds from sale of non-social housing units	1,867	3,569	577	3,569
Enterprise Centre	151	166	151	166
Active Lifestyle Centre	307	294	307	294
Motiv8	275	261	275	261
Youth Projects	275	242	275	242
Village 135 - Bistro	28	13	28	13
CCTV	38	10	38	10
Market rent	381	333	381	333
Garage rent	100	48	100	48
Ground rent	5	5	5	5
Telecoms masts	111	147	111	147
Solar panels	-	47	-	47
Rechargeable repairs	59	(52)	59	(52)
Other income	239	208	239	208
Development Services	-	-	146	327
Corporate Services	-	-	52	78
	3,836	**5,291**	**2,744**	**5,696**

4. Accommodation in management and development – Group & Association

At the end of the period, accommodation in management for each class of expenditure was as follows:

	2022 Units	2021 Units
General needs housing – social rent	12,413	12,443
- affordable rent	748	747
Supported housing - social rent	81	81
Supported housing - affordable rent	104	100
Rent To Buy	38	38
Market rent	54	42
Market rent - Step Down	5	5
Shared ownership	270	265
Completed properties for outright sales	1	3
Total units owned and managed	**13,714**	**13,724**
Developed in the period	49	120
Acquired in the period	5	14
Converted from storage	1	3
Demolished in the period	-	-
Disposed in the period	-	(1)
Tenure transfer	-	-
Right to Buys in the period	(32)	(36)
Right to Acquires in the period	(18)	(8)
Full staircasing	(8)	(1)
Outright Sales sold	(7)	-
Movement in period	**(10)**	**(91)**
Accommodation in development at the period end	**141**	**113**

5. Operating surplus

This is arrived at after charging:

	Group 2022 £000	Group 2021 £000	Association 2022 £000	Association 2021 £000
Depreciation of housing properties	8,445	15,540	8,445	15,540
Accelerated depreciation on disposal of components	637	564	637	564
Depreciation of tangible fixed assets - other	423	453	423	453
Amortisation of intangible fixed assets	205	196	205	196
Amortisation of finance charges	28	392	28	392
Impairment costs	-	788	-	788
Operating lease rentals				
- land and buildings	36	9	36	9
- vehicles	449	537	449	537
- office equipment	23	21	23	21
External Auditors' remuneration (excluding VAT)				
- fees payable to the Group's auditors for the financial statements audit	45	45	45	45
- audit of the accounts of subsidiaries	12	13	-	-
- Other services – tax compliance	7	12	4	12
- tax advisory	10	10	10	10
-employee benefits	-	1	-	1

6. Surplus on sale of fixed assets – housing properties – Group & Association

	2022 £000	2021 £000
Proceeds from disposals of housing properties	6,042	4,199
Carrying value of fixed assets	(1,643)	(1,024)
Other costs of sales	(94)	(101)
Surplus on sale of fixed assets	**4,305**	**3,074**

7. Interest receivable and other income

	Group 2022 £000	Group 2021 £000	Association 2022 £000	Association 2021 £000
Interest receivable and similar income	32	21	92	34
	32	**21**	**92**	**34**

8. Interest payable and similar charges

	Group		Association	
	2022	2021	2022	2021
	£000	£000	£000	£000
Loan interest	4,335	4,344	4,335	4,344
Capitalised interest	(192)	(104)	(158)	(104)
Non utilisation fees	200	220	200	220
	4,343	**4,460**	**4,377**	**4,460**

9. Employees – Group & Association

The average number of persons employed during the period was:

	2022 Average Number	2021 Average Number
Administration	88	122
Asset Management & Development	211	235
Customers & Communities	173	155
Board & Committee	1	-
	473	**512**

The average number of people employed during the period expressed as full-time equivalents was:

	2022 Average FTEs	2021 Average FTEs
Administration	84	110
Asset Management & Development	218	232
Customers & Communities	148	139
Board & Committee	-	-
	450	481

Full time equivalents are calculated based on a standard working week of 35 hours.

Staff costs for the above persons:

	2022 £000	2021 £000
Administration	4,822	5,475
Asset Management & Development	8,332	8,890
Customers & Communities	5,277	4,399
Board & Committee	79	-
	18,510	**18,764**

Employee costs:

	2022 £000	2021 £000
Wages and salaries	14,670	14,722
Social security costs	1,402	1,404
Other pension costs	2,438	2,638
	18,510	**18,764**

A proportion of the Group's employees are members of the Greater Manchester Pension Fund (GMPF), which closed to new employees on 31 March 2018. Further information on the scheme is given in Note 32.

From 1 April 2019, new employees of the Group were only eligible to become members of the NEST defined contribution pension scheme. For the year ended 31 March 2022 the contributions paid by the Group into the scheme were £310,258 (2021: £268,275).

10. Directors' and senior staff emoluments

The aggregate remuneration for key management personnel charges, which includes the Executive Directors and other members of the senior management team, in the year is:

	2022 £000	2021 £000
Basic salary	687	667
Benefits in kind	60	59
Employers NI contributions	94	92
Pension contributions	89	87
	930	**905**

	2022 £000	2021 £000
Emoluments of the highest paid Director, excluding pension costs	155	155
Pension costs of highest paid Director	11	11
Benefits in kind of highest paid Director	10	10

Salary bandings for all FTE employees, including Executive Directors, earning over £60,000:

	2022 Number	2021 Number
£60,000 to £70,000	7	10
£70,000 to £80,000	8	2
£80,000 to £90,000	3	3
£90,000 to £100,000	3	3
£100,000 to £110,000	1	1
£110,000 to £120,000	1	1
£120,000 to £130,000	2	1
£130,000 to £140,000	1	1
£140,000 to £150,000	-	-
£150,000 to £160,000	-	-
£160,000 to £170,000	1	1

The Chief Executive is a member of the defined contribution pension scheme. He is an ordinary member of the pension scheme and no enhanced or special terms apply. The Group does not make any further contribution to an individual pension arrangement for the Chief Executive.

Emoluments paid to the Board members during the year amounted to £78k (2021: £nil).

Expenses paid during the year to members of the Board amounted to ££0.2k (2021: £nil).

11. Taxation on deficit from ordinary activities

	Group		Association	
	2022 £000	**2021 £000**	**2022 £000**	**2021 £000**
Current taxation reconciliation				
Surplus on ordinary activities before taxation	15,024	6,741	15,098	6,816
Theoretical tax at UK corporation tax rate 19% (2021: 19%)	2,854	1,281	2,869	1,295
Effects of:				
- income not subject to corporation tax	(2,897)	(1,264)	(2,890)	(1,283)
- remeasurment of deferred tax for changes in tax	(30)	-	(22)	-
- deferred tax not recognised	73	(17)	43	(12)
- Prior year tax adjustment	-	(4)	-	-
Current taxation charge	**-**	**(4)**	**-**	**-**

12. Intangible fixed assets
Group and Association

	Telecom Licenses £000	Software Licences £000	Total £000
Cost			
At 1 April 2021	249	630	879
Additions	-	-	-
At 31 March 2022	249	630	879
Amortisation			
At 1 April 2021	249	196	445
Charge for year	-	205	205
At 31 March 2022	249	401	650
Net book value			
At 31 March 2022	-	229	229
At 31 March 2021	-	434	434

13. Tangible Fixed Assets – Housing Properties – Group

	Social housing properties held for letting £000	Properties under construction held for letting £000	Shared Ownership £000	Shared Ownership under construction £000	Solar Panels £000	Total housing properties £000
Cost						
At 1 April 2021	395,685	3,843	17,265	484	2,335	419,612
Opening adjustment	103	(103)	142	(142)	-	-
Additions	-	6,259	95	2,351	-	8,705
Properties acquired	814	-	-	-	-	814
Works to existing properties	9,462	-	-	-	-	9,462
Schemes completed	2,871	(2,871)	1,596	(1,596)	-	-
Transfers	269	-	(269)	-	-	-
Disposals	(1,454)	(217)	(793)	(10)	-	(2,474)
Disposals of components	(1,959)	-	-	-	-	(1,959)
At 31 March 2022	405,791	6,911	18,036	1,087	2,335	434,160
Depreciation						
At 1 April 2021	78,252	-	955	-	1,053	80,260
Charge for year	8,021	-	307	-	117	8,445
Transfers	35	-	(35)	-	-	-
Released on disposal	(288)	-	(48)	-	-	(336)
Disposal of components	(1,322)	-	-	-	-	(1,322)
At 31 March 2022	84,698	-	1,179	-	1,170	87,047
Net book value						
At 31 March 2022	321,093	6,911	16,857	1,087	1,165	347,113
At 31 March 2021	317,433	3,843	16,310	484	1,282	339,352

13. Tangible Fixed Assets – housing properties - Group (continued)

Expenditure on works to existing properties:

	2022 £000	2021 £000
Improvement works capitalised	9,462	13,112
Amounts charges to income and expenditure account	6,048	6,876
Total	**15,510**	**19,988**

An independent valuation was carried out on the Group's housing properties by Savills (UK) Limited as at the 31 March 2014. This value was used as the 'deemed cost' during the transition to FRS 102. This added £64.9m to the balance sheet The full valuation of the properties was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors as follows:

i. £308 million Existing Use Value: Social Housing.
ii. £355 million Assuming the sale of vacant properties as they arise

In valuing housing properties at 31 March 2014, discounted cash flow methodology was adopted with key assumptions including:

Discount rate	6.25%
Annual inflation rate	2.5% for year 1 2.25% for year 2 2% thereafter
Level of annual rent increase	CPI plus 1%

The carrying value of the housing properties that would have been included in the financial statements had the assets been carried at historical cost less SHG and depreciation is as follows:

	2022 £000	2021 £000
Historical cost	369,197	354,649
Depreciation and impairment	(128,335)	(121,548)
	240,862	233,101

Social housing assistance

	2022 £000	2021 £000
Total accumulated SHG receivable at 31 March:		
Recognised in the Statement of Comprehensive Income	64,278	63,874
Held as deferred income	22,884	22,526
	87,162	86,400

Housing properties book value, net of depreciation and grants comprises:

	2022 £000	2021 £000
Freehold land and buildings	347,113	339,352
	347,113	339,352

Impairment

The Group considers individual schemes to be separate Cash Generating Units (CGU's) when assessing impairment, in accordance with the requirements of Financial Reporting 102 and SORP 2018. No impairment charge has been made this year.

Finance Costs

The Group capitalises finance costs at the effective interest rate of 3.91%. Total capitalised interest for year was £192k (2021: £104k).

13. Tangible fixed assets – Housing Properties (continued) - Association

	Social housing properties held for letting	Properties under construction held for letting	Shared Ownership	Shared Ownership under construction	Solar Panels	Total housing properties
	£000	£000	£000	£000	£000	£000
Cost						
At 1 April 2021	395,703	3,867	17,275	486	2,335	419,666
Opening adjustment	103	(103)	142	(142)	-	-
Additions	-	6,284	95	2,351	-	8,730
Properties acquired	814	-	-	-	-	814
Works to existing properties	9,462	-	-	-	-	9,462
Schemes completed	2,878	(2,878)	1,596	(1,596)	-	-
Transfers	269	-	(269)	-	-	-
Disposals	(1,454)	(217)	(793)	(10)	-	(2,474)
Disposals of components	(1,959)	-	-	-	-	(1,959)
At 31 March 2022	405,816	6,953	18,046	1,089	2,335	434,239
Depreciation						
At 1 April 2021	78,252	-	955	-	1,053	80,260
Charge for year	8,021	-	307	-	117	8,445
Transfers	35	-	(35)	-	-	-
Released on disposal	(288)	-	(48)	-	-	(336)
Disposal of components	(1,322)	-	-	-	-	(1,322)
At 31 March 2022	84,698	-	1,179	-	1,170	87,047
Net book value						
At 31 March 2022	321,118	6,953	16,867	1,089	1,165	347,192
At 31 March 2021	317,451	3,867	16,320	486	1,282	339,406

13. Tangible Fixed Assets – housing properties - Association (continued)

Expenditure on works to existing properties:

	2022 £000	2021 £000
Improvement works capitalised	9,462	13,112
Amounts charges to income and expenditure account	6,053	6,897
Total	**15,515**	**20,009**

An independent valuation was carried out on the Group's housing properties by Savills (UK) Limited as at the 31 March 2014. This value was used as the 'deemed cost' during the transition to FRS 102. This added £64.9m to the balance sheet The full valuation of the properties was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors as follows:

i.	£308 million	Existing Use Value: Social Housing.
ii.	£355 million	Assuming the sale of vacant properties as they arise

In valuing housing properties at 31 March 2014, discounted cash flow methodology was adopted with key assumptions including:

Discount rate	6.25%
Annual inflation rate	2.5% for year 1 2.25% for year 2 2% thereafter
Level of annual rent increase	CPI plus 1%

The carrying value of the housing properties that would have been included in the financial statements had the assets been carried at historical cost less SHG and depreciation is as follows:

	2022 £000	2021 £000
Historical cost	369,276	354,703
Depreciation and impairment	(128,355)	(121,548)
	240,921	233,155

Social housing assistance

	2022 £000	2021 £000
Total accumulated SHG receivable at 31 March:		
Recognised in the Statement of Comprehensive Income	64,278	63,874
Held as deferred income	22,884	22,526
	87,162	86,400

Housing properties book value, net of depreciation and grants comprises:

	2022 £000	2021 £000
Freehold land and buildings	347,192	339,406
	347,192	339,406

Impairment

The trust considers individual schemes to be separate Cash Generating Units (CGU's) when assessing impairment, in accordance with the requirements of Financial Reporting 102 and SORP 2018. No impairment charge has been made this year.

Finance Costs

The trust capitalises finance costs at the effective interest rate of 3.91%. Total capitalised interest for year was £158k (2021: £104k).

14. Tangible Fixed Assets – Other – Group and Association

	Long Leasehold Offices £000	Freehold Land £000	Freehold Offices £000	Plant & Machinery £000	Furniture, Fixtures & Fittings - Office £000	Furniture, Fixtures & Fittings - Housing £000	Computers & Office Equipment £000	CCTV Shops and Industrial Estates £000	Total £000
Cost									
At 1 April 2021	345	372	13,438	207	776	62	2,795	1,287	**19,282**
Additions	-	-	69	8	-	-	156	-	**233**
Disposals	-	-	-	-	-	-	-	-	**-**
At 31 March 2022	345	372	13,507	215	776	62	2,951	1,287	**19,515**
Depreciation and Impairment									
At 1 April 2021	345	-	5,455	114	776	62	2,394	1,287	**10,433**
Depreciation charge for the year	-	-	222	35	-	-	167	-	**424**
Depreciation on disposal	-	-	-	-	-	-	-	-	**-**
At 31 March 2022	345	-	5,677	149	776	62	2,561	1,287	**10,857**
Net book value									
At 31 March 2022	**-**	**372**	**7,830**	**66**	**-**	**-**	**390**	**-**	**8,658**
At 31 March 2021	**-**	**372**	**7,983**	**93**	**-**	**-**	**401**	**-**	**8,849**

15. Investment properties - non-social housing properties held for letting

	2022	2021
	£000	£000
At 1 April 2021	7,221	6,483
Additions	3,571	302
Disposals	-	-
Increase in value	606	436
At 31 March 2022	**11,398**	**7,221**

Investment properties were valued as at 31 March 2022. The Group's investment properties have been valued by RSC Chartered Surveyors, professional external valuers. The full valuation of properties was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors.

The Group's investment properties have been valued at market value and a market approach was taken by way of direct comparison. Market value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transactions after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

16. Investments in subsidiaries

Wythenshawe Community Housing Group Limited has two subsidiaries:

- Garden City Design & Build Limited;
- Garden City Trading Limited.

Wythenshawe Community Housing Group Limited (parent) has full control over the above subsidiaries and is the ultimate controlling party.

The principal activities for the parent and the subsidiaries are the development and management of affordable housing.

The subsidiaries are registered under the Companies Act 2006. The Parent is registered as a social landlord and a community benefit society.

17. Investment in Joint Venture

	Group		Association	
	2022	2021	2022	2021
	£000	£000	£000	£000
Investment in Joint Venture	767	306	-	-
	767	**306**	**-**	**-**

Garden City Trading Limited, a commercial subsidiary of the Group, is a member of a consortium of 10 Greater Manchester Registered Providers who have invested in a joint venture entity, GMJV Fundco LLP. In turn, GMJV Fundco LLP invests in a further joint venture entity, Hive Homes LLP, set up with the Greater Manchester Combined Authority with the intention of increasing housing supply in the Greater Manchester region, whilst also providing a competitive return to investors. Under the current Hive Homes LLP business plan, Garden City Trading will make investments to 2025/26 totalling up to £3.0m, which will be funded by an intra-group loan from Wythenshawe Community Housing Group. The Group’s Executive Director of Finance acts as the Chair of GMJV Fundco LLP. The above balance reflects the total investment to date.

18. Investment

	Group		Association	
	2022	2021	2022	2021
	£000	£000	£000	£000
Investment in MORHomes PLC	20	20	20	20
Investment in Money Market	8,000	-	8,000	-
	8,020	**20**	**8,020**	**20**

MORhomes PLC is a borrowing vehicle within the UK social housing sector. MORhomes raises finance on the bond markets and lends on to housing associations, who must be shareholders. WCHG has not accessed any such funding as at 31 March 2022.

19. Properties for Sale

	Group		Association	
	2022	2021	2022	2021
	£000	£000	£000	£000
Shared ownership properties:				
Completed properties	-	1,714	-	1,717
Work in progress	980	424	980	426
	980	2,138	980	2,143
Outright sale properties:				
Completed properties	258	520	-	521
Work in progress	-	716	-	-
	258	1,236	-	521
	1,238	**3,374**	**980**	**2,664**

20. Stock

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£000	**£000**	**£000**	**£000**
Materials	191	49	191	49
	191	**49**	**191**	**49**

21. Debtors

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£000	**£000**	**£000**	**£000**
Due within one year				
Rent and service charges receivable	4,251	4,258	4,251	4,258
Less: provision for bad and doubtful debts	(1,839)	(1,831)	(1,839)	(1,831)
	2,412	**2,427**	**2,412**	**2,427**
Amounts owed by subsidiaries	-	-	255	-
Other debtors	357	610	320	540
Corporation tax receivable	-	4	-	-
Prepayments and accrued income	2,053	1,938	2,052	1,939
Total due within one year	**4,822**	**4,979**	**5,039**	**4,906**

22. Debtors: amounts due after one year

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£000	**£000**	**£000**	**£000**
Due after one year				
Amounts owed by subsidiaries	-	-	782	991
Total due within one year	**-**	**-**	**782**	**991**

WCHG has lent Garden City Trading Ltd £1,037k for the investment in the Greater Manchester Joint Venture and for development of properties for sale.

The loan for the investment into GMJV Fundco LLP is repayable on the seventh anniversary of the loan agreement date, 15 April 2026 and interest is payable at a rate of 6%. The balance at 31 March 2022 is £782k (2021: £310k).

The loan for the development of the outright sale units is repayable on the sale of the units, 4 have been sold in March 2022 thus reducing the loan. Interest is payable on this loan at a rate of 4.9%. The balance at 31 March 2022 is £255k shown as repayable within one year (2021: £680k)

The loan from Wythenshawe Community Housing Group Limited is secured by a floating charge over assets.

23. Creditors: amounts falling due within one year

	Group		Association	
	2022	2021	2022	2021
	£000	£000	£000	£000
Rents and service charges received in advance	2,407	2,532	2,407	2,532
VAT	35	35	35	35
Trade creditors	1,062	1,040	1,062	1,040
Other creditors	31	43	31	43
Deferred grant income (Note 28)	441	462	441	462
Disposal Proceeds Fund (Note 26)	-	-	-	-
Recycled Capital Grant Fund (Note 27)	287	43	287	43
Leaseholder sinking fund balances	1,163	1,042	1,163	1,042
Accruals and deferred income	6,368	4,815	6,283	4,731
Amounts owed to subsidiaries	-	-	-	7
	11,794	**10,012**	**11,709**	**9,935**

24. Creditors: amounts falling due after one year

	Group		Association	
	2022	2021	2022	2021
	£000	£000	£000	£000
Housing loans net of arrangement fee (Note 25)	113,008	114,256	113,008	114,256
Deferred grant income (Note 28)	22,443	22,064	22,443	22,064
	135,451	**136,320**	**135,451**	**136,320**

25. Debt analysis

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£000	**£000**	**£000**	**£000**
Due within one year				
Bank loans	-	-	-	-
	-	**-**	**-**	**-**

	2022	**2021**	**2022**	**2021**
	£000	**£000**	**£000**	**£000**
Due after more than one year				
Other loans	90,000	90,000	90,000	90,000
Bank loans	20,888	20,860	20,888	20,860
Fair value adjustment	2,120	3,396	2,120	3,396
	113,008	**114,256**	**113,008**	**114,256**

The Group's loan facilities incorporate a £44.50m note purchase agreement with M&G Investments (fully drawn at a fixed rate of 3.4% per annum), a £45.5m note purchase agreement with Aviva (fully drawn at a fixed rate of 3.4% per annum) and a £61m loan facility with NatWest, including £21m fixed rate loans (fully drawn at various fixed interest rates) and £40m revolving credit facilities (undrawn at 31 March 2022).

Aviva purchased its £45.5m holding from M&G Investments in February 2022.

The Group has incurred £140k of loan fees which have been offset against the long-term loan balance. The loan fees are amortised over the life of the loan facility through the Statement of Comprehensive Income.

i. The loan agreements were reviewed as part of the transition to FRS102 and it was concluded that the following loan includes a call option on the interest rate and the loan has therefore been classified as non-basic in the financial statements, with all other loans being classified as basic.

ii. Fair value measurements were applied to one loan which had options in the year 2025, the total value of this instrument was £9.120m at 31 March 2022 (2021: £10.396m). The movement in the fair value of financial instruments recognised in the Statement of Comprehensive income for the year is £1,276k (2021: £899k).

The attributes of the loan detailed as non-basic are detailed below:

Start date:	01.04.2008
Pre margin rate:	4.68%
Amount:	£7,000,000
Dates of the call options:	31.03.2025
Payment dates (quarterly):	30 Jun, 30 Sep, 31 Dec, 31 Mar
Final maturity date:	31.03.2036

26. Disposal Proceeds Fund

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£000	**£000**	**£000**	**£000**
At 1st April	-	1,569	-	1,569
Net proceeds recycled	-	-	-	-
Interest accrued	-	(2)	-	(2)
Acquisition of dwellings for letting	-	(1,567)	-	(1,567)
Balance as at 31 March	**-**	**-**	**-**	**-**

	2022	**2021**	**2022**	**2021**
	£000	**£000**	**£000**	**£000**
Amounts to be released within one year	-	-	-	-
Amounts to be released in more than one year	-	-	-	-
	-	**-**	**-**	**-**

27. Recycled Capital Grant Fund

	Group		Association	
	2022	**2021**	**2022**	**2021**
	£000	**£000**	**£000**	**£000**
At 1st April	43	-	43	-
Grant recycled	244	43	244	43
Interest accrued	-	-	-	-
Recycling of grant	-	-	-	-
Balance as at 31 March	**287**	**43**	**287**	**43**

	2022	**2021**	**2022**	**2021**
	£000	**£000**	**£000**	**£000**
Amounts to be released within one year	287	43	287	43
Amounts to be released in more than one year	-	-	-	-
	287	**43**	**287**	**43**

28. Deferred Grant

	Group		Association	
	2022	2021	2022	2021
	£000	£000	£000	£000
At 1 April 2021	22,526	18,624	22,526	18,624
Grant received in the year	996	4,261	996	4,261
Grant disposed in the year	(223)	-	(223)	-
Released to income in the year	(415)	(359)	(415)	(359)
At 31 March 2022	**22,884**	**22,526**	**22,884**	**22,526**

	Group		Association	
	2022	2021	2022	2021
	£000	£000	£000	£000
Amounts to be released within one year	441	462	441	462
Amounts to be released in more than one year	22,443	22,064	22,443	22,064
At 31 March 2022	**22,884**	**22,526**	**22,884**	**22,526**

29. Capital commitments

	Group		Association	
	2022	2021	2022	2021
	£000	£000	£000	£000
Expenditure contracted but not provided in the accounts	24,143	6,735	24,143	5,903
Expenditure authorised by the Board but not contracted	34,025	34,453	34,025	34,453
	58,168	**41,188**	**58,168**	**40,356**

The amounts above are expenditure that has been contracted and authorised as part of the stock investment and development plans. This will be financed by grant income, loan facilities and revenue income through rent received, outright and shared ownership sales.

30. Lease commitments

The payments which the Trust is committed to make in the next year under operating leases are as follows:

	Group		Association	
	2022	2021	2022	2021
	£000	£000	£000	£000
Vehicles				
Minimum lease payments	19	856	19	856
Split between:				
Within one year	19	467	19	467
One to five years	-	389	-	389
	19	**856**	**19**	**856**

31. Contingent liabilities

The Parent and its subsidiaries have no contingent liabilities to disclose at 31 March 2022 (2021: £nil).

32. Pension Obligations

The Greater Manchester Pension Fund (GMPF) is a multi-employer pension scheme with more than one participating employer, which is administered by Tameside MBC under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. The Group commenced participation in the Fund at stock transfer for both registered provider subsidiaries. Triennial actuarial valuations of the pension scheme are performed by a qualified, independent actuary using the projected unit method.

The most recent formal actuarial valuation was undertaken at 31 March 2022 in accordance with the financial assumptions required under FRS 102 by a qualified independent actuary.

Contributions

The employers' contributions to the GMPF by the Group for the period 1 April 2021 to 31 March 2022 were £2,202k (2021: £2,379k) and the employers' minimum contribution rate was 23.0% (Willow Park) / 22.1% (Parkway Green) of pensionable pay until 31 March 2022.

Assumptions

	2022 %pa Willow Park	**2022 %pa** Parkway Green	**2021 %pa** Willow Park	**2021 %pa** Parkway Green
Rate of increase in salaries	3.95%	3.90%	3.60%	3.55%
Rate of increase in pensions in payment	3.20%	3.15%	2.85%	2.80%
Discount rate	2.70%	2.75%	2.00%	2.05%

Mortality assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.

Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	March 2022	
	Males	**Females**
Current Pensioners	20.3 years	23.2 years
Future Pensioners	21.6 years	25.1 years

	March 2021	
	Males	**Females**
Current Pensioners	20.5 years	23.3 years
Future Pensioners	21.9 years	25.3 years

32. Pension Obligations (continued)

Fair value and expected return on assets

The fair value of assets (employer) in the GMPF and the expected rates of return were:

	2022	2021
	Long Term Return %pa	Long Term Return %pa
Equity	69%	72%
Bonds	13%	12%
Property	8%	7%
Cash	10%	9%

Employer's contributions for the year ended 31 March 2023 are predicted to be £2,147k.

There is no provision for unitising the assets of a Fund under the LGPS. The above assets as a whole are allocated to participating bodies on a consistent and reasonable basis.

	2022 £000	2021 £000
Fair value of the above assets related to the Trust	129,706	116,252
Present value of liabilities	(144,765)	(150,918)
Deficit related to the Trust	**(15,059)**	**(34,666)**

Recognition in the surplus of deficit

	2022 £000	2021 £000
Current service cost	4,561	3,303
Past service cost	242	12
Interest income on plan assets	(2,357)	(2,192)
Interest cost	3,086	2,595
Total charged to the Statement of Comprehensive Income	**5,532**	**3,718**

Of the above costs £4,803k (2021: £3,315k) has been charged to operating surplus and £729k (2021: £403k) has been charged other finance/income cost.

32. Pension Obligations (continued)

Reconciliation of defined benefit obligation

	2022	2021
	£000	£000
Opening defined benefit obligation	**150,918**	**111,968**
Current service cost	4,561	3,303
Past service cost	242	12
Interest cost	3,086	2,595
Contributions by members	651	715
Actuarial (gains)/losses	(12,261)	34,448
Estimated benefits paid	(2,432)	(2,123)
Closing defined benefit obligation	**144,765**	**150,918**

Reconciliation of fair value of employer assets

	2022	2021
	£000	£000
Opening fair value of employer assets	**116,252**	**94,900**
Expected return on assets	2,357	2,192
Contributions by members	651	715
Contributions by the employer	2,202	2,379
Actuarial gains/(losses)	10,676	18,189
Benefits paid	(2,432)	(2,123)
Closing fair value of employer assets	**129,706**	**116,252**

Contributions paid to the defined contribution pension scheme.

	2022	2021
	£000	£000
Contributions paid	310	269

33. Provision for liabilities

	2022	2021
	£000	£000
Balance as at 1 April	9,399	-
Increase in the provision	-	9,399
Released in the year	(1,521)	-
Balance as at 31 March	**7,878**	**9,399**

The provision at 1 April of £9.4m represented the planned fire safety works over 4 years from April 2021. The works includes the replacement of doors and external panels across the stock to bring them in line with current fire standards. During the year 2021/22 £1.5m was spent on these works.

34. Non-Equity Share capital

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up.

	2022 No	2021 No
Number of members		
At 1 April 2021	9	6
Joined during the year	1	5
Leaving during the year	-	(2)
At 31 March 2022	**10**	**9**

35. Revenue Reserves

The Revenue Reserve of £169.551m (2021: £127.641m) represents the accumulated surpluses from the preceding and current financial years as detailed above. It also includes a transfer from the revaluation reserve of the depreciation charge in respect of the revaluation uplift of the housing properties.

36. Revaluation Reserves

The Revaluation Reserve of £73.663m (2021: £77.612m) represents the difference on transition between the fair value of housing properties and the historical cost carrying value. Each year an element is transferred to reserves, being the depreciation charge in respect of the revaluation uplift of the asset. This is an accounting reserve, not a cash reserve.

37. Reconciliation of operating surplus to net cash inflow from operating activities

	2022 £000	2021 £000
Surplus for the year	**15,024**	**6,745**
Amortisation of finance charges	28	392
Depreciation of tangible fixed assets - properties	8,445	15,540
Depreciation of tangible fixed assets - other	423	453
Accelerated depreciation on disposal of components	637	564
Depreciation on intangible fixed assets	205	196
Impairment losses	-	788
Movement in fair value of investment properties	(606)	(436)
Pension current service cost	4,561	3,303
Pension past service cost	242	12
Pension contributions paid	(2,202)	(2,379)
Surplus on sale of fixed assets – housing properties	(4,305)	(3,074)
Movement in fair value of financial instruments	(1,276)	(899)
Carrying amount of tangible fixed asset	495	674
Interest payable	4,342	4,460
Interest received	(32)	(21)
Pension interest costs	729	403
	26,710	**26,721**
Working capital movements		
Decrease/(Increase) in properties for sale	2,136	6,074
(Increase)/Decrease in stock	(142)	17
Decrease/(Increase) in debtors	157	(1,277)
Increase/(Decrease) in creditors	2,200	(1,162)
(Decrease)/Increase in provisions	(1,521)	9,399
Net cash inflow from operating activities	**29,540**	**39,772**

37a. Analysis of changes in net debt

	At 1 April 2021	Cashflows	Fair Value movement	Other non-cash movements	At 31 March 2022
	£000	£000	£000	£000	£000
Cash	31,066	(106)	-	-	**30,960**
Bank loans due greater than one year	(114,256)	-	1,276	(28)	**(113,008)**
Total	**(83,190)**	**(106)**	**1,276**	**(28)**	**(82,048)**

38. Related parties

Wythenshawe Community Housing Group Limited is a member of JV North Limited, a Homes England development partnership. The Group paid JV North £5k (2021: £20k) in fees during the year ended 31 March 2022. At the year-end there was a balance of £nil (2021: £nil) on the purchase ledger. During the year to 31 March 2022 the Group received £867k towards development projects from Homes England.

Nick Horne is a Director of the Wythenshawe Forum Trust, Athena a GMHP delivery vehicle and is a Governor at Manchester Enterprise Academy (MEA) . Transactions with Wythenshawe Forum Trust amounted to £59k (2021: £19k) during the year, with no outstanding balance on the purchase ledger at 31 March 2022. Transactions with MEA amounted to £nil (2021: £nil) during the year with no outstanding balance on the purchase ledger at 31 March 2022. There were no transactions with Athena during the year.

Sarah Russell is a local councillor and also a Board member, she does not have any contractual arrangements with the Group.

The following transactions were undertaken with Manchester City Council during the year, sales of £1,425k (2021: £702k) and purchases of £835k (2021: £801k). At 31 March 2022 the Group owed £34k (2021: £8k) to Manchester City Council and were owed £69k (2021: £360k) by Manchester City Council.

Clare Flynn

The above are/were tenant Board members during the year.

The company has taken advantage of exemptions conferred by Financial Reporting Standard 8 from disclosing related party transactions with fellow wholly owned group undertakings consolidated in the accounts of WCHG.

The Association had the following transactions and balances with its subsidiaries during the year.

	2022 £000	2021 £000
Wythenshawe Community Housing Group Limited		
Amounts due to Garden City Design & Build Limited	-	2
Amounts due to Garden City Trading Limited	-	5
Loan due from Garden City Trading Limited	1,037	991
Purchases from group companies		
Design and build contracts from Garden City Design & Build Limited	3,437	7,768
Sales to group companies		
Development services to Garden City Design & Build Limited	500	327
Corporate services to Garden City Design & Build Limited	39	62
Corporate services to Garden City Trading Limited	13	16
Land sale to Garden City Trading Limited	-	235
Interest on loan to Garden City Design & Build Limited	79	21
Donations from group companies		
Gift aid from Garden City Design & Build Limited	-	-

39. Financial assets and liabilities

	2022 £000	2021 £000
Financial assets that are debt instruments measured at amortised cost:		
Cash	30,960	31,066
Rent arrears due	2,412	2,427
Leasehold arrears due	233	126
Accounts receivable	78	384
Other debtors	46	100
Total for assets	**33,729**	**34,103**
Financial liabilities measured at fair value through surplus or deficit:		
Loans	(23,008)	(24,256)
Financial liabilities measured at amortised cost:		
Loans	(90,000)	(90,000)
Bank overdraft	-	-
Trade creditors	(1,062)	(1,040)
Rent received in advance	(2,407)	(2,532)
Other creditors	(31)	(43)
Accruals	(6,368)	(4,815)
Leaseholder sinking fund balance	(1,163)	(1,042)
Total for liabilities	**(124,039)**	**(123,728)**

The Group's financial liabilities are sterling denominated. The interest rate profile of the Group's financial liabilities at 31 March was:

	2022 £000	2021 £000
Fixed rate	113,008	114,256
Floating rate	-	-
Total borrowings	**113,008**	**114,256**

The debt maturity profile is shown in note 25.

The Group has undrawn committed borrowing facilities at 31 March 2022 of £40m (2021: £40m).

The loan agreements have been reviewed as part of the transition to FRS102 and it has been concluded that the following loan within Wythenshawe Community Housing Group includes a call option on the interest rate and the loan has therefore been classified as non-basic in the financial statements with all other loans being classified as basic. The fair value of the loan at 31 March 2022 is £9,120k (2021: £10,396k). The movement in fair value, £1,276k (2021: £899k) has been recognised through the surplus or deficit.

The attributes of the loan detailed as non-basic are detailed below:

Start date:	01.04.2008
Pre margin rate:	4.68%
Amount:	£7,000,000
Dates of the call options:	31.03.2025
Payment dates (quarterly):	30 Jun, 30 Sep, 31 Dec, 31 Mar
Final maturity date:	31.03.2036

40. Investment in Joint Ventures

Wythenshawe Community is part of a consortium of eight registered providers who have invested in a company limited by guarantee, JV North Limited. The nature of this company is to act as a vehicle to expand the partner's development programme for providing new affordable homes aided with grant funding from the Homes and Communities Agency's National Affordable Housing Programme.

The financial statements for JV North Limited can be obtained from JV North Limited at its registered office, Cavendish 249, Cavendish Street, Ashton Under Lyme, OL6 7AT (Jigsaw Housing).

The Group through its commercial subsidiary (Garden City Trading Limited) has also agreed up to a £3.0m investment (up to 2025/26) in GMJV Fundco LLP, which in turn will invest in a further joint venture entity, Hive Homes LLP, a joint venture between the Greater Manchester Combined Authority (GMCA) and GMJV Fundco LLP (GMHP). Hive Homes was created with the intention of increasing housing supply in Greater Manchester and providing a competitive return to investors. The company was incorporated on 31st October 2018. The financial statements for GMJV Fundco LLP can be obtained from GMJV Fundco LLP at its registered office 2a Derwent Avenue, Manchester, M21 7QP. The Group's Executive Director of Finance is the appointed Chair of GMJV Fundco LLP.