**Annual Report and Financial Statements**

**Wythenshawe Community Housing Group Limited**
**Year Ended 31 March 2023**

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

## Contents

## Group Highlights – Summary Financial Performance

***For the year ended 31 March 2023***

**Statement of Comprehensive Income**

| | 2023 £000 | Restated 2022 £000 |
|---|---|---|
| Total turnover | 70,012 | 71,830 |
| Income from social housing lettings | 66,974 | 63,385 |
| Operating surplus | 15,964 | 18,788 |
| Surplus/(deficit) for the year transferred to reserves | 30,540 | 37,253 |

**Statement of Financial Position**

| | £000 | £000 |
|---|---|---|
| Intangible assets | 138 | 229 |
| Tangible assets | 387,304 | 375,956 |
| Fixed assets | 387,442 | 376,185 |
| Net current assets/(liabilities) | 29,068 | 25,417 |
| Total assets less current liabilities | 416,510 | 401,602 |
| | | |
| Loans due >1 year | 139,519 | 135,159 |
| Pensions liability | - | 15,059 |
| Other provisions | 3,945 | 7,878 |
| Reserves: revenue | 203,297 | 168,843 |
| Reserves: revaluation | 69,749 | 73,663 |

**Accommodation Figures**

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

| | | |
|---|---|---|
| General needs housing - social rent | 12,389 | 12,413 |
| - affordable rent | 751 | 748 |
| Supported housing - social rent | 85 | 81 |
| Supported housing - affordable rent | 100 | 104 |
| Rent To Buy | 38 | 38 |
| Market rent | 62 | 54 |
| Market rent - Step Down | 5 | 5 |
| Shared ownership | 264 | 270 |
| Completed properties for outright sale | - | 1 |
| | **13,694** | **13,714** |

## Board Members, Executive Directors, Advisors and Bankers

| | |
|---|---|
| **Board** | |
| Chair and Board Members: | Nick Crofts – Chair<br>Bishop David Walker – resigned 31 March 2023<br>Anthony Bell<br>Clare Flynn – resigned 26 September 2022<br>Michelle Gregg<br>Tahir Idris<br>David Nuttall<br>Sarah Russell<br>Nigel Sedman<br>Sam Wilson<br>Leanne Todd – appointed 28 November 2022<br>Elaine Mills – appointed 12 May 2023<br>Michael O'Doherty – appointed 12 May 2023<br>Angela Moran – appointed 12 May 2023 |
| **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** | Simon Morris |
| **Registered Office** | Wythenshawe House<br>8 Poundswick Lane<br>Manchester<br>M22 9TA |
| **Registration Numbers** | |
| Cooperative & Community Benefit Society Registered No. | 8530 |
| Regulator of Social Housing No. | L4219 |
| **External Auditors** | Crowe UK LLP<br>3rd Floor<br>The Lexicon<br>Mount Street<br>Manchester<br>M2 5NT |

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

| | |
|---|---|
| **Internal Auditors** | RSM UK Risk Assurance Services LLP<br>14th Floor<br>20 Chapel Street<br>Liverpool<br>L3 9AG |
| **Solicitors** | Devonshires Solicitors<br>30 Finsbury Circus<br>London<br>EC2M 7DT |
| **Bankers** | National Westminster Bank PLC<br>1 Hardman Boulevard<br>1st Floor<br>Manchester<br>M3 3AQ |
| **Funders** | National Westminster Bank Plc<br>1 Hardman Boulevard<br>1st Floor<br>Manchester<br>M3 3AQ |
| | M&G Investments<br>Laurence Poutney Hill<br>London<br>EC4R 0HH |
| | Aviva Life & Pensions UK Limited<br>St. Helens<br>1 Undershaft<br>London<br>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 2023.

### 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 2023

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

Our new Corporate Plan sets out the strategic priorities and main objectives to be delivered in the period April 2023 to March 2026. The Plan builds on the four strategic themes of our 2020-2022 Corporate Plan (More Homes, Living Well, Great Places, Smarter Business) and adds two cross cutting themes – Value for Money and Carbon Reduction.

The Plan title reflects our intention to focus our resources on doing the things that matter most to customers so that we deliver services more efficiently (fitter); reduce waste work in the systems and processes we work with and empower colleagues to take decisions closer to the customer (flatter); and implement new systems and ways of working that more quickly delivers to customers the services that matter most to them (faster).

Delivering the objectives of this Plan will ensure our longer-term future is founded on a balance of financial resilience and service delivery capability. Plan objectives are supported by detailed actions, developed using the significant evidence base we have gained about the short, medium, and long-term needs and aspirations of our customers, our communities and Wythenshawe as a whole.

The Plan is the first phase of a three-phase period of organisational change and transformation. 2023-26, is our 'Brilliant Basics' period, where we will lay the foundation for the next two phases; 'Stretch Shot' (2026-29) and 'Moon Shot' (2029-32).

The Group will continue its challenging new build development strategy to deliver a pipeline of c.200 new homes per annum over the next five-year period. There were 367 homes under development at 31 March 2023. 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.

However, the Group notes, as can be seen in the financial statements, that WCHG (and the wider sector) is in a rapidly changing, increasingly challenging environment on a number of fronts which will bring pressure on future financial performance. These challenges have been to the fore as the 2023-26 Corporate Plan has been developed.

**The Board and Executive Officers**

The Board comprises up to twelve 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 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 2022 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. The Customer Experience Committee meets 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 WCHG Board, Subsidiary Boards and Group Committees obtain external specialist advice as required.

**Employees**

Colleague Health & Safety continued to be our focus as we started 2022/23 in the context of Government guidelines for 'Living with Covid', informing our approach. The emphasis was on personal responsibility, with the pattern of routine testing lifted, so a central stock of testing kits was made available to colleagues as a precautionary measure. We experienced spikes of Covid related absence during the year, in line with the external environment. We continued to support affected colleagues with accessing the right support and/or Occupational Sick Pay; and where able, to work from home. Colleagues have gradually eased into new ways of working, and over the last 12 months we've seen a healthy return to working from WCHG sites balanced with some home working (where operationally feasible). Colleagues have told us they value the flexibility of hybrid working, whilst recognising the value of attending meetings and events on site and in person. The WCHG Agile & Flexible Working Policy was launched in August 2022, and sets out our vision for supporting our evolved approach to agile working. It is based on trust and empowering colleagues to deliver their best work, in order to capitalise on the flexibility and adaptability an agile approach provides. The underlying principle is always aimed at ensuring we adopt the most effective ways to deliver services to meet the needs of our customers, in line with our values.

All Colleagues attended a 'You Add Value' workshop in the Autumn of 2022. This signalled the launch of our new WCHG Values (see graphic below). This was central to creating a shared understanding of desired behaviours and 'how' we will go about delivering our WCHG Purpose. This has been further embedded with the launch of our culture change programme, Customer First, which seeks to keep the customer at the centre of all activities. The programme provides a set of practical tools to support embedding our values, and creates a framework for service delivery. Once embedded, Customer First will have a legacy of a common language to deliver customer excellence, and support building a culture of ownership and trust across all teams. The WCHG Values have been further brought to life in the publication of a colleague guide 'Living our Values to deliver our Purpose' - an everyday guide to help understand and live our values at work. This guide has been developed with reference to the new consumer standards set out in the Social Housing White Paper, along with the CIH Professional Standards. Our Values and desired behaviours are celebrated through our recognition scheme (You Add Value); are embedded within our Performance Engagement framework and help build a culture that values feedback and supports aspiration.


WCHG colleagues are given equal access to training and development opportunities, and we will flex content and delivery to meet different needs. During the last 12 months, we have been able to deliver more training events in person, and colleagues have told us they enjoy having the opportunity to work with different teams from across the business. Take up of Institute of Leadership & Management (ILM) courses remains strong with two cohorts being delivered (L3 Certificate & L5 Coaching & Mentoring). We have also remained committed to delivering

Carbon Literacy training which enables colleagues to practically consider how they can support delivery of this aspect of the Corporate Plan, and align to activities delivered by our internal sustainability working group. Our commitment to completing 'Job Essential' training remains high, and with cleaner data and transparent reporting, line managers now have greater visibility to ensure compliance training is completed.

We continue to focus on developing a culture of wellbeing, and following our Silver award for Investors in People (IIP) 'We Invest in Wellbeing', we undertook our Year 1 assessment in September 2022, with positive feedback from the assessor. Our Health & Wellbeing strategy sets out individual responsibilities in terms of Physical, Psychological, Social and Financial wellbeing. We have continued to focus on supporting line managers understanding of how they can deliver a wellbeing culture with training on Attendance Management; Supporting Health & Wellbeing conversations; and Continuous Performance Engagement. For both managers and the wider group, we have invested in training on: Menopause Awareness; Suicide Awareness; Self-Harm; and Resilience. We have also continued our commitment to developing a Mental Health First Aider (MHFA) network, and have over 50 colleagues who are MHFA trained with representation from across all directorates.

Colleague engagement remains strong with a 67% response rate to our annual survey; and a Net Promoter Score of +30. Colleagues are encouraged to share ideas and take the lead on suggestions and a great example was the colleague-led 'Freshers Fair', which brought together representation from across all areas of the business to showcase activity, raise awareness, build networks and create cross-team working. The BeeWell Champions took advantage of the ability to deliver in-person events and driving the 'social' aspect of wellbeing with a range of events including the 'Bee Fest', which was the highlight in the social calendar for 2022. The Inclusion Group benefited from the expertise of the newly appointed Equality and Inclusion Specialist, a rebrand and relaunch as "Wyth Everyone", to mark a new era and future focused agenda for this group. Our commitment remains in investing in an inclusive team and promoting WCHG as an employer of choice, where differences are recognised as strengths in delivering our purpose. Our Voice and Trade Union involvement have been important channels of communication to champion ideas, consult on Policies, and progress employment related topics.

The pandemic has been closely followed by the cost of living crisis, and we do not underestimate how difficult it has been for colleagues both on a personal level, but also in delivering services to our customers and the community – some who are the most vulnerable in society. Our focus has been on listening to what colleagues are telling us, and to provide support or signpost; or work with them to identify solutions. We provide a range of colleague benefits, including Health Care provision, and access to financial cash back and subsidies. The annual total reward statement is a reminder for colleagues about the range of support and benefits available. Having closely monitored the external environment, WCHG took the decision to make a one-off payment in October 2022, to support colleagues with the financial impact of the cost of living. The decision was taken in response to the exceptional situation colleagues were experiencing, and recognising what steps we could take as a business to support.

In December 2022 we registered as a 'Supporter' of the Greater Manchester Good Employment Charter, sharing the ambition of creating good jobs for all, with real opportunities to help people progress, develop and contribute in our region. The characteristics of the charter align to our WCHG transformation ambitions of creating an 'Attractive Place to Work' in terms of employment practice, employee engagement and providing good and fair employment. For the year ahead, we look forward to building on these transformation ambitions and strengthening our employment proposition to benefit WCHG colleagues.

**Health and safety**

The Board is aware of its responsibilities on all matters relating to health and safety. WCHG has an internal Health and Safety Department and suitably qualified H&S colleagues that oversee 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**

Why?

Understanding our customers' experience is essential to strengthening our ability to deliver high-quality homes and services. This in turn enables us to deliver our organisational Purpose.

What?

The below Customer Engagement Universe shows pictorially the customer engagement mechanisms operating at WCHG during 2022/23.


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

- **Customer Experience Committee (CXC)**: a committee of Board overseeing 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 (including one tenant), five tenant members, a shared owner and a leaseholder.

- **Scrutiny Group**: scrutinises the performance of customer-facing services and conducts in-depth service reviews. Over the last 12 months the key focus area was an in-depth review of all Stage 2 complaints, focusing on the quality of the complaint responses, as well as compliance with policy.

- **Leaseholder Forum**: is responsible for the review of services to leasehold and shared ownership customers. Over the last 12 months the key focus areas included: improving value for money through procurement; communication of service charges; how to enhance our digital platforms; driving improvements in repairs and maintenance waiting times; and organising a leaseholder event to engage more leaseholders.

- **High Rise Living Forum:** supports and enhances the relationship between WCHG and residents living in our 10 high-rise buildings. Over the last 12 months the key focus areas included: building safety investments; improving communication channels; setting new service agreements for cleaning of communal areas; and improvement of communal area repairs.

- **Smarter Business Panel:** advises officers on proposed business efficiencies and developing a digital first approach to delivering services. Over the past 12 months the key focus areas included: launching 'Have Your Say' a new digital platform to engage with customers; protecting our customers' data, and scrutinising business transformation planning.

- **More Homes Panel:** advises officers on the development of new homes in Wythenshawe and beyond. Over the past 12 months the key focus areas included: the introduction of zero carbon homes; feedback on planned new developments, and input into the review of how homes are allocated fairly.

- **Great Places Panel:** advises on the physical improvements to buildings and environment in Wythenshawe. Over the past 12 months the key focus areas included: developing a zero tolerance approach to damp and mould; moving to electricity-only homes; a trial of air-source heat pumps, and a review of the Equipment and Adaptations policy.

- **Living Well Panel:** advises on the development and delivery of services across Wythenshawe that support people within the community. Over the past 12 months the key focus areas have included: allocating the Living Well Fund; the Communitree community listening campaign; cost of living crisis support for customers, and volunteering opportunities.

- **Service Inspectors**: are active across the Wythenshawe estate in checking service standards. Over the last 12 months the key focus areas were the cleanliness of communal areas and the standard of empty homes offered to new customers.

<u>Who?</u>

Our actively involved customers gave up 10,370 hours of their time (2021/22: 3,250 hours) to scrutinise our performance, influence our policies, contribute to strategic priorities, agree service standards, inspect services and help deliver and improve services locally. WCHG supported resident volunteers to give their time to support community groups including older people's groups, coffee mornings, parent and toddler groups, arts and craft groups, a community tool hire and two community centres.

More broadly, almost 4,000 of our customers and community members (up from 3,205 people in 2021/22) spent time giving us a more detailed insight into their customer and community experience during the year. People contributed their views on a wide range of issues via 'Communitree' outreach events, complaints, compliments and additional surveys including a test of the Regulator of Social Housing's new Tenant Satisfaction Measures.

<u>What difference has this made?</u>

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

- More than 4,000 customer and community voices contributed to the development of the new Corporate Plan 2023-2026
- Introduction of a 'Cost of Living Fund' which has invested £250,000 in support of customers during the cost of living crisis
- Development of business transformation plans to develop digital channels alongside improvements to current telephone and face-to-face services

- Introduction of a new Damp and Mould Policy - explicitly stating our zero-tolerance approach to damp and mould and introducing additional call backs to check whether interventions have worked as planned
- Steering investment in building safety in high and medium rise buildings
- Improving quality of Stage 2 complaint responses, including improved 'lessons learned' implementation tracking and increasing the number of complaints resolved at Stage 1
- Ensuring third-party expert involvement in a review of Community Safety Strategy
- Contribution to the development of new WCHG values

What's next?

The following areas will be reviewed during 2023/24:

- Development of a refreshed Customer Engagement Strategy
- Customer Hub: does the new Customer Hub provide a good standard of service? Is the target of a maximum average call waiting time of 5 minutes still the right one?
- Grass-cutting and cleaning of communal areas: do these services provide value for money for customers?

**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 2022/23 with a financial loss of £nil (2021/22 - £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 2023, 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 2023; no areas of non-compliance were identified for the year ended 31 March 2023.

Following an In Depth Assessment (IDA) in 2023, the Regulator of Social Housing re-confirmed/issued the Group's Regulatory Judgement for Governance & Viability as G1 V1 on 5th July 2023.

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 2023 for the year ended 31 March 2023.

In accordance with the requirements, the Group is pleased to report full compliance with the adopted code for the year ended 31 March 2023, and has identified no areas of non-compliance to report.

**Going concern**

The assessment of the significant risks faced by the Group is considered in various sections of this annual report. The results of this analysis, combined with satisfactory 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 2022. 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'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 25 September 2023.

**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 24 July 2023 and signed on its behalf by:

Nick Crofts

**Nick Crofts**
**Chair of the Board**
**24 July 2023**

## 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 parent is charitable and operates primarily as a social landlord, providing affordable general needs housing, delivering high quality services to 13,694 homes in Wythenshawe. The Group's head office is based in Wythenshawe and the vast majority of its properties are situated within five miles.

### Objectives and strategy

***"Fitter Flatter Faster" - our new Corporate Plan 2023-26***

*A plan that enables long term financial resilience and service delivery capability*

Our new Corporate Plan sets out the strategic priorities and main objectives to be delivered in the period April 2023 to March 2026. The Plan builds on the four strategic themes of our 2020-2022 Corporate Plan (More Homes, Living Well, Great Places, Smarter Business) and adds two cross cutting themes – Value for Money and Carbon Reduction.

The Plan title reflects our intention to focus our resources on doing the things that matter most to customers so that we deliver services more efficiently (fitter); reduce waste work in the systems and processes we work with and empower colleagues to take decisions closer to the customer (flatter); and implement new systems and ways of working that more quickly delivers to customers the services that matter most to them (faster).

Delivering the objectives of this Plan will ensure our longer-term future is founded on a balance of financial resilience and service delivery capability. Plan objectives are supported by detailed actions, developed using the significant evidence base we've gained about the short, medium, and long-term needs and aspirations of our customers, our communities and Wythenshawe as a whole.

The Plan is the first phase of a three-phase period of organisational change and transformation. 2023-26, is our 'Brilliant Basics' period, where we will lay the foundation for the next two phases; 'Stretch Shot' (2026-29) and 'Moon Shot' (2029-32).

*A Plan that recognises our role in supporting customers and communities*

Wythenshawe, in the North West of England, is some 8 miles south from Manchester City Centre and covers an area of around 11 square miles. Some 41% of housing in Wythenshawe is owner occupied (national average 62.5%) and 42% is social rented (national average 17.1%) most of whom live in our homes. The area is home to c.65,300 residents of which c.26,600 live in our homes. We are the largest RP in Manchester with some 13,700 homes, some 20% of Manchester's social housing.

The Plan objectives build on the positives about Wythenshawe, including its green and spacious environment; strong community spirit and local partnerships; significant levels of inward investment; relatively affordable housing; and our presence and impact as an anchor organisation and place shaper.

However, Wythenshawe is also an area of multiple deprivation, a situation that has persisted for decades despite investment and interventions from many partners. This has a major influence on our strategic priorities, on the needs of our customers and partners, on their expectations of us and hence on the depth and breadth of services we deliver that go beyond core housing services.

*A plan driven by organisational purpose that reflects the voices of customers, communities and partners*

The Board restated our Organisational Purpose in 2021 as "*to provide good quality homes and services to our tenants and leaseholders and to play a leading role in creating safer, healthier communities".* This focus on homes, services and communities flows with a clear golden thread through to the Plan's strategic themes and delivery objectives. The golden thread includes Board's guiding principles, which support colleague decision making about what we do, and values, which support colleagues in how they behave in delivering services.


Our diverse and well-developed network of involved customers, volunteers and resident engagement means we've developed this Plan with a clear, and improving, understanding of the current and future needs and aspirations of local people and partners.

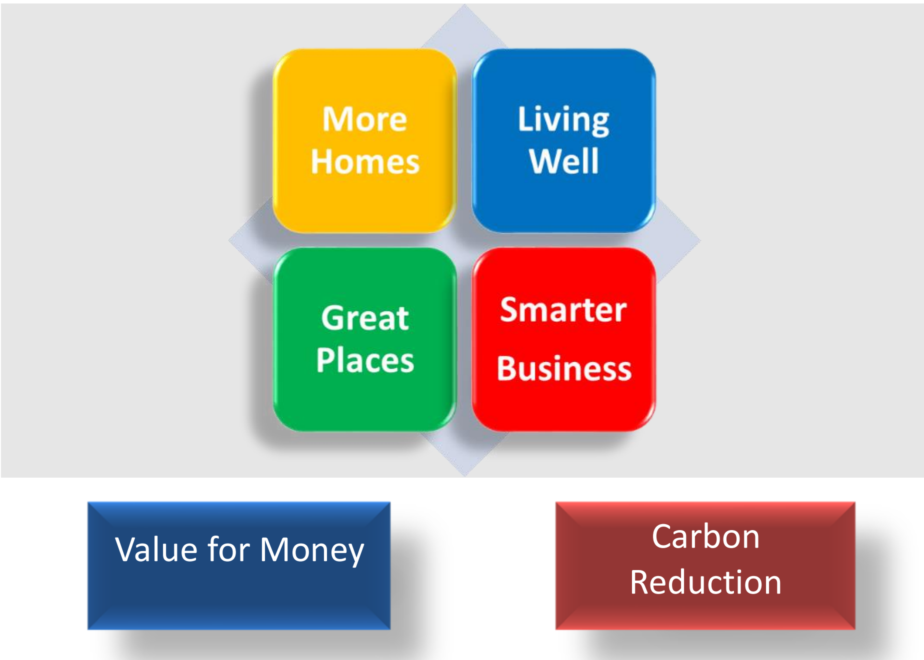
*A plan supported by competitive advantage*

Our business model is underpinned by four significant competitive advantages, which collectively cannot be replicated by any other organisation. These enable us to focus our resources for the benefit of customers, communities, colleagues, partners with limited distraction from competitive interests (new development being the exception).

- A highly concentrated property portfolio which supports efficient management of service delivery
- The number of homes we own and manage which gives us unmatched scale and influence in the community and with partners
- A high level of community knowledge, connectivity and trust developed over many years, and supported by having 42% of our 486 colleagues (as at March 2023) living in the area, and 20% of colleagues who are also our customers
- A resilient financial structure and business plan that is strongly cash generative, with relatively low debt and healthy interest cover

*A plan that addresses the big external and internal business, customer, community and sector challenges*

Our plan objectives are grouped around six strategic themes, each of which has been framed to address one or more critical business, customer, community or sector challenges. More detail on all theme objectives, including metrics are given in the Plan.




- *More Homes* – increasing the supply of new affordable homes across Wythenshawe and neighbouring areas – our objective is to develop 200 homes p.a. with a pipeline of 1,000 homes

- *Living Well* – delivering support to customers and communities that goes beyond core housing management services. This includes addressing anti-social behaviour and its causes and directly supporting community safety; supporting and empowering the community directly and indirectly through our LIFE model approach (Lead, Influence, Follow & Exit); and developing and implementing our Living and Ageing Well Strategy

- *Great Places* – responding to the challenges of higher building safety and other property standards; continuing to improve the knowledge of our assets to support value for money investment choices; and meeting the increasing demand from customers to maintain and improve their homes and invest in the Garden City environment of Wythenshawe

- *Smarter Business* - investing in our inclusive environment of people, skills, culture, technology, systems, processes and business infrastructure to meet increasing expectations from customers, communities, partners, colleagues and other stakeholders and retain our financial robustness

- *Value for Money* – building on our resilient financial position and making every pound we spend add social and / or financial value to support delivery of our Purpose. Our VfM strategy is focussed on delivering tangible cash benefits; optimising the impact of our social investment; and investing to deliver future benefits (invest to save)

- *Carbon Reduction* – our objective is to support delivery of Manchester City Council's 2038 net zero carbon objectives and national legislation and policy. We will ensure all our homes reach SAP Level C by 2026; we will build 10% of new build homes in this Plan period using Modern Methods of Construction; and across the whole business we will reduce carbon emissions by 57% by 2026

Progress to deliver against the Plan will be overseen by the Board and its Committees. Plan reviews will also consider whether changes in the external and internal environment necessitate changes to the scope, timing or nature of Plan objectives.

***Business Transformation and the Target Operating Model***

The development of our new target operating model is linked to our refreshed Purpose, our new Values and Behaviours, and will help enable delivery of the new Corporate Plan.


Our new target operating model has been developed as Hub / Locality / Support and is reflected as:

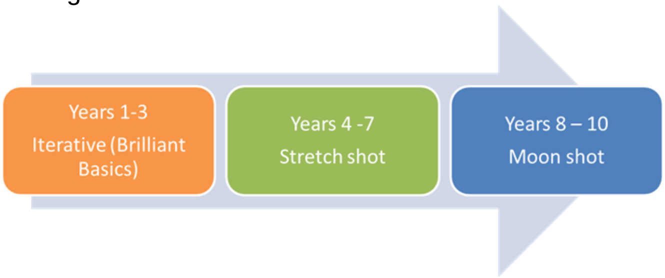

By this we mean:

- **Hub** – this includes all of our customer contact, and inward and outward activity;
- **Locality** – this covers all activity and support that needs to be delivered in the customer's home
- **Support** – this includes the back office support, programming and planning functions which enable the Hub and Locality functions.

There are a number of key drivers behind our Transformation programme – these are:

- Fast changing environment (economical, technological, social etc) – it is essential that WCHG is able to adapt at pace, so agile to future change;
- Better understanding of the customer experience and expectations, by placing the customer at the heart of the business, improving service delivery;
- Using insight to drive strategic direction and decisions;
- Removing waste, complexity and risk ('right first time') by simplifying and streamlining customer-centric operations through digital, data and refined processes;
- Creating capacity to do more of the things that customers value most, by better management of our resources;
- Creating an attractive place to work by building organisational capability which will help to future-proof the business.

Our longer term vision for business transformation is over 10 years:




- the **Brilliant Basics** phase is about improving our services, and 'doing the right things, and doing them right'. To do this, we need to strengthen our core building blocks of our operating model – culture, data, systems and technology.

- the **Stretch Shot** phase is about developing solutions that are in line with market leaders, to be able to innovate quickly with the changing environment.

- the **Moon Shot** phase is our aspiration to be the best in the UK for our services.

We have identified four themes for transformation - Locality Working, Centralised Customer Experience Management, Insight Driven Strategy and Attractive Place to Work.


Over the life of the new corporate plan (2023 to 2026), our focus will be on the following key priorities:

- Customer Hub;
- Repairs & Maintenance;
- Neighbourhood Focus – Community Safety and Support;
- Confidence in Data;
- Architect for Innovation;
- Organisational Design & Development.

***Transformation Outcomes in 2022 / 2023***

Over the past 12 months the Transformation Programme has developed a broad range of projects and underpinned this with the development of a dedicated Programme Management Office (PMO) function to support the Group in the management of the changes. Some highlights of the deliverables during 2022 / 2023 included:-

- The implementation of the new pay framework following extensive consultation and engagement in 2021 / 2022
- Programme phases established and communicated: Brilliant Basics up to 2026, followed by Stretch Shot and Moon Shot to 2033
- Implementation of four Programme Boards and an overarching Portfolio Board to effectively manage all change across the Group
- Repairs prototype evaluated and used to inform requirements of scheduling tools required going forwards
- Leadership Team skills developed with bespoke training
- Refurbishment of 2nd floor at Wythenshawe House to support hybrid working and collaboration
- Skills App developed to support all colleagues in their development
- New Target Operating Model of Hub, Locality, Support agreed, underpinned by goals of being Fitter, Flatter, Faster developed and launched with Leadership Team and Board
- 'Single pane of glass' concept developed to support IT Roadmap to enable systems improvements

***Forecast Transformation Outcomes in 2023 / 2024***

During 2023 / 2024 the Group will see the implementation of the first wave of projects which will improve the services offered to customers and the working environment for colleagues. This includes:-

- implementing AccuServ, a dynamic resource scheduling tool, with the aim of enhancing our repair services, streamlining internal processes, and improving overall efficiency
- introducing a new Unified Communications solution that will create a unified communications platform across the entire Group. This platform will effectively manage contacts throughout the organisation;
- implementing Salesforce as part of the Single Pane of Glass solution, which will provide the Group with its first CRM functionality from a market leader. Integration with AccuServ and Unified Communications will significantly enhance the services we deliver to our customers, resulting in improved satisfaction and reduced waste in our processes;
- Investment in office spaces to ensure that they reflect the Customer First approach and create additional work spaces for customers and colleagues to collaborate.

**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 high-level features of the Group's financial position are set out below. More detail is included within the Value for Money section on page 33.

The financial statements report a decrease in operating surplus to £16.0m (2022: £18.8m). There have been some key drivers to this movement, detailed below.

Turnover has fallen by £1.8m to £70.0m. This is mainly as a result of development income reducing by £4.4m, which was more than the £3.6m increase in rental income and service charge from the annual increase. The balance of the reduction in turnover is across a range of non-social housing activities, predominantly a reduction in receipts from outright sales of homes (£1.6m), offset by an increase in income from market rented properties (£0.3m) and a continuing post-pandemic increase in turnover at the Lifestyle Centre (£0.4m).

Operating costs have increased to £57.3m (2022: £50.4m), showing an increase across all categories as detailed in note 3. In general terms there are a number of factors contributing to this increase, noted below, stemming from a desire from WCHG's Board to meet these challenges rather than seek to defer expenditure to meet budgets in this rapidly evolving, increasingly challenging operational environment:

- The high inflationary environment coupled with the easing of supply chains to allow any backlogs to be addressed
- Our proactive focus on all aspects of property safety, including meeting increased statutory property standards
- Increased demand for repairs from customers, which shows no sign of reducing
- Resource requirements to continue the positive progress with the Group's transformation programme

No additional debt was drawn down during the year. The Group saw an ongoing increase in cash balances across the pandemic period, not least because of the slowing of development spend but also due to reduced spend levels generally. At 31 March 2023, this trend has ceased due to the now increasing development pipeline and increases in operating costs as detailed above. At the year end, cash balances were £35.1m, reduced from £39.0m in the prior year (the prior year figure includes £8.0m of money market deposits classed as investments (2023: £nil)). Cash inflows and outflows for the period are shown in the cashflow statement on page 59.

***Performance Indicators***

The Board has implemented a set of performance indicators to effectively track the attainment of objectives outlined in the Corporate Plan across the four main strategic themes.

Please refer to the tables on pages 22 to 32 for a comparison of performance against targets for the 2022 / 2023 period, along with relevant data from the prior year. Despite facing challenges related to the cost of living crisis and rising inflationary pressures, the Group maintained a strong overall performance throughout 2022/23. Both customers and colleagues experienced the impact of these factors, yet the Group successfully continued delivering services to customers and provided support in preserving their homes and tenancies.

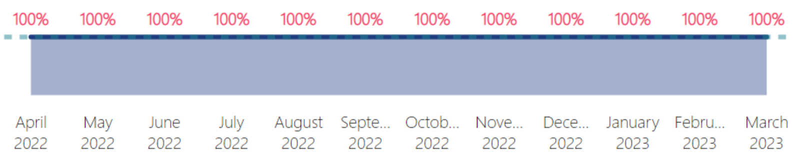
WYTHENSHAWE COMMUNITY HOUSING GROUP LIMITED

# Performance Monitoring Reporting - Summary

## Great Places

| Carbon Reduction - Average SAP Rating | Stock Average Energy Band | % of properties with an Energy Survey | Properties minimum SAP Level C | % of properties with an Energy Survey within last 5 years |
|---|---|---|---|---|
| 71 | C | 91.3% | 75.3% | 77.4% |

### Building Fire Risk Assesments

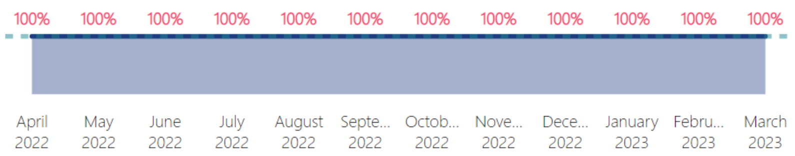



Target 100%

Year to Date Average

100%

### Compliance (health and safety)

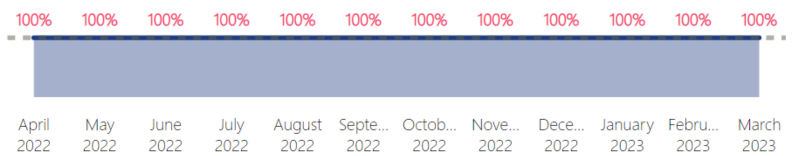



Target 100%

Year to Date Average

100%

### Decent Homes Standard




Target 100%

Year to Date Average

100%

## Living Well

Tenant Net Promoter Score

29

UK median 28.9

Leaseholder Net Promoter Score

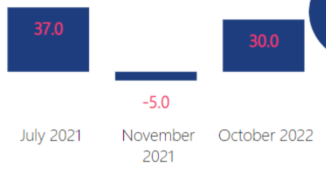
-21

UK median -42.6

Customer Baseline survey completed in August 2022 with 2082 respondents

## Smarter Business

### Colleague Net Promoter Score




0-30 is considered good

### Actual Headline Cost per Unit for 31st March 2023

£4,579

£4,133 Budget

## More Homes

| Measure | Out Right Sale | Shared Ownership | Rent to buy | Affordable Rent | Social Rent | Market Rent |
|---|---|---|---|---|---|---|
| 1. Homes completed 22/23 | 0 | 3 | 0 | 14 | 23 | 12 |
| 2. Development Homes on Site | 0 | 81 | 0 | 105 | 45 | 12 |
| 3. Approved Schemes not yet started | 0 | 73 | 22 | 0 | 65 | 0 |
| 4. Feasibility Schemes | 55 | 300 | 310 | 188 | 301 | 46 |

| Measure | Houses | Flats | Bungalows |
|---|---|---|---|
| 1. Homes completed | 19 | 33 | 0 |
| 2. Development Homes on Site | 178 | 59 | 6 |
| 3. Approved Schemes not yet started | 90 | 70 | 0 |
| 4. Feasibility Schemes | 260 | 926 | 14 |

**Living Well**

Over the past 12 months, the Customer Hub concept has been embedded into the Group, to enhance collaboration between teams and facilitate prompt resolution of queries from various channels. The continuous improvement of our One Team approach has led to the evaluation of processes and the initiation of projects aimed at driving further improvements. The results of implementing and reviewing our service offerings are evident in the planned implementation of Salesforce in 2023/2024. This implementation will establish a tailored customer relationship management system for the Group, delivering a step change in the service offer.

During 2022/2023, formal complaints increased by 29% to a total of 216, while expressions of dissatisfaction rose by 27% to 1092. All complaints received were addressed within the timelines outlined in the Housing Ombudsman's guidance. Notably, 73% of complainants expressed satisfaction with the outcome of their formal complaint.

In October 2022, WCHG conducted a trial of the Tenant Satisfaction Measures, revealing that we currently fail to capture all expressions of dissatisfaction from our customers, leading to a low satisfaction rate of 30%. In response, the Customer Experience Committee recently approved an action plan to rectify this issue.

Throughout the year, WCHG learned valuable lessons from complaints, with 77% of them being upheld or partially upheld by managers. Some areas have shown significant improvements, such as a reduction in complaints related to fencing. However, as is the case with most organisations, customer care remains the primary cause of complaints. Specifically, customers have expressed concerns regarding the speed of resolution, lack of communication or action, and our communication methods.

Our commitment to enhancing customer care continues, with all colleagues now trained as part of the Customer First program. Embedding activities are currently being implemented through team meetings and ‘huddles’, scheduled to conclude in Autumn 2023. Measures are in place to evaluate the impact of this training.

As part of our Business Transformation programme, proposals have been made to invest in systems that enable staff to provide quick and accurate responses to customer queries, as well as improve transactional communications. This work has commenced and will begin implementation in July 2023 with the introduction of the new AccuServ repairs system.

In October 2022, WCHG conducted a baseline survey of the Tenant Satisfaction Measures (TSM) using finalised survey questions. The survey report included benchmarking data from Housemark, encompassing information from 130 organisations. However, it is important to note that the data currently combines the former STAR methodology with the new TSM methodology. We are collaborating with Housemark to update this data as new information becomes available and will update our colleagues and customers.

# Living Well

Overall Satisfaction

**75%**
Benchmark (median): 79%

Satisfied with repairs service received

**78%**
Benchmark (median): 80%

Satisfied with the time taken to complete most recent repair

**76%**
Benchmark (upper quartile): 79%

Satisfied that WCHG provides a well-maintained home

**72%**
Benchmark (median): 72%

Satisfied that WCHG provides a safe home

**77%**
Benchmark (median): 83%

Satisfied that WCHG listens to their views & acts upon them

**63%**
Benchmark (median): 64%

TSM

Satisfied WCHG keeps them informed about things that matter

**68%**
Benchmark (median): 75%

Satisfied WCHG treats them fairly and with respect

**76%**
Benchmark (median): 83%

Satisfied with WCHG's approach to complaints handling

**30%**
Benchmark (median): 56%

Satisfied communal areas are kept clean and well-maintained

**69%**
Benchmark (upper quartile): 76%

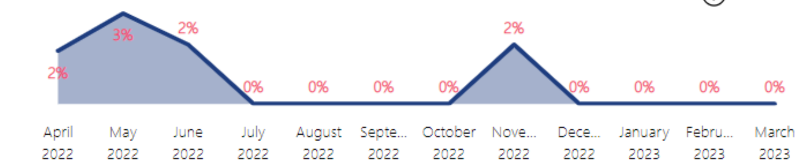
Satisfied that WCHG makes a positive contribution to their neighbourhood

**67%**
Benchmark (upper quartile): 69%

Satisfied with WCHG's approach to handling ASB

**54%**
Benchmark (median): 60%

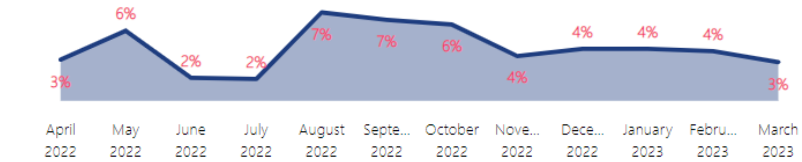
## Tenancy failures within the first 12 months of the tenancy start date




Year to Date Average

1%

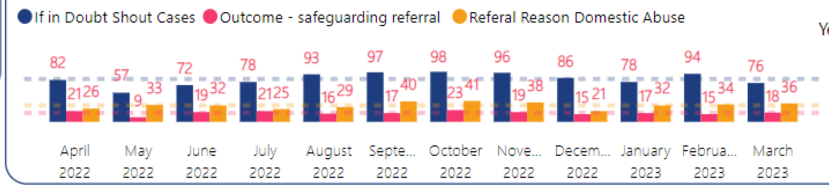
## Tenancy failures over 12 months from the tenancy start




Year to Date Average

4%

## If In Doubt Shout Cases

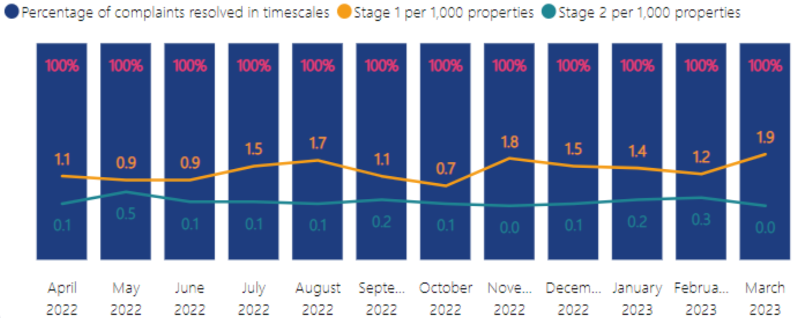



Year to Date Average

84

## Complaints - responses in timescale and cases per 1,000

TSM




Target 100%

Year to Date Average

100.0%

## Anti-Social Behaviour - Satisfaction and cases per 1,000

TSM


Target 90%

Year to Date Average (Satisfaction)

99.3%

**Great Places**

Throughout the year, WCHG have maintained 100% compliance across all compliance indicators, including gas safety, underscoring our unwavering commitment to prioritising customer safety.

We have been dedicated to enhancing the strength of our asset data, and significant improvements have been achieved over the past two years. 98.6% of our homes have undergone stock condition surveys recorded in Promaster. Additionally, 75% of our homes have had an independent stock condition survey conducted by Savills within the last five years. Currently, we are in the process of delivering a 20% stock condition survey, scheduled for completion by the end of Quarter 1 2023 / 2024. This comprehensive data will continue to bolster our asset intelligence, inform our investment decisions, and ensure that our customers reside in safe, compliant, and healthy homes.

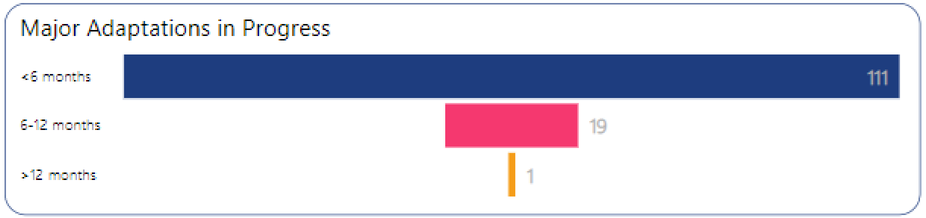
Our Repairs and Maintenance performance has shown a consistent improvement in transactional satisfaction and right-first-time rates since we revamped our processes as part of our initial transformation efforts. We anticipate further enhancements in performance after July 2023, when we adopt a more proactive system-led approach to keeping customers informed about the progress of repairs and subcontractor management.

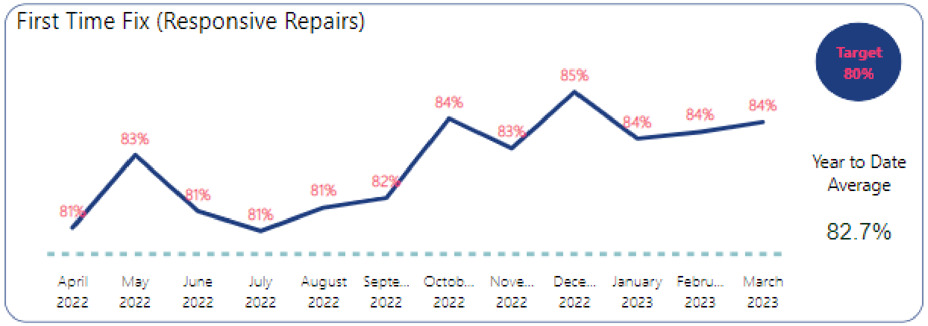
We have witnessed ongoing improvements in the turnaround times for empty homes, with each passing month showcasing enhanced efficiency. Furthermore, we forecast even better turnaround times for 2023 / 2024, aligning with our ambitious targets. In the previous financial year, we successfully upgraded 142 homes from below SAP C to SAP C as part of our relet work on empty homes, out of the 560 properties that became vacant. Whilst we have maintained a 100% compliance rate for decent homes, we currently have 252 active refusals, and our teams are actively engaging with customers to address components that have been refused.

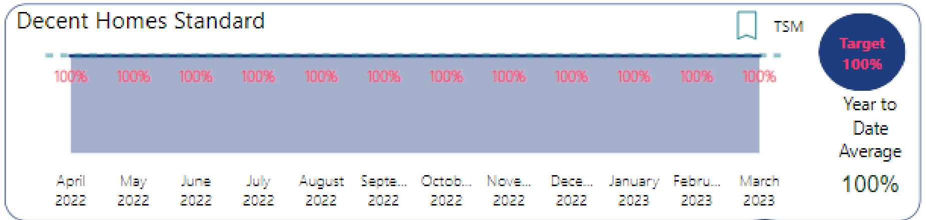
# Great Places

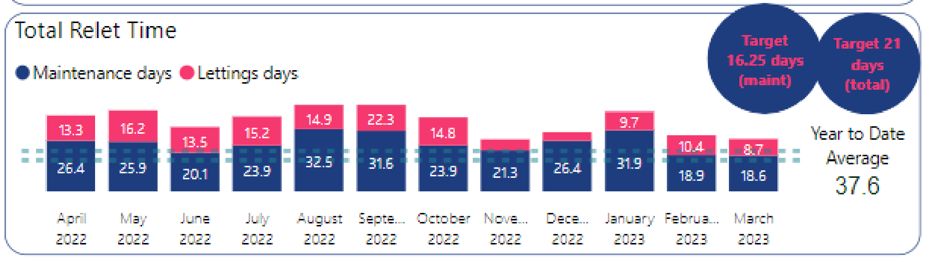
| Carbon Reduction - Average SAP Rating | Stock Average Energy Band | % of properties with an Energy Survey | Properties minimum SAP Level C | % of properties with an Energy Survey within last 5 years |
|---|---|---|---|---|
| 71 | C | 91.3% | 75.3% | 77.4% |

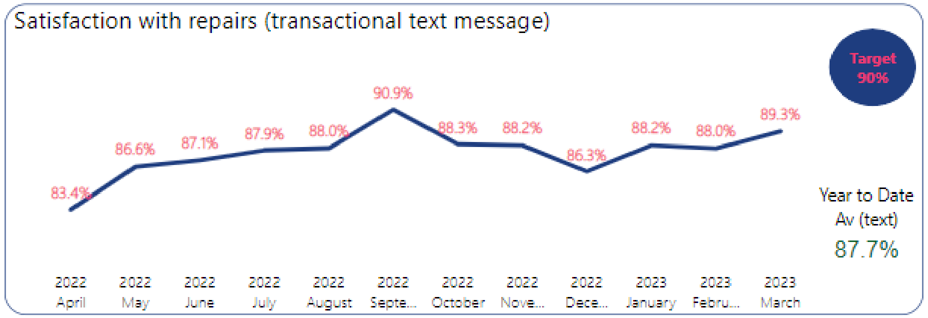
| % stock with stock condition survey | % of Gas stock with CO alarms | % of homes with smoke detectors |
|---|---|---|
| 98.6% | 100% | 100% |

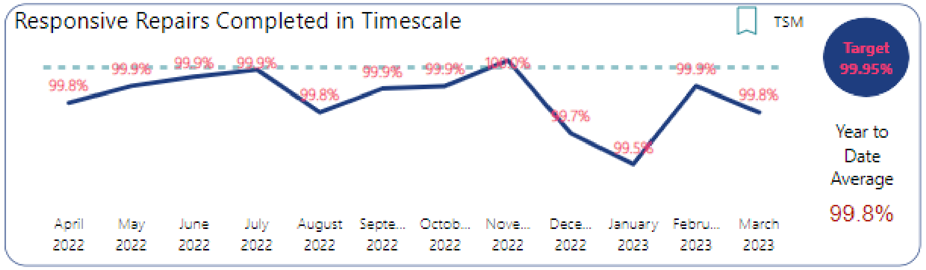


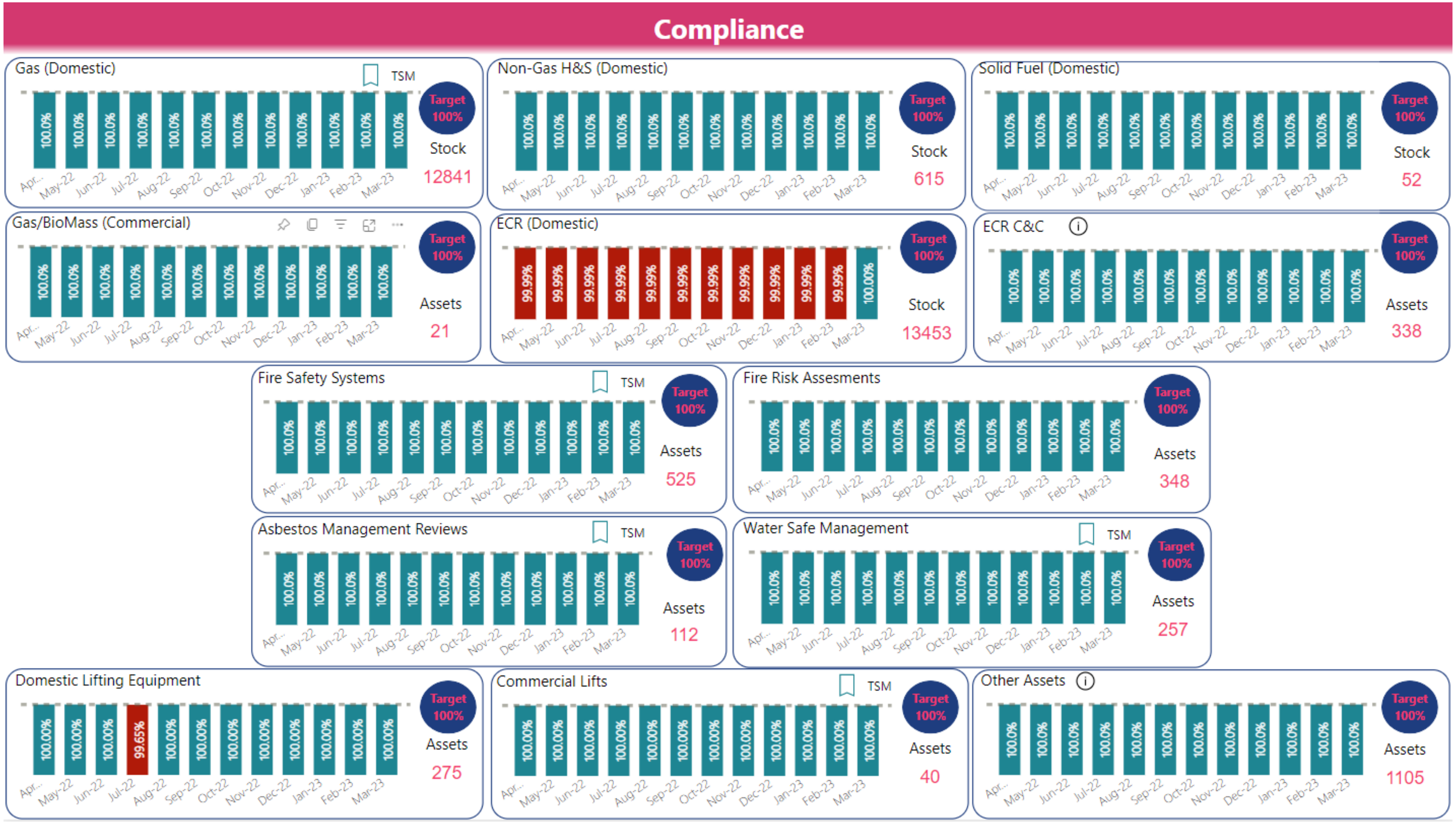




Compliance
Gas (Domestic)
TSM
Target 100%
Stock
12841
Non-Gas H&S (Domestic)
Target 100%
Stock
615
Solid Fuel (Domestic)
Target 100%
Stock
52
Gas/BioMass (Commercial)
Target 100%
Assets
21
ECR (Domestic)
99.99%
100.00%
Target 100%
Stock
13453
ECR C&C
Target 100%
Assets
338
Fire Safety Systems
TSM
Target 100%
Assets
525
Fire Risk Assesments
Target 100%
Assets
348
Asbestos Management Reviews
TSM
Target 100%
Assets
112
Water Safe Management
TSM
Target 100%
Assets
257
Domestic Lifting Equipment
99.65%
Target 100%
Assets
275
Commercial Lifts
TSM
Target 100%
Assets
40
Other Assets
Target 100%
Assets
1105
100.0%
Apr...
May-22
Jun-22
Jul-22
Aug-22
Sep-22
Oct-22
Nov-22
Dec-22
Jan-23
Feb-23
Mar-23

**Smarter business**

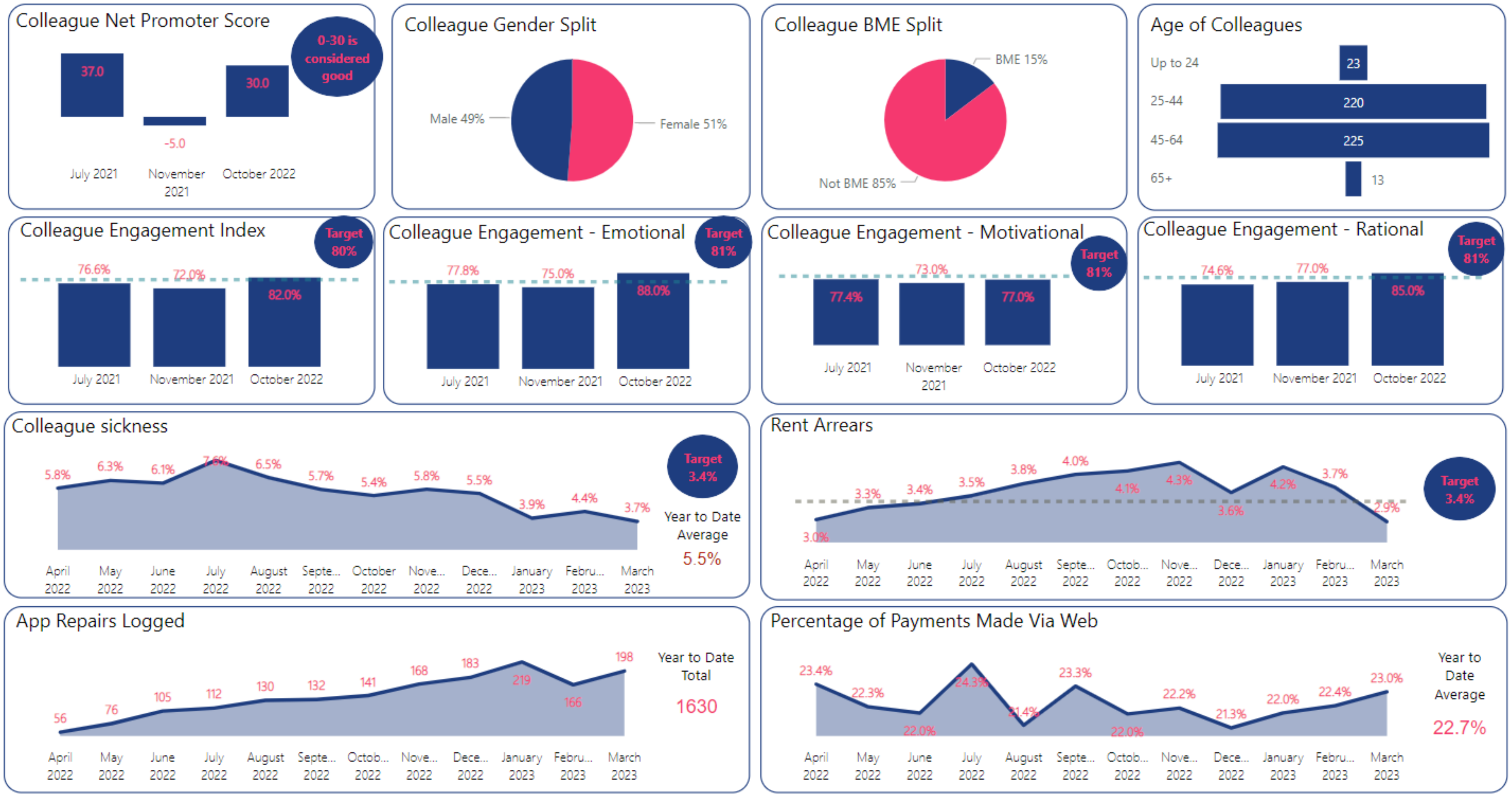
Rental arrears as a percentage of the annual debit experienced a slight increase compared to the previous year, reaching 2.9%. However, it remained below the set target. In terms of cash, this translated to a £300k rise compared to the previous year end. Upon thorough analysis of the arrears, no clear correlation has been found between the increased arrears and the energy efficiency of WCHG properties, as indicated by our EPC banding data. This suggests that the increase in arrears is likely linked to the broader cost of living crisis.

Regarding evictions, we conducted a total of 11 throughout the year, which signifies a significant decrease compared to 2019/20, the most recent complete year for which comparable data is available. Additionally, we closely monitor applications made to the Court for possession proceedings, and once again, the numbers have decreased compared to 2019/20.

Managing staff sickness remained a challenge during the 2022/2023 period, with average levels reaching 5.68%. However, improvements were observed in the final quarter of the year as a number of colleagues returned to work. The primary driver of the increased sickness level was long-term sickness, accounting for 4.36% throughout the year. These cases encompass a wide range of issues, and the Group continues to provide support to affected colleagues.

The annual colleague survey was conducted in October, and we achieved a higher response rate compared to the previous year (67% vs. 63%), with an additional 25 colleagues participating in the survey. The survey utilises the Net Promoter Score (NPS) and asks colleagues, "On a scale of 1-10, how likely is it that you would recommend WCHG as a great place to work?" This year, we recorded a significant positive leap forward, with an NPS of +30 (compared to -5 last year). Group wide levels of "Motivational," "Rational," and "Emotional" engagement, along with the Employee Engagement Index (EEI), all witnessed positive year-on-year growth.

## Smarter Business



**More Homes**

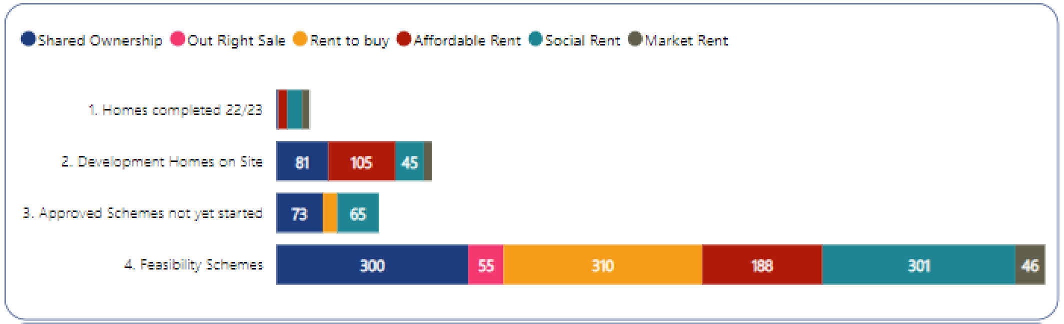
Throughout the 2022/2023 period, the Group successfully completed the construction of 52 homes.

In addition to the figures provided in the "more homes" data table, we had an additional 243 properties either in contract or on-site by the end of the financial year. These properties include Parkgate, Glendene, Hall Lane, Northenden College, Newbridge Mill, and Greenwood Road.

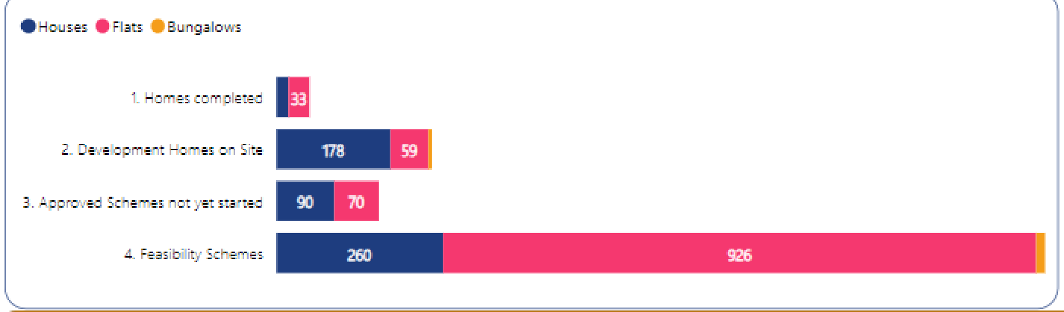
The Development Committee has granted approval for an additional 160 properties, which, although yet to commence, will steadily progress throughout the upcoming year of 2023/2024. Furthermore, we are currently assessing the feasibility of a further 1200 properties, which will undergo the development process during 2023/2024.

# More Homes

## Development




| Measure | Shared Ownership | Out Right Sale | Rent to buy | Affordable Rent | Social Rent | Market Rent |
|---|---|---|---|---|---|---|
| 1. Homes completed 22/23 | 3 | 0 | 0 | 14 | 23 | 12 |
| 2. Development Homes on Site | 81 | 0 | 0 | 105 | 45 | 12 |
| 3. Approved Schemes not yet started | 73 | 0 | 22 | 0 | 65 | 0 |
| 4. Feasibility | 300 | 55 | 310 | 188 | 301 | 46 |




| Measure | Houses | Flats | Bungalows |
|---|---|---|---|
| 1. Homes completed | 19 | 33 | 0 |
| 2. Development Homes on Site | 178 | 59 | 6 |
| 3. Approved Schemes not yet started | 90 | 70 | 0 |
| 4. Feasibility Schemes | 260 | 926 | 14 |

## Sales

No homes currently for sale

## Value for Money

### Strategic approach to Value for Money

The Group's VFM strategy runs until 2024 and very closely aligns to our 2023-26 Corporate Plan, our Purpose and nine Guiding Principles. The importance of VFM is underlined by the fact that Board have chosen to identify VFM as a separate cross-cutting strategic theme in the new Corporate Plan. In addition, VFM has been embedded within WCHG's Values and supporting Behaviours, developed alongside colleagues and launched during 2022/23.

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 VFM strategy outlines the Board's ultimate responsibility for VFM. Guided by a clear Purpose and Guiding Principles, Board will continue to allocate resources across competing priorities so as to achieve an optimum balance between current and future service delivery, and financial capacity. Engagement with customers, colleagues, and where appropriate, other stakeholders, is one key way to ensure the decisions taken are robust in terms of VFM delivery

The Board has a 'hungry' risk appetite for VFM – risk appetite 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.

A hungry risk appetite means that the Group is eager to be innovative and to choose options with potentially higher rewards despite greater inherent risk, although controls will seek to mitigate the risk.

### Objectives of the VFM strategy

Board reviewed progress with the VFM strategy during 2022/23 and agreed that the remaining period of the strategy should focus on four desired outcomes:

- **Delivering tangible cash benefits** – through service reviews and business transformation activity; significant projects such as the review of service charges to assess income improvements in a fair and transparent manner; implementation of procurement strategy savings
- **Optimising the impact of our social investment** – we continue to review our funding to social and community investment activities to ensure we balance what is most important to customers and the community, with what is affordable to the business. The views of customers and community partners are essential in calibrating these decisions
- **Invest to Save** – historic underinvestment in certain areas of the business means we need to increase our infrastructure investment, for example in new IT systems, to support delivery of future improvements and efficiencies, and meet customer and colleague expectations through this Plan period and beyond
- **Regulatory Compliance** – delivering our VfM strategy will ensure we comply with the RSH's Value for Money Standard and support achievement of the future VfM targets set for the RSH's value for money metrics

## 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 2022 document published by the Regulator. We have compared our results against the previous year's results for 33 organisations of a similar size (10,000 to 19,999).

We also compare to a peer group of RPs from the North West. There are 35 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 data used for each provider is taken from the RPs published statutory accounts.

For clarity, the peer benchmarking compares 2022/23 metrics for WCHG against previous year metrics for peers

| **Registered provider** | **Social Housing units owned in March 2022** |
|---|---|
| Bolton at Home | 18,812 |
| First Choice Homes | 11,361 |
| ForHousing | 17,755 |
| Great Places | 20,909 |
| Livv Housing | 12,986 |
| Magenta Living | 12,705 |
| One Manchester | 11,941 |
| One Vision | 12,915 |
| Regenda | 12,201 |
| Rochdale Boroughwide Housing | 12,521 |
| *WCHG at 31st March 2023* | *13,627* |

| | | Actual | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Section** | **Indicator** | **2019/20** | **2020/21** | **2021/22** | **2022/23** | **Target 2022/23** | **NW Peer Group 21/22 (median- m, the rest averages)** | **Median National Peer Group 2021/22 ^** | **2023/24** | **2024/25** | **2025/26** | **2026/27** |
| **Business Health** | Operating margin (overall) | 7.00% | 9.80% | 19.32% | 15.20% | 17.40% | 17.46% (m) | 19.80% | 16.00% | 19.10% | 20.00% | 20.30% |
| | Operating margin (social housing lettings) | 6.40% | 10.30% | 20.66% | 14.50% | 16.80% | 20.05% (m) | 21.80% | 15.00% | 18.60% | 20.00% | 20.60% |
| | EBITDA-MRI % | 158.9% | 203.8% | 261.3% | 108.6% | 209.1% | 128.6% | 138.0% | 190.5% | 185.8% | 175.7% | 159.1% |
| **Development-capacity and supply** | New supply delivered (social housing) % | 0.30% | 0.90% | 0.34% | 0.27% | 0.20% | 0.95% | 1.40% | 0.9% | 1.00% | 1.30% | 1.40% |
| | New supply delivered (non-social housing) % | 0.10% | 0.10% | 0.12% | 0.07% | 0.10% | 0.09% | 0.00% | 0.10% | 0.00% | 0.20% | 0.30% |
| | Gearing % | 29.00% | 23.50% | 20.72% | 20.88% | 26.80% | 38.48% | 48.20% | 25.90% | 28.60% | 33.10% | 35.10% |
| **Outcomes delivered** | Reinvestment % | 3.30% | 6.00% | 5.47% | 7.50% | 11.20% | 9.04% | 7.60% | 13.50% | 15.70% | 16.50% | 17.40% |
| **Effective asset management** | Return on capital employed | 2.40% | 2.70% | 4.53% | 3.90% | 4.10% | 3.61% | 3.40% | 4.10% | 4.20% | 3.70% | 4.00% |
| **Operating efficiencies** | Headline social housing cost per unit | £3,850 | £3,720 | £3,658 | £4,579 | £4,133 | £3,971 (m) | £3,890 | £4,616 | £4,702 | £4,379 | £4,321 |
| | Management | £1,029 | £927 | £1,174 | £1,311 | £1,345 | | | £1,503 | | | |
| | Service | £408 | £376 | £345 | £437 | £373 | | | £432 | | | |
| | Maintenance | £718 | £668 | £742 | £826 | £778 | | | £758 | | | |
| | Major repairs | £1,562 | £1,648 | £1,323 | £1,906 | £1,537 | | | £1,819 | | | |
| | Other social housing | £133 | £101 | £74 | £99 | £100 | | | £104 | | | |

^ Taken from the Value for Money Metrics and Reporting 2022 document published by the Regulator of Social Housing

~ Taken from analysis of the RPs statutory accounts

**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 | 2022/23 | Target 2022/23 | NW peer Group Median 2021/22 | NW peer group target for 2022/23 | National Peer Group Median 2021/22 |
|---|---|---|---|---|---|---|---|---|
| **Operating margin (overall)** | 7.0% | 9.80% | 19.32% | 15.20% | 17.40% | 17.46% | 19.56% | 21.80% |
| **Operating margin (social housing lettings)** | 6.4% | 10.30% | 20.66% | 14.50% | 16.80% | 20.05% | 23.00% | 19.80% |

**Performance against target for overall margin**

This year the Group did not meet the overall and social housing operating margin targets. This is because of rising costs the whole sector has experienced and the Board decision to meet additional customer demand for repairs, rather than seek to ration budgets.

The surplus against budget, when adjusted for right to buy sales, is £1.4m lower than target/budget. The main reasons for this are as follows:

1. £0.9m increase in service costs. £0.2m is due to an increase in utilities costs primarily gas. There is an overspend of £0.1m on lifts maintenance. There is £0.1m of additional compliance testing, mainly HVAC and fire safety. We have chosen to meet the requirements for fire safety immediately and make further checks where necessary to keep our customers safe. Finally, there have been a number of significant one-offs costs and a general overspend across all areas due to high levels of inflation.
2. £0.6m increase in routine repairs. Routine repairs have increased because of an overall increase of £0.2m on voids costs, in part driven by rising material costs. Secondly, there has been an additional £0.4m on day to day repairs driven by additional demand
3. £1.6m increase in planned repairs due to £0.8m on fencing and boundaries, £0.2m on external painting due to customer demand. £0.2m on electrical works as a result of electrical condition surveys and increasing statutory requirements.
4. £0.5m increase in revenue major repairs due to ventilation fan installations and additional stock condition survey which were to accelerate the programme.
5. £0.6m underspend on management costs mainly due to the £0.7m pension adjustment, more noted in cost per unit.

**Against prior year**

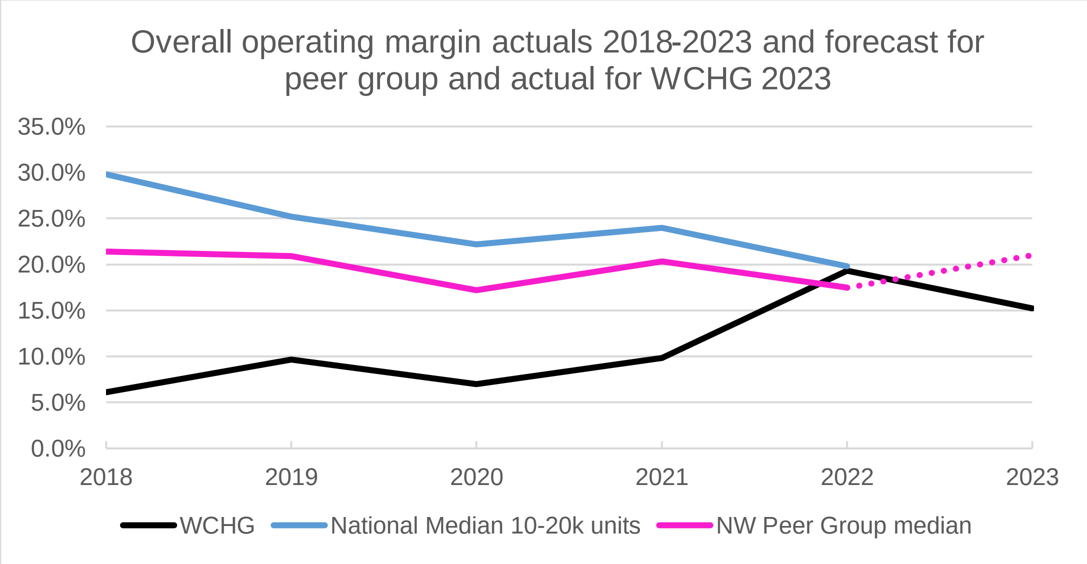
The overall margin has reduced from 19.32% to 15.20% and there has been a similar, albeit greater fall in social housing margin from 20.66% to 14.5%

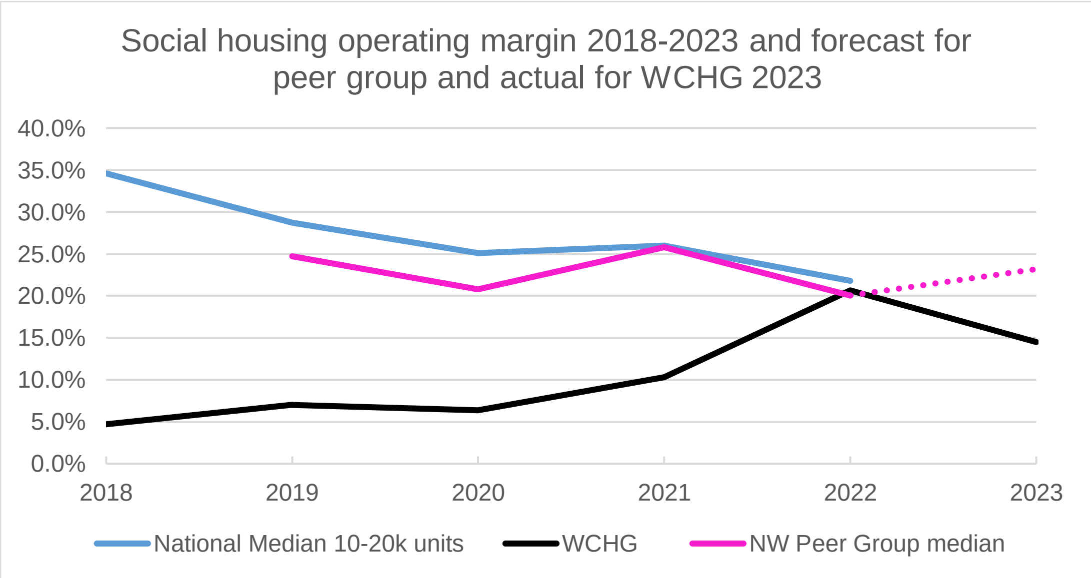
The overall surplus, excluding right to buys, has decreased from £13.9m to £10.6m (social housing surplus from £13.1m to £9.7m).

Our turnover has decreased by £1.8m because there has been only one development sale for £0.3m compared to £6.3m in the previous year. The rent increase of £3.6m has compensated somewhat. Overall the surplus has decreased by £750k. The main reason for a falling surplus against the prior year is rising costs, beyond the rent increase. The surplus is lower than 2021/22 because of:

1. £1.2m more service costs, a third was budgeted, the rest was demand
2. £1.1m more routine maintenance, half was budgeted and half was a rise in demand
3. £1.5m more planned maintenance costs Planned maintenance was all about demand and meeting compliance requirements.
4. £0.5m more major repair costs connected to the additional works noted above
5. £1.8m more management costs the majority of this was a planned increase.

**Benchmarking:**




WCHG has planned to increase its operating margin to a level more akin to its NW Peer Group. Last year WCHG margins were above the peer group median and very close to the national median for our size. The Board had set a target of 20% by 2025/26 which was achieved last year but with inflation was difficult to maintain. This year the whole sector has been challenged by economic pressures whilst the forecast median for 2023 (dotted pink line) for the peer group is higher than WCHG actual result. However, it is likely that forecast will not be met by our peers, just as WCHG has not met its target.

Board has signed a Business Plan that now reaches 20% operating margin in 2025/26 however, this target will be kept under review.

**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.

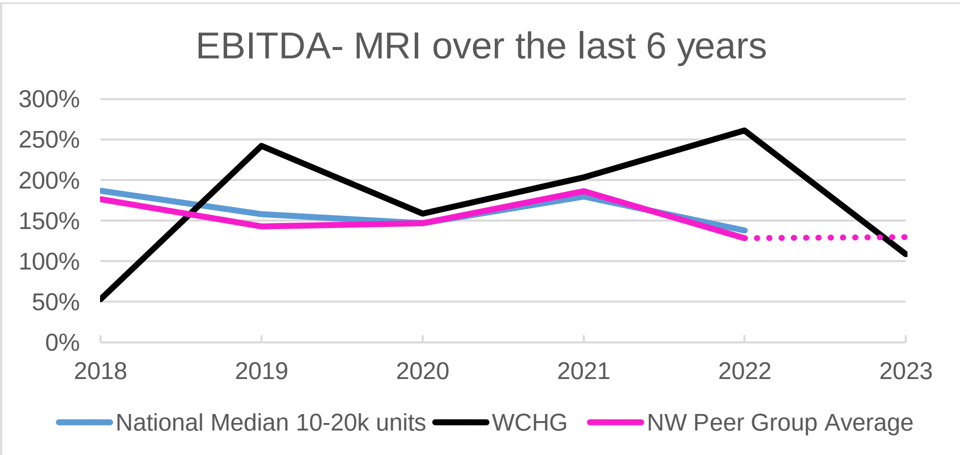
| | 2019/20 | 2020/21 | 2021/22 | 2022/23 | Target 2022/23 | Specific NW peer Group 2021/22 | NW peer group target for 2022/23 | Median National Peer Group 2021/22 |
|---|---|---|---|---|---|---|---|---|
| **EBITDA-MRI %** | 158.9% | 203.80% | 261.34% | 108.62% | 209.10% | 128.56% | 129.84% | 138% |

EBITDA-MRI reflects the reduction in earnings against target. This is because our earnings (surplus adjusted for right to buys and non-cash items such as depreciation and amortisation and capitalisation) are £4.1m against a target of £8.8m. This is because of the increasing costs for repairs and other issues as noted in the operating margin section above.

Against the prior year, the earnings have fallen from £13.8m to £4.1m. Whilst rental income has increased in 2022/23 against the prior year, the costs have far outweighed these increases. Capitalised repairs has increased £6m compared to the prior year; a £5.6m increase was expected in the target. This is due to the stock condition profiled work and additional capital fire safety work.

Interest payable has been reasonably consistent against both the target and the prior year.

**Benchmarking:**




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

In the past WCHG EBITDA-MRI has been consistently higher than the national and peer group measures. This year the decision to spend more on repairs has pushed earnings down against a fairly consistent level of interest payable. WCHG's Board has had the flexibility to use the headroom in this way.

The Regulator EBITDA-MRI is a far lower result than the similar interest cover covenant from our funders (293%), primarily because the funders' calculation excludes the accounting adjustment of the pension service costs and pension interest costs.

**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 | 2022/23 | Target 2022/23 | Specific NW peer Group 2021/22 | Median National Peer Group 2021/22 |
|---|---|---|---|---|---|---|---|
| **New supply delivered (social housing) %** | 0.30% | 0.90% | 0.34% | 0.27% | 0.20% | 0.95% | 1.40% |
| **New supply delivered (non-social housing) %** | 0.10% | 0.10% | 0.12% | 0.07% | 0.10% | 0.09% | 0.00% |

During the year, the Group completed 39 social housing units against a target of 22. The 39 social housing units were from a number of small sites: Alf Morris (23), Parkgate (8) and buybacks (8). The target was 15 buybacks and 7 Parkgate. The Alf Morris units had been delayed from the prior year.

The non-social housing units were 10 units but the target was 12. The target was entirely Alexander Court however, 5 were purchased early in 21/22 leaving 7 for this year. A further 3 buybacks occurred.

Overall, the delivery of 49 units in 2022/23 is below our aspirations of 200 units a year, however, this year was a year of getting several new schemes on site and we anticipate far more units to be completed in 2023/24.

**Benchmarking:**

As raw numbers WCHG has delivered 39 social and 10 non social units. The average for the last 6 years has been 93 social and 17 non-social units. The total delivery in the peer group last year was 1578 and 77 non social, or 158 and 8 per RP. WCHG is below the average for the peer group for social housing. However the social housing total delivered is swayed by one RP delivering 557 units in one year.

Nevertheless, as the 4th largest RP with low gearing WCHG has the capacity to increase its output to 200 units and beyond. The new Corporate Plan for 2023-26 envisages this pipeline coming to fruition..

**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 gearing ratio is different to the 'financial indebtedness' ratio required by our funders, which is an alternative measure of gearing.

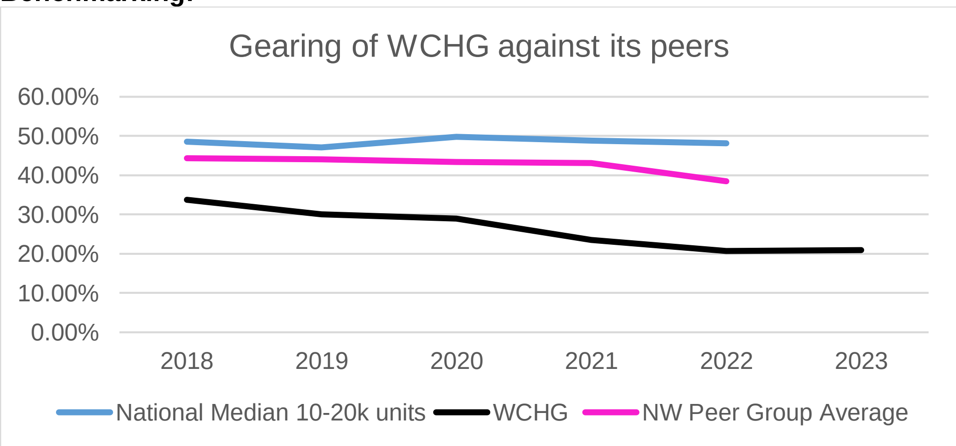
| | 2019/20 | 2020/21 | 2021/22 | 2022/23 | Target 2022/23 | Specific NW peer Group 2021/22 | Median National Peer Group 2021/22 |
|---|---|---|---|---|---|---|---|
| **Gearing** | 29.00% | 23.50% | 20.72% | 20.88% | 26.80% | 38.48% | 48.2% |

**Target**
The Group's gearing ratio is lower than target because cash balances are £10m higher than anticipated. This is because the development spend for the year was £18m underspent and right to buy sales income is £2m over budget.

**Prior year**
The gearing is slightly higher than the prior year because cash balances have fallen £3m but the year-end housing property cost have risen by £16m. Whilst we have not developed as much as expected, there has been an increased investment in property improvements.

There has been no change in our debt levels year to year and to target.

**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 so gearing is lowered by around 10% compared to others not adopting deemed cost.

Over time the gearing of WCHG will increase to 35.1% in 2026/27 as the development programme grows. With the adjustment for deemed cost this would bring WCHG more into line with its NW peers. Please note that our funders' gearing calculation excludes the deemed cost adjustment so our funders' gearing covenant is c.29% rather than 21.58% this financial year.

**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 | 2022/23 | Target 2022/23 | Specific NW peer Group 2021/22 | Median National Peer Group 2021/22 |
|---|---|---|---|---|---|---|---|
| **Reinvestment** | 3.30% | 6.00% | 5.47% | 7.50% | 11.20% | 10.74% | 7.60% |

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

**Target**
The target was to spend £30.5m on development and £15.8m on capital works to our existing stock. The actual spend was £11.8m and £15.5m respectively. Therefore, the main reason that the reinvestment below target was underspend on development. This year it has been difficult to start schemes because of difficulties finding sites, obtaining planning permission with local authorities and finally finding contractor to build sites for us.

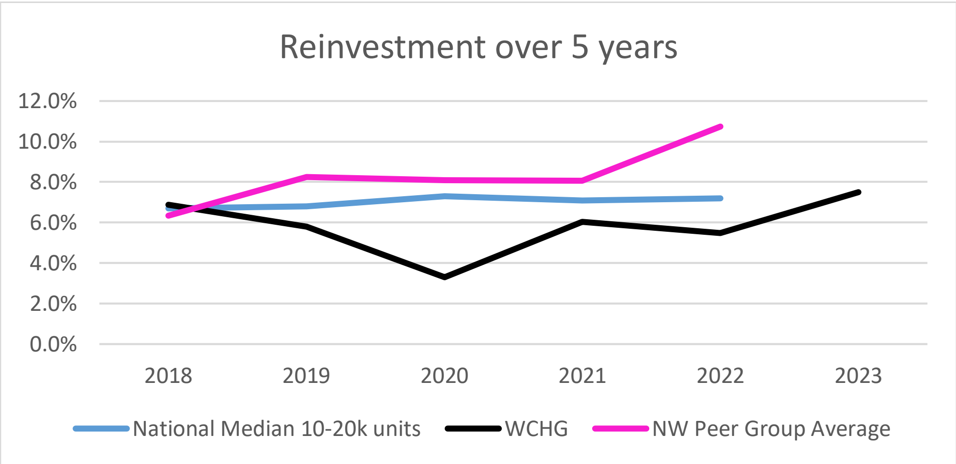
There has been a larger spend on development than £11.8m as the ratio excludes outright sales, first tranche of shared ownership properties and any spend on market rent properties. With these the expenditure would be a further £0.8m on shared ownership and £3m on market rent properties.

It should also be noted there has been more than £15.8m capital works spent on our properties as £4m has been charged through the remaining fire safety provision and was therefore accounted for in the 2020/21 accounts.

**Prior year**
Against the prior year, there has been a significant increase in expenditure to existing properties. This is because of the investment in some stock condition survey works such as roofing and secondly, investment in fire safety works outside of the provision such as lightning protection. This was a planned increase as the actual spend was close to the budget on major repairs.

The spend on development has increased from £9.5m in 2021/22 to £11.5m in 2022/23.

**Benchmarking**:




WCHG has continued to increase its reinvestment percentage closer to the NW peer group and also the median of the national peer group. At 7.5%, WCHG is just below the national median in 2021/22. If the WCHG reinvestment percentage was reworked with historic cost rather than deemed cost, our ratio would be at the level of our peers.

**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.

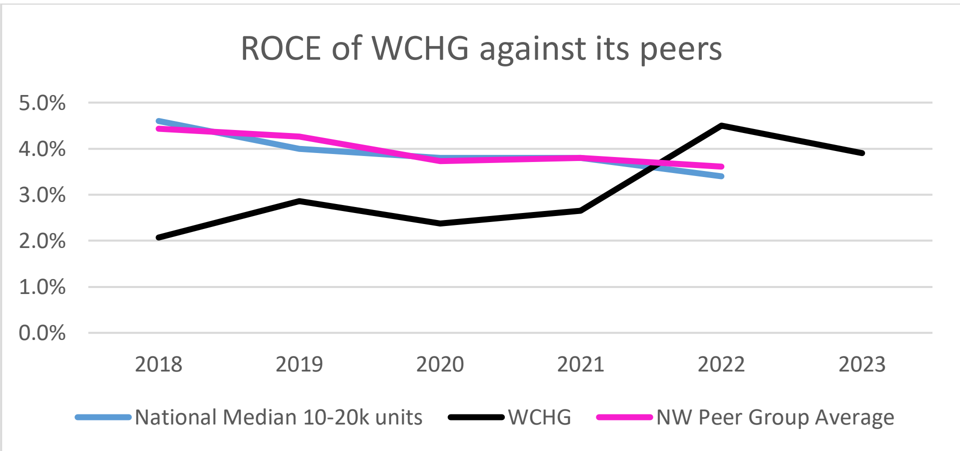
| | 2019/20 | 2020/21 | 2021/22 | 2022/23 | Target 2022/23 | Specific NW peer Group 2021/22 | Median National Peer Group 2021/22 |
|---|---|---|---|---|---|---|---|
| **Return on Capital Employed** | 2.86% | 2.70% | 4.53% | 4.10% | 4.00% | 4.05% | 3.4% |

**Target**
ROCE is calculated by dividing the operating surplus by the net assets. Operating surplus in ROCE is similar to budget at £16m against a target of £16.1m. This may have not been expected on first review of the accounts. However, the definition of operating surplus in ROCE also includes fair value and right to buy surpluses; this is not included in the operating margin definition. Both the right to buy surpluses and the fair value adjustment were above budget which as ensured that ROCE is still similar to target.

The reason ROCE has decreased therefore is the increase in total assets less liabilities against target.

**Prior year**
ROCE has fallen compared to the prior year because the surplus is £2.2m since last year. The assets have increased by £16m. The increase in asset value is to be expected with investment in homes and a £3m increase in investment properties. These outweigh the RTB disposals.

**Benchmarking:**




WCHG right to buy sales income has been instrumental in increasing the ROCE. This has consistently grown in size year on year as property prices have risen in Wythenshawe. Whilst this is true for this financial year this cannot be relied on in future as the number sold has actually fallen. Our ROCE targets going forward are around 4.0% because the forecast numbers of right to buy sales reduces in the plan over the next 5 years.

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%. Therefore, WCHG underlying ROCE is above many of our peers and the national median.

**Operating Efficiencies**

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

| | 2019/20 | 2020/21 | 2021/22 | 2022/23 | Target 2022/23 | Specific NW peer Group 2021/22 | NW peer group target for 2022/23 | Median National Peer Group 2021/22 |
|---|---|---|---|---|---|---|---|---|
| **Headline social housing cost per unit** | £3,850 | £3,720 | £3,658 | £4,579 | £4,133 | £3,971 | £4,405 | £3,890 |
| **Management** | £1,029 | £927 | £1,174 | £1,311 | £1,345 | | | |
| **Service** | £408 | £376 | £345 | £437 | £373 | | | |
| **Maintenance** | £718 | £668 | £742 | £826 | £778 | | | |
| **Major repairs** | £1,562 | £1,648 | £1,322 | £1,906 | £1,537 | | | |
| **Other social housing** | £133 | £101 | £74 | £99 | £100 | | | |

**Management costs**
**Against target**
Against the target our management costs are less than expected. This is due to a favourable pension costs adjustment of £0.7m and some underspends in IT budgets.
Without the pension adjustment, an accounting adjustment, the management costs would be £0.3m above budget or £25 over budget per property. This is because we have had:

- £100k additional insurance premium costs;
- £206k more in HR due mainly to additional recruitment costs in a very fast-moving labour market and 2.4 extra colleagues in the department to meet additional business need;
- £236k additional communications costs for the department as during the year it was agreed to better support the needs of the organisation and to hold events like "You Add Value" for all colleagues.;
- £100k of office utilities costs additional to budget;

**Prior year**
Compared to prior years there is an increase in management costs of £1.8m. This is because of increased costs in compliance teams, HR, communications and a team to support the growing Business Transformation programme. Without the pension adjustment the cost of management would have been similar to the prior year.

**Service costs**
**Target**
Service costs in 2022/23 were higher than budget because of additional expenditure. The largest variance is gas and electric utilities which increased the costs by £20 per property, then lift maintenance (£7 per property) and compliance costs (£6 per property). We have chosen to increase our fire safety compliance and HVAC spend. There are a number of smaller overspends on many budget lines due to inflation and one-off spend requirements.

**Prior year**
Service costs have increased against prior year - this was expected to an extent as all budgets were set higher. However, costs have increased materially on utilities and grounds maintenance since the prior year.

**Maintenance**
**Target**
Maintenance cost per property has increased substantially over the budget, it was £49 per property more. This is due to the demand from customers. During the year the Board supported the action to meet demand rather than have longer waiting times for repairs. There have been

increases in the number of jobs to complete and the costs to complete them have risen for materials and contracted labour.

**Prior year**
Demand has continued to increase for a further year since the pandemic. Day to day repairs have increased by £0.7m or £53 per property. There has been a £20 per property increase for void costs because of contractor cost increases and £21 per property increase for works on unadopted pathways. The only decrease since last year is the spend on wired smoke alarms as that has decreased from £1m to £0.8m as the programme completed, reducing costs by £23 per property.

**Major repairs**
**Target**
The major repairs VFM metric consists of the revenue and capitalised major repairs and the planned repairs. WCHG has spent £370 per property beyond the target as a conscious decision. The main over target spends are as follows:

1. £1.6m (£117 per property) more on cyclical works due to responding to customer demand on fencing and boundaries and secondly some additional electrical condition surveys.
2. £0.3m (£22 per property) - Additional spend on replacing fans due to proactive servicing and replacement of fans to alleviate any damp and mould concerns.
3. £0.25m (£18 per property) additional stock condition surveys to accelerate the process of having 100% surveys in five years
4. Additional spend on fire safety including £0.8m on lightning protection, £0.5m on roofing, catching up from last year, and £0.4m on capitalised electrical works as result of increased regulations, which we have chosen to meet as soon as possible to keep our customers safe. (£127 per property)
5. £0.4m (£29 per property) additional spend on electrical works because of new regulations.
6. £0.8m (£59 per property) over and above the fire safety provision which was spent on the tower blocks and capitalised.

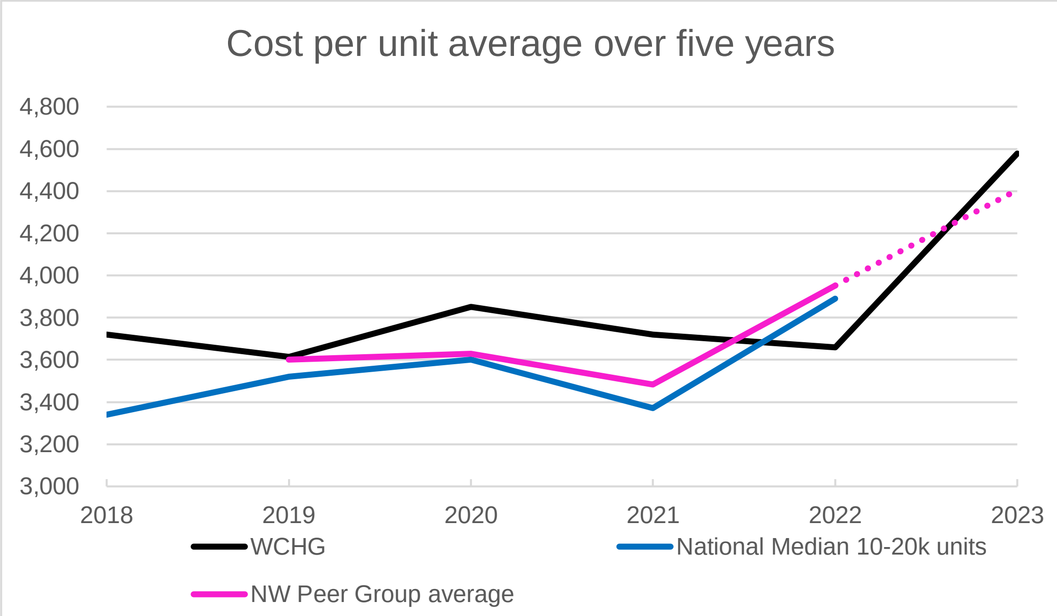
**Prior year**
WCHG has continued to respond to the changing compliance requirements, often ahead of the curve. There has been many planned increased in our expenditure and a couple of unexpected ones. Since last year the major movements are:

1. Our proactive ventilation work started in the prior year and we continued to increase our spend in a planned rise from £0.4m to £0.6m (£15 per property rise) in this year.
2. £0.5m (£37 per property) additional spend on surveys of properties; half was planned half was a decision to push forward the programme to improve knowledge of our properties.
3. £0.6m (£44 per property) extra major repair adaptations. It was £0.3m beyond the budget even though the budget increased £0.3m. Adaptations are refunded in costs from the local authority but the costs appear within major repairs.
4. £0.3m (£22 per property) increase in cyclical painting, this was planned.
5. £1m (£74 per property) more on fencing against the prior year mainly due to demand.

**Other social housing**
**Target**
Other social housing is as per budget. This area of the accounts delivers our community neighbourhood service and in particular, supports the Benchill Community Centre, our employment offer, the Get Online scheme and our community development fund and supporting activities

**Prior Year**
The other social housing cost has increased since last year. The main reason is that WCHG has decided to create a Living Well Fund for £0.25m to support customers during this cost of living crisis. £0.1m was allocated to community organisations which appears under other social housing

**Benchmarking:**




In year end 2021/22 WCHG was below the cost per unit for the NW peer group. With the adjustment for fire safety it was very close to the peer group. Whilst it is important to not be an outlier in the cost per unit, either too low or too high, there are circumstances that mean that WCHG could be different for a specific reason.

This year the overall cost per property has grown materially. This is because we have chosen to carry on with fire safety improvements, respond to new regulations immediately, continue to meet customer demand and not reduce other areas of spend such as Business Transformation.

Other RPs forecasted 2022/23 to be a year that would have increased costs per unit. WCHG's actual has demonstrated this, indeed the actual of £4,578 has surpassed the budget value of £4,133. This is higher than the peer group forecast. At this stage we cannot tell which other RPs have made similar choices as WCHG to meet demand and push ahead with property improvements. Like ourselves, peers would have set budgets well before the majority of inflationary impact and any rise in customer demand. Certainly, WCHG has taken advantage of its cash resources and capacity in its loan covenants to meet regulatory changes and customer demand immediately where others may not have had that option.

***Assets***

The new Asset Management strategy aligns with our corporate planning objectives and sets the framework to drive value for money from our stock. We aim for an optimal return on assets and have in place policies and standards that ensure assets are well maintained, comply with appropriate standards and are supported by management activities & interventions.

The Group utilises the Savills SHAPE asset performance model that enables NPV values to be routinely established, monitored and intelligently influence our annual plans and interventions.

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 a programme 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 75% of our homes with surveys less than 5 years old and will achieve over 95% by 2024, supplemented by a strengthened approach to annual health and safety checks conducted on 100% of our housing stock.

This approach has enabled WCHG to respond swiftly to emerging challenges around property condition and hazards such as damp and mould, alongside delivery of significant fire safety improvement programmes, whilst supporting longer term investment planning as we model and develop solutions to the zero-carbon challenge, balancing the competing demands for our future resources.

The Carbon Reduction Strategy set clear commitments for our organisation. During this financial year, we have worked with Board to embed decarbonisation as a cross-cutting corporate plan theme, ensuring we understand how all business activities, large and small, may impact on WCHG's carbon footprint. Our strategy supports Manchester City Council's commitment to be a carbon zero city by 2038 and respond to the requirements of current & future, national and international policy.

The Carbon Reduction Strategy highlights seven themes to support delivery of objectives across all areas of the business:

| 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 & existing assets theme, the Group achieved Social Housing Decarbonisation Funding, (SHDF) through a wave 1 grant submission, kickstarting our journey to net zero homes. Works under Wave 1 have now been substantially completed on site, and working with a consortium of Great Manchester Housing Providers, WCHG have now secured further funding under Wave 2, supporting our commitment to delivering SAP level C for all stock by 2028 (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.

We continue to refine our energy data through a programme of domestic energy surveys, refining our asset models to ensure the cost of net zero by 2050 are fully understood through stress testing on our business plan. Our net zero costs are now also informing 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, within a prudent framework of business planning.

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 focus on a range of measures including turnover, demand, letting times, void costs and compliance to drive performance, target efficiency gains and improve tenant satisfaction measures.

***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 2023, 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 2023 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). 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 | £118.4m | 177% (110%) |
| M&G/Aviva | £90m | £90m | N/A | £163.3m | 173% (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.£299m. 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 2023 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 6.17%.

The Group's effective interest rate for 2022/23 was 3.92% which is slightly higher than the sector's average effective interest rate of 3.80% for 2021/22 (Source: Regulator of Social Housing: 2022 Global Accounts of private registered providers).

***Post Balance Sheet Events***

There have been no events since 31 March 2023 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
- Programme and Project Risk Registers for the Transformation Programme

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, the provision of services to tenants and leaseholders and reputational damage. We have a higher level of risk appetite for development, technology, value for money, people & culture, and transformation. This will be balanced against ensuring an acceptable level of reward for the risk accepted and that the controls in place will manage these risks.

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 multivariate stress tests based on the simultaneous crystallisation of risks from the strategic risk register. Annually the Board reviews the 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:

| Risk | Impacts | Key Controls and Assurance |
|---|---|---|
| Data Accuracy and Cyber Risks | Loss of data, loss of systems accessibility, Poor service provision based on inaccurate data | • IT System controls<br>• External penetration testing<br>• ISO 27001 accreditation<br>• Mandatory annual GDPR/e-learning for all staff including focus on remote working risk<br>• Rollout of software to reduce data leakage risk<br>• Phishing simulation and e-learning system introduced<br>• Board approved Data Strategy |
| External Environment impacts on Business Plan assumptions and Financial Viability **- Budget pressures, inflation and cost increases, future funding requirements** | Breach of loan covenants Inability to deliver property investment or development programme Reduction is services | • Financial Reporting to Board<br>• Value for Money Strategy<br>• External review of Treasury Strategy<br>• Horizon scanning<br>• Stress testing and mitigation plans reviewed by Board |

| | | |
|---|---|---|
| **Failure to achieve value for money** | | |
| Reputational damage **Failures in service delivery that lead to media interest/reputational damage** | Resources used to manage/repair reputation<br>Loss of confidence of funders, partners, stakeholders, customers | • Performance Reporting to board<br>• Asset Investment programme & tenancy audits<br>• Communications & PR Team<br>• Board oversight and reporting to Board |
| Customer Safety **-**<br>**Building Safety**<br>**Asset Health & Safety Compliance**<br>**Safeguarding** | Serious injury/death<br>Loss of property stock | • Policy framework and management reporting framework<br>• Regular Board reporting and oversight<br>• Dedicated specialist personnel in these functions<br>• Updated Fire Risk Assessments and planned implementation of recommendations<br>• Third party compliance testing and checking<br>• Implemented people and process changes to ensure compliance with emerging Fire and Building Safety requirements |
| Quality of Homes **- Stock not meeting Decent Homes Standard**<br><br>**Meeting carbon net zero targets** | Poor living environment for customers, damp & mould, poor quality of estates<br>Reputational Damage | • Asset Management Strategy<br>• Stock condition survey of all stock every five years with investment works scheduled to ensure continued compliance with Decent Homes Standard<br>• Tenancy Audit Team<br>• Damp & Mould Policy and performance reporting to Board<br>• Carbon Reduction Strategy approved by Board |
| Service Delivery **- Services not meeting diverse needs of customers** | Failing levels of customer satisfaction<br>Breach of Consumer Standards | • Regular performance reporting to Customer Experience Committee and Board<br>• Customer First programme<br>• External review of compliance with Consumer Standards confirming compliance and identifying areas to improve.<br>• Transformation Programme delivering programme of service improvement and change projects<br>• Living Well fund providing additional financial support for tenants<br>• TSM Baseline survey undertaken |

Approved by

**Simon Morris**
**Executive Director of Finance**
**24 July 2023**

# 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 2022.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

Vicky Szulist

**Vicky Szulist**
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
The Lexicon
Mount Street
Manchester
M2 5NT
**28 July 2023**

## Consolidated Statement of Comprehensive Income- Group for the year ended 31 March 2023

| | Note | 2023 £000 | Restated 2022 £000 |
|---|---|---|---|
| Turnover | 3 | 70,012 | 71,830 |
| Cost of sales | 3 | (2,123) | (7,479) |
| Operating costs | 3 | (57,346) | (50,474) |
| Movement in fair value of investment properties | 3 | 102 | 606 |
| Surplus on sale of fixed assets – housing properties | 6 | 5,319 | 4,305 |
| **Operating surplus** | | **15,964** | **18,788** |
| Movement in fair value of financial instruments | 25 | 1,470 | 1,276 |
| Interest receivable and other income | 7 | 614 | 32 |
| Interest payable and similar charges | 8 | | |
| - Loan interest | | (4,160) | (4,143) |
| - Non utilisation fees | | (200) | (200) |
| Other finance charges | 31 | (436) | (729) |
| Change in accounting estimates | 40 | - | (708) |
| **Surplus on ordinary activities before taxation** | | **13,252** | **14,316** |
| Tax on surplus on ordinary activities | 11 | - | - |
| **Surplus for the financial year** | | **13,252** | **14,316** |
| **Actuarial gain/(loss) in respect of pension schemes** | 31 | 17,288 | 22,937 |
| **Total comprehensive income for the year** | | **30,540** | **37,253** |

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 24 July 2023 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 Comprehensive Income - Association
## for the year ended 31 March 2023

| | Note | 2023<br>£000 | Restated<br>2022<br>£000 |
|---|---|---|---|
| Turnover | 3 | 70,206 | 70,738 |
| Cost of sales | 3 | (2,296) | (6,400) |
| Operating costs | 3 | (57,346) | (50,413) |
| Movement in fair value of investment properties | 3 | 102 | 606 |
| Surplus on sale of fixed assets – housing properties | 6 | 5,319 | 4,305 |
| **Operating surplus** | | **15,985** | **18,836** |
| Movement in fair value of financial instruments | 25 | 1,470 | 1,276 |
| Interest receivable and other income | 7 | 638 | 92 |
| Interest payable and similar charges | 8 | | |
| - Loan interest | | (4,160) | (4,177) |
| - Non utilisation fees | | (200) | (200) |
| Other finance charges | 31 | (436) | (729) |
| Gift Aid | | - | - |
| Change in accounting estimate | 40 | - | (708) |
| **Surplus on ordinary activities before taxation** | | **13,297** | **14,390** |
| Tax on surplus on ordinary activities | 11 | - | - |
| **Surplus for the financial year** | | **13,297** | **14,390** |
| **Actuarial gain/(loss) in respect of pension schemes** | 31 | 17,288 | 22,937 |
| **Total comprehensive income for the year** | | **30,585** | **37,327** |

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 24 July 2023 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 - Group for the year ended 31 March 2023

| | Restated Income and expenditure reserve £000 | Restricted reserve £000 | Revaluation reserve £000 | Restated Total £000 |
|---|---|---|---|---|
| **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 | - | - | - | - |
| Restated: Change in accounting estimate | (708) | - | - | (708) |
| **Balance at 1 April 2022** | 168,843 | | 73,663 | 242,506 |
| Surplus for the year | 13,252 | - | - | 13,252 |
| Other comprehensive income for the year | 17,288 | - | - | 17,288 |
| Transfer from revaluation reserve to income and expenditure reserves | 3,914 | - | (3,914) | - |
| **Balances at 31 March 2023** | **203,297** | **-** | **69,749** | **273,046** |

The accompanying notes form part of these financial statements.

## Statement of Changes in Reserves - Association for the year ended 31 March 2023

| | Restated Income and expenditure reserve £000 | Restricted reserve £000 | Revaluation reserve £000 | Restated Total £000 |
|---|---|---|---|---|
| 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 | - | - | - | - |
| Restated: Change in accounting estimate | (708) | - | - | (708) |
| Balance at 1 April 2022 | 168,942 | - | 73,663 | 242,605 |
| Surplus for the year | 13,297 | - | - | 13,297 |
| Other comprehensive income for the year | 17,288 | - | - | 17,288 |
| Transfer from revaluation reserve to income and expenditure reserves | 3,914 | - | (3,914) | - |
| **Balances at 31 March 2023** | **203,441** | **-** | **69,749** | **273,190** |

The accompanying notes form part of these financial statements.

## Consolidated Statement of Financial Position - Group as at 31 March 2023

| | Note | 2023 £000 | 2023 £000 | 2022 £000 | 2022 £000 |
|---|---|---|---|---|---|
| **Intangible fixed assets** | 12 | 138 | | 229 | |
| **Tangible fixed assets** | | | | | |
| Housing properties | 13 | 363,127 | | 347,113 | |
| Other tangible fixed assets | 14 | 8,658 | | 8,658 | |
| Investment Properties | 15 | 14,476 | | 11,398 | |
| Investment in Joint Venture | 17 | 1,023 | | 767 | |
| Investment | 18 | 20 | | 8,020 | |
| **Total fixed assets** | | | **387,442** | | **376,185** |
| **Current assets** | | | | | |
| Properties for sale | 19 | 1,800 | | 1,238 | |
| Stock | 20 | 175 | | 191 | |
| Debtors | 21 | 4,712 | | 4,822 | |
| Cash and cash equivalents | | 35,077 | | 30,960 | |
| | | 41,764 | | 37,211 | |
| **Creditors:** Amounts falling due within one year | 23 | (12,697) | | (11,794) | |
| **Net current assets** | | | **29,068** | | **25,417** |
| **Total assets less current liabilities** | | | **416,510** | | **401,602** |
| **Creditors:** amounts falling due after more than one year | 24 | 139,519 | | 136,159 | |
| **Provisions for liabilities:** | | | | | |
| Defined benefit pension liability | 31 | - | | 15,059 | |
| Other provisions | 32 | 3,945 | | 7,878 | |
| | | | 143,464 | | 158,388 |
| **Total net assets** | | | **273,046** | | **242,506** |
| **Capital and reserves** | | | | | |
| Non-Equity share capital | 33 | | - | | - |
| Revenue reserve | 34 | | 203,297 | | 168,843 |
| Revaluation reserve | 35 | | 69,749 | | 73,663 |
| | | | **273,046** | | **242,506** |

The accompanying notes form part of these financial statements.

The financial statements were authorised and approved by the Board on 24 July 2023 and are signed on its behalf by:

Nick Crofts

**Nick Crofts**
**Chair of the Board**

**Anthony Bell**
**Chair of Audit & Risk**

**Simon Morris**
**Secretary**

## WYTHENSHAWE COMMUNITY HOUSING GROUP LIMITED

### Statement of Financial Position – Association
### as at 31 March 2023

| | Note | 2023 £000 | 2023 £000 | 2022 £000 | 2022 £000 |
|---|---|---|---|---|---|
| **Intangible fixed assets** | 12 | 138 | | 229 | |
| **Tangible fixed assets** | | | | | |
| Housing properties | 13 | 363,276 | | 347,192 | |
| Other tangible fixed assets | 14 | 8,658 | | 8,658 | |
| Investment Properties | 15 | 14,476 | | 11,398 | |
| Investment | 18 | 20 | | 8,020 | |
| **Total fixed assets** | | | **386,568** | | **375,497** |
| **Current assets** | | | | | |
| Properties for sale | 19 | 1,809 | | 980 | |
| Stock | 20 | 175 | | 191 | |
| Debtors | 21 | 4,712 | | 5,039 | |
| Cash and cash equivalents | | 34,924 | | 30,921 | |
| | | 41,620 | | 37,131 | |
| **Debtors:** Amounts falling due after more than one year | 22 | 1,112 | | 782 | |
| **Creditors:** Amounts falling due within one year | 23 | (12,646) | | (11,709) | |
| **Net current assets** | | | **30,086** | | **26,204** |
| **Total assets less current liabilities** | | | **416,654** | | **401,701** |
| **Creditors:** amounts falling due after more than one year | 24 | 139,519 | | 136,159 | |
| **Provisions for liabilities:** | | | | | |
| Defined benefit pension liability | 31 | - | | 15,059 | |
| Other provisions | 32 | 3,945 | | 7,878 | |
| | | | 143,464 | | 159,096 |
| **Total net assets** | | | **273,190** | | **242,605** |
| **Capital and reserves** | | | | | |
| Non-Equity share capital | 33 | | - | | - |
| Revenue reserve | 34 | | 203,441 | | 168,942 |
| Revaluation reserve | 35 | | 69,749 | | 73,663 |
| | | | **273,190** | | **242,605** |

The accompanying notes form part of these financial statements.

The financial statements were authorised and approved by the Board on 24 July 2023 and are signed on its behalf by:

**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 2023

| | Note | 2023 £000 | 2022 £000 |
|---|---|---|---|
| **Net cash inflow from operating activities** | 36 | **23,622** | **29,540** |
| **Cash flow from investing activities** | | | |
| Purchase and construction of housing properties | 13 | (27,283) | (18,981) |
| Purchase of tangible fixed assets | 14 | (483) | (233) |
| Purchase of intangible fixed assets | 12 | - | - |
| Purchase of investment properties | 15 | (2,976) | (3,571) |
| Proceeds from sale of housing properties | 6 | 7,252 | 5,948 |
| Interest received | | 532 | 32 |
| | | **(22,958)** | **(16,805)** |
| **Cash flow from financing activities** | | | |
| Interest paid | | (4,292) | (4,380) |
| Investment in Joint Venture | | (256) | (461) |
| Investment in Money Market | | 8,000 | (8,000) |
| | | **3,452** | **(12,841)** |
| **Net change in cash** | | **4,116** | **(105)** |
| **Cash at beginning of the year** | | 30,961 | 31,066 |
| **Cash at the end of the year** | | **35,077** | **30,961** |

The accompanying notes form part of these financial statements.

## Notes to the Financial Statements for the year ended 31 March 2023

### 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;

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 is considered in various sections of this annual report. The results of this analysis, combined with satisfactory 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 was 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 2022/23 £3.933m 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 31. The liability as at 31 March 2023 was £nil.

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 £7.650m at 31 March 2023 (2022: £9,120k). The movement in the fair value of financial instruments recognised in the Statement of Comprehensive Income for the year is £1,470k (2022: £1,276k)

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, £3.933m was released from the provision during the year relating to spend on 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 2023.

**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 output VAT where chargeable) 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 in the SOCI, 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 Fundco LLP 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.

**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 |
| Walkways | 40 years |
| Balconies | 40 years |
| Fire Detectors | 40 years |
| Sprinklers | 40 years |
| Canopies | 35 years |
| Doors | 35 years |
| Windows | 30 years |
| Consumer Units (Electrical CU) | 30 years |
| Central Heating | 30 years |
| Bathrooms | 30 years |
| Structural Additions | 30 years |

| | |
|---|---|
| Surge Protection | 30 years |
| DSWC Additional Toilet | 30 years |
| PV Panels | 20 years |
| Kitchens | 20 years |
| Flat Roofs Multi’s | 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 in 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 32 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 2022/23 £3.9m 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

| | 2023 | | | | | |
|---|---|---|---|---|---|---|
| | 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 | 66,974 | - | - | - | (57,233) | 9,741 |
| **Other social housing activities** | | | | | | |
| First Tranche shared ownership sales | - | - | - | (113) | - | (113) |
| Other | 112 | - | - | - | (112) | 0 |
| **Non-social housing activities** | | | | | | |
| Other | 2,926 | - | - | (2,010) | - | 916 |
| **Movement in fair value of investment properties (note 15** | - | - | 102 | - | - | 102 |
| **Surplus on sales of fixed assets - housing properties (note 6)** | - | 5,319 | - | - | - | 5,319 |
| **Total** | **70,012** | **5,319** | **102** | **(2,123)** | **(57,345)** | **15,965** |

| | 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** |

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

| | 2023 | | | | | |
|---|---|---|---|---|---|---|
| | 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 | 66,974 | - | - | - | (57,234) | 9,740 |
| **Other social housing activities** | | | | | | |
| First Tranche shared ownership sales | - | - | - | (113) | - | (113) |
| Other | 112 | - | - | - | (112) | - |
| **Non-social housing activities** | | | | | | |
| Other | 2,641 | - | - | (1,739) | - | 902 |
| Development Services | 420 | - | - | (400) | - | 20 |
| Corporate Services | 59 | - | - | (44) | - | 15 |
| **Movement in fair value of investment properties (note 15** | - | - | 102 | - | - | 102 |
| **Surplus on sales of fixed assets - housing properties (note 6)** | - | 5,319 | - | - | - | 5,319 |
| **Total** | **70,206** | **5,319** | **102** | **(2,296)** | **(57,346)** | **15,985** |

| | 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) | 0 |
| **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** |

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

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | 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 | 62,210 | 1,037 | 63,247 | 59,694 | 1,037 | 60,731 |
| Service charges receivable | 757 | 267 | 1,024 | 589 | 267 | 856 |
| **Net rental income** | **62,967** | **1,304** | **64,271** | **60,283** | **1,304** | **61,587** |
| VAT shelter income | 307 | - | 307 | 30 | - | 30 |
| Amortised government grants | 229 | - | 229 | 404 | - | 404 |
| Government grants | - | - | - | 27 | - | 27 |
| Other revenue grants | 2,059 | 16 | 2,075 | 1,209 | 42 | 1,251 |
| Other income | 75 | 16 | 91 | 69 | 17 | 86 |
| **Turnover from social housing lettings** | **65,637** | **1,336** | **66,974** | **62,022** | **1,363** | **63,385** |
| **Expenditure on social housing lettings** | | | | | | |
| Management | (17,618) | (241) | (17,858) | (15,804) | (222) | (16,026) |
| Services | (5,188) | (763) | (5,951) | (4,067) | (647) | (4,714) |
| Routine maintenance | (11,103) | (152) | (11,254) | (9,996) | (140) | (10,136) |
| Planned maintenance | (4,103) | (56) | (4,159) | (2,658) | (36) | (2,694) |
| Major repairs expenditure | (6,427) | (88) | (6,515) | (5,965) | (83) | (6,048) |
| Other social housing expenditure | (1,220) | (17) | (1,237) | (820) | (12) | (832) |
| Bad Debts | (202) | (3) | (205) | (98) | (1) | (99) |
| Depreciation and amortisation charges | (9,209) | (126) | (9,335) | (8,978) | (126) | (9,104) |
| Accelerated depreciation on disposal of components | (719) | - | (719) | (637) | - | (637) |
| **Operating costs on social housing lettings** | **(55,789)** | **(1,446)** | **(57,233)** | **(49,023)** | **(1,267)** | **(50,290)** |
| **Operating surplus on social housing lettings** | **9,848** | **(110)** | **9,741** | **12,999** | **96** | **13,095** |
| Void losses | (502) | (23) | (525) | (482) | (23) | (505) |

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

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | **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 | 62,144 | 1,104 | 63,248 | 59,694 | 1,037 | 60,731 |
| Service charges receivable | 664 | 360 | 1,024 | 589 | 267 | 856 |
| **Net rental income** | **62,808** | **1,464** | **64,272** | **60,283** | **1,304** | **61,587** |
| VAT shelter income | 307 | - | 307 | 30 | - | 30 |
| Amortised government grants | 229 | - | 229 | 404 | - | 404 |
| Government grants | - | - | - | 27 | - | 27 |
| Other revenue grants | 2,059 | 16 | 2,075 | 1,209 | 42 | 1,251 |
| Other income | 75 | 16 | 91 | 69 | 17 | 86 |
| **Turnover from social housing lettings** | **65,478** | **1,496** | **66,974** | **62,022** | **1,363** | **63,385** |
| **Expenditure on social housing lettings** | | | | | | |
| Management | (17,587) | (241) | (17,828) | (15,738) | (221) | (15,959) |
| Services | (5,187) | (763) | (5,950) | (4,066) | (648) | (4,714) |
| Routine maintenance | (11,102) | (152) | (11,254) | (9,996) | (140) | (10,136) |
| Planned maintenance | (4,103) | (56) | (4,159) | (2,658) | (37) | (2,695) |
| Major repairs expenditure | (6,460) | (88) | (6,548) | (5,969) | (84) | (6,053) |
| Other social housing expenditure | (1,220) | (17) | (1,237) | (820) | (12) | (832) |
| Bad Debts | (201) | (3) | (204) | (98) | (1) | (99) |
| Depreciation and amortisation charges | (9,209) | (126) | (9,335) | (8,978) | (126) | (9,104) |
| Accelerated depreciation on disposal of components | (719) | - | (719) | (637) | - | (637) |
| **Operating costs on social housing lettings** | **(55,788)** | **(1,446)** | **(57,234)** | **(48,960)** | **(1,269)** | **(50,229)** |
| **Operating surplus on social housing lettings** | **9,690** | **50** | **9,740** | **13,062** | **94** | **13,156** |
| Void losses | (478) | (47) | (525) | (482) | (23) | (505) |

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

| | Group | | Association | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | £000 | £000 | £000 | £000 |
| Proceeds from sale of non-social housing units | 285 | 1,867 | - | 577 |
| Enterprise Centre | 120 | 151 | 120 | 151 |
| Active Lifestyle Centre | 658 | 307 | 658 | 307 |
| Motiv8 | 292 | 275 | 292 | 275 |
| Youth Projects | 241 | 275 | 241 | 275 |
| Women of Wythenshawe | 57 | - | 57 | - |
| Village 135 - Bistro | 50 | 28 | 50 | 28 |
| CCTV | (10) | 38 | (10) | 38 |
| Market rent | 654 | 381 | 654 | 381 |
| Garage rent | 115 | 100 | 114 | 100 |
| Ground rent | 5 | 5 | 5 | 5 |
| Telecoms masts | 105 | 111 | 105 | 111 |
| Solar panels | 54 | 0 | 54 | - |
| Rechargeable repairs | 32 | 59 | 32 | 59 |
| Other income | 268 | 239 | 268 | 239 |
| Development Services | - | - | 420 | 146 |
| Corporate Services | - | - | 59 | 52 |
| | **2,926** | **3,836** | **3,119** | **2,744** |

### 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:

| | 2023 | 2022 |
|---|---|---|
| | Units | Units |
| General needs housing – social rent | 12,389 | 12,413 |
| - affordable rent | 751 | 748 |
| Supported housing - social rent | 85 | 81 |
| Supported housing - affordable rent | 100 | 104 |
| Rent To Buy | 38 | 38 |
| Market rent | 62 | 54 |
| Market rent - Step Down | 5 | 5 |
| Shared ownership | 264 | 270 |
| Completed properties for outright sales | - | 1 |
| **Total units owned and managed** | **13,694** | **13,714** |
| Developed in the period | 38 | 49 |
| Acquired in the period | 6 | 5 |
| Converted from storage | - | 1 |
| Demolished in the period | - | - |
| Disposed in the period | - | - |
| Tenure transfer | - | - |
| Right to Buys in the period | (32) | (32) |
| Right to Acquires in the period | (20) | (18) |
| Full staircasing | (11) | (8) |
| Outright Sales sold | (1) | (7) |
| **Movement in period** | **(20)** | **(10)** |
| **Accommodation in development at the period end** | **367** | **141** |

### 5. Operating surplus

This is arrived at after charging:

| | Group | | Association | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | £000 | £000 | £000 | £000 |
| Depreciation of housing properties | 8,763 | 8,445 | 8,763 | 8,445 |
| Accelerated depreciation on disposal of components | 719 | 637 | 719 | 637 |
| Depreciation of tangible fixed assets - other | 485 | 423 | 485 | 423 |
| Amortisation of intangible fixed assets | 91 | 205 | 91 | 205 |
| Amortisation of finance charges | 28 | 28 | 28 | 28 |
| Impairment costs | - | - | - | - |
| Operating lease rentals | | | | |
| - land and buildings | - | 36 | - | 36 |
| - vehicles | 435 | 449 | 435 | 449 |
| - office equipment | 20 | 23 | 20 | 23 |
| 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 | 12 | - | - |
| - Other services – tax compliance | 7 | 7 | 4 | 4 |
| - tax advisory | 10 | 10 | 10 | 10 |

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

| | 2023 | 2022 |
|---|---|---|
| | £000 | £000 |
| Proceeds from disposals of housing properties | 7,368 | 6,042 |
| Carrying value of fixed assets | (1,933) | (1,643) |
| Other costs of sales | (116) | (94) |
| **Surplus on sale of fixed assets** | **5,319** | **4,305** |

### 7. Interest receivable and other income

| | Group | | Association | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | £000 | £000 | £000 | £000 |
| Interest receivable and similar income | 614 | 32 | 638 | 92 |
| | **614** | **32** | **638** | **92** |

### 8. Interest payable and similar charges

| | Group | | Association | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **£000** | **£000** | **£000** | **£000** |
| Loan interest | 4,353 | 4,335 | 4,353 | 4,335 |
| Capitalised interest | (193) | (192) | (193) | (158) |
| Non-utilisation fees | 200 | 200 | 200 | 200 |
| | **4,360** | **4,343** | **4,360** | **4,377** |

The non-utilisation fee has remained the same year on year because we have not drawn down on our £40m RCF loan.

### 9. Employees – Group & Association

The average number of persons employed during the period was:

| | **2023 Average Number** | **2022 Average Number** |
|---|---|---|
| Administration | 103 | 88 |
| Asset Management & Development | 201 | 211 |
| Customers & Communities | 172 | 173 |
| Board & Committee | 10 | 10 |
| | **486** | **482** |

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

| | **2023 Average FTEs** | **2022 Average FTEs** |
|---|---|---|
| Administration | 99 | 84 |
| Asset Management & Development | 199 | 218 |
| Customers & Communities | 148 | 148 |
| Board & Committee | 10 | - |
| | **456** | **450** |

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

Staff costs for the above persons:

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Administration | 5,914 | 4,822 |
| Asset Management & Development | 8,561 | 8,332 |
| Customers & Communities | 5,698 | 5,277 |
| Board & Committee | 94 | 79 |
| | **20,267** | **18,510** |

Employee costs:

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Wages and salaries | 16,207 | 14,670 |
| Social security costs | 1,641 | 1,402 |
| Other pension costs | 2,419 | 2,438 |
| | **20,267** | **18,510** |

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 31.

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 2023 the contributions paid by the Group into the scheme were £480,802 (2022: £310,258).

During the year there was £11k paid in terms of redundancy in 2023 in relation to the Motiv8 team (£237k in 2022 relating to the Customer and Communities restructure).

**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:

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Basic salary | 758 | 687 |
| Benefits in kind | 60 | 60 |
| Employers NI contributions | 111 | 94 |
| Pension contributions | 101 | 89 |
| | **1,030** | **930** |

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Emoluments of the highest paid Director, excluding pension costs | 170 | 155 |
| Pension costs of highest paid Director | 12 | 11 |
| Benefits in kind of highest paid Director | 10 | 10 |

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

| | 2023<br>Number | 2022<br>Number |
|---|---|---|
| £60,000 to £70,000 | 8 | 7 |
| £70,000 to £80,000 | 4 | 8 |
| £80,000 to £90,000 | 5 | 3 |
| £90,000 to £100,000 | 4 | 3 |
| £100,000 to £110,000 | 2 | 1 |
| £110,000 to £120,000 | - | 1 |
| £120,000 to £130,000 | - | 2 |
| £130,000 to £140,000 | - | 1 |
| £140,000 to £150,000 | 3 | - |
| £150,000 to £160,000 | 2 | - |
| £160,000 to £170,000 | - | 1 |
| £170,000 to £180,000 | - | - |
| £180,000 to £190,000 | - | - |
| £190,000 and over | 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 £95k (2022: £78k).

Expenses paid during the year to members of the Board amounted to £0.8k (2022: £0.2k).

**11. Taxation on deficit from ordinary activities**

| | Group | | Association | |
|---|---|---|---|---|
| | 2023<br>£000 | 2022<br>£000 | 2023<br>£000 | 2022<br>£000 |
| **Current taxation reconciliation** | | | | |
| Surplus on ordinary activities before taxation | 13,252 | 15,024 | 13,297 | 15,098 |
| Theoretical tax at UK corporation tax rate 19% (2022: 19%) | 2,518 | 2,854 | 2,526 | 2,869 |
| Effects of: | | | | |
| - income not subject to corporation tax | (2,534) | (2,897) | (2,546) | (2,890) |
| - remeasurement of deferred tax for changes in tax | (5) | (30) | (6) | (22) |
| - deferred tax not recognised | 21 | 73 | 26 | 43 |
| **Current taxation charge** | - | - | - | - |

**12. Intangible fixed assets**
**Group and Association**

| | Telecom Licenses £000 | Software Licences £000 | Total £000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 April 2022 | 249 | 630 | 879 |
| Additions | - | - | - |
| At 31 March 2023 | 249 | 630 | 879 |
| **Amortisation** | | | |
| At 1 April 2022 | 249 | 401 | 650 |
| Charge for year | - | 91 | 91 |
| At 31 March 2023 | 249 | 492 | 741 |
| **Net book value** | | | |
| At 31 March 2023 | - | 138 | 138 |
| At 31 March 2022 | - | 229 | 229 |

**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 2022 | 405,791 | 6,911 | 18,036 | 1,087 | 2,335 | 434,160 |
| Additions | - | 7,939 | - | 1,970 | - | 9,909 |
| Properties acquired | 264 | 1,656 | - | - | - | 1,920 |
| Works to existing properties | 15,281 | 71 | 102 | - | - | 15,454 |
| Schemes completed | 4,135 | (4,135) | 863 | (863) | - | - |
| Transfers | - | - | - | - | - | - |
| Disposals | (1,497) | (34) | (617) | - | - | (2,148) |
| Disposals of components | (2,406) | - | - | - | - | (2,406) |
| At 31 March 2023 | 421,568 | 12,408 | 18,384 | 2,194 | 2,335 | 456,889 |
| **Depreciation** | | | | | | |
| At 1 April 2022 | 84,698 | - | 1,179 | - | 1,170 | 87,047 |
| Charge for year | 8,338 | - | 308 | - | 117 | 8,763 |
| Transfers | 0 | - | 0 | - | - | - |
| Released on disposal | (310) | - | (51) | - | - | (361) |
| Disposal of components | (1,687) | - | 0 | - | - | (1,687) |
| At 31 March 2023 | 91,039 | - | 1,436 | - | 1,287 | 93,762 |
| Net book value | | | | | | |
| At 31 March 2023 | 330,529 | 12,408 | 16,948 | 2,194 | 1,048 | 363,127 |
| At 31 March 2022 | 321,093 | 6,911 | 16,857 | 1,087 | 1,165 | 347,113 |

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

Expenditure on works to existing properties:

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Improvement works capitalised | 15,454 | 9,462 |
| Amounts charges to income and expenditure account | 6,516 | 6,053 |
| **Total** | **21,970** | **15,515** |

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<br>2.25% for year 2<br>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:

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Historical cost | 391,926 | 369,197 |
| Depreciation and impairment | (135,050) | (128,335) |
| | 256,876 | 240,862 |

**Social housing assistance**

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Total accumulated SHG receivable at 31 March: | | |
| Recognised in the Statement of Comprehensive Income | 64,507 | 64,278 |
| Held as deferred income | 28,183 | 22,884 |
| | 92,690 | 87,162 |

**Housing properties book value, net of depreciation comprises**:

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Freehold land and buildings | 363,127 | 347,113 |
| | 363,127 | 347,113 |

**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 £193k (2022: £192k).

### 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 2022 | 405,816 | 6,953 | 18,046 | 1,089 | 2,335 | 434,239 |
| Additions | - | 7,979 | - | 1,979 | - | 9,958 |
| Properties acquired | 264 | 1,656 | - | - | - | 1,920 |
| Works to existing properties | 15,302 | 70 | 103 | - | - | 15,475 |
| Schemes completed | 4,135 | (4,135) | 863 | (863) | - | - |
| Transfers | - | - | - | - | - | - |
| Disposals | (1,497) | (34) | (617) | - | - | (2,148) |
| Disposals of components | (2,406) | - | - | - | - | (2,406) |
| At 31 March 2023 | 421,614 | 12,489 | 18,395 | 2,205 | 2,335 | 457,038 |
| **Depreciation** | | | | | | |
| At 1 April 2022 | 84,698 | - | 1,179 | - | 1,170 | 87,047 |
| Charge for year | 8,338 | - | 308 | - | 117 | 8,763 |
| Transfers | - | - | - | - | - | - |
| Released on disposal | (310) | - | (51) | - | - | (361) |
| Disposal of components | (1,687) | - | - | - | - | (1,687) |
| At 31 March 2023 | 91,039 | - | 1,436 | - | 1,287 | 93,762 |
| **Net book value** | | | | | | |
| **At 31 March 2023** | 330,575 | 12,489 | 16,959 | 2,205 | 1,048 | 363,276 |
| **At 31 March 2022** | 321,118 | 6,953 | 16,867 | 1,089 | 1,165 | 347,192 |

The trust capitalises finance costs at the effective interest rate of 3.92%. Total capitalised interest for year was £193k (2022: £192k).

**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 2022 | 345 | 372 | 12,702 | 215 | 776 | 62 | 2,951 | 1,287 | **18,710** |
| Additions | - | - | 109 | 37 | 179 | - | 154 | 4 | **483** |
| Disposals | - | - | - | - | - | - | - | - | **-** |
| At 31 March 2023 | 345 | 372 | 12,811 | 252 | 955 | 62 | 3,105 | 1,291 | **19,193** |
| **Depreciation and Impairment** | | | | | | | | | |
| At 1 April 2022 | 345 | - | 4,871 | 149 | 776 | 62 | 2,560 | 1,287 | **10,050** |
| Depreciation charge for the year | - | - | 240 | 29 | 13 | - | 202 | 1 | **485** |
| Depreciation on disposal | - | - | - | - | - | - | - | - | **-** |
| At 31 March 2023 | 345 | - | 5,111 | 178 | 789 | 62 | 2,762 | 1,288 | **10,535** |
| **Net book value** | | | | | | | | | |
| **At 31 March 2023** | **-** | **372** | **7,700** | **74** | **166** | **-** | **343** | **3** | **8,658** |
| **At 31 March 2022** | **-** | **372** | **7,830** | **66** | **-** | **-** | **391** | **-** | **8,658** |

**15. Investment properties Group and Association - non-social housing properties held for letting**

| | 2023 £000 | 2022 £000 |
|---|---|---|
| At 1 April 2022 | 11,398 | 7,221 |
| Additions | 2,976 | 3,571 |
| Disposals | - | - |
| Increase in value | 102 | 606 |
| At 31 March 2023 | **14,476** | **11,398** |

Investment properties were valued as at 31 March 2023. 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 | |
|---|---|---|---|---|
| | 2023 £000 | 2022 £000 | 2023 £000 | 2022 £000 |
| Investment in Joint Venture | 1,023 | 767 | - | - |
| | **1,023** | **767** | **-** | **-** |

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 (GMCA) 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 2023 £000 | Group 2022 £000 | Association 2023 £000 | Association 2022 £000 |
|---|---|---|---|---|
| Investment in MORhomes PLC | 20 | 20 | 20 | 20 |
| Investment in Money Market | - | 8,000 | - | 8,000 |
| | **20** | **8,020** | **20** | **8,020** |

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 2023.

## 19. Properties for Sale

| | Group 2023 £000 | Group 2022 £000 | Association 2023 £000 | Association 2022 £000 |
|---|---|---|---|---|
| **Shared ownership properties:** | | | | |
| Completed properties | 334 | - | 334 | - |
| Work in progress | 1,466 | 980 | 1,475 | 980 |
| | **1,800** | **980** | **1,809** | **980** |
| **Outright sale properties:** | | | | |
| Completed properties | - | 258 | - | - |
| Work in progress | - | - | - | - |
| | - | 258 | - | - |
| | **1,800** | **1,238** | **1,809** | **980** |

## 20. Stock

| | Group 2023 £000 | Group 2022 £000 | Association 2023 £000 | Association 2022 £000 |
|---|---|---|---|---|
| Materials | 175 | 191 | 175 | 191 |
| | **175** | **191** | **175** | **191** |

## 21. Debtors

| | Group 2023 £000 | Group 2022 £000 | Association 2023 £000 | Association 2022 £000 |
|---|---|---|---|---|
| **Due within one year** | | | | |
| Rent and service charges receivable | 3,565 | 4,251 | 3,565 | 4,251 |
| Less: provision for bad and doubtful debts | (1,732) | (1,839) | (1,732) | (1,839) |
| | **1,833** | **2,412** | **1,833** | **2,412** |
| Amounts owed by subsidiaries | - | - | - | 255 |
| Other debtors | 808 | 357 | 808 | 320 |
| Corporation tax receivable | - | - | - | - |
| Prepayments and accrued income | 2,071 | 2,053 | 2,071 | 2,052 |
| **Total due within one year** | **4,712** | **4,822** | **4,712** | **5,039** |

## 22. Debtors: amounts due after one year

| | Group | | Association | |
|---|---|---|---|---|
| | 2023 | 2023 | 2023 | 2022 |
| | £000 | £000 | £000 | £000 |
| **Due after one year** | | | | |
| Amounts owed by subsidiaries | - | - | 1,112 | 782 |
| **Total due within one year** | **-** | **-** | **1,112** | **782** |

WCHG has lent Garden City Trading Ltd £1,112k for the investment in the Greater Manchester Joint Venture and for development of properties for Outright Sale.

The loan for the investment into GMJV Fundco LLP is repayable on 15 April 2026, the seventh anniversary of the loan agreement date. Interest is payable at a rate of 6%. The balance at 31 March 2023 is £1,054k including rolled up interest of £31k (2022: £782k).

The loan for the development of properties for outright sale is a residual amount due following the sale of all units developed in 2021-22. There are currently no identified Outright Sale schemes in the Business Plan therefore, this loan will be repaid with profits from the investment in GMJV Fundco LLP. Interest is payable on this loan at a rate of 4.9%. The balance at 31 March 2023 is £58k (2022: £256k).

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 | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | £000 | £000 | £000 | £000 |
| Rents and service charges received in advance | 2,314 | 2,407 | 2,314 | 2,407 |
| VAT | 34 | 35 | 11 | 35 |
| Trade creditors | 1,445 | 1,062 | 1,445 | 1,062 |
| Other creditors | 98 | 31 | 98 | 31 |
| Deferred grant income (Note 27) | 229 | 441 | 229 | 441 |
| Recycled Capital Grant Fund (Note 26) | 361 | 287 | 361 | 287 |
| Leaseholder sinking fund balances | 1,213 | 1,163 | 1,213 | 1,163 |
| Accruals and deferred income | 7,003 | 6,368 | 6,975 | 6,283 |
| Amounts owed to subsidiaries | - | - | - | - |
| | **12,697** | **11,794** | **12,646** | **11,709** |

## 24. Creditors: amounts falling due after one year

| | Group | | Association | |
|---|---|---|---|---|
| | 2023 | Restated 2022 | 2023 | Restated 2022 |
| | £000 | £000 | £000 | £000 |
| Housing loans net of arrangement fee (Note 25) | 111,565 | 113,008 | 111,565 | 113,008 |
| Deferred grant income (Note 27) | 27,954 | 23,151 | 27,954 | 23,151 |
| | **139,519** | **136,159** | **139,519** | **136,159** |

## 25. Debt analysis

| | Group | | Association | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | £000 | £000 | £000 | £000 |
| **Due within one year** | | | | |
| Bank loans | - | - | - | - |
| | - | - | - | - |

| | 2023 | 2022 | 2023 | 2022 |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| **Due after more than one year** | | | | |
| Other loans | 90,000 | 90,000 | 90,000 | 90,000 |
| Bank loans | 21,000 | 20,888 | 21,000 | 20,888 |
| Fair value adjustment | 1,470 | 2,120 | 1,470 | 2,120 |
| | **112,470** | **113,008** | **112,470** | **113,008** |

The Group's loan facilities incorporate a £44.5m 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 2023).

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 £7.650m at 31 March 2023 (2022: £9.120m). The movement in the fair value of financial instruments recognised in the Statement of Comprehensive income for the year is a reduction of £-1.470M (2022: £1.276M).

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. Recycled Capital Grant Fund

| | Group | | Association | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **£000** | **£000** | **£000** | **£000** |
| At 1st April | 287 | 43 | 287 | 43 |
| Grant recycled | 176 | 244 | 176 | 244 |
| Interest accrued | 3 | - | 3 | - |
| Recycling of grant | (105) | - | (105) | - |
| **Balance as at 31 March** | **361** | **287** | **361** | **287** |

| | **2023** | **2022** | **2023** | **2022** |
|---|---|---|---|---|
| | **£000** | **£000** | **£000** | **£000** |
| Amounts to be released within one year | 64 | - | 64 | - |
| Amounts to be released in more than one year | 297 | 287 | 297 | 287 |
| | **361** | **287** | **361** | **287** |

### 27. Deferred Grant

| | Group | | Association | |
|---|---|---|---|---|
| | | **Restated** | | **Restated** |
| | **2023** | **2022** | **2023** | **2022** |
| | **£000** | **£000** | **£000** | **£000** |
| At 1 April | 23,592 | 22,526 | 22,884 | 22,526 |
| Grant received in the year | 4,609 | 985 | 5,025 | 985 |
| Grant for major work | 387 | - | 387 | - |
| Grant disposed in the year | (176) | (223) | (176) | (223) |
| Change in accounting estimate (Note 40) | - | 708 | - | 708 |
| Released to income in the year | (229) | (404) | 63 | (404) |
| At 31 March | **28,183** | **23,592** | **28,183** | **23,592** |

| | Group | | Association | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **£000** | **£000** | **£000** | **£000** |
| Amounts to be released within one year | 229 | 441 | 229 | 441 |
| Amounts to be released in more than one year | 27,954 | 23,151 | 27,954 | 23,151 |
| At 31 March | **28,183** | **23,592** | **28,183** | **23,592** |

**28. Capital commitments**

| | Group | | Association | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | £000 | £000 | £000 | £000 |
| Expenditure contracted but not provided in the accounts | 69,101 | 24,143 | 69,101 | 24,143 |
| Expenditure authorised by the Board but not contracted | 40,063 | 34,025 | 40,063 | 34,025 |
| | **109,164** | **58,168** | **109,164** | **58,168** |

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 £35m cash in bank at year end, grant income, £40m RCF |loan facilities and revenue income through rent received and shared ownership sales.

**29. Lease commitments**

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

| | Group | | Association | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | £000 | £000 | £000 | £000 |
| **Vehicles:** | | | | |
| Minimum lease payments | 168 | 19 | 168 | 19 |
| **Split between:** | | | | |
| Within one year | 168 | 19 | 168 | 19 |
| One to five years | - | - | - | - |
| | **168** | **19** | **168** | **19** |

**30. Contingent liabilities**

The Parent and its subsidiaries have no contingent liabilities to disclose at 31 March 2023 (2022: £nil).

**31. 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 2023 in accordance with the financial assumptions required under FRS 102 by a qualified independent actuary.

**Contributions**

The employers' contribution to the GMPF by the Group for the period 1 April 2022 to 31 March 2023 was £2,054k (£2,202k 2022) and the employers' minimum contribution rate was 22.1% (Willow Park) / 22.5% (Parkway Green) of pensionable pay until 31 March 2023.

**Assumptions**

| | 2023 %pa Willow Park | 2023 %pa Parkway Green | 2022 %pa Willow Park | 2022 %pa Parkway Green |
|---|---|---|---|---|
| Rate of increase in salaries | 3.75% | 3.75% | 3.95% | 3.90% |
| Rate of increase in pensions payment | 2.95% | 2.95% | 3.20% | 3.15% |
| Discount rate | 4.75% | 4.75% | 2.70% | 2.75% |

**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 2023 | | |
|---|---|---|---|
| | Males | | Females |
| Current Pensioners | 20.2 | years | 23.4 |
| Future Pensioners | 21.6 | years | 25.2 |

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

**Fair value and expected return on assets**

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

| | 2023 Long Term Return %pa | 2022 Long Term Return %pa |
|---|---|---|
| Equity | 70% | 69% |
| Bonds | 14% | 13% |
| Property | 8% | 8% |
| Cash | 8% | 10% |

Employer’s contributions for the year ended 31 March 2024 are predicted to be £1,819k.

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.

**31. Pension Obligations (continued)**

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Fair value of the above assets related to the Trust | 130,753 | 129,706 |
| Present value of liabilities | (96,102) | (144,765) |
| **Surplus related to the Trust** | **34,651** | **(15,059)** |

**Recognition of the surplus or deficit**

The present value of the Pension liability has moved from a deficit amount in 2022 (£15,059m) to a surplus amount in 2023 of £34.651m representing a movement of £49.710m. Our accounting policy states that 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. Neither applies to the Pension surplus therefore, the present value has been adjusted to nil. The main component of this movement is actuarial gains of £54.8m.

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Current service cost | 3,833 | 4,561 |
| Past service cost | 14 | 242 |
| Interest income on plan assets | (3,539) | (2,357) |
| Interest cost | 3,975 | 3,086 |
| **Total charged to the Statement of Comprehensive Income** | **4,283** | **5,532** |

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.

**Reconciliation of defined benefit obligation**

| | 2023 £000 | 2022 £000 |
|---|---|---|
| **Opening defined benefit obligation** | **144,765** | **150,918** |
| Current service cost | 3,833 | 4,561 |
| Past service cost | 14 | 242 |
| Interest cost | 3,975 | 3,086 |
| Contributions by members | 626 | 651 |
| Actuarial (gains)/losses | (54,875) | (12,261) |
| Estimated benefits paid | (2,236) | (2,432) |
| **Closing defined benefit obligation** | **96,102** | **144,765** |

**Reconciliation of fair value of employer assets**

| | 2023 £000 | 2022 £000 |
|---|---|---|
| **Opening fair value of employer assets** | **129,706** | **116,252** |
| Expected return on assets | 3,539 | 2,357 |
| Contributions by members | 626 | 651 |
| Contributions by the employer | 2,054 | 2,202 |
| Actuarial gains/(losses) | (2,936) | 10,676 |
| Benefits paid | (2,236) | (2,432) |
| **Closing fair value of employer assets** | **130,753** | **129,706** |

### 31. Pension Obligations (continued)

**Contributions paid to the defined contribution pension scheme.**

| | 2023<br>£000 | 2022<br>£000 |
|---|---|---|
| Contributions paid | 481 | 310 |

### 32. Provision for liabilities

| | 2023<br>£000 | 2022<br>£000 |
|---|---|---|
| Balance as at 1 April | 7,878 | 9,399 |
| Increase in the provision | - | - |
| Released in the year | (3,933) | (1,521) |
| **Balance as at 31 March** | **3,945** | **7,878** |

The provision at 1 April 2021 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 2022/23 £3.9m (2021/22 £1.5m) was spent on these works.

### 33. 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.

| | 2023<br>No. | 2022<br>No. |
|---|---|---|
| Number of members | | |
| At 1 April | 10 | 9 |
| Joined during the year | 1 | 1 |
| Leaving during the year | (2) | - |
| At 31 March | **9** | **10** |

### 34. Revenue Reserves

The Revenue Reserve of £203.297m (2022: £168.843m) represents the accumulated surpluses from the preceding and current financial years as detailed above. It includes a transfer from the revaluation reserve of the depreciation charge in respect of the revaluation uplift of the housing properties.

### 35. Revaluation Reserves

The Revaluation Reserve of £69.749m (2022: £73.663m) represents the difference on transition between the fair value of housing properties and the historical cost carrying value. Each year an element is transferred from reserves, being the depreciation charge in respect of the revaluation uplift of the asset. This is an accounting reserve, not a cash reserve.

### 36. Reconciliation of operating surplus to net cash inflow from operating activities

| | 2023 £000 | 2022 £000 |
|---|---|---|
| **Surplus for the year** | **13,252** | **15,024** |
| Amortisation of finance charges | 28 | 28 |
| Depreciation of tangible fixed assets - properties | 8,763 | 8,445 |
| Depreciation of tangible fixed assets - other | 485 | 423 |
| Accelerated depreciation on disposal of components | 719 | 637 |
| Depreciation on intangible fixed assets | 91 | 205 |
| Impairment losses | - | - |
| Movement in fair value of investment properties | (102) | (606) |
| Pension current service cost | 3,833 | 4,561 |
| Pension past service cost | 14 | 242 |
| Pension contributions paid | (2,054) | (2,202) |
| Surplus on sale of fixed assets – housing properties | (5,319) | (4,305) |
| Movement in fair value of financial instruments | (1,470) | (1,276) |
| Carrying amount of tangible fixed asset | (146) | 495 |
| Interest payable | 4,360 | 4,342 |
| Interest received | (614) | (32) |
| Pension interest costs | 436 | 729 |
| | **22,276** | **26,710** |
| **Working capital movements** | | |
| Decrease/(Increase) in properties for sale | (563) | 2,136 |
| (Increase)/Decrease in stock | 16 | (142) |
| Decrease/(Increase) in debtors | 110 | 157 |
| Increase/(Decrease) in creditors | 5,718 | 2,200 |
| (Decrease)/Increase in provisions | (3,935) | (1,521) |
| **Net cash inflow from operating activities** | **23,622** | **29,540** |

### 36a. Analysis of changes in net debt

| | At 1 April 2022 £000 | Cashflows £000 | Fair Value movement £000 | Other non-cash movements £000 | At 31 March 2023 £000 |
|---|---|---|---|---|---|
| Cash | 30,961 | 4,069 | - | - | **35,030** |
| Bank loans due greater than one year | (113,008) | - | 1,470 | (28) | **(111,566)** |
| **Total** | **(82,047)** | **4,069** | **1,470** | **(28)** | **(76,536)** |

### 37. Related parties

Wythenshawe Community Housing Group Limited is lead partner of JV North Limited, a Homes England development partnership. The Group paid JV North £18k (2022: £4k) in fees during the year ended 31 March 2023. At the year-end there was a balance of £nil (2022: £nil) on the purchase ledger. During the year to 31 March 2023 the Group received £4.2m towards development projects from Homes England.

Nick Horne is a Director of the Wythenshawe Forum Trust, Athena (a GMHP delivery vehicle) and is a member of the Greater Manchester Digital Inclusion Network. Transactions with Wythenshawe Forum Trust amounted to £11k (2022: £59k) during the year. Transactions with Athena were £2k during the year. There were no outstanding balances on any of the above-mentioned supplier accounts at 31 March 2023.

Paul Seymour, Executive Director of Customers and Communities is a Governor of the Manchester Enterprise Academy. Transactions with MEA amounted to £2k this year (2022: £nil) with no balance at the year end.

The following transactions were undertaken with Manchester City Council during the year, sales of £2,543k (2022: £1,425k) and purchases of £1,061k (2022: £835k). At 31 March 2023 the Group owed £65k (2022: £34k) to Manchester City Council and were owed £158k (2022: £69k) by Manchester City Council.

Leanne Todd was a tenant Board member during the year.

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

| | 2023<br>£000 | 2022<br>£000 |
|---|---|---|
| **Wythenshawe Community Housing Group Limited** | | |
| Amounts due to Garden City Design & Build Limited | - | - |
| Amounts due to Garden City Trading Limited | - | - |
| Loan due from Garden City Trading Limited | 1,112 | 1,037 |
| | | |
| **Purchases from Group companies** | | |
| Design and build contracts from Garden City Design & Build Limited | 7,826 | 3,437 |
| | | |
| **Sales to Group companies** | | |
| Development services to Garden City Design & Build Limited | 420 | 500 |
| Corporate services to Garden City Design & Build Limited | 46 | 39 |
| Corporate services to Garden City Trading Limited | 13 | 13 |
| Interest on loan to Garden City Design & Build Limited | 57 | 79 |
| | | |
| **Donations from Group companies** | | |
| Gift aid from Garden City Design & Build Limited | - | - |

### 38. Financial assets and liabilities

| | 2023<br>£000 | 2022<br>£000 |
|---|---|---|
| Financial assets that are debt instruments measured at amortised cost: | | |
| Cash | 35,077 | 30,960 |
| Rent arrears due | 1,833 | 2,412 |
| Leasehold arrears due | 176 | 233 |
| Accounts receivable | 613 | 78 |
| Other debtors | 19 | 46 |
| **Total for assets** | **37,718** | **33,729** |
| | | |
| **Financial liabilities measured at fair value through surplus or deficit:** | | |
| Loans | (22,470) | (23,008) |
| **Financial liabilities measured at amortised cost:** | | |
| Loans | (89,096) | (90,000) |
| Bank overdraft | - | - |
| Trade creditors | (1,445) | (1,062) |
| Rent received in advance | (2,314) | (2,407) |
| Other creditors | (98) | (31) |
| Accruals | (7,003) | (6,368) |
| Leaseholder sinking fund balance | (1,213) | (1,163) |
| **Total for liabilities** | **(123,639)** | **(124,039)** |

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

| | 2023<br>£000 | 2022<br>£000 |
|---|---|---|
| Fixed rate | 112,470 | 113,008 |
| Floating rate | - | - |
| Total borrowings | **112,470** | **113,008** |

The debt maturity profile is shown in note 25.

The Group has undrawn committed borrowing facilities at 31 March 2023 of £40m (2022: £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 2023 is £7,650k (2022: £9,120k). The movement in fair value, £1,470k reduction (2022: £1,276k) 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 |

**39. Investment in Joint Ventures**

Wythenshawe Community is part of a consortium of fourteen registered providers who are members of JV North Limited, a company limited by guarantee. The nature of this company is to act as a vehicle to expand the partners' 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; Wythenshawe House,8 Poundswick Lane, Manchester M22 9TA (WCHG).

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.

**40. Change in accounting estimate**

The UEL of grant has increased from 50 to 100 years. This has meant there has been a change in the value of amortisation charge for previous years. This has been adjusted in the prior year accounts. The prior year accounts did include the correct charge for the year, but the adjustment for the years preceding 2021/22 has been included as a prior year adjustment. This totals £708k.