



Group Report and Financial Statements

Year ended 31st March 2022

Halton Housing is a charitable housing association registered under the Co-operative and Community Benefit Societies Act 2014

Community Benefit Society: 7744
Regulator of Social Housing registered number: L4456

Halton Housing

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Halton Housing

Board Members, Executive Directors, Advisors and Bankers

Halton Housing Board

Chair	Clive Deadman
Vice Chair	Michael Fry (retired 8 th August 2021) Kevin Williams (from 23 rd September 2021)
Other Members	Mark Dennett (retired 8 th August 2021) Michael Fry (retired 8 th August 2021) Jennifer Halliday (appointed 23 rd September 2021) Ian Hayhoe Matthew Harrison Angela Holdsworth Linda Levin Geoff Linnell Norman Plumpton-Walsh (appointed 8 th August 2021) Kevin Williams Marie Wright (appointed 8 th August 2021) Leigh Wylie (appointed 23 rd September 2021)

Open Solutions (OSUK) Board

Chair	Ian Hayhoe
Other Members	Michael Fry (retired 8 th August 2021) Jennifer Halliday (appointed 23 rd September 2021) Geoff Linnell Neil McGrath Rob Poole (resigned 4 th March 2022)

HHT Development Ltd

Chair	Matthew Harrison (appointed 8 th August 2021) Michael Fry (retired 8 th August 2021)
Other Members	Matthew Harrison Neil McGrath Leigh Wylie (appointed 23 rd September 2021)

Executive Directors

Group Chief Executive	Liz Haworth
Deputy Group Chief Executive and Chief Financial Officer	Neil McGrath
Chief Operating and Transformation Officer	Debbie Trust-Dickinson
Company Secretary	Neil McGrath

Halton Housing

Registered office Waterfront Point, Warrington Road, Widnes, WA8 0TD

Registered number Registered as a Community Benefit Society: 7744
Registered with the Regulator of Social Housing: L4456

Auditors

RSM UK Audit LLP
9th Floor
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Manchester
M3 3HF

Bankers

Lloyds
Horsemarket Street
Warrington
WA1 2LP

Solicitors

Trowers and Hamlins
50 Princess Street
Manchester
M2 4EW

Halton Housing

Report of the Board

The Board presents its report and the audited Financial Statements for the year ended 31st March 2022. The information contained in this report together with the Strategic, Operating and Financial Review complies with the requirements of the Statement of Recommended Practice (SORP 2018).

The Directors of the association are defined as the Board of Management, as defined by the Accounting Direction for Private Registered Providers of Social Housing 2022. The Board of Management's responsibilities are as stated below. This statement should be read in conjunction with the audit report on pages 36 to 38.

Halton Housing ("the Association") is a charitable housing association registered under the Co-operative and Community Benefit Societies Act 2014. As at 31st March 2022 there were 18 members who guaranteed £1 each.

STRATEGIC, OPERATING AND FINANCIAL REVIEW

The Strategic, Operating and Financial Review has been prepared in accordance with the applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice "Accounting for Registered Providers" (2018) and The Accounting Direction for Private Registered Providers of Social Housing 2022.

The Business Model

Halton Housing is a charitable housing association registered under the Co-operative and Community Benefit Societies Act 2014 and a Registered Provider of social housing that was formed to take transfer of the housing stock of Halton Borough Council (HBC) on 5th December 2005. We operate predominantly in the Cheshire towns of Widnes and Runcorn.

We have two wholly owned subsidiary companies:

- HHT Development Ltd – a company limited by shares and a VAT efficient group development vehicle.
- Open Solutions (OSUK) Limited – a company limited by shares which has been established to undertake activity that will generate a profit that can be reinvested in the Association to subsidise its social housing activity.

The Group owns and manages 7,456 (2021: 7,381) homes and has an additional 402 (2021: 526) homes under development at 31st March 2022. Most of the homes are for rent and provided to people on low incomes.

Strategy and Objectives

Our financial and non-financial objectives are included from page 12 as part of our Value for Money Statement.

The Group has identified the key risks to achieving its strategy and objectives and these are shown on page 8 within the section entitled "principal risks and uncertainties".

The Group remunerates its Board and details of the remuneration are shown within Note 10 on page 62. Remuneration enables the Group to continue to attract and retain board members with the appropriate skills, knowledge, and experience.

Halton Housing

A Fair Review of the Business

Operating Review (Group)

Our Direction (OD3) has been the framework that underpins how we have run the Group for the last three years. There are six priorities. Each priority has had a clear strategy which sets out the why, the how, targets to 31st March 2022, financial implications and the associated key performance indicators.

Some of our key organisational achievements include:

- Neighbourhood Officers have completed 6,668 annual tenancy contacts.
- Continued to improve our performance in responding to and addressing customer complaints
- Developed our approach to using data and insight to drive continuous improvement and action
- Increased presence and visibility of Neighbourhood Officers within all neighbourhoods
- Destination Ditton Pilot completed working in partnership with Cheshire Police and HBC.
- Working as a member of the Runcorn Town Board we have secured £23.6m funding for the regeneration of the town centre
- Completed our second annual SHIFT Assessment and achieved silver accreditation with improved ranking
- Working as a member of the Building Better consortia we have launched a framework for the procurement of offsite manufactured products.
- 31 new homes for affordable rent and 48 new homes for shared ownership have been completed
- Increasing our data confidence, programming design and system reporting and functionality for compliance, asset management and energy efficiency, which is ensuring greater control and will ensure better investment decisions.
- Introduction of stronger data quality and governance. Established the data governance group, implemented the data strategy, and undertook a data quality audit with good assurance ratings
- Improved diversity of Board with new recruits, appointing four new board members
- Launched a stakeholder newsletter

Financial Review (Group)

The Financial Statements demonstrate the Group delivered balance sheet growth, underpinned by strong financial operating performance. The value of housing properties increased by £21.7m, to £245.6m. The value of investment properties increased by £3.3m, from £24.2m to £27.5m. Cash decreased by £19.8m, from £26.7m to £6.9m. Debt increased by £135k from £158.7m to £158.8m. A surplus of £1.5m was recorded in the year.

The £21.7m growth in the value of housing properties from £223.9m to £245.6m is predominantly driven by the development of new properties. The growth in housing properties was funded through cash, debt and the re-investment of operating surpluses supplemented by grant of £284k.

Investment works of component renewals on existing properties in the year totalled £3.3m. Housing properties with a book value of £656k were sold, reducing the net book value of the properties on the balance sheet, but providing cash receipts for reinvestment.

The Group invested £2.9m in acquiring additional investment properties. The Association increased its investment in OSUK to £29.3m (£11.9m equity and £17.35m loan). The Group investment properties increased in value from £24.2m to £27.5m (Association £1.4m). The Group has recognised a gain of £0.4m during the year because of the revaluation of its investment properties.

Stock has increased by £3.3m in the year from £10.2m to £13.5m. Included within stock is land previously held in housing properties with a value of £6.6m. There has also been the sale of several shared ownership and outright sale properties during the year. Total sale proceeds achieved from the sale of properties was £3.7m.

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Financial Review (continued)

The total balance of drawn debt was £160.0m. No additional debt was drawn in the year. Therefore, there has been a decrease in gearing (measured by the net debt per unit).

Turnover decreased by 5.9% to £40.9m. 85% of turnover is from social housing lettings activity which has increased by 1.5%. Other turnover is from properties developed for outright sale (3%), shared ownership first tranche sales (6%) and market renting (6%). The operating margin decreased to 17.7% as costs increased greater than revenue.

The Group has continued to focus on the delivery of its priorities, directing its surpluses and additional private finance into the delivery of new and acquired homes. £5.1m has been invested into the existing housing stock.

During the year, the Group reported a surplus before tax of £1.5m. Performance was better than budget due to improved operational performance, deferred expenditure because of the Covid-19 pandemic and efficiency savings. A summary of the Group's income and expenditure account over the past five years is shown below.

Group	2021/22 £'000	2020/21 £'000	2019/20 £'000	2018/19 £'000	2017/18 £'000
Turnover	40,922	43,495	40,024	36,727	35,588
Operating costs	(30,556)	(26,384)	(28,101)	(26,044)	(24,125)
Cost of sales	(3,112)	(6,520)	(3,919)	(1,501)	(1,053)
Gain on disposals	1,037	634	1,227	1,202	1,710
Operating surplus	8,291	11,225	9,230	10,384	12,120
Surplus before tax	1,492	5,083	2,556	4,020	6,489
Reserves at 31 st March	48,685	38,742	42,131	33,656	33,078

Turnover includes income from rents and service charges which has increased from 2020/21 to 2021/22 by £0.7m to £34.2m. This is because of additional properties developed and acquired during the year and rent increases on existing properties which were applied from April 2021. Other turnover is properties developed for outright sale (£1.1m), shared ownership first tranche sales (£2.6m), market renting (£1.8m), shops and garages (£0.6m), VAT shelter (£0.2m) and grant released as income (£0.4m).

Operating costs have increased from 2020/21 to 2021/22 by £4.1m due to increases in management costs (£2.6m) of which £2.0m relates to costs in respect of the pension schemes, other social housing lettings costs (£0.1m), bad debts (£0.2m), routine and planned maintenance costs (£0.5m), depreciation of housing properties (£0.2m), major repairs costs (£0.4m) and non-social housing lettings costs (£0.1m).

Total reserves at the end of the financial year show a surplus of £48.7m. Reserves reflect the surplus for the year of £1.5m, plus the surplus brought forward from the previous years of £38.7m, plus the actuarial gains for the year of £8.5m in respect of the pension schemes.

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Financial Review (continued)

A summary of the Group's Statement of Financial Position over the past five years is shown below:

Group	2021/22 £'000	2020/21 £'000	2019/20 £'000	2018/19 £'000	2017/18 £'000
Housing Properties (net book value)	199,195	181,495	163,600	159,949	154,347
Other fixed assets and investments	32,323	29,166	25,177	30,293	22,259
Net current assets/(liabilities)	8,309	29,707	17,916	7,094	1,558
Creditors falling due after more than one year	(187,082)	(191,267)	(163,176)	(157,972)	(143,809)
Pension provision	(4,060)	(10,360)	(1,386)	(5,708)	(1,276)
Reserves	48,685	38,742	42,131	33,656	33,078

Fixed assets comprise of mainly housing properties held for letting. The values are based on the historic cost less depreciation. During the year, the gross value of the Association's housing properties increased by £21.9m. The depreciation charge for housing properties in the year was £4.7m.

At the year end the Group had invested a total of £27.5m in investment properties. £26.1m within OSUK and £1.4m within the Association.

Net current assets have decreased by £21.1m due to a decrease of £19.8m in cash and £0.6m in debtors offset by an increase of £3.3m in stock and an increase in creditors of £4.3m. The Association has also previously invested £0.1m in the Halton Credit Union.

Creditors falling due after more than one year include £153.8m of loans drawn by the Association and £33.2m of deferred social housing grant.

The Group has positive reserves of £48.7m. The reserves have increased during the year by £9.9m. The level of reserves is in line with those expected within the Group's long-term financial plan. It reflects the surplus for the year of £1.5m, plus the surplus brought forward from the previous years of £38.7m plus the actuarial gain in respect of the pension schemes of £8.5m.

The cash flow statement on page 42 shows that during the year the Group generated a net cash inflow from operating activities of £12.2m. The Group also received £1.9m of proceeds from sale of tangible fixed assets and £0.8m in grants. The Group used this income and its brought forward cash balance to purchase properties with a cost of £27.0m and interest payments of £7.8m.

The Group is financed by a £90m loan facility from Lloyds and £120m from the capital markets in the form of three private placements of £30m, £40m and £50m, respectively. The Lloyds facility is in three tranches. Tranche A is a £40m term loan facility, Tranche B is a £30m revolving credit facility and Tranche C is a £20m revolving credit. The term loan facility is now fully drawn, and the revolving credit facilities are available up to 5th September 2027. £120m of the capital market funds have been drawn.

The treasury management activity is operated within strict policies and guidelines, approved by the Board, designed to maintain an efficient capital structure whilst managing the Group's liquidity and interest rate risks.

The Group has fixed £160m of borrowings at rates from 3.5% to 6.2% which it considers to be favourable. This gives the Group financial security and ability to forward plan with a degree of certainty.

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Financial Review (continued)

The Group is operating within its guideline limit for the proportion of fixed and variable rate debt within its Treasury Management Policy. Board approved a change to the policy during the year to ensure that fixed rate borrowing should not be less than 80% of drawn loans.

The Group has drawn £160m of its £210m agreed long term loan facilities at 31st March 2022. The Group's lending agreements include financial covenants. The Group has been within the limits set by lenders during the year.

The Board has a reasonable expectation that the Group has adequate resources to continue operations for the foreseeable future. For this reason, the Group has adopted the going concern basis in preparing the Financial Statements.

Future Developments (Group)

Our Corporate Plan for the next three years outlines our commitment to our customers and the wider borough. Our purpose at Halton Housing is to "improve people's lives." We want to provide customers with a safe place to call home, and the opportunity to lead happier, healthier, and more fulfilled lives. Our Corporate Plan sets out where we want our focus to be; on providing and maintaining quality homes and investing in thriving neighbourhoods, with strong values that underpin our ambition.

We embark on our new Corporate Plan having emerged from what has been a couple of tough years with the Covid-19 pandemic and its far-reaching impact. However, the ongoing challenge is an opportunity to support customers, communities, and our people, as we rebuild together. We continue to invest in improving the customer experience, making sure that customers receive the best possible service at every step of their journey with us. We will listen to and most importantly act upon feedback so that we can continue to improve.

With government targets for reducing the environmental impact of our homes, we have started the journey for our homes to achieve these standards and for our new homes to have sustainability at their core. Our commitment to revitalising the neighbourhoods we serve is integral to this plan, whether that's environmental improvements, health, and employment opportunities and more. We will build thriving communities that we can all be proud of.

At the centre of the Corporate Plan is our strong focus on innovation and technology; continually reviewing our systems and ways of working to underpin a successful business.

Our key priorities for 2022/23 include:

- Publish a strategy setting out how we will improve customer experience
- Develop the Halton Housing Deal, setting out what customers can expect from us and what we expect from them
- Explore innovative ways to reduce our impact on the environment
- Develop initiatives to tackle fuel poverty for our most vulnerable customers
- Contribute to the regeneration of Runcorn town centre
- Obtain additional funding to deliver our development programme
- Develop a balanced programme of rented and shared ownership homes which meet a range of needs including supported and independent living schemes
- Replace some of our legacy IT systems, to improve customer and colleague experience starting with Customer Relationship Management (CRM) to provide a more integrated approach
- Invest in our people to ensure they have the right skills, knowledge and confidence to perform at their best

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Principal Risks and Uncertainties (Group)

Board has ultimate responsibility for risk management. It has delegated the responsibility for examining the effectiveness of the Risk Management Policy to the Audit and Risk Committee.

Risk Appetite Statement - Our core business is general needs renting, which forms most of our stock. Our strategy is to improve people's lives through the housing products and services we provide.

We will balance spend on our assets and on new supply. We will continue to assess how our responsibility to our existing customers and the environment is balanced with our responsibility to those on the waiting list or who will want homes in the future.

We are regarded as an innovative, forward-thinking group but we will not pursue this reputation at any cost. We are committed to the digital offer, but we recognise that this is not the first choice for all our customers. Our strategy is to listen to our customers and to provide a good customer experience through all our service channels.

We will review our corporate strategy annually and ensure that our financial plans and targets are set and maintained at acceptable levels of risk incorporating prudent and reasonable assumptions. We will test the financial plans to ensure that all entities within our group are not exposed to unacceptable levels of risk that are outside of agreed tolerances.

We will set annual 'lifeblood' measures that are consistent with the strategic and financial plan. These measures will be both financial and non-financial measures and will be underpinned by operational arrangements that will be expected to deliver value for money for the group.

We will provide safe, decent and energy efficient homes for our customers. We will actively manage our housing assets with a focus on our poorer performing assets.

We are regarded as a good employer. We will develop our people and operate policies to provide a modern and sustainable working environment. We will work with our employees on an 'adult to adult' basis.

We will pursue a balanced development and growth programme including homes for shared ownership, rent to buy, outright market sale, affordable rent, and market rent.

We will only invest in social and non-social housing activity that achieves our financial appraisal targets. However, if there is a compelling reason to undertake a project that does not meet these criteria then such exceptions may be pursued, so long as there is an overall balance within the project portfolio to counteract it. OSUK will manage the sales and development risks in such a way that minimises the risk of an adverse impact on the Halton Housing Group.

Almost all our work is carried out using computer systems and we enable our employees to work as flexibly as possible. We will make sure that we maximise the benefits of our information and our systems but in doing so we will not compromise the security of the data that we hold. Each year we will undertake an external test of our systems to make sure that they are as secure and safe as they can be.

We want to improve lives by creating social value through the things that we do, the communities that we work in and through the people who we employ.

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Principal Risks and Uncertainties (Group) (continued)

The highest rated risks identified by the Group's risk management system are as follows:

- There is a risk that our pension arrangements are not affordable for the business.
- There is a risk that we do not build an appropriate number and mix of homes for rent or sale to achieve business plan targets, growth strategy and meet borrowing requirements.
- There is a risk that we do not develop and use systems effectively, so they remain fit for purpose, allow for efficient working practices and support growth of the organisation.
- There is a risk that we do not reduce our overall carbon footprint in support of the Government's 2050 net zero carbon emissions target.

These risks continue to be monitored on a regular basis by the Risk Group and Leadership Team.

Health and Safety Compliance

We have continued to demonstrate strong control in the management of health and safety compliance. Compliance, Health and Safety performance measures are reported to each Board meeting. We have also established a Compliance Committee to monitor progress. A summary of our performance is included in the table below:

Measure	2021/22	Comments
Gas safety – percentage of homes with a valid gas safety certificate (LGSR)	99.99%	We had one property which did not have an up to date certificate at the end of March 2022. This was being managed within our legal process.
Percentage of up to date fire risk assessments (FRA's)	100%	All FRA's are up to date. 366 Type 1 FRA's actions are in progress at our schemes.
Percentage of homes with a valid electrical condition survey (EICR) (within five years)	99.8%	14 properties did not have a valid EICR dated within the last five years. Just three of these had been outstanding for over three months.
Percentage of homes with an asbestos survey	79.5%	There are 4,975 (79.5%) homes with an asbestos survey and 3,127 (51.41%) with a whole house survey which meet the accredited standard. 100% of communal areas have an asbestos survey.
Planned legionella controls completed	100%	100% of planned legionella inspections and tests were completed.
Number of passenger lifts that have an up to date certification	100%	The inspection programme is up to date.

Coronavirus (Covid-19) Pandemic

As well as serious implications for people's health, the Covid-19 pandemic has significantly impacted businesses and the wider economy. We have responded well to the challenge presented by the pandemic and received positive feedback from key stakeholders including HBC.

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Environment and Sustainability Strategy

We aim to reduce the environmental impact of our activities. To achieve net zero carbon, we will progress innovative options to decarbonise our existing housing stock, focusing on our lower performing homes and minimise the environmental impact of our maintenance activities and travel.

We will work with customers to reduce fuel poverty; consider how environmental and sustainability becomes an increasing factor in our decision making; and invest in our communities to increase biodiversity and access to quality green space to create thriving places where people choose to live.

Our Environmental and Sustainability Strategy will contribute to delivery of our business plan through six key principles:

- We will continually measure and report our environmental and sustainability performance.
- Environmental and sustainability criteria are part of our corporate culture and factors in the decisions that we make.
- We will involve and listen to our customers with the aim of reducing the carbon emitted from their homes and actively supporting residents to reduce their fuel poverty and assist in improving their lives.
- All our new build homes will achieve a minimum EPC B rating.
- We will continue to increase the average EPC rating of our stock, where practicable to EPC C by 2030 and assess our stock to forecast the investment required to achieve net zero, considering future planned and investment, energy, and compliance activities collectively.
- Use innovative approaches to reduce our carbon footprint, increase biodiversity and seek to identify and secure funding.

We have completed our second SHIFT assessment, achieving the SHIFT Silver standard with a score of 52.76 ranking 11th out of the 40 most recent SHIFT assessments, with the assessor noting: *“This is a slight improvement on the SHIFT 2020 score of 50.22 and is reflective of the position of the organisation, which has been working with SHIFT throughout 2021 on green group briefings and the importance of the environmental agenda, as well as the new role of the Strategic Lead – Decarbonisation. This shows that Halton has ambitions to implement recommendations throughout the SHIFT report and focus on environmental improvements over the next reporting period.”* The report has identified several quick wins along with recommendations that we will use to develop a more long-term action plan and inform our new Environmental and Sustainability Strategy for 2022-2025.

We have made good progress in continuing to validate and improve the confidence of our data to inform our decision making, as a result, we have seen both a significant improvement in our data confidence and the overall number of homes with a minimum EPC of C has increased to 90.5%, resulting in 663 homes needing to achieve EPC C by 2030 (*where financially viable). A detailed EPC C 2030 roadmap has been developed, setting out our annual targets, the estimated costs, funding routes and anticipated work. We have an established team that meet regularly to progress the actions associated with increasing homes to achieve EPC C 2030.

We have been successful with our bid for funds from the Social Housing Decarbonisation Fund (SHDF) and we are currently underway procuring the necessary works to start in 2022/23 on a pilot scheme in Runcorn. Additionally, we continue to collaborate with our partners to utilise other approved funding routes such as Local Authority Delivery (LAD2) and Energy Company Obligation (ECO).

We signed up as an early adopter of the Sustainability Reporting Standard for Social Housing and we published our first report against the Standard in 2021/22. We will publish our second report in 2022/23.

We have commenced a review of our current new build specification and engaged the Energy Council to draft specification options detailing a stepped approach to decarbonisation, incorporating the costing impact and feasibility considerations.

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Environmental Statement (continued)

Our future priorities include:

- Developing our Environment and Sustainability Strategy 2022-25, which will focus on the 'non housing' aspects of decarbonising our business and increasing our impact in areas such as biodiversity
- In conjunction with publishing our new Asset Management Strategy, we will draft an appendix document, which will describe our approach to the decarbonisation of our housing stock
- Continue to work with HBC, considering any opportunities to improve the environmental sustainability of our neighbourhoods
- Work up further retro fit projects in readiness for our second SHDF bid submission
- Identify the building standards against the Future Homes Standard (FHS) on our pipeline of new development schemes
- Develop a roadmap for heating options in our new development schemes
- Continue to collaborate with Riverside College to identify opportunities to work together on environmental and sustainability issues

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VALUE FOR MONEY STATEMENT

Achieving and demonstrating Value for Money (VFM) is integrated into the way we work. It is part of our values. We aim to deliver the best we can, making the best use of the resources available to us. For this reason, we do not have a separate, standalone VFM strategy. We want to ensure we deliver VFM for our customers, our communities, and our neighbourhoods.

Our approach to VFM is embedded within Our Direction. Since 2012 it has provided the framework for how we run the organisation. Our overarching aim is “improving people’s lives.” This is our mission.

OD3 was designed to be clear and succinct to ensure it is widely understood and embedded across the organisation. We have just completed the third and final year of OD3.

OD3 set out six high level strategic themes:

1. Customer focus
2. Places to be proud of
3. Growth and diversification
4. Healthy organisation
5. Financially viable and well governed
6. Brand and reputation

Our Values, which we expect all our colleagues to demonstrate:

1. We keep our promises – making decisions and taking responsibility for seeing things through to the end. It means being open and honest, and explaining what is and is not possible.
2. We work in partnership – We work in a collaborative way. It means listening carefully to our customers and colleagues and playing our part in the team and supporting each other.
3. We are innovative and creative – We challenge how things are done. We are flexible and open to new ways of doing things. We learn from mistakes and continually seek to improve.
4. We treat everyone with respect – most importantly we treat everyone with kindness. By being helpful, approachable, and treating people with respect, we can create a place where difference is valued, and where everyone can thrive and enjoy their job.

Our Direction (OD3) 2021/22 – Our achievements

The priorities that we set for 2021/22 considered of a range of drivers including changes in the external environment, regulatory changes, new priorities arising from Board strategy discussions and internal factors including customer insight, Investors in People (IIP) assessment feedback and colleague surveys.

1. **Customer Focus** - Customers are our key focus. We will listen to their views, understand their needs and preferences, and deliver services that are accessible, high performing and provide value for money. We will be a pioneer for innovative service delivery using insight, digital and AI, whilst ensuring our visible presence within our neighbourhoods.
 - We have committed to the NHF Together with Tenants Charter and continue to strengthen the customer voice with a range of online opportunities for customers to engage.
 - Customer satisfaction is still a challenge for us at 78.4% (target 80%) We know that whilst we have achieved success in key areas, we still have remaining challenges in delivering a consistent, high-quality service to our customers. Our customer experience strategy builds on our achievements over the last few years, combines the previous standalone customer strategies and will deliver a series of new initiatives aligned to the new Corporate Plan (2022-2025), under five strategic priorities. In developing this strategy, we have defined the current problems and gathered evidence relating to the customer experience. These have been captured and set out within the road map, to ensure we continue to improve the customer experience and improve our performance.

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VALUE FOR MONEY STATEMENT (continued)

- We have made some key appointments in Customer Experience Directorate including Head of Customer Experience and Head of Insight
- There have been positive Customer Scrutiny panel reviews in relation to customer engagement and voids

2. Places to be Proud Of - We will keep our customers safe and continue investing in our existing homes to make sure they are fit for the future and that we minimise our environmental impact. We will build on our role within our neighbourhoods, working with partners to tackle the challenges they face and create places to be proud of.

- This year we have spent £12.3m and will invest a further £49m in our asset portfolio over the next three years whilst considering our commitment to environmental and sustainability targets. We will demonstrate our continued commitment to customer safety, regulatory compliance, and customer satisfaction.
- Our asset management strategy continues to focus on the themes detailed below to ensure our priorities are achieved.
 - Adherence to legislative changes in asset compliance and continued focus on customer safety.
 - Improved data and intelligence led decision making, ensuring robust stock condition survey data and active appraisal of our assets.
 - Carbon emissions and sustainability, focusing on finding innovative solutions to continually improve the performance of the 10% of our homes that are currently falling below the target EPC C rating.
 - Modernising service delivery to improve overall customer satisfaction, right first-time, value for money and efficiency.
 - Re-establishing neighbourhood plans, using multiple data sources to prioritise interventions and investment decisions.
- Our social value strategy links closely with both our placeshaping and environmental and sustainability strategies. It aims to improve the conditions of life for the residents of the areas in which we own or manage housing stock by tackling inequalities arising from, homelessness, health, income, fuel and food poverty, digital exclusion, and employment opportunities.
- We completed work with Homes England 'Next Steps' programme to convert two long term void properties into four flats to support the homeless
- We increased presence and visibility of Neighbourhood Support Officers within all neighbourhoods
- We successfully undertook our 'Destination Ditton Pilot' underway working in partnership with Cheshire Police and HBC. Great feedback has been received from HBC leader and members.
- We appointed a strategic lead for decarbonisation
- We successfully secured funding from a Wave 1 bid to the SHDF
- We undertook our second annual SHIFT Assessment and achieved silver accreditation with improved ranking
- We assessed and considered implications of the Future Homes Standard

3. Growth and Diversification - We will continue to grow and diversify our business, developing a whole market housing offer which meets a range of needs including those of older people and those starting out on the housing ladder. We will grow our commercial arm, OSUK to generate profits which help protect our business and subsidise our social housing activity.

- We have 325 new homes (target 351) in our development pipeline.
- We completed 31 new homes for Affordable Rent and 48 homes for shared ownership (target 169) across three schemes. Delays have been experienced because of contractor and supply chain issues.
- Using an MMC approach we are making good progress with the delivery of our new and largest independent living scheme of 100 homes in Sandymoor (Hazlehurst)
- Working as a member of the Runcorn Town Board we worked to secure £23.6m funding for the regeneration of the town centre

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- The sale of shared ownership homes continues to remain buoyant. At the end of March 2022, there were five shared ownership homes that had been unsold for over six months which are all reserved
- Our subsidiary, OSUK, has generated (£1.3m (ROI: 4.98%) contribution to reinvest into HH. It has increased its stock valuation by £270k through strong management and performance of the portfolio.
- We have been instrumental in working with the 'Building Better' consortia to launch a framework for the procurement of offsite manufactured products.
- We have developed our business plan and approved, in principle our ambition to build a further 1,000 new homes over the next five years

4. **Healthy Organisation** - We will create an environment where colleagues are valued and listened to, and where they have a strong voice which shapes our future direction. We will recruit and retain people with the right skills, but more importantly the right behaviours to help us deliver our plans. We will invest in our leaders, our people and our IT and create a healthy organisation where everyone can do a great job in an innovative, collaborative, and agile business.

- The resilience of the workforce has continued to achieve strong operational performance under challenging conditions and in particular the ongoing challenges presented by the Covid-19 pandemic.
- The second of our two-year, 'Driving Our Future' programme, maintained momentum and was delivered with great success.
- We have committed to invest in modernising our systems and work is underway to identify a new Customer Relationship Management (CRM) system
- We introduced a data quality and governance framework, established the data governance group, implemented the data strategy, and undertook a data quality audit with good assurance ratings
- We increased our data confidence, programming design and system reporting and functionality for compliance, asset management and energy efficiency, which is ensuring greater control and will ensure better investment decisions.
- We retained our IIP Assessment Gold Award and were shortlisted for the 'Best Company with 250+' award
- We have invested in our people by
 - completing our 'Leadership Matters' training and development programme
 - establishing the 'Thrive Program' to develop emerging talent
 - developing a Skills Matrix to identify any areas of key reliance on skills or individuals and to assess those areas where skills need to be strengthened
 - completion of Evolve colleague engagement programme and identification of actions
 - establishing a group of Well-being champions
 - establishing a 'colleague Voice' group
 - continued support the apprenticeship programme
 - establishing a 'Pit Stop' as a point for our trades and mobile staff for any IT related issues
 - encouraged staff to utilise office space through 'Get the buzz back campaign'

5. **Well Governed & Financially Viable** - Our plans can only be delivered if we maintain our strong foundations. This means being as efficient and productive as we can be, maximising our income and delivering great performance. It means being well governed, compliant with regulatory and legal requirements and having the financial capacity to fund our plans.

- We anticipated that our rent arrears and bad debts would increase because of Universal Credit and the impact of the Covid-19 pandemic. However, we have outperformed the targets that we set for 2021/22 and achieved top quartile performance in voids and arrears
- Our latest compliance self-assessment demonstrates how HH is fully compliant with all aspects of the Governance and Financial Viability Standard.
- We continue to comply with new NHF code of governance
- We continue to be judged G1/V1 by our Regulator.
- We have improved the diversity of Board through the appointment of four new Board Members
- We completed and published our first ESG report

Halton Housing

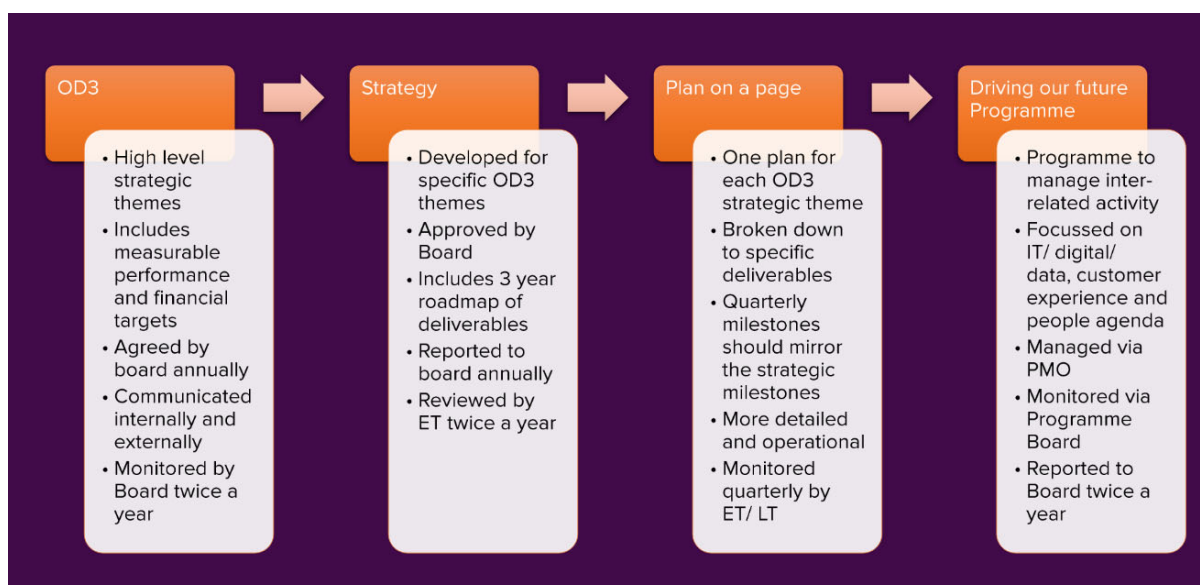
- We have had positive results and feedback from the internal audit programme throughout the year which covered: Statistical Data Return, Fire Safety, Accounts Payable, Business Planning and Stress Testing, Responsive Repairs, Customer Satisfaction and Complaints, Procurement, Code of Governance Self-Assessment (additional), RSH Standards and Legal Compliance Self-Assessment Framework, ICT Infrastructure, Mail Merge Processes
- We have progressed with the Treasury Strategy and future funding requirements
- We have continually reviewed and improved our approach to risk management throughout the year and we have updated our risk appetite statements

6. Brand and Reputation - We will build on our brand and reputation with our customers, our colleagues, local partners and within the sector. We will be the first choice for people looking for a home within the borough and beyond and a partner of choice for those who invest in our neighbourhoods and provide services to our customers. We will continue to be regarded in the sector as a forward thinking, innovative housing provider.

- We have continued to actively support and contribute to a wide range of local strategic partnerships and groups across Halton and the wider Liverpool City Region (LCR). We value the opportunity this involvement offers to influence and contribute to key local and regional strategic decision and policy making.
- We enjoy a strong strategic relationship with Halton Borough Council, and we continue to be represented and play an active role in contributing towards the Council's strategic priorities.
- During the recent Covid-19 pandemic our priority has been to support and work with our more vulnerable customers and those that are in a vulnerable situation of homelessness. We have continued to work with Halton Borough Council to coordinate support.
- The stakeholder survey that we completed, not only provided insight on the great reputation that we have and how highly respected we are in the community, but it has also provided recommendations to help us to continue to build on the things that we need to do to strengthen our partnerships. We continue to make good progress with this.
- Through our 'Destination Ditton' project, we have partnered with several volunteering groups to help tackle food poverty and supported the launch of a community supermarket, which provides low-cost quality food. We have donated £5,000 to the food bank to support this work during the year.
- Other organisations that we have partnered with throughout the year to support our customers and communities include local contractors, Energy Project Plus, United Utilities, Citizens Advice, Power in Partnership (PiP), Positive Footprints and local primary schools, CAB, and Cheshire police
- We have been shortlisted four Awards and won two awards during the year
- We launched the new 'Open Door' website for the sale of Shared Ownership properties
- We published Reach magazine for all our customers and launched a stakeholder newsletter

Each priority has a roadmap of specific deliverables which are described and monitored as a 'plan on a page.' Quarterly milestones have been attributed to each deliverable which are monitored every quarter by the Executive and Leadership Team. Progress against the deliverables is reported to the Board.

Halton Housing



The “Driving Our Future” change programme is managed by a Project Manager and monitored by a Programme Board which focusses on the key interrelated projects that underpin the delivery of the six strategic themes. The focus of the key projects is IT, digital experience, data, customer experience and our people.

The financial framework, performance framework and risk register are aligned to OD3 so that there is a ‘golden thread’ which runs through our corporate governance. The priorities are communicated to both internal and external stakeholders.

We focus on ‘lifeblood’ measures which are critical to the successful delivery of our priorities. Linked to these measures are a series of operational performance measures for each service area. Our ‘lifeblood’ measures for 2021/22 are set out in the table below:

OD3 Theme	Measure	Actual 2020/21	Target 2021/22	Actual 2021/22	Benchmark Median (source)
Customer Focus	Complaints (% closed at stage 1)	93.8%	95%	92.91%	n/a
	Customer Satisfaction	77.4%	80%	78.4%	83.05% (HouseMark)
Places to be Proud of	Energy Efficiency	83.8%	85.29%	90.5%	n/a
Financially Viable and Well Governed	Void Rent Loss	£158,933	£193,901	£158,933	£382,600 (HouseMark)
	Current Arrears (as a % of rent debit)	Current Arrears at year end: £878k (2.6%)	Current Arrears at year end: £1.148m (3.33%)	Current Arrears at year end: £941k (2.73%)	£1,199,000 (3.48%) (HouseMark)
Growth and Diversification	New Homes Delivered	92	169	79	n/a

Halton Housing

OD3 Theme	Measure	Actual 2020/21	Target 2021/22	Actual 2021/22	Benchmark Median (source)
	Pipeline of New Homes Secured	404	351	325	n/a
	Return on Investment in OSUK	6.02%	4.7%	4.98%	n/a
	Unsold Homes	£360,290	<£500k for 6 months	£455,000	n/a
Healthy Organisation	Colleague Satisfaction	78.9%	81%	90.1%	n/a
	Colleague Sickness Absence	9 days	8 days	8.73 days	7.5 days (HouseMark)

Financial and Health and Safety Compliance performance is also reported to each Board meeting. This ensures that all key information, including the regulatory value for money metrics and asset compliance is measured against defined targets and regularly reported to the Board.

Our most recent performance:

We assess our performance against the Global Accounts published for all organisations each year.

Our performance and trend against the Value for Money metrics and the comparison to Global Accounts can be seen in the table below:

Measure	Benchmark Source (medians)	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Forecast	2022 Actual
Reinvestment	Halton Housing	12.26%	6.60%	5.23%	11.80%	21.80%	14.47%
	Global Accounts	6.03%	6.24%	7.20%	5.80%	5.80%	n/a
New Supply Delivered (Social Housing Units)	Halton Housing	3.18%	0.45%	0.78%	1.28%	2.40%	1.12%
	Global Accounts	1.16%	1.50%	1.50%	1.30%	1.30%	n/a
New Supply Delivered (Non-Social Housing Units)	Halton Housing	0.37%	1.08%	0.54%	1.10%	1.10%	0.41%
	Global Accounts	0.00%	0.00%	0.00%	0.00%	0.00%	n/a
Gearing (Net Book Value of Housing Properties)	Halton Housing	77.22%	80.80%	77.98%	72.73%	77.80%	77.28%
	Global Accounts	42.90%	43.40%	44.00%	43.90%	43.90%	n/a
EBITDA MRI Interest Cover	Halton Housing	155.59%	145.80%	120.82%	159.87%	129.10%	106.74%
	Global Accounts	206.00%	184.00%	170.00%	183.00%	183.00%	n/a
Headline social housing cost per unit	Halton Housing	£3,326	£3,421	£3,632	£3,237	£3,575	£3,793
	Global Accounts	£3,397	£3,695	£3,830	£3,730	£3,730	n/a

Halton Housing

Measure	Benchmark Source (medians)	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Forecast	2022 Actual
Management cost per unit	Halton Housing	£1,096	£1,175	£1,251	£1,135	£1,268	£1,493
	Global Accounts	£974	£1,004	n/a	n/a	n/a	n/a
Service charge cost per unit	Halton Housing	£220	£237	£222	£215	£245	£232
	Global Accounts	£389	£395	n/a	n/a	n/a	n/a
Maintenance cost per unit	Halton Housing	£913	£1,014	£1,131	£1,180	£1,132	£1,245
	Global Accounts	£948	£1,013	n/a	n/a	n/a	n/a
Major repairs cost per unit	Halton Housing	£1,034	£888	£890	£620	£781	£727
	Global Accounts	£720	£794	n/a	n/a	n/a	n/a
Other cost per unit	Halton Housing	£64	£106	£139	£87	£149	£97
	Global Accounts	0	0	n/a	n/a	n/a	n/a
Operating Margin (Social Housing Lettings only)	Halton Housing	29.55%	24.35%	20.80%	27.95%	22.30%	17.35%
	Global Accounts	32.10%	29.20%	25.70%	26.30%	26.30%	n/a
Operating Margin	Halton Housing	29.25%	25.00%	20.00%	24.35%	20.80%	17.73%
	Global Accounts	28.90%	25.80%	23.10%	23.90%	23.90%	n/a
Return on capital employed (ROCE)	Halton Housing	6.80%	5.26%	4.47%	4.70%	4.10%	3.39%
	Global Accounts	4.08%	3.76%	3.40%	3.30%	3.30%	n/a

Reinvestment: For the year ending March 2022 our investment was lower than we forecast but more than the last two years. Some of our new build schemes started later than planned and we have experienced delays with some of our contractors. Our reinvestment activity is higher than our benchmark. Investment includes £24.3m (2021: £18.2m, 2020: £4.3m) development of new homes, £3.3m (2021: £2.9m, 2020: £3.9m) capitalised major repairs and £0.8m (2021: £0.3m, 2020: £0.4m) capitalised interest.

New Supply (social housing): Over the last five years we have developed 486 new homes including 79 new homes in 2021/22. The focus remains on planning future investment. There have been several s106 purchases in the year. We continue to have a buoyant pipeline of 325 homes at the year end.

New Supply (non-social housing): In 2021/22 an additional £2.7m was invested in OSUK which it has used to acquire 31 homes for market rent.

Gearing: We are more highly geared than our benchmark. As an LSVT the historic cost value of our homes is low at an average of £27k per home which has the impact of increasing the gearing percentage. The estimated EUV-SH value of our homes is £320m. Using this value instead of the historic cost would reduce gearing to 49.6% which would be more in line with our benchmark

Halton Housing

EBITDA MRI interest cover: Our interest cover is less than our forecast and the previous year.

- Overall turnover has decreased by £2.6m. Proceeds from property sales have decreased, outright sales income by £2.9m and shared ownership sales income by £0.6m whilst income from lettings has increased, social housing lettings income by £0.5m and non-social housing lettings income by £0.4m. The increase in lettings income is due to a combination of the positive impact of additional properties developed for rent and the application of annual rent increases.
- As expected, expenditure has been higher due to the deferment of some of our project work and major repairs due to the Covid-19 pandemic in the previous year. Operating expenditure has increased from 2020/21 to 2021/22 by £4.3m.
- Management costs have increased by £2.6m which includes an increase in non-cash defined benefit pension costs of £1.3m. The total charge to operating costs for the defined benefit pension costs is £2.0m compared to £0.7m in the previous year. Without these pension costs our interest cover would be 134% which is higher than we forecast.
- Routine maintenance costs have increased by £0.3m, planned maintenance has increased by £0.2m and major repairs have increased by £0.4m. Depreciation charges have increased by £0.2m.
- As a result of our continued excellent arrears performance, the overall bad debt provision is reporting a small charge of £0.1m. This compares to a reduction and release of £0.1m, rather than a charge last year resulting in an overall increase of £0.2m compared to the previous year. Other operating costs have increased by £0.1m. There are no impairment costs this year.

Social Housing cost per unit: Our overall headline social housing cost per unit at £3,793 is slightly higher than the previously available benchmark at £3,730 and our result for the previous year at £3,237. In 2021, we delayed expenditure because of the Covid-19 pandemic and we 'rolled over' this expenditure into the 2021/22 financial year.

Management cost per unit: Our management cost per unit has increased. A significant contributor to the increase in our cost per unit this year has been an increase in the non-cash pension charge to management costs from the defined benefit pension schemes. This has had an impact of increasing the overall cost per unit by £206 per unit. Without this adjustment our management cost per unit was £3,515 which is in line with the forecast per unit cost of £3,573.

Maintenance and repairs cost per unit: During 2021/22 we spent £1,972 per unit on maintenance and repairs compared to our forecast of £1,913 per unit. Whilst our maintenance costs have been higher, our major repairs costs are lower. We have continued to focus on improving our repairs service and clearing the backlog of works from the previous year. Like others across the sector, we have experienced cost increases in relation to health and safety compliance work. None the less our costs for 2021/22 are still lower than the pre-Covid-19 pandemic costs of £2,021 per unit in 2019/20.

Operating Margin: Our operating margin for social housing lettings, has reduced from 27.95% in 2021/22 to 17.35% in 2021/22. The margin for 2020/21 was unusually high, due to lower pension costs compared to previous years and delays in expenditure that were rolled over into 2021/22 following the impact of the Covid-19 pandemic. In 2019/20 we reported a margin of 20.8%. Without the adjustment for non-cash pension costs, our result for this year would be 22.59%. This was the second year that we have been able to increase rents following four years of rent cuts. Our average social rents continue to be amongst the lowest in Halton at £84.73 per week for general need social rent (England average: £96.19 source 2020/21 NROSH). Our average affordable rent is £105.72 for general needs (England average: £133.31 source: 2020/21 NROSH). We estimate that our rents and service charges are 3% lower than others in the Halton.

Return on capital employed: This is higher than our benchmark because of the lower historic cost value of our homes.

Halton Housing

Corporate Plan 2022 to 2025

Our Corporate Plan for the next three years outlines our commitment to our customers and the wider community.

Our five priorities and ambitions are summarised below:

- 1. Customer:** Customers are our priority. By listening and being easy to deal with, we will support them to make a success of living in their home.
 - We are easy to deal with and keep you informed.
 - We treat you with respect, and tailor our services to your needs.
 - We listen to what you tell us and act on what you say.
 - We support you to make a success of living in your home.
 - Our service offer is clear, as are our expectations of you.

- 2. Homes:** Our homes will be safe, warm, and secure, supported by a reliable repairs service. Using innovation, we will make homes as efficient as possible and minimise our carbon footprint.
 - We will invest in your home to make it safe, warm, affordable, and secure.
 - We maintain and repair your home, being clear about what we will do and when we will do it.
 - We work with you to reduce your carbon footprint.
 - Our homes meet your needs now and are fit for the future.
 - We use innovative ways to maintain our homes as efficiently as we can.

- 3. Place:** Working with customers we will create thriving neighbourhoods, and tackle issues that matter. Working with partners, we will create opportunities that improve our customers' health and wellbeing.
 - We work with you to improve your health and wellbeing.
 - We engage with you in your community to tackle the issues that matter most to you.
 - We work in partnership with you and with others to create thriving communities.
 - We create sustainable, thriving neighbourhoods and places to live you are proud of.
 - We create opportunities for young people to help them have the best start in life.

- 4. Business:** We will run our business well, providing best value for money for customers. Our social purpose remains at our heart. Our services will be delivered by engaged and empowered colleagues.
 - We make the best use of our resources and make sure customers get value for money for their rent.
 - We run our business with a social heart, minimising our carbon footprint and maximising the social impact of what we do.
 - Our commercial activity generates profits that we use for social purpose.
 - Our colleagues are engaged, equipped, and empowered to do the right thing for our customers.
 - We maximise our economic impact to benefit customers and neighbourhoods.

- 5. Development:** As a key developer in the borough, working with partners, we will build homes across the whole range of tenures, to meet the needs of people at all stages of life.
 - We build a range of homes with different tenures to meet diverse needs at all stages of life
 - The homes we build are affordable, green, safe, and connected
 - We build homes that are right for our business, our customers, and our communities
 - We minimise the environmental impact of our new homes
 - We are agile and adapt to external opportunities and challenges

Halton Housing

Our future targets:

Each year, as part of our annual budget setting and business planning process, we produce service area plans that identify the objectives to be achieved and the resources that are to be used for the forthcoming year. Performance against the annual budget is discussed quarterly at Board meetings and monthly by the Leadership Team. Performance against budget is reviewed monthly, there is a strong monthly focus on financial forecasting, and the business plan is updated on a regular basis as we plan and develop our strategies. Savings targets have been consolidated into the long-term business plan. Overall, we continue to outperform the budget each financial year.

The ongoing six-monthly review of the Corporate Plan ensures that our goals are always current and aligned to the changes that are taking place both internally and externally. The Performance Framework continues to be reviewed and updated in line with this.

When we set our performance targets we consider, current performance, our ambition and strategies and benchmarking information. We are working towards upper median or top quartile performance compared to the benchmark used for each measure. Our performance targets for the next two years are detailed in the table below:

Performance Measure	Target 2022/23	Target 2023/24
Complaints (% closed at Stage 1)	95%	95%
Customer Satisfaction	80.5%	83%
Current Arrears (% of rent debit)	£1.1m (3.1%)	£1.165m (3.1%)
Void Rent Loss	£233k	£244k
New Homes Delivered	216	170
Pipeline of New Homes Secured	309	n/a
Return on Investment in OSUK	4.3%	4.6%
Unsold Homes	<£1.5m for 6 months	<£500k for 6 months
Colleague Satisfaction	83%	85%
Colleague Sickness Absence	7.5 days	7 days
Energy Efficiency	91.2%	92.5%

Based on these plans, our strategy, and our day-to-day operational activities we have developed our long-term financial plan. We have used this to calculate our value for money metrics for the next five years as illustrated in the table below:

Group Value for Money metrics	2022	2023	2024	2025	2026	2027
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Metric 1: Reinvestment	14.47%	16.73%	16.69%	18.90%	16.77%	6.57%
Metric 2a: New Supply Delivered (social housing units)	1.12%	2.36%	2.40%	2.63%	2.06%	2.48%
Metric 2b: New Supply Delivered (non-social housing)	0.41%	1.15%	0.00%	0.24%	0.24%	0.23%
Metric 3: Gearing (NBV Housing Properties)	77.28%	75.43%	73.63%	74.69%	73.21%	70.65%
Metric 4: EBITDA MRI Interest Cover	106.7%	127.3%	125.4%	121.2%	133.7%	144.1%
Metric 5: Headline Social Housing Cost Per unit	£3,793	£3,942	£4,057	£4,157	£4,252	£4,197
Management Cost per unit	£1,493	£1,337	£1,447	£1,376	£1,378	£1,385
Service Cost per unit	£232	£262	£267	£268	£270	£270

Halton Housing

Group Value for Money metrics	2022	2023	2024	2025	2026	2027
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Routine Maintenance cost per unit	£1,245	£1,233	£1,257	£1,263	£1,277	£1,281
Major Repairs cost per unit	£727	£917	£878	£1,042	£1,118	£1,052
Other costs per unit	£97	£193	£207	£208	£209	£209
Metric 6a: Operating Margin (social housing lettings only)	17.35%	18.85%	21.96%	24.00%	24.65%	25.05%
Metric 6b Operating Margin	17.73%	19.56%	22.39%	24.54%	24.21%	24.91%
Metric 7: Return on capital employed (ROCE)	3.39%	4.99%	3.89%	3.89%	4.00%	4.09%

Reinvestment: We will spend £170m over the next five years on the development of new homes. These will be for shared ownership, affordable rent, market rent, and market sale. We will also spend £30.8m on capitalised major repairs and £5m on capitalised interest over the same period.

New Supply (Social Housing): We will build 981 new homes over the course of the next five years, at a cost of £186m. These will be for shared ownership, affordable rent and rent to buy. As at March 2022, 359 of these homes were under construction.

New Supply (non-social housing): In OSUK, we will build or acquire an additional 90 homes at a cost of £30m over the next five years. The return on the investment will be 5.6%. Profits from OSUK will be re-invested into Halton Housing and used to subsidise the provision of social housing.

Gearing: As we continue to invest in the development of new homes, our debt is forecast to increase by £75m. We will need to secure additional funding to deliver our ambition as some of our current loan portfolio matures and additional funding is required to fund new homes. We have more than sufficient security to achieve this based on our estimated EUV-SH valuation of £320m. Our gearing is forecast to reduce as the net book value of our properties (valued at cost) increases from £202m to £331m.

EBITDA MRI interest cover: This is forecast to remain lower than our benchmark through the next five years. However, we remain within our financial performance requirements. Our headroom against our tightest covenant is £1.5m in 2023/24.

Social Housing cost per unit: We expect our cost per unit to increase in 2023/24 compared to the actual for 2022/23. We have committed to invest in a new housing management system to improve our effectiveness and efficiency, and we are investing in the decarbonisation of our homes. Our ongoing cost per unit is comparable with the benchmark and is expected to fall below it (allowing for inflationary increases) by 2028. We cannot however predict what the impact will be of any additional unknown pension costs that are attributed to the FRS102 adjustments for the defined benefit pension scheme. This adjustment has distorted our unit costs in both the current and previous years.

Operating Margin (social housing lettings only): We are applying rent increases in accordance with the regulations. Our assumptions around voids and bad debts remain prudent at 0.5% and 2% respectively compared to the past three years performance. We have a track record of outperforming these targets and achieving higher operating margins as a result. Our plans include cost savings of £470k per annum from 2023/24. We are confident that we can achieve these savings.

Operating Margin (overall): Our operating margin is expected to average 23.1% over the next five years as we continue to build and sell properties for shared ownership and outright sale from our development pipeline. We are not expecting large surpluses from the shared ownership product, a proportion of which are independent living homes for older persons. Excluding the costs and revenue from property sales our operating margin would average 25.1% over the next five years.

Halton Housing

Return on Capital Employed: Our plans anticipate a return on capital employed at an average 4.17% over the next five years, as our asset base grows through the reinvestment of our surpluses and utilising our security to raise finance to build new homes.

Halton Housing

Statement of Board's responsibilities in respect of the Financial Statements

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

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

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

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Society 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. It has general responsibility for taking reasonable steps to safeguard the assets of the Group and Association and to prevent and detect fraud and other irregularities.

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

In so far as the Board is aware:

- There is no relevant audit information of which the Group's auditor is unaware; and
- The Board has taken all steps that it ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Statement of Compliance

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

Halton Housing

Corporate Governance

The Board confirms that the Association has adopted the National Housing Federation's (NHF's) Code of Governance (2020). A full review of compliance with the 2020 Code of Governance for 2021/22 has been carried out. An assessment of full compliance has been made.

Our Board Membership Policy confirms that board members will typically be appointed for two terms of three years. However, there is flexibility to extend the term up to a maximum of nine years, to be reviewed annually, if Board agrees that is in the Group's best interest.

The Group has utilised this flexibility to re-appoint Angela Holdsworth and Kevin Williams for a final term of three years. Angela Holdsworth accepted the key role of Audit and Risk Committee Chair in 2020 after serving for a period as Vice Chair as part of the succession plan at that time. Kevin Williams was appointed as Halton Housing's Vice Chair in 2021 and continues to bring expertise in key risk areas for the Group, particularly in asset management, compliance and development. Continuation of both their tenures will provide continuity at a time of significant challenge and change for the organisation.

OSUK and HHT Development Ltd have not adopted the NHF code because it was felt that it would be most appropriate for them to continue to adopt the Institute of Directors' Corporate Governance Guidance and Principles for Unlisted Companies in the UK (Phase 1), which is better aligned to their structure and purpose. OSUK and HHT Development Ltd have completed a review of their compliance and are satisfied that they have good governance processes and procedures in place to assist them in achieving their objectives.

Board Composition

The Association Board consists of eleven non-executive board members. Two are nominated by HBC for appointment by the Board (Local Authority Board Members). Nine are recruited in accordance with the skills required by the Board (Recruited Board Members).

The purpose of the Board Membership Policy is to ensure an inclusive and diverse Board and Committee Membership resulting in optimal decision-making and assisting in the development and execution of a strategy which promotes the success of the Group.

The Policy confirms that we will use positive action to benefit the Group. This will ensure a wider pool of talented, skilled, and experienced people from which to recruit Board Members and a better understanding of the needs of a diverse range of customers.

Clive Deadman (Chair) (Recruited Board Member) - Clive has a background in engineering and private equity, and he has held senior leadership roles for over 20 years in a range of utilities and infrastructure companies. Clive brings extensive experience from within the social housing sector, the NHS, the Ombudsmen, and a range of other performance driven not-for-profit organisations. He is also a Professor of Water and Energy at Cranfield University.

Angela Holdsworth (Audit and Risk Committee Chair) (Recruited Board Member) - Angela has significant Non-Executive Director experience in the housing association sector. She is an experienced business leader with over 30 years of successful delivery of high-profile business roles and projects in several industry sectors from manufacturing through to highly regulated service organisations. Angela's current role as director of Angelteccies includes technical support providing product and processing support into the wire and cable industry. She is also assistant branch secretary of SSAFA Clwyd; a charity providing support for serving military personnel, veterans and their families.

Ian Hayhoe (Chair of OSUK) (Recruited Board Member) - Ian is well-known within the business community of Halton. Ian brings over 25 years' experience in the telecoms and financial services sectors to the Board. Ian is currently Head of Telesales and Retention at VMO2 (Virgin Media/O2), a Director of Halton and Widnes Chamber of Commerce and Executive Chair of Halton Enterprises Ltd.

Halton Housing

Board Composition (continued)

Linda Levin (Recruited Board Member) - Linda is an experienced housing professional who started her career as a graduate trainee Housing Manager with Knowsley MBC and went on to hold senior positions at Wirral and Halton Councils. Linda has a passion for tenant empowerment and building strong effective partnerships between landlords and tenants. Linda's focus throughout her career has been in housing where she has achieved positive outcomes for customers and communities. Linda is currently Director of Customer and Communities at a housing association in Greater Manchester.

Geoff Linnell (Recruited Board Member) - Geoff is a Non-Executive Chair and Director with measurable business transformation success and over 40 years' experience ensuring companies deliver more business value. Geoff has a strong governance and risk management background with consensus stakeholder management. Geoff's key strengths are strategy development, digital innovation, governance and risk management, transformation programme delivery, organisation design and talent management. He has vast experience within many sectors including information technology, NHS, care services, adult learning, investment banking, wealth management, retail banking, building societies and insurance. Geoff is also a Governance advisor being chair of a Combined Authority Standards Committee and local Parish Council Councillor.

Matthew Harrison (Recruited Board Member) - Matt is Chief Executive Officer of a leading North West Housing provider. Before taking on this role, Matt was Development Director at the same organisation and led on many iconic, award-winning regeneration projects. He is currently a board member of the Sheffield Local Housing Company, Chairs the Greater Manchester RP Joint Venture, Hive Homes and is a board member of its Sheffield City Region equivalent, Forge New Homes. He leads on growth for the Greater Manchester Housing providers and is Chair of the South Yorkshire Housing Partnership. Matt has also been involved with a Local Strategic Partnership, has been a PFI Company NED and has supported the NHF in a variety of ways. Matt is well versed in the power of partnership working and supportive of collaborative approaches to get things done.

Kevin Williams (Recruited Board Member) - Kevin has extensive property development and asset management experience gained over the past 22 years. He is financially astute with a strong grasp of financial matters, including business planning and stress testing. Kevin is currently Executive Director of Commercial Services at The Guinness Partnership. Kevin is responsible for the management of Guinness' 11,000 leasehold properties, the marketing and sale of homes for shared ownership and market sale with projected receipts in excess of £500m over the next four years, management of the Guinness commercial asset and non-residential portfolio, and hard and soft facilities management services to the Guinness corporate estate.

Norman Plumpton-Walsh (Local Authority Board Member) - Norman is a local authority nominee appointed to the Board in 2021. Norman's responsibilities at HBC range from ward member for the town centre part of Runcorn, together with being Chair of Safer Halton Policy and Performance Board, a member of Cheshire Police and Crime Panel, and recently Runcorn Town Deal Board. Outside of council, Norman has a masters' degree in Public Policy and Management and works as a civil servant.

Jennifer Halliday (Recruited Board Member) - Jennifer has over 30 years of executive experience leading finance and risk teams operating in both manufacturing and financial services industries. She is currently Finance Director at CF Fertilisers UK Ltd based in Ince, Chester. She sits on the Advisory Board of the Alliance Manchester Business School and is Chair of the North West Productivity Forum, part of the Productivity Institute working with business and government with a focus on education and skills.

Leigh Wylie (Recruited Board Member) - Leigh is a Chartered Accountant and has held senior leadership roles for over 20 years across a range of large financial services organisations. Leigh brings extensive experience in finance, risk management and audit, gained in a highly regulated sector. Leigh's current role as Head of Internal Audit within the insurance sector includes providing oversight to the Board and Audit Committee in protecting the assets, reputation and sustainability of the organisation, as well as providing oversight and challenge to the leadership team. Leigh brings a breadth of experience across financial, customer, regulatory and operational risks as well as transformation oversight.

Halton Housing

Board Composition (continued)

Marie Wright (Local Authority Board Member) - Marie is a Local Authority nominee, she is currently the Executive Board Member For Health and Well-being, she is also Chair of Halton's Health and Well-being Board. Marie has volunteered in the community for over 35 years helping to develop Credit Unions and Food Co-ops, she is passionate about all aspects of housing, especially homelessness and tenant issues, she is a Trustee of Nightstop Communities North West. She has worked as a Training Co-ordinator/Tenant Support Officer with young people in homeless projects. Marie was Chair of Halton Tenants Federation for 10 years.

Halton Housing

Committees of the Board

The Board has overall responsibility for the organisation of the following Committees:

- Audit and Risk Committee
- Remuneration and Nominations Committee
- Urgency Committee
- Appeals Panel

Audit and Risk Committee

The Committee will carry out its duties on behalf of each entity within the Group. The Terms of Reference for the Audit and Risk Committee are as follows:

a) External Audit

- Agree the scope of the external audit and the provision of other services by the external auditor.
- Consider the audit plan and discuss issues that are likely to affect the audit and financial statements with the auditors.
- Review the external audit management report and receive both formal and informal feedback from the external auditor.
- Review the Letter of Representation to the External Auditor
- Review the financial statements and satisfy itself as to the integrity of financial information.
- Advise the HH Board on the soundness of financial systems in the light of the external audit.
- Consider the management letter and the draft response to it and advise the HH Board accordingly.
- Monitor to ensure the implementation of external audit recommendations.
- Confirm and determine the fee to be paid to the external auditor.
- Review the performance of the external auditor and determine if value for money is being provided and whether the external auditor is independent and effective.
- Recommend to the HH Board the re-appointment of the external auditor or recommend that the service be re-tendered.
- Oversee the tendering and selection of the external auditor.

b) Internal Audit

- Ensure that the Group has appropriate internal audit arrangements. This involves making the key judgements about the level of risks and, in the light of them, the level of resources that are deployed. The internal audit programme must cover all systems and must involve compliance testing.
- Approve the appointment (and termination) of the internal auditor or external provider of the internal audit service.
- Consider and approve the internal audit plan and audit programme for each period.
- Commission special studies and investigations.
- Receive and review internal audit reports, taking appropriate action and report to the HH Board on the adequacy and effectiveness of the Group's internal controls.
- Consider draft responses and internal audit reports and advise the HH Board accordingly.
- Monitor to ensure the implementation of internal audit recommendations.
- Advise the HH Board on the soundness of the Group's financial, operational and compliance systems in the light of the internal audit.
- Confirm and determine the fee to be paid to any external provider of internal audit service.
- Review the performance of the internal auditor and determine if value for money is being provided and whether the internal auditor is independent and effective. The Audit and Risk Committee must ensure the internal auditor has no conflicts of interest with the external auditor.
- Make policy recommendations to the HH Board.

Halton Housing

Audit and Risk Committee (continued)

c) Risk Management

- Examine the effectiveness of the Risk Management Policy
- Review the effectiveness of stress testing against identified risks and combinations of risks across a range of scenarios, and the risk mitigations put in place as a result.

d) Annual Advisory Report to the Board

- The Committee will commission from the Group Chief Executive an annual advisory report which shall then be presented to the HH Board. The report shall be used as a source document for the Board's report on internal controls, which it includes alongside the Group's annual financial statements. The report will cover:
 - A summary of risk management activities undertaken.
 - Changes in significant risks since the previous annual report
 - Forms of assurance previously approved by the HH Board/ Audit and Risk Committee, together with a summary of findings from each form of assurance.
 - External audit matters
 - All significant control failings reported in the year.
 - Any fraudulent activity that has taken place All these items remain the responsibility on a day-to-day basis of the senior employees of HH.

e) Other

- Agree the write-off of irrecoverable rent arrears.
- Agree the appropriate accounting policies to be adopted.
- Review the Group policies for preventing and detecting fraud.
- Ensure the organisation complies with all statutory duties placed on it.
- Examine the independence of the Committee periodically.

Remuneration and Nominations Committee

The Terms of Reference for the Remuneration and Nominations Committee are as follows:

a) Remuneration

- Ensure HH considers all factors which it deems necessary in determining Group Executive Team and Board Member remuneration policy, including relevant legal and regulatory requirements, and guidance from the National Housing Federation
- Obtain reliable, up to date information about remuneration levels in other organisations of comparable scale and complexity.
- Review and establish Board Member remuneration levels at a frequency determined in the Board Remuneration Policy
- Review and make recommendations to Board on the total individual remuneration package of the Group Executive Team members considering:
 - The responsibilities required of them in their contracts of employment.
 - The context of the approved Business Plan
 - Resources available to HH
- Review the on-going appropriateness and relevance of the Group Executive Team and Board Member Remuneration policies
- Act in relation to disciplinary and grievance proceedings against the Group Executive Team members in accordance with their contract of employment

b) Nominations

- Regularly review the structure, size and composition of the Board and make recommendations to Board regarding any changes.
- Consider succession planning for Board Members, considering the challenges and opportunities facing the organisation, and the skills and expertise needed on the Board in the future.

Halton Housing

Remuneration and Nominations Committee (continued)

- Be responsible for identifying and nominating for approval by the Board, candidates to fill Board vacancies as and when they arise.
- Be responsible for identifying and nominating for approval by the Board, candidates for appointment as Board Chair, OSUK Board Chair and HHT Development Board Chair as and when the vacancy arises.
- Make recommendations to Board on the re-appointment of any Board Member at the end of their current fixed term of office, having considered their performance and ability to continue to contribute to the Board considering the knowledge, skills and experience required.
- Make recommendations to Board on membership of the Audit and Risk Committee, Remuneration and Nominations Committee, and any other Committee of the Board as appropriate
- Make recommendations to Board on appointments to Committee Chair and Vice Chair positions
- Make recommendations to Board on appointments to Lead Member roles
- Make recommendations to Board on appointment to the position of Board Vice Chair
- Make recommendations to Board on appointments to the OSUK Board.
- Make recommendations to Board on appointments to the HHT Development Board
- Recommend procedures for the appointment of Group Executive Team members

Urgency Committee - Where a decision is required from HH Board/Committee outside the agreed meeting schedule, and there is an urgent need to proceed with a course of action, the Urgency Committee shall be convened.

Appeals Panel - The Appeals Panel is to act as HH's final appeals forum under its key policies relating to staff and customers, which include but are not limited to the following:

- Terms and Conditions of Employment
- Health and Safety
- Grievance and Discipline
- Codes of Conduct
- Equal Opportunities and Diversity Policy

Regulatory Compliance

The Board confirms that the Association is fully compliant with all aspects of the Regulator of Social Housing's Governance and Financial Viability Standard.

Voluntary Code on Mergers, Group Structures and Partnerships

The Association has adopted the National Housing Federation's Voluntary Code on Mergers, Group Structures and Partnerships.

The Association would consider acquisition or merger. Notwithstanding this, one of the risks of the Code is that it could potentially lead to the Board becoming overwhelmed by considering several approaches rather than focussing on the strategic direction of the business.

To avoid this, the Association has implemented a gateway mechanism. In summary only those potential partnerships that meet the criteria agreed by Board and have a reasonable chance of being developed further would be escalated to Board. This initial assessment will be made by the Group Chair and Group Chief Executive.

The Association has developed its own Mergers, Group Structures and Partnerships Policy which amplifies certain aspects of the Code.

No merger opportunities were explored during 2021/22.

Halton Housing

Modern Slavery Act 2015

The Group complies with its obligations under the Modern Slavery Act 2015. As required by the Transparency in Supply Chain provision, the Group confirms that no instances of slavery and human trafficking occur within the organisation and that it expects the same standards from all its contractors, suppliers, and other business partners.

The Group's standard tender documentation requires potential suppliers to confirm that they comply with the Modern Slavery Act 2015.

The Group will not intentionally support or deal with any business involved in slavery or human trafficking.

Investment Policy

Board recognises that the Investment Policy must be kept under review. It will be reviewed formally once every three years and more often if changes in the external environment, for example legal, tax or market changes, mean it requires more urgent review.

The constitutional power of the Association to invest is set out in its Rules at B2.6 and B2.7.

"The Association shall have power to do anything that a natural or corporate person can lawfully do which is necessary or expedient to achieve any of its objects, except as expressly prohibited in the Rules:

B2.6 subject to rule F15, invest the funds of the Association and monies borrowed by the Association.

B2.7 lend money (including monies borrowed) on such terms as the Association shall think fit.

In relation to investment, the Rules state:

F15 The funds of or monies borrowed by the Association may be invested by the Board in such manner as it determines."

This power will be exercised to ensure that the financial returns from such investments are used to further the Association's aims.

The Investment Policy only applies to significant investment decisions of the Association and is not intended to prevent or contradict the exercise of the delegated authority in the Association's Treasury Management Policy.

Internal Controls

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 external audit management letter, which was produced following the audit of the financial statements for the year ending 31st March 2022 did not raise any issues, which are fundamental to the system of internal control or have a potential material effect on the financial statements.

Key elements of the control framework include:

- Regulation.
- External review and customer scrutiny.
- Standing orders and financial regulations setting out clearly the system of delegation.
- An adopted code of governance and codes of conduct.
- An appropriate governance structure, which is regularly reviewed to ensure that it remains fit for purpose.
- Board approved terms of reference and delegated authorities its committees.
- Detailed financial budgets and forecasts for subsequent years.
- Corporate Plan
- Clearly defined management and reporting structures.
- The performance management framework, which is reported upon to Board and its committees.
- A programme of internal reviews undertaken by an externally provided internal audit team.

Halton Housing

Internal Controls (continued)

- Careful staff recruitment and training.
- An approved treasury management policy.
- Board approved whistleblowing policy.
- Detailed policies and procedures.
- Asset and liability register.
- Financial golden rules.
- Business Continuity Plan
- Cyber security processes and procedures.
- Risk management policy and procure included a risk appetite statement

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Audit and Risk Committee to regularly review the effectiveness of the system of internal control. The Board receives a key issues report from each Audit and Risk Committee meeting, and the minutes are available for all board members to see.

The means by which the Audit and Risk Committee reviews the effectiveness of the system of internal control include:

- Internal audit reports.
- Management assurances.
- The external audit management letter.
- Other stakeholder reports.

The internal audit program agreed for the year included:

- Corporate governance and risk management areas.
- Strategic and business areas.
- Core financial areas.
- Main support and operational areas.
- ICT environment and information areas.

The Group has an Anti-Fraud Policy, which has been approved by the Audit and Risk Committee. There have been three reported cases of fraud during 2021/22. None of the reported cases has resulted in any financial loss to the Group.

The Group's Executive Team has submitted to the Board a detailed report on the operation of internal controls during the year under review and up to the date of approval of this report. The Board has considered this report and the evidence that supports the statements made and considers this to be a true and accurate reflection of the Group's current position. The Board can also confirm that it is satisfied that all necessary action is being taken to remedy the control failings identified in its review.

Equality and Diversity

We are committed to achieving a working environment, which provides equality of opportunity and freedom from unlawful discrimination on the grounds of race, sex, pregnancy, and maternity, marital or civil partnership status, gender reassignment, disability, religion or beliefs, age, or sexual orientation. We also aim to provide a service that does not discriminate against its customers in how they can access the services provided by the Group.

The Single Equality Scheme takes account of the requirements within the Equality Act 2010 and the Public-Sector Equality Duty (PSED). The framework describes in a single document how the Group will fulfil its statutory and regulatory requirements to promote equality of opportunity, avoid discrimination, demonstrating its commitment to placing the promotion of equality and diversity at the centre of every aspect of its work. We have agreed three local equality objectives as part of the Single Equality Scheme.

Halton Housing

Equality and Diversity (continued)

Objective 1: We have assisted 822 customers during 2021/22 (nearly 15% increase on 2020/21) as our customers continue to deal with cuts to welfare benefits caused by the ending of Covid uprating's, ongoing Universal Credit (UC) migration and, throughout the Q4 period, facing unprecedented increases in energy costs. With the pressure mounting on customers finances posing a considerable risk to our rental payments we have invested considerable time and resources to try and mitigate and support our customers to sustain their tenancies. With 1084 individual gains recorded where customer have received a monetary gain or had a debt written off to help improve financial outcomes for the customer. We have supported customers with 389 non-financial outcomes ranging from assisting access to covid-19 support for 48 customers, stopping disconnection of gas and electric supplies, supporting with benefit appeals and challenging and amending claimant commitments to ensure our more vulnerable customers do not face sanctions.

Objective 2: Aids and Adaptations – We have successfully supported 138 customers to move to suitable adapted homes that will meet their needs long-term. This has resulted in a total value of £407k has been achieved in recycling adaptations in 2021/22.

Objective 3: Domestic Abuse – We have supported and assisted victims of domestic abuse and their families. During 2021/22 we have opened 132 domestic abuse cases. We continue to work closely with the Police and the Multi Agency Risk Assessment Conference (MARAC). We deliver the Sanctuary Scheme, which allows for extra security to be put in place in a property for safety which has assisted 72 customers to remain in their home.

Gender Pay. We remain in a positive pay gap in both mean (1.3% positive) and median (3.0% positive) and our executive team is two thirds female. Our leadership team is 57% male. However, when combined with the executive team this comes to an even split. We will continue trying to actively encourage females into our trade roles to address the inconsistency in this area and keep checking our progress to keep a healthy balance.

Diversity Profile. We completed an analysis of the diversity profile of our customers, workforce, and Board.

- Females are currently under-represented on the Board and to a lesser degree within the workforce.
- Younger age groups are under-represented on the Board.
- The workforce and Board are broadly representative of the ethnic make-up of our customer base.
- A considerable proportion of customers identify as having a disability in comparison to the workforce, Board, and wider Halton population.
- A considerable proportion of the customer base is single in comparison to the wider Halton population.

Our new customer insight function will be capturing and utilising data to help us better understand our customers, their needs, expectations, and behaviours. Our customer insight framework will enable us to identify opportunities for improvements which offer the greatest impact to our customers. This in turn will allow us to deliver services which feel more personalised, and coordinate communication campaigns that are tailored and personalised using customer segmentation, with evaluation of improvement initiatives ensuring we continue to meet the needs and expectation of our customers.

People and Culture

We will deliver through our people. We will create an environment where colleagues are valued and listened to, and where they have a strong voice which shapes our future direction. We will recruit and retain people with the right skills, but more importantly the right behaviours to help us deliver our plans. We will invest in our leaders, our people and our IT and create a healthy organisation where everyone can do a great job in an innovative, collaborative, and agile business.

Our Values, which we expect all our colleagues to demonstrate, are:

- We keep our promises – making decisions and taking responsibility for seeing things through to the end. It means being open and honest, and explaining what is and is not possible.

Halton Housing

People and Culture (continued)

- We work in partnership – We work in a collaborative way. It means listening carefully to our customers and colleagues and playing our part in the team and supporting each other.
- We are innovative and creative – We challenge how things are done. We are flexible and open to new ways of doing things. We learn from mistakes and continually seek to improve.
- We treat everyone with respect – most importantly we treat everyone with kindness. By being helpful, approachable, and treating people with respect, we can create a place where difference is valued, and where everyone can thrive and enjoy their job.

Our People Strategy has four key themes:

- Leadership capability
- Performance management
- Workforce planning
- Colleague engagement

Our aims are to:

- Reinforce our commitment to developing our people and our leaders.
- Ensure leaders across all levels of the business are accountable for their people particularly in relation to performance, talent management, colleague engagement and workforce planning.
- Provide an innovative, collaborative, and agile working environment in which people can work to the best of their ability.
- Recognise and reward our colleagues in return for service excellence to our customers and colleagues.
- Align social value to the priorities defined within the Corporate Plan and the “Driving our Future” change programme.

Social Value

As a housing association we are an anchor institution within our neighbourhoods. We are an employer, builder, partner, and place maker. We are at the beating heart of communities across Halton – and we are there to stay.

Housing is not just about 'bricks and mortar'. Having a decent, affordable home is an important determinant of people's health and well-being, has a positive effect on children's education, can help people get and sustain employment and can provide a route out of poverty. Housing's carbon footprint can also be reduced through the right energy efficiency and construction measures.

The Covid-19 pandemic has hit disadvantaged communities hardest.

Our Social Value Strategy links closely with both our Placeshaping and Environmental and Sustainability strategies. It aims to improve the conditions of life for the residents of the areas in which we own or manage housing stock by tackling inequalities arising from:

- Homelessness
- Health
- Income
- Fuel and food poverty
- Digital exclusion
- Employment opportunities

We are a locally based social landlord operating predominantly within Halton and the Liverpool City Region. We recognise we have an important role in investing in and tackling the challenges faced by the place in which we operate.

Halton Housing

Social Value (continued)

We signed up as an early adopter of the Sustainability Reporting Standard for Social Housing and we published our first report against the Standard in 2021/22. We will publish our second report in 2022/23.

Disclosure of information to auditors

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

Auditors

At the AGM, the Association will be seeking to re-appoint RSM as the Group's external auditors.

The Board/Strategic Report was approved on 26 August 2022 and signed on its behalf by:



Clive Deadman
Chair

Halton Housing

Independent Auditor's Report to the Members of Halton Housing Year Ended 31st March 2022

Opinion

We have audited the financial statements of Halton Housing (the 'Association') and its subsidiaries (the 'Group') for the year ended 31st 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Association's affairs as at 31st March 2022 and of the income and expenditure of the Group and the income and expenditure of the Association 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, 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 and parent association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

Halton Housing

Other information (continued)

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 course of 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 where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; 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 24, 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 the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

Halton Housing

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and the Association operate in and how the group and the Association are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors where necessary.

The most significant laws and regulations that have an indirect impact on the financial statements are Health and Safety at Work Act 1974 and Regulator of Social Housing Regulatory Standards (both Economic and Consumer standards). We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging key judgments and estimates.

The engagement partner on the audit resulting in this independent auditor's report is John Guest.

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

Use of our report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

.....
RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
9th Floor, 3 Hardman Street
Manchester, M3 3HF
01/09/2022

Halton Housing

Statement of Comprehensive Income

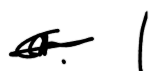
For the year ended 31st March 2022

	Notes	Year ended 31-Mar-22		Year ended 31-Mar-21	
		Group £'000	Association £'000	Group £'000	Association £'000
Turnover	2	40,922	38,033	43,495	38,117
Cost of sales	2	(3,112)	(2,236)	(6,520)	(3,104)
Operating expenditure	2	(30,556)	(29,642)	(26,384)	(25,346)
Gain on disposal of property, plant and equipment (fixed assets)	6	1,037	1,037	634	641
Operating surplus		8,291	7,192	11,225	10,308
Gift aid donation from subsidiary companies		-	394	-	156
Interest receivable		15	1,119	5	1,130
Interest and financing costs	7	(7,191)	(7,360)	(7,031)	(7,220)
Gain in valuation of investment properties	14	377	37	884	53
Surplus before tax	8	1,492	1,382	5,083	4,427
Taxation	9	-	-	-	-
Surplus for the year after tax		1,492	1,382	5,083	4,427
Other comprehensive income					
Initial recognition of multi- employer defined benefit scheme		-	-	-	-
Actuarial gain / (loss) in respect of pension schemes	12/24	8,451	8,451	(8,472)	(8,472)
Total comprehensive income for the year		9,943	9,833	(3,389)	(4,045)

Historical cost surpluses and deficits were identical to those shown in the Statement of Comprehensive Income.

All turnover and operating costs are attributable to continuing operations. The notes on pages 44 to 80 form part of these Financial Statements.

These Financial Statements were approved by the Board of Directors/Trustees and authorised for issue on 26th August 2022 and were signed on its behalf by:



Board/Trustee
Clive Deadman



Board/Trustee
Angela Holdsworth



Company Secretary
Neil McGrath

Halton Housing

Statement of Financial Position

As at 31st March 2022

	Notes	Year ended 31-Mar-22		Year ended 31-Mar-21	
		Group £'000	Association £'000	Group £'000	Association £'000
Fixed assets					
Tangible fixed assets	13	204,025	205,138	186,469	187,346
Investment properties	14	27,493	1,395	24,192	1,358
Investment in subsidiaries	15	-	11,900	-	11,900
		231,518	218,433	210,661	200,604
Long term debtors					
Debtors due in more than one year	17	-	17,350	-	14,700
Current assets					
Stock	16	13,500	8,939	10,220	4,991
Trade and other debtors	17	1,981	1,714	2,545	2,441
Investments	18	128	128	125	125
Cash and cash equivalents	19	6,854	6,541	26,698	26,594
		22,463	17,322	39,587	34,151
Less: Creditors: amounts falling due within one year	20	(14,154)	(13,912)	(9,880)	(9,610)
Net current assets		8,309	3,410	29,707	24,541
Total assets less current liabilities		239,827	239,193	240,368	239,845
Creditors: amounts falling due after more than one year	21a	187,082	187,082	191,267	191,267
Provisions for (assets) / liabilities					
Pension provision	12/24	4,060	4,060	10,360	10,360
Total net assets		48,685	48,051	38,742	38,218
Reserves					
Non-equity share capital	25	-	-	-	-
Income and expenditure reserve		48,685	48,051	38,742	38,218
Total reserves		48,685	48,051	38,742	38,218

The notes on pages 44 to 80 form part of these Financial Statements. These Financial Statements were approved by the Board of Directors/Trustees and authorised for issue on 26th August 2022 and were signed on its behalf by:



Board/Trustee
Clive Deadman



Board/Trustee
Angela Holdsworth



Company Secretary
Neil McGrath

Halton Housing

Consolidated Statement of Changes in Reserves

As at 31st March 2022

	Group	Association
	Income and expenditure reserve £'000	Income and expenditure reserve £'000
Balance as at 1 April 2020	42,131	42,263
Surplus from Statement of Comprehensive Income	5,083	4,427
Actuarial gain in respect of pension schemes	(8,472)	(8,472)
Balance at 31 March 2021	38,742	38,218
Surplus from Statement of Comprehensive Income	1,492	1,382
Actuarial loss in respect of pension schemes	8,451	8,451
Balance at 31 March 2022	48,685	48,051

The notes on pages 44 to 80 form part of these Financial Statements.

Halton Housing

Consolidated Statement of Cash Flows at 31st March 2022

	Notes	Year ended 31-Mar-22 £'000	Year ended 31-Mar-21 £'000
Net cash generated from operating activities	(see Note i)	12,249	18,948
Cash flow from investing activities			
Purchase of tangible fixed assets		(24,087)	(21,287)
Purchase of investment properties		(2,924)	(6,639)
Purchase of investments		(1)	-
Proceeds from sale of tangible fixed assets		1,925	554
Proceeds from sale of investment properties		-	3,052
Grants received		824	8,220
Interest received		15	5
		(24,248)	(16,095)
Cash flow from financing activities			
Interest paid		(7,847)	(7,116)
New secured loans		-	19,926
Repayment of borrowings		-	-
		(7,847)	12,810
Net change in cash and cash equivalents		(19,844)	15,664
Cash and cash equivalents at beginning of the year		26,698	11,034
Cash and cash equivalents at end of the year		6,854	26,698

The notes on pages 44 to 80 form part of these Financial Statements.

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

Notes to Consolidated Statement of Cash Flows at 31st March 2022

Note i

	Year ended 31-Mar-22 £'000	Year ended 31-Mar-21 £'000
Cash flow from operating activities		
Surplus/(deficit) for the year	1,492	5,083
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	5,139	5,014
(Increase) / Decrease in stock	(1,447)	1,386
Decrease/(Increase) in trade and other debtors	24	(42)
(Decrease)/Increase in trade and other creditors	(357)	1,715
Pension costs less contributions payable	1,923	465
(Gain) in valuation of investment properties	(377)	(884)
Adjustments for investing or financing activities:		
(Gain) on disposal of property, plant and equipment (fixed assets) & investment properties	(1,037)	(541)
Government grants utilised in the year	(287)	(274)
Interest payable	7,191	7,031
Interest received	(15)	(5)
Net cash generated from operating activities	<u>12,249</u>	<u>18,948</u>

Note ii

Analysis of net debt - Group

	At 31 st March 2021 £000's	Cash flow £000's	Non - Cash t Movements £000's	31 st March 2022 £000's
Cash at bank and in hand	26,698	(19,844)	-	6,854
Debt due within one year:				
Loans	-	-	(5,000)	(5,000)
Debt due after more than one year:				
Loans	(158,691)	-	4,865	(153,826)
Total	<u>(131,993)</u>	<u>(19,844)</u>	<u>(135)</u>	<u>(151,972)</u>

The notes on pages 44 to 80 form part of these Financial Statements.

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

Legal Status

Halton Housing is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 (Community Benefit Society number: 7744) and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing. The registered office is Waterfront Point, Warrington Road, Widnes, WA8 0TD.

The Group comprises the following entities:

Name	Incorporation	Registered/Non Registered
Halton Housing	Co-operative and Community Benefit Societies Act 2014	Registered
Open Solutions (OSUK) Limited	Companies Act 2006	Non-registered
HHT Development Limited	Companies Act 2006	Non-registered

1. Principal Accounting Policies

Basis of Accounting

The Group's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018. The Group is required under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 to prepare consolidated financial statements.

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

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

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, 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 company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole, and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

Basis of consolidation

The consolidated financial statements incorporate the results of Halton Housing and all of its subsidiary undertakings as at 31 March 2022 using the acquisition method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition, being the date the Group obtains control.

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

Going concern

The Group's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. COVID-19 and other geo-political issues have continued to affect the Group's operating environment and the wider economy. These have been stress tested against a range of projected scenarios and assumptions for cash generation and mitigating actions which may be taken to reduce discretionary cash outflows. These are being monitored and updated on a continuing basis in light of actual experience which has generally been more positive than the initial assumptions made. No significant concerns have been noted and therefore we consider it appropriate to continue to prepare the financial statements on a going concern basis.

Judgements and key sources of estimation uncertainty

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

- a. **Development expenditure.** The Group capitalises development expenditure in accordance with the accounting policy described on page 49. 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. Housing properties are transferred to completed properties when they are ready for letting.
- b. **Categorisation of housing properties.** The Group has undertaken a detailed 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.
- c. **Impairment.** The Group has identified a cash generating for impairment assessment purposes at a property scheme level.

Other key sources of estimation and assumptions:

- a. **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 and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The carrying value of tangible fixed assets at 31 March 2022 was £204m (Group); £205.1m (Association).
- b. **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 engaged independent valuation specialists to determine fair value at 31 March 2022. The valuer used a valuation technique based on a discounted cash flow model. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long term vacancy rate. The key assumptions used to determine the fair value of investment property are further explained in note 14. The carrying value of investment properties at 31 March 2022 was £27.5m (Group); £1.4m (Association).
- c. **Impairment of housing properties.** Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

- d. **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. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 12.

Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and Homes England, income from the sale of first tranche shared ownership and other properties developed for outright sale and other income and are recognised in relation to the period when the goods or services have been supplied.

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

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

Support income and costs including Supporting People income and costs

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

Service charges

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

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

Interest

Interest payable is capitalised on borrowings to finance the development of new properties, after deduction of interest receivable on Social Housing Grant (SHG) received in advance, to the extent that it accrues in respect of the period of development. Other interest payable and receivable is charged or credited against the Statement of Comprehensive Income.

Loans

The Group's debt has been treated as "basic" in accordance with paragraphs 11.8 and 11.9 of FRS 102. The Group has some fixed rate loans which have a two-way break clause (i.e. in addition to compensation being payable by a borrower to a lender if a loan is prepaid where the prevailing fixed rate is lower than the existing loan's fixed rate, compensation could be payable by the lender to the borrower in the event that a loan is prepaid and the prevailing fixed rate is higher than the existing loan's fixed rate). The Financial Reporting Council (FRC) issued a statement on 2 June 2016 in respect of such loans with no prescriptive direction as to whether they should be classified as "basic" or "non-basic". On the grounds that the Group believes the recognition of each debt liability at cost provides a more transparent and understandable position of the Group's financial position and that each loan still satisfies the requirements of paragraphs 11.8 and 11.9 of FRS 102, the Group has retained its "basic" treatment of its debt following the FRC announcement.

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

Loan interest costs

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

Loan finance issue costs

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

Taxation

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

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

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet 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 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.

No corporation tax is payable on the surpluses of charitable activities of Halton Housing as it has charitable status for tax purposes. Halton Housing has not carried out any non-charitable activities which may attract taxation charges as only a small level of supplies are taxable below the thresholds.

Value Added Tax

Halton Housing is registered for Value Added Tax. A large proportion of the VAT incurred by Halton Housing cannot be recovered as the bulk of its turnover results from exempt activities. Halton Housing operates a VAT shelter arrangement in relation to an agreed schedule of qualifying works in its improvement programme whereby 100% of the VAT can be reclaimed. Under the Transfer Agreement Halton Housing has retained the first £1.1m from the Council's share of VAT Shelter receipts in recognition of half of the payment of £2.2m towards the pension deficit on transfer. Thereafter, Halton Housing recognises 50% of the VAT reclaimed from the VAT shelter arrangement in its Income and Expenditure Account, the remaining 50% is due to Halton Borough Council under the terms of the Transfer Agreement.

The balance of VAT recoverable at the year-end is included as a current asset.

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

Tangible fixed assets and depreciation

Housing properties

Tangible fixed assets are stated at cost, less accumulated depreciation. Cost includes the cost of acquiring land and buildings, development costs and expenditure incurred in respect of improvements.

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction.

Freehold land is not depreciated.

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

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

Housing properties (continued)

UELs for identified components are as follows:

Structure : Built pre 1945	50 years
Structure : Built 1946 to 1964	75 years
Structure : Built post 1964	100 years
Roofs	55 years
Roofline	30 years
Lifts	35 years
Kitchens	20 years
Bathrooms	30 years
Doors	30 years
Windows	40 years
Rewires	30 years
Boilers	15 years
Canopy	30 years
Central Heating System	30 years
Cladding	20 years
Door Entry Systems	30 years
Emergency Lighting	25 years
Fire & Security Systems	20 years
Wall Ties	50 years

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

Depreciation of other Tangible Assets

Expenditure in excess of £1,000, which results in an enhancement of the economic benefit of an asset is deemed to be an improvement and is capitalised. Depreciation is calculated on a straight- line basis over the useful economic life of the asset. Where an asset relates to part of a leased property this is depreciated over the term of the lease. Depreciation is charged in the year of acquisition but is not charged in the year of disposal.

Commercial Shops	30 years
Freehold Offices	40 – 60 years
Furniture and equipment	Between 4 and 10 years
Motor vehicles	4 years
Computer equipment	4 years

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

Low cost home ownership properties

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

Properties for Sale

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

The disposal of any housing properties through the Right to Buy is included in Statement of Comprehensive Income in the period in which the disposal occurs as the difference between the net sale proceeds and the net carrying value. Halton Housing has an obligation to repay a share of the net sales proceeds to Halton Borough Council in excess of £1.1m and after pre agreed costs.

Capitalisation of interest and administration costs

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

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

Where costs are incurred in relation to mixed tenure schemes these are allocated directly to the tenure type where applicable or on the same basis of unit allocation based on total scheme numbers.

Property managed by agents

Where the Group carries the majority of the financial risk on property managed by agents, income arising from the property is included in the Statement of Comprehensive Income Account.

Where the agency carries the majority of the financial risk, income includes only that which relates solely to the Group. In both cases, the assets and associated liabilities are included in the Group's Statement of Financial Position.

Leasing and hire purchase

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

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

Other leases are treated as operating leases and payments are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease. Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to Statement of Comprehensive Income over the term of the lease.

Investment property

Investment property includes commercial and other properties not held for the social benefit of the Group. 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.

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed company shares, which have been classified as current asset investments, are re-measured to market value at each balance sheet date. Gains and losses on re-measurement are recognised in profit or loss for the period.

Current asset investments

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

Stock and properties held for sale

Stock of materials are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell.

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

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

Since the year end our sales programme has remained active and we are continuing to achieve both sales completions and reservations at the original marketed prices and therefore we have not considered it necessary to recognise any impairment loss within these financial statements.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Non-government grants

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

Social Housing and other government grants

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

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

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

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

Recycling of Capital Grant

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

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the year end.

Retirement benefits

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

The disclosures in the accounts follow the requirements of Section 28 of FRS 102 in relation to multi-employer funded schemes in which the Group has a participating interest.

Halton Housing participates in two funded multi-employer defined benefit pension schemes:

The Social Housing Pension Scheme (SHPS) a defined benefit multiemployer pension scheme administered by TPT Retirement Solutions (TPT). The assets of the scheme are held separately from those of Halton Housing. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating expenditure, financing items and, in the Statement of Comprehensive Income.

The Cheshire County Council Pension Scheme provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of Halton Housing. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating expenditure, financing items and, in the Statement of Comprehensive Income.

Provisions

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

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

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

Financial Instruments

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

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

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

Commitments to receive or make a loan to another entity which meet the conditions in para 11.8(c) of FRS 102 are measured at cost less impairment.

Financial instruments held by the Group are classified as follows:

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method;
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method;
- Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method, and
- Commitments to receive or make a loan to another entity which meet the conditions above are held at cost less impairment.

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

- (a) The best evidence of fair value is a quoted price in an active market.
- (b) When quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted to reflect any circumstances specific to the sale, such as a distress sale, if appropriate.
- (c) Where there is no active market or recent transactions then a valuation technique is used to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

Loans

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

Impairment of Financial Assets

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

The following financial instruments are assessed individually for impairment:

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

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

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

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

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

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

2(a). Turnover, cost of sales, operating expenditure and operating surplus

Group	2022			
	Turnover	Cost of sales	Operating expenditure	Operating surplus
	£'000	£'000	£'000	£'000
Social housing lettings (Note 3a)	34,822	-	(28,782)	6,040
Other social housing activities				
First tranche low cost home ownership sales	2,612	(2,127)	(420)	65
Activities other than social housing				
Lettings (Note 4)	2,388	-	(1,354)	1,034
Properties developed for outright sale (Note 4)	1,100	(985)	-	115
Total	40,922	(3,112)	(30,556)	7,254
	2021			
	£'000	£'000	£'000	£'000
Social housing lettings (Note 3a)	34,307	-	(24,719)	9,588
Other social housing activities				
First tranche low cost home ownership sales	3,191	(2,963)	(58)	170
Activities other than social housing				
Lettings (Note 4)	2,038	-	(1,606)	432
Properties developed for outright sale	3,959	(3,557)	(1)	401
Total	43,495	(6,520)	(26,384)	10,591

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

2(b). Turnover, cost of sales, operating expenditure and operating surplus

Association	2022			
	Turnover	Cost of sales	Operating expenditure	Operating surplus
	£'000	£'000	£'000	£'000
Social housing lettings (Note 3b)	34,822	-	(28,782)	6,040
Other social housing activities				
First tranche low cost home ownership sales	2,612	(2,127)	(420)	65
Activities other than social housing				
Lettings (Note 4)	479	-	(440)	39
Properties developed for outright sale (Note 4)	120	(109)		11
Total	38,033	(2,236)	(29,642)	6,155
	2021			
	£'000	£'000	£'000	£'000
Social housing lettings (Note 3b)	34,307	-	(24,719)	9,588
Other social housing activities				
First tranche low cost home ownership sales	3,191	(2,990)	(58)	143
Activities other than social housing				
Lettings (Note 4)	494	-	(568)	(74)
Properties developed for outright sale (Note 4)	125	(114)	(1)	10
Total	38,117	(3,104)	(25,346)	9,667

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

3(a). Turnover and operating expenditure

Group	General Housing	Supported Housing and Housing for Older People	Low Cost Home Ownership	Total 2022	Total 2021
	£'000	£'000	£'000	£'000	£'000
Income					
Rent receivable net of identifiable service charge and voids	31,237	996	256	32,489	31,832
Service charge income	1,215	334	112	1,661	1,634
Amortised government grants	206	40	41	287	274
Government grants taken to income	60	-	-	60	309
Other income	45	-	-	45	31
VAT Shelter Income	208	-	-	208	191
Charges for Support Services	-	72	-	72	36
Turnover from Social Housing Lettings	32,971	1,442	409	34,822	34,307
Operating expenditure					
Management	(9,904)	(743)	(82)	(10,729)	(8,101)
Service charge costs	(1,329)	(273)	(58)	(1,660)	(1,536)
Routine maintenance	(6,668)	(221)	(56)	(6,945)	(6,622)
Planned maintenance	(1,892)	(62)	(16)	(1,970)	(1,800)
Major repairs expenditure	(1,595)	(280)	-	(1,875)	(1,429)
Development costs not capitalised	(5)	-	-	(5)	(93)
Bad debts	(83)	-	-	(83)	73
Depreciation of Housing Properties	(4,524)	(237)	(106)	(4,867)	(4,686)
Other Costs	(624)	(19)	(5)	(648)	(525)
Operating expenditure on Social Housing Lettings	(26,624)	(1,835)	(323)	(28,782)	(24,719)
Operating Surplus/(Deficit) on Social Housing Lettings	6,347	(393)	86	6,040	9,588
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	(137)	(38)	(5)	(180)	(176)

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

3(b). Turnover and operating expenditure

	General Housing	Supported Housing and Housing for Older People	Low Cost Home Ownership	Total 2022	Total 2021
	£'000	£'000	£'000	£'000	£'000
Association					
Income					
Rent receivable net of identifiable service charge and voids	31,237	996	256	32,489	31,832
Service charge income	1,215	334	112	1,661	1,634
Amortised government grants	206	40	41	287	274
Government grants taken to income	60	-	-	60	309
Other income	45	-	-	45	31
VAT Shelter Income	208	-	-	208	191
Charges for Support Services	-	72	-	72	36
Turnover from Social Housing Lettings	32,971	1,442	409	34,822	34,307
Operating expenditure					
Management	(9,904)	(743)	(82)	(10,729)	(8,101)
Service charge costs	(1,329)	(273)	(58)	(1,660)	(1,536)
Routine maintenance	(6,668)	(221)	(56)	(6,945)	(6,622)
Planned maintenance	(1,892)	(62)	(16)	(1,970)	(1,800)
Major repairs expenditure	(1,595)	(280)	-	(1,875)	(1,429)
Development costs not capitalised	(5)	-	-	(5)	(93)
Bad debts	(83)	-	-	(83)	73
Depreciation of Housing Properties	(4,524)	(237)	(106)	(4,867)	(4,686)
Other Costs	(624)	(19)	(5)	(648)	(525)
Operating expenditure on Social Housing Lettings	(26,624)	(1,835)	(323)	(28,782)	(24,719)
Operating Surplus/(Deficit) on Social Housing Lettings	6,347	(393)	86	6,040	9,588
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	(137)	(38)	(5)	(180)	(176)

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

4. Turnover from activities other than social housing

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Activities other than social housing				
Shops and Garages Lettings	551	496	391	376
Market Renting	1,796	1,464	76	75
Other	41	78	12	43
Properties developed for outright sale	1,100	3,959	120	125
	3,488	5,997	599	619

5. Accommodation owned, managed and in development

Group	2022		2021	
	No. of properties Owned	Managed	No. of properties Owned	Managed
Social Housing				
<u>Under development at end of year:</u>				
General needs housing social rent	-	-	-	-
General needs housing affordable rent	205	-	187	-
Supported housing and housing for older people	56	-	60	-
Low-cost home ownership	141	-	226	-
<u>Under management at end of year:</u>				
General needs housing	6,826	3	6,830	3
Supported housing and housing for older people	167	-	167	-
Low-cost home ownership	165	-	117	-
	7,560	3	7,587	3
Non-Social Housing				
<u>Under development at end of year:</u>				
Outright Sale	-	-	53	-
Market rented	-	-	-	-
<u>Under management at end of year:</u>				
Market rented	295	-	264	-
	295	-	317	-

The Group owns and manages 7,453 (2021: 7,378) homes for both Halton Housing, a Registered Social Landlord and Open Solutions (OSUK) Limited, a company limited by shares. In addition, the Group manages 3 (2021: 3) homes owned by another body.

There was an increase of 75 owned and managed properties. During the year 115 properties were acquired or developed: 5 social rent, 31 affordable rent, 48 shared ownership and 31 market rent; 40 properties were sold: 37 social rent, 3 affordable rent.

The homes owned and managed at 31 March 2022 comprise: 5,456 social rent (2021: 5,488); 1,353 affordable rent (2021: 1,325); 17 intermediate rent (2021: 17); 128 supported housing social rent (2021: 128); 39 supported housing affordable rent (2021: 39); 165 Shared Ownership (2021: 117) and 295 market rent (2021: 264).

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

5. Accommodation owned, managed and in development (continued)

Association	2022		2021	
	No. of properties Owned	Managed	No. of properties Owned	Managed
Social Housing				
<u>Under development at end of year:</u>				
General needs housing affordable rent	205	-	187	-
Supported housing and housing for older people	56	-	60	-
Low-cost home ownership	141	-	226	-
<u>Under management at end of year:</u>				
General needs housing	6,826	3	6,830	3
Supported housing and housing for older people	167	-	167	-
Low-cost home ownership	165	-	117	-
	7,560	3	7,587	3
Non-Social Housing				
<u>Under development at end of year:</u>				
Outright Sale	-	-	-	-
Market rented	-	-	-	-
<u>Under management at end of year:</u>				
Market rented	10	-	10	-
	10	-	10	-

Halton Housing, a Registered Social Landlord, owns and manages 7,168 (2021: 7,124) homes and manages 3 (2021: 3) homes owned by another body.

There was an increase of 44 owned and managed properties. During the year 84 properties were acquired or developed: 5 social rent. 31 affordable rent and 48 shared ownership properties; 40 properties were sold: 37 social rent and 3 affordable rent.

The homes owned and managed at 31 March 2022 comprise: 5,456 social rent (2021: 5,488); 1,353 affordable rent (2021: 1,325); 17 intermediate rent (2021: 17); 128 supported housing social rent (2021: 128); 39 supported housing affordable rent (2021: 39); 165 Shared Ownership (2021: 117) and 10 market rent (2021: 10).

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

6. Gain/(loss) on disposal of property, plant and equipment (fixed assets)

Group

	Sales of Investment Properties	Sales of Properties not developed for outright sale	Others	Total 2022	Total 2021
	£'000	£'000	£'000	£'000	£'000
Proceeds of sales	-	1,969	2	1,971	3,914
Other proceeds	-	-	-	-	14
<i>Less: Costs of sales</i>					
Halton Borough Council's share of sale proceeds	-	(405)	-	(405)	(19)
Carrying value of fixed assets	-	(496)	(6)	(502)	(3,158)
Incidental sale expenses	-	(27)	-	(27)	(117)
Surplus	-	1,041	(4)	1,037	634
Capital grant recycled (Note 23)	-	16	-	16	-

6. Gain/(loss) on disposal of property, plant and equipment (fixed assets)

Association

	Sales of Properties not developed for outright sale	Others	Total 2022	Total 2021
	£'000	£'000	£'000	£'000
Proceeds of sales	1,969	2	1,971	761
Other proceeds	-	-	-	14
<i>Less: Costs of sales</i>				
Halton Borough Council's share of sale proceeds	(405)	-	(405)	(19)
Carrying value of fixed assets	(496)	(6)	(502)	(99)
Incidental sale expenses	(27)	-	(27)	(16)
Surplus	1,041	(4)	1,037	641
Capital grant recycled (Note 23)	16	-	16	-

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

7. Interest and financing costs

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Deferred benefit pension (income) charge	228	37	228	37
On loans repayable within five years	1,114	1,006	1,114	1,006
On loans wholly or partly repayable in more than five years	6,835	6,483	6,835	6,483
Costs associated with financing	8,177	7,526	8,177	7,526
Less: interest capitalised on housing properties under construction	(986)	(495)	(817)	(306)
Capitalised Interest Amortised	-	-	-	-
	7,191	7,031	7,360	7,220

The weighted average interest on borrowings of 4% (2021: 4%) was used for calculating capitalised finance costs.

8. Surplus on ordinary activities

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
The operating surplus is stated after charging/(crediting):-				
Auditors remuneration (excluding VAT):				
Audit of the group financial statements	24	19	24	19
Audit of subsidiaries	6	3	-	-
Fees payable to the company's auditor and its associates for other services to the group:				
Taxation compliance services	4	1	-	1
Other services	-	-	-	-
Operating lease rentals:				
Vehicle Hire Costs	319	304	319	304
Land and buildings	-	-	-	-
Office equipment	8	8	8	8
Impairment losses of housing properties	-	-	-	-
Depreciation of housing properties	4,867	4,686	4,867	4,686
Depreciation of other fixed assets	272	328	267	320

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

9. Tax on surplus on ordinary activities

The main activities of the Association are to provide charitable services. The Association has been registered as a charity (registration number: 1111346) and therefore no corporation tax is payable on any of its surplus. There have been only a small number of taxable supplies in the financial year within the Association. The subsidiary companies surpluses are fully liable to corporation tax, however, the amount due will be fully covered by qualifying gift aid payments.

10. Key management personnel remuneration

	2022	2021
	£'000	£'000
The aggregate emoluments paid to or receivable by non-executive Directors and former non-executive directors	67	66
The aggregate emoluments paid to or receivable by executive Directors and former executive directors	456	447
The emoluments paid to the highest paid Director excluding pension contributions	183	179
The aggregate amount of Directors or past Directors pensions, excluding amounts payable under a properly funded pension scheme	-	-

The Chief Executive is an ordinary member of the pension scheme. The pension scheme is a final salary scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by Halton Housing of £32k (2021: £22k) was paid in addition to the personal contributions of the Chief Executive.

Directors (key management personnel) are defined as members of the Board, the Chief Executive and any other person who is a member of the Executive Management Team or its equivalent.

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

10. Key management personnel remuneration (continued)

Non-executive Directors are defined as Board members of Halton Housing: their pay within the year was as follows:

Board Member	Remuneration Received 2021-22 (£)	Remuneration Received 2020-21 (£)	Halton Housing	Audit and Risk Committee	Remuneration and Nominations Committee	Open Solutions (OSUK) Limited	HHT Development Limited
Clive Deadman	12,000	12,000	Chair ✓		✓		
Mark Dennett (retired 08.08.2021)	1,744	5,458	✓	Vice Chair ✓			
Mark Forrest (retired 24.09.2020)	-	4,616	✓		✓	✓	
Michael Fry (retired 08.08.2021)	2,615	7,250	Vice Chair ✓		Chair ✓	✓	Chair ✓
Angela Holdsworth	6,500	6,821	✓	Chair ✓			
Kevin Williams (appointed Vice Chair 23.09.2021)	6,290	5,000	Vice Chair ✓	✓			
Matthew Harrison (appointed HHT Development Chair 08.08.2021)	5,985	5,000	✓		✓		Chair ✓
Linda Levin	5,000	5,000	✓	✓			
Gwynne Furlong - OSUK (resigned 15.09.20)	-	2,295				✓	
David Hughes -OSUK (resigned 15.09.2020)	-	2,327				✓	
Geoff Linnell	5,000	5,000	✓	✓		✓	
Rob Poole - OSUK (resigned 04.03.2022)	-	-				✓	
Neil McGrath - OSUK	-	-				✓	✓
Ian Hayhoe	9,500	5,086	✓		✓	Chair ✓	
Marie Wright (appointed 08.08.2021)	3,282	-			✓		
Norman Plumpton-Walsh (appointed 08.08.2021)	3,282	-		✓			
Jennifer Halliday (appointed 23.09.2021)	2,581	-			Chair ✓	✓	
Leigh Wylie (appointed 23.09.2021)	3,355	-		✓			✓
	67,134	65,853					

Halton Housing
Notes to the Financial Statements
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11. Employee information

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

	Group		Association	
	2022	2021	2022	2021
	No.	No.	No.	No.
Property Services	128	132	128	132
Housing Management	89	84	89	84
Development	9	9	9	9
Support Services	82	74	82	74
	308	299	308	299

Staff costs (for the above employees)

	£'000	£'000	£'000	£'000
Wages and salaries	10,529	10,033	10,529	10,033
Social Security costs	1,061	988	1,061	988
Other pension costs	1,789	1,520	1,789	1,520
Redundancy costs	26	32	26	32
	13,405	12,573	13,405	12,573

Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the year:

	Group		Association	
	2022	2021	2022	2021
	No.	No.	No.	No.
£60,000 to £69,999	8	6	8	6
£70,000 to £79,999	3	4	4	4
£80,000 to £89,999	1	1	-	1
£90,000 to £99,999	3	3	3	3
£100,000 to £109,999	2	-	2	-
£120,000 to £129,999	-	1	-	1
£130,000 to £139,999	1	-	1	-
£140,000 to £149,999	1	1	1	1
£170,000 to £179,999	-	1	-	1
£180,000 to £189,999	1	-	1	-

12. Pension obligations

Halton Housing participates two schemes, the Social Housing Pension Scheme (SHPS) and the Cheshire Local Government Pension Scheme (LGPS). Both schemes are multi-employer defined benefit schemes. The Schemes are funded and are contracted out of the state scheme.

Social Housing Pension Scheme

The Group participates in the Social Housing Pension Scheme (SHPS), a defined benefit multi-employer pension scheme administered by TPT Retirement Solutions (TPT). The accounting policies in relation to SHPS are set out on page 51.

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

Social Housing Pension Scheme(continued)
Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2018 updated to 31 March 2022 by a qualified independent actuary.

	At 31 March 2022	At 31 March 2021
	% pa	% pa
Rate of increase in salaries	4.13	3.87
Rate of increase for pensions in payment / inflation	3.44	3.21
Discount rate for scheme liabilities	2.78	2.22
Inflation assumption (CPI)	3.13	2.87

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

	At 31 March 2022	At 31 March 2021
	Years	Years
<i>Retiring today</i>		
Males	21.1	21.6
Females	23.7	23.5
<i>Retiring in 20 years</i>		
Males	22.4	22.9
Females	25.2	25.1

Analysis of the amount charged to operating costs in the Statement of Comprehensive Income

	At 31 March 2022	At 31 March 2021
	£'000	£'000
Employer service cost (net of employee contributions)	95	65
Past service cost		
Total operating charge	95	65

Analysis of pension finance income / (costs)

Net interest expenses	(22)	(9)
Amounts (charged)/credited to financing costs	(22)	(9)

Amount of gains and losses recognised in the Statement of Comprehensive Income

Actuarial gains on pension scheme assets	477	307
Actuarial gains / (losses) on scheme liabilities	91	(954)
Actuarial gain / (loss) recognised	568	(647)

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

Social Housing Pension Scheme(continued)

	At 31 March 2022	At 31 March 2021
	£'000	£'000
Movement in (deficit) during year		
(Deficit) in scheme at 1 April	(1,004)	(406)
Movement in year:		
Employer service cost (net of employee contributions)	(95)	(69)
Employer contributions	129	127
Past service cost	-	-
Net interest/return on assets	(22)	(9)
Remeasurements	568	(647)
(Deficit) in scheme at 31 March	(424)	(1,004)

	At 31 March 2022	At 31 March 2021
	£'000	£'000
Asset and Liability Reconciliation		
Reconciliation of liabilities		
Liabilities at start of period	3,885	2,779
Service cost	95	69
Interest cost	86	66
Employee contributions	26	30
Remeasurements	(91)	954
Benefits paid	(145)	(13)
Past Service cost		
Curtailments and settlements		
Liabilities at end of period	3,856	3,885

Reconciliation of assets

Assets at start of period	2,881	2,373
Interest Income	64	57
Return on plan assets	477	307
Employer contributions	129	127
Employee contributions	26	30
Benefits paid	(145)	(13)
Assets at end of period	3,432	2,881

Actual return on plan scheme assets	(424)	(1,004)
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The Association has been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over recent years. The Trustee has been advised to seek clarification from the Court on potential changes to the pension liability. This process is ongoing and the Association understands that the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until the outcome of the Court process is known, it is not possible to calculate the impact on the liabilities of this issue, particularly on an individual employer basis, with any accuracy for the purposes of the 31 March 2022 financial statements. Accordingly no adjustment has been made in these financial statements in respect of this potential issue.

Halton Housing
Notes to the Financial Statements
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Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by Cheshire West and Cheshire Council. The total contributions made for the year ended 31 March 2022 were £2,138k, of which employer's contributions totalled £1,638k and employees' contributions totalled £500k. The agreed contribution rates for future years are 22.7% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 March 2022 by a qualified independent actuary.

	At 31 March 2022	At 31 March 2021
	% pa	% pa
Rate of increase in salaries	3.90	3.55
Rate of increase for pensions in payment / inflation	3.20	2.85
Discount rate for scheme liabilities	2.70	2.00
Inflation assumption (CPI)	3.20	2.85

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

	At 31 March 2022	At 31 March 2021
	Years	Years
<i>Retiring today</i>		
Males	21.2	21.4
Females	23.8	24
<i>Retiring in 20 years</i>		
Males	22.1	22.4
Females	25.5	25.7

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

Local Government Pension Scheme (continued)

**Analysis of the amount charged
to operating costs in the
Statement of Comprehensive
Income**

	At 31 March 2022 £'000	At 31 March 2021 £'000
Employer service cost (net of employee contributions)	3,595	1,910
Past service cost	-	-
Total operating charge	3,595	1,910

**Analysis of pension finance
income / (costs)**

Expected return on pension scheme assets	1,053	1,014
Interest on pension liabilities	(1,259)	(1,042)
Amounts (charged) to financing costs	(206)	(28)

**Amount of gains and losses
recognised in the Statement of
Comprehensive Income**

Actuarial gains on pension scheme assets	2,749	6,520
Actuarial gains / (losses) on scheme liabilities	5,134	(14,345)
Actuarial gain / (loss) recognised	7,883	(7,825)

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

Local Government Pension Scheme (continued)

	At 31 March 2022	At 31 March 2021
	£'000	£'000
Movement in (deficit) during year		
(Deficit) in scheme at 1 April	(9,356)	(980)
Movement in year:		
Employer service cost (net of employee contributions)	(3,595)	(1,910)
Employer contributions	1,638	1,387
Past service cost	-	-
Net interest/return on assets	(206)	(28)
Remeasurements	7,883	(7,825)
(Deficit) in scheme at 31 March	(3,636)	(9,356)
Asset and Liability Reconciliation	At 31 March 2022	At 31 March 2021
	£'000	£'000
Reconciliation of liabilities		
Liabilities at start of year	61,454	44,621
Service cost	3,595	1,910
Interest cost	1,259	1,042
Employee contributions	500	405
Remeasurements	(5,134)	14,345
Benefits paid	(980)	(869)
Past Service cost	-	-
Curtailments and settlements	-	-
Liabilities at end of year	60,694	61,454
Reconciliation of assets		
Assets at start of year	52,098	43,641
Return on plan assets	1,053	1,014
Remeasurements	2,749	6,520
Employer contributions	1,638	1,387
Employee contributions	500	405
Benefits paid	(980)	(869)
Assets at end of year	57,058	52,098
Deficit in scheme at 31st March	(3,636)	(9,356)

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

13. Tangible fixed assets

Group	Housing Properties					Other fixed assets			Total fixed assets
	Social Housing Properties for Letting Completed	Social Housing Properties for letting under Construction	Low cost home ownership Properties completed	Low cost home ownership Properties under construction	Total Housing Properties	Freehold properties	Plant, machinery, fixtures & vehicles	Computer, hardware & software	
Cost	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At start of the year	200,587	8,746	9,135	5,414	223,882	5,544	694	1,215	231,335
Transfers to/from Housing Properties for letting	-	-	-	-	-	-	-	-	-
Additions to properties acquired	69	14,503	16	5,986	20,574	55	6	74	20,709
Works to existing properties	3,333	-	-	-	3,333	-	-	-	3,333
Interest capitalised	-	369	-	225	594	-	-	-	594
Schemes completed	5,958	(5,958)	4,906	(4,906)	-	-	-	-	-
Disposals	(1,344)	-	-	-	(1,344)	-	-	(59)	(1,403)
Transfers (to)/from stock	-	(772)	(9)	(660)	(1,441)	-	-	-	(1,441)
At end of the year	208,603	16,888	14,048	6,059	245,598	5,599	700	1,230	253,127
Depreciation and impairment									
At start of the year	42,070	-	317	-	42,387	749	618	1,112	44,866
Charge for the year	4,570	-	134	-	4,704	178	27	67	4,976
Disposals	(688)	-	-	-	(688)	-	-	(52)	(740)
At end of the year	45,952	-	451	-	46,403	927	645	1,127	49,102
Net book value at the end of the year	162,651	16,888	13,597	6,059	199,195	4,672	55	103	204,025
Net book value at the start of the year	158,517	8,746	8,818	5,414	181,495	4,795	76	103	186,469

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

13. Tangible fixed assets (Continued)

Association	Housing Properties					Other fixed assets			Total fixed assets
	Social Housing Properties for Letting Completed	Social Housing Properties for letting under Construction	Low cost home ownership Properties completed	Low cost home ownership Properties under construction	Total Housing Properties	Freehold properties	Plant, machinery, fixtures & vehicles	Computer, hardware & software	
Cost	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At start of the year	200,587	9,455	9,135	5,629	224,806	5,544	639	1,215	232,204
Transfers to/from Housing Properties for letting	-	-	-	-	-	-	-	-	-
Additions to properties acquired	69	14,653	16	6,065	20,803	55	6	74	20,938
Works to existing properties	3,333	-	-	-	3,333	-	-	-	3,333
Interest capitalised	-	369	-	225	594	-	-	-	594
Schemes completed	5,958	(5,958)	4,906	(4,906)	-	-	-	-	-
Disposals	(1,344)	-	-	-	(1,344)	-	-	(59)	(1,403)
Transfers (to)/from stock	-	(772)	(9)	(660)	(1,441)	-	-	-	(1,441)
At end of the year	208,603	17,747	14,048	6,353	246,751	5,599	645	1,230	254,225
Depreciation and impairment									
At start of the year	42,070	-	317	-	42,387	749	610	1,112	44,858
Charge for the year	4,570	-	134	-	4,704	178	20	67	4,969
Disposals	(688)	-	-	-	(688)	-	-	(52)	(740)
At end of the year	45,952	-	451	-	46,403	927	630	1,127	49,087
Net book value at the end of the year	162,651	17,747	13,597	6,353	200,348	4,672	15	103	205,138
Net book value at the start of the year	158,517	9,455	8,818	5,629	182,419	4,795	29	103	187,346

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

13. Tangible fixed assets (Continued)

Group & Association

Completed Housing Properties comprise:	2022	2021
	£'000	£'000
Freehold	176,098	167,182
Leasehold	150	153
	176,248	167,335

Works to existing properties in the year:	2022	2021
	£'000	£'000
Components capitalised	3,333	2,995
Investment Works in Progress	(65)	5
Amounts charged to expenditure	1,875	1,429
Major Repairs Cost	5,143	4,429

14. Investment properties held for letting

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
At start of year	24,192	20,019	1,358	1,305
Additions	2,924	6,694	-	-
Disposals	-	(2,799)	-	-
Transfer to stock	-	(606)	-	-
Gain from revaluation	377	884	37	53
At end of year	27,493	24,192	1,395	1,358

The total historic cost of the Investment Properties as at 31st March 2022 was £24.4m (2021: £21.4m).

The company has adopted the provisions under sections 16.1 and 16.2 of FRS102 in relation to the revaluation of their investment properties with fair value movements taken to the Statement of Comprehensive Income. The valuation was carried out as at 31st March 2022 by Aspin and Company Limited, a firm of RICS registered valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation – Global Standards 2017 using qualified chartered surveyors who had sufficient current local knowledge of the market and skills and understanding to undertake the valuation competently. In valuing the properties, the following significant assumptions were used:

The discount rate applied was the all risks yield which accounts for economic factors as well as building factors, so it is an all-embracing measure of return. This ranges from 6.5% to 9.5% depending upon the property investment type, construction type and location. The investment yield applied is also determined by the percentage of void units at each investment and a consistent approach has been applied in this regard.

Following the pandemic, investment activity levels have returned to normal. In fact there is evidence of continuing property inflation with ongoing increases in rental and market values, in particular in the residential market. The imbalance between supply and demand, which has characterised the market since the pandemic, has not yet steadied, with warnings that the faint signs of new supply are unlikely to meet the required high levels of demand any time soon. (Savills Property Review April 2022)

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

14. Investment properties held for letting (Continued)

The valuations provided are based upon transactional activity, a reducing number of voids and an increased demand. There is less material valuation uncertainty than there was at the last annual review which has played through the Fair Value assessments.

At 31 March 2022 there were no contractual obligations to purchase/construct/develop/repair/maintain investment properties.

15. Fixed asset investments

Group Companies

The group comprises the following entities, all registered in England:

Name	Incorporation and ownership	Regulated/ non-regulated	Nature of Business
Open Solutions (OSUK) Limited	Company – 100%	Non-regulated	Market Renting
HHT Development Limited	Company – 100%	Non-regulated	Design and Build

The investments held in the year of £11.9m (2021: £11.9m) relates to the cost of properties that had been acquired in the year by Open Solutions (OSUK) Limited but financed by Halton Housing as an equity shareholding.

16. Stock

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Stock held in Vans / Stores	124	87	124	87
Improvement Works in Progress	-	70	-	70
Land held for Sale	6,607	-	1,991	-
Properties held for sale				
Shared ownership properties:				
Completed	2,569	970	2,569	970
Work in progress	4,200	3,725	4,255	3,755
Outright sale properties:				
Completed	-	1,006	-	109
Work in progress	-	4,362	-	-
	13,500	10,220	8,939	4,991

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

17. Trade and other debtors

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Rent arrears	1,502	1,762	1,451	1,625
Less: provision for bad debts	(1,249)	(1,342)	(1,197)	(1,209)
Other taxation and social security	25	130	1	108
Intercompany debtors	-	-	109	-
Other debtors	5	29	5	2
Prepayment and accrued income	1,698	1,966	1,345	1,915
	<u>1,981</u>	<u>2,545</u>	<u>1,714</u>	<u>2,441</u>
Due after more than one year:				
Intercompany debtor	-	-	17,350	14,700
	<u>-</u>	<u>-</u>	<u>17,350</u>	<u>14,700</u>

18. Investments

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Investments at cost:				
Listed on a recognised investment exchange	12	12	12	12
Unlisted investments	116	113	116	113
	<u>128</u>	<u>125</u>	<u>128</u>	<u>125</u>
Historic cost of investments	<u>112</u>	<u>112</u>	<u>112</u>	<u>112</u>

The unlisted investments held relate to an investment made in the Halton Credit Union.

19. Cash and cash equivalents

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Money market investments	-	-	-	-
Cash at bank	6,854	26,698	6,541	26,594
	<u>6,854</u>	<u>26,698</u>	<u>6,541</u>	<u>26,594</u>

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

20. Creditors: amounts falling due within one year

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade creditors	1,237	695	518	589
Social Housing Grant received in advance	-	696	-	696
Amounts owed to group undertakings	-	-	2,616	2,366
Rents and service charges paid in advance	909	970	822	887
Other taxation and social security payable	301	437	298	435
Accruals and deferred income	5,848	6,594	3,804	4,154
Loans and overdrafts (Note 21b)	5,000	-	5,000	-
Deferred Capital Grant (Note 22)	287	274	287	274
Other creditors	572	214	567	209
	<u>14,154</u>	<u>9,880</u>	<u>13,912</u>	<u>9,610</u>

21(a). Creditors: amounts falling due after more than one year

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Loans (Note 21b)	153,826	158,691	153,826	158,691
Deferred Capital Grant (Note 22)	33,240	32,576	33,240	32,576
Recycled capital grant fund (Note 23)	16	-	16	-
	<u>187,082</u>	<u>191,267</u>	<u>187,082</u>	<u>191,267</u>

Loans are secured by housing properties, see note 21(b)

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

21(b). Debt analysis

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Loans repayable by instalments:				
Within one year	5,000	-	5,000	-
In one year or more but less than two years	5,000	5,000	5,000	5,000
In two years or more and less than five years	10,000	10,000	10,000	10,000
In five years or more	140,000	145,000	140,000	145,000
Loans not repayable by instalments:				
In two years or more and less than five years	-	-	-	-
In five years or more	-	-	-	-
Less: loan issue costs	(1,174)	(1,309)	(1,174)	(1,309)
Total loans	<u>158,826</u>	<u>158,691</u>	<u>158,826</u>	<u>158,691</u>

All loans are secured by specific charges on Halton Housing's individual housing properties. The loans are repayable at varying rates of interest and are due to be repaid between 2023 and 2053.

The interest rate profile of Halton Housing at 31 March 2022 was:

	Total	Variable Rate	Fixed rate	Weighted Average rate	Weighted average term
	£'000	£'000	£'000	%	Years
Instalment loans	160,000	-	160,000	4.53	14.51
Non-instalments loans	-	-	-		
	<u>160,000</u>	-	<u>160,000</u>		

At 31st March 2022 Halton Housing had undrawn loan facilities of £50,000,000 (2021: £50,000,000)

Halton Housing
Notes to the Financial Statements
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22. Deferred capital grant

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
At start of the year	32,850	24,780	32,850	24,780
Grant received in the year	284	9,040	284	9,040
Plus/(Less): Received In Advance	696	(696)	696	(696)
Released to income in the year	(287)	(274)	(287)	(274)
Released on disposal	(16)	-	(16)	-
At the end of the year	33,527	32,850	33,527	32,850
	£'000	£'000	£'000	£'000
Amount due to be released < 1 year	287	274	287	274
Amount due to be released > 1 year	33,240	32,576	33,240	32,576

23. Recycled capital grant fund

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
At the start of the year	-	23	-	23
Inputs: Grants recycled	16	-	16	-
Recycling: New build	-	(23)	-	(23)
At the end of the year	16	-	16	-

24. Provision for liabilities and charges

	Cheshire Pension	Social Housing Pension Scheme	Total Pension Scheme Provision
	£'000	£'000	£'000
Group and Association			
At the start of the year	9,356	1,004	10,360
Transfer from Statement of Comprehensive Income (increase in the provision of the year)	3,801	117	3,918
Deficit Contribution Paid	(1,638)	(129)	(1,767)
Unwinding	-	-	-
Re-measurement changes	(7,883)	(568)	(8,451)
At the end of the year	3,636	424	4,060

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

25. Members Guarantee

Every Member undertakes to contribute to the assets of the Company, in the event of the Company being wound up whilst they are a Member, or within one year thereafter, the amount as may be required shall be for payment of the debts and liabilities of the Company contracted before they ceased to be a Member and of the costs, charges and expenses of winding up the Company and the adjustment of the rights of the contributories among themselves. Each Member's contribution shall not exceed one pound. At the year-end there were 16 members.

26. Capital commitments

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	24,669	46,185	28,613	48,728
Capital expenditure that has been authorised by the Board but has not yet been contracted for	15,004	42,096	6,819	33,133
	39,673	88,281	35,432	81,861

The Group/Association expects these commitments to be financed with:

Social Housing Grant	3,537	6,402	3,537	6,402
Proceeds from the sales of properties	23,152	34,333	18,042	28,848
Committed loan facilities	12,984	47,546	13,853	46,613
	39,673	88,281	35,432	81,863

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

Halton Housing
Notes to the Financial Statements
For the Year Ended 31st March 2022

27. Operating leases

Halton Housing holds properties and office equipment under non-cancellable operating leases. At the end of the year HH had commitments of future minimum lease payments as follows:-

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Land and buildings:				
In less than one year	-	-	-	-
In one year or more but less than two	-	-	-	-
In two years or more and less than five	-	-	-	-
In five years or more	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Others:				
In less than one year	206	209	206	209
In one year or more but less than two	68	206	68	206
In two years or more and less than five	-	68	-	68
In five years or more	-	-	-	-
	<u>274</u>	<u>484</u>	<u>274</u>	<u>484</u>

The lease agreements do not include any contingent rent or restrictions. Other operating leases for motor vehicles include purchase options.

28. Contingent liability

Grant on property acquisition:

In the year to 31st March 2015 the Association entered into a stock transaction with Sanctuary Housing Group, another social landlord. Housing properties with a fair value of £4.9m were received in exchange for £4.9m cash. This value includes original government grant funding of £2.3m which has an obligation to be recycled in accordance with the original grant funding terms and conditions. HH is responsible for the recycling of the grant in the event of the housing properties being disposed.

29. Grant and financial assistance

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
The total accumulated government grant and financial assistance received or receivable at 31 March:				
Held as deferred capital grant (Note 22)	33,527	32,850	33,527	32,850
Held as Recycled Capital Grant Fund (Note 23)	16	-	16	-
Recognised as income in statement of Comprehensive Income	2,277	1,930	2,277	1,930
	<u>35,820</u>	<u>34,780</u>	<u>35,820</u>	<u>34,780</u>

30. Related parties

Halton Housing
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Halton Housing (HH) is the Parent entity in the Group and ultimate controlling party.

Open Solutions (OSUK) Limited (OSUK) is registered under the Companies Act 2006 and is a private limited company (Company No. 08277732). This is a wholly owned subsidiary of HH.

HHT Development Limited (HD Ltd) is registered under the Companies Act 2006 and is a private limited company (Company No. 09740400). This is a wholly owned subsidiary of HH.

Council members at Halton Borough Council who served during the year were Mark Dennett, Mike Fry, Marie Wright and Norman Plumpton-Walsh. HH undertakes activities with Halton Borough Council on normal commercial terms, and its members cannot use their position for their own personal or the council's advantage.

During the year there was one customer who was also a member of the Board, Marie Wright (appointed 8th August 2021). Their tenancy is on normal commercial terms and they are not able to use their position to their advantage. Rent charged from the date of appointment to the year end was £3,363.50. There were no arrears on their tenancy at the reporting period end.

The amounts owing at the end of 31st March 2022 were a long-term debtor of £17.35 million (2021: £14.7 million) in relation to the loan by HH in OSUK and there is also a Fixed Asset Investment of £11.9 million (2021: £11.9 million) both of which relate to payments made to fund the purchase of the Fixed Assets held by OSUK.

Intra-group interest is charged by HH to OSUK at an agreed commercial rate. The amount paid during the year amounted to £1,104,284 (2021: £1,125,431).

Intra-group management fees are receivable by HH from its subsidiaries to cover the running costs HH incurs on behalf of managing and providing services to them both. The Management fee is calculated on a service-by-service basis using varying methods of allocation. The total amount of charges payable by OSUK and HD Ltd amounted to £58,000 (2021: £58,000) and £298,923 (2021: £298,923) respectively.

During the year OSUK sold no properties to HH (2021: nine properties £1,677,262).

There is a debtor owed to HH by OSUK of £109,486 (2021: £323). This relates to the net payments and income received through HH that will be repaid during the year ended 31st March 2023 and gift aid.

HD Ltd provides Design & Build Services to HH. The total amount of design and build fees invoiced by HD Ltd during the year was £18,392,067 (2021: £7,606,060).

At 31st March 2022 HH owed £2,616,488 (2021: £2,365,283) to HD Ltd in respect of uninvoiced costs to 31st March 2022 in relation to schemes under construction.

HD Ltd commenced provides Design & Build Services to OSUK. The total amount of design and build fees invoiced by HD Ltd during the year was £87,417 (2021: £497,122).

At 31st March 2022 OSUK owed £28,199 (2021: £82,735) to HD Ltd in respect of uninvoiced costs to 31st March 2022 in relation to schemes under construction.

OSUK and HD Ltd declared gift aid payments in respect of the year ended March 2021 to HH of £253,095 (2021: £66,151) and £140,818 (2021: £89,787) respectively. These were paid during the year ended 31st March 2022. Related party balances are not secured.

Halton Housing
Notes to the Financial Statements
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31. Financial instruments

	Group		Association	
	2022	2021	2022	2021
The Group's and Association's financial instruments may be analysed as follows:	£'000	£'000	£'000	£'000
Financial assets				
(a) Financial assets that are measured at amortised cost	7,721	28,486	24,845	43,029
Financial liabilities				
(a) Financial liabilities measured at amortised cost	201,241	201,140	200,999	200,870

Financial assets measured at amortised cost comprise cash at bank and in hand, fixed asset investments, rental and service charge debtors, trade debtors, other debtors, accrued income and amounts owed by associated undertakings.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, deferred capital grant, social housing grant received in advance, rents and service charges paid in advance, other taxation and social security payable, accruals and deferred income, SHPS pension agreement plan creditor, trade creditors and other creditors.