Group Report and Financial Statements

Year ended 31st March 2023

Halton Housing

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

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Board Members, Executive Directors, Advisors and Bankers

Halton Housing Board

Chair	Clive Deadman
Vice Chair	Kevin Williams
Other Members	Jennifer Halliday
	Ian Hayhoe
	Matthew Harrison
	Angela Holdsworth (retired 28th September 2022)
	Linda Levin
	Norman Plumpton-Walsh
	Marie Wright
	Leigh Wylie

Open Solutions (OSUK) Limited Board

Chair	Ian Hayhoe
Other Members	Jennifer Halliday
	Geoff Linnell (appointed 28th September 2022)
	Neil McGrath
	Susan Smith (appointed 8th February 2023)

HHT Development Limited Board

Chair	Matthew Harrison
Other Members	Neil McGrath
	Leigh Wylie

Executive Directors

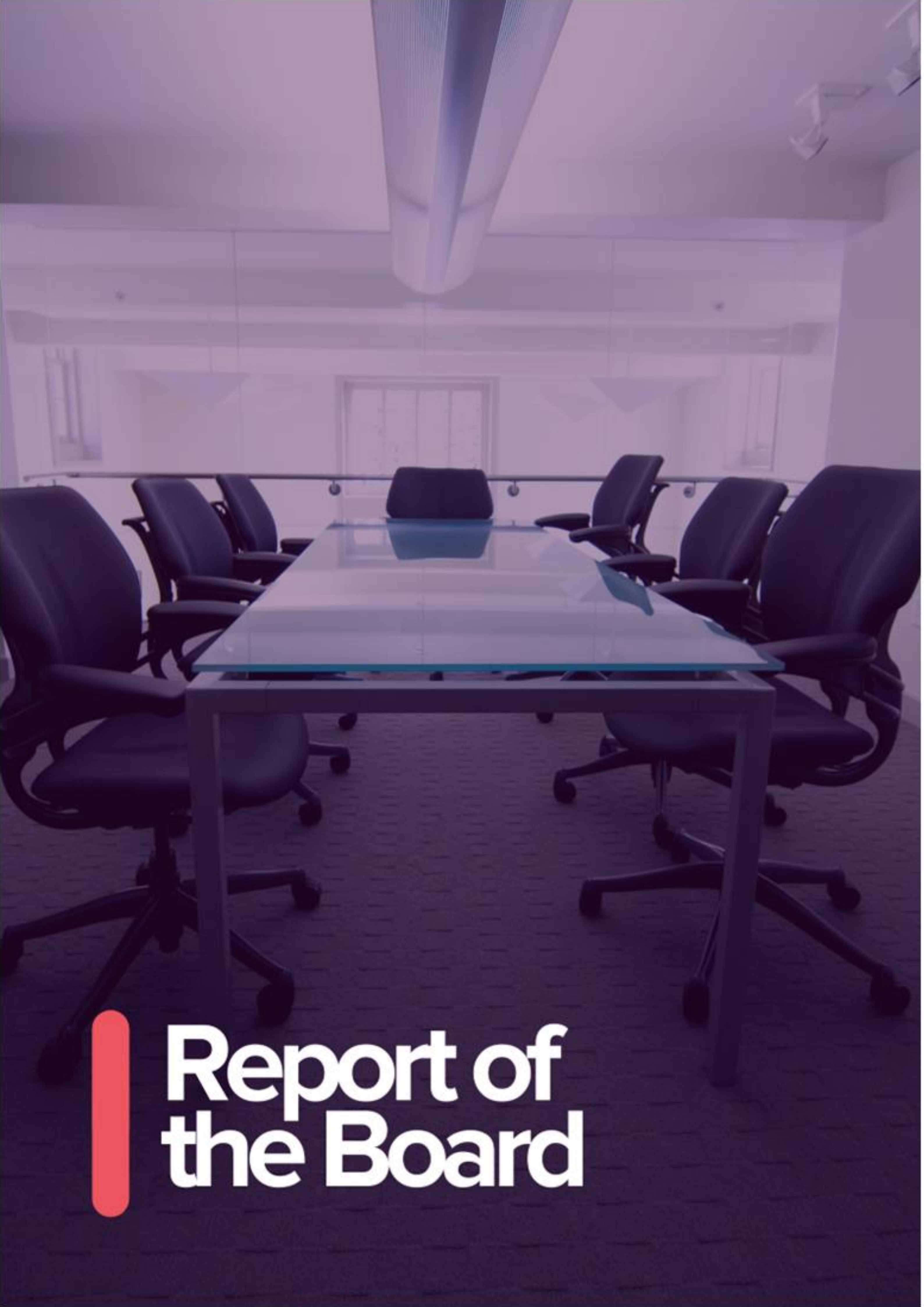
Group Chief Executive	Sam Scott (appointed 3rd October 2022)
	Liz Haworth (retired 31st August 2022)
Deputy Group Chief Executive and Chief Financial Officer	Neil McGrath
Chief Operating and Transformation Officer	Debbie Trust-Dickinson
Company Secretary	Neil McGrath

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	Bankers	Solicitors
RSM UK Audit LLP	Lloyds	Trowers and Hamlins
9th Floor	Horsemarket Street	50 Princess Street
3 Hardman Street	Warrington	Manchester
Manchester	WA1 2LP	M2 4EW
M3 3HF		



Report of the Board

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 37 to 39.

Halton Housing ("the Association") is a charitable housing association registered under the Co-operative and Community Benefit Societies Act 2014. On 31st March 2023 there were 13 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 Limited – 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 (Halton Housing, HHT Development Limited and Open Solutions (OSUK) Limited) owns and manages 7,718 (2022: 7,461) homes and has an additional 230 (2022: 402) homes under development on 31st March 2023. 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 14 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.

A Fair Review of the Business

Operating Review (Group)

Our Corporate Plan outlines our commitment to our customers and the wider borough. Our purpose at Halton Housing is "improving 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.

Our key achievements for 2022/23 include:

A right first-time repairs service

- Project Refresh Phase 1. A total of twenty of our maintenance technicians have received additional training to enable them to multi skill. This should result in improved productivity, better job satisfaction and better customer satisfaction.
- We have reduced work in progress (WIP) by 40%. This means that customers are not waiting as long for us to complete their repairs.
- Improved leadership across repairs and environmental service teams, leading to reduced absence, increased colleague morale and greater colleague engagement.

Improved customer experience

- Extensive customer and stakeholder communications included a dedicated webpage and a new damp, mould, and condensation leaflet.
- We have supported 853 households securing over £2m of additional income.

You said, we did – ensuring the customer voice is heard and acted upon

- Listen, Learn, Act Framework has been launched with associated "You Said We Did" communications on website and included in customer REACH magazine.
- We have completed a trial of the regulator's Tenant Satisfaction Measures and completed our preparations for their introduction from April 2023.

Delivering against the Government's decarbonisation targets

- Successful delivery of our first on site retro fit project on time to budget which has improved the EPC rating of the homes to A.

Investing in our current homes

- Customer safety and compliance with landlord health and safety requirements is good (including compliance with new alarm regulations from October 2022).
- Our response to damp and mould issues has been strong including a business wide call to action, a new policy, organisational wide awareness training, established a project group to oversee response, revised processes, and procedures, satisfied regulatory requirements. We are also piloting property condition checks as part of the gas servicing process.
- Delivery of planned investment improvement programmes

Continuing the roll out of neighbourhood plans

- Cost of living action plan delivered to target fuel and food poverty.
- Customer insight model developed to target "keep warm, keep well" welfare packs to

customers that needed them the most.
- Hardship fund has delivered over £30k of crisis funds targeting food and fuel poverty as well as temporary income shocks.
- Supported customers to downsize to more affordable homes, reducing arrears and freeing up under occupied properties for those more in need.
- Grangeway community garden.
- "Spruce up your streets" initiative launched.
- Events held at independent living schemes to target loneliness (Yoga, quiz, knit & natter, and crafts).

Tackling anti-social behaviour (ASB)
- Customer Scrutiny Panel review of ASB
- Working with Cheshire Police, the neighbourhood safety team has played a fundamental role in the granting of a Property Closure Order for one of our highly problematic customers.

Our main challenges include:
- Increasing number of customer complaints
- Increased media spotlight and general negative sentiment around the sector
- Changing consumer regulatory framework
- Continued budget pressures across repairs and maintenance, asset management and customer safety.
- Increased focus on property condition and understanding our homes.
- Systems and processes being fit for purpose to support colleagues.
- Impact of the cost of living and the increasing demand for crisis support.
- Low levels of customer engagement with community initiatives.
- Increased need for partnership working to develop a more joined up approach to tackling neighbourhood issues.
- Identifying a solid pipeline of development schemes at an affordable cost
- Construction market and contractor solvency
- Talent retention in competitive markets both inside and outside of sector
- Continuing data quality focus across all areas of the business to increase data confidence.

Financial Review (Group)

The Financial Statements demonstrate the Group delivered balance sheet growth, underpinned by strong financial operating performance. The cost of fixed assets increased by £14.6m, to £267.7m. The value of investment properties increased by £8m, from £27.5m to £35.5m. Cash increased by £0.5m, from £6.9m to £7.4m. Debt increased by £10.4m from £158.8m to £169.2m. A surplus of £0.3m was recorded.

The £14.3m growth in the cost of housing properties from £245.6m to £259.9m is predominantly driven by the development of new homes. The growth in housing properties was funded through cash, debt and the re-investment of operating surpluses supplemented by grant of £3.4m.

Investment in existing properties in the year is £2.8m. Housing properties with a value of £0.4m were sold, reducing the net book value of the properties, but providing cash receipts for reinvestment.

The Group invested £7.7m in acquiring additional investment properties. The Association increased its investment in OSUK to £34.4m (£14.5m equity and £19.9m loan). The Group investment properties have a value of £35.5m (2022: £27.5m). The Group has recognised a gain of £0.3m during the year because of the revaluation of its investment properties.

Stock has decreased by £6.6m in the year from £13.5m to £6.9m. During the year land held in stock was sold with a value of £6.6m. There has also been shared ownership property sales during the year. Total sale proceeds achieved from the sale of properties was £4.6m.

The total balance of drawn debt was £170.5m. £15.5m debt was drawn in the year and £5m was repaid.

Turnover increased by 23.9% to £51.4m. 71% of turnover is from social housing lettings activity which has increased by 5.2%. Other turnover is from sale of land (14.2%), shared ownership first tranche sales (9%) and market renting (5.6%). The operating margin decreased to 14.3% 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. £6.1m has been invested into the existing housing stock.

During the year, the Group reported a surplus before tax of £0.3m. A summary of the Group's income and expenditure account over the past five years is shown below.

Group	2022/23 £'000	2021/22 £'000	2020/21 £'000	2019/20 £'000	2018/19 £'000
Turnover	51,418	40,922	43,495	40,024	36,727
Operating costs	(34,698)	(30,556)	(26,384)	(28,101)	(26,044)
Cost of sales	(10,188)	(3,112)	(6,520)	(3,919)	(1,501)
Gain on disposals	840	1,037	634	1,227	1,202
Operating surplus	7,372	8,291	11,225	9,230	10,384
Surplus before tax	265	1,492	5,083	2,556	4,020
Reserves at 31st March	63,764	48,685	38,742	42,131	33,656

Turnover includes income from rents and service charges which has increased from 2021/22 to 2022/23 by £1.9m to £36.0m. This is because of additional properties developed and acquired during the year and rent increases on existing properties which were applied from April 2022. Other turnover is sale of land (£7.3m), shared ownership first tranche sales (£4.6m), market renting (£2.3m), shops and garages (£0.5m), other income (£0.2m) and grant released as income (£0.4m).

Operating costs have increased from 2021/22 to 2022/23 by £4.1m due to increases in management costs (£0.2m), service charge costs (£0.5m), impairment of housing properties (£0.5m), bad debts (£0.1m), routine and planned maintenance costs (£1.4m), depreciation of housing properties (£0.4m), major repairs costs (£0.7m) and non-social housing lettings costs (£0.3m).

Total reserves at the end of the financial year show a surplus of £63.8m. Reserves reflect the surplus for the year of £0.3m, plus the surplus brought forward from the previous years of £48.7m, plus the actuarial gains for the year of £14.8m in respect of the defined benefit pension schemes.

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

Group	2022/23 £'000	2021/22 £'000	2020/21 £'000	2019/20 £'000	2018/19 £'000
Housing Properties (net book value)	208,398	199,195	181,495	163,600	159,949
Other fixed assets and investments	40.438	32,323	29,166	25,177	30,293
Net current assets/(liabilities)	6,093	8,309	29,707	17,916	7,094
Creditors falling due after more than one year	(200,394)	(187,082)	(191,267)	(163,176)	(157,972)
Pension provision	9,229	(4.060)	(10,360)	(1,386)	(5,708)
Reserves	63,764	48,685	38,742	42,131	33,656

Financial Review (continued)

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 £14.3m. The depreciation charge for housing properties in the year was £5.1m. An impairment charge of £0.5m was recognised in the year.

At the year end the Group had invested a total of £35.5m in investment properties. £34.0m within OSUK and £1.5m within the Association.

Net current assets have decreased by £2.2m due to a decrease of £6.6m in stock and an increase in creditors of £0.5m, offset by an increase of £4.3m in debtors and £0.5m in cash. The Association has also previously invested £0.1m in the Halton Credit Union.

Creditors falling due after more than one year include £164.2m of loans drawn by the Association and £36.1m of deferred social housing grant.

The Group has positive reserves of £63.8m. The reserves have increased during the year by £15.1m. 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 £0.3m, plus the surplus brought forward from the previous years of £48.7m plus the actuarial gain in respect of the defined pension schemes of £14.8m.

The cash flow statement on page 43 shows that during the year the Group generated a net cash inflow from operating activities of £17.4m. The Group also received £1m of proceeds from sale of tangible fixed assets and £2.7m in grants. The Group used this income, net loan drawdowns of £10.3m and a brought forward cash balance to purchase properties with a cost of £22.9m and interest payments of £8.0m.

The Group is financed by an £85m 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 £35m term loan facility, Tranche B is a £30m revolving credit facility and Tranche C is a £20m revolving credit facility. The term loan facility is fully drawn, and the revolving credit facilities are available up to December 2027. On 31st March 2023, £15.5m had been drawn from Tranche C. All 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 is operating within its guideline limit for the proportion of fixed and variable rate debt within its Treasury Management Policy. The Group has fixed £155m (91%) 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.

The Group has drawn £170.5m of its £205m agreed loan facilities on 31st March 2023. 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 key priorities over the next two years until 2025 include:

- Improve our customers' experience by building on our strengths and tackling recurring and consistent themes driving dissatisfaction.
- Improve the level of customer engagement to set the foundations for a more impactful, representative, and diverse approach. Our aim is to be able to measure and evidence the difference that our engagement activity is making to the decisions we make and the services we deliver. A move towards a more contemporary customer engagement model is proposed.
- Improve the standard of our homes. To do this we will adopt a fresh approach to asset investment and planning and create additional financial capacity to enable us to invest more.
- Improve the standard of our existing neighbourhoods as places to live. To do this we will develop a prioritised regeneration and placemaking plan to deliver physical improvements across our neighbourhoods and schemes.
- Remain financially strong and comply with all legal and regulatory standards. We will strive to achieve our lifeblood measure targets whilst continuing to effectively deliver business as usual activity.
- Increase our profile, reputation, and influence in our unique and core areas of activity and expertise. Re-positioning our profile will help secure existing partnerships and attract new ones by developing an authentic reputation around our core purpose activities.
- Be an exemplary employer by developing a competitive employee offer and engendering a positive and proactive workplace culture.
- Develop (or confirm) a longer-term ambition for Halton Housing.

The delivery of most of these objectives will require additional investment of some kind. We need to create additional financial capacity to meet this requirement and to increase our financial resilience in the event of future economic shocks.

We cannot deliver on these objectives alone and will need rely on the support of key partners. Likewise key partners will need to rely on us to deliver their objectives. We need to be clear on what our strategic partnerships are, their purpose, expected outcomes and who is taking the lead role in developing each relationship.

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 corporate plan outlines our commitment to our customers and the wider borough. Our purpose is "improving 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.

We have a strong focus on complying with all landlord health and safety requirements. We aim to achieve 100% compliance wherever possible. If our performance should fall below our target, then we will take immediate action to improve performance as quickly as possible. We have a range of performance indicators that are reported to Board quarterly. We also have an internal executive led compliance committee which also reviews performance.

The safety of our colleagues and others who work for and with us is important. We employ dedicated resources to ensure that we meet our legislative requirements along with leaders across the organisation whose responsibilities are set out within our health and safety policy and procedures. We monitor performance closely and this is reported to Board quarterly. Our internal director led health and safety committee also reviews performance.

Principal Risks and Uncertainties (continued)

Our financial plans will have sufficient headroom to deal with a reasonable range of adverse scenarios and we will manage material risks to ensure continued compliance. We will not set a budget or approve a business plan that does not have at least £1m headroom against each of our funders interest cover covenant targets and does not breach our net debt per unit covenant. There is moderate refinancing risk within our business plan, we aim to have a period of at least 18 months before additional funding is required. Funding arrangements are of moderate complexity.

Our corporate plan sets out our ambition of making sure our homes meet the current and future needs of our customers. We will continue to invest in our homes to make them safe, warm, and secure using innovative ways to do this as efficiently as we can. Our aim is to have 85% of our homes with a stock condition survey no older than five years and 100% of our homes compliant with the decent homes' standard. We are also aiming to have 100% of our homes with an EPC C rating and above by 2030 and we are developing a plan for how we will achieve net zero carbon by 2050.

We will maintain and repair homes in a cost-efficient way to agreed standards that is affordable. We will be clear about what we will do and when we will do it. We aim to complete all emergency repairs within target and achieve high customer satisfaction performance within our benchmark group.

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 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.

Our non-social housing activity (with the exception of our investment in OSUK) is around 6% (1% excluding land sale) of turnover and is carried out in such a way to minimise the risk to our social housing assets. We will only undertake new non-social housing activity within HH that is robustly appraised and is compliant with our constitution.

We will only invest in non-social activities outside of HH that are close to our key skills and competency to achieve profits that can be invested for social purpose. We will expect a return on investment of at least 5%. When considering any such investment we will make sure it is in line with our investment policy, loan agreements, our financial golden rules, financial regulations, and that appropriate advice is obtained. We will manage the risks in such a way that minimises the risk of an adverse impact on the Group.

We will actively explore merger or acquisition opportunities that come our way in line with our merger and acquisitions policy. We will regularly review our approach to merger and acquisition.

Our corporate plan sets out our commitment to listening to our customers, acting on what they say and providing a range of opportunities to have their voices heard. We are committed to understanding the needs of our customers and ensuring that customers have a meaningful say in the homes and communities that they live in and the services that they receive. 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 will be easy to deal with and keep customers informed. We will tailor our services to meet customers' needs. We will listen and act on what customers say. We will support customers to live in their homes. We will have a clear service offer. We will balance the required outcomes with the resource that we are prepared to invest to achieve this. Our aim is to achieve high customer satisfaction performance within our benchmark group.

Principal Risks and Uncertainties (continued)

We will put in place effective assurance and governance frameworks. We aim to comply with all relevant law and the regulations that we need to. If for whatever reason we do not comply, then we will explain the reasons for this and, if appropriate, we will take immediate action to achieve compliance as soon as possible.

We will invest whatever is affordable to improve IT systems to improve customer and colleague experience to provide a more integrated approach. We will manage the cost of doing this closely and be prepared to change our tactics if investment does not go as planned. We aim to have our IT systems available for 99.8% of the time.

Almost all our work is conducted using computer systems. We will continue to improve the quality of data so that we can 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. We will put in place effective cyber and data protection frameworks. We will support this by internal audit reviews, self-assessments, and reasonable insurance cover and resources.

We will do as much as we can afford to run our business with a social heart minimising our carbon footprint and maximising the social impact of what we do.

We will be conscious of our brand and reputation, and we will not knowingly do anything that brings ours or the housing sector's reputation into disrepute. We will not knowingly do anything that puts our social housing assets at risk.

We will make sure our colleagues are engaged, equipped, and empowered to do the right thing for our customers. We aim to be regarded as a good employer, achieving high levels of colleague satisfaction and low levels of sickness absence. We will work with our colleagues on an 'adult to adult' basis. We will recruit based on skill and attitude.

We will do as much as we can afford to maximise our economic impact to benefit customers and neighbourhoods. We work with customers and partners to contribute to thriving neighbourhoods and opportunities that improve our customers health and wellbeing.

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

- There is a risk that HH's pension arrangements are not affordable for the business.
- There is a risk that inflation could have an adverse impact on financial viability.
- There is a risk that rent regimes could have a negative impact on the long-term business plan.
- 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 maintain our financial covenants and security requirements, to sustain current and future borrowings.
- 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 our brand and reputation does not evolve preventing it from building relationships, strengthening partnerships, and maximising opportunities.
- There is a risk of disruption to our services due to a lack of resource as a result of a major pandemic/sickness absence.
- There is a risk that a change in national and local housing policy will have an adverse impact on the Group.
- There is a risk that we do not demonstrate our commitment and approach to reducing our overall carbon footprint and supporting the achievement of the government's 2050 net zero carbon emissions target.
- There is a risk that the interest rates increase which could impact adversely on financial viability.

Principal Risks and Uncertainties (continued)

Board has approved a set of performance measures and financial golden rules to assist it to monitor and control potential risks. However, these are not the only mechanisms for monitoring compliance with our risk appetite statement. Other mechanisms include the regulatory and health and safety compliance reporting frameworks, financial planning processes, stress testing, code of governance and code of conduct.

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 Board quarterly. We have also established a Compliance Committee to monitor progress. A summary of our performance is included in the table below:

Measure	2022/23	Comments
Gas safety – percentage of homes with a valid gas safety certificate (LGSR)	100%	We had no properties which did not have an up-to-date certificate at the end of March 2023.
Percentage of up-to-date fire risk assessments (FRA's)	100%	All FRA's are up to date. 95 FRA's actions are in progress at our schemes.
Percentage of homes with a valid electrical condition survey (EICR) (within five years)	99.87%	Nine properties did not have a valid EICR dated within the last five years. Just three of these had been outstanding for over four months.
Percentage of homes with an asbestos survey	92.5%	There are 5,790 (92.5%) homes with an asbestos survey and 3,940 (65.1%) with a whole house survey which meet the accredited standard. 100% of communal
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.
Percentage of eligible properties compliant with CO and fire detector regulations	100%	We are satisfied that we have installed alarms to the homes that require it under the regulations. On 31st March 2023, we had a small number of alarms requiring repair.

We have established a draft set of performance criteria to measure our performance in respect of damp and mould ahead of proposed legislation. We will continue to adopt this until the legislation becomes clearer.

On 31st March 2023 we reported 22 properties as not meeting the decent homes standard. 20 of these properties are due to category 1 HHSRS hazards being identified within the home. We will undertake all necessary works to remove these hazards in a timely manner.

Sustainability Strategy

Sustainability can be defined as fulfilling the needs of the current generations without compromising the needs of future generations, whilst ensuring a balance between economic growth, environmental care and social well-being.

The Sustainability Strategy focusses on the sustainability of our business, namely our operations, neighbourhoods and non-domestic housing assets, with the decarbonisation of our homes now sitting within our asset management strategy and sustainable new homes sitting within our development strategy.

The strategy will consider the current regulatory requirements such as the Environment Act 2021 and the evolving landscape of sustainability.

The key principles of the strategy.

- Ensure that our sustainability strategy aligns with our Corporate Plan.
- Sustainability criteria forms part of our corporate culture; we will encourage and support our colleagues to actively participate and develop greater awareness and take accountability.
- We will use data and factor sustainability considerations into our decision-making processes.
- We will continually measure and report our sustainability performance and establish new processes and systems to improve.
- We will ensure that we comply with environmental regulations and actively track development and early adopt where viable.
- We will engage and listen to our customers and other key stakeholders with the aim of improving our sustainability performance.
- We will consider and use innovative approaches to improve our sustainability.

The Sustainable Homes Index for Tomorrow (SHIFT) is an independent sector recognised assessment criteria, which we have undertaken twice since 2020. We will continue to use the SHIFT assessment criteria to measure and benchmark our performance and the next assessment is scheduled for 2023/24.

We achieved the SHIFT silver standard with a score of 52.76 in the SHIFT 2021 assessment, ranking 11 out of the 40 most recent SHIFT assessments, demonstrating an improvement on our 2020 assessment. To achieve our target of Gold, there are a number of areas that we need to improve.

Streamlined Energy and Carbon Reporting (SECR)

Working alongside SHIFT we have completed our SECR Statement for the year ended 31st March 2023 and the previous year as shown below.

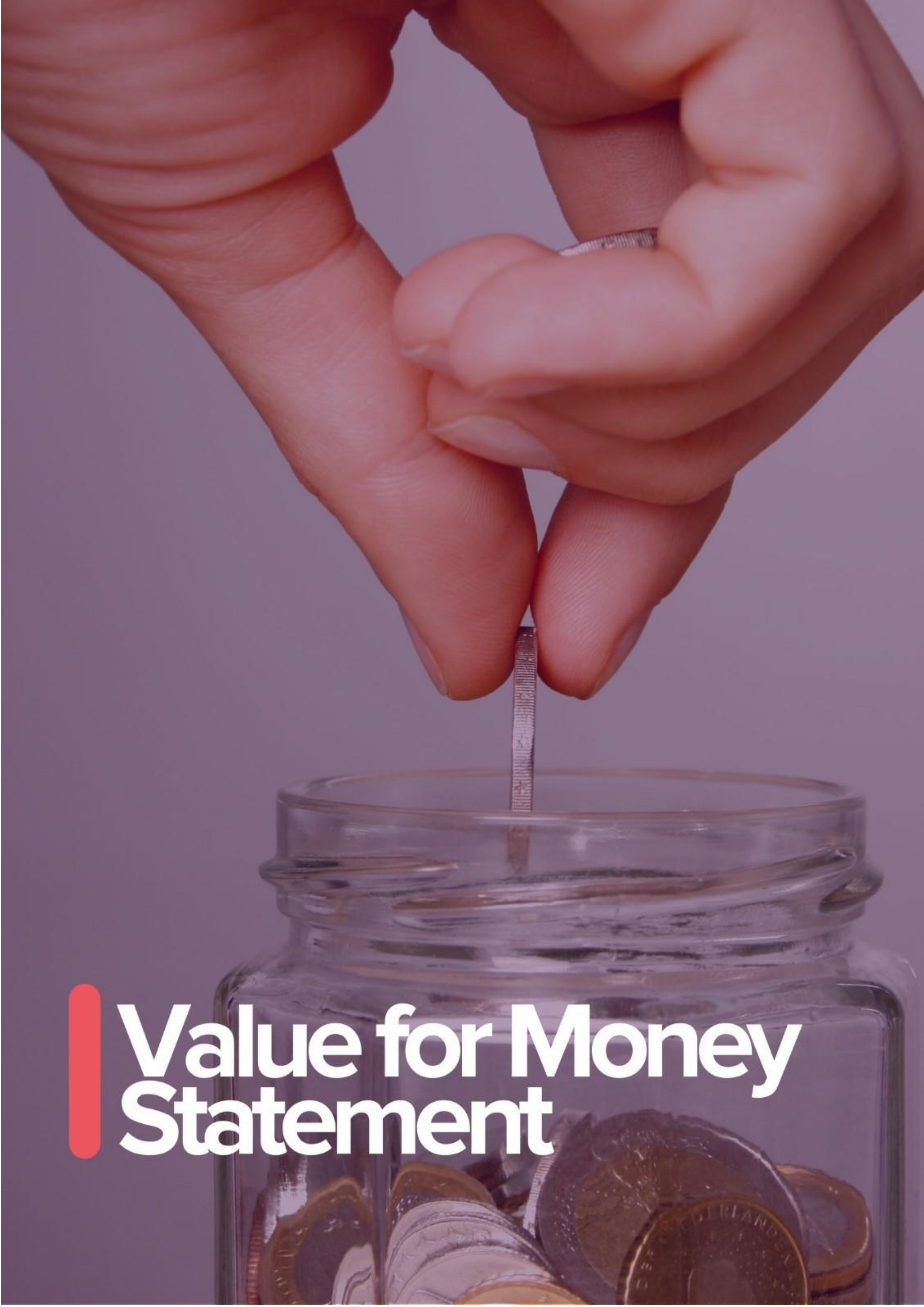
Some of the key energy efficiency measures we have completed in this financial year include:

- 300mm loft insulation installed to 370 properties.
- 378 properties have benefited from A rated boiler upgrades.
- Under floor insulation fitted to seven properties under the SHDF funding stream by Eco-Gee Ltd.
- Full building retrofit including solar, windows, doors, roof, lighting, and cavity wall insulation to three blocks of flats containing a total of 18 properties have been retrofitted using SHDF funding.

- Lighting upgrades to LED light system to a block of 47 flats and communal areas which will reduce costs to customers and improve the energy efficiency.
- 84 properties have benefited from window upgrades.

Streamlined Energy and Carbon Reporting (SECR) (continued)

Reported emissions and energy use data for 1st April 2022 – 31st March 2023		
	Current reporting year 1st April 2022 – 31st March 2023	**Comparison year 1st April 2021 – 31st March 2022**
Emissions from combustion of gas tCO_2e (Scope 1)	**778.20 tonnes CO_2e** 0 tonnes CO_2e office usage 236.95 tonnes CO_2e communal areas 541.25 tonnes CO_2e communal heating systems	**782.14 tonnes CO_2e** 0 tonnes CO_2e office usage 346.04 tonnes CO_2e communal areas 436.10 tonnes CO_2e communal heating systems
Emissions from combustion of fuel for transport purposes (Scope 1)	**276.43 tonnes CO_2e** From in house maintenance fleet	**245.84 tonnes CO_2e** From in house maintenance fleet
Emissions from purchased electricity (Scope 2, location-based)	**210.90 tonnes CO_2e** 32.38 tonnes CO_2e office usage 178.52 tonnes CO_2e communal areas *See below for transmission and distribution losses*	**175.80 tonnes CO_2e** 40.34 tonnes CO_2e office usage 135.46 tonnes CO_2e communal supply *See below for transmission and distribution losses*
Total gross CO_2e based on above	**1,265.53 tonnes CO_2e** *Excludes Scope 3 emissions*	**1,203.78 tonnes CO_2e** *Excludes scope 3 emissions*
Energy consumption used to calculate above emissions: kWh	Gas: 4,263,156 kWh Electricity: 1,090,612 kWh Transport fuel: 1,147,569 kWh **Total: 6,501,337 kWh**	Gas: 4,270,240 kWh Electricity: 827,940 kWh Transport fuel: 1,038,558 kWh **Total: 6,136,738 kWh**
Intensity ratio: tCO_2e gross figure based on mandatory fields above (e.g., £100,000 revenue)	**0.17 tonnes CO_2e** per home managed (exc. office emissions) Office intensity: **0.02 tonnes CO_2e** per m2 (includes T&D losses)	**0.17 tonnes CO_2e** per home managed (exc. office emissions) Office intensity: **0.03 tonnes CO_2e** per m2 (includes T&D losses)
Methodology	SHIFT methodology SECR Reporting I SHIFT Environment Using Defra 2022 Conversion Factors in line with Environmental Reporting Guidelines (2019) as the majority of the financial year falls into the calendar year 2022. Comparison data from the previous year's SECR used Defra 2021 Conversion Factors.	



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 Corporate Plan outlines our commitment to our customers and the wider borough. Our purpose is “improving 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 embarked on our current Corporate Plan having emerged from what had been the toughest of years with the 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.

The challenge does not end there. With government targets for reducing the environmental impact of our homes, we have begun 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 our Corporate Plan is our strong focus on innovation and technology; continually reviewing our systems and ways of working to underpin a successful business.

Each theme 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 teams. Progress against the deliverables is reported to Board.

Our five themes 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.

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.

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.

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.

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.

This is underpinned by 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 key achievements for 2022/23 include:

A right first-time repairs service

- Project Refresh Phase 1. A total of twenty of our maintenance technicians have received additional training to enable them to multi skill. This should result in improved productivity, better job satisfaction and better customer satisfaction.
- We have reduced work in progress (WIP) by 40%. This means that customers are not waiting as long for us to complete their repairs.
- Improved leadership across repairs and environmental service teams, leading to reduced absence, increased colleague morale and greater colleague engagement.

Improved customer experience

- Extensive customer and stakeholder communications included dedicated webpage and new damp, mould, and condensation leaflet.
- We have supported 853 households securing over £2m of additional income.

You said, we did – ensuring the customer voice is heard and acted upon

- Listen, Learn, Act Framework has been launched with associated “You Said We Did” communications on website and included in customer REACH magazine.
- We have completed a trial of the regulator’s Tenant Satisfaction Measures and completed our preparations for their introduction from April 2023.

Delivering against the Government’s decarbonisation targets

- Successful delivery of our first on site retro fit project on time to budget which has improved the EPC rating of the homes to A.

Investing in our current homes

- Customer safety and compliance with landlord health and safety requirements is good (including compliance with new alarm regulations from October 2022).
- Our response to damp and mould issues has been strong including a business wide call to action, a new policy, organisational wide awareness training, established a project group to oversee response, revised processes, and procedures, satisfied regulatory requirements. We are also piloting property condition checks as part of the gas servicing process.
- Delivery of planned investment improvement programmes

Continuing the roll out of neighbourhood plans

- Cost of living action plan delivered to target fuel and food poverty.
- Customer insight model developed to target “keep warm, keep well” welfare packs to

customers that needed them the most.
- Hardship fund has delivered over £30k of crisis funds targeting food and fuel poverty as well as temporary income shocks.
- Supported customers to downsize to more affordable homes, reducing arrears and freeing up under occupied properties for those more in need.
- Grangeway community garden.
- “Spruce up your streets” initiative launched.
- Events held at independent living schemes to target loneliness (Yoga, quiz, knit & natter, and crafts).

Tackling anti-social behaviour (ASB)
- Customer Scrutiny Panel review of ASB
- Working with Cheshire Police, the neighbourhood safety team has played a fundamental role in the granting of a Property Closure Order for one of our highly problematic customers.

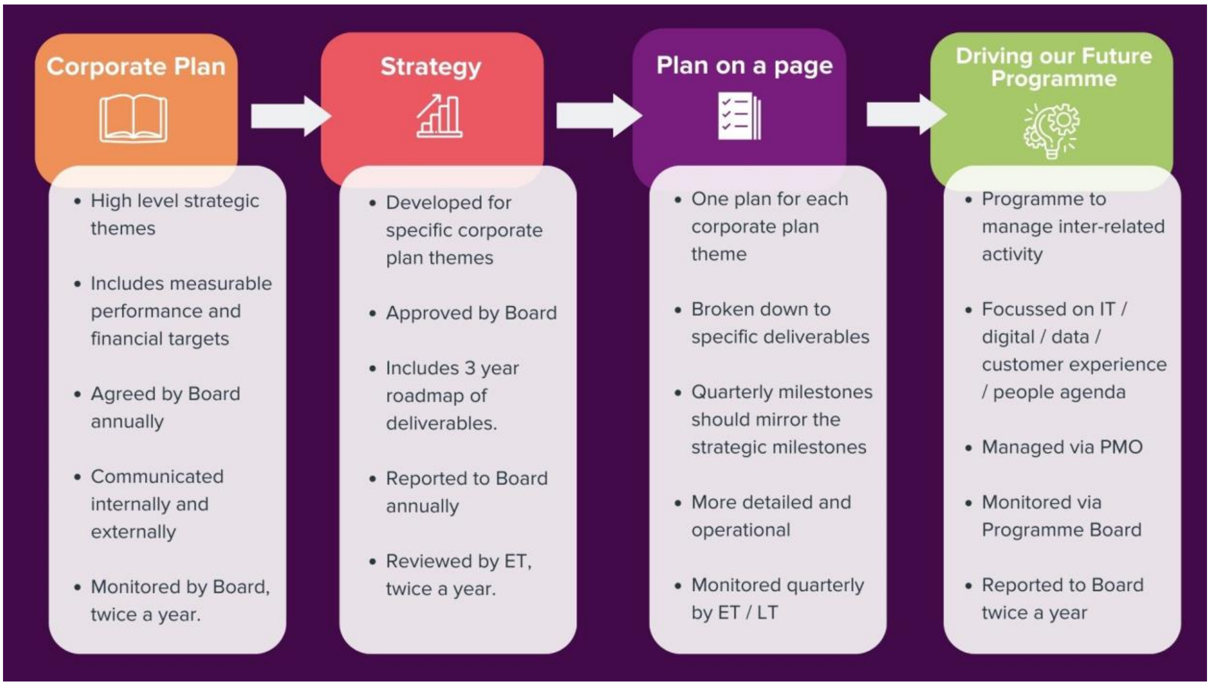
Other significant achievements during the year include:

- Chartered Institute for Housing contacted us asking to feature our “Reach Out” Magazine as an example of best practice in supporting customers through the cost-of-living crisis.
- New data model established that will help us as a business to understand which of our customers are most likely to be impacted by the cost-of-living crisis.
- Continued strong performance in the areas of the Big 6 compliance activities to our customers’ homes. New Smoke and Fire Alarms Regulations achieved.
- Completed 70% stock condition and 60% energy efficiency surveys ensuring decisions for future planned investment is based on robust data.
- Continued to support customers through the ongoing cost-of-living action plan - providing both direct support and signposting to partner agencies.
- A project with Travis Perkins and Citizens Advice Halton has provided school uniforms for over 150 school children from low-income families across Halton.
- In July we partnered with Cheshire Police for ASB Awareness Week 2022.
- Entered contract with Homes England for the latest Affordable Housing Programme.
- Secured Homes England grant allocation for Sewell Street, Runcorn.
- Second cohort of Thrive commenced in September. Ten colleagues from across the business are part of the programme which has started with a deep dive into the business and sessions from the Leadership Team.
- We have retained the certification required for the Cyber Essentials+ scheme which helps show how we deliver cyber security.
- Successfully developed and delivered a significant element of the plan to mitigate the adverse financial impact of the rent cap and high inflation. The number of colleague redundancies was kept relatively low.
- Completed our single largest development scheme – the independent living scheme (Hazlehurst) in Runcorn.
- Good start on CRM project. Excellent engagement from business users who are supporting the project and motivated to bring in the changes to working practices that the solution will offer.
- Achieved IIP Investing in People Gold and Investing in Wellbeing Silver.
- Achieved Carbon Literacy Gold which means that over 50% of colleagues have received carbon literacy training.
- Recruited six new apprentices and one of our apprentices has been nominated for apprentice of the year at the forthcoming Halton Business Awards.
- New EDI strategy developed and approved.

Our main challenges include:

- Increasing number of customer complaints.
- Increased media spotlight and general negative sentiment around the sector.
- Changing consumer regulatory framework.
- Continued budget pressures across repairs and maintenance, asset management and customer safety.
- Increased focus on property condition and understanding our homes.
- Systems and processes being fit for purpose to support colleagues.
- Impact of the cost of living and the increasing demand for crisis support.
- Low levels of customer engagement with community initiatives.
- Increased need for partnership working to develop a more joined up approach to tackling neighbourhood issues.
- Identifying a solid pipeline of development schemes at an affordable cost.
- Construction market and contractor solvency.
- Talent retention in competitive markets both inside and outside of sector.
- Continuing data quality focus across all areas of the business to increase data confidence.

Value for money statement (continued)



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 five 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 the Corporate Plan 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 and our performance for 2022/23 is set out in the table below:

Corporate Plan Theme	Measure	Actual 2021/22	Target 2022/23	Actual 2022/23	Benchmark Median (source)	Comments
Customer	**Complaints (% closed at stage 1)**	92.91%	95%	90.95%	n/a	221 complaints were closed in 2022/23. Of these complaints, 201 were closed at Stage 1 and 20 were closed at Stage 2. This equates to 90.95% of complaints closed at Stage 1. The % of complaints responded to within target to 98.76% and achieving the target for the year.
	Customer Satisfaction	78.4%	80.5%	85.7%	82% (HouseMark)	Customer Satisfaction for 2022/23 was 85.7%. This is based on the STAR survey question 'Taking everything into account, how satisfied or dissatisfied are you with the service provided by HH?.'
Homes	**Energy Efficiency**	90.5%	91.2%	96.4%	n/a	The measures the % of properties with an EPC rating of C and above. Most of the work this year has been continuing to improve data quality and planning which areas we need to invest in future years to achieve the Government target of all homes being at level C and above by 2030.
Business	**Void Rent Loss**	£147,567	£233,000	£178,324	£525,190 (HouseMark)	Void Rent Loss has outperformed the year-end target by £55k for 2022/23. This is mainly due to fewer tenancies ending than expected with Tenancy Turnover being 6.27% compared to a target of 6.5%.
	Current Arrears (as a % of rent debit)	Current Arrears at year end: £941k (2.73%)	Current Arrears at year end: £1.1m (3.02%)	Current Arrears at year end: £1.052m (2.89%)	£1,261,915 (3.48%) (HouseMark)	Current Arrears at the end of 2022/23 were £1.052m, outperforming the target by £48k, despite rising inflation and cost of living pressures.
	Return on Investment in OSUK	4.98%	4.3%	5.23%	n/a	HH's investment in OSUK returned 5.23% in the year achieving the target set in the budget and business plan.
	Colleague Satisfaction	90.1%	83%	82.2%	81% (HouseMark)	The question used for this measure was changed for 2022/23 and now asks how satisfied colleagues are with Halton Housing as an employer. Satisfaction amongst colleagues has remained consistent throughout the year.
	Colleague Sickness Absence	8.73 days	7.5 days	9.29 days	9.95 days (HouseMark)	The average number of working days lost due to sickness absence for 2022/23 was 9.29 days against a target of 7.5 days. The average short-term days lost was 2.38 days compared to 1.9 days in 2021/22

Corporate Plan Theme	Measure	Actual 2021/22	Target 2022/23	Actual 2022/23	Benchmark Median (source)	Comments
						and the average long-term days lost was 6.91 days compared to 6.83 days in 2021/22.
Development	**New Homes Delivered**	79	216	194	n/a	194 new homes were built or acquired in 2022/23. There were 87 Shared Ownership properties and 107 Affordable Rent properties across 3 schemes.
	Pipeline of New Homes Secured	325	309	164	n/a	The measure includes all new homes that are in contract at the time of reporting. The number of homes secured to be built is behind target due to delays in identifying and securing schemes.
	Unsold Homes	£455,000	<£500k for 6 months	£68,800	n/a	At the end of March 2023, Halton Housing had 1 shared ownership home that had been unsold for over 6 months which was going through the sales process.

We have developed a suite of performance reports which are reported quarterly to Board covering finance, development, sales, health and safety compliance, customer experience and OSUK. This ensures that all key information and compliance is measured against defined targets and regularly reported to 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)	2019	2020	2021	2022	2023 Forecast	2023 Actual
1. Reinvestment	Halton Housing	6.60%	5.23%	11.80%	14.47%	16.73%	7.56%
	Global Accounts	6.24%	7.20%	5.80%	6.50%	n/a	n/a
2a. New Supply Delivered (Social Housing Units)	Halton Housing	0.45%	0.78%	1.28%	1.12%	2.36%	2.60%
	Global Accounts	1.50%	1.50%	1.30%	1.40%	n/a	n/a%
2b. New Supply Delivered (Non-Social Housing Units)	Halton Housing	1.08%	0.54%	1.10%	0.41%	1.15%	1.09%
	Global Accounts	0.00%	0.00%	0.00%	0.00%	n/a	n/a
3. Gearing (Net Book Value of Housing Properties)	Halton Housing	80.80%	77.98%	72.73%	77.28%	75.43%	78.65%
	Global Accounts	43.40%	44.00%	43.90%	44.10%	n/a	n/a
4. EBITDA MRI Interest Cover	Halton Housing	145.80%	120.82%	159.87%	106.74%	127.30%	107.13%
	Global Accounts	184.00%	170.00%	183.00%	146.00%		n/a
5. Headline social housing cost per unit (£)	Halton Housing	3,421	3,632	3,237	3,793	3942	4070
	Global Accounts	3,695	3,830	3,730	4,150	n/a	n/a
Management cost per unit (£)	Halton Housing	1175	1251	1135	1493	1337	1483
	Global Accounts	1,004		1,060		n/a	n/a
Service charge cost per unit (£)	Halton Housing	237	222	215	232	262	294
	Global Accounts	395		435		n/a	215
Maintenance cost per unit (£)	Halton Housing	1014	1131	1180	1245	1233	1403
	Global Accounts	1013		1,108		n/a	n/a
Major repairs cost per unit (£)	Halton Housing	888	890	620	727	917	733
	Global Accounts	794		717	97	n/a	n/a
Other cost per unit (£)	Halton Housing	106	139	87		193	156

	Global Accounts	0		211		n/a	n/a
6a. Operating Margin (Social Housing Lettings only)	Halton Housing	24.35%	20.80%	27.95%	17.35%	18.85%	11.08%
	Global Accounts	29.20%	25.70%	26.30%	23.30%	n/a	n/a
6b. Operating Margin	Halton Housing	25.00%	20.00%	24.35%	17.73%	19.56%	12.70%
	Global Accounts	25.80%	23.10%	23.90%	20.50%	n/a	n/a
7. Return on capital employed (ROCE)	Halton Housing	5.26%	4.47%	4.70%	3.39%	4.99%	2.89%
	Global Accounts	3.80%	3.40%	3.30%	3.20%	n/a%	n/a

Reinvestment: For the year ending March 2023 our investment was lower than we forecast and the last two years. We have experienced delays with some of our suppliers and site acquisitions. We had a key scheme of 100 independent living apartments which was underway during 2022 and completed in 2023. Our reinvestment activity is still higher than the norm. Investment includes £15.9m (2022: £24.3m, 2021: £18.2m, 2020: £4.3m) development of new homes, £2.8m (2022: £3.3m, 2021: £2.9m, 2020: £3.9m) capitalised major repairs and £0.8m (2022: £0.8m, 2021: £0.3m, 2020: £0.4m) capitalised interest.

New Supply (social housing): Over the last six years we have developed 680 new homes including 194 new homes in 2022/23. We continue to significantly outperform our benchmark. The focus remains on planning future investment. There have been several s106 purchases in the year. We continue to have a buoyant pipeline of 164 homes at the year end.

New Supply (non-social housing): In 2022/23 we invested a further £5.1m (2022: £2.7m) in our subsidiary company, OSUK. During the year OSUK has acquired a further 85 homes for market rent.

Gearing: We are more highly geared than our benchmark. As an LSVT the historic cost value of our homes is relatively low at an average NBV of £28k per home which has the impact of increasing the gearing percentage. The estimated EUV-SH value of our homes is £340m. Using this value instead of the historic cost would reduce gearing to 49.8% which would be more in line with our benchmark.

Value for money statement (continued)

EBITDA MRI interest cover: Our interest cover is less than our forecast but improved on the previous year.

- Overall turnover has increased by £5.9m. Social housing lettings income has increased by £1.8m, proceeds from shared ownership property sales has increased by £2.0m and other land/property sales income is £2.1m higher than the previous year. This is because of a combination of the positive impact of additional properties developed for rent and the application of annual rent increases.
- Cost of sales has increased by £3.4m due to an increase in the number of first tranche shared ownership sales and costs in relation to undeveloped land sold in year.
- Operating expenditure has increased from 2021/22 to 2022/23 by £3.7m.
    - Management costs have increased by £0.2m. The additional FRS102 non-cash charge to operating costs for the defined benefit pension schemes is £1.6m compared to £2.0m in the previous year. Without these additional pension charges our interest cover would be 133% which is higher than we had forecast.

- Routine maintenance costs have increased by £0.9m, planned maintenance costs have increased by £0.4m and major repairs have increased by £0.7m.
- Service charge costs have increased by £0.5m in line with service charge income.
- Whilst the bad debt provision charge of £0.2m is reporting an increase of £0.1m compared to the previous year this still represents continued excellent arrears performance.
- Depreciation charges have increased by £0.4m and impairment costs of £0.5m have also been recognised this year.

Social Housing cost per unit: Our overall headline social housing cost per unit at £4,070 is lower than the previously available Global Accounts benchmark at £4,150. The benchmark does not fully reflect the relatively high levels of inflation and increasing demands on repair services that the sector experienced during 2022/23. We expect to see significant increases in the benchmark when it is published later in the year.

Management cost per unit: Our management cost per unit is less than the previous year, despite the upward pressures on costs. A significant contributor to the increase in our cost per unit in the last two years compared to 2021 has been an increase in the additional FRS102 non-cash pension charge to management costs for the defined benefit pension schemes. This adds an additional £241 to the unit cost. Without this adjustment our cost per unit would be £3,829 which is less than the forecast per unit cost of £3,942.

Maintenance and repairs cost per unit: During 2022-2023 we spent £2,136 per unit on maintenance and repairs just less than our forecast of £2,150 per unit. Whilst our maintenance costs have been higher, our major repairs costs are lower. We have taken action to improve our repairs service. Like others across the sector, we have experienced increased costs in relation to health and safety and compliance work. There has also been a keen focus on delivering emergency jobs, clearing the repairs backlog and reducing follow on work to ensure a 'right first time' approach.

Operating Margin: Our operating margin for social housing lettings (SHL) has fallen for a second year from 17.35% to 11.08%. The results for 2020/21 were unusually high, due to lower additional FRS102 pension charges compared to previous years and delays in expenditure that were rolled over into 2021/22 because of the Covid-19 pandemic. Higher repairs costs, inflationary uplifts, and an impairment charge of £0.5m have contributed to a lower operating margin this year. Without the additional FRS102 non-cash pension charge, our result for this year would be 15.69% (SHL) and 16.14% overall. Our average social rents including service charges rents and service charges continue to be the lowest in Halton at £92.57 per week for general needs social rent (England average: £102.48 source 2021/22 NROSH) and £109.63 for general needs affordable rent (England average: £136.72 source: 2021/22 NROSH). We estimate that our rents and service charges are 3% lower than others in Halton.

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

Our future targets:

Our plans include the action that Board agreed to mitigate the adverse financial impact of external events and the rent cap. Every service area, directorate and budget was reviewed to identify possible financial savings that could be achieved. The principles that were used as part of the review were:

- Does it impact the safety of tenants/customers/residents?
- Does it impact the delivery of essential landlord services?
- Does it satisfy a legal/regulatory requirement?
- Does it manage a significant business risk?
- Is there another cost-effective way to deliver the service?

A summary of the £2.2m savings that were identified is as follows.

- Staffing £1,400k
- Management £300k
- Projects £200k
- Apprenticeships £140k
- Development £75k
- Repairs £65k

Savings will be achieved over two years. Savings of £1.8m will be achieved during 2023/24 with the balance of £400k achieved during 2024/25. There is no overall reduction in repairs, investment programme or energy efficiency works costs. However, it has been necessary to defer £1.9m (6%) of costs from the next four years to later years. No additional income has been included for relets, catch up rents or rent convergence.

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.

Our key priorities over the next two years until 2025 include:

- Improve our customers' experience by building on our strengths and tackling recurring and consistent themes driving dissatisfaction.
- Improve the level of customer engagement to set the foundations for a more impactful, representative, and diverse approach. Our aim is to be able to measure and evidence the difference that our engagement activity is making to the decisions we make and the services we deliver. A move towards a more contemporary customer engagement model is proposed.
- Improve the standard of our homes. To do this we will adopt a fresh approach to asset investment and planning and create additional financial capacity to enable us to invest more.
- Improve the standard of our existing neighbourhoods as places to live. To do this we will develop a prioritised regeneration and placemaking plan to deliver physical improvements across our neighbourhoods and schemes.
- Remain financially strong and comply with all legal and regulatory standards. We will strive to achieve our lifeblood measure targets whilst continuing to effectively deliver business as usual activity.
- Increase our profile, reputation, and influence in our unique and core areas of activity and expertise. Re-positioning our profile will help secure existing partnerships and attract new ones by developing an authentic reputation around our core purpose activities.
- Be an exemplary employer by developing a competitive employee offer and engendering a positive and proactive workplace culture.
- Develop (or confirm) a longer-term ambition for Halton Housing.

The delivery of most of these objectives will require additional investment of some kind. We need to create additional financial capacity to meet this requirement and to increase our financial resilience in the event of future economic shocks.

We cannot deliver on these objectives alone and will need rely on the support of key partners. Likewise key partners will need to rely on us to deliver their objectives. We need to be clear on what our strategic partnerships are, their purpose, expected outcomes and who is taking the lead role in developing each relationship.

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 year are shown in the table below:

Corporate Plan Theme	Performance Measure	Target 2023/24
Customer	Complaints (% responded to within target)	95%
	Customer Satisfaction	80%
Business	Current Arrears	£1.19m (3%)
	Void Rent Loss	£218k
	Return on Investment in OSUK	4.72%
	Colleague Satisfaction	83%
	Colleague Sickness Absence	8.4 days
Development	New Homes Delivered	70
	Unsold Homes	<£1.4m for 6 months
Homes	Property Condition	85%

Based on these plans, our strategy, and our day-to-day operational activities we have developed our long-term financial plan. Our value for money metrics for the next five years are shown in the table below:

Value for money statement (continued)

Group Value for Money metrics	2022 Global Accts	2022 Actual	2023 Actual	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Metric 1Reinvestment	6.50%	14.47%	7.56%	9.26%	13.16%	10.45%	8.32%	9.20%
Metric 2a New Supply Delivered (Social housing units)	1.40%	1.20%	2.60%	1.14%	1.32%	0.53%	1.44%	0.58%
Metric 2b New Supply Delivered (Non-Social Housing)	0.00%	0.41%	1.09%	0.22%	0.45%	0.00%	0.00%	0.00%
Metric 3 Gearing (NBV Housing Properties)	44.10%	77.28%	78.65%	75.94%	75.10%	73.85%	71.95%	71.04%
Metric 4 EBITDA MRI Interest Cover	146.0%	106.7%	107.1%	148.1%	143.3%	141.0%	147.4%	143.1%
Metric 5 Headline Social Housing Cost Per unit	4,150	3,793	4,070	4,227	4,402	4,493	4,565	4,726
Management Cost per unit		1,493	1,483	1,405	1,413	1,429	1,444	1,475
Service Cost per unit		232	294	295	308	314	316	321
Routine Maintenance cost per unit		1,245	1,403	1,377	1,451	1,477	1,488	1,514
Major Repairs cost per unit		727	733	959	1,031	1,071	1,113	1,209
Other costs per unit		97	156	190	199	203	204	208
Metric 6a Operating Margin (Social Housing Lettings only)	23.30%	17.35%	11.08%	21.63%	23.21%	23.35%	22.62%	22.32%
Metric 6b Operating Margin	20.50%	17.73%	12.70%	23.81%	24.91%	25.25%	24.66%	24.47%
Metric 7 Return on capital employed (ROCE)	3.20%	3.93%	2.89%	4.78%	4.51%	4.43%	4.26%	4.12%

Reinvestment: At an average 10.13% over the next five years, the reinvestment in both our existing and new homes is significantly higher than the norm. Over 45% of housing associations based in the North West of England region have reinvestment levels of over 8.6% due to the lower value of housing assets (the denominator in this calculation). We have reprofiled our development programme of new homes in response to the delivery challenges that we are facing and to defer the requirement to draw additional funding. None the less, we will still spend £93m and £2.5m on capitalised interest over the next five years on the development and acquisition of new homes. These will be for shared ownership, affordable rent, and market rent. We have used the 76% stock condition survey data that we hold to inform our future cost provision for our existing stock. This has informed our provision to spend £30.5m on capitalised major repairs over the same period including £2.6m to achieve EPC C requirements (by 2030). We have not included any further provision for decarbonisation work in our financial plans at this stage, but we have identified that we could include provision of up to £76m.

New Supply (Social Housing): We will build 350 new homes over the course of the next five years, at a cost of £84m. These will be for shared ownership, affordable rent and rent to buy. On 31st March 2023, 89 of these homes were under construction.

New Supply (non-social housing): In OSUK, we will build or acquire an additional 53 homes at a cost of £5.7m over the next two years. OSUK will return £9.7m to HH over the next five years. This is an average Return on Investment (ROI) of 5.4%. Profits from OSUK will be re-invested into Halton Housing and used to subsidise the provision of social housing. HH has invested £34.4m in its subsidiary, OSUK. This will increase to £38m and on average, over the next two years will increase supply by 0.67%. The investment will be used to acquire market rent homes.

EBITDA MRI interest cover: This is forecast to be more in line with our benchmark through the next five years. Our headroom against our tightest covenant over the next five years is £1.9m in 2028/29.

Social Housing cost per unit: We expect our cost per unit to increase in 2023/24 and beyond compared to the actual for 2022/23. We have committed to invest in our core housing management system to improve our effectiveness and efficiency, and we are investing in our homes. We are using the Global Accounts benchmarks from 2021/22, but we expect these to increase due to higher inflation and an increased focus on the maintenance of homes. Our ongoing cost per unit is much lower than the benchmark and is expected to remain below it (allowing for inflationary increases) by 2028. The forecasts exclude any additional FRS102 pension charges for the defined benefit pension schemes. We are undertaking a review of our pension arrangements which is expected to complete during 2023/24.

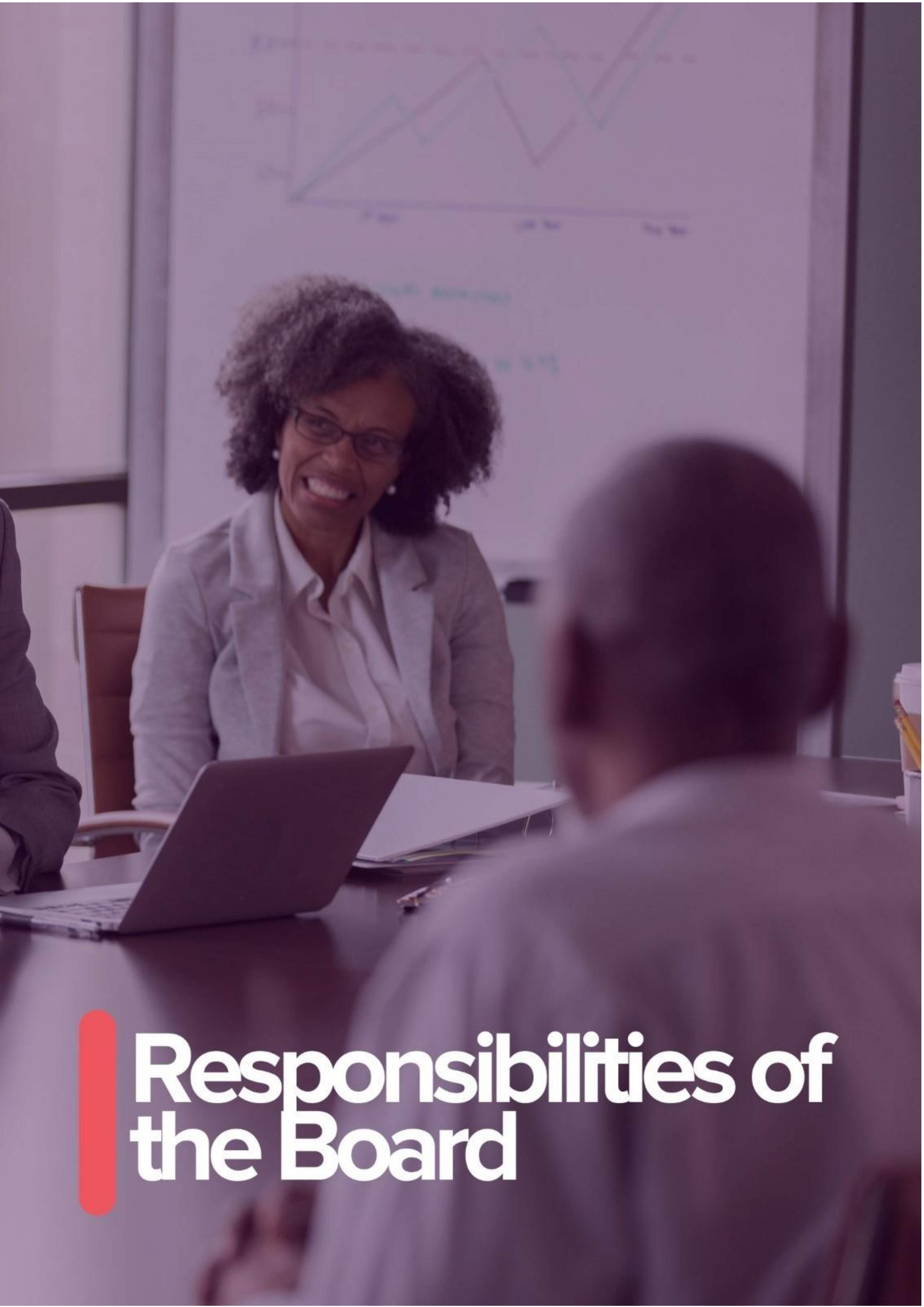
Value for money statement (continued)

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 £350k 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. We are not expecting large surpluses from the sale of shared ownership homes, 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.

Gearing: As we continue to invest in the development of new homes, our debt is forecast to increase by £37m. 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 £340m. Our gearing is forecast to reduce as the net book value of our properties (valued at cost) increases from £213m to £291m.

Return on Capital Employed: Our plans anticipate a return on capital employed at an average 4.42% over the next five years, as our asset base grows through the reinvestment of our surpluses and using our security to raise finance to build new homes.



Responsibilities of the Board

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.

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 2022/23 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 used this flexibility to reappoint Matthew Harrison and Kevin Williams. Matthew was first appointed to Board in March 2017 and was reappointed in September 2020 for a term of three years to September 2023. As a senior housing professional, Matthew has contributed significantly to all areas and particularly in the development of new homes. Kevin Williams was first appointed to Board in September 2015 and was reappointed for a final term of three years in September 2021 to September 2024. Kevin 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 provides 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 nine non-executive board members. Two are nominated by HBC for appointment by the Board (Local Authority Board Members). Seven 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.

Professor 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 Energy & Water at Cranfield University.

Kevin Williams (Recruited Board Member) (Vice Chair) - 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 Group Director of Development & Commercial Services at The Guinness Partnership. Kevin is responsible for Guinness' national development programme worth over £1bn, 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.

Ian Hayhoe (Recruited Board Member) (Chair of OSUK) - 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.

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 onto hold senior and Executive leadership roles at registered providers in Merseyside, Cheshire and Greater Manchester. 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.

Matthew Harrison (Recruited Board Member) - Matt is CEO 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.

Norman Plumpton-Walsh (Local Authority Board Member) - Norman is a local authority nominee appointed to the board in 2021. Norman's responsibilities on Halton Borough Council 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) (Chair of Remuneration and Nominations Committee) - Jennifer has over 30 years of executive experience leading finance and risk teams operating in both manufacturing and financial services industries. She is currently CFO at Wienerberger for the UK and Ireland. Wienerberger is the world's largest producer of bricks and supplies construction products and services to the housing construction market. She also works with Manchester Business School where she 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) (Chair of Audit and Risk Committee) - 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 Chief Internal Auditor 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.

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.

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.

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.

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.
- 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 2022/23.

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 2023 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.

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 no reported cases of fraud during 2022/23.

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, Diversity and Inclusion

During 2022/23 Board developed and approved a new Equality, Diversity and Inclusion (EDI) Strategy.

We are committed to developing a culture where the principles of EDI are embedded in everything we do, across all parts the organisation. EDI is integral to our social purpose and is embedded within the ambitions set out in our Corporate Plan as follows:

- Understanding, respecting and listening to our customers.
- Addressing inequality.
- Knowing our colleagues and representing our communities.
- Providing an inclusive environment.
- Equipping colleagues to embed EDI in our culture.
- Working in partnership.

We will review performance annually, through reporting to Executive Team and Board. Reporting will highlight key achievements throughout the year against each of the strategic priorities to bring our work in this wide-ranging area to life. It will include diversity profiling information of our customer base, workforce (as a whole and by level of seniority) and Board, with comparisons to local census data and trend information being developed over time.

Gender Pay. We have maintained a favourable pay gap this year, which is helped by the Real Living Wage introduction in 2020 and the development of opportunities for women in employment. Since most of our estate, environmental, and trade sectors are predominantly male dominated, we will continue to prioritise reducing the male representation in the bottom quartiles of the workforce. The high presence of women in senior management and leadership positions helps us keep our health pay difference in the median.

The bonus pay is dependent on attendance, conduct record and being in the business in July 2022.

The leavers in June/July 22 along with some absence issues means that more women received bonus, however due to the higher level of maternity over paternity leave and the level of women in part time hours positions means the average amount they received is less than the male counterpart.

At Halton Housing:

- Women earn £1.18 for every £1 that men earn when comparing median hourly pay. Their median hourly pay is 18.2% higher than men's. When comparing mean (average) hourly pay, women's mean hourly pay is 6.7% higher than men.
- Women occupy 46.8% of the highest paid jobs and 41.8% of the lowest paid jobs.
- Women earn £1 for every £1 that men earn when comparing median bonus pay. Their median bonus pay is 0% lower than men's. When comparing mean (average) bonus pay, women's mean bonus pay is 6.7% lower than men 83.1% of women and 78.7% of men received a bonus during 2022/23.

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

- 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 is 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.
- 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.

Social Value (continued)

We signed up as an early adopter of the Sustainability Reporting Standard for Social Housing and we published our second report against the Standard 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 2nd August 2023 and signed on its behalf by:

Clive Deadman
Chair

Independent Auditor's Report

Opinion

We have audited the financial statements of Halton Housing (the 'Association') and its subsidiaries (the 'Group') for the year ended 31st March 2023 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 2023 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.

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 25, 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.

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
Statutory Auditor
Chartered Accountants
9th Floor, 3 Hardman Street
Manchester, M3 3HF
03/08/23

Primary Financial Statements

Statement of Comprehensive Income
For the year ended 31st March 2023

	Notes	Year ended 31-Mar-23		Year ended 31-Mar-22	
		Group	**Association**	Group	Association
		£'000	**£'000**	£'000	£'000
Turnover	**2**	**51,418**	**43,920**	40,922	38,033
Cost of sales	**2**	**(10,188)**	**(5,617)**	(3,112)	(2,236)
Operating expenditure	**2**	**(34,698)**	**(33,374)**	(30,556)	(29,642)
Gain on disposal of property, plant and equipment (fixed assets)	**6**	**840**	**840**	1,037	1,037
Operating surplus		**7,372**	**5,769**	8,291	7,192
Gift aid donation from subsidiary companies		**-**	**367**	-	394
Interest receivable		**1**	**1,339**	15	1,119
Interest and financing costs	**7**	**(7,379)**	**(7,379)**	(7,191)	(7,360)
Gain in valuation of investment properties	**14**	**271**	**90**	377	37
Surplus before tax	**8**	**265**	**186**	1,492	1,382
Taxation	**9**	**-**	**-**	-	-
Surplus for the year after tax		**265**	**186**	1,492	1,382
Other comprehensive income					
Actuarial gain in respect of pension schemes	**12/24**	**14,814**	**14,814**	8,451	8,451
Total comprehensive income for the year		**15,079**	**15,000**	9,943	9,833

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 45 to 81 form part of these Financial Statements.

These Financial Statements were approved by the Board of Directors/Trustees and authorised for issue on 2nd August 2023 and were signed on its behalf by:

Board/Trustee
Clive Deadman

Board/Trustee
Kevin Williams

Company Secretary
Neil McGrath

Statement of Financial Position
As at 31st March 2023

	Notes	Year ended 31-Mar-23 Group £'000	Year ended 31-Mar-23 Association £'000	Year ended 31-Mar-22 Group £'000	Year ended 31-Mar-22 Association £'000
Fixed assets					
Tangible fixed assets	13	213,363	214,587	204,025	205,138
Investment properties	14	35,473	1,485	27,493	1,395
Investment in subsidiaries	15	-	14,500	-	11,900
		248,836	230,572	231,518	218,433
Long term debtors					
Debtors due in more than one year	17	-	19,850	-	17,350
Current assets					
Stock	16	6,900	6,921	13,500	8,939
Trade and other debtors	17	6,305	3,796	1,981	1,714
Investments	18	131	131	128	128
Cash and cash equivalents	19	7,404	7,307	6,854	6,541
		20,740	18,155	22,463	17,322
Less: Creditors: amounts falling due within one year	20	(14,647)	(14,361)	(14,154)	(13,912)
Net current assets		6,093	3,794	8,309	3,410
Total assets less current liabilities		254,929	254,216	239,827	239,193
Creditors: amounts falling due after more than one year	21a	(200,394)	(200,394)	(187,082)	(187,082)
Provisions for assets / (liabilities)					
Pension asset / (provision)	12/24	9,229	9,229	(4,060)	(4,060)
Total net assets		63,764	63,051	48,685	48,051
Reserves					
Non-equity share capital	25	-	-	-	-
Income and expenditure reserve		63,764	63,051	48,685	48,051
Total reserves		63,764	63,051	48,685	48,051

The notes on pages 45 to 81 form part of these Financial Statements. These Financial Statements were approved by the Board of Directors/Trustees and authorised for issue on 2nd August 2023 and were signed on its behalf by:

Board/Trustee
Clive Deadman

Board/Trustee
Kevin Williams

Company Secretary
Neil McGrath

Consolidated Statement of Changes in Reserves
As at 31st March 2023

	Group	Association
	Income and expenditure reserve £'000	Income and expenditure reserve £'000
Balance as at 1 April 2021	38,742	38,218
Surplus from Statement of Comprehensive Income	1,492	1,382
Actuarial gain in respect of pension schemes	8,451	8,451
Balance at 31 March 2022	**48,685**	**48,051**
Surplus from Statement of Comprehensive Income	265	186
Actuarial gain in respect of pension schemes	14,814	14,814
Balance at 31 March 2023	**63,764**	**63,051**

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Consolidated Statement of Cash Flows at 31st March 2023

	Notes	Year ended 31-Mar-23 £'000	Year ended 31-Mar-22 £'000
Net cash generated from operating activities	**(see Note i)**	**17,423**	12,249
Cash flow from investing activities			
Purchase of tangible fixed assets		**(15,271)**	(24,087)
Purchase of investment properties		**(7,709)**	(2,924)
Purchase of investments		**-**	(1)
Proceeds from sale of tangible fixed assets		**1,074**	1,925
Grants received		**2,738**	824
Interest received		**1**	15
		(19,167)	(24,248)
Cash flow from financing activities			
Interest paid		**(7,996)**	(7,847)
New secured loans		**15,290**	-
Repayment of borrowings		**(5,000)**	-
		2,294	(7,847)
Net change in cash and cash equivalents		**550**	(19,844)
Cash and cash equivalents at beginning of the year		**6,854**	26,698
Cash and cash equivalents at end of the year		**7,404**	6,854

The notes on pages 52 to 87 form part of these Financial Statements.

Notes to Consolidated Statement of Cash Flows at 31st March 2023

Note i

	Year ended 31-Mar-23 £'000	Year ended 31-Mar-22 £'000
Cash flow from operating activities		
Surplus/(deficit) for the year	**265**	1,492
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	**5,550**	5,139
Impairment of tangible fixed assets	**527**	-
(Increase) / Decrease in stock	**7,072**	(1,447)
Decrease/(Increase) in trade and other debtors	**(3,732)**	24
(Decrease)/Increase in trade and other creditors	**440**	(357)
Pension costs less contributions payable	**1,397**	1,923
(Gain) in valuation of investment properties	**(271)**	(377)
Adjustments for investing or financing activities:		
(Gain) on disposal of property, plant and equipment (fixed assets) & investment properties	**(840)**	(1,037)
Government grants utilised in the year	**(363)**	(287)
Interest payable	**7,379**	7,191
Interest received	**(1)**	(15)
Net cash generated from operating activities	**17,423**	12,249

Note ii

Analysis of net debt - Group

	At 31st March 2022 £000's	Cash flow £000's	Non - Cash Movements £000's	t 31st March 2023 £000's
Cash at bank and in hand	6,854	550	-	7,404
Debt due within one year:				
Loans	(5,000)	5,000	(5,000)	(5,000)
Debt due after more than one year:				
Loans	(153,826)	(15,290)	4,871	(164,245)
Total	(151,972)	(9,740)	(129)	(161,841)

The notes on pages 52 to 87 form part of these Financial Statements

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 2023S.

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 2023 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.

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 50. 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 property 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 2023 was £213m (Group); £215m (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 2023. 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 2023 was £35.5m (Group); £1.5m (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. We have impaired one of our flatted blocks in the year resulting from the decision to not relet any properties that become void due to a development opportunity that is being explored which would result in the property being demolished. The result of this decision has resulted in a charge to the accounts of £527k in the year (2022: Nil).

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.

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.

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

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.

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.

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:

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. The 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.

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

Group	2023			
	Turnover	Cost of sales	Operating expenditure	Operating surplus
	£'000	£'000	£'000	£'000
Social housing lettings (Note 3a)	**36,618**	**-**	**(32,571)**	**4,047**
Other social housing activities				
First tranche low cost home ownership sales	**4,633**	**(3,545)**	**(445)**	**643**
Sale of Land	-	-	-	-
Activities other than social housing				
Lettings (Note 4)	**2,866**	**-**	**(1,680)**	**1,186**
Properties developed for outright sale (Note 4)	-	-	-	-
Sale of Land (Note 4)	**7,301**	**(6,643)**	**(2)**	**656**
Total	**51,418**	**(10,188)**	**(34,698)**	**6,532**

	2022			
	£'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	1,100	(985)	-	115
Total	40,922	(3,112)	(30,556)	7,254

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

Association	2023			
	Turnover	Cost of sales	Operating expenditure	Operating surplus
	£'000	£'000	£'000	£'000
Social housing lettings (Note 3b)	**36,618**	**-**	**(32,493)**	**4,125**
Other social housing activities				
First tranche low cost home ownership sales	**4,633**	**(3,600)**	**(445)**	**588**
Activities other than social housing				
Lettings (Note 4)	**478**	**-**	**(434)**	**44**
Sale of Land (Note 4)	**2,191**	**(2,017)**	**(2)**	**172**
Total	**43,920**	**(5,617)**	**(33,374)**	**4,929**

	2022			
	£'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

3(a). Turnover and operating expenditure

	General Housing	Supported Housing and Housing for Older People	Low Cost Home Ownership	Total 2023	Total 2022
	£'000	£'000	£'000	£'000	£'000
Group					
Income					
Rent receivable net of identifiable service charge and voids	32,592	1,155	420	34,167	32,489
Service charge income	1,400	347	105	1,852	1,661
Amortised government grants	215	73	75	363	287
Government grants taken to income	71	-	-	71	60
Other income	27	-	-	27	45
VAT Shelter Income	53	-	-	53	208
Charges for Support Services	-	85	-	85	72
Turnover from Social Housing Lettings	34,358	1,660	600	36,618	34,822
Operating expenditure					
Management	(10,169)	(675)	(119)	(10,963)	(10,729)
Service charge costs	(1,508)	(598)	(47)	(2,153)	(1,660)
Routine maintenance	(7,518)	(275)	(97)	(7,890)	(6,945)
Planned maintenance	(2,290)	(81)	(30)	(2,401)	(1,970)
Major repairs expenditure	(2,306)	(222)	(7)	(2,535)	(1,875)
Development costs not capitalised	(21)	-	-	(21)	(5)
Bad debts	(207)	-	(4)	(211)	(83)
Depreciation of Housing Properties	(4,634)	(409)	(234)	(5,277)	(4,867)
Impairment of Housing Properties	(527)	-	-	(527)	-
Other Costs	(582)	(8)	(3)	(593)	(648)
Operating expenditure on Social Housing Lettings	(29,762)	(2,268)	(541)	(32,571)	(28,782)
Operating Surplus/(Deficit) on Social Housing Lettings	4,596	(608)	59	4,047	6,040
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	(190)	(178)	(3)	(371)	(180)

3(b). Turnover and operating expenditure

	General Housing	Supported Housing and Housing for Older People	Low Cost Home Ownership	Total 2023	Total 2022
	£'000	£'000	£'000	£'000	£'000
Association					
Income					
Rent receivable net of identifiable service charge and voids	32,592	1,155	420	34,167	32,489
Service charge income	1,400	347	105	1,852	1,661
Amortised government grants	215	73	75	363	287
Government grants taken to income	71	-	-	71	60
Other income	27	-	-	27	45
VAT Shelter Income	53	-	-	53	208
Charges for Support Services	-	85	-	85	72
Turnover from Social Housing Lettings	34,358	1,660	600	36,618	34,822
Operating expenditure					
Management	(10,091)	(675)	(119)	(10,885)	(10,729)
Service charge costs	(1,508)	(598)	(47)	(2,153)	(1,660)
Routine maintenance	(7,518)	(275)	(97)	(7,890)	(6,945)
Planned maintenance	(2,290)	(81)	(30)	(2,401)	(1,970)
Major repairs expenditure	(2,306)	(222)	(7)	(2,535)	(1,875)
Development costs not capitalised	(21)	-	-	(21)	(5)
Bad debts	(207)	-	(4)	(211)	(83)
Depreciation of Housing Properties	(4,634)	(409)	(234)	(5,277)	(4,867)
Impairment of Housing Properties	(527)	-	-	(527)	-
Other Costs	(582)	(8)	(3)	(593)	(648)
Operating expenditure on Social Housing Lettings	(29,684)	(2,268)	(541)	(32,493)	(28,782)
Operating Surplus/(Deficit) on Social Housing Lettings	4,674	(608)	59	4,125	6,040
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	(190)	(178)	(3)	(371)	(180)

4. Turnover from activities other than social housing

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Activities other than social housing				
Shops and Garages Lettings	**508**	551	**379**	391
Market Renting	**2,298**	1,796	**76**	76
Other	**60**	41	**23**	12
Properties developed for outright sale	-	1,100	-	120
Sale of Land	**7,301**	-	**2,191**	-
	10,167	3,488	**2,669**	599

5. Accommodation owned, managed and in development

Group	2023 No. of properties Owned	2023 No. of properties Managed	2022 No. of properties Owned	2022 No. of properties Managed
Social Housing				
Under development at end of year:				
General needs housing affordable rent	**176**	-	205	-
Supported housing and housing for older people	-	-	56	-
Low-cost home ownership	**54**	-	141	-
Under management at end of year:				
General needs housing	**6,856**	**3**	6,826	3
Supported housing and housing for older people	**223**	-	167	-
Low-cost home ownership	**251**	-	165	-
	7,560	**3**	7,560	3
Non-Social Housing				
Under management at end of year:				
Market rented	**385**	-	300	-
	385	-	300	-

The Group owns and manages 7,718 (2022: 7,458) 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 (2022: 3) homes owned by another body.

There was an increase of 257 owned and managed properties. During the year 279 properties were acquired or developed: 0 social rent, 107 affordable rent, 87 shared ownership and 85 market rent; 22 properties were sold: 21 social rent, 0 affordable rent and 1 shared ownership.

The homes owned and managed at 31 March 2023 comprise: 5,435 social rent (2022: 5,456); 1,404 affordable rent (2022: 1,353); 17 intermediate rent (2022: 17); 128 supported housing social rent (2022: 128); 95 supported housing affordable rent (2022: 39); 251 Shared Ownership (2022: 165) and 385 market rent (2022: 300).

6. **Accommodation owned, managed and in development (continued)**

Association	**2023 No. of properties Owned**	**2023 No. of properties Managed**	2022 No. of properties Owned	2022 No. of properties Managed
Social Housing				
Under development at end of year:				
General needs housing affordable rent	**176**	-	205	-
Supported housing and housing for older people	-	-	56	-
Low-cost home ownership	**54**	-	141	-
Under management at end of year:				
General needs housing	**6,856**	**3**	6,826	3
Supported housing and housing for older people	**223**	-	167	-
Low-cost home ownership	**251**	-	165	-
	7,560	**3**	7,560	3
Non-Social Housing				
Under management at end of year:				
Market rented	**10**	-	10	-
	10	-	10	-

Halton Housing, a Registered Social Landlord, owns and manages 7,330 (2022: 7,168) homes and manages 3 (2022: 3) homes owned by another body.

There was an increase of 172 owned and managed properties. During the year 194 properties were acquired or developed: 0 social rent, 107 affordable rent and 87 shared ownership properties; 22 properties were sold: 21 social rent, 0 affordable rent and one shared ownership.

The homes owned and managed at 31 March 2023 comprise: 5,435 social rent (2022: 5,456); 1,404 affordable rent (2022: 1,353); 17 intermediate rent (2022: 17); 128 supported housing social rent (2022: 128); 95 supported housing affordable rent (2022: 39); 251 Shared Ownership (2022: 165) and 10 market rent (2022: 10).

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

Group

	Sales of Properties not developed for outright sale	Low Cost Home Ownership Staircasing Sales	Others	Total 2023	Total 2022
	£'000	£'000	£'000	£'000	£'000
Proceeds of sales	1,296	90	-	1,386	1,971
Less: Costs of sales					
Halton Borough Council's share of sale proceeds	(305)	-	-	(305)	(405)
Carrying value of fixed assets	(151)	(74)	(1)	(226)	(502)
Incidental sale expenses	(15)	-	-	(15)	(27)
Surplus	825	16	(1)	840	1,037
Capital grant recycled (Note 23)	-	30	-	30	16

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

Association

	Sales of Properties not developed for outright sale	Low Cost Home Ownership Staircasing Sales	Others	Total 2023	Total 2022
	£'000	£'000	£'000	£'000	£'000
Proceeds of sales	1,296	90	-	1,386	1,971
Less: Costs of sales					
Halton Borough Council's share of sale proceeds	(305)	-	-	(305)	(405)
Carrying value of fixed assets	(151)	(74)	(1)	(226)	(502)
Incidental sale expenses	(15)	-	-	(15)	(27)
Surplus	825	16	(1)	840	1,037
Capital grant recycled (Note 23)	-	30	-	30	16

9. Interest and financing costs

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Deferred benefit pension (income) charge	**128**	228	**128**	228
On loans repayable within five years	**1,110**	1,114	**1,110**	1,114
On loans wholly or partly repayable in more than five years	**6,984**	6,835	**6,984**	6,835
Costs associated with financing	**8,222**	8,177	**8,222**	8,177
Less: interest capitalised on housing properties under construction	**(843)**	(986)	**(843)**	(817)
	7,379	7,191	**7,379**	7,360

The weighted average interest on borrowings of 4.6% (2022: 4%) was used for calculating capitalised finance costs.

10. Surplus on ordinary activities

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
The operating surplus is stated after charging/(crediting):-				
Auditors remuneration (excluding VAT):				
Audit of the group financial statements	**34**	24	**34**	24
Audit of subsidiaries	**9**	6	-	-
Fees payable to the company's auditor and its associates for other services to the group:				
Taxation compliance services	**5**	4	-	-
Operating lease rentals:				
Vehicle Hire Costs	**347**	319	**347**	319
Office equipment	**7**	8	**7**	8
Impairment losses of housing properties	**527**	-	**527**	-
Depreciation of housing properties	**5,277**	4,867	**5,277**	4,867
Depreciation of other fixed assets	**273**	272	**266**	267

11. Tax on surplus on ordinary activities

The main activities of the Association are to provide charitable services. The Association has been registered as a Community Benefit Society (registration number: 7744) and charitable for tax purposes 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.

12. Key management personnel remuneration

	2023 **£'000**	2022 £'000
The aggregate emoluments paid to or receivable by non-executive Directors and former non-executive directors	**72**	67
The aggregate emoluments paid to or receivable by executive Directors and former executive directors	**459**	456
The emoluments paid to the highest paid Director excluding pension contributions	**132**	183
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 defined contribution 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 £2k (2022: £32k) 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.

13. 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 2022-23 (£)	Remuneration Received 2021-22 (£)	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	✓	✓			
Angela Holdsworth (retired 28.09.2022)	3,250	6,500	✓	✓			
Michael Fry (retired 08.08.2021)	-	2,615	✓		✓	✓	✓
Neil McGrath	-	-				✓	✓
Kevin Williams	7,500	6,290	✓ Vice Chair	✓			
Matthew Harrison	6,500	5,985	✓		✓		✓ Chair
Linda Levin	5,000	5,000	✓	✓			
Geoff Linnell	5,000	5,000		✓		✓	
Ian Hayhoe	9,500	9,500	✓		✓	✓ Chair	
Marie Wright	5,000	3,282	✓		✓		
Norman Plumpton-Walsh	5,000	3,282	✓	✓			
Jennifer Halliday	7,289	2,581	✓		✓ Chair	✓	
Leigh Wylie	6,274	3,355	✓	✓ Chair			✓
Sue Smith (appointed 08.02.2023)	-	-				✓	
	72,313	67,134					

14. Employee information

	Group		Association	
	2023	2022	**2023**	2022
	No.	No.	**No.**	No.
The average number of persons employed during the year expressed in full time equivalents (37 hours per week) was:				
Property Services	**128**	128	**128**	128
Housing Management	**93**	89	**93**	89
Development	**8**	9	**8**	9
Support Services	**83**	82	**83**	82
	312	308	**312**	308
	£'000	**£'000**	**£'000**	**£'000**
Staff costs (for the above employees)				
Wages and salaries	**11,329**	10,529	**11,329**	10,529
Social Security costs	**1,200**	1,061	**1,200**	1,061
Other pension costs	**1,808**	1,789	**1,808**	1,789
Redundancy costs	**363**	26	**363**	26
	14,700	13,405	**14,700**	13,405

Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the year:	Group		Association	
	2023	2022	**2023**	2022
	No.	No.	**No.**	No.
£60,000 to £69,999	**14**	8	**14**	8
£70,000 to £79,999	**6**	4	**6**	4
£80,000 to £89,999	**2**	-	**2**	-
£90,000 to £99,999	-	3	-	3
£100,000 to £109,999	**4**	2	**4**	2
£130,000 to £139,999	**2**	1	**2**	1
£140,000 to £149,999	-	1	-	1
£160,000 to £169,999	**1**	-	**1**	-
£180,000 to £189,999	-	1	-	1

15. Pension obligations

Halton Housing participates three 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. Halton also participates in the Social Housing Pension Scheme (SHPS) defined contribution 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 52.

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 2023 by a qualified independent actuary.

	At 31 March 2023	At 31 March 2022
	% pa	% pa
Rate of increase in salaries	**3.81**	4.13
Rate of increase for pensions in payment / inflation	**3.16**	3.44
Discount rate for scheme liabilities	**4.83**	2.78
Inflation assumption (CPI)	**2.81**	3.13

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 2023	At 31 March 2022
	Years	Years
Retiring today		
Males	**21.0**	21.1
Females	**23.4**	23.7
Retiring in 20 years		
Males	**22.2**	22.4
Females	**24.9**	25.2

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

	At 31 March 2023	At 31 March 2022
	£'000	£'000
Employer service cost (net of employee contributions)	**74**	95
Total operating charge	**74**	95
Analysis of pension finance income / (costs)		
Net interest expenses	**(10)**	(22)
Amounts (charged)/credited to financing costs	**(10)**	(22)
Amount of gains and losses recognised in the Statement of Comprehensive Income		
Actuarial (losses) / gains on pension scheme assets	**(1,787)**	477
Actuarial gains / (losses) on scheme liabilities	**376**	(330)
Remeasurements	**1,305**	421
Actuarial (loss) / gain recognised	**(106)**	568

Social Housing Pension Scheme(continued)

Movement in (deficit) during year	At 31 March 2023 £'000	At 31 March 2022 £'000
(Deficit) in scheme at 1 April	**(424)**	(1,004)
Movement in year:		
Employer service cost (net of employee contributions)	**(74)**	(95)
Employer contributions	**196**	129
Net interest/return on assets	**(10)**	(22)
Remeasurements	**(106)**	568
(Deficit) in scheme at 31 March	**(418)**	(424)

Asset and Liability Reconciliation	At 31 March 2023 £'000	At 31 March 2022 £'000
Reconciliation of liabilities		
Liabilities at start of period	**3,856**	3,885
Service cost	**74**	95
Interest cost	**108**	86
Employee contributions	**24**	26
Remeasurements	**(1,681)**	(91)
Benefits paid	**(35)**	(145)
Liabilities at end of period	**2,346**	3,856
Reconciliation of assets		
Assets at start of period	**3,432**	2,881
Interest Income	**98**	64
Return on plan assets	**(1,787)**	477
Employer contributions	**196**	129
Employee contributions	**24**	26
Benefits paid	**(35)**	(145)
Assets at end of period	**1,928**	3,432

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 2023 financial statements. Accordingly no adjustment has been made in these financial statements in respect of this potential issue.

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 2023 were £2,054k, of which employer's contributions totalled £1,573k and employees' contributions totalled £481k. The agreed contribution rates for future years are 28.7% 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 2022 updated to 31 March 2023 by a qualified independent actuary.

	At 31 March 2023	At 31 March 2022
	% pa	% pa
Rate of increase in salaries	**3.65**	3.90
Rate of increase for pensions in payment / inflation	**2.95**	3.20
Discount rate for scheme liabilities	**4.75**	2.70
Inflation assumption (CPI)	**2.95**	3.20

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 2023	At 31 March 2022
	Years	Years
Retiring today		
Males	**20.1**	21.2
Females	**23.6**	23.8
Retiring in 20 years		
Males	**21.5**	22.1
Females	**25.4**	25.5

Local Government Pension Scheme (continued)

Analysis of the amount charged to operating costs in the Statement of Comprehensive Income		
	At 31 March 2023	At 31 March 2022
	£'000	£'000
Employer service cost (net of employee contributions)	**3,092**	3,595
Past service cost	-	-
Total operating charge	**3,092**	3,595
Analysis of pension finance income / (costs)		
Expected return on pension scheme assets	**1,552**	1,053
Interest on pension liabilities	**(1,670)**	(1,259)
Amounts (charged) to financing costs	**(118)**	(206)
Amount of gains and losses recognised in the Statement of Comprehensive Income		
Actuarial (losses) / gains on pension scheme assets	**(5,747)**	2,749
Actuarial gains / (losses) on scheme liabilities	**20,667**	5,134
Actuarial gain / (loss) recognised	**14,920**	7,883

Local Government Pension Scheme (continued)

Movement in (deficit) during year	At 31 March 2023 £'000	At 31 March 2022 £'000
(Deficit) in scheme at 1 April	**(3,636)**	(9,356)
Movement in year:		
Employer service cost (net of employee contributions)	**(3,092)**	(3,595)
Employer contributions	**1,573**	1,638
Net interest/return on assets	**(118)**	(206)
Remeasurements	**14,920**	7,883
(Deficit) in scheme at 31 March	**9,647**	(3,636)

Asset and Liability Reconciliation	At 31 March 2023 £'000	At 31 March 2022 £'000
Reconciliation of liabilities		
Liabilities at start of year	**60,694**	61,454
Service cost	**3,092**	3,595
Interest cost	**1,670**	1,259
Employee contributions	**481**	500
Remeasurements	**(20,667)**	(5,134)
Benefits paid	**(1,141)**	(980)
Liabilities at end of year	**44,129**	60,694
Reconciliation of assets		
Assets at start of year	**57,058**	52,098
Return on plan assets	**1,552**	1,053
Remeasurements	**(5,747)**	2,749
Employer contributions	**1,573**	1,638
Employee contributions	**481**	500
Benefits paid	**(1,141)**	(980)
Assets at end of year	**53,776**	57,058
Surplus / (deficit) in scheme at 31st March	**9,647**	(3,636)

16. Tangible fixed assets

Group	Housing Properties: Social Housing Properties for Letting Completed	Housing Properties: Social Housing Properties for letting under Construction	Housing Properties: Low cost home ownership Properties completed	Housing Properties: Low cost home ownership Properties under construction	Total Housing Properties	Other fixed assets: Freehold properties	Other fixed assets: Plant, machinery, fixtures & vehicles	Other fixed assets: Computer, hardware & software	Total fixed assets
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At start of the year	208,603	16,888	14,048	6,059	**245,598**	5,599	700	1,230	**253,127**
Additions to properties acquired	6	8,722	19	3,281	**12,028**	-	-	-	**12,028**
Works to existing properties	2,841	-	-	-	**2,841**	177	164	68	**3,250**
Interest capitalised	-	521	-	190	**711**	-	-	-	**711**
Schemes completed	21,827	(21,827)	7,583	(7,583)	**-**	-	-	-	**-**
Disposals	(823)	(9)	(77)	-	**(909)**	(1)	(19)	(159)	**(1,088)**
Transfers (to)/from stock	-	-	(138)	(202)	**(340)**	-	-	-	**(340)**
At end of the year	**232,454**	**4,295**	**21,435**	**1,745**	**259,929**	**5,775**	**845**	**1,139**	**267,688**
Depreciation and impairment									
At start of the year	45,952	-	451	-	**46,403**	927	645	1,127	**49,102**
Charge for the year	4,912	-	234	-	**5,146**	152	63	58	**5,419**
Impairment losses	527	-	-	-	**527**	-	-	-	**527**
Disposals	(542)	-	(3)	-	**(545)**	(1)	(19)	(158)	**(723)**
At end of the year	**50,849**	**-**	**682**	**-**	**51,531**	**1,078**	**689**	**1,027**	**54,325**
Net book value at the end of the year	**181,605**	**4,295**	**20,753**	**1,745**	**208,398**	**4,697**	**156**	**112**	**213,363**
Net book value at the start of the year	162,651	16,888	13,597	6,059	199,195	4,672	55	103	204,025

16. Tangible fixed assets (Continued)

Association	Housing Properties: Social Housing Properties for Letting Completed	Housing Properties: Social Housing Properties for letting under Construction	Housing Properties: Low cost home ownership Properties completed	Housing Properties: Low cost home ownership Properties under construction	Total Housing Properties	Other fixed assets: Freehold properties	Other fixed assets: Plant, machinery, fixtures & vehicles	Other fixed assets: Computer, hardware & software	Total fixed assets
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At start of the year	208,603	17,747	14,048	6,353	**246,751**	5,599	645	1,230	**254,225**
Additions to properties acquired	6	8,796	19	3,311	**12,132**	-	-	-	**12,132**
Works to existing properties	2,841	-	-	-	**2,841**	177	164	68	**3,250**
Interest capitalised	-	521	-	190	**711**	-	-	-	**711**
Schemes completed	21,827	(21,827)	7,583	(7,583)	**-**	-	-	-	**-**
Disposals	(823)	(9)	(77)	-	**(909)**	(1)	(19)	(159)	**(1,088)**
Transfers (to)/from stock	-	-	(138)	(202)	**(340)**	-	-	-	**(340)**
At end of the year	**232,454**	**5,228**	**21,435**	**2,069**	**261,186**	**5,775**	**790**	**1,139**	**268,890**
Depreciation and impairment									
At start of the year	45,952	-	451	-	**46,403**	927	630	1,127	**49,087**
Charge for the year	4,912	-	234	-	**5,146**	152	56	58	**5,412**
Impairment losses	527	-	-	-	**527**	-	-	-	**527**
Disposals	(542)	-	(3)	-	**(545)**	(1)	(19)	(158)	**(723)**
At end of the year	**50,849**	**-**	**682**	**-**	**51,531**	**1,078**	**667**	**1,027**	**54,303**
Net book value at the end of the year	**181,605**	**5,228**	**20,753**	**2,069**	**209,655**	**4,697**	**123**	**112**	**214,587**
Net book value at the start of the year	162,651	17,747	13,597	6,353	200,348	4,672	15	103	205,138

16. Tangible fixed assets (Continued)

Group & Association

Completed Housing Properties comprise:	**2023**	2022
	£'000	£'000
Freehold	**202,096**	175,997
Leasehold	**262**	251
	202,358	176,248

*the prior year has been updated to exclude any grant offset the cost

Works to existing properties in the year:	**2023**	2022
	£'000	£'000
Components capitalised	**2,841**	3,333
Investment Works in Progress	**734**	(65)
Amounts charged to expenditure	**2,535**	1,875
Major Repairs Cost	**6,110**	5,143

17. Investment properties held for letting

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
At start of year	**27,493**	24,192	**1,395**	1,358
Additions	**7,709**	2,924	-	-
Gain from revaluation	**271**	377	**90**	37
At end of year	**35,473**	27,493	**1,485**	1,395

The total historic cost of the Investment Properties as at 31st March 2023 was £33.0m (2022: £24.4m).
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 2023 by Aspin and Company Limited, a firm of RICS Registered Valuers in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards 2022.

The Company has a number of fully qualified Chartered Surveyors who have sufficient current local knowledge of the market and the necessary skills and understanding to undertake the valuation competently.
In valuing the assets, the following methodology/approaches were used:

- Some assets were valued using the Comparable Method of valuation whilst other assets were valued using the Investment approach.
- Where the Investment approach has been used, the economic considerations that impact upon the value of property were examined.
- The discount rate that was used for the Investment valuations considered the general performance of the property market as well as the category of building (including construction type, location, and use).
- The Investment yields chosen also considered the percentage of voids in each asset over the period of the financial year and a consistent approach was used in this regard.
- Investment yields used ranged from 6.5% to 10.0%
- Even though there has been an increase in interest rates and cost of living crisis there is still evidence (as at the date of valuation) of property inflation with continuing increases in demand in particular with safe investments.

18. Investment properties held for letting (continued)

- Predictions are that there will be a levelling off of demand resulting in an increased supply of real estate investments but as at the date of valuation the market was very active.

At 31 March 2023 there were no contractual obligations to purchase/construct/develop/repair/maintain investment properties.

19. 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 £14.5m (2022: £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.

20. Stock

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Stock held in Vans / Stores	**125**	124	**125**	124
Improvement Works in Progress	**734**	-	**734**	-
Land held for Sale	-	6,607	-	1,991
Properties held for sale				
Shared ownership properties:				
Completed	**4,846**	2,569	**4,846**	2,569
Work in progress	**1,195**	4,200	**1,216**	4,255
	6,900	13,500	**6,921**	8,939

21. Trade and other debtors

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Rent arrears	**1,895**	1,502	**1,755**	1,451
Less: provision for bad debts	**(1,374)**	(1,249)	**(1,290)**	(1,197)
Other taxation and social security	**8**	25	**-**	1
Intercompany debtors	**-**	-	**128**	109
Other debtors	**3,652**	5	**1,096**	5
Prepayment and accrued income	**2,124**	1,698	**2,107**	1,345
	6,305	1,981	**3,796**	1,714
Due after more than one year:				
Intercompany debtor	**-**	-	**19,850**	17,350
	-	-	**19,850**	17,350

22. Investments

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Investments at cost:				
Listed on a recognised investment exchange	**12**	12	**12**	12
Unlisted investments	**119**	116	**119**	116
	131	128	**131**	128
Historic cost of investments	**112**	112	**112**	112

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

23. Cash and cash equivalents

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Cash at bank	**7,404**	6,854	**7,307**	6,541
	7,404	6,854	**7,307**	6,541

24. Creditors: amounts falling due within one year

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Trade creditors	**995**	1,237	**993**	518
Amounts owed to group undertakings	**-**	-	**1,299**	2,616
Rents and service charges paid in advance	**1,099**	909	**996**	822
Other taxation and social security payable	**318**	301	**314**	298
Accruals and deferred income	**6,378**	5,848	**4,908**	3,804
Loans and overdrafts (Note 21b)	**5,000**	5,000	**5,000**	5,000
Deferred Capital Grant (Note 22)	**363**	287	**363**	287
Other creditors	**494**	572	**488**	567
	14,647	14,154	**14,361**	13,912

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

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Loans (Note 21b)	**164,245**	153,826	**164,245**	153,826
Deferred Capital Grant (Note 22)	**36,102**	33,240	**36,102**	33,240
Recycled capital grant fund (Note 23)	**47**	16	**47**	16
	200,394	187,082	**200,394**	187,082

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

24(b).Debt analysis

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Loans repayable by Instalments:				
Within one year	**5,000**	5,000	**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	**5,000**	10,000	**5,000**	10,000
In five years or more	**140,000**	140,000	**140,000**	140,000
Loans not repayable by Instalments:				
In two years or more and less than five years	**15,500**	-	**15,500**	-
In five years or more	-	-	-	-
Less: loan issue costs	**(1,255)**	(1,174)	**(1,255)**	(1,174)
Total loans	**169,245**	158,826	**169,245**	158,826

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 2023 was:

	Total	Variable Rate	Fixed rate	Weighted Average rate	Weighted average term
	£'000	**£'000**	**£'000**	**%**	**Years**
Instalment loans	155,000	-	155,000	4.50	14.2
Non-instalments loans	15,500	15,500	-	4.54	4.19
	170,500	**15,500**	**155,000**		

At 31st March 2023 Halton Housing had undrawn loan facilities of £34,500,000 (2022: £50,000,000)

25. Deferred capital grant

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
At start of the year	**33,527**	32,850	**33,527**	32,850
Grant received in the year	**3,402**	284	**3,402**	284
Plus/(Less): Received In Advance	**-**	696	**-**	696
Released to income in the year	**(434)**	(287)	**(434)**	(287)
Released on disposal	**(30)**	(16)	**(30)**	(16)
At the end of the year	**36,465**	33,527	**36,465**	33,527

	£'000	£'000	**£'000**	£'000
Amount due to be released < 1 year	**363**	287	**363**	287
Amount due to be released > 1 year	**36,102**	33,240	**36,102**	33,240

26. Recycled capital grant fund

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
At the start of the year	**16**	-	**16**	-
Inputs: Grants recycled	**30**	16	**30**	16
Interest accrued	**1**	-	**1**	-
At the end of the year	**47**	**16**	**47**	**16**
Amount three years or older where repayment may be required	-	-	-	-

27. Provision for liabilities and charges

	Cheshire Pension £'000	**Social Housing Pension Scheme £'000**	**Total Pension Scheme Provision £'000**
Group and Association			
At the start of the year	**3,636**	**424**	**4,060**
Transfer from Statement of Comprehensive Income (increase in the provision of the year)	**3,210**	**84**	**3,294**
Deficit Contribution Paid	**(1,573)**	**(196)**	**(1,769)**
Re-measurement changes	**(14,920)**	**106**	**(14,814)**
At the end of the year	**(9,647)**	**418**	**(9,229)**

28. 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 13 members.

29. Capital commitments

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	**14,088**	24,669	**15,020**	28,613
Capital expenditure that has been authorised by the Board but has not yet been contracted for	**9,500**	15,004	**5,825**	6,819
	23,588	39,673	**20,845**	35,432

	Group		Association	
The Group/Association expects these commitments to be financed with:				
Social Housing Grant	**414**	3,537	**414**	3,537
Proceeds from the sales of properties	**15,213**	23,152	**12,913**	18,042
Committed loan facilities	**7,961**	12,984	**7,518**	13,853
	23,588	39,673	**20,845**	35,432

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

30. 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	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Others:				
In less than one year	**97**	247	**97**	247
In one year or more but less than two	**1**	81	**1**	81
In two years or more and less than five	-	-	-	-
In five years or more	-	-	-	-
	98	274	**98**	274

*the prior year has been updated to reflect the VAT payable on the operating leases.

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

31. 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.

32. Grant and financial assistance

	Group		Association	
	2023	2022	**2023**	2022
	£'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)	**36,465**	33,527	**36,465**	33,527
Held as Recycled Capital Grant Fund (Note 23)	**47**	16	**47**	16
Recognised as income in statement of Comprehensive Income	**2,711**	2,277	**2,711**	2,277
	39,223	35,820	**39,223**	35,820

33. Related parties

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 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. Their tenancy is on normal commercial terms and they are not able to use their position to their advantage. Rent charged during the year was £5,208. There were no arrears on their tenancy at the reporting period end.

The amounts owing at the end of 31st March 2023 were a long-term debtor of £19.85 million (2022: £17.35 million) in relation to the loan by HH in OSUK and there is also a fixed asset Investment of £14.5 million (2022: £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 £1,337,887 (2022: £1,104,284).

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 (2022: £58,000) and £297,363 (2022: £298,923) respectively.

During the year OSUK sold no properties to HH (2022:Nil).

There is a debtor owed to HH by OSUK of £128,489 (2022: £109,486). This relates to the net payments and income received through HH that will be repaid during the year ended 31st March 2024 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 £9,346,348 (2022: £18,392,067).

At 31st March 2023 HH owed £1,299,306 (2022: £2,616,488) to HD Ltd in respect of uninvoiced costs to 31st March 2023 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 £1,304 (2022: £87,417).

At 31st March 2023 OSUK owed £27,724 (2022: £28,199) to HD Ltd in respect of uninvoiced costs to 31st March 2023 in relation to schemes under construction.

OSUK and HD Ltd declared gift aid payments in respect of the year ended March 2022 to HH of £96,239 (2022: £253,095) and £271,116 (2022: £140,818) respectively. These were paid during the year ended 31st March 2023. Related party balances are not secured.

34. Financial instruments

The Group's and Association's financial instruments may be analysed as follows:	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Financial assets				
(a) Financial assets that are measured at amortised cost	**12,841**	7,721	**30,103**	24,845
Financial liabilities				
(a) Financial liabilities measured at amortised cost	**215,041**	201,241	**214,755**	200,999

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.