wandle

Wandle Housing Association Limited

Strategic Report and Financial Statements

For the Group and the Association

For The Year Ended
31 March 2023

Registration Number: 19225R

Contents

Board members, executives and advisors

Board of Management

Valerie Vaughan-Dick - Chair
John Baldwin
Julie Blair (appointed 1/4/23)
Moorad Choudhry
Steve Dickinson
Justin Gyphion* (appointed 1/4/23)
Joanna Hills
Ashley Horsey (resigned 28/2/23)
Tracey Lees - Co-optee (resigned 30/4/23)
Andy McWilliams
Teresa Ocansey* (resigned 31/12/22)
James Pennington
Paul Phillips
Zoe Shaw
Anne Waterhouse - Co-optee (appointed 14/6/23)
*Resident of the Association.

Executive Team

Anne Waterhouse - Chief Executive (appointed 11/4/23)
Tracey Lees - Chief Executive (resigned 30/4/23)
Yinka Bolaji - Executive Director, Property and Development
Suzanne Horsley - Executive Director Customer Services
Grant Shipley - Executive Director, Finance
Matthew Spittles - Interim Director of Maintenance
Gerard Naughton - Interim Director, Business Services and Transformation (appointed 18/7/22)
Troy Henshall - Executive Director, Business Services and Transformation (resigned 15/7/22)

Company secretary and Registered Office

Simon Goulding
230 Blackfriars
Lond SE1 8NW

Bankers

Lloyds plc
39 Threadneedle Street
London EC2R 8AU

Auditors

Beever and Struthers
150 Minories
London EC3N 1LS

Customer Experience Committee

Andy McWilliams - Chair
Kybor Carlsen - Resident representative (appointed 1/6/22)
Steve Dickinson
Justin Gyphion (appointed 14/6/23)
Joanna Hills
Ruth Kass - Resident representative (appointed 1/6/22)
Hafiza Koroma - Resident representative (appointed 1/6/22)
Teresa Ocansey (resigned 31/12/22)

Audit and Risk Committee

Paul Phillips - Chair
John Baldwin (appointed 13/7/22)
Julie Blair (appointed 14/6/23)
Andy McWilliams
Teresa Ocansey (resigned 31/12/22)
Zoe Shaw

People Committee

Julie Blair – Chair (appointed 1/4/23)
Moorad Choudhry
Ashley Horsey - Chair (resigned 28/2/23)
Andy McWilliams
Valerie Vaughan-Dick

Asset Investment Committee

James Pennington - Chair
John Baldwin (appointed 13/7/22)
Steve Dickinson
Justin Gyphion (appointed 14/6/23)
Joanna Hills
Ashley Horsey (resigned 28/2/23)

Treasury Committee

Zoe Shaw - Chair
Moorad Choudhry
Paul Phillips
Grant Shipley - Co-optee

Foreword by the Chair and Chief Executive

Having launched our Corporate Strategy last year, we've been progressing delivering the key activities that underpin its first year. We are pleased that we've seen continual improvements against our performance targets and through engagement with our customers launched our supporting customer experience strategy. Through this we have gained valuable feedback, informing where we can continue to build on improvements we've already made – and go further.

The economic environment this year has been challenging for our customers and our people. High inflation and energy costs have had a significant impact, and much effort has been put into supporting those with the greatest need. Our Helping Hand fund has made a real difference to our customers faced with one-off financial challenges and our wellbeing initiatives for our staff have had a positive impact.

In April 2023, our customers received a below inflation rent increase, and we applied a voluntary reduction in reduction in the rent increase for our shared owners our shared owners to support all our customers whilst the economic environment remains challenging. Whilst this loss of income means a permanent reduction to our funding, our strong financial buffers have enabled us to protect our ongoing investment in our homes.

Wandle have been early adopters of what is now sector-wide methodology for measuring customer satisfaction, and through this regular tracking and engagement, we've seen month on month improvements against our overall satisfaction.

> Whilst there is still much more to do, we have finished the year with our overall customer satisfaction measure increasing by 20 percentage points (increasing from 31% for 2022 to 51% for 2023), with performance in the month of March 2023 achieving 60%.

We reinvigorated our resident involvement activities and worked with our Customer Excellence Panel on developing our customer experience strategy and in carrying out scrutiny work on our complaints process – underpinning our clear commitments for customer involvement, articulated in our corporate strategy. Looking forward, we will continue to listen and learn from our customers, in particular from any complaints we receive, responding quickly, rectifying and providing redress where we have got things wrong.

Regulation and scrutiny of the social housing sector increased this year., The Building Safety Act and the new Social Housing (Regulation) Bill are landmark legislation for the sector, putting both the safety and quality of housing at the forefront of registered providers' responsibilities. The principles within these are at the heart of our Corporate Strategy; continuing to invest in our existing homes and making sure that our residents are safe and happy in their Wandle home.

We are also focussed on completing any retrospective safety works as a result of issues from poor construction – working proactively to fund these works through original developers, or the government's building safety fund. There is an element of these remediation costs for our social homes that we will have to bear as in some cases the original developer is no longer operating, and the government fund supports leaseholders only.

We concluded our Build More Homes pilot project commissioned to support the delivery of additional new homes. The 18-month pilot project completed in March 2023, and has been a success, generating our own funding to support our development programme. We finished the year with a healthy pipeline of developments to deliver our commitment to provide 100 new affordable homes a year. The Board is considering the further roll out of the programme, to support our growth objectives – with potential capacity for us to build 400 more homes for people across south London who need a home.

During the year we underwent our in-depth assessment with the Regulator of Social Housing which reconfirmed our G2/V2 rating. This gave us a clear understanding of where we need to focus our efforts to achieve a G1 status, and we are working with our Regulator to revisit this rating during the course of the next year.

We are pleased that whilst the economic headwinds meant that we saw much of our cost base increase, we have delivered a healthy surplus of £24.1 million, 104% above last year (£11.8 million).

This surplus will be reinvested in helping fund our building safety remediation costs, our asset investment programmes and our commitment to see all our homes reach Energy Performance Certificate C rating by 2030. We remained compliant with all our Golden Rules and comfortably within our loan covenants.

The Board continues to lead with clear oversight, and recruitment of two new members further strengthened Board, adding breadth and depth to the knowledge and skills.

We would like to take this opportunity to thank Tracey Lees, who retired as chief executive in April 2023 after eight years at the helm, and to thank our involved customers, the Board and Executive team, and our colleagues for their work this year.

Valerie Vaughan-Dick, MBE
Wandle Chair

Anne Waterhouse
Chief Executive

Strategic Report

Principal activities and review of business

About Wandle

Founded in 1967 as the Merton Family Housing Trust, in response to Cathy Come Home, we have since grown into an organisation with over 7,000 homes across nine south London boroughs providing homes for rent (social and affordable), shared ownership, outright sale, and supported housing. We also have a small portfolio of commercial properties and garages.

We see our purpose as supporting people, across south London, who need a home and we are helping to tackle the shortage of good quality affordable housing by providing homes for people most in need of housing.

We want to be a good landlord and contribute to building strong communities in south London and deliver against our vision 'Homes to be proud of and services you can trust'.

Our Business Model

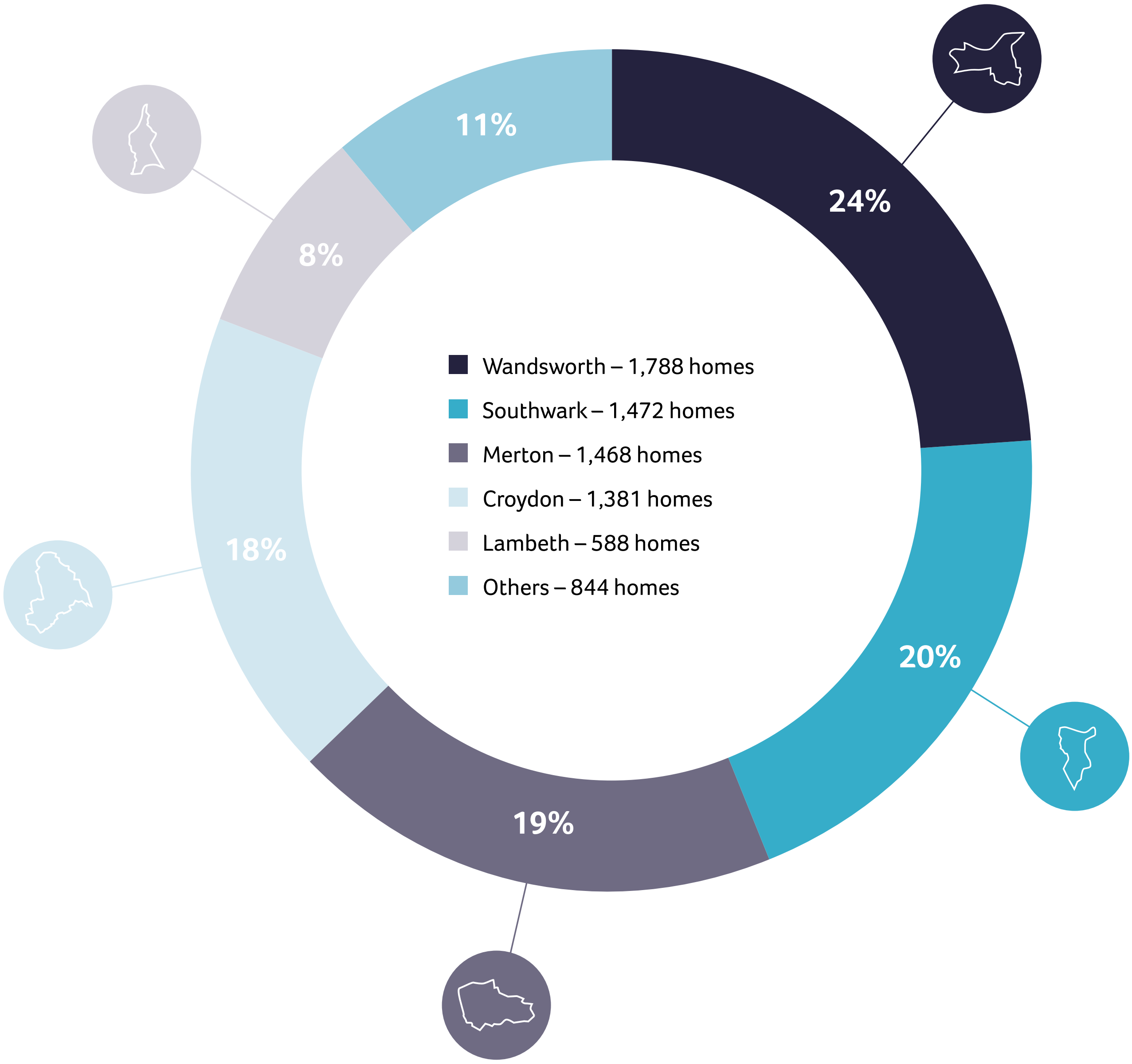
Our business model has been established to develop new homes and deliver landlord services in a way that supports our founders' original aspirations and our purpose and vision.

As a developer we build homes for sub-market rent and low-cost home ownership.

As a landlord we deliver a range of services including housing and tenancy management, repairs and maintenance, and income collection, all underpinned by our ambition to deliver consistently good customer services. We aim to generate a surplus on our core landlord activities and to measure this through our 'Social Housing Operating Margin', which is one of our key financial performance indicators. Where our services are subject to a separate service charge, we aim to recover our service costs through these charges. Any surplus generated on landlord activities contributes towards the development of new affordable homes.

In addition to these core activities, we are committed to addressing wider social issues across our neighbourhoods. Wandle works in partnership across south London to support programmes to improve the life chances of our customers, help them to find jobs, further their education and skills, and reduce anti-social behaviour. Support is also provided for customers facing other challenges, such as the financial impact of welfare reform.

Area of operations



See page 76 for breakdown of homes by tenure.

Group Structure

Wandle's group structure and operating companies are set out below:

Strategy and objectives

Wandle created a new corporate strategy to run from April 2022 to the end of March 2025.

A year in and we are starting to see some great outcomes being delivered and consistent improvements in our services. We continue to work on improving our services which can be seen in the performance highlights and case studies shown below.

In our corporate strategy, we have set ourselves three strategic themes to support the delivery of our purpose. The strategic themes are the aspects of our business that receive particular focus. These are underpinned by our three enabling objectives - critical activities without which we will not be able to deliver our themes.

Strategic Themes

Outcomes for customers that make us proud	Providing homes we would be happy to live in	Building new homes and successful communities

Enabling Objectives

Financial Resilience

Well Governed

Employer of Choice

We will deliver our 2022 to 2025 themes and enabling objectives through our business planning and six core supporting strategies. Progress will be monitored by our Executive team and Board on a monthly and quarterly basis, and our Customer Excellence Panel. We will report on our annual progress both to our Board and to all our customers and other external stakeholders via our Annual Report.

Our corporate strategy is split into six-month phases. This reflects the significant level of transformation that we need to deliver to achieve our ambitious long-term goals for 2025.

This approach means we set our performance targets in a progressive way, increasing targets incrementally in line with the performance improvements delivered.

To help deliver the required improvements to performance a number of activities are set each year split into the strategic themes and the enabling activities. In the first two phases a total of 60 activities were agreed with the Board, 26 activities in phase 1 and 34 activities in phase 2.

Key achievements for this year include:

- ✓ We mobilised our new repairs service which has seen us investing in more operatives, vans, tools and materials, ready for launch in April 2023
- ✓ We created a customer experience strategy, co-written by residents and staff
- ✓ We developed and implemented customer service training across all teams to improve our communication skills
- ✓ We developed resident handbooks with our tenants and homeowners clarifying our service offers and how we can work together
- ✓ We implemented our Build More Homes pilot releasing equity from valuable properties to allow us to build more homes for those most in need
- ✓ We re-designed our website making it easier to find the information our residents and partners need to access
- ✓ We agreed a new asset management strategy, working with our Customer Excellence Panel to review our standards
- ✓ We re-located to our new office, implementing hybrid working and re-investing the savings back into improving our services
- ✓ We created our new People Strategy looking to recruit and retain the best people to deliver our services

2022/23 Performance Highlights

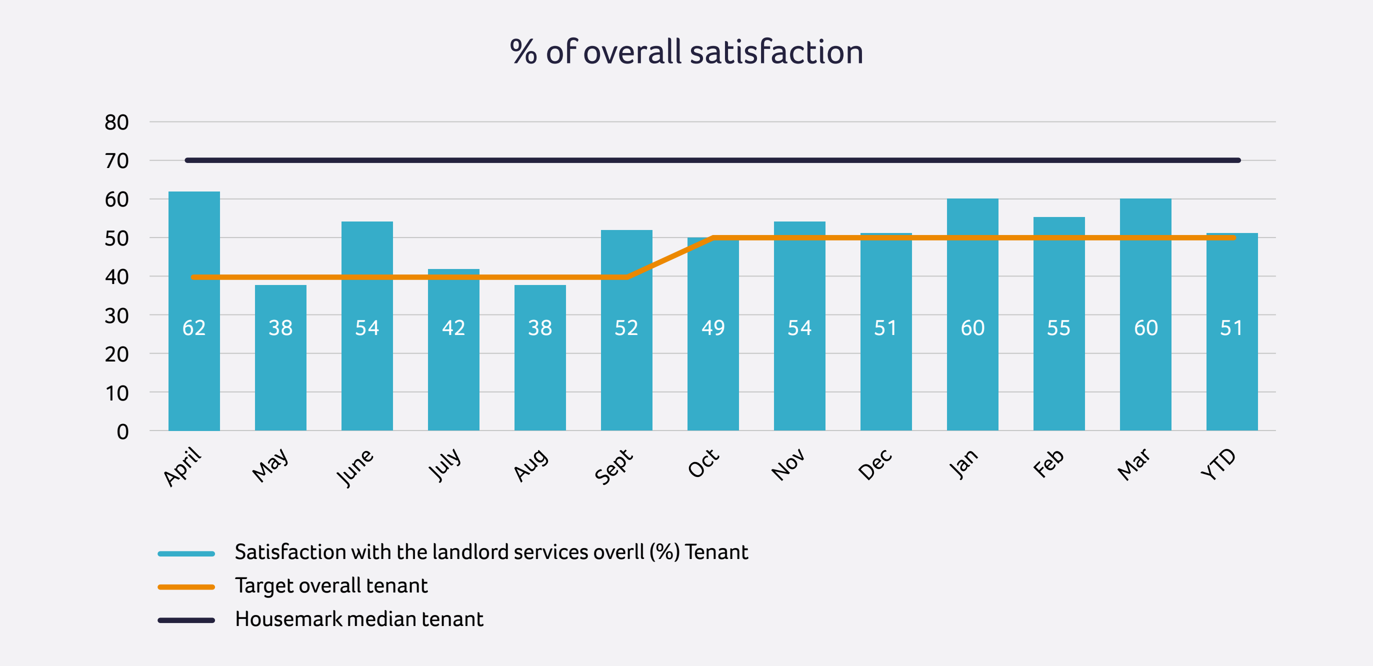
A year into our corporate strategy it is important to take some time to reflect on what has been achieved this year and to identify any areas for learning and further improvement.

When the strategy was first launched, we had agreed 28 performance measures with the Wandle Board. The first performance update shared with the Board and the Regulator of Social Housing showed we had work to do with 18 measures off target and only 10 of them within target. Fast forward to the end of the first year and we have seen the approach set out in the strategy is working with 19 measures on target, seven within tolerance and only three off target.

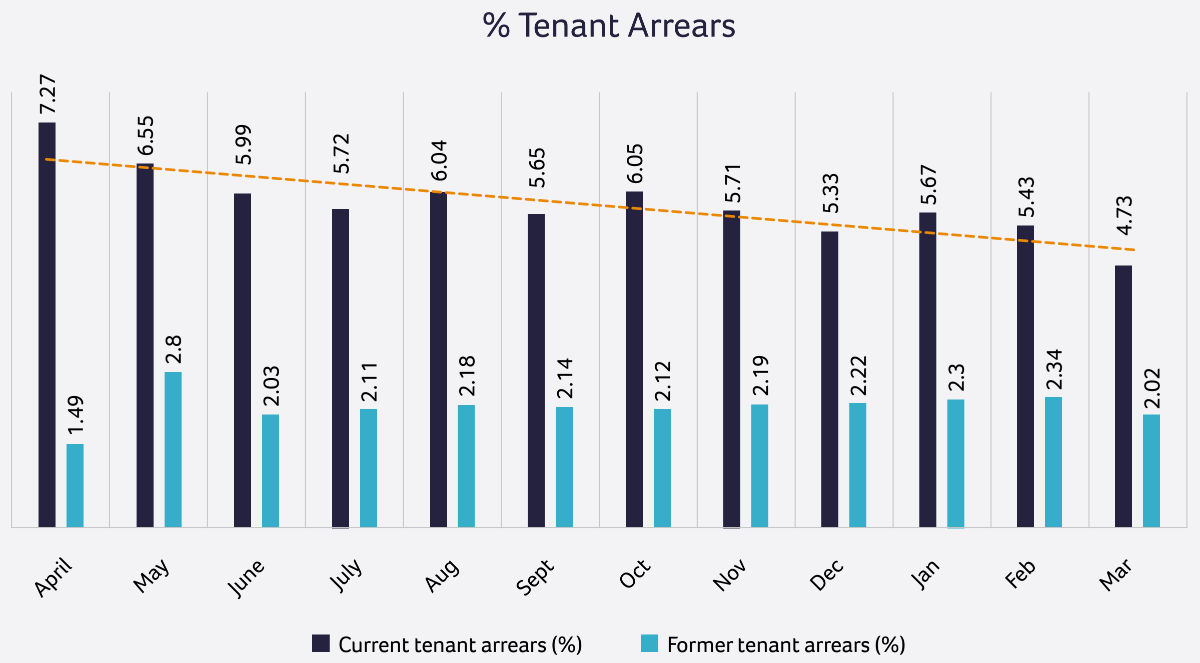
Our residents

Our overall customer satisfaction target was met (end of year performance at 51%, against a target of 50%, from a 2021/22-year end performance of 31%), reflecting the continual improvements to front line services throughout the year. The improvements in customer satisfaction levels highlight the impact a dedicated customer services directorate has been able to deliver, with a focus on our customers and what matters to them the most.

Coupled with investment in staff, tailored customer service training and the 18 service improvement projects, overseen by the Executive team and Customer Experience Committee, the improvement in customer satisfaction has been notable. We measure and report on customer satisfaction using the Tenant Satisfaction Measures (TSMs) set out by the Regulator for Social Housing, having adopted the new approach in 2021/22 ahead of their launch in April 2023.



Satisfaction for our social rented customers was 60% in March (51% cumulative year to date). For the first half of the year (April-September) satisfaction averaged 47%, increasing to an average of 56% for the second half of the year (October-March). This reflects the improvements that have been made, with direct customer involvement, across the business over the past 12 months.



Tenant arrears also achieved target, reducing to 4.73% at the year end. Given the national economic position and cost-of-living crisis, this has taken immense effort and leadership by our income services team. They have worked effectively with colleagues, throughout the financial year, to support our customers to sustain their tenancies, tailor individual customer plans and supporting customers to access grant/discretionary payments available from external sources. We have helped more of our customers sustain their tenancies.

Wandle Case study

ST (name anonymised) – is a full-time care provider for her mother, as well as working part-time. The increase in living costs and her eligibility for only partial housing benefit has left her struggling to afford her rent and council tax. The stress of this was further impacting her mental health.

During a scheduled home visit, a frontline member of staff noticed that her home lacked the basic essentials and there was also little food in the home. Fortunately, our resident support team fast-tracked her Helping Hand Fund application to improve her situation in time for Christmas.

The funds awarded meant that she was then able to purchase a new cooker, mattress, storage boxes and several weeks' worth of food to see her through the Christmas break.

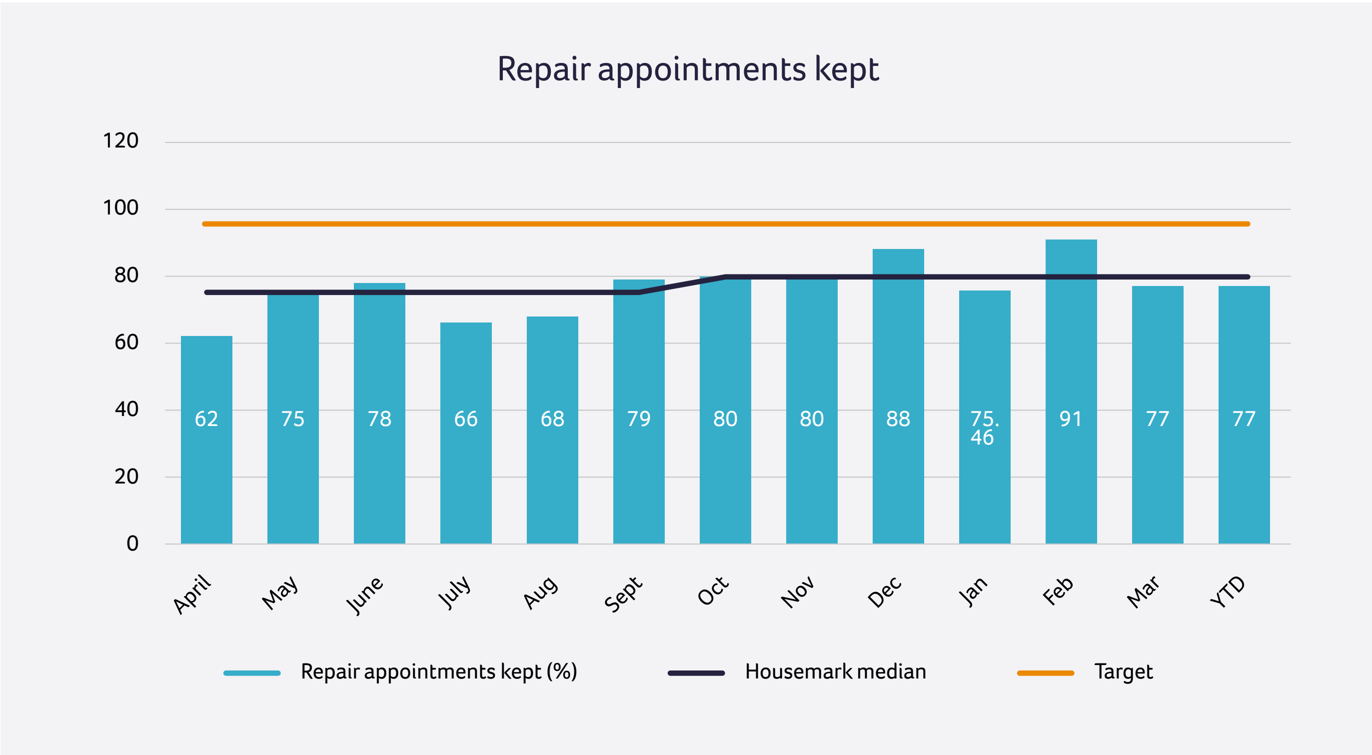
> ST said: "This is great news! I don't think you realised how helpful these vouchers will be! Thank you, I am very happy and relieved".

Our homes

Repairs performance

Repairs satisfaction remains high. When we survey our customers after a completed repair the feedback is strong.

Whilst this is helpful in enabling us to understand that the work completed has been done to our customer's satisfaction we know this doesn't always capture every customer's experience. We therefore early adopted the perception survey. We are investing in our repairs team by recruiting more operatives, enhancing functionality in our system by making changes to our appointments. As can be seen below our appointments completed in time is improving and we are completing more jobs overall. We recognise we need to do more in this area and have committed to growing the team further, investing in new vans and equipment for our teams.



Property compliance

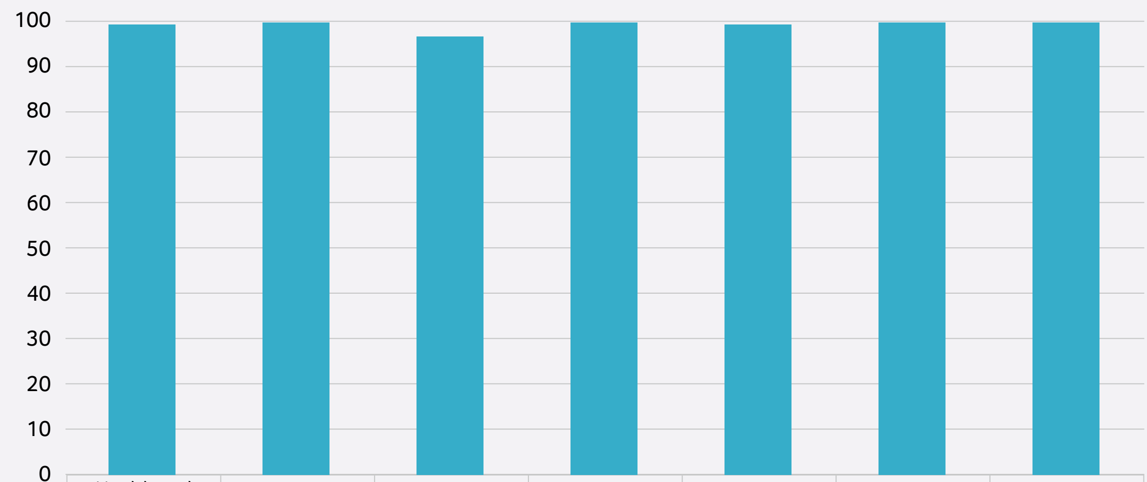
We have also continued our effective approach to management of fire safety (and building safety) within our property portfolio, and during the year began to implement changes arising from fire safety legislation in the new Fire Safety Act 2020 and Building Safety Act 2022.

Work to confirm the scope of remedial actions arising from inspection of external walls system on blocks above 11m high is continuing. Following government's advice on external wall systems remediation, we commissioned and concluded opening up surveys to 12 blocks identified as requiring remediation. The survey, including the PAS9980* assessments, concludes remedial works are required in 10 of these blocks. We are in discussions with the original developers and warranty providers for these blocks to establish liability and funding recourse to support the remediation works. Where this appears less likely we have made provision within our Long-Term Financial Plan.

At 31 March 2023, 99% of our homes were compliant with Decent Homes standards. We invested £4.8 million into our assets in 2022/23 with an objective to achieve 100% compliance with Decent Homes, subject to access, by the end of 2023/24.

Keeping our customers safe continues to be our priority and our performance on property compliance shows that we have been successful in this area. The graph below shows our percentage compliance position in March 2023 for our six-landlord health and safety measures. We have continued with our transition from 10 to five-yearly electrical inspections for our domestic properties.

Building safety compliance



	Health and safety – overall average %	Gas safety %	Electrical safety %	Valid FRA %	Asbestos survey %	Water risk assessments %	Passenger lifts %
2023	99.38	99.92	96.1	100	99.43	100	100

The Domestic electrical programme is in place and monitored closely through the Senior Management Team and Executive Team. We are confident we will reach 100% compliance by December 2023. We are proactively pursuing homes which we have been unable to access through relevant legal procedures.

*PAS9980 is a new code of practice, introduced in January 2022, for appraising the fire risk of external wall construction and cladding on existing blocks of flats

Development

In July 2021, the Board approved a new homes growth strategy with an ambition to deliver at least 500 affordable homes in south London by March 2028.

This delivery will be achieved using the following guiding principles:

- Homes will be genuinely affordable, safe, sustainable and well-designed.
- Homes will be delivered within our core operating areas.
- Homes will achieve value for money, minimising the use of working capital.
- Homes will utilise Wandle's expertise and resources, and minimises risk and exposure

A blend of section 106 and land-led schemes will be the focus of our immediate future growth. Smaller sized developments (i.e. 20 to 60 homes) are considered to be best aligned with our current growth aspirations, current skills and experience and expected competitiveness in the market. We will explore opportunities to establish a strategic partnership with other south London organisations, registered providers and local authorities.

We concluded our Build More Homes pilot project commissioned to support the delivery of additional new homes. The 18-month pilot project completed in March 2023 supported and voluntarily rehoused 28 existing customers. These customers were generally living in poor conditions and homes unsuitable for their needs. We sold a total of 30 empty properties on the open market and their proceeds will be used to acquire 76 social rent properties, which will be acquired along with 37 shared ownership properties. Given the effectiveness of the project, the Board is considering a potential roll out of programme this year.

During 2022/23, we completed 33 new homes on two sites in Southwark, 23 of these were social rented properties. We currently have a further 143 homes as committed schemes at construction or preconstruction stage and we are in discussions with developers to acquire a further 165 homes (70 of these are social rent).

Whaling House Case Study

A resident recently moved into a specially adapted home at Whaling House with his family after living in temporary accommodation that did not meet his needs.

He had previously lived in an overcrowded temporary one-bedroom property with his wife and three children. Living in an overcrowded home had caused a physical and mental impact on the family, with the lack of personal space and privacy taking a toll.

He said of his new home, "Previously I lived in temporary housing not adapted to my disability, and my son had to sleep on the floor. I couldn't get out to the street without help due to the difficulty of the stairs and my life was difficult.

Kitchen/living area of new home at Whaling House, Canada Water.

"Wandle have given me the opportunity to live in a house adapted for my needs. I am very grateful for this opportunity because it has given me another opportunity to live."

Risk management

Strategic risks are potential events that would prevent Wandle delivering services to our customers to the desired level required by the Executive Team and Board. We have identified eleven Strategic risks and the necessary controls and mitigations required to manage these.

Our Audit and Risk Committee consider our strategic risk register at each quarterly meeting, following a review by our Executive and senior management teams. Risk management is further embedded with supporting departmental risk registers overseen by senior management which include any specific risks relating to project delivery.

In the table below is a description of our Strategic risks, noting controls in place and plans if required to mitigate risks enabling the current risk score to move towards the target risk score set by the Board.

SR1: Customer service processes, communication and culture do not meet the needs of our diverse customer base.

Key controls	Action plans
• Clear targets and monitoring set by Board for service improvement within the Corporate Strategy.	• Embedding our Customer Experience Strategy • Undertake a complaints deep dive and implement action plan as required.
• In-house repairs service has strong management, record keeping and reporting enabling good control and clear visibility and understanding of the repairs service. The dedicated disrepair team is fully embedded.	• Repairs process improvement as part of expanding in-house maintenance. • Repairs support and monitoring systems to be reviewed, with outcomes and findings embedded.
• Positive complaints culture and satisfaction surveys. Routine detailed reporting to Senior Management Team. Board updated biannually. Tailored customer training delivered. Reporting of Tenant Satisfaction Measure surveys. Assessment with the Ombudsman's code of conduct.	• Tailored customer service training outcomes embedded across the business. • Complaints tracker embedded and monitored weekly for all complaints with the Ombudsman. • Continual review of lessons learnt to ensure intended outcomes delivered.
• Customer services processes.	• Improvements identified during audit to be implemented and embedded.
• Customer Engagement Strategy agreed by Board in place for our diverse customer base.	• Strategy actions delivered.
• Clear approach, strong management, recording keeping and oversight of all damp and/or mould findings/reports. Two weekly cross business meetings in place. Procedures in place. Damp and Mould Policy approved and in place.	• Damp and Mould self-assessment to be embedded and identified gaps to be addressed. • Regular updates and risk mitigation activity to Exec and Committee. • Proactive Communications to residents and staff. • Linked in with expedited stock condition surveys (SR5) and disrepair casework.

SR2: IT and Data Systems are at risk of Cyber-attack.

Key controls	Action plans
• Support and advice service from Phoenix (Cyber experts).	
• Penetration testing in place.	
• Network monitoring and encryption.	
• Policies and training and phishing testing.	
• BCP testing.	
• Develop expertise within the business.	• To achieve Cyber Essentials accreditation by January 2024.

SR3: Inadequate financial capacity to deliver our strategic objectives.

Key controls	Action plans
• Long Term Financial Plan (LTFP) forecast is based on the Corporate Plan and is fully funded through existing facilities to March 2025.	
• Stress tests covering all key LTFP risks.	
• Early warning indicator and risk alert systems identify emerging risks.	
• Additional funding approved in June 2023 to maintain 24-month liquidity requirement in line with our Golden Rules.	• Proposal approved. Legal documentation in process to be completed July 2023.
• Sales under the Building More Homes Pilot are generating additional investment capacity.	• Board to consider extension of the pilot.
• Detailed and comprehensive financial reporting to the Executive, Committees, and the Board.	

SR4: Data quality is unreliable.

Key controls	Action plans
• Data change processes have strong management processes in place.	
• Performance definitions are regularly reviewed.	
• Systems have strong audit trails on changes made.	
• Effective processes and checking adherence.	• Process mapping to be completed and outputs implemented and embedded within teams.
• Rent and Service charge increase processes have segregation of duties and validation processes.	• New automated rent increase process being designed within Dynamics system.
• Effective training of employees in processes and systems including new starters.	• Training programme is being developed and rolled out.

Risk management

SR5: Failure to adequately invest in our homes.

Key controls	Action plans
• Stock condition survey data held on Keystone with ongoing stock condition surveys	
• New Asset Management Strategy and associated action plans.	
• Asset investment assumption in Long Term Financial Plan validated by external consultants.	• Asset investment assumptions revalidated and updated LTFP
• Repairs policy and operational procedures and policies.	• A planned programme of stock condition data based on surveyor led activities (voids and planned works programme) and high repairs demand properties, is in place.
• Planned investment programmes commissioned with contractors for component and cyclical decorations.	• Validate 3-year investment programme. • Plan and procure investment programme.
• Develop expertise within the business.	• To achieve Cyber Essentials accreditation by January 2024.

SR6: Supply chain interruption impacts ability to procure resources (repairs, asset management and development).

Key controls	Action plans
• Continually review delivery capacity of upscaled in-house service and specialist contractor input (80/20 split) to ensure delivery compliance against policy standards.	
• Regular dialogue with contractors and market insight.	
• Spread of risks through contractor base.	
• Robust contract supply chain management.	• Review of supply chain undertaken to ensure any gaps identified can be filled to provide a seamless service to customers.
• External procurement team in place supporting business.	• Conclude Contract Management Pilot to embed consistent framework and performance monitoring.
• Governance reporting and oversight.	

SR7: Failure to comply with building safety requirements. (Fire, gas, electricity, water).

Key controls	Action plans
• Policies and procedures across major health and safety areas, including inspections and checks.	• Review 'no access' arrangements and implement consistent approach for testing and inspections.
• Data management, reconciliation, and reporting in Keystone.	
• Performance reporting on property compliance to Exec/ Asset Investment Committee/Board.	
• 'Safe Home' review & action agreed in 2020.	• Develop building safety compliance framework and implement action plans, including Quality assurance review of building safety activities.
• External Wall System (EWS) surveys and remedial works arising from new Building safety legislative arrangements.	• External Wall System (EWS) surveys completed and programme for EWS remedial works to be agreed.

SR8: New homes fail to meet cost and sales forecasts, or quality standards.

Key controls	Action plans
• New Homes Growth Strategy aligned with LTFP.	• Review of development assumptions to be considered as part of LTFP update.
• Development appraisals hurdles and cashflow updates.	
• Development procedures aligned with standing orders and gateway approach to projects, including outturn reports to Asset Investment Committee.	• Review of transition and after care arrangements for completed new homes.
• Development update reporting and outturn forecasts to Asset Investment Committee & Board.	
• Sales forecast & valuation updates on committed schemes.	
• Wandle Design guide and procurement arrangements with consultants.	

SR9: At a time of high-cost inflation, the Government imposes further rent restrictions in addition to the one-year rent cap which has been agreed for 2023/24.

Key controls	Action plans
• High level (90%+) of fixed/hedged loans rates reduces impact of increasing variable interest rates.	
• LTFP includes this as a specific stress test, with identified impact on the LTFP.	• A system of alert levels is being tested by the Exec Team and Treasury Committee, prior to being recommended to Board for adoption. This will identify the changes in the risk level of the LTFP, enabling early mitigation where required.

Risk management

SR10: Failure to deliver plan agreed by Board to achieve G1 status.

Key controls	Action plans
• Standing Orders.	
• Tracking of Internal Audit recommendations.	
• Risk Strategy and Assurance Framework in place.	
• Annual review of governance effectiveness and member appraisals.	
• Routine regulatory compliance monitoring.	
• Customer voice embedded in governance structure.	
• Governance 1 (G1) Action Plan in place.	• Monitor and deliver G1 Action Plan progress with a view to achieve G1 status.

SR11: FInability to recruit and retain high quality staff.

Key controls	Action plans
• New People strategy agreed by People Committee.	
• Recruitment practices and processes are in place with appropriate controls.	
• Management skills and processes are in place and assessed annually.	• Regular one2ones and appraisals to be carried out with the agreed drumbeat feedback within the annual cycle.
• Processes are in place to receive regular formal feedback from employees and respond.	

2022/23 Highlights – Financial performance

£m	2023	2022
Turnover	55.9	59.4
Cost of sales	(0.5)	(5.9)
Operating costs	(46.4)	(41.7)
Surplus on sale of assets	23.3	12.1
Fair value movement of investment properties	(01)	(0.3)
Operating surplus	32.3	24.2
Net interest cost	(13.4)	(13.6)
Fair value movements	5.2	1.2
Total surplus for the year	**24.1**	**11.8**

Turnover

Total turnover for the year was £55.9 million (2022: £59.4 million). The reduction was mainly driven by a £5.8 million reduction in first tranche shared ownership sales.

Turnover excluding First tranche sales was £55.4 million, an increase of £2.3 million, which was mainly from the annual uplift for rental and service charge income.

Our rental and service charge income from social housing lettings of £50.7 million represents 91% of total income. (2022: £48.6 million - 82% of total income).

Amortisation of social housing grant income was £3.4 million (2022: £3.5 million).

Our turnover from other social housing activities was £1.5 million (2022: £7.1 million), largely due to the £5.8 million reduction in first tranche sales.

2022/23 Highlights – Financial performance

Cost of sales

This represents three first tranche shared ownership sales with a cost of sales of £0.5m. The gross profit margin percentage was 1.3% (2021: 7.1% - 39 Sales) reflecting higher build costs for schemes.

Operating costs

Our total operating costs increased to £46.4 million (2022: £41.7 million). Increases from 2022 included; £1.6 million additional spend for fire safety remediation work, £1.9 million for development impairments and £0.9 million for accelerated depreciation on components replaced in year. The development impairments represent additional costs for a scheme where the contractor ceased operating and an increase in build costs for a scheme where additional social housing grant wasn't available.

Operating surplus

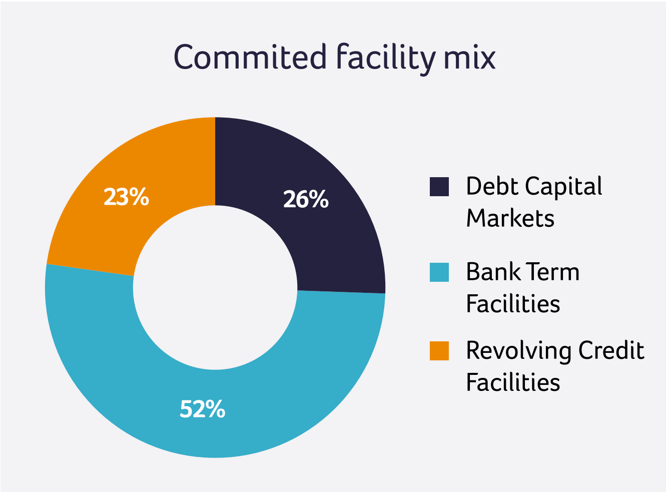
The operating surplus for the year was £32.3 million (2022: £24.2 million), an increase of 34% on the previous year.

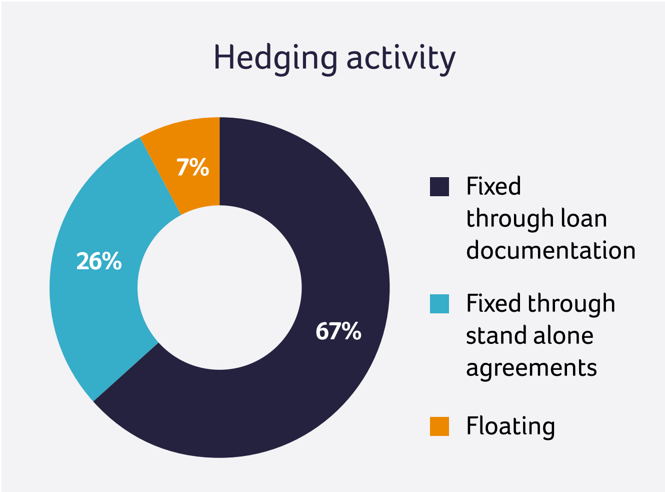
Surplus on the sale of fixed assets was £23.3 million (2022: £12.1 million). The increase from 2021/22 was mainly due to the Build More Homes pilot, which generated a surplus of £14.5 million that will be used to provide new housing.

The reduction in development sales reflects the increased interest and inflation costs experienced in year and a decision to reduce development exposure and phase section 106 sales into 2023/24.

Net interest and other income

Our net interest charges of £13.4 million (2022: £13.6 million) include £0.9 million (2022: £0.1 million) of interest income from banks. Gross interest payable was £14.3 million (2022: £13.7 million).





Building long-term financial capacity

At 31 March 2023, we had £384 million of committed debt funding (2022: £387 million) with drawn funding totalling £327 million (2022: £314 million). All of our undrawn funding is committed and is available at very short notice. We maintained total liquidity of £125 million, comprising £69 million of immediately available cash (£29 million) and short-term deposits (£40 million) plus £56 million of committed undrawn revolving credit facilities, comfortably meeting our liquidity golden rules.

Our treasury strategy is focussed on maintaining a diversified loan portfolio with a number of funding sources. We delivered this with 77% of our funding at the year-end being from bilateral term loan facilities from capital markets, bank and building society lenders with the balance provided by revolving credit facilities from a bank and a building society.

We have continued to limit our refinancing risk in the next five years with 72% of our debt maturing after 5 years.

We continue to be risk averse in our approach to interest rate management, maintaining a policy of carrying the majority of our debt at fixed rates of interest through a mixture of embedded fixed rate loans and standalone hedging agreements. This approach has helped us to lessen the impact from the rising interest rates seen over the latter part of the year. Our weighted average cost of funds at year end was 3.9%

The overall level of debt funding is controlled by our Golden Rules which ensure that we have sufficient debt service capacity under a broad range of adverse scenarios.

Value for money

Value for money

In 2022/2023 we introduced a new Value for Money (VFM) Strategy, which took a Strategic approach to VFM. The new VFM Strategy defines five key VFM strategic objectives for Wandle;

1. Generate the maximum social and financial return from our assets and other resources for the benefit of our customers.
2. Manage our services through optimised processes that deliver consistently good services to our customers.
3. Carry out option appraisals for our services and assets in order to optimise their economy, efficiency and effectiveness.
4. Work with high performing partners, contractors and suppliers, selected and retained to enhance the services we provide to our customers.
5. Reinvest the financial returns we make from achieving our VFM objectives to optimise the economy, efficiency and effectiveness of our services and assets over the longer term (30 years).

1 Generate the maximum social and financial return from our assets and other resources for the benefit of our customers

Our first priority as a housing association and a charity is to provide homes for people in South London who cannot afford to buy their homes on the open market. We recognise that this is a very important social value return will constrain the financial returns we can achieve from our properties.

However, subject to this constraint, we recognise the importance of generating the maximum financial return from our properties so we can improve our services and properties for the benefit of our customers.

Build More Homes Pilot

In July 2021, the Board approved an 18-month pilot programme designed to enable the organisation to build and acquire more homes – the Build More Homes pilot. The programme involves engaging with tenants of homes with a high open market value who may prefer to be rehoused in properties which are more suitable for their needs. The original properties are then sold, and the proceeds used to develop or acquire more properties for rent or shared ownership. Through this programme our target is to provide 2.3 new homes for every one we sell.

In 2021/22 and 2022/23 we sold 30 homes which will be replaced with 76 new rented properties.

Value for money

Business Stream Accounting

We first started to measure financial performance across our different business streams in our 2021/22 management accounts. Then, in 2022/23, this was further developed to identify financial performance of our different property types.

From this analysis we have identified that flats converted from street properties often have a relatively poor financial performance, due to high repair and investment requirements and poor energy performance. In 2023/24 we will identify those properties with a particularly poor performance and either make further investments in them (to improve their performance) or, alternatively, sell them if such investment would prove uneconomical.

Measuring VFM

We will use the following metrics to measure the social value and financial returns on our assets;

- **Return on Capital Employed**[1]
- *Return on Capital Employed – based on open market values*[2]
- **Operating margin (Overall)**[1]
- **Operating margin (Social Housing)**[1]
- *Operating margin for different business streams (Overall – before depreciation)*[2]
- **Headline social housing cost per unit**[1]
- **% Gearing**
- **EBITDA MRI** [1]
- Overall customer satisfaction
- No. of complaints per 1,000 properties per year
- % rent loss from empty properties
- Income collected as a % of income due
- **New supply delivered %**[1]
- % satisfaction with repairs delivered (transactionalmeasure)
- **Reinvestment %**[1]
- % of transactions through our MyWandle digital channels

1 Metrics shown in **bold** are set by the Regulator of Social Housing

2 Metrics shown in *italics* are our internal measures which cannot be readily benchmarked against other housing providers

2 Manage our services through optimised processes that deliver consistently good services to our customers

Effective management of business processes has been an area where we have in the past found it difficult to deliver consistent results. With the implementation of Microsoft Dynamics Customer Relationship Management system in 2020/21, we now have a flexible and responsive transaction management and reporting system which can be adapted to track the effectiveness of Wandle’s core business processes.

Recognising this, we are in the process of completing a series of process reviews which will utilise the system’s flexibility and reporting capabilities.

The reviews have made a series of recommendations for improving existing processes which are currently being implemented. Process reviews of Responsive repairs, Leasehold and Housing, have all now been completed.

3 Evaluate our services and assets to optimise their economy, efficiency and effectiveness.

New property development

Our new homes growth strategy seeks to deliver well designed, sustainable, safe and affordable homes in South London. The strategy is supported by three growth principles; strategic fit, financial viability and risk/deliverability.

Our financial viability principles will ensure that we deliver more homes while achieving value for money and minimise use of working capital. Development opportunities are 'filtered' and/or prioritised against these principles to ensure investment is targeted to most relevant projects.

Existing property appraisals

When a property becomes empty, our asset management team carry out a VFM review of the property. This focuses on three different elements;

a. High maintenance costs – disposal will be considered if the property will generate low surpluses or make losses over the long term and is difficult to repair for our customers

b. Poor Net Present Value (NPV) – where the NPV of the property is low due to a combination of high costs and low income. In practice this is often linked to point a)

c. High value – where the property can be sold on the open market and the proceeds used to make further investments into Wandle's properties or services.

The work being carried out to understand the financial performance of our different business stream and property types will provide valuable information to improve the accuracy of the maintenance cost and NPV calculations.

Appraising our services

Wandle regularly reviews the way it delivers services to determine the optimum delivery mechanism for each service.

Towards the end of 2020/21, Wandle took a decision to explore the outsourcing of its maintenance delivery service, while improving the productivity and efficiency of the existing in-house repairs team. These service improvements to our in-house team were so successful, that in early 2022/23 we decided to focus on developing and expanding this repairs service, rather than continuing to explore outsourcing options. The expanded repairs service was able to take on a greater proportion of Wandle's maintenance delivery and increase customer satisfaction with repairs, delivering net financial savings from reduced contractor usage of approximately £0.35 million in 2022/23, and overall repairs cost reductions of £0.4 million.

The Executive Team also recognised that the legal costs associated with disrepair claims could be reduced by directly employing a solicitor to deal with these claims on behalf of Wandle. We achieved £0.3 million savings from insourcing this service in 2022/23.

Value for money

4 Work with high performing partners, contractors and suppliers, selected and retained to enhance the services we provide to our customers.

Since September 2020, Wandle has had a very successful partnership with 4C (formerly MCP2), our procurement partners. Over the life of the partnership, we have secured £1.1 million of net procurement savings (after taking account of the costs of the service).

In October 2022, we started to explore options for insourcing the service, and we identified an opportunity to set up a shared procurement service with other housing providers. We are currently developing this option with four other providers, with a view to establishing a shared service.

In the meantime, we are recruiting an in-house team to take on Wandle's procurement function from September 2023, with the intention that the staff will transfer to the new shared service when it is established.

We are forecasting initial savings of £0.1 million. from in-sourcing our procurement team, followed by further savings from a streamlined shared service, which will ultimately include leveraging not just the financial benefits of joint procurements but improved quality for our customers.

5 Reinvest the financial returns we make from achieving our VFM objectives to optimise the economy, efficiency and effectiveness of our services and assets over the longer term (30 years).

It is vital that our VFM Strategy provides the capacity for Wandle to make future investments into its homes and services.

The VFM metric 'Earnings before Interest, Depreciation and Amortisation (Major Repairs Included)' – EBITDA (MRI) gives a good indication of our capacity to make investments each year from our core operating surplus, discounting surpluses from any property sales.

However, like many housing providers, we are facing a wide range of cost pressures, from retrospective building safety works to achieving net zero carbon targets for our properties by 2050.

We have therefore decided to relax our EBITDA (MRI) ratio targets for the next four years to accommodate addition investment in our properties and services. We will still maintain significant buffers against our interest cover covenants.

Our approach to VFM benchmarking and setting targets

We have selected the L12 group of medium sized housing providers in London as our peer group for performance benchmarking, as most of the members are of a similar size and broadly similar stock tenure to Wandle.

The group works collaboratively, often sharing performance information and underlying issues openly, to a depth not available within benchmarking forums. This enables members to target improvements based on best practice shared within the group.

The L12 group includes the following housing associations; Look Ahead, Hexagon, Newlon, Origin, Croydon Churches, Octavia, Phoenix, Shepherd's Bush, Islington and Shoreditch, RHP and Gateway.

In the table below we have measured ourselves against the metrics in the Regulator for Social Housing's (RSH) Value for Money Standard and Code. We have compared ourselves to latest available national data (2020/21 global accounts) and the median performance of the L12 Group.

Regulatory VFM KPIs

Category	2020/21	2021/22	2022/23	2023/24	National 2021/2022			Peer Group 2021/2022
	Actual	Actual	Actual	Projected	Lower	Median	Upper	Median
Reinvestment	1.11%	1.06%	1.63%	6.10%	4.14%	6.36%	8.71%	5.54%
New supply	0.52%	0.32%	0.48%	0.85%	0.48%	1.27%	2.11%	0.69%
Gearing	32%	31%	29%	33%	32%	45%	55%	43%
EBITDA MRI	118%	80%	79%	84%	107%	147%	200%	99%
Headline social housing cost per unit	£4,765	£5,759	£6,134	£6,712	£3,678	£4,076	£5,295	£7,069
Operating margin – Social Housing Lettings	28.7%	21.6%	19%	21%	17%	24%	30%	17%
Operating margin overall	28.5%	20.0%	16%	23%	15%	21%	27%	16%
Return on Capital Employed (ROCE)	3.24%	2.66%	3.51%	1.60%	2.35%	3.19%	3.93%	2.49%

* The peer group includes the following housing associations; Look Ahead, Hexagon, Newlon, Origin, Croydon Churches, Octavia, Phoenix, Shepherd's Bush, Islington and Shoreditch, RHP, Gateway

Value for money

Reinvestment and new supply

Reinvestment is a measure of our financial investment in new and existing properties in the year, shown as a percentage of our total financial investment in properties at the beginning of the year. New supply is the percentage increase in number of properties owned.

While our levels of reinvestment and new development remain below the sector and peer group average in 2022/23, due to a planned a pause in new development, Wandle is once again investing in new homes.

At the end of 2022/23 we acquired 23 rented properties and 10 shared ownership properties at a development scheme in Rotherhithe. Sales of all of the shared ownership properties are expected to complete in the first half of 2023/24.

We are in the early stages of the development of a scheme at Summerstown in Wimbledon, which will provide 39 London living rent and 54 shared ownership properties. In addition, we are acquiring some shared ownership properties and developing some small schemes which will be built on land that Wandle already owns. These new developments are forecast to increase our Reinvestment % to the third quartile using national benchmarking, and above the median for our peer group in 2023/24.

During the year, we continued to plan and agree fire risk remediation work with our tenants and leaseholders. We have not yet got a complete picture of the expenditure required to address all the remediation issues, but we have provided for £2 million of expenditure which we were committed to at 31st March 2023.

Gearing

Gearing is net debt as a percentage of the cost of our assets.

In May 2023 we agreed a release of a gearing covenant, and a restructuring of our interest rate SWAPS with one of our funders. This will remove a medium-term constraint on new development, facilitating future opportunities to develop and acquire new properties.

As the table shows, our gearing ratio is strong when compared to our peer group and around the top quartile threshold based on national benchmarking. Our gearing is forecast to remain strong over both the short and longer term.

EBITDA (MRI) and headline social housing cost per unit

EBITDA (MRI); Earnings before interest, tax, depreciation, amortisation (major repairs included) as a percentage of interest payable.

In 2021/22, Wandle experienced a significant increase in demand for responsive repairs compared to budget, as the lockdown restrictions eased. Although the increased responsive repairs costs did not cause any concern that we might breach any of our funding covenants, it had an impact on Wandle's EBITDA (MRI) ratio, which decreased to 80% in 2021/22 and 79% in 2022/23.

We have implemented a number of strategies which have increased our EBITDA (MRI) ratio over the last 12 months;

- Running a successful pilot of our Build More Homes initiative, enabling us to increase the number of homes we provide to those in need, which are projected to generate about an additional £350,000 rental income per annum for Wandle by 2024/25.
- Expanding our responsive maintenance service, which has enabled us to reduce expenditure on repairs contractors by about £351,000 in 2022/23
- Moving to a hybrid working model, which has enabled us to cut costs by reducing the size of our office base.
- Directly employing a solicitor to deal with disrepair claims on behalf of Wandle. We achieved £252,000 savings from insourcing this service in 2022/23

The narrative in sections 1 and 3 above provides more information about these strategies.

Headline social housing cost per unit

Total social housing costs divided by the number of social housing units owned or managed at the period end.

Headline social housing cost per unit is a key measure of cost efficiency. The increase in responsive repair costs in 2021/22 was the main contributor to a 21% increase in the metric for that year. We have maintained our Headline social housing cost in 2022/23 by careful management of our responsive repair costs and recruitment of additional Repairs Team operatives, to displace repairs delivery by more expensive out-sourced contractors.

We have a relatively high Headline social housing cost per unit, compared to national benchmarks, but we believe that the peer group analysis is the more relevant comparison, as London housing providers typically face significantly higher costs than those elsewhere in the country.

Wandle continues to target VFM savings and income generation in 2023/24. Our hybrid working model has enabled us to reduce our office costs, with the in-sourcing of our procurement team and recruitment of an in-house disrepair team both generating cost savings.

Operating margin – overall and for social housing

Overall Operating Margin; Overall operating surplus as a percentage of overall turnover.

Social Housing Operating Margin; Operating surplus from social housing lettings as a percentage of turnover from social housing lettings.

Social Housing Operating Margin is a key indicator of the financial health of our core social housing business. The performance of this measure has also been significantly impacted by the increase in responsive repair costs in 2021/22 and 2022/23, and an increase in fire safety remediation work of circa £1.6m in 2022/23, resulting in decreasing operating margins over the last three years.

We are now in the third quartile when compared with 2020/21 national benchmarks and we are performing broadly in line with our peer group.

Our overall Operating Margin includes surpluses from shared ownership sales, and the impact of any property impairments. In 2022/23 we impaired two of our development schemes by a total of £2.1m million.

Our overall Operating Margin measure is slightly ahead of our peer group median and in the third quartile of national benchmarking.

Return on capital employed

Operating surplus as a percentage of total assets, less current liabilities.

This measure, at 3.51% in 2022/23, has increased by a third from 2021/22 due to increased surpluses from void sales and staircasing. The principal driver of these increased surpluses was the 2022/23 Building More Homes pilot programme, which contributed surpluses of £14.5 million. Offset against these increased surpluses was £1.6 million for fire remediation work carried out in the year, and a provision for future work of £2 million.

We are generating a higher Return on Capital Employed (ROCE) than our peer group, and we're in the second quarter nationally. It is worth noting that the level of shared ownership and other property sales has a big impact on ROCE, so housing providers with larger property sales programmes will tend to report a higher ROCE than Wandle.

Value for money

Wandle's specific VFM performance indicators

We believe it is important to set and monitor VFM performance indicators which are specific to Wandle, as these can be targeted on aspects of VFM that need to be developed and improved. So, in June 2022, we agreed a new set of Wandle VFM measures as part of our revised VFM strategy, which we have monitored and benchmarked.

VFM indicator	2021/22 Actual	2022/23 Actual	2023/24 Target	Median Benchmark	Benchmark Source
Lag Indicators					
Overall tenant satisfaction with landlord services	31%	51%	56.5%[2]	62.5%[1]	London Housemark[1] 2022/23
Formal complaints received per 1000 units	263	273	200	76.4[1]	London Housemark[1] 2022/23
% void loss	1.1%	1.1%	0.9%	1.0%	London Housemark[1] 2022/23
Income collected as a % of income due	101%	100%	103%	Data not available	
Lead Indicators					
Return on Capital employed based on VPMV**	Data not available	1.1%	0.9%	Data not available	
% of transactions through the MyWandle digital channels	6%	3%	20%	27.5%	London Housemark[1] 2022/23

Notes

1 Housemark benchmark of London housing providers

2 Customer satisfaction targets are set half yearly – for April to September 2023 the target is 53%, and October to March 2024 the target is 60%, which average out at 56.5%

We have deliberately chosen a mixture of lag indicators (which highlight historical performance) and current/lead indicators (which show current performance and emerging trends) for our specific VFM indicators to ensure that we have a balanced view of our performance.

We have made excellent progress in improving customer satisfaction with landlord services – this measure shows a 20-percentage point increase over the last 12 months, at a time when many other housing providers are seeing a reduction in recorded satisfaction following the introduction of mandatory Tenants Satisfaction Measures (TSMs) by the Regulator of Social Housing. We have established a Customer Excellence Panel and a Customer Experience Committee to drive forward a range of customer service initiatives. These initiatives, combined with a relentless focus on service improvement from Wandle's front-line and back-office teams have driven this considerable improvement in customer satisfaction. However, we recognise that we need to continue to keep our focus on improving our satisfaction results towards the median for London Housing providers of 62.5%.

We made more limited progress in reducing the number of complaints we have received per 1,000 properties over the last 12 months, with the number of complaints reducing by 10% from a very high base. This indicator was always likely to improve more slowly than overall customer satisfaction, as many causes of complaints relate to issues that pre-date the service improvement initiatives that have driven the improvements in customer satisfaction. It is worth noting that the complaints trends in the sector have been getting rapidly worse since the pandemic, with an increase of 260% in complaints recorded by London Housing Associations since 2019/20.

Income collection and void loss indicators are both in line with sector norms.

Return on Capital based on vacant possession market value ** is a new indicator for us, which is useful for assessing alternative asset investment strategies (including, for example, the Build More Homes pilot programme).

We have faced some challenges in developing our digital channels over the last two years, with 18.3% of enquiries and service requests responded to through electronic channels compared to a benchmark of 27.5% for other housing associations. We are targeting improved take up of digital services for our customers by developing our resident portal further to increase the functionality available to residents, starting with making it easier to report a repair. We are also working with our partner 'We are Digital' to support some of our residents who may otherwise be digitally excluded by giving them dedicated training, support and access to digital devices.

We had intended to publish a Repairs satisfaction transactional measure as a VFM KPI specific to Wandle, however we need to do some further work on how we measure this indicator before publishing it.

Finally, we have discontinued our plans to measure the social value generated from our Helping Hands Fund. This is a vital lifeline for many of our customers in the current challenging economic climate, however the diversity of positive customer outcomes meant that the cost of collecting and quantifying these would be disproportionate to the benefit gained from the analysis.

Corporate Governance

Corporate Governance

Legal Status

Wandle Housing Association Limited is a Registered Society in accordance with the Co-operative and Community Benefit Societies Act 2014. The Association has charitable objectives and is a Registered Provider of Social Housing.

Registered Society No: 19225R
Registered Provider No: L0277

Wandle Housing Association Board

The Wandle Board has ultimate responsibility for the governance and performance of Wandle and its subsidiary companies. The Board determines and directs the vision and strategy of the organisation and monitors and scrutinises its performance in delivering this. Members of the Wandle Board and its committees are listed on page 3.

At 31 March 2023 the Board comprised 12 board members, including 11 non-executives and one co-opted executive member. One of the non-executives is a resident of the Association. The Board of Management meets at least six times per year (more often if required) in order for it to operate efficiently and give the right level of attention and consideration to relevant matters. It delegates certain responsibilities to Board committees and holds several Board Workshops and a Board Awayday during the year.

The Board is responsible for appraising its performance and recruiting new members. During the year, an appraisal process was completed, and three new members were appointed.

The five standing Board committees are:

Audit and Risk Committee

The role of the Audit and Risk Committee is to provide assurance to the Board that Wandle has in place and operates appropriate controls to safeguard its assets, ensure financial viability and manage risks. In addition, the Committee reviews and monitors the integrity of the annual financial statements before submission to the Board. As part of this work the committee approves and monitors the work of the internal and external auditors and has a direct and regular line of communication with the auditors.

Asset Investment Committee

The role of the Asset Investment Committee is to oversee delivery of Wandle's development programme, asset management strategy and repairs service. This includes approving the procurement, development and disposal of land and property within its delegated authority limits. In addition, the Committee ensures compliance with health and safety requirements in relation to Wandle's property portfolio.

Customer Experience Committee

The role of the Customer Experience Committee is to drive service improvements for Wandle customers. The Committee monitors the associations services to customers, and reviews services from a customer focused perspective.

The committee has responsibility for ensuring the implementation of customer focused strategic objectives and delivery of the Wandle Service Offer to its customers. To give clear focus to its work, the Committee has agreed a Customer Service Strategy. Its primary goal is ensuring the effective delivery of good quality services to residents. This includes Repairs of all types, Disrepair, Building Safety, Lettings and Allocations, Resident involvement, Neighbourhood Management, and Complaints. This committee comprises of both Board and resident members.

People Committee

The role of the People Committee is to review and make decisions on matters concerning human resources (HR). This remit covers both permanent staff, and temporary employees. The Committee considers employment issues relating to the organisation, including significant staff structure and role changes, and staff terms and conditions, including remuneration.

Treasury Committee

The role of the Treasury Committee is to oversee the development and delivery of Wandle's Annual Treasury Strategy. The committee also reviews the Long-Term Financial Plan and associated stress and scenario tests and mitigations, reporting these to the Board for review and approval.

The Customer Excellence Panel

In addition to the formal committees, the Board has established a panel of residents that scrutinises the Associations customer facing services and co-authors customer related strategy and policy. The Board regards the panel as an essential element of good governance and a key body for driving improved services for all residents.

Executive Team

The Executive Team are responsible for advising on and implementing strategy and policy and ensuring the implementation of decisions made by the Board and committees. They meet formally at least monthly. The members of the Executive Team are listed on page 3. Members of the Executive Team hold no interest in Wandle's share capital.

Employees

We have a strategic objective of being "An employer of choice." We want to create a great place where people are not only proud to work but feel like they belong. The leadership is therefore committed to employee engagement and creating an inclusive place to work. We have put in place different forums and channels to ensure that employee voice shapes how we lead and manage the organisation.

Our quarterly pulse surveys, Sounding Board (employee representative group), fortnightly Executive briefings, conferences, and team meetings all play a key role in ensuring that employees are listened to, and their suggestions are taken on board and actioned. The Sounding Board continues to play a critical role in championing various activities, including bringing back the social side of Wandle after the impact of the pandemic on how we interact, and national events such as Mental Health and Carers Awareness. We also engage with our recognised Trade Union – Unison who we partner with on various employee relations matters. This brings a wider perspective on employee wellbeing and engagement.

Regulatory compliance

Wandle is regulated by the Regulator of Social Housing (RSH) and is required to comply with their Economic and Consumer Standards. This includes the requirement for the Board to formally certify compliance with the Governance and Financial Viability Standard. The Board monitors compliance and is satisfied that it is compliant with the Standards and with the NHF (National Housing Federation) Code of Governance 2020, which members formally adopted in 2021.

During the year, the Association was the subject of a routine In Depth Assessment by the Regulator. The Regulator confirmed the existing compliant G2 and V2 rating and noted the significant improvements made by the Association. We continue to engage with the Regulator in quarterly meetings as we work towards a re-grade from G2 to G1.

Modern slavery and human trafficking statement

The Board has approved Wandle's Modern Slavery and Human Trafficking Statement which is available on our website and details the actions we are taking to tackle modern slavery and raise awareness of the issue. Wandle is committed to ensuring that there is no modern slavery in its supply chains or in any part of the organisation.

Internal Controls

The Board has overall responsibility for establishing and maintaining the system of internal control for Wandle and for reviewing its effectiveness.

The internal control framework is designed to manage and reduce, rather than eliminate, the risk of failing to achieve business objectives. It can only provide the Board with reasonable, and not absolute, assurance against material misstatement or loss.

During the period, the Board has substantially reviewed its risk management framework. The Association maintains a comprehensive assurance framework which includes a high-level strategic risk register along with departmental risk registers. The framework uses the three lines of defence model and is regularly reviewed and updated.

Internal controls assurance

Wandle's Standing Orders set out the terms of reference for the Wandle Board and its committees. This includes the requirement for Board meetings to be held regularly and the schedule of matters reserved to the Board. The Board has conducted its annual review of the effectiveness of the system of internal control and the processes adopted by the Board in reviewing this together with the key elements of the control are set out as follows;

- **Fraud and Whistle-blowing**

  The Board has a policy on fraud which covers prevention, detection, and reporting. Managers attended fraud awareness training during the period. In addition, a whistleblowing policy is in place that provides a framework for employees to report any wrongdoing. Either internally or to an independent external body. The Audit and Risk Committee monitors fraud and whistle-blowing reports.

- **Risk Management**

  The Board confirms there is an ongoing process for identifying, evaluating, and monitoring significant risks faced by Wandle. During the year, the Board has reviewed and improved its risk management framework. The stress testing of the long-term financial plan has also been further developed. There is a formal process for reviewing and updating the risk register, which is regularly reported to the Audit and Risk Committee and Board. In addition, the Audit and Risk Committee conducts regular deep dives on key risks and the Board holds an annual risk workshop.

- **Internal Audit**

  Wandle's internal audit programme is designed with a clear link to the risk register and is overseen and monitored by the Audit and Risk Committee, who review all internal audit reports. Internal auditors oversee the tracking of internal audit actions and spot check completed actions. This provides additional independent assurance to the Audit and Risk Committee.

- **Strategies, Policies and Procedures**

  Wandle has a framework of strategies, policies, and procedures many of which cover internal controls. These include: Standing Orders, health and safety, accounting, and treasury. In addition, it has a code of conduct for employees which sets out probity requirements as well as employment procedures which ensure that employees are suitably qualified to manage activities and risk. During the period, the Board reviewed the following strategies and policies:

  - Risk Strategy
  - Modern Slavery Statement

- Asset Management Strategy
- Board Recruitment Policy
- Rent Policy
- Service Charge Policy
- EDI (Equality, Diversity, and Inclusion) Policy
- Gifts and Hospitality Policy
- Whistleblowing Policy
- Customer Experience Strategy
- Value for Money Strategy

- **Information and Financial Reporting Systems**

  The Board reviews and approves a long-term financial plan and budget each year and monitors these by way of quarterly management accounts and forecasts for the remainder of the financial year. Members also review detailed performance reports on a quarterly basis, monitoring the achievement of key business objectives, targets, and outcomes.

- **Data privacy**

  Wandle has a Data Protection Policy, Information Security Policy and a suite of procedures in place to embed data privacy across the business.

Internal Control Effectiveness

The Board has reviewed the effectiveness of the system of internal control, including risk management, for the year to 31 March 2023, and up to the date of signing these financial statements. It has not identified any weaknesses sufficient to cause material misstatement or loss, which require disclosure in the financial statements.

Annual General Meeting

The Annual General Meeting will be held 20 September 2023.

Auditors

All of the current board members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the association's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

A resolution for the appointment of Beever and Struthers as auditors of the Association is to be proposed at the forthcoming Annual General Meeting.

Board member responsibilities

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

The Co-operative and Community Benefit Society Act requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 which is the Financial Reporting Standard applicable in the UK and the Republic of Ireland. The financial statements are required by law to give a true and fair view of the state of affairs and the income and expenditure of the Group and Association for that period.

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

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group

will continue in business.

The Board is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group's financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are also responsible for safeguarding the assets of the Group and taking steps to prevent and detect fraud and other irregularities.

Board member skills, experience and diversity

The Board is comprised of members with a range of different skills, experience, and backgrounds. The association keeps a member skills matrix to ensure that the Board has a good range of relevant skills sets. We publish information about all of our Board members on our website and this provides an insight into what each member brings to the Board.

We collect information about the diversity of our Board, as part of our commitment to ensuring that the organisation is representative of the diversity of the communities we serve.

As of 31st March 2023, the Board consisted of five female and seven male members, with a range of different religions and ethnic backgrounds represented.

Going concern

The Board has approved the 2023/24 budget and Long-Term Financial Plan (LTFP) which forecasts beyond a year from the date of signing of the Financial Statements. As part of the updates to the LTFP we perform a range of stress tests, including: Regulatory rent caps, market disruption events including extraordinary inflation, corporate risks aligned to the Corporate risk register and combinations of all three. The results show the plan remains resilient.

The budget is being used to manage the financial position during 2023/24 and the LTFP is ensuring future viability is maintained for the future. Senior Management and Executive consistently monitor performance, which includes regular treasury and management reporting, and covenant monitoring.

Wandle maintains a strong liquidity position to manage uncertainty, with £125million (£122million March 2022) of liquidity available for the coming year.

The Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Board, therefore, considers it appropriate for the Financial Statements to be prepared on a going concern basis.

Financial statements are published on Wandle's website in accordance with UK legislation governing the preparation and dissemination of financial statements. The Board is responsible for the maintenance and integrity of the corporate and financial information included on Wandle's website.

Valerie Vaughan-Dick

By order of the Board

Valerie Vaughan-Dick, MBE | Chair

26 July 2023

REPORT OF THE INDEPENDENT AUDITOR'S TO THE MEMBERS OF WANDLE HOUSING ASSOCIATION GROUP LIMITED

Opinion
We have audited the financial statements of Wandle Housing Association Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2023 which comprise the Group and Association Statement of Comprehensive Income, Group and Association Statement of Changes in Reserves, Group and Association Statement of Financial Position, and Group Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. 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 of the Association's affairs as at 31 March 2023 and of the Group's income and expenditure and the Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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

ASSOCIATION GROUP LIMITED (CONTINUED)

Other information
The other information comprises the information included in the Strategic Report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. 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.

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

We have nothing to report in this regard.

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

- the Association has not maintained a satisfactory system of control over transactions; or
- the Association has not kept adequate accounting records; or
- the Association's financial statements are not in agreement with books of account; 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 Statement of Board's Responsibilities set out on page 40, 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 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 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

ASSOCIATION GROUP LIMITED (CONTINUED)

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.

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

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2023, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Group's activities and the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to 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 for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers
Chartered Accountants
Statutory Auditor

150 Minories
London EC3N 1LS

Date:

Statement of comprehensive income for the year ended 31 March 2023

	Notes	Group 2023 £'000	2022 £'000	Association 2023 £'000	2022 £'000
Turnover	3	**55,907**	59,417	**55,907**	60,287
Cost of sales	3	**(472)**	(5,856)	**(472)**	(5,856)
Operating costs	3	**(46,410)**	(41,662)	**(46,410)**	(41,666)
Surplus on sale of fixed assets	3,5	**23,289**	12,059	**23,289**	12,059
Movement in fair value of investment property	3	**(60)**	261	**(60)**	261
Operating surplus		**32,254**	24,219	**32,254**	25,085
Gift aid received		**-**	-	**157**	-
Interest receivable and similar income	6	**909**	68	**909**	68
Interest payable and similar charges	7	**(14,276)**	(13,707)	**(14,276)**	(13,725)
Movement in fair value of financial instruments		**5,170**	1,225	**5,170**	1,225
Surplus on ordinary activities before tax	10	**24,057**	11,805	**24,214**	12,653
Tax on surplus on ordinary activities	11	**-**	-	-	-
Surplus after tax for the year		**24,057**	11,805	**24,214**	12,653
Other comprehensive income					
Changes in fair value of hedged financial instruments	7	**14,846**	9,386	**14,846**	9,386
Actuarial gains / (losses) on defined benefit pension scheme	29	**(3,983)**	(3,897)	**(3,893)**	(3,897)
Total comprehensive income		**38,068**	22,094	**38,225**	22,942

All activities are continuing.

The notes on pages 50 to 77 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Management on 26 July 2023 and signed on behalf of the Board of Management.

Valerie Vaughan-Dick	**Paul Phillips**	**Simon Goulding**
Chair of Board	**Chair Audit and Risk Committee**	**Company Secretary**

Statement of changes in reserves for the year ended 31 March 2023

	Group Hedge reserve £'000	Group Revenue reserve £'000	Total £'000
Total reserves at 1 April 2021	(25,503)	184,714	159,211
Surplus for the year	-	11,805	11,805
Movement in the fair value of financial instruments	9,386	-	9,386
Actuarial loss on defined benefit pension scheme	-	903	903
Total reserves at 31 March 2022	**(16,117)**	**197,422**	**181,305**
Surplus for the year	-	24,057	24,057
Movement in the fair value of financial instruments	14,846	-	14,846
Actuarial gain on defined benefit pension scheme	-	(835)	(835)
Total reserves at 31 March 2023	**(1,271)**	**220,644**	**219,373**

	Association Hedge reserve £'000	Association Revenue reserve £'000	Total £'000
Total reserves at 1 April 2021	(25,503)	191,957	166,454
Surplus for the year	-	12,653	12,653
Movement in the fair value of financial instruments	9,386	-	9,386
Actuarial gains on defined benefit pension scheme	-	903	903
Total reserves at 31 March 2022	**(16,117)**	**205,513**	**189,396**
Surplus for the year	-	24,214	24,214
Movement in the fair value of financial instruments	14,846	-	14,846
Actuarial loss on defined benefit pension scheme	-	(835)	(835)
Total reserves at 31 March 2023	**(1,271)**	**228,892**	**227,621**

The notes on pages 50 to 77 form part of these financial statements.

Balance sheet at 31 March 2023

Registered Society number 19225R

	Notes	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Fixed assets					
Intangible assets	**12**	**2,331**	2,810	**2,331**	2,810
Tangible fixed assets – housing properties	**13**	**846,685**	849,185	**855,000**	857,455
Tangible fixed assets – other	**14**	**614**	143	**614**	143
Investment properties	**15**	**6,260**	7,570	**6,260**	7,570
Investments – Finance loans & Equity investments	**17**	**335**	421	**335**	421
Investments – Home buy loans	**18**	**1,744**	1,782	**1,744**	1,782
Total fixed assets		**857,969**	861,911	**866,284**	870,181
Current assets					
Properties for sale	**19**	**6,954**	5,324	**6,954**	5,324
Debtors	**20**	**5,260**	5,905	**5,127**	5,905
Cash and cash equivalents	**21**	**75,098**	54,421	**75,074**	54,414
		87,312	65,650	**87,155**	65,643
Creditors – amounts falling due within one year	**22**	**(23,851)**	(26,503)	**(23,761)**	(26,675)
Net current assets		**63,461**	39,147	**63,394**	38,968
Total assets less current liabilities		**921,430**	901,058	**929,678**	**909,149**
Creditors – amounts falling due after more than one year	**23**	**(696,045)**	**(714,164)**	**(696,045)**	**(714,164)**
		(696,045)	**(714,164)**	**(696,045)**	**(714,164)**
Provisions for liabilities					
Pension liability	**29**	**(3,893)**	(3,897)	**(3,983)**	(3,897)
Other provisions	**30**	**(2,029)**	(1,692)	**(2,029)**	(1,692)
		(6,012)	(5,589)	**(6,012)**	(5,589)
Total assets less total liabilities		**219,373**	**181,305**	**227,621**	**189,396**
Capital and reserves					
Non equity share capital	**31**	**-**	**-**	**-**	**-**
Revenue reserves		**220,644**	**197,422**	**228,892**	**205,513**
Hedge reserves		**(1,271)**	**(16,117)**	**(1,271)**	**(16,117)**
Total capital and reserves		**219,373**	**181,305**	**227,621**	**189,396**

The notes on pages 50 to 77 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Management on 26 July 2023 and signed on behalf of the Board of Management.

Valerie Vaughan-Dick	**Paul Phillips**	**Simon Goulding**
Chair of Board	**Chair Audit and Risk Committee**	**Company Secretary**

Group cashflow statement for the year ended 31 March 2023

	Notes	2023 £'000	2022 £'000
Cashflow from operating activities			
Operating cashflows	32	31,425	37,391
Cash inflow from investing activities			
Construction of properties		(8,967)	(9,229)
Investment in intangible assets	12	(212)	(536)
Purchase of other fixed assets	14	(553)	(43)
Homebuy loans redeemed	18	-	-
Interest received	6	909	68
Net cash used in investing activities		(8,823)	(9,740)
Cashflow form financing activities			
New borrowings		12,351	-
Repayment of borrowings		-	(9,268)
Interest paid		(14,276)	(13,707)
Net cash used in financing activities		(1,925)	(22,975)
Net increase in cash and cash equivalents		20,677	4,676
Cash and cash equivalents at beginning of the year		54,421	49,745
Cash and cash equivalents at end of the year		75,098	54,421
Cash and cash equivalents consist off:			
Cash at bank, cash in hand, short-term investments & deposits	21	75,098	54,421
Total cash and cash equivalents at 31 March		75,098	54,421

The notes on pages 50 to 77 form part of these financial statements.

Notes to the financial statements

1 Accounting policies

Wandle Housing Association (the “Association”) is registered with the Financial Conduct Authority under the Co-operative and Community Benefits Societies Act 2014 and is registered with the Regulator of Social Housing as a social housing provider. It is a public benefit entity.

The Association and the Group (which includes the Association and its subsidiaries Ravensbourne Developments Limited, Delta Homes Limited and Unitworthy Property Management Limited) are incorporated in England. These consolidated financial statements are presented with amounts rounded to GBP thousands. GBP is the Group and Association’s functional currency.

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for the Association includes the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Housing and Regeneration Act 2008, FRS 102 “the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland,” the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, “Accounting by registered social housing providers”, the Accounting Direction for Private Registered Providers of Social Housing 2022.

The accounts are prepared under the historical cost basis except for the modification to a fair value basis for certain financial instruments and investment properties as specified in the accounting policies below.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

Disclosure exemptions

In preparing the separate financial statements of the Association, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the Association would be identical;
- No cash flow statement has been presented for the Association
- Disclosures in respect of the Association’s financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group
- No disclosure has been given for the aggregate remuneration of the key management personnel of the Association as their remuneration is included in the totals for the Group

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of the Association and its subsidiaries Ravensbourne Developments Limited and Delta Homes Limited and Unitworthy Property Management Limited as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Going concern

The Board has approved the 2023/24 budget and Long-Term Financial Plan which forecasts beyond a year from the date of signing of the Financial Statements. As part of the updates to the Long-Term Financial Plan we perform stress tests, including: Regulatory Intervention including rent caps, Market disruption events including extraordinary inflation, Corporate risks aligned to the Corporate risk register and combinations of all three. The results show the plan remains resilient.

The budget is being used to manage the financial position during 2023/24 and the LTFP is ensuring future viability is maintained for the future. Senior Management and Executive consistently monitor performance, which includes: regular treasury and management reporting, and covenant monitoring.

Wandle maintains a strong liquidity position to manage uncertainty, with £125 million (2022: £122 million) of liquidity available for the coming year.

Therefore, whilst uncertainty exists, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Board, therefore, considers it appropriate for the Financial Statements to be prepared on a going concern basis.

Income

Income is measured at the fair value of the consideration received or receivable. The Group generates the following material income streams:

- rental income receivable (after deducting lost rent from void properties available for letting),
- first tranche sales of Low-Cost Home Ownership housing properties developed for sale
- service charges receivable
- income from Homebuy activities
- revenue grants

Rental income is recognised from the point when properties under development reach practical completion and are formally let, income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

Revenue grants are recognised when the conditions for receipt of agreed grant funding have been met. Income from deferred capital grants is recognised in a systematic basis over the useful economic life of the asset (usually the property’s structure) for which it was received.

Service charges

The Group adopts the variable method for calculating and charging service charges to its leaseholders and shared owners and the fixed method for calculating and charging service charges to its tenants. Expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated amounts chargeable with any surplus or deficit adjusted against the following years charge.

Management of units owned by others

Management fees receivable and reimbursed expenses are shown as income and included in management fees receivable. Costs of carrying out the management contracts and rechargeable expenses are included in operating costs.

Schemes managed by agents

Income is shown as rent receivable and management fees payable to agents are included in operating costs.

Taxation

The Association is an exempt charity and its activities do not generally give rise to a tax liability. The Association’s subsidiaries, Delta Homes Limited and Ravensbourne Developments Limited, do not have charitable objects and are subject to taxation. However, no charge to taxation arises on the results of the subsidiary undertakings as all profits are paid across to the Association via Gift Aid.

Value added tax

The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated facility and are amortised over the life of the facility.

Pension costs

The Group participates in a defined contribution scheme where the amount charged to the Income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. A defined contribution plan is a post-employment benefit plan under which the group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The group also participates in the multi-employer defined benefit Social Housing Pension Scheme (SHPS). The difference between the fair value of the assets held in the group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the group's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the group can recover the surplus either through reduced contributions in the future or through refunds from the scheme.

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 balance sheet date.

Termination benefits

Termination benefits are recognised as an expense when the group is demonstrably committed, without realistic possibility of withdrawal to a formal detailed plan to terminate employment.

Tangible fixed assets - Housing properties

Housing properties constructed or acquired (including land) on the open market since the date of transition to FRS 102 are stated at cost less depreciation and impairment (where applicable).

The cost of housing land and property includes the cost of acquiring land and buildings, development costs, interest capitalised during the development period, directly attributable administration costs and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties.

Directly attributable administration costs include capitalised interest calculated, on a proportional basis, using finance costs on borrowing which has been drawn in order to finance the relevant construction or acquisition. Where housing properties are under construction, finance costs are only capitalised where construction is on-going and has not been interrupted or terminated.

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

Mixed developments are held within fixed assets – housing properties are accounted for at cost less depreciation. Commercial elements of mixed developments are held as investment properties.

Housing properties under construction, excluding the estimated cost of the element of shared ownership properties expected to be sold in first tranche, are included in Tangible fixed assets and held at cost less any impairment, and are transferred to completed properties when ready for letting.

When housing properties are developed for sale to another social landlord, the cost is dealt with in current assets under housing properties and stock for sale.

Gains and losses on disposals of housing properties are determined by comparing the proceeds with the carrying amount (as adjusted for impairment as appropriate) and incidental costs of sales and recognised within gain/loss on disposal of fixed assets in the statement of comprehensive income.

Depreciation of housing property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time with substantially different economic lives.

Land is not depreciated on account of its indefinite useful economic life.

The portion of shared ownership property retained or expected to be retained is not depreciated on account of the high residual value. Neither the depreciable amount nor the expected annual depreciation charge for such assets is considered material, individually or in aggregate.

Assets under construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life on a straight-line basis as follows:

Description	Economic useful life (years)
Structures	125
Kitchens	20
Bathrooms	30
Windows	30
Electrical wiring	30
Roofs	60
Boilers	15
Lifts	25
Central Heating Systems (excluding Boilers)	20
Fire Compartmentalisation	15

Fire remediation work will be capitalised when it;

- Is a new cost integral to operating the asset in the manner intended by management;
- Is a new cost integral to meeting regulatory requirements for the asset to remain in use;
- Meets normal capitalisation requirements – by generating increased income;
- Meets normal capitalisation requirements – by reducing future maintenance costs;
- Meets normal capitalisation requirements – by significantly extending useful economic life.

During the year ended 31 March 2023 there has been expenditure of approx. £0.2 million (2022: £1.3 million) which relates to compartmentalisation of ceilings, walls, roofs and cellars as a fire-retardant measure. This expenditure has been capitalised and is consistent with historic treatment.

This work is anticipated to have a useful life concurrent with that of the component.

Shared ownership properties and staircasing

Under low-cost home ownership arrangements, the Group disposes of a long lease on low-cost home ownership housing units for a share ranging between 25% and 75% of value. The buyer has the right to purchase further proportions up to 100% based on the market valuation of the property at the time each purchase transaction is completed. The exercise of this right to purchase additional shares in the property is known as 'staircasing'.

Low-cost home ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset, and related sales proceeds are included in turnover. The remaining proportion is classed as a fixed asset and included in completed housing property at cost less any provision for impairment. Sales of subsequent tranches (staircasing) will be treated as a part disposal of fixed assets.

For shared ownership accommodation that the Group is responsible for, it is the Group's policy to maintain them in a continuous state of sound repair. Maintenance of other shared ownership properties is the responsibility of the shared owner. Any impairment in the value of such properties is charged to the Statement of Comprehensive Income.

Allocation of costs for mixed tenure and shared ownership developments

Costs are allocated to the appropriate tenure where it is possible to specify which tenure the costs relate to. Where it is not possible to relate costs to a specific tenure, costs are allocated on a floor area or unit basis, as appropriate for each scheme.

Tangible fixed assets – Other

Other tangible fixed assets, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation of other tangible fixed assets

Land is not depreciated. Depreciation of other assets is charged to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range is as follows:

Asset Category	Years
Freehold Offices	25
Leasehold Improvements	5
Computer Equipment	3
Major Business System / Database	5 - 20 (specific to system)
Motor Vehicles	3
Other Assets, Office and Estate Equipment	4

Recycled capital grant fund

On the occurrence of certain relevant events, primarily the sale of dwellings, the Regulator of Social Housing (RSH) can direct the Association to recycle capital grants or to make repayments of the recoverable amount. The Group adopts a policy of recycling, for which a separate fund is maintained. Any grant which has not been used within a three-year period will be repayable to the RSH with interest. Any unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. They are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost on initial recognition and subsequently carried at fair value 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 income or expenditure. Rental income from these properties is taken to revenue.

Impairment of fixed assets

Tangible fixed assets (mainly housing properties) are assessed for indicators of impaired value at each reporting date. Where indicators are identified, assets are grouped into Cash Generating Units (CGUs), which are typically housing schemes (several smaller schemes may be grouped geographically into a single CGU). A detailed assessment is then undertaken to determine each CGUs recoverable amount.

The recoverable amount will be the higher of;

- fair value less costs to sell or;
- Existing Use Valuation for Social Housing (EUV-SH) or;
- Value in Use (in respect of assets held for their service potential) (VIU-SP). As allowed by Housing SORP 2014 the Group uses Depreciated Replacement Cost (DRC) as a reasonable estimate of VIU-SP.

Where the carrying amount of an asset or CGU is deemed to exceed its recoverable amount, and it has previously had an increase in its value credited to the Revaluation Reserve, the resulting impairment loss is recognised in other comprehensive income. However, if an impairment loss exceeds the accumulated revaluation gains in the Revaluation Reserve for an asset or CGU, the excess will be recognised in the Statement of Comprehensive Income.

Properties held for sale

Properties held for sale are completed properties, including housing properties developed for transfer to other registered providers; properties developed for outright sale and shared ownership properties. For shared ownership properties the value held as stock is the estimated cost to be sold as a first tranche.

Properties held for sale are stated 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 proceeds after allowing for all further costs to completion and selling costs.

An assessment of whether there is any impairment is made at each reporting date. Where an impairment loss is identified, it is immediately recognised in the Statement of Comprehensive Income.

On disposal, sales proceeds are included in turnover and the costs of sales, including costs incurred in the development of the properties, marketing and other incidental costs are included in operating expenses.

Financial instruments

Financial assets and liabilities are recognised when the group becomes a party to the contractual provisions of a financial instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all its liabilities.

Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded initially at transaction price less attributable transaction costs. After initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in Other operating expenses.

Recoverable amount of rental and other trade receivables

The Group estimates the recoverable value of rental and other receivables and impairs the debtor based on these estimates.

Concessionary loans

Concessionary loans are those loans made or received by the Group that are made:

- To further its public benefit objectives,
- At a rate of interest which is below the prevailing market rate of interest

These loans are measured at the amount advanced at the inception of the loan less amounts received and any provisions for impairment. Any associated grant is recognised as deferred income until the loan is redeemed.

The Group has several arrangements that are considered to be concessionary loans:

Homebuy

Under the Homebuy scheme and the Key Worker Living Initiative, the Group receives Social Housing Grant representing a percentage of the open market purchase price of a property in order to advance interest-free loans to a homebuyer.

Easybuy

Easybuy loans are shared equity loans secured by way of a second charge on the property where the buyer could purchase the home at 85% of its value, with Wandle retaining a 15% charge against the title. The loans can be repaid at any time within the loan agreement, the amount of which is dependent on the market value of the property at the date of repayment. The assets are recorded at fair value, being the estimated amount receivable by the group, discounted to present day values. Interest is payable after 5 years and the 15% charge becomes payable to Wandle when the homeowner chooses to sell their property.

Rent and service charge agreements

The Group sometimes plans with individuals and households for deferred payments of rent and service charge arrears. These arrangements are effectively loans granted at nil interest rate.

Loans, Investments and short-term deposits

All loans, investments and short-term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historic cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. Loans and investments that are payable or receivable within one year are not discounted.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Cash and cash equivalents

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

Derivative instruments and hedge accounting

The Group holds floating rate loans which expose the Group to interest rate risk; to mitigate against this risk the Group uses interest rate swaps. These instruments are measured at fair value at each reporting date. They are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Group has designated each of the swaps against either existing drawn floating rate debt or against highly probable future floating rate debt. To the extent the hedge is effective, movements in fair value, other than adjustments for own or counterparty credit risk, are recognised in Other comprehensive income and presented in a separate cash flow hedge reserve. Any movements in fair value relating to ineffectiveness and adjustments for our own or counterparty credit risk are recognised as income and expenditure.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 102 requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a. Critical judgements in applying the Group's accounting policies

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

- Determining categorisation of financial instruments. Distinguishing between basic and non-basic accounting treatment of financial instruments for the purposes of FRS 102, chapters 11 & 12.
- Impairment of properties. After capitalisation, management monitors the project and considers whether events indicate that an impairment review is required. Management also reassesses the carrying value at the reporting date of any previously impaired properties which may result in the release or adjustment of a previously held impairment.
- Capitalisation of property development costs. Distinguishing the point at which a project is more likely than not to complete, allowing capitalisation of development costs requires judgement.
- Determining whether the changes in terms of a debt instrument are sufficiently significant to be considered substantial, judgement is required to decide whether the changes in a debt instrument's terms following the renegotiation of its terms are sufficiently significant to warrant the original loan to be derecognised and a new loan recognised.
- The appropriate allocation of costs for mixed tenure developments.
- The allocation of costs relating to shared ownership between current and fixed assets. Whether surplus/ (deficit) on disposal of housing properties represents an operating surplus. We consider the development and sale of shared ownership properties to be part of our trading activities, including subsequent tranche sales. We anticipate shared ownership properties to staircase over time as part of our business model and trading activity.

b. Key accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates by definition, will mean that estimates may not equal the related results.

Tangible fixed assets (see notes 13 and 14)

Tangible fixed assets, other than investment properties, are depreciated over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on several factors. In reassessing asset lives, factors such as condition and remaining years of economic benefits are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

Determining whether an impairment review is required

Determining whether there are indicators of impairment of the Group's tangible assets requires judgement. The following are considered to be indicators of impairment, but other events may also indicate that an impairment review is required:

- A contamination or similar issue that was not identified as part of a development appraisal which results in a material increase in the cost of the development;
- A change in government policy, regulation or legislation;
- A reduction in demand for a property (either by type or location, possibly evidenced by increased voids);
- A reduction in the market value of shared ownership properties;
- Obsolescence of a property.

Pensions

The liability for future pension payments depends on several complex judgements, relating to the discount rate used, the expected rate of price inflation, the rate at which salaries and pensions are expected to increase and mortality rates. Qualified actuaries are engaged to provide expert advice for the pension schemes for which Wandle is a member. More detail is available in note 30.

Provisions

Fire safety remediation provision

The Regulatory reform fire safety order, 2005, creates an obligation on Registered Providers to carry out risk assessments: to identify, manage and reduce the risk of fire. The fire safety regime has been evolving since the Grenfell fire, resulting in the new Fire Safety Act.

A provision for fire safety remediation works (cladding and balconies) of £2.0 million (2022: £1.3 million) is included in 2023 Operating Costs. The provision was made after using appropriate judgments to determine whether FRS 102 requirements were met:

- The total cost for fire remediation and fire safety works where an expectation had been established for residents that works would be undertaken. The cost estimates were based on an analysis by consultant surveyors and further assessment from the Association's Asset Management Team.
- As part of the FRS 102 recognition process, alternatives to remediation were considered, but these were discounted as not being viable options;
- Consideration if costs were revenue or capital in nature according to Wandle's accounting policies;
- Recovery of cost from leaseholders, following required consultation.

Roof remediation provision

A provision for defective roof remediation of £0.4 million is included in 2022 Operating costs (2023: nil). The provision was made after using appropriate judgments to determine whether FRS 102 requirements were met:

- The total cost is based on expert quantity surveying performed by the Associations Asset Management Team;
- As part of the FRS 102 recognition process, alternatives to remediation were considered, but these were discounted as not being viable options;
- Consideration if costs were revenue or capital in nature according to Wandle's accounting policies;
- Recovery of cost from leaseholders, following required consultation.

3. Turnover, operating cost, operating surplus - Group

					2023					**2022**
	Turnover	**Cost of sales**	**Operating costs**	**Other operating items**	**Operating surplus**	**Turnover**	**Cost of sales**	**Operating costs**	**Other operating items**	**Operating surplus**
	£'000	£'000	£'000	£'000	**£'000**	£'000	£'000	£'000	£'000	£'000
Social housing Lettings										
General needs	46,159	-	(37,864)	-	**8,295**	43,884	-	(37,171)	-	**6,713**
Shared ownership	6,191	-	(4,950)	-	**1,241**	5,346	-	(2,613)	-	**2,733**
Supported housing	1,259	-	(905)	-	**354**	2,217	-	(888)	-	**1,329**
Other affordable	546	-	(206)	-	**340**	615	-	(166)	-	**449**
	54,155	-	(43,925)	-	**10,230**	52,062	-	(40,838)	-	**11,224**
Other social housing Activities										
Development administration	-	-	(348)	-	**(348)**	-	-	(127)	-	**(127)**
Impairment of properties developed for sale	-	-	(2,130)	-	**(2,130)**	-	-	(216)	-	**(216)**
First tranche shared ownership sales	477	(472)	-	-	**5**	6,305	(5,856)	-	-	**449**
Home buy & easy buy loan redemptions	72	-	-	-	**72**	-	-	-	-	**-**
Other	897	-	-	-	**897**	785	-	(447)	-	**338**
Surplus on sale of fixed assets	-	-	-	23,289	**23,289**	-	-	-	12,059	**12,059**
	1,446	(472)	(2,478)	23,289	**21,785**	7,090	(5,856)	(790)	12,059	**12,503**
Non-social housing Activities										
Commercial rent & development fees	283	-	(10)	-	**273**	250	-	35	-	**215**
Market rent	23	-	3	-	**26**	15	-	(1)	-	**16**
Movement in fair value of investment properties	-	-	-	(60)	**(60)**	-	-	-	261	**261**
	306	-	(7)	(60)	**239**	265	-	(34)	261	**492**
	55,907	**(472)**	**(46,410)**	**23,229**	**32,254**	**59,417**	**(5,856)**	**(41,662)**	**12,320**	**24,219**

3. Turnover, operating cost, operating surplus - Association

					2023					2022
	Turnover	Cost of sales	Operating costs	Other operating items	Operating surplus	Turnover	Cost of sales	Operating costs	Other operating items	Operating surplus
	£'000	£'000	£'000	£'000	**£'000**	£'000	£'000	£'000	£'000	£'000
Social housing Lettings										
General needs	46,159	-	(37,864)	-	**8,295**	43,884	-	(37,171)	-	**6,713**
Shared ownership	6,191	-	(4,950)	-	**1,241**	5,346	-	(2,613)	-	**2,733**
Supported housing	1,259	-	(905)	-	**354**	2,217	-	(888)	-	**1,329**
Other affordable	546	-	(206)	-	**340**	615	-	(166)	-	**449**
	54,155	-	(43,925)	-	**10,230**	52,062	-	(40,838)	-	**11,224**
Other social housing Activities										
Development administration	-	-	(348)	-	**(348)**	-	-	(127)	-	**(127)**
Impairment of properties developed for sale	-	-	(2,130)	-	**(2,130)**	-	-	(216)	-	**(216)**
First tranche shared ownership sales	477	(472)	-	-	**5**	6,305	(5,856)	-	-	**449**
Home buy & easy buy loan redemptions	72	-	-	-	**72**	-	-	-	-	**-**
Other	897	-	-	-	**897**	785	-	(447)	-	**338**
Surplus on sale of fixed assets	-	-	-	23,289	**23,289**	-	-	-	12,059	**12,059**
	1,446	(472)	(2,478)	23,289	**21,785**	7,090	(5,856)	(790)	12,059	**12,503**
Non-social housing Activities										
Commercial rent & development fees	283	-	(10)	-	**273**	250	-	35	-	**215**
Market rent	23	-	3	-	**26**	15	-	(1)	-	**16**
Movement in fair value of investment properties	-	-	-	(60)	**(60)**	-	-	-	261	**261**
	306	-	(7)	(60)	**239**	265	-	(34)	261	**492**
	55,907	**(472)**	**(46,410)**	**23,229**	**32,254**	**59,417**	**(5,856)**	**(41,662)**	**12,320**	**24,219**

4. Income & expenditure from social housing lettings - Group and Association

	General needs	Shared ownership	Supported housing	Key worker and intermediate	2023 Total	General needs	Shared ownership	Supported housing	Key worker and intermediate	2022 Total
	£'000	£'000	£'000	£'000	**£'000**	£'000	£'000	£'000	£'000	**£'000**
Turnover from Social Housing Lettings										
Rents receivable net of identifiable service charges	40,078	4,068	1,001	513	**45,660**	37,823	3,684	1,822	598	**43,927**
Service charges receivable	2,837	1,928	251	33	**5,049**	2,791	1,459	388	17	**4,655**
Amortisation of deferred grants	3,244	195	7	-	**3,446**	3,270	203	7	-	**3,480**
	46,159	6,191	1,259	546	**54,155**	43,884	5,346	2,217	615	**52,062**
Expenditure Social Housing Lettings										
Management	13,654	1,558	334	141	**15,687**	12,498	1,298	641	144	**14,581**
Service charge costs	3,854	1,499	360	26	**5,739**	3,894	1,373	263	27	**5,557**
Responsive maintenance	7,156	79	174	1	**7,410**	7,671	-	11	-	**7,682**
Major repairs	3,743	1,142	76	5	**4,966**	3,246	(75)	14	-	**3,185**
Cyclical repairs	579	625	-	-	**1,204**	2,081	60	-	-	**2,141**
Rent losses from bad debts	(215)	47	(57)	(1)	**(226)**	(410)	(43)	(59)	(5)	**(517)**
Depreciation of housing properties	9,093	-	18	34	**9,145**	8191	-	18	-	**8,209**
	37,864	4,950	905	206	**43,925**	37,171	2,613	888	166	**40,838**
Operating surplus on social housing letting activities	8,295	1,241	354	340	**10,230**	6,713	2,733	1,329	449	**11,224**
Void losses (included in the above)	513	-	165	59	**737**	313	71	82	14	**480**

5. Surplus on sale of fixed assets

	Group				
				2023	2022
	Shared ownership	Right to acquire	Other disposals	Total	Total
	£'000	£'000	£'000	£'000	£'000
Proceeds of sale	3,660	1,770	25,659	31,089	17,690
Cost of sales – fixed assets	(2,025)	(894)	(4,881)	(7,800)	(5,631)
Surplus for the year	1,635	876	20,778	23,289	12,059

	Association				
				2023	2022
	Shared ownership	Right to acquire	Other disposals	Total	Total
	£'000	£'000	£'000	£'000	£'000
Proceeds of sale	3,660	1,770	25,659	31,089	17,690
Cost of sales – fixed Assets	(2,025)	(894)	(4,881)	(7,800)	(5,631)
Surplus for the year	1,635	876	20,778	23,289	12,059

6 Interest receivable & Other Income

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Bank interest receivable	909	68	909	68
	909	68	909	68

7 Interest payable

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Bank loans and other loans repayable:	956	2,173	956	2,173
Wholly or partly repayable in less than 5 years	11,815	8,266	11,815	8,266
Wholly or partly repayable in more than 5 years	12,771	10,439	12,771	10,439
Net interest payable on interest rate swaps	1,593	3,843	1,593	3,843
Less: Interest capitalised	(406)	(699)	(406)	(699)
	13,958	13,583	13,958	13,583
Interest payable to subsidiary undertakings	-	-	-	18
Recycled capital grant Fund	216	14	216	14
Pension interest	102	110	102	110
	14,276	13,707	14,276	13,725
Other financing costs through other comprehensive income				
Changes in fair value of hedged financial instruments	14,846	9,386	14,846	9,386

8 Directors emoluments

The remuneration paid to the Board of Management, the Chief executive and any officer who is a member of the executive management team is as follows:

	2023 **£'000**	2022 £'000
Total emoluments paid to the Board of Management	**85**	73
Total emoluments paid to the Directors, including interim directors (including pension contribution)	**868**	704
Emoluments of the Chief Executive (excluding pension contribution)	**169**	163

As a member of the Social Housing Pension Scheme (SHPS), the pension entitlement of the Chief Executive is identical to those of other members.

The total payments & accruals made to Campbell Tickell for the services of Interim Director of Maintenance from 1 April 2022 to 31 March 2023 were £60k.

Non-Executive Board members were paid as follows:

	2023 **£**	2022 £
Ian Green	**-**	6,696
Ashley Horsey **	**7,388**	8,066
Alfons Dankis	**-**	4,033
Teresa Ocansey **	**4,290**	5,720
Asif Ghafoor	**-**	2,860
Andrew McWilliams	**8,759**	5,720
Joanna Hills	**5,720**	5,720
James Pennington	**8,645**	5,720
Valerie Vaughan-Dick	**13,104**	13,104
Stephen Dickinson	**5,720**	3,019
Paul Phillips	**8,060**	4,260
Moorad Choudhry	**5,720**	2,882
Zoe Shaw	**8,336**	2,882
Denise Fowler	**-**	2,124
John Baldwin	**5,720**	-
Julie Blair *	**2,015**	-
Justin Gyphion *	**1,430**	-
	84,957	72,806

*Appointed during the year.
**Resigned during the year.

Expenses paid to the Board of Management for reimbursement of travel £499 (2022: £1,129).

9 Employees' information

	2023 **Number**	2022 Number
The average number of employees expressed in full time equivalents during the year was:	**185**	173
	£'000	£'000
Staff costs (for the above persons):		
Wages and salaries	**8.638**	7,572
Social security costs	**874**	736
Pension costs	**299**	250
	9,811	8,558

Salary banding for all management and other employees earning over £60,000 (including salaries, performance related pay and benefits in kind, but excluding pension contributions paid by the employer and any termination payments), including those who form the Executive Management and Senior Management Teams are as follows;

Salary Bands	**2023** **Number**	2022 Number
£60,001 to £70,000	**8**	6
£70,001 to £80,000	**2**	4
£80,001 to £90,000	**4**	2
£90,001 to £100,000	**2**	3
£100,001 to £110,000	**1**	-
£130,001 to £140,000	**1**	3
£140,001 to £150,000	**2**	-
£160,001 to £170,000	**1**	1

10 Surplus on ordinary activities before tax

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
The surplus is stated after charging/(crediting) the following:				
Depreciation of housing properties	**7,905**	7,811	**7,905**	7,811
Depreciation of other tangible fixed assets	**82**	178	**82**	178
Accelerated depreciation on components	**1,240**	398	**1,240**	398
Amortisation of software	**691**	615	**691**	615
Impairment of properties developed for sale	**2,130**	216	**2,130**	216
Office lease charges	**629**	633	**629**	633
Amortisation of deferred capital grants	**(3,447)**	(3,480)	**(3,447)**	(3,480)
Auditors' remuneration (excluding VAT & expenses)				
In their capacity as auditors (current auditors)	**86**	-	**75**	-
In respect of other services (current auditors)	**15**	-	**15**	-
In their capacity as auditors (previous auditors)	**-**	81	**-**	81
In respect of other services (previous auditors)	**-**	26	**-**	26

The 2023 impairment charge of £2,130,000 (2022: £216,000) relates to housing stock to be sold as First tranche sales.

11 Tax on surplus on ordinary activities

The parent association is an exempt charitable registered provider of social housing and no charge to corporation tax arises on its results for the year. No charge to taxation arises on the results of the subsidiary undertakings, Delta Homes Limited and Ravensbourne Development Limited as all profits are paid across to the parent via gift aid.

12 Intangible assets

Group and Association

	Housing business systems £'000
Cost	
At 1 April 2022	**3,489**
Additions	**212**
At 31 March 2023	**3,701**
Amortisation	
At 1 April 2022	**679**
Charge for the year	**691**
At 31 March 2023	**1,370**
Net Book Value	
At 31 March 2023	**2,331**
At 31 March 2022	2,810

Intangible assets include the building and implementation costs of the Stream project. Wandle is building a new housing data base and CRM system using a Dynamics platform as well as the implementation of a replacement rent system and updated accounting system.

The full building and implementation costs of the programme will be capitalised up until the system is fully completed. Costs will then be amortised over a 5-year period, in line with the initial planned useful life of the project.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13 Tangible fixed assets - Housing properties – Group

	General needs housing properties for letting	Supported housing properties for letting	Shared ownership housing properties	Key worker and intermediate rent properties for letting	Completed Subtotal completed housing properties
	£'000	£'000	£'000	£'000	**£'000**
Cost:					
At 1 April 2022	**792,100**	**1,230**	**127,794**	**10,093**	**931,217**
Additions – properties constructed	-	-	-	-	**-**
Additions – works to existing properties	4,810	-	-	-	**4,810**
Disposals:					
- Shared ownership subsequent tranches	-	-	(2,436)	-	**(2,436)**
- Properties for lettings	(4,567)	-	-	-	**(4,567)**
- Components	(1,862)	-	-	-	**(1,862)**
-Other (Right to acquire)	(926)	-	-	-	**(926)**
At 31 March 2023	**789,555**	**1,230**	**125,358**	**10,093**	**926,236**
Depreciation:					
At 1 April 2022	95,757	176	-	727	**96,660**
Charge for the year	7,849	18	-	38	**7,905**
Disposals - components	(622)	-	-	-	**(622)**
Disposals - voids	(797)	-	-	-	**(797)**
At 31 March 2023	**102,187**	**194**	**-**	**765**	**103,146**
Net book value:					
At 31 March 2023	**687,368**	**1,036**	**125,358**	**9,328**	**823,090**
At 31 March 2022	696,343	1,054	127,794	9,366	834,557

		Under Construction	
Shared ownership housing properties	Key worker and intermediate rent properties	Subtotal housing properties under construction	Total
£'000	£'000	**£'000**	**£'000**
8,318	**6,310**	**14,628**	**945,845**
8,967	-	**8,967**	**8,967**
-	-	**-**	**4,810**
-	-	**-**	**(2,436)**
-	-	**-**	**(4,567)**
-	-	**-**	**(1,862)**
-	-	**-**	**(926)**
17,285	**6,310**	**23,595**	**949,831**
-	-	**-**	**96,660**
-	-	**-**	**7,905**
-	-	**-**	**(622)**
-	-	**-**	**(797)**
-	**-**	**-**	**103,146**
17,285	**6,310**	**23,595**	**846,685**
8,318	6,310	14,628	849,185

13 Tangible fixed assets - Housing properties – Association

	General needs housing properties for letting	Supported housing properties for letting	Shared ownership housing properties	Key worker and intermediate rent properties for letting	Completed Subtotal completed housing properties
	£'000	£'000	£'000	**£'000**	**£'000**
Cost:					
At 1 April 2022	**796,488**	**1,230**	**126,007**	**10,093**	**933,818**
Additions – properties constructed	-	-	-	**-**	**-**
Additions – works to existing properties	4,810	-	-	-	**4,810**
Disposals:					
- Shared ownership subsequent tranches	-	-	(2,436)	-	**(2,436)**
- Properties for lettings	(4,567)	-	-	-	**(4,567)**
- Components	(1,862)	-	-	-	**(1,862)**
- Other (Right to acquire)	(926)	-	-	-	**(926)**
At 31 March 2023	**793,943**	**1,230**	**123,571**	**10,093**	**928,837**
Depreciation:					
At 1 April 2022	**95,756**	**177**	**-**	**727**	**96,660**
Charge for the year	7,849	18	-	38	**7,905**
Disposals - components	(622)	-	-	-	**(622)**
Disposals - voids	(797)	-	-	-	**(797)**
At 31 March 2023	**102,186**	**195**	**-**	**765**	**103,146**
Net book value:					
At 31 March 2023	**691,757**	**1,035**	**123,571**	**9,328**	**825,691**
At 31 March 2022	700,732	1,053	126,007	9,366	837,158

Shared ownership housing properties	Key worker and intermediate rent properties	Under Construction Subtotal housing properties under construction	Total
£'000	£'000	**£'000**	£'000
13,987	**6,310**	**20,297**	**954,115**
9,012	-	**9,012**	**9,012**
-	-	**-**	**4,810**
-	-	**-**	**(2,436)**
-	-	**-**	**(4,567)**
-	-	**-**	**(1,862)**
-	-	**-**	**(926)**
22,999	**6,310**	**29,309**	**958,146**
-	**-**	**-**	**96,660**
-	-	**-**	**7,905**
-	-	**-**	**(622)**
-	-	**-**	**(797)**
-	**-**	**-**	**103,146**
22,999	**6,310**	**29,309**	**855,000**
13,987	6,310	20,297	857,455

13 Tangible fixed assets (continued)

The net book value of completed housing properties which excludes work in progress and land purchased for future development comprises:	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Freeholds	**704,189**	715,613	**706,790**	718,214
Long leaseholds	**118,901**	118,944	**118,901**	118,944
	823,090	834,557	**825,691**	837,158

£349 million is pledged as security from Tangible fixed assets (2022: £331 million). Security pledged is defined using the definition for existing use value social housing valuation method.

Major repairs capitalised/expensed:	2023 £'000	2022 £'000
Major repairs capitalised - doors, external envelope works, rewiring	**1,061**	2,256
Major repairs capitalised - all other categories	**3,749**	3,746
	4,810	6,002
Major repairs expensed (including cyclical repairs)	**6,170**	5,326
	10,980	11,328

Capitalised interest: Group and Association	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Capitalised interest	**18,265**	17,859	**18,265**	17,859

Capitalised interest - Additions to housing properties during the year included capitalised interest of £0.406 million (2022: £0.699million). The capitalisation rate used was 4.3% (2022: 4.3%).

14 Tangible fixed assets

	Office equipment £'000	Computer equipment £'000	Total £'000
Cost			
At 1 April 2022	40	463	503
Additions	499	54	553
At 31 March 2023	**539**	**517**	**1,056**
Depreciation			
At 1 April 2022	21	339	360
Charge for the year	5	77	82
At 31 March 2023	**26**	**416**	**442**
Net book value			
At 31 March 2023	**513**	**101**	**614**
At 31 March 2022	19	124	143

15 Investment properties

	Group and Association 2023 £'000	2022 £'000
Commercial and market rent properties at fair value		
At 1 April	**7,570**	7,360
Transfer to stock for sale	**(1,250)**	-
(Decrease)/Increase in fair value	**(60)**	210
At 31 March	**6,260**	7,570

The investment properties are the commercial element of the office building, a small portfolio of shops and a care home. These were valued at 31 March 2023 by Paul Tarrant MRICS, Director and RICS Registered Valuer and David Nesbit MRICS, professional external valuers. The full valuation of properties was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors.

In terms of the commercial assets, the valuation adopted a rent capitalisation methodology (i.e. rent and yield approach) coupled with an assessment of what an owner-occupier might pay on a £ per sq ft basis, to arrive at an opinion of values. This is in reference to respective rental and capital market value data / sentiment. The valuers have obtained yield, capital value and rental data from commercial agents, auction sale data and commercial property data bases.

In respect of rental values, the valuation used the floor areas provided to ascertain whether the passing rent is rack rented, overrented or reversionary. JLL have applied our research on rental values to the subject properties. The yields we have adopted are bespoke to each individual commercial property.

16 Investment in subsidiary undertakings

The Association has interest in the following group entities:

Name	Incorporation Country	Nature of business	Interest
Ravensbourne Developments Limited (company limited by shares)	United Kingdom	Property Sales	100% ordinary shares
Delta Homes Limited (company limited by shares)	United Kingdom	Property Development	100% ordinary shares
Unitworthy Property Management Limited (company limited by shares)	United Kingdom	Service Charge Management	87% ordinary shares

17 Investments & MOR homes finance loans

	Group and Association 2023 £'000	2022 £'000
Finance Investment Loans		
At 1 April	**421**	404
Redemptions	**(87)**	-
Movement in fair value	**1**	17
At 31 March	**335**	421
Of which non-current assets:		
Easybuy finance loans	**115**	201
MORHomes Equity Investment	**220**	220
	335	421

Assumptions

	2023	2022
Discount rate, incorporating the default rate	**10.5%**	10.5%
Housing Price Inflation, for the next three years	**3.0%**	3.0%
Timing of receipt	**8 to 15 years**	8 to 15 years

18 Investments – Home buy loans

	Group and Association 2023 £'000	2022 £'000
Homebuy Loans		
At 1 April	**1,782**	1,782
Loans redeemed	**(38)**	-
At 31 March	**1,744**	1,782

19 Properties for sale

First tranche shared ownership	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Completed	**1,792**	439	**1,792**	439
In progress	**5,162**	4,885	**5,162**	4,885
	6,954	5,324	**6,954**	5,324

The amount of capitalised interest included in the stock values for the Group and Association at 31 March 2023 is £0.166 million (2022: £0.121 million).

20 Debtors

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Arrears of rent and service charges	**4,116**	4,014	**4,116**	4,014
Less: provision for bad debts	**(1,985)**	(2,678)	**(1,985)**	(2,678)
Net rents and service charges	**2,131**	1,336	**2,131**	1,336
Other debtors	**1,572**	2,996	**1,411**	2,996
Amounts owed from Group undertakings	**-**	-	**28**	-
Prepayments and accrued income	**1,557**	1,573	**1,557**	1,573
	5,260	5,905	**5,127**	5,905

Amounts due from subsidiary undertakings are on normal commercial terms with interest receivable shown in Note 6 to the financial statements.

21 Cash at bank and equivalents

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Cash and equivalents	**75,098**	54,421	**75,074**	54,414

Wandle has pledged financial assets as collateral for loans, in the form of funds held on deposit with lenders. The carrying amount of the assets pledged is £1,916,551 (2022: £1,916,551) and has been reported within total cash and cash equivalents for Wandle, as per note 21. The terms and conditions of the collateral or funds pledged are in line with the terms of the loan agreement with Affordable Homes Finance PLC (AHF) and are held in an interest-bearing deposit account as a guarantee for the loan. These funds are held under a trust arrangement and will remain pledged to AHF until the loan matures in 2043.

22 Creditors and amounts falling due within one year

	Group		Association	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Bank overdraft	**-**	13	**-**	-
Housing and bank loans (note 27)	**4,335**	5,756	**4,335**	5,756
Trade creditors	**248**	785	**248**	785
Recycled capital grant fund (note 24)	**2,596**	1,880	**2,596**	1,880
Deferred capital grants (note 25)	**3,480**	3,480	**3,480**	3,480
Rents received in advance	**2,154**	2,705	**2,154**	2,705
Other taxes and social security costs	**368**	327	**368**	327
Other creditors	**806**	731	**806**	731
Accruals and deferred income	**6,045**	6,788	**5,955**	6,279
Amounts owed to Group undertakings	**-**	-	**-**	694
Residents sinking fund	**3,819**	4,038	**3,819**	4,038
	23,851	26,503	**23,761**	26,675

23 Creditors and amounts falling due after one year

	Group and Association 2023 £'000	2022 £'000
Housing and bank loans (note 27)	**323,178**	311,253
Capitalised loan fees	**(1,278)**	(1,458)
Cash flow hedges (note 28)	**3,013)**	30,200
Grant in respect of Homebuy loans	**1,782**	1,782
Recycled capital grant fund (note 24)	**7,113**	5,547
Deferred capital grant (note 25)	**362,237**	366,840
	696,045	714,164

24 Recycled capital grant fund (RCGF)

	Group and Association 2023 £'000	2022 £'000
Opening balance at 1 April	**7,427**	7,823
Balance from Disposal proceeds fund	**-**	286
Grant recycled on sales	**3,621**	2,392
Utilisation of grant	**(1,555)**	(376)
Repayment of Social Housing Grant to Greater London Authority	**-**	(2,712)
Interest	**216**	14
Closing balance at 31 March	**9,709**	7,427
Amount repayable within one year	**2,596**	1,880
Amount repayable after one year	**7,113**	5,547
	9,709	7,427

25 Deferred capital grant (DCG)

	Group and Association Completed £'000	Under Construction £'000	**Total £'000**
At 1 April 2022	432,700	2,794	**435,494**
Additions	-	1,763	**1,763**
Disposals	(3,621)	-	**(3,621)**
At 31 March 2023	**429,079**	**4,557**	**433,636**
Amortisation			
At 1 April 2022	(65,174)	-	**(65,174)**
Amortised during the year	(3,447)	-	**(3,447)**
Disposals	702	-	**702**
At 31 March 2023	**(67,919)**	**-**	**(67,919)**
Book value			
At 31 March 2023	**361,160**	**4,557**	**365,717**
At 1 April 2022	367,526	2,794	370,320

Grant	**2023 £'000**	2022 £'000
Amount to be amortised within one year	**3,447**	3,480
Amount to be amortised after one year	**362,270**	366,840
	365,717	370,320
Total social housing grant receivable to date		
Social housing grant and other capital grants	**433,636**	435,494
Cumulative amount credited to Statement of comprehensive income in prior years relating to major repairs revenue grants	**7,396**	7,396
	441,032	442,890

26 Financial instruments

Financial risk management objectives and policies

The Group's activities expose it to several financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

Cash flow risk

The Group's activities expose it primarily to the financial risks of changes in interest rates. The Group uses interest rate swap contracts to hedge these exposures.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the Statement of accounting policies (note 1).

The carrying values of the Group and Company's financial assets and liabilities are summarised by category below:

	Group		Association	
	2023 **£'000**	2022 £'000	**2023** **£'000**	**2022** **£'000**
Financial assets				
Measured at fair value (present values of future expected cash redemptions)				
- Total value of loans (note 17)	**335**	421	**335**	421
	335	421	**335**	421
Financial liabilities				
Measured at fair value and designated in an effective hedging relationship Derivative financial liabilities (note 28)	**1,273**	16,119	**1,273**	16,119
Measured at fair value and designated in an ineffective non-hedging relationship				
- Derivative financial liabilities	**1,740**	14,081	**1,740**	14,081
	3,013	30,200	**3,013**	30,200

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	Group		Association	
	2023 **£'000**	2022 £'000	**2023** **£'000**	2022 £'000
Interest income and expense				
Total net interest expense for financial liabilities at amortised cost	**13,049**	13,515	**13,049**	13,515
Fair value gains				
On derivative financial liabilities designated in an effective hedging relationship	**14,846**	9,386	**14,846**	9,386
On derivative financial liabilities designated in an ineffective non-hedging relationship	**5,593**	1,225	**5,593**	1,225
	20,439	10,611	**20,439**	10,611

27 Housing and bank loans

Repayment profile of financial liabilities

2023	**Group and Association**		
	Payable by instalment £'000	**Payable on maturity £'000**	**2023 Total £'000**
Less than one year	**4,335**	**-**	**4,335**
One to five years	**23,931**	**23,500**	**47,431**
More than five years	**85,039**	**187,918**	**272,957**
Total	**113,305**	**211,418**	**324,723**

2022	**Group and Association**		
	Payable by instalment £'000	Payable on maturity £'000	2022 Total £'000
Less than one year	5,756	-	5,756
One to five years	23,609	15,000	38,609
More than five years	112,747	155,470	268,217
Total	142,112	170,470	312,582

28 Cash flow hedges

To hedge the potential volatility in future interest cash flows arising from movements in LIBOR, the Group has entered floating to fixed interest rate swaps. These interest rate swaps have similar terms (nominal value, repricing dates and repayment dates) to the variable loans that they are an economic hedge against.

The change in fair value has been wholly recognised, with fully effective instruments reflected under hedge accounting in Other Comprehensive Income (OCI) to the Hedge Reserve and the other ineffective instruments reported through the Statement of comprehensive income.

Group and Association	**2023 £'000**	2022 £'000
Nominal Values		
Interest rate swap paying fixed 4.23% maturing in November 2031	**5,000**	5,000
Interest rate swap paying fixed 4.23% maturing in November 2031	**10,000**	10,000
Interest rate swap paying fixed 4.74% maturing in May 2035	**11,000**	11,000
Interest rate swap paying fixed 4.09% maturing in November 2036	**20,000**	20,000
Interest rate swap paying fixed 4.84% maturing in May 2037	**10,000**	10,000
Interest rate swap paying fixed 4.99% maturing in August 2037	**10,000**	10,000
Interest rate swap paying fixed 4.86% maturing in September 2037	**20,000**	20,000
	86,000	86,000

Group and Association	**2023 £'000**	2022 £'000
Cash Flow Hedges at Fair Value		
Value of interest rate swap contracts, with effective hedging	**1,273**	16,119
Value of interest rate swap contracts, with ineffective hedging	**1,740**	14,081
	3,013	30,200

Repayment profile of cash flow hedges Average contract fixed interest rate	**2023 £'000**	2022 £'000
Less than one year	**-**	-
Between two and five years	**-**	-
More than five years	**3.83%**	4.64%
Total	**3.83%**	4.64%

Repayment profile of cash flow hedges

	Notional principal value		**Fair value**	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Less than one year	**-**	-	**-**	-
Between two and five years	**-**	-	**-**	-
More than five years	**86,000**	86,000	**3,013**	30,200
Total	**86,000**	86,000	**3,013**	30,200

29 Pension scheme

The Association participates in the Scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with the documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out at 30 September 2020. This valuation revealed a deficit of 1,560 million. A recovery plan has been put in place with the aim of removing this deficit by 30 September 2026.

The Scheme is classified as a “last man standing arrangement”. Therefore, the Association is potentially liable for other participating employers’ obligations if those employers are unable to meet their share of the Scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

	2023 £’000
Reconciliation of present value of plan liabilities	
At the beginning of the year	**29,566**
Expenses	**16**
Interest expense	**818**
Actuarial losses (gains) due to scheme experience	**397**
Actuarial losses (gains) due to changes in demographic assumptions	**(49)**
Actuarial losses (gains) due to changes in financial assumptions	**(8,539)**
Benefits paid	**(495)**
At the end of the year	**21,714**
Composition of plan liabilities	
Schemes wholly or partly funded	**21,714**
Reconciliation of fair value of plan assets	
At the beginning of the year	**25,669**
Interest income on plan assets	**721**
Experience on plan assets (excluding amounts included in interest income) - gain	**(9,021)**
Contributions by employer	**857**
Benefits paid and expenses	**(495)**
At the end of the year	**17,731**

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2023 was £8.3 million (2022: £700,000).

Group and Association	**2023 £’000**	2022 £’000
Composition of plan assets		
Global Equity	**331**	4,926
Absolute Return	**192**	1,030
Distressed Opportunities	**537**	919
Credit Relative Value	**669**	853
Alternative Risk Premia	**33**	847
Fund of Hedge Funds	**-**	-
Emerging Markets Debt	**95**	747
Risk Sharing	**1,305**	845
Insurance-Linked Securities	**448**	598
Property	**763**	693
Infrastructure	**2,025**	1,829
Private Debt	**789**	658
Opportunistic Illiquid Credit	**759**	862
High Yield	**62**	221
Opportunistic Credit	**1**	91
Cash	**128**	87
Corporate Bond Fund	**-**	1,712
Liquid Credit	**-**	-
Long Lease Property	**535**	661
Secured Income	**814**	956
Index Linked All Stock GIlts	**1,003**	-
Liability Driven Investment	**7,137**	7,163
Currency Hedging	**(100)**	(100)
Net Current Assets	**71**	71
Total plan Assets	**17,597**	25,669
Actual return on plan assets	**-32.33%**	2.81%

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

	2023 %	2022 %
Principal actuarial assumptions used at the balance sheet date		
Discount Rate	**4.87**	2.79
Inflation (RPI)	**3.19**	3.59
Inflation (CPI)	**2.75**	3.20
Salary Growth	**3.75**	4.20
Allowance for commutation of pension for cash at retirement	**75%**	75%

	Life expectancy at age 65 (Years)
The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:	
Male retiring in 2023	**21.0**
Female retiring in 2023	**23.4**
Male retiring in 2043	**22.2**
Female retiring in 2043	**24.9**

	2023 £'000	2022 £'000
Fair value of plan assets	**17,597**	25,769
Present value of plan liabilities	**(21,714)**	(29,566)
Net pension scheme liability	**(4,117)**	(3,797)

	2023 £'000	2022 £'000
Net interest cost and expenses	**(113)**	(126)
Analysis of actuarial loss recognised in Other Comprehensive Income:		
Actual return less interest income included in net interest income		
Experience on plan assets (excluding amounts included in net interest cost) – (loss) / gain	**(9,021)**	159
Experience gains and losses arising on the plan liabilities – (loss)	**(397)**	(1,801)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain	**49**	461
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	**8,539**	2,088
Opening balance adjustment	**(5)**	(4)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – (loss) / gain	**(835)**	903
Total amount recognised in other comprehensive income – (loss) / gain	**(835)**	903

30 Provisions for liabilities and charges

	Group and Association 2023 £'000	2022 £'000
Fire safety remediation provision	**2,029**	1,289
Roof repair remediation provision	**-**	403
At 31 March	**2,029**	1,692

See note 2 - Judgements in applying accounting policies and key sources of estimation uncertainty for further information.

31 Non-equity share capital

Each member of the Board of Management holds one share of £1 in the Association.

	2023 £	2022 £
Allotted, issued and fully paid:		
At start of year	**10**	11
Issued during the year	**3**	5
Written off in the year	**(2)**	(6)
At the end of the year	**11**	10

The shares have limited rights. They carry no entitlement to dividend. They are not repayable and do not participate in winding up.

32 Notes to cashflow statement

	Group 2023 £'000	2022 £'000
Surplus for year	**24,057**	11,805
Interest payable and similar charges	**14,276**	13,707
Interest receivable	**(909)**	(68)
Investment income	**60**	(261)
Change in fair value of hedging instruments	**(5,170)**	(1,225)
Operating surplus	**32,314**	23,958
Cost of properties disposed	**8,665**	6,621
Depreciation (housing & other fixed assets)	**9,227**	8,387
Write down on properties for sale	**2,130**	216
Change in grants	**(2,321)**	(5,590)
Change in pensions liability	**86**	(1,577)
Change in debtors	**645**	(609)
Change in properties for sale	**(1,630)**	5,680
Change in creditors	**(19,325)**	532
Change in investments	**1,434**	(227)
Net cash inflow from operating activities	**31,425**	37,391

33 Homes under management and development

	2022 Number	New homes	Disposals	Tenure transfer	2023 Number
General needs housing					
- Social	**5,055**	23	(53)	53	**5,078**
- Affordable	**623**	-	-	11	**634**
Low-cost home ownership	**793**	10	-	(19)	**784**
Supported housing and housing for older people					
- Social	**141**	-	-	(49)	**92**
- Affordable	**31**	-	-	(15)	**16**
Intermediate Rent	**19**	-	-	50	**69**
Key worker accommodation	**50**	-	-	(50)	**-**
Total social housing homes	**6,712**	33	(53)	(19)	**6,673**
Market rent	**4**	-	-	-	**4**
Leasehold units	**529**	-	-	19	**548**
Commercial & offices	**27**	-	-	-	**27**
Garages	**8**	-	-	-	**8**
Other	**1**	-	-	-	**1**
Total owned	**7,281**	33	(53)	-	**7,261**
Accommodation managed for others	**4**				**4**
Total managed accommodation	**7,285**	33	(53)	-	**7,265**
Units managed by other organisations	**222**	-	-	-	**222**
Total owned and managed accommodation	**7,507**	33	(53)	-	**7,487**
Total homes owned and under development	**125**	21	-	-	**146**

34 Related party transactions

Board members who are tenants have the same tenancy terms and conditions and pay the same rent as other tenants who are not Board members. Rent charged for 2023 was £4,316 (2022: £4,095). There was no outstanding balance as at 31 March 2023 (2022: nil).

There were no season ticket loans to executive officers. When a season ticket loan is taken, the terms and interest rate is the same as that available to staff.

Other related Transactions:

During the year the Association purchased construction services in the ordinary course of business from Delta Homes Limited a subsidiary, at a

35 Capital commitments

	2023 £'000	2022 £'000
Expenditure contracted for but not provided for in the financial statements	**5,277**	1,761
Expenditure authorised by the board but not contracted for	**53,865**	47,445
Total	**59,142**	49,206
To be funded by:		
Cash and current undrawn committed facilities	**59,142**	49,206
	59,142	49,206

36 Financial commitments

Total minimum lease commitments under non-cancellable operating leases are as follows:

		2023		**2022**
	£'000	**£'000**	£'000	£'000
	Buildings	**Other**	Buildings	Other
Less than 1 year	**333**	**-**	682	-
Between 1 and 5 years	**1,334**	**-**	1,594	-
Greater than 5 years	**584**	**-**	1,096	-
	2,251	**-**	3,372	-

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