Family Housing Association
(Birkenhead & Wirral) Limited

Financial Statements

31 December 2022

Family Housing Association (Birkenhead & Wirral) Limited

Information

for the year ended 31 December 2022

The Association is:
A Registered Provider (Regulator of Social Housing No. L1236)
A Registered Friendly Society (No. 18542R)
Incorporated under the Co-operative and Community Benefit Societies Act 2014
The Association enjoys charitable status with HM Revenue & Customs

Address	Marcus House Marcus Street Birkenhead Wirral, CH41 3NY	
Board Members	R Roberts (Chairman) S Morris (Vice-Chairman) A Lewis A Gaskell J Hughes	P Carter R Pasha (Appointed 16/06/2022) L Parr (Resigned 26/4/2022) G Dennett (Resigned 14/02/2023)
Key Management	N Moffatt (Chief Executive) M French (Operations Director and Deputy Chief Executive) L Milns (Finance Director)	
Bankers	The Royal Bank of Scotland plc Liverpool Group of Branches 1 Dale Street Liverpool, L2 2PP	Nationwide Building Society Kings Park Road Moulton Park Northampton NN3 6NW
Accountants	Hailwood & Co 392 - 394 Hoylake Road Moreton Wirral, CH46 6DF	
Solicitors	Brabners LLP Horton House Exchange Flags Liverpool, L2 3YL	
External Auditors	DSG Castle Chambers 43 Castle Street Liverpool, L2 9TL	
Internal Auditors	Harvey Guinan LLP Unit 17, Mersey House Match Works Estate Liverpool L19 2PH	

Family Housing Association (Birkenhead & Wirral) Limited

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for the year ended 31 December 2022

Family Housing Association (Birkenhead & Wirral) Limited

Board Report for the year ended 31 December 2022

Principal Activity

The principal activity of the Association during the year remained the provision of social housing in the Birkenhead and Wirral areas.

Review of Operations

Family Housing Association has a Planned Maintenance Programme to ensure that its stock continues to meet the Decent Homes Standard. During 2022 the Association capitalised £414,087 in respect of replacing kitchens, bathrooms, boilers, insulation, safety flooring, plumbing installations, showers and other various components. In addition, approximately £276,000 was spent on planned and major repair work. During the year, the 2021 Planned Maintenance Programme continued after covid related delays, with most of the work being completed by the year end. The 2022 Planned Maintenance Programme started on site in July for the general contract, and in October for the external decorating contract, the remainder of works for both will fall into the early part of 2023. The 2023 surveys will be carried out by a newly appointed company of external specialist surveyors, who are expected to start surveys in spring 2023. Cyclical surveys have meant 20% of the stock has been inspected and works scheduled which includes works to kitchens, bathrooms, general improvements, and exterior painting. There is also a continued boiler replacement programme to upgrade our oldest, least efficient boilers.

The Association acquired six properties during the year costing £708,520. During late 2021 a property was purchased needing refurbishment, this was completed in the early part of 2022 costing £22,225. The total cost of the property including the acquisition in 2021 was £111,922. The piece of land in Wallasey, which was acquired in 2021 ready for development, has had some minimal expenditure on professional fees including a survey on the land condition. The plan is to build three new units when the economy is more stable, and the costs have been fully assessed. This will be funded from cash reserves. The aim is to continue investing into areas that complement our existing housing stock as and when they become available. There were no property disposals during the year. All our homes, including those in low demand areas, continue to generate a surplus.

The Association has allocated £256,000 in 2023 towards development once inflation starts to fall, and the 2023 planned maintenance tender prices have been considered. The intention is to set this money aside towards the development of three new homes for Social Rents on the piece of land acquired in Wallasey.

Family Housing Association continues to strive to offer an exceptional level of service to our tenants. We carry out an independently verified Tenant Satisfaction Survey every three years. The results of the last survey were reported in 2022 and found an overall satisfaction level of 92.6%. This was the highest satisfaction rating achieved by any of the 210 Housing Association's surveyed by TLF Research, the independent specialist research company who undertook the survey, making Family Housing Association one of the top performers in the country. Family Housing Association achieved the highest scores nationally for complaint handling; listening to tenants' views and acting on them; dealing with repairs & maintenance; dealing with queries and treating tenants with fairness and respect. Despite these exceptional results, we continue to strive to improve as we work to exceed the NHF Together with Tenants involvement standards and will also consider ways in which to obtain tenant satisfaction feedback on a more regular routine cycle.

Family Housing Association (Birkenhead & Wirral) Limited

Board Report for the year ended 31 December 2022

Review of Operations (continued)

The economic challenges faced by Family Housing Association and its tenants has generated significant additional workload as we aim to support tenants facing the perfect storm of high inflation, reduced real terms income, exceptionally high energy costs combined with the continued migration of tenants onto Universal Credit. Family Housing Association is working hard to support tenants and has increased its welfare budget and stepped-up referrals for expert advice and support for tenants. Some of our tenants have been unable to afford to heat their homes and where we have become aware of this, we have offered winter warm packs and referred them for fuel vouchers. Rent arrears have remained relatively stable throughout the year but the pressure on tenants' finances is clear as the numbers of tenants with lower-level arrears is steadily increasing, many of which are tenants with no previous history of rent arrears.

Operationally, Family Housing Association has seen a significant increase in the cost of labour and materials with a number of contractors implementing increases in their charges. Inflationary costs in the construction sector have been estimated at 12% and with rent increases limited to 7%, so Family Housing Association is expecting this to impact on our surplus in the years ahead. The Board took the decision to pause development during the first half of 2023 to allow the time to better understand economic trends.

Pension Schemes

Family Housing Association continues to participate in the Social Housing Pension Scheme (SHPS), a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

During the year, there was an actuarial loss on the defined benefit scheme amounting to £84,000 (2021: Gain £210,000). The most recent Triennial Valuation of September 2020, resulted in increased deficit payments which took effect from 1st April 2022 and continue until 31st March 2028, there was also an increase in future contribution rates.

All staff in the defined benefit scheme chose to transfer into the defined contribution scheme from 1st April 2022, rather than paying the increased contribution levels, meaning that there will no longer be any active members in the defined benefit scheme. The defined benefit schemes were closed following on from this.

The Association continues to offer a defined contribution scheme for new and existing members, offering an attractive employer contribution of 11% from 1st April 2022 (previously 9%). A new defined contribution scheme was set up for any new staff who join the Association after 1st April 2022 with an employer contribution of 10%.

Family Housing Association (Birkenhead & Wirral) Limited

Board Report for the year ended 31 December 2022

Financial Review and Reserves

The total comprehensive income for the year amounted to £292,479 (2021: £588,513), which included an actuarial loss on the defined benefit pension scheme of £84,000 (2021: £210,000 gain). £887,093 was transferred into the Property Equity Reserve (note 14) which is a designated reserve representing the book value of the Association's housing properties after government grant and mortgages.

The total Revenue Reserve at the end of the year amounted to £10,459,521 (2021: £10,167,042) which includes £9,093,631 designated Property Equity Reserve (2021: £8,206,538). Our Energy Efficiency Improvement Reserve has been retired and the funds transferred back to the Revenue Reserve (2021: £306,029). The Association expects to continue making surpluses for the foreseeable future whilst achieving modest growth.

Energy Efficiency Improvements

As part of a plan to reduce carbon emissions and reduce fuel poverty, the Association has budgeted £1,700,000 over 10 years to improve the energy efficiency of our homes, with the target of all our homes meeting a minimum standard of EPC band C by 2030. This plan provides for investment of £170,000 a year, making it affordable without the need to raise additional finance.

During the year, £170,000 was transferred into the designated reserve and expenditure monitored. Progress with this project has been slow as the work required can be disruptive for tenants. Few tenants have volunteered for improvement work to be carried out and so work has focussed on improving properties as they become void. At the end of the year there was an unspent amount of £459,930 (2020: £306,029). The Board reviewed the policy in December 2022 and decided it was appropriate to retire the reserve and transfer the balance back to revenue reserve. The Association will continue to budget £170,000 each year until the work has been done. By the end of 2029, if any work is not complete, the programme will be extended. A total of £50,070 has been spent from the Energy Efficiency Improvement budget since 2020 on wall insulation and improving the heating in 16 of our sheltered flats. During 2022, £33,911 has been spent upgrading boilers which have also improved the heating efficiency of our homes.

Staff Structure

At the beginning of December 2021, a new staff structure was introduced following the retirement of two members of staff. The new structure included a new role of Finance Director, bringing in house the bulk of our accountancy work. A Housing Officer role was also created, providing additional resources for helping tenants with rent arrears and to address anti-social behaviour. The new structure has been a success, delivering significant savings. However, it is acknowledged that staff are working at capacity and that additional staffing resources may be required in the event of long-term sickness, or if regulatory or changes to our operating environment result in increased workload.

Ongoing impact of COVID–19 on Planned Maintenance

Whilst lockdown restrictions came to an end during 2022, the impact of Covid-19 related delays to the Planned Maintenance contracts during 2020 and 2021 had a knock-on effect for the completion of the 2021 Planned Maintenance works. It delayed commencement of the surveys and tendering for the 2022 Planned Maintenance Programme. The outcome was that two sets of contractors were on site during 2022, requiring contract supervision and two years expenditure effectively taking place in one year.

Rent Arrears

Rent arrears monitoring, support to tenants and intervention actions when appropriate, continued throughout the year. As a result, officers were able to minimise Covid-19 related increases in rent arrears during the early part of the year. Unfortunately, this became overtaken by the separate and additional cost of living and energy price crisis. By the Autumn of 2022, considerable staff time and resource was being dedicated to working with tenants with multiple debts, including referral to external support agencies such as RAISE, Energy Projects Plus and the Foodbank.

Working Practices

Hybrid working, combining home working with working in the office, continued in 2022 and has become a permanent feature with the support of the Board. Outstanding Customer Service feedback results from a survey carried out by independent specialist survey company TLF during the year, demonstrated that customer satisfaction remains extremely high and so was not detrimentally affected by this method of working.

Internal Audit and Stress Testing

Our external Accountant undertook the annual review of our Stress Testing Model, in addition to this being a topic for Internal Audit. The Accountant revisited previous risks and considered potential new risks which would have a significant impact on the Association. The outcome concluded that the business was robust although it was noted that the combined impact of high inflation increasing costs and below inflation rent increases would put a significant strain on the business. The Internal Audit of our Stress Testing, carried out by an Independent Auditor, found that the Stress Testing procedure was robust and offered a high level of assurance. The recommendations from the Audit included the addition of Stress Triggers that are regularly monitored as part of routine Risk Management. The Internal Auditor also looked at Resident Involvement and concluded that Family Housing Association was compliant with NHF Together with Tenants and offered the Board a high level of assurance that the Association was meeting good practice and following its Policies and Procedures.

Key Policies:

The Association's key policies are as follows:

Treasury Management

The Board remains committed to development and property acquisition proportionate to the size and resources available to the Association. The Board supports financing such development and acquisitions from retained surpluses (minimising gearing), and if required through the raising of private finance, whilst in the longer term maintaining a prudent level of net interest cover. Opportunities for applying for Homes England Grant will continue to be explored, whilst noting that this option will only be taken up if the Association’s commitment to charge ‘Social Rents’ can be retained.

Maintenance

Family Housing Association maintains its properties to a high standard by attending to responsive day to day repairs quickly, together with performing void repairs to empty properties prior to re-letting. A 5-year cyclical programme of Planned Maintenance work remains ongoing.

Family Housing Association (Birkenhead & Wirral) Limited

Board Report for the year ended 31 December 2022

Development

Family Housing Association has allocated £256,000 of cash reserves for new units during 2023. The Association acquired a piece of land for development during 2021. Subject to inflation falling, and the tender prices for the 2023 planned maintenance programme, any building costs for the development will be considered after that point. There is still an aspiration to build three new units from late 2023 onwards when cash reserves allow. The Association continues to explore development and acquisition opportunities as they become available.

Rent

Family Housing Association continues to charge 'Social Rents' for all our homes, with rents set in accordance with the requirements of The Regulator of Social Housing. The Rent Restructuring Framework has applied to all mainstream social housing properties since April 2002. In accordance with the approved formula, the Association increased rents from April 2022 by the Consumer Price Index in September 2021, which was 3.1%, plus 1%, resulting in an increase of 4.1%.

Internal control - Limitations of the Systems

Whilst systems provide reasonable assurance against material misstatement in the Association's accounting records and against material loss of the Association's assets, it can never provide absolute assurance against either of the above.

Risk Management

The process for identifying, evaluating, and managing the significant risks faced by the Association is an ongoing one. This process was in place during the year to 31 December 2022 and is under constant review.

Health and Safety Compliance

Family Housing Association’s Workplace Health and Safety Policy is regularly reviewed to ensure the Business continues to meet the latest standards. As mentioned earlier in this report, hybrid working is now available to all staff, combining some days of working in the office, with time spent working from home. An office rota takes account of the numbers of staff available in the office at any one time, together with due regard for lone working. Employee’s home working arrangements are reviewed to ensure that they are provided with the appropriate equipment and support. Regular risk assessments have continued during 2022 to reflect the risk presented by Covid-19. Face to face Board meetings resumed in the Board Room at Marcus House in June 2022 as a result of such risk assessment.

Family Housing Association is committed to the highest standards of compliance in respect of our properties, with policies and procedures in place to ensure that Annual Gas Safety Checks and 5-year Electrical Tests are carried out in a timely manner. Alongside this is the appropriate management of Fire, Asbestos, Legionella and Radon Risks, with Compliance Performance in all these areas being reported to Board Members at every Board Meeting as part of the Housing Management Report.

The Association has monitored but been unaffected by the high-risk issues affecting the housing sector relating to fire risk in high rise accommodation and external cladding, as Family Housing Association does not own these types of properties.

Family Housing Association (Birkenhead & Wirral) Limited

Board Report for the year ended 31 December 2022

Health and Safety Compliance (continued)

The introduction of the Smoke and Carbon Monoxide Alarm (Amendment) Regulations 2022 on 1st October 2022, required carbon monoxide alarms to be installed in all properties with gas appliances with immediate effect. Family Housing Association did not comply at that point and so self-referred shortly after to the Regulator, who approved the Association's three-month plan to achieve compliance. Compliance was subsequently achieved, with the Regulator confirming that they did not require any further updates on 6th February 2023. Carbon Monoxide Alarms now also form part of the wider compliance reporting to the Board.

As the terrible events regarding the death of Awaab Ishak became public knowledge towards the end of the year, the Board received reports from the Management Team along with correspondence from the Regulator and The Secretary of State. This was supported by a proposed new Policy on Mould and Damp that was intended to embrace all the recommendations proposed in Awaab's Law. This new policy was implemented before the end of the year.

The Board

All members of the Board hold one share. The Board members who served during the year are as follows:

R Roberts (Chairman)	J Hughes	G Dennett (Resigned 14/02/2023)
S Morris (Vice Chair)	A Lewis	
P. Carter	R Pasha (Appointed 14/06/2022)	
A Gaskell	L Parr (Resigned 26/04/2022)	

Board's Responsibilities

The Board is required under legislation to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus of the Association for that year. In preparing those financial statements the Board is required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards 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 Association will continue in business.

The Board is also responsible for:

- keeping proper accounting records with respect to the Association's transactions and its assets and liabilities;
- maintaining a satisfactory system of internal control to govern the Association's key activities, and keeping the effectiveness of that system under constant review;
- safeguarding the Association's assets;
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

Family Housing Association (Birkenhead & Wirral) Limited

Board Report for the year ended 31 December 2022

Review of Effectiveness of Controls

Harvey Guinan LLP provide the Internal Audit service, they implement an ongoing structured programme for reviewing the effectiveness of Family Housing Association's systems of internal control. This review covers all of the Association's internal control systems in detail, on a continuous cycle.

During 2022, the Internal Auditors investigated Stress Testing, Maintenance Service and Tenant Engagement. The Internal Auditors report their findings directly to the Audit Committee and to the Board after the work is carried out. The highest level four star ratings were achieved for Stress Testing and Tenant Engagement. Work on the Maintenance Service audit was agreed to be extended into early 2023, to take account of the introduction of a new Damp & Mould Policy introduced in December 2022. This is to allow testing of this specific area, as part of the wider Maintenance Service provided by the Association.

No significant areas of concern have been identified and all recommendations to improve processes and procedures have been accepted. These are being implemented and progress monitored as part of the Audit Action Plan. The findings of the full review of the Maintenance Service will also be reported to the Audit Committee and the Board in due course.

Key Procedures

- Formal policies are in place which enable the Board to safeguard the assets of the Association by ensuring that all persons who exercise control over those assets are properly authorised by the Board to do so.
- Family Housing Association operates a continuous staff and Board training programme to ensure that they remain capable of effectively fulfilling their duties. Where staff do not possess the relevant expertise, the services of reputable specialist professionals are used.
- Budgets and cash flow forecasts are prepared to enable the Board to control the key financial risks of the business. Quarterly management accounts are prepared to enable the Board to monitor progress towards the financial goals set and to initiate investigations into any material variation from those goals.
- All significant new commitments are subject to consideration and authorisation by the Board.
- The Board has reviewed the major risks facing the Association and taken action to ensure that there are procedures and policies in place to address these risks. A Risk Register is maintained and updated by Officers and considered at each Board Meeting.

Board Response to Areas of Weakness Identified

During the year to 31 December 2022, no weaknesses which have led to or may have led to material losses have been reported to the Board. During the same period, there have been no regulatory concerns expressed by the Regulator of Social Housing or any other regulatory body. This takes account of the self-referral made in October 2022 and described earlier in this report under Health and Safety Compliance, which has now been resolved to the satisfaction of the Regulator.

Governance Overview

At the October 2022 Board meeting, Members considered, then approved, the following reports: The Governance Review, the Annual Board Self-Assessment Review, and a Review of Governance Arrangements, to ensure compliance with the National Housing Federation's (NHF's) 2020 Code of Governance, which Family Housing Association adopted in December 2020.

As part of the Governance Review, Board Members noted that four amendments to existing practice identified in the previous year had all been completed. The Appraisal of the Chair and other Board Members were all completed.

The 2020 NHF Code of Governance

As detailed above, Compliance with the Code of Governance is annually reviewed using a Compliance Checklist provided by the NHF. Members use this to consider if Family Housing Association is achieving compliance.

The 2020 code is built on four core principles that each set out requirements for Housing Associations to follow when they adopt the code:

- Mission and values
- Strategy and delivery
- Board effectiveness
- Control and assurance

The code also confirms the fundamental values that all good governance revolves around, including integrity, accountability, openness, equality, diversity, and inclusion. Continued striving for greater equality and diversity is an important element of the 2020 code, as is the commitment to instilling an inclusive culture at the heart of the way in which Family Housing Association operates.

Board Self-Assessment

The Board's Review of Governance during 2022 concluded that:

- The current Board structure is appropriate.
- The Audit Committee shall continue as a sub-committee to the Board.
- The frequency of Board Meetings shall continue to be bi-monthly, with a minimum of six meetings per year.
- Board Members will review their own individual performance, in preparation for an annual appraisal with the Chair. The Chair will also be Appraised by the Vice Chair.
- The current Board membership demonstrates the appropriate breadth of skills and experience, including finance, accountancy, law, business, local government, charity, social housing, and tenant representation, ensuring that there are no obvious skills gaps. Succession planning will take place to account for long standing members of the Board being due to stand down in 2023.
- Board training will continue, with the use of Board Briefings. Finance for "non-finance" people training will once again be updated.
- New Board Members will attend mandatory introductory training.
- All members will be encouraged to attend training.
- That whilst face to face have resumed, virtual meetings via video conference / zoom may still be appropriate on occasions.
- That the format and timing of Board meetings remain appropriate.

Family Housing Association (Birkenhead & Wirral) Limited

Board Report for the year ended 31 December 2022

Compliance with the Regulator of Social Housing Regulatory Framework

In October 2022, the Board considered its compliance with the Regulatory Standards, including the Economic Standards and the Consumer Standards. The Board's self-assessment included a detailed review of the Regulatory Framework Compliance checklist. The Board noted the continued emphasis on Business Planning, identification and control of Risk, Stress Testing the Business Plan and the maintenance of an Assets and Liabilities Register.

The Board is aware of the principles of Co-Regulation. The Self-referral to the Regulator made in October 2022 in relation to the Smoke and Carbon Monoxide Alarm (Amendment) Regulations 2022 demonstrated the effectiveness of the framework and of the Association's compliance.

The Board received an updated Stress Test Report of its Business Plan in December 2022, provided by external accountants Hailwood & Co. Family Housing Association's Stress Testing model is designed to test the Association's future financial projections against various combinations of factors including inflation, interest rates, benefit reform, pension deficit, investment in assets and rent levels. The model is adjusted annually, on this occasion taking account of the Internal Auditors comments around good practice. This report concluded that although the Association must remain vigilant, even in the worst-case scenarios illustrated, its finances are sufficiently robust to deal with the challenges that lie ahead, whilst maintaining Service Standards at current levels.

The Risk Register was reviewed by the Board and updated at every Board Meeting throughout 2022. This is in addition to the schedule of detailed annual and mid-year reviews.

Within the Governance and Financial Viability Standards, an Assets and Liabilities Register was developed at the beginning of 2016. It has since been regularly updated and subject to periodic scrutiny by the Internal Auditor, Harvey Guinan LLP to ensure it remains accurate.

Value For Money Statement

The Value for Money Statement is included as an appendix to the financial statements.

Auditors

The Board Members have confirmed that, so far as they are aware, there is no relevant audit information of which Family Housing Association's Auditors are unaware, and that they have taken all steps that they ought to have taken as Board Members in order to make themselves aware of that information.

DSG have agreed to offer themselves for re-appointment as External Auditors at the next Annual General Meeting.

For and on behalf of the Board.

Birkenhead R Roberts
13 June 2023 Chairman

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Independent Auditor's Report to the Members of

Family Housing Association (Birkenhead & Wirral) Limited

Opinion

We have audited the financial statements of Family Housing Association (Birkenhead & Wirral) Limited (the 'association') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 December 2022 and of its income and expenditure for the period then ended; and
- 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 Housing and Regeneration Act 2008 and The Accounting Direction for social housing in England from January 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 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 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.

Other information

The board are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If based on the work we have performed, we conclude that there is a material misstatement of this or other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of

Family Housing Association (Birkenhead & Wirral) Limited (continued)

Matters on which we are required to report by exception

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

- the Association has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation;or
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the association's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the Management Board

As explained more fully in the Board's responsibilities statement set out on page 6, the Board are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine 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 are 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 intend 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 ISA's (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.
The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity. The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, Company Law and Tax and Pensions legislation.
- Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the business and therefore may have a material effect on the financial statements include environmental regulations, health and safety legislation, trades description act and employment legislation.

Independent Auditor's Report to the Members of

Family Housing Association (Birkenhead & Wirral) Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of board minutes; testing the appropriateness of journal entries; reviewing post year end payments for evidence of claims pay outs and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx.
This description forms part of our auditor's report.

Use of our report

This report is made solely to the Association's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. and the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

DSG Chartered Accountants, Statutory Auditor

Castle Chambers
43 Castle Street
Liverpool
L2 9TL

13 June 2023

Family Housing Association (Birkenhead & Wirral) Limited

Statement of Comprehensive Income

for the year ended 31 December 2022

	Notes	2022 £	2021 £
Turnover	2	1,893,912	1,829,697
Operating costs	2	(1,474,183)	(1,403,025)
Operating surplus	2	419,729	426,672
Surplus/(deficit) on sale of other assets	8	-	-
Interest receivable and other income	5	10,794	5,135
Interest payable and similar charges	6	(54,044)	(53,294)
Surplus for year	8	376,479	378,513
Actuarial (loss)/gain in respect of defined benefit scheme	23 & 24	(84,000)	210,000
Total comprehensive income for the year	14	292,479	588,513

The surpluses for 2022 and 2021 were derived wholly from continuing activities.

There is no difference between the results as disclosed above and those that would have been disclosed using an unmodified historical cost basis of accounting.

On behalf of the Board

R Roberts - Chairman

S Morris - Vice Chairman

N Moffatt - Secretary

Family Housing Association (Birkenhead & Wirral) Limited

Statement of Financial Position

as at 31 December 2022

	Notes	2022 £	2021 £
Fixed assets			
Housing properties at cost less depreciation	7	14,285,728	13,483,178
Other fixed assets		403,141	485,603
		14,688,869	13,968,781
Current assets			
Debtors	9	84,954	75,147
Cash at bank and in hand		1,458,669	1,982,432
		1,543,623	2,057,579
Less:Creditors			
amounts due within one year	10	222,072	195,692
Net current assets		1,321,551	1,861,887
Total assets less current liabilities		16,010,420	15,830,668
Less: Creditors			
amounts due after more than one year	11	5,243,039	5,403,951
Less: Provisions for liabilities			
Defined benefit pension obligation	23	307,852	259,667
Total net assets		10,459,529	10,167,050
Capital and reserves			
Non equity share capital	15	8	8
Unrestricted reserves			
Revenue reserve	14	10,459,521	10,167,042
		10,459,529	10,167,050

The financial statements on pages 11 to 33 were approved and authorised for issue by the Board on 13th June 2023 and were signed on its behalf by:

R Roberts - Chairman

S Morris - Vice Chairman

N Moffatt - Secretary

Family Housing Association (Birkenhead & Wirral) Limited

Statement of Changes in Reserves

for the year ended 31 December 2022

	Notes	Non equity share capital £	Income and Expenditure Reserve £	Total £
At 1 January 2022		8	10,167,042	10,167,050
Surplus for the year	2	-	376,479	376,479
Actuarial loss in respect of defined pension benefit scheme	23 & 24	-	(84,000)	(84,000)
Total comprehensive income		-	292,479	292,479
Share capital issued		1	-	1
Share capital cancelled		(1)	-	(1)
At end date 31 December 2022		8	10,459,521	10,459,529

Family Housing Association (Birkenhead & Wirral) Limited

Statement of cash flows

for the year ended 31 December 2022

Reconciliation of operating surplus to net cash inflow from operating activities	2022	2021
	£	£
Operating surplus	419,729	426,672
Depreciation charges	398,602	370,625
Government grants utilised	(86,846)	(88,017)
Government grants utilised not previously written off	(2,646)	(1,699)
Components replaced	42,190	30,803
Share capital	(1)	-
(Increase)/decrease in debtors	(6,098)	26,471
Increase/(decrease) in creditors	21,845	(7,646)
Defined benefit pension service costs and expenses (note 23 & 24)	17,000	52,000
Net cash inflow from operating activities	803,775	809,209

Statement of cash flows

	2022	2021
Cash flow from operating activities	803,775	809,209
Interest paid on mortgages	(49,044)	(45,294)
Interest received	7,085	5,241
Net cash flow from operating activities	761,816	769,156
Cash flow from investing activities		
Capital expenditure on housing properties	(1,150,262)	(775,443)
Disposal of housing properties	-	-
Purchase of other tangible fixed assets	(4,401)	(2,605)
Disposal of other tangible fixed assets	-	-
Net cash flow from investing activities	(1,154,663)	(778,048)
Cash flow from financing activities		
Housing loans repaid	(73,102)	(74,272)
Housing loans received	-	-
Share capital issued	1	-
Defined employer pension contributions and expenses	(57,815)	(62,091)
Net cash flow from financing activities	(130,916)	(136,363)
(Decrease)/increase in cash - (note 13)	(523,763)	(145,255)
Cash and cash equivalents at 1 January	1,982,432	2,127,687
Cash and cash equivalents at 31 December	1,458,669	1,982,432
Cash and cash equivalents consists of:		
Cash at bank and in hand at 31 December	1,458,669	1,982,432

Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2022

1 Accounting policies

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014, and is registered with The Regulator of Social Housing as a Registered Provider of Social Housing as defined by the Housing and Regeneration Act 2008.
The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, including FRS 102. A summary of the more important accounting policies is set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The Association constitutes a public benefit entity as defined by FRS 102.

a) Accounting basis

The financial statements are prepared on the historical cost basis of accounting and have been prepared in accordance with FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland', the Housing SORP 2018 Update - Statement of Recommended Practice for Registered Social Housing Providers' ("the SORP") and the Accounting Direction for Registered Providers of Social Housing - 2022 ("the Direction"). The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014.
The accounts have been prepared on a going concern basis.

b) Turnover

Turnover represents rental income and service charges receivable. It excludes void properties which are not in a lettable condition.

c) Government grants

Government grants (social housing grants) received are in respect of Housing properties and their components.
As assets are accounted for at cost, social housing grant is accounted for using the accruals model and in most cases the grant is recognised as a liability and amortised over the economic life of related asset. Amortisation is recognised within turnover.
Should the grant exceed the fair value of the asset, the excess grant is recognised as income immediately.

Where a proportion of project expenditure is funded by Social Housing Grant the grant income is recognised as the work progresses with reference to the overall proportion of project completion.

These grants are repayable in certain circumstances. Any grant written off on components replaced is reinstated on disposal of the related property.

d) Fixed assets and depreciation - non-housing tangible fixed assets

Other tangible fixed assets are stated at cost less accumulated depreciation.
Depreciation is charged on a straight line basis over the expected useful economic lives of the assets, after expected proceeds, at the following annual rates:

Office furniture, fixtures and fittings	10%
Computer equipment	25%

A full year's depreciation is charged in the year of acquisition, no charge is made in the year of disposal.

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Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2022

1 Accounting policies (continued)

e) Fixed assets and depreciation - housing properties and freehold offices

Housing properties and freehold offices are stated at historical cost, less accumulated depreciation.

The Association's policy on the calculation of depreciation is by component accounting, as laid down by the SORP (update 2018). This means that depreciation is charged based on the useful life of each component within its housing properties and freehold offices as follows:

Structure	100 years	Kitchens	20	years
Roofs	70 years	Stair lifts	15	years
Windows and doors *	50 years	Electric fires	15	years
Bathrooms	30 years	Gas fires	30	years
Mechanical systems	30 years	Electrics	40	years
Central heating systems	15 years	Driveways	20	years
Showers	5 years	Other	10, 15, 20 and 50	years

*Based on the approved NHF component accounting matrix, any original windows and doors are depreciated over 30 years, up until the date they are replaced with uPVC components, at which point this changes to 50 years to reflect their extended useful life.

The Association does not depreciate land, or properties whilst they are under construction.
The Association starts to depreciate properties and their components in the year of completion.
The property portfolio is reviewed annually for indicators of impairment, and should those indicators be present, a more detailed review undertaken. There are currently no such indicators.

f) Capitalisation of interest

Interest on development finance is capitalised up to the point of practical completion.

g) Capitalisation of development overheads

A proportion of salary costs reflecting staff involvement in development activities, plus any other incremental costs associated with particular developments are capitalised as part of development costs.

h) Works to existing housing properties

Expenditure which enhances the revenue stream of a housing property, whether through increased rent, reduced long term maintenance costs or extended life, is capitalised. Any expenditure on replacing a component is also capitalised. All other repair costs are charged against revenue.

i) Debtors and Creditors receivable/payable within one year

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

Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2022

1 Accounting policies (continued)

j) Cyclical repairs and maintenance

Due to the number of properties held and the establishment of regular programmes of repair and maintenance, the Association does not make provision for future works but charges actual costs incurred to the statement of comprehensive income account.

k) Employee benefits

The Association participates in the Social Housing Pension Scheme (SHPS). The scheme is a defined benefit pension scheme based on either final pensionable salary or career average salary. The assets of the scheme are held separately from those of the Association in an independently administered fund.

Since 2019, information has been made available allowing the Association to recognise its share of the actuarial liability on the scheme on a consistent and reliable basis. For the actuarial liability (see note 23).

The employee service costs and expenses during the year are recognised as part of management expenses. The net interest expenses are disclosed within interest costs. The employer repayments are allocated against the defined benefit pension liability provision. Actuarial (losses)/gains are (charged)/credited against comprehensive income and are disclosed after the surplus for the year.

Since 2019 a defined contribution scheme has been set up for new and existing members. The contributions are included within management expenses. Since 1st April 2022, all staff chose to be in the defined contribution scheme. The defined benefit schemes were closed following on from that. For information on pensions see note 22, 23 and 24.

When employees have rendered service to the Association, short term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

l) Property equity reserve

When the Association uses its free reserves to part fund a project, the difference between net property cost (after deducting government grants) and mortgage loans received is transferred from revenue reserve to property equity reserve, as is an amount equal to the capital paid off housing loans in the year.
Conversely, amounts equal to any depreciation charged on housing property, or components written off, are transferred from the property equity reserve to the revenue reserve.

m) Energy efficiency improvement reserve

During 2020, The Association set up a designated reserve to transfer £170,000 p.a. over 10 years (£1.7M) to improve the energy efficiency of The Association's properties. This reserve was to monitor the expenditure throughout the year and amounts spent (excluding capitalised salaries) were transferred back to revenue reserve. Any amounts unspent then remained in the reserve and carried forward each year. Due to the underspend, The Board reviewed the policy during December 2022 and decided it appropriate to retire the reserve but carry on budgeting £170,000 each year until the work is complete. Although the initial 10 year plan runs until 2029, any underspend, which will be monitored in the management accounts, will extend the programme until the work is complete.

Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2022

2 Turnover, operating costs, operating surplus and surplus on ordinary activities

	Turnover 2022 £	Operating Costs 2022 £	Turnover 2021 £	Operating Costs 2021 £
Income and expenditure from lettings				
Social housing letting	1,804,319	1,474,183	1,726,197	1,403,025
Other income and expenditure				
Other income	101	-	13,784	-
Amortised government grants:				
For the year	86,846		88,017	
Not previously written off	2,646		1,699	
Total	1,893,912	1,474,183	1,829,697	1,403,025
Operating surplus	419,729		426,672	
Surplus/(deficit) on sale of other assets	-		-	
Investment income	10,794		5,135	
Interest payable	(54,044)		(53,294)	
Surplus on ordinary activities	376,479		378,513	

Turnover from lettings	2022 £	2021 £
Rent receivable	1,770,925	1,692,884
Service charges receivable	35,427	35,489
less: Rent losses from voids	(2,033)	(2,176)
	1,804,319	1,726,197

Operating costs from lettings	2022 £	2021 £
Housing accommodation		
Services	33,687	32,370
Management	503,858	492,366
Depreciation of housing properties	389,789	362,508
Components replaced	42,190	30,803
Planned maintenance	257,138	141,629
Major repairs	18,726	25,491
Routine maintenance	221,995	307,345
Rent losses/(gains) from bad debts	6,800	10,513
	1,474,183	1,403,025

Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2022

2 Turnover, operating costs, operating surplus and surplus on ordinary activities (continued)

Service charges receivable

All of the service charges receivable by the Association are eligible for housing benefit, with the exception of lifeline related costs.

3 Board and key management personnel remuneration

	2022	2021
	£	£
Salary and benefits	202,087	147,490
Pension contributions and life insurance	21,417	14,275
	223,504	161,765

The pension contributions include employer contributions and life insurance, and exclude deficit contributions. Any adjustments or repayments to the defined benefit liability scheme are reflected in note 23 and 24.

	2022	2021
The highest paid member of staff (excluding pension contributions):	£	£
Chief executive	88,475	84,485

	2022	2021
Full time equivalent staff whose remuneration (including pension contribution the following bands:	£	£
more than £90,000 but not more than £100,000	1	1
more than £80,000 but not more than £90,000	-	-
more than £70,000 but not more than £80,000	-	-
more than £60,000 but not more than £70,000	1	1

The Chief Executive is a member of the Defined Contribution Scheme.
The Association paid 9% of his salary into the Scheme until 31st March 2022.
The contributions increased to 11% from 1st April 2022, when the contributions changed for all staff.

No enhanced or special terms apply to the Chief Executive on their pension scheme.
For more details on the Pension Scheme, see note 22 and 23.

The Board members give their time freely, on a voluntary basis. The only payments made to Board members were for the reimbursement of travel expenses amounting to £161 (2021: £7).

Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2022

4 Employee information

	2022	2021
	£	£
Staff Costs		
Wages and salaries	320,762	289,180
Social security costs	37,389	31,175
Pension contributions	34,509	27,719
	392,660	348,074

The pension contributions include the employer contributions only for both the defined benefit and the defined contribution schemes. From 1st April 2022 all staff were in the defined contribution scheme.

For more information on pensions, see note 22 and 23.

Average number of equivalent full time employees	2022	2021
	No.	No.
Management	3.00	2.08
Administration	4.00	5.08
	7.00	7.16

5 Interest receivable and other income

	2022	2021
	£	£
Interest receivable from unlisted investments	10,794	5,135
	10,794	5,135

6 Interest payable and similar charges

	2022	2021
	£	£
On bank loans and other loans:		
Repayable wholly or partly in more than 5 years	49,044	45,294
Other finance costs		
Interest on net defined benefit pension liability	5,000	8,000
	54,044	53,294

Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2022

7 Tangible fixed assets

	Housing Properties	Land & Property For Development	Freehold Offices	Computer & Office Furniture	Total
	£	£	£	£	£
Cost					
At 1 January 2022	19,605,873	201,931	354,714	51,023	20,213,541
Additions	1,122,607	33,872	677	3,724	1,160,880
Transfer on completion	111,922	(111,922)	-	-	-
Disposals	-	-	-	(2,820)	(2,820)
Components replaced	(154,379)	-	-	-	(154,379)
At 31 December 2022	20,686,023	123,881	355,391	51,927	21,217,222
Depreciation					
At 1 January 2022	6,122,695	-	79,190	42,875	6,244,760
Charge for year	389,789	-	5,519	3,294	398,602
Disposed of in year	-	-	-	(2,820)	(2,820)
Components replaced	(112,189)	-	-	-	(112,189)
At 31 December 2022	6,400,295	-	84,709	43,349	6,528,353
Net book value					
At 31 December 2022	14,285,728	123,881	270,682	8,578	14,688,869
At 31 December 2021	13,483,178	201,931	275,524	8,148	13,968,781

Housing property additions of £1,122,607 include £414,087 of components capitalised relating to existing properties and £708,520 on acquiring six modern properties. Also during the year, additions of £33,872 include £22,226 in respect of the refurbishment of a property purchased for £89,696 at the end of 2021. The total cost of £111,922 has been transferred to completed housing properties. The remaining additions of £11,646 include various costs towards the land in Wallasey to be developed which totalled £123,881 at the end of 2022. The land has been purchased with a view to build three units once inflation starts to fall, costings have been analysed and reviewed, and when cash flow allows. Properties are depreciated once development is completed.

The additions include £20,035 of salary costs reallocated to development (2021: £23,655). £17,002 (2021: £16,066) is included within completed works and £3,033 (2021: £7,589) is included within additions under development. Included within the £123,881 of land ready for development is £6,827 in total for capitalised salaries.

There have been no property disposals during 2022.

The Association has implemented Component Accounting as required by the Statement of Recommended Practice.

The Association owns the freehold to all properties except two properties (2021: Two) which are leasehold. The net book value of these properties amount to £146,331 (2021: £147,297).

There are 104 (2021: 104) properties secured on the housing loans included in note 11, the net book value of these properties amount to £3,419,708 (2021: £3,387,049).

Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2022

8 Surplus on ordinary activities

	2022	2021
	£	£
Surplus on ordinary activities is stated after charging/(crediting):		
Depreciation on tangible owned fixed assets	398,602	370,625
Amortisation of government grant:		
For the year	(86,846)	(88,017)
Not previously written off	(2,646)	(1,699)
(Surplus)/deficit on disposal of other fixed assets	-	-
Components replaced	42,190	30,803
Defined benefit pension service costs and expenses (note 23 and 24).	17,000	52,000
Auditors' remuneration (exclusive of VAT):		
In their capacity as auditors	5,200	4,900

9 Debtors

	2022	2021
	£	£
Rent arrears and rechargeable repairs	94,742	77,253
Less: provision for doubtful debts	(47,768)	(42,946)
Net arrears	46,974	34,307
Prepayments and accrued income	37,980	40,840
	84,954	75,147

10 Creditors: Amounts falling due within one year

	2022	2021
	£	£
Housing loans	72,940	74,622
Rent advances	32,860	39,867
Capital expenditure on housing properties	13,516	7,299
Other taxation and social security	8,733	9,681
Accruals	94,023	64,223
	222,072	195,692

There was no balance or movement on the Recycled Capital Grant Fund during the year.

11 Creditors: Amounts falling due after more than one year

	2022	2021
	£	£
Housing loans	601,675	673,095
Deferred income (note 12)	4,641,364	4,730,856
	5,243,039	5,403,951

Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2022

11 Creditors: Amounts falling due after more than one year (continued)

Housing loans from Orchardbrook and Nationwide are secured by specific charges on the Association's housing properties. See note 7 for further information.

The Orchardbrook loan is repayable during 2045 and carries a fixed interest rate of 10.43%.

The Nationwide mortgages are repayable between 2024 and 2029, and moved from LIBOR plus applicable margin of 0.6%, to SONIA, plus the adjustment spread, plus applicable margin of 0.6% from 1st January 2022.

	2022	2021
	£	£
In one year or less	72,940	74,622
Between one and two years	55,865	75,865
Between two and five years	151,551	159,428
In five years or more	394,259	437,802
	674,615	747,717

12 Deferred government grant

	2022	2021
	£	£
Opening deferred grant	4,730,856	4,820,572
Amortised during the year	(86,846)	(88,017)
Amortised not written off previous years	(2,646)	(1,699)
Closing deferred grant	4,641,364	4,730,856

Social Housing Grants represent total accumulated deferred government grants received, except for Tenant Incentive Scheme grants which total £6,900 net and grants written off on disposal of components, amounting to £1,163,833. The latter would be reinstated should any of the relevant properties be disposed of. Total amortised grant to date amounts to £2,903,807.

13 Analysis of changes in net debt *

	At 1 Jan 2022	Cash flows	Other changes	At 31 Dec 2022
	£	£	£	£
Cash at bank and in hand	1,982,432	(523,763)	-	1,458,669
Housing loans				
due within one year	(74,622)	73,102	(71,420)	(72,940)
due after more than one year	(673,095)	-	71,420	(601,675)
	1,234,715	(450,661)	-	784,054

* Cash reserves exceed the total housing loans

Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2022

14 Reserves

Other reserves	Energy efficiency improvement reserve * £	Property equity reserve * £	Revenue reserve £	Total £
At 1 January 2022	306,029	8,206,538	1,654,475	10,167,042
Total comprehensive income for year	-	-	292,479	292,479
Transferred from revenue reserve	170,000	-	(170,000)	-
Transferred (to)/from revenue reserve	(16,099)	887,093	(870,994)	-
Transferred back to revenue reserve	(459,930)	-	459,930	-
At 31 December 2022	-	9,093,631	1,365,890	10,459,521

* See accounting policies for further information on designated reserves.
£50,070 has been spent from the Energy Efficiency Improvement budget since 2020.

15 Non equity share capital

	2022 £	2021 £
Allotted, issued and fully paid		
At 1 January 2022	8	8
Issued during year	1	-
Cancelled during year	(1)	-
At 31 December 2022	8	8

The Association is registered under the Co-operative and Community Benefit Societies Act 2014. Its shares carry no right to dividends, redemption nor distribution upon winding up. All of the share holders are Board members and have full voting rights.

16 Capital and other commitments

	2022 £	2021 £
Capital expenditure that has been contracted for but not provided for	78,866	156,696
Capital expenditure that has been authorised but not contracted for	737,570	1,175,998
Other expenditure	69,441	166,500

The £78,866 included in capital commitments contracted for but not provided for, relates to the capital works within the planned maintenance programme which is under a JCT contract signed before the year end, some of which includes a contingency which may not all be spent.

The £737,570 included in capital commitments authorised but not contracted for, relates to various component replacements including boilers £65,000, planned maintenance works including kitchens, bathrooms, other components and fees £159,570, potential uPVC windows £7,000, plus £80,000 for any other components and adaptations. Also included in the above is £256,000 for the development budget and £170,000 towards improving energy efficiency of our homes. There is a plan to spend up to £1.7M in total on this improvement work. There is further information on this in the accounting policies.

The other commitments relate to the rest of the planned maintenance contracts signed under a JCT which are not capital works, including surveyors fees.

All the above commitments have been approved by the Board after being checked for affordability and will be financed from cash reserves.

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Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2022

17 Contingent liabilities

There is a contingent liability of £1,272,855 (2021: £1,427,108) in respect of the employer debt on the Social Housing Pension Scheme. This is the amount that would have been payable if The Association either had no active members, or had withdrawn from The Social Housing Pension Scheme as at 30th September 2021. Further details are included in note 23.

18 Related parties

Control

The Association is controlled by its Board members, all of whom own one share.

Transactions with related parties

Two of the Association's Board were tenant members during the year. Their tenancies are on normal commercial terms, and they are not able to use their position to their advantage.

The aggregate rent charged for the year amounted to £9,489 (2021: £9,184) and aggregate year end arrears amounted to £299 (2021 : £288). The aggregated year end advances amounted to £84 (2021: £81).

Other

One of the key management is the brother of the Director of Hailwood & Co, the Association's Accountants.
During the year, Hailwood & Co billed The Association £6,244 including VAT (2021: £54,408) in respect of year end accounts and other accountancy services. There were no outstanding amounts due in either year. The transactions were on normal commercial terms.

19 Housing stock

	2022	2021
Opening units	387	383
Additions	6	4
Disposals	-	-
Closing units	393	387

All units are classed as general needs. The Association manages all of the above units. Two units are leasehold (2021: Two), the remaining units are freehold. Included in 2021 was one unit which was under development at the year end and in management during 2022.

20 Legislative provisions

The Association is governed by the Co-operative and Community Benefit Societies Act 2014, and the Housing and Regeneration Act 2008.

21 Corporation tax and VAT

The Association has charitable status and is therefore not liable to corporation tax.
The Association is not registered for VAT. Accordingly, no VAT is charged to tenants, and expenditure in the income and expenditure account includes the relevant VAT.

22 Pension scheme - defined contribution scheme

During 2019, the Association opened a defined contribution scheme for existing and new members with a 9% employer contribution rate, this increased to 11% from 1st April 2022. There is an additional defined contribution scheme with a 10% employer contribution rate for new staff who join the Association after 1st April 2022. The amount relating to 2022 was £29,504 (2021: £9,136) and is included within management expenses.

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Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2022

23 Defined benefit pension obligations - Social Housing Pension Scheme

The Association participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associate 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 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 completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of recovering this deficit by 31 March 2028.

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 of the scheme.

For financial years ending on or before 28 February 2019, it has not been possible for the Association to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Association has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Association to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2021. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2022 to 28 February 2023 inclusive.

The liabilities are compared, at the relevant accounting date, with the Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus.

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY).

	31 December 2022 £000s	31 December 2021 £000s
Fair value of plan assets	1,039	2,022
Present value of defined benefit obligation	1,347	2,282
Surplus (deficit) in plan	(308)	(260)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(308)	(260)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	(308)	(260)

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Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2022

23 Defined benefit pension obligations - (Social Housing Pension Scheme) continued

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

	Period from 31 December 2021 to 31 December 2022 £000s
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in net interest cost	-
Actuarial losses (gains) on asset ceiling	-
Impact of asset ceiling at end of period	-

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period from 31 December 2021 to 31 December 2022 £000s
Defined benefit obligation at start of period	2,282
Current service cost	14
Expenses	3
Interest expense	41
Member contributions	5
Actuarial losses (gains) due to scheme experience	160
Actuarial losses (gains) due to changes in demographic assumptions	(20)
Actuarial losses (gains) due to changes in financial assumptions	(997)
Benefits paid and expenses	(141)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	1,347

Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2022

23 Defined benefit pension obligations - (Social Housing Pension Scheme) continued

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Period from 31 December 2021 to 31 December 2022 £000s
Fair value of plan assets at start of period	2,022
Interest income	36
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(941)
Employer contributions	58
Member contributions	5
Benefits paid and expenses	(141)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	1,039

The actual return on the plans assets (including any changes in share of assets) over the period from 31 December 2021 to 31 December 2022 was (£905,000).

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)

	Period from 31 December 2021 to 31 December 2022 £000s
Current service cost	14
Expenses	3
Net interest expense	5
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SoCI)	22

Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2022

23 Defined benefit pension obligations - (Social Housing Pension Scheme) continued

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME (OCI)

	Period from 31 December 2021 to 31 December 2022 £000s
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(941)
Experience gains and losses arising on the plan liabilities - gain (loss)	(160)
Effects of changes on the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	20
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	997
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(84)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in other comprehensive income - gain (loss)	(84)

Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2022

23 Defined benefit pension obligations - (Social Housing Pension Scheme) continued

ASSETS

	31 December 2022 £000s	31 December 2021 £000s
Global Equity	10	378
Absolute Return	10	95
Distressed Opportunities	48	64
Credit Relative Value	46	61
Alternative Risk Premia	2	76
Fund of Hedge Funds	-	-
Emerging Markets Debt	1	82
Risk Sharing	75	60
Insurance-Linked Securities	39	43
Property	48	47
Infrastructure	148	125
Private Debt	49	45
Opportunistic liquid Credit	62	59
High Yield	1	-
Opportunistic Credit	-	13
Cash	13	9
Corporate Bond Fund	-	134
Liquid Credit	-	14
Long Lease Property	36	45
Secured Income	48	69
Over 15 Years Gilts	-	-
Index Linked All Stock Gilts	-	-
Liability Driven Investment	428	601
Currency Hedging	8	(3)
Net Current Assets	(33)	5
Total Assets	1,039	2,022

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.

Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2022

23 Defined benefit pension obligations - (Social Housing Pension Scheme) continued

KEY ASSUMPTIONS

	31 December 2022 % per annum	31 December 2021 % per annum
Discount Rate	5.00	1.83
Inflation (RPI)	3.14	3.36
Inflation (CPI)	2.78	2.92
Salary Growth	3.78	3.92
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 December 2022 imply the following life expectancies:

	Life expectancy At age 65 (Years)
Male retiring in 2022	21.1
Female retiring in 2022	23.7
Male retiring in 2042	22.4
Female retiring in 2042	25.2

Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2022

24 Adjustment to defined benefit pension obligations (previous year)

In 2021, there was an adjustment made within the Statement of Comprehensive Income Account to reflect an overcharge which was included in the 2019 financial statements of £5,000.

A summary of the adjustments are as follows:

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)

	Original 31 December 2019 £000s	Revised 31 December 2019 £000s	Adjustment 31 December 2021 £000s
Defined benefit costs recognised in statement of comprehensive income (SoCI)	52	56	4

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME (OCI)

	Original 31 December 2019 £000s	Revised 31 December 2019 £000s	Adjustment 31 December 2021 £000s
Total amount recognised in other comprehensive income gain (loss)	(29)	(20)	9

	£000s
Summary of adjustments in 2021	
Total amount recognised in statement of comprehensive income (SoCI)	4
Total amount recognised in other comprehensive income (OCI)	(9)
Overall adjustment to increase Total Comprehensive Income for the year.	(5)

Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2022

24 Adjustment to defined benefit pension obligations (previous year) continued

A summary of the corrected figures in 2021 were as follows:

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)

	Original 31 December 2021 £	Adjustment 31 December 2019 £	Corrected 31 December 2021 £
Defined benefit costs recognised in statement of comprehensive income (SoCI)	56	4	60

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME (OCI)

	Original 31 December 2021 £	Adjustment 31 December 2019 £	Corrected 31 December 2021 £
Total amount recognised in other comprehensive income gain (loss)	201	9	210

25 Scheme benefit review
Defined benefit pension obligations - Social Housing Pension Scheme

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

APPENDIX

Family Housing Association (Birkenhead & Wirral) Limited
Value for Money Self-Assessment - Year Ended December 2022

1. Introduction

1.1 Family Housing Association is a small Registered Social Landlord based in Birkenhead, on the Wirral Peninsula. All of our housing stock is situated within 5 miles of our office. We employ seven full time members of staff and own 393 properties.

1.2 This Value for Money Self-Assessment provides a detailed analysis of our strategy, performance, and achievements during 2022. As a Registered Social Landlord, Family Housing Association is required to publish an annual Value for Money Statement that is robust, transparent and accessible.

1.3 The Self-Assessment includes a summary of our overall approach, to give our stakeholders an understanding of our strategy to continuously improve Value for Money and our performance during the year, meeting the requirements of the Regulatory Framework in a manner that is proportionate to a small Housing Association owning and managing less than 1,000 properties.

1.4 Throughout the year Family Housing Association has continued to strive towards achieving Value for Money despite the ongoing challenge earlier in the year presented by Coronavirus and then latterly by rising inflation.

2. Value for Money Strategy

2.1 Aims and Objectives.

When we assess our performance in terms of Value for Money, we consider it in conjunction with our Mission, Aims and Objectives, which are set out in our Business Plan.

Our Business Plan is reviewed annually. In 2022, the relevant mission, aims and objectives in the Business Plan are summarised as follows.

Mission: 'To provide high quality homes and excellent services, at genuinely affordable rents to those in housing need in Wirral'

Aims, Corporate Goals & Objectives:

- To provide homes, at reasonable below market rents, to help those on low incomes who are in housing need in Wirral.
- To maintain its properties to a good standard.
- To carefully manage risk to protect the Association's Assets.
- To provide excellent services to our tenants.
- To achieve steady growth, to help more people in housing need.
- Providing caring and courteous services to all existing and potential residents that are customer focussed and respond to our customers' needs and aspirations.
- Maintain our properties to a good standard that exceeds the Decent Homes Standard.
- Provide a good standard of housing which offers value for money to tenants.
- Embrace new initiatives that are in keeping with the tradition and skills of the Association.
- Ensuring equality of opportunity in the allocation of housing, employment of staff and appointment of Board Members.
- Plan and control all aspects of business activity to maintain the Association's financial strength and viability.
- Retaining a well-motivated professional workforce.

2.2 Our Value for Money strategy is intended to ensure that we:

- Deliver high quality services to our stakeholders.
- Work to reduce costs without reducing quality.
- Focus on outcomes for the Association and our stakeholders when considering investment decisions.
- Understand the right balance between cost and quality when delivering our Business Plan objectives.
- Meeting the expectations of the Social Housing Regulator by providing a high standard of service to tenants, ensuring long term viability, effectively managing risk and achieving long term growth.

3. Processes to Support our Value for Money Strategy

3.1 Budgetary Constraints

Each year the Board agrees an updated Business Plan that is then subject to Stress Testing. The Board then agrees a Budget for the year to meet Business Plan objectives.

The Management Team monitors expenditure to ensure it is in line with the Budget on a weekly basis. The Finance Director compiles Management Accounts each quarter, providing information in respect of expenditure and variances during the year, information on Loan Covenant Compliance and Financial Performance Indicators. Independent Stress Testing is undertaken by Hailwood & Co.

3.2 Tenant and Resident Involvement

The Family Housing Association Board had two members who are tenants during 2022, ensuring that tenants' views and perspectives are part of the decision-making process.

In addition, the Association has a Customer Panel that is involved in all aspects of our work, including reviewing our approach to achieving Value for Money and our Business Plan. The Panel members review our performance and policies and provide feedback to the Board. The Association has adopted the 'Together with Tenants' initiative introduced by the National Housing Federation.

3.3 Performance Monitoring – Bi-Monthly

During 2022, Officers completed performance information on a monthly basis. At the Bi-Monthly Board meetings, members received regular updates on performance relevant to Value for Money. Reports to each Board meeting included information on void expenditure, rent arrears performance, repairs expenditure, lettings performance, ASB statistics and statistics on compliance.

3.4 Performance Monitoring - Six Monthly

The Board and Customer Panel receive an in-depth report on performance every six months. This report includes information on the previous three years performance for comparative purposes and allows the Board and Customer Panel to assess our performance.

The report includes information on:

- Repair Customer Satisfaction Questionnaire results
- Repair Customer Satisfaction Questionnaire response rate
- New Tenant Satisfaction Questionnaire results
- Benchmarking Statistics comparing performance with other small Registered Providers, including repairs performance, re-let performance, rent collected, rent written off, evictions, average spend per property on repairs, void works, gas safety and staff sickness absence.

3.5 Keeping Tenants Informed

Family Housing Association produces an Annual Report that is shared with all Tenants which contains important information on our performance. The Association also shared details of our performance on its website and produces regular Newsletters to tenants.

3.6 Value for Money Service Standards

Our Value for Money Service Standards were developed with our Customer Panel and are intended to ensure that we give due consideration to cost, quality, social and economic factors. As a small association, there is risk that our efforts to make efficiency savings could cost more than any savings they could generate. It is therefore important that we focus our efforts in appropriate areas. Three key areas have been identified:

- Repairs & Maintenance
- Procurement of Goods and Services
- Investment of Assets

A range of targets were agreed, performance against which is reported to the Board and Customer Panel and to all tenants in our Annual Report.

3.7 Benchmarking Our Performance

Family Housing Association is a member of the Community Housing Associations North West (CHANW) Benchmarking Club. Each member of the club shares performance and VFM information with Acuity (part of HouseMark, National Housing Federation) who compile statistics and graphs to allow us to compare and analyse our performance against those of our peers.

The Regulator’s Value for Money Metrics are also benchmarked against our peers and are included in section 6.

4. Understanding the Performance of Association Assets & Liabilities

4.1 Cash Assets

At the end of 2022, the Association had cash reserves of £1,458,669. Our policy is to re-invest our reserves in our homes or in new homes rather than allowing significant cash reserves to build up.

During 2022, Family Housing Association acquired six properties at a total cost of £708,520 which have subsequently been let at Social Rents. We spent an additional £22,226 improving a property that was purchased towards the end of 2021 at a cost of £89,696. A plot of land suitable for the development of three properties was acquired in 2021 and during 2022, £11,646 was spent exploring the potential development of the site. The total development budget for 2023 stands at £256,000. However, development has been suspended during the first half of 2023, to allow a better understanding of inflationary pressures and the cost of the 2023 Planned Maintenance Programme to become known. Our cash assets continued to offer very limited returns due the low base rate. The average rate of return during the year was 0.63%, this being achieved through utilisation of a 95-day notice deposit account with Nationwide.

4.2 Summary of Debt

Family Housing Association had a total mortgage debt of £674,615 at the end of 2022. A review of our borrowing and investment rates is carried out annually.

At the end of 2022 we had debts from two lenders. One debt has significant redemption penalties that make it uneconomical to re-finance. The remaining debt moved over to a variable rate based on SONIA TERM + an adjustment + 0.6% from 2022. The average rate during the year was 6.90%. A decision on overpaying or re-financing this debt has been regularly reviewed by the Board.

4.3 Property Assets

The estimated open market value of our housing stock at the end of 2022 was £42,530,700. The estimated Existing Use Value (Social Housing) of our housing stock is £16,425,219.

We have had a comprehensive Asset Management Strategy in place since 2004. All of our homes are inspected every five years and the condition of property components is recorded. All of our homes have been fully compliant with the Decent Homes Standard since 2009.

Our Asset Management Programme is fully integrated with our Component Accounting System to help us get the maximum possible lifespan for each of our property components to minimise the amount of value written off when components such as kitchens and bathrooms are replaced.

External contractors carry out all of our Planned Maintenance through competitive tendering of the contracts. Contractors from our Approved Contractor list are invited to tender, together with new contractors identified with the assistance of our consultants each year, to ensure we receive the best possible value for money through the programme.

4.4 Financial Performance of Property Assets

Family Housing Association monitors the financial performance of our housing stock. Each property is included in a ‘Performance Group’ of similar properties in similar localities. There were 23 Performance Groups in total. For each group we look at the rental income received and compare with the total expenditure including management costs, cyclical maintenance, void costs, planned maintenance and service charges. By comparing the income generated by each group with the expenditure, we were able to calculate the cash generated by each property and the rate of return for each group.

It is important to note that Family Housing Association charges ‘Social Rents’ for all our homes, as we believe they are genuinely more affordable for tenants. The Association does not charge the higher ‘Affordable Rents’ used by some other Registered Providers that would increase our rates of return.

Our best performing General Needs Housing Stock during 2022 were the modern properties in Leighton Road in Birkenhead. No voids and low maintenance costs allowed these homes to generate a cash surplus of £2,149 per property, a return of 4.44% on EUV-SH.

Our worst performing housing stock during 2022 were the eight properties in Harrowby Road in Birkenhead. High response repairs costs over the last 5 years, influenced by expensive void works, meant these properties generated a loss of £93 each during the year.

For all our Housing Stock, the average rate of return in 2022 based on cost was 1.98%. The rate of return based on the EUV-SH was 2.45%. Performance during 2023 is expected to be broadly similar due to the pressures of high inflation combined with a rent cap of 7%.

5. Overall Value for Money Performance During 2022

5.1 Return on Public Investment

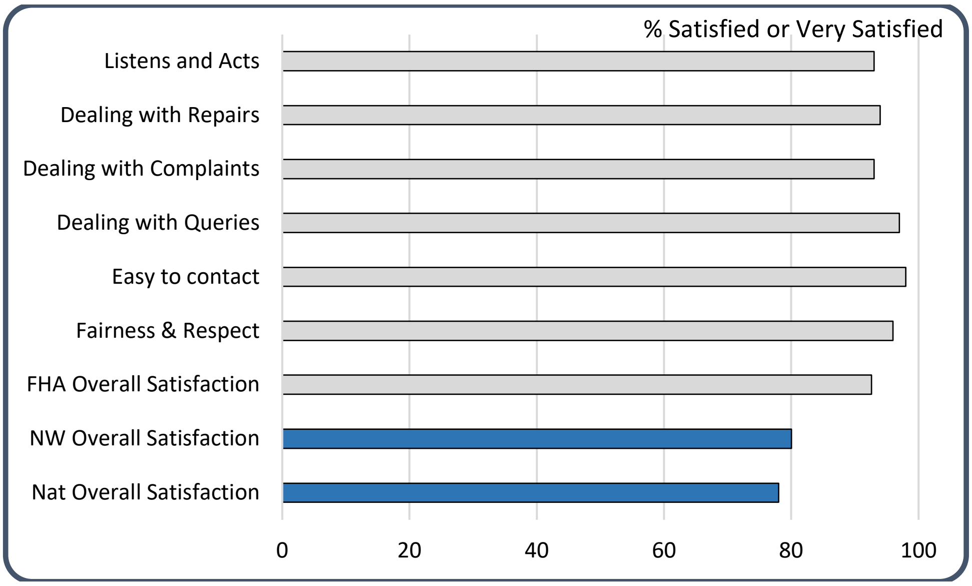
The total amount of public money invested in Family Housing Association to date is £8,709,004. This means the Association, based on the current open market value of its housing stock in 2022 and allowing for outstanding debt, generated an additional £33,821,696 worth of housing assets from this public investment.

5.2 Savings in Housing related Benefits

The Association provides homes exclusively at ‘Social Rent’ to many tenants that claim Housing Benefit or the Housing Element of Universal Credit that would otherwise be renting in the private sector. As our rents are significantly lower than the equivalent Local Housing Allowance, Family Housing Association saved the taxpayer an estimated £209,440 in Benefits during 2022, compared to those tenants receiving the Local Housing Allowance in the private rented sector. Over the last seven years the saving to the taxpayer is over £1.7m.

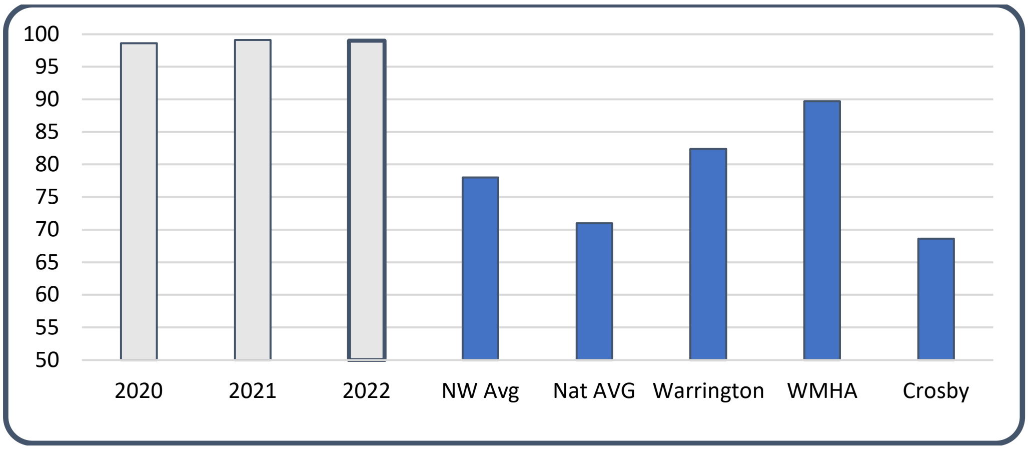
5.3 Tenant Satisfaction

Family Housing Association has carried out a Customer Satisfaction Survey based on the housing sector recognised STAR survey every 3 years. In 2022, Family Housing Association agreed to work with the other members of CHANW Benchmarking club referred to earlier in this report, to conduct a joint survey, which would allow more straightforward comparisons to be made and achieve Value for Money via the economies of scale of larger numbers of Housing Associations participating. The results of the survey showed Family Housing Association to be one of the top performing Housing Associations in the country in many of the key areas.



5.4 Responsive Repairs

Most of our tenants report their repairs to Family Housing Association's office, where many know Staff on a first name basis. We provide a friendly, professional service and tailor our service to our tenants' individual needs. Repairs are typically carried out by small scale local contractors. The various work types are subject to competitive quotes at regular intervals to ensure contractors are providing value for money. Customer Satisfaction is monitored through a Questionnaire sent out for every repair. Performance generally and of individual contractors is closely monitored. The percentage of repairs where tenants were satisfied with the repair was 99.00% in 2022.



The figures for FHA relate to Customer Satisfaction Questionnaire Results for 2022, the figures for other local associations are from the 2021/22 CHANW Survey.

5.5 Property Demand

Demand for our properties remains strong. We have no properties that we have been unable to let, despite the fact that we own some properties in areas with significant social and economic problems. We help to create demand for those homes which are harder to let than others by maintaining the properties at a high standard of repair and decoration and providing a high-quality service. We also let all our homes at ‘Social Rent’ helping attract those on low incomes. We have 65 properties that have proved ‘Hard to Let’ historically and are identified as such in our Asset and Liabilities Register.

5.6 VFM Standards Performance

Our Value for Money Standard was developed with our Customer Panel and all tenants were consulted prior to its introduction. The Panel felt that our work to achieve Value for Money must have regard to cost, quality, customer satisfaction, timeliness and the impact on the local economy and communities. The Panel felt strongly that we should utilise local contractors and suppliers where possible, and this is reflected in the Standard agreed and the targets set. Some of our Planned Maintenance was delivered by a Liverpool based contractor and the local office of a National Company resulting in performance dropping below the target for use of local contractors during 2022.

	Target	Performance
Inspection of Repairs that are of a good standard and offer VFM	90%	96.9%
Customer Satisfaction with Repairs	90%	99.0%
Use local contractors for carrying out Repairs	70% Wirral 90% NW	67.6% Wirral 96.5% NW
Use local suppliers for goods and services	70% Wirral 80% NW	66.6% Wirral 88.8% NW

5.7 Environmental Returns

The work that we do during the year can have a beneficial impact on the environment, either through a reduction in carbon emissions or through positive social benefits. During 2022 we invested £39k in replacing 13 aging boilers with A rated condensing boilers. This figure includes over £10k to convert tank-based systems to combination boilers. These changes are expected to save our tenants almost £1,800 per annum in reduced fuel bills and reduce carbon emissions by over 16 tonnes. We also invested almost £11k in improving the insulation of solid brick walls.

In addition, our Policy to invest time and resources letting properties in hard to let areas, such as our 8 homes in Harrowby Road in Birkenhead, has social and economic benefits for that locality. A number of landlords have chosen to dispose of houses in this area but in our view, this only accelerates the decline and has a negative social impact. Wirral Borough Council’s selective licensing scheme of private landlords has begun to have a positive impact with a noticeable reduction in tenancy turnover.

5.8 Aids and Adaptations

Carrying out work to enable people to remain in their homes provided social and economic benefits for our tenants and for the Association. The costs involved in re-letting a property are considerable. Tenants request adaptations when they are already struggling at home and in need of the work. Any unnecessary delay puts the tenant at risk and could also lead to them giving up their tenancy.

In accordance with our caring ethos, our strategy is to carry out the majority of adaptations at our own expense and to deliver them with minimal delay. Minor adaptations are normally delivered within a few days and more significant works in under a month. We only resort to Disabled Facilities Grant funding when the works are expected to cost many thousands of pounds.

During 2022 we invested £2,635 in aids and adaptations work. This investment has prevented potentially very significant costs within the NHS and social care agencies through prevention of falls and accidents and their resulting treatment and rehabilitation costs.

5.9 Information Technology

We employ staff with strong IT skills that has enabled us to develop our own bespoke Housing Management Software that meets the requirements of the business. We build and maintain all of our own computer hardware. The savings this has delivered are estimated to be in excess of £8,000 every year.

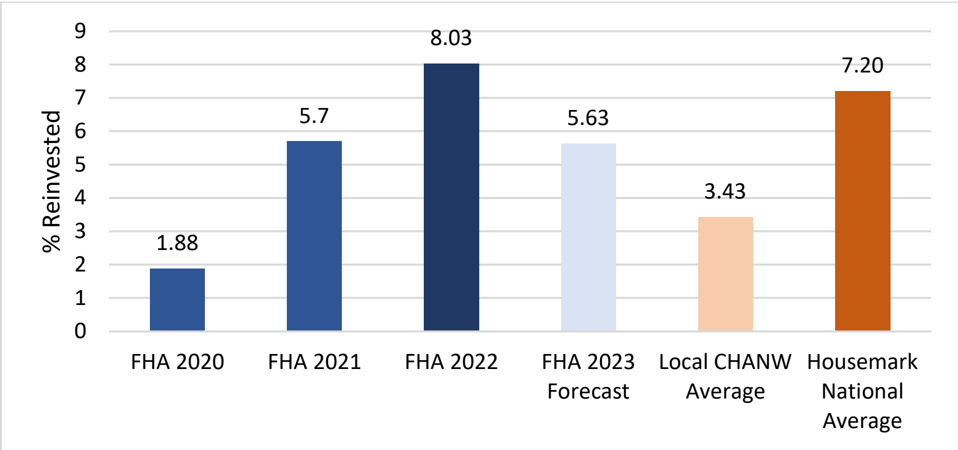
5.10 Social Value

We encourage our Staff to take time to talk to our tenants to get to know them and build better relationships. Any of our tenants can call the office and can speak to any member of Staff, including our Management Team. The 2022 Tenant Satisfaction Survey asked tenants if it was easy to contact Family Housing Association and 98% said it was easy or very easy, the highest score both locally and nationally. Our small size gives us a distinct advantage over large Associations, as most of our tenants know us on a first name basis and feel they can talk to us about the issues that affect them. We believe that the strong relationship we enjoy with our tenants is what sets us apart from other Associations and it helps us to minimise rent arrears, reduce evictions and minimise property turnover and the associated costs. We also asked our tenants in our 2022 Survey whether Family Housing Association treats them with fairness and respect. The score of 96% was again the highest locally and nationally.

6. Regulator Value for Money Metrics

This section will outline our performance in terms of the Regulator's Value for Money Metrics. Comparative data is included, for the North West Small Housing Association Benchmarking Club and the National Small Provider Average from Housemark. Most Association's accounts run from April to March, whereas Family Housing's run from January to December. Comparative data relates to the period from April 2021 to March 2022, as this is the most recent data available.

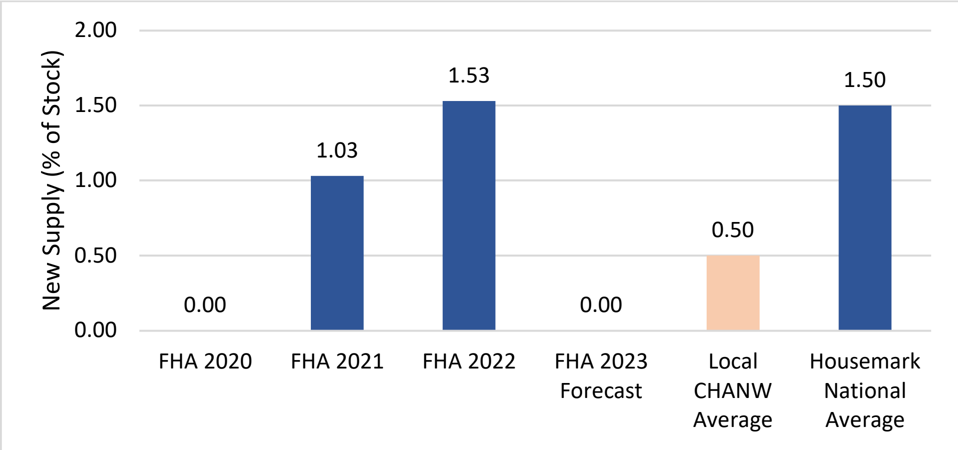
6.1 Reinvestment



During 2022, Family Housing Association was budgeting for a reinvestment metric of 10.15, which included expenditure on new units of around £743K, expenditure on capital works for existing properties of around £584K, plus £170K for energy efficiency improvements. Six new units were acquired during the year costing £709K, a property acquired late 2021 was refurbished during the year costing £22K, professional fees of £11K were spent in relation to a piece of land acquired in 2021 which is for development, and £414K was invested into existing properties. It was anticipated that the development on the land would have progressed further, but due to various factors including the continued impact from Covid-19 and the increasing cost of labour and materials, the building plans have been re-submitted which will mean a later start on site and a completion date than originally anticipated. Development plans have been put on hold until inflation starts to fall and the 2023 planned maintenance programme are known. It has been challenging to purchase existing properties at modest prices due to the increase in the housing market and lack of availability due to a high demand.

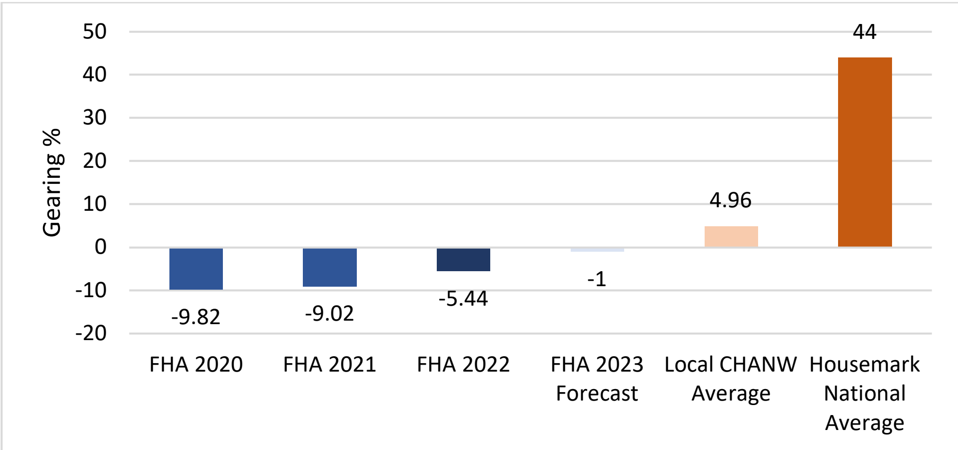
The impact of Covid delays on our Planned Maintenance programme resulted in the 2021 Programme being mostly completed in 2022. The 2022 programme was slightly late in starting on site, but a large proportion of the work was completed in the year, with a small proportion slipping into early 2023. There has been minimal expenditure on energy efficiency, some of this money was used to improve the insulation of our homes and the aim is to continue this project in the coming years to achieve EPC Band C on our properties. The above underspend meant that the actual metric was lower than budget at 8.03, although this is an improvement on the 2021 figure of 5.70. The budget for 2023 has set aside £256K for development, £408K on capital works into existing properties, plus £170K on energy efficiency, although this budget is to be reviewed and updated during 2023. This would mean a metric of 5.63 if these projects could be delivered.

6.2 New Supply Delivered (Social Housing Units)



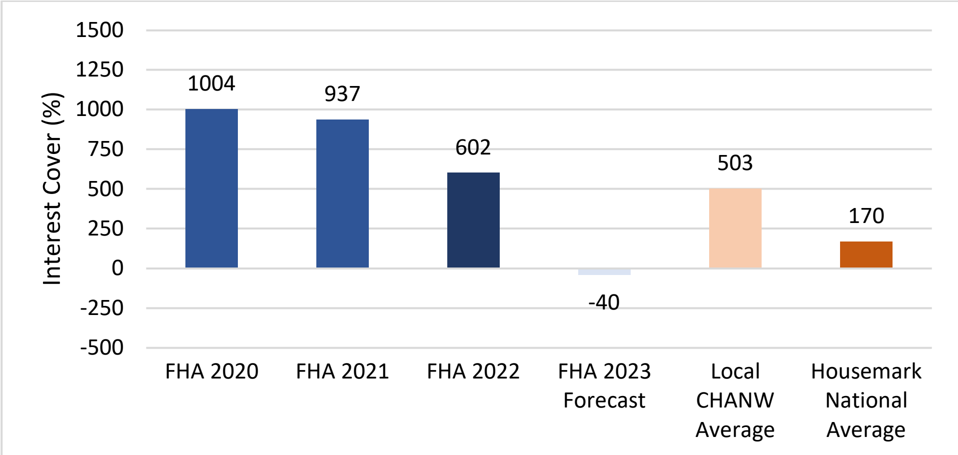
Family Housing Association acquired six modern properties during 2022 by purchasing them on the open market. The actual supply was 1.53 compared to the budget of 1.78. The Chief Executive continues to promote the Association's interest in development opportunities with Wirral Council and potential partner organisations in the local area. The 2023 budget has been set aside for building new units on the land purchased in 2021 which are not expected to complete until 2024 at the earliest, should a cost effective development solution be identified.

6.3 Gearing



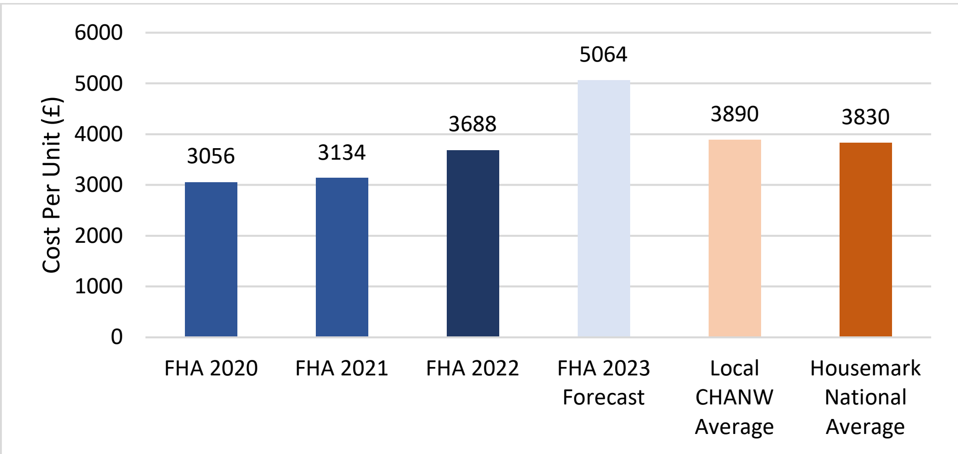
The budgeted gearing metric for 2022 was -0.68 due to being prudent in our budgeting with rising inflation, plus the bulk of two years planned maintenance work being spent in one year to catch up after the delays since Covid. The actual gearing metric was -5.44 due to higher bank balances throughout the year due to the underspend detailed in 6.1 above, plus savings made on response and void repairs, and the slight delay on completing the 2022 planned maintenance programme. The Association is planning to invest around £834K in 2023 through the Planned Maintenance Programme, energy efficiency improvements and progressing the development of new units on the land acquired in 2021. This would reduce the Gearing metric to around -1.00, which is still good as cash reserves are expected to exceed mortgages. The Association has continued to repay its borrowings and has not required any further borrowing finance. The plan is to continue to use cash reserves, but if a development opportunity does become available, then any costings would be modelled into the Business Plan to consider affordability.

6.4 Interest Cover (EBITDA MRI)



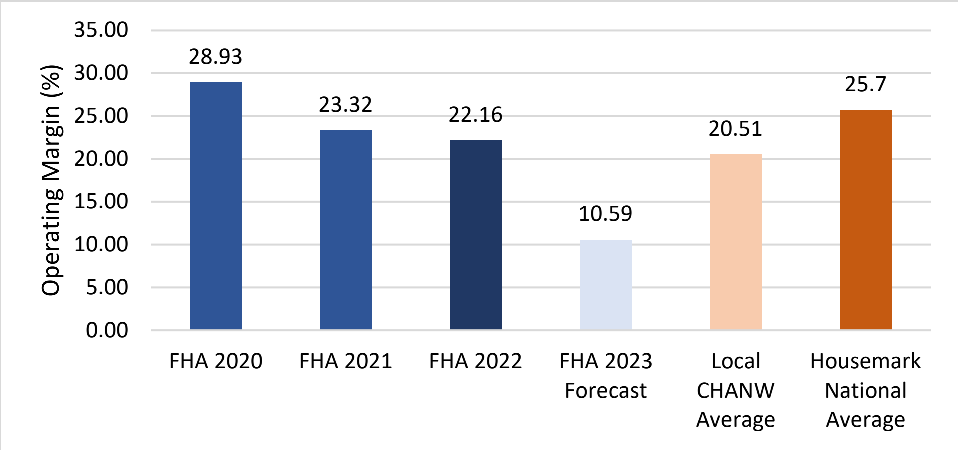
During 2022, budgeted interest cover was -687 due to a much lower budgeted surplus, which was due to the plan to catch up on the Planned Maintenance Programmes and spend on energy efficiency improvement work, boiler replacements plus the other capital works. The actual cover was 602, as the operating surplus was much higher than expected as there was an underspend on energy efficiency, savings made on response and void repairs and a slight delay in completing the planned maintenance programme which will fall into early 2023. The Association is expecting Interest Cover in 2023 to fall to around -40 due to a much lower budgeted surplus as inflation is expected to remain high during the year whilst the rents have been capped at 7% from 1st April 2023. Although the budgeted figure is negative, this will not cause any issues with lenders as there are no financial loan covenants.

6.5 Headline Social Housing Cost per unit



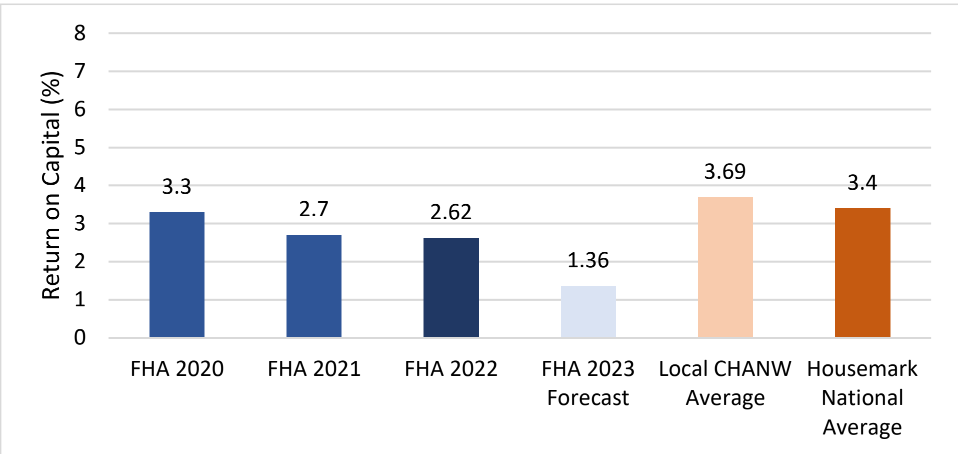
Family Housing Association was expecting a headline social housing cost per unit during 2022 of £5,427 due to a budgeted increase in capital investment (mainly being the energy efficiency work), plus catching up on two years Planned Maintenance Costs. The actual cost per unit was lower at £3,688. This was partly due to a slight delay in completing the Planned Maintenance work, an underspend on energy efficiency, plus savings on response, void and major repairs. The budgeted 2023 cost is expected to increase to £5,064 as the Association is anticipating and increase in repair costs due to high inflation (including the Planned Maintenance Programme), as well as the usual capital investment programme to continue to maintain the properties to meet the Decent Homes Standard.

6.6 Operating Margin



Family Housing Association was expecting an operating margin of 4.90, but the actual result was 22.16 after the slight delay to fully completing the planned maintenance work, but also due to the savings on other repairs already mentioned in 6.5. During 2023 a much reduced margin of 10.59 is expected as costs are anticipated to increase with continued high inflation, together with the rents being capped at 7% from 1st April 2023. Family Housing Association's Operating Margin is impacted by the Association's commitment to charge exclusively 'Social Rents' and not to convert properties to more lucrative 'Affordable Rents'.

6.7 Return on Capital Employed



This metric was budgeted to be 0.59 during 2022, but the results were 2.62 due to the increase in surplus and higher bank balances. We expect the 2023 results to be around 1.36 due to the decrease in budgeted surplus and bank balances. This metric is also directly affected by our use of 'Social Rents' as discussed in 6.6 above. Many Associations have chosen to convert homes from 'Social Rents' to higher 'Affordable Rents' as part of their development strategy. These higher rents help to generate additional income. However, as they are close to market rents, they are unaffordable for many on low incomes. They also result in greater expense to the taxpayer as many of these tenants will be in receipt of Housing Benefit or the Housing Element of Universal Credit. Family Housing Association remains committed to charging exclusively 'Social Rents'.

7. Reporting on 2022 Value for Money Projects

7.1 Boiler Improvement Programme

During the year, Family Housing Association upgraded 13 boilers to the latest ‘A’ rated boilers from Worcester Bosch and Vaillant. It was a challenging year for boiler improvements due to the shortage of boilers affecting the industry. During the middle part of the year, only essential replacements were carried out to ensure boilers were available when they could not be repaired. Heat pump technology is being monitored and the latest research has shown it can be effective and efficient. However, even though heat pumps are more efficient than gas boilers, due to electricity being far more expensive than gas, they do not currently offer a viable alternative in terms of running costs for people on low incomes.

7.2 Cloud Based Telecommunications

The first full year of Cloud Based Telecoms has allowed the technology to bed in and for staff to get used to the new technology. It has shown significant advantages, allowing staff to answer and make ‘landline’ calls when working from home or when out of the office. The out of hours answerphone is fully automatic rather than manually activated and can be monitored by a group of staff rather than just one. Phone numbers from our Housing Management system can be ‘copied and pasted’ into the system to allow calls to be made without the risk of entering a wrong number. On the negative side, the system is less reliable that the old hard-wired system, with occasional ‘crossed lines’ or dropped calls. Overall, the benefits have far outweighed the disadvantages.

7.3 Hybrid Working

A review of Hybrid Working was carried out during the year which led to the introduction of a new Hybrid Working policy. The policy is deliberately designed to be flexible to meet the needs of the business. The majority of staff have been working 2 days in the office and 3 days at home, with some working more office days due to personal preference. All staff retain their own workstations and there has not been a move towards ‘hot desking’. The principal benefits of Hybrid Working as been a reduction in carbon emissions of 8 tonnes CO^2 and improved work-life balance for staff. Customer Satisfaction was assessed whilst hybrid working by the Independent Customer Satisfaction Survey carried out by TLF research in collaboration with CHANW, that showed that Family Housing Association was one of best performing Associations in the country. This provided re-assurance that excellent Customer Service and Hybrid Working are compatible.

7.4 Carbon Footprint Project

During 2022, the Board of Family Housing Association has received a variety of reports assessing the Association’s impact on climate change. The project has found that our Operational Emissions (those related to the running of the business rather than our properties) where just under 11 tons CO^2 in total. The biggest contributor was staff commuting, which even allowing for hybrid working, still exceeded 4 tonnes CO^2. The next highest was office heating which was just over 3 tons CO^2. Office electricity was sourced from 80% renewables resulting in emissions of just under 1 tonne CO^2. The project has set a useful baseline that the Association can use to determine its strategy going forward.

8. Value for Money Projects for 2023

8.1 Boiler Modernisation Programme

The ongoing Boiler improvement programme will look to replace the bulk of the 28 boilers that Family Housing Association currently has that are over 15 years old, in addition to those replaced on a reactive basis during the year that are uneconomical to repair. The budget for boiler replacement during the year is £65k. There will be ongoing monitoring of heat pump technology to assess when they become a cost-effective alternative to gas central heating systems.

8.2 Insurance

During 2023 the long-term agreement with our Insurers comes to an end, providing the ideal opportunity to test the market to see if our current insurers remain competitive. This will involve obtaining additional quotations for the range of insurance products that the Association requires, including insuring our Housing Stock, Office, Public Liability Insurance, Terrorism Insurance and ‘Business Combined’ insurance that covers operating risks.

8.3 Asset Management Services

During 2022 a long term arrangement for Asset Management Services with the Paddock Johnson Partnership was wound down, terminating with the end of the 2022 Planned Maintenance Programme. A new 12 month contract was entered into with RAND Associates to provide Asset Management Services during 2023. Crucially the fee structure moves away from a percentage of contract value to a fixed fee, removing the potential conflict of interest that affected the previous arrangement. During 2023, the success of this new arrangement will be considered and compared with the alterative of bringing the service in-house through the appointment of an ‘Asset Manager’.

8.4 Text Message Communications

For many years, Family Housing Association has been communicating with tenants through various means, including telephone, e-mail, personal visit and most effectively, text messages. They provide a way of reaching tenants in a fast, efficient and less disruptive way. Against the backdrop of rising postage costs, this project will look to move some services, such as repair confirmations and Repair Satisfaction Questionnaires to text messages and online forms. The project will monitor response rates, cost savings and tenant feedback to assess its effectiveness.