Family Housing Association
(Birkenhead & Wirral) Limited

Financial Statements

31 December 2023

Family Housing Association (Birkenhead & Wirral) Limited

Information

for the year ended 31 December 2023

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 Gaskell J Hughes P Carter G Donnelly (Appointed 13/06/2023)	G Dennett (Resigned 14/02/2023) R Pasha (Resigned 13/06/2023) A Lewis (Resigned 13/06/2023) G Hamilton (Co-opted 15/08/2023) A Davies (Co-opted 24/10/2023)
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	

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Board Report for the year ended 31 December 2023

Principal Activity

The principal activity of Family Housing Association (FHA) during the year remained the provision of social housing in the Wirral area, particularly in Birkenhead and Wallasey.

Review of Operations

Family Housing Association has a Planned Maintenance Programme to ensure that its stock continues to meet the Decent Homes Standard. During 2023 the Association capitalised £314,012 in respect of replacing kitchens, bathrooms, boilers, insulation, safety flooring, plumbing installations, showers, and other various components. In addition, approximately £273,000 was spent on planned and major repair work. During the early part of the year, the 2021 and 2022 Planned Maintenance Programmes completed. The 2023 planned maintenance surveys were carried out by a newly appointed external surveyor, the work started on site late September, and some will overspill into early 2024. The 2024 Surveys will be carried out by a newly appointed in-house Asset Manager who is expected to start the inspections around spring. 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 one property during the year costing £78,486, although there will be some minimal refurbishment costs falling into early 2024 when the development completed. There was also £1,401 of expenditure for clearance costs and capitalise salaries on the piece of land in Wallasey, which was acquired in 2021 ready for development. The aim is to re-visit the planning permission to keep this up to date, with a view to still build three new units when money allows, and the costs have been fully assessed to ensure good value for money. The development would 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.

So that the Association can continue to grow and meet housing need in Wirral, we have a £574,000 development budget for 2024. Since the budget has been approved, the Board have agreed to increase the 2024 budget to allow the acquisition of seven properties being built in our area of operation, all of which will be funded by cash reserves. The total cost of the seven units is around £1,055,000 plus legal and professional fees, with all the properties being let at Social Rents. The full cost has been considered as part of the Business Plan and is affordable without additional finance. No formal contract has been entered into up to the balance sheet date or as at the date of signing the accounts, although the transaction is expected to be completed mid to late July.

Tenants remain at the heart of everything that Family Housing Association does and so delivering high quality services is extremely important. Historically, we have carried out an independently verified Tenant Satisfaction Survey every three years, the most recent of which was in 2022, when completed by TLF Research. However, in anticipation of the introduction of specified Tenants Satisfaction Measures (TSM's) in 2024, as a good practice rather than Regulatory requirement, in 2023 the Association carried out an in-house Tenant Survey, coordinated by FHA officers based on the TSM requirements. It is proposed to complete such in-house surveys in each of the years between the independent surveys, for continuity and to ensure that there is a focus on continuous improvement. In 2023, all FHA tenants for whom we had email or text details were contacted, followed by phone calls and via hard copy letters, supported by information on the website and social media. In this way, every tenant was contacted and encouraged to participate by feeding back their opinion on the services they receive.

Family Housing Association (Birkenhead & Wirral) Limited

Board Report for the year ended 31 December 2023

Review of Operations (continued)

In total, 50% of tenants chose to participate, with 97.99% of respondents satisfied with the services Family Housing Association provides. Customer satisfaction was high across most service areas, with 98.24% satisfied with the Repairs Service over the past 12 months, 97.95% satisfied that their homes are well maintained and 97.98% believing that their homes are safe. Whilst the results remain consistently high when compared to earlier surveys, FHA officers are not complacent and are following up to identify how improvements can be achieved, especially in those areas where the satisfaction rates were lower.

In addition to the Customer Survey based TSM, FHA officers are preparing for the collection of the Management Information based TSM information so that results can be publicised later in the year.

FHA and its tenants are still facing the challenge of high inflation, with its impact on the increased cost of living and the cost and delivery of services. The ability of tenants being able to pay their rent continues to generate significant additional workload, as officers support tenants dealing with reduced income in real terms, high energy costs and the continued migration of tenants onto Universal Credit. Family Housing Association is working hard to identify meaningful ways of supporting tenants, increasing the welfare budget, and working closely with the worst affected by increasing numbers of referrals for expert advice and support. For the second year running, we have offered winter warm packs and referred tenants for fuel vouchers. Rent arrears have remained relatively stable throughout the year but experienced the traditional spike increase in the run up towards Christmas, when the pressure on tenants' finances is perhaps at its greatest.

Operationally, The Association has seen significant increases in labour and material costs over the past few years, together with a 12-month rent restriction from April 2023. The Board decided to pause development in 2023 following on from the 2022 Stress Test, until inflation started to fall, and the planned maintenance costs were known. From August 2023, the Board agreed to reinstate the development policy with a cautious approach, resulting in the acquisition of one property.

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 £13,000 (2022: Loss £84,000). 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. The results of the September 2023 Valuation will be available around Summer 2024.

All staff in the Defined Benefit scheme chose to transfer into the Defined Contribution scheme from 1st April 2022, and the Defined Benefit schemes were subsequently closed. 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. 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%.

Financial Review and Reserves

The total comprehensive income for the year amounted to £466,333 (2022: £292,479), which included an actuarial loss on the defined benefit pension scheme of £13,000 (2022: £84,000 loss). £126,792 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 £10,925,854 (2022: £10,459,521) which includes £9,220,423 designated Property Equity Reserve (2022: £9,093,631). 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 budgeted for Energy Efficiency works. Progress with this project has continued to be 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. During 2023 two properties had extensive internal and external insulation work costing £27,679 which improved the EPC ratings from Band E to C. There were also smaller insulation works on other properties, meaning the cumulative amount spent from the Energy Efficiency budget since 2020 is £84,190. 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. In addition to this, during 2023, £52,814 has been spent upgrading boilers which have also improved the heating efficiency of our homes.

Staff Structure

The existing staff structure was introduced in December 2021. The creation of a new role of Finance Director allowed the majority of our accountancy work to be brought in-house and has proved to be a success. Redefining the role of the Housing Officer working alongside a Housing Administration Officer, has also proved to be a success, ensuring dedicated resources for income collection, and supporting tenants with rent arrears, addressing anti-social behaviour, together with ensuring the required high standards for Compliance in areas such as gas servicing and electrical testing, continue to be achieved. This way of working has also delivered significant savings when compared to the previous structure. Having ensured that the new staff structure was “bedded in”, an ongoing review demonstrated that there was an opportunity to bring the Maintenance Service in-house, and with existing staff working at capacity, to consider additional staff resources to address increasing regulatory requirements and changes to our operating environment. This led to the Board approving the appointment of an Asset Manager and an Administration Officer, both of whom have joined the Association in early 2024.

Changes for delivering the 2023 Planned Maintenance Programme

In late 2022, our long-term business partners for delivering maintenance services, the Paddock Johnson Partnership (PJP), gave notice of their intention to cease providing such services, preferring to concentrate on architectural activities. In early 2023, the Board of Family Housing Association considered the options of identifying a new business partner or bringing the service in-house, resulting in the appointment of Rand Associates, who then coordinated the surveys in advance of letting the contracts for the 2023 Planned Maintenance. This was an opportunity to get the Planned Maintenance Programme back on track, after the lockdown restrictions and lingering impact of Covid-19 related issues, leading to delays in delivering the Planned Maintenance Programme throughout 2020, 2021 and 2022. The outcome was that the vast majority of Planned Maintenance works were completed before the end of 2023, with just a small percentage carrying over into early 2024.

Rent Arrears

With rents being the primary source of income to Family Housing Association, rent collection and rent arrears monitoring has always been a priority. In 2023, support to tenants and intervention actions when appropriate, continued throughout the year. FHA tenants have undoubtedly suffered from the cost of living and energy price crisis impacting upon their ability to pay their rent. Considerable staff time and resource was dedicated to working with tenants with a whole range of debts, resulting in 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, which began during Covid restrictions, has proved to be successful and so continued during 2023 as a now permanent feature, with the support of the Board. Close monitoring of KPI's combined with excellent Customer Service feedback results from the tenant survey demonstrated that required outcomes are being achieved with this method of working, whilst significantly reducing our operational carbon emissions.

Internal Audit

Our external Accountant undertook the annual review of our Stress Testing Model, using the updated Stress Testing Model recommended as a result of being a topic for Internal Audit in 2022. 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, whilst it was noted that the continued combined impact of high inflation, increasing costs and below inflation rent increases would put a significant strain on the business and so should be regularly monitored as part of routine Risk Management.

In 2023, the Internal Auditor looked at Governance, Compliance and Data Privacy & Security, concluding that Family Housing Association was compliant across each area of the audit and this offered the Board a high level of assurance that the Association was meeting good practice and following its Policies and Procedures.

Family Housing Association (Birkenhead & Wirral) Limited

Board Report for the year ended 31 December 2023

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 in order to achieve growth. 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.

Development

Family Housing Association has a budget of £574,000 for new units during 2024, although that will increase to around £1,055,000 plus costs for legal and professional fees, so that the seven new units in Tranmere can be acquired during 2024. The Association acquired a piece of land at Rice Lane, Wallasey, for development during 2021. As estimated building costs do not currently represent good value for money following on from high inflationary costs, the Board have decided to 'landbank' this site, with an aspiration to still build three new units when costs are lower and cash reserves allow. Planning permission will be kept up to date to maintain the value of the land. The Association continues to explore development and acquisition opportunities for growth 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 rents from April 2023 would have traditionally been increased by the Consumer Price Index in September 2022, which was 10.1%, plus 1%, resulting in an increase of 11.1%. As inflation was high, the Regulator intervened and restricted rent increases to a maximum of 7%, in effect capping the formula, which Family Housing Association implemented. From April 2024, the rent increases have returned to the approved formula without any restriction, due to the gradual reduction in inflation.

Environmental, Social and Governance

In August 2023, a report explaining the background to the introduction of Environmental, Social and Governance (ESG) Policies within the housing sector was presented to the Board. The report concluded that FHA should develop its own ESG Policy, aiming to identify the main ESG factors relating to Family Housing Association and to review, develop and update the policy over time. The initial policy was presented and accepted by the Board in February 2024. Although reporting on ESG is not yet mandatory for FHA, further information will be included in the 2024 Financial Statements.

Equality, Diversity, and Inclusion

The 2020 National Housing Federation (NHF) Code of Governance places a much greater emphasis than previous editions of the Code on Equality Diversity & Inclusion (EDI) across various aspects of the Code. It includes the requirement for the Board to take an active lead in committing to equality of opportunity, diversity, and inclusion in all of the Association's activities. Whilst Family Housing Association has historically had various Race Equality and Diversity policies in place, the Governance Review undertaken by the Internal Auditors in 2023 resulted in a recommendation that FHA should consider updating this to an Equality Diversity & Inclusion Policy, thereby aligning the policy to that referred to in the Code of Governance for ease of reference between the two documents and re-emphasising the importance of Equality Diversity & Inclusion across all FHA's activities. Officers began work on this as soon as the recommendation was accepted by FHA's Board in February 2024, with the amended and updated Equality Diversity & Inclusion was approved at the April 2024 Board Meeting.

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 2023 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 described earlier in this report, hybrid working continues to be available to all staff, combining some days of working in the office, with some 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 2023 and will continue to be completed. The face to face Board meetings which resumed in the Board Room at FHA's Marcus House office in June 2022 have continued throughout 2023.

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. This priority is underpinned by compliance being a part of the specified duties of the Housing Administration Officer. Alongside this is the appropriate management of Fire Safety, Asbestos, Legionella and Radon Risks, with Compliance Performance in all these areas reported to Board Members at every Board Meeting as part of the Review of Operations Report.

Family Housing Association (Birkenhead & Wirral) Limited

Board Report for the year ended 31 December 2023

Health and Safety Compliance (continued)

FHA participated in the NROSH Fire Safety Remediation survey to identify works for buildings which are eleven metres plus tall. This enabled us to be able to confirm that FHA does not own any of these property types, whilst acknowledging that this remains a high-risk issue affecting many other Associations across the housing sector relating to fire risk and external cladding in high rise accommodation.

Family Housing Association achieved full compliance with the Smoke and Carbon Monoxide Alarm (Amendment) Regulations 2022 by February 2023, which required carbon monoxide alarms to be installed in all properties with gas appliances. Carbon Monoxide Alarms now form part of the wider compliance reporting to the Board.

Following the tragic events around the coroner's report on the death of toddler Awaab Ishak in Rochdale, the FHA Board has received regular reports throughout 2023 updating them about consultation and intervention from the Regulator and The Secretary of State around the good practice and Regulatory requirements related to property condition. In particular FHA's approach when mould and damp is reported by tenants or discovered by officers and /or contractors during home visits has been prioritised. FHA introduced a specific new Policy on Mould and Damp in addition to existing repairs and maintenance policies, supported by internal procedures and data recording. Officers continue to monitor the proposed legislation requirements in what is termed as Awaab's Law, which is likely to be introduced during 2024.

The Board

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

R Roberts (Chairman)
S Morris (Vice Chair)
P. Carter
A Gaskell
J Hughes
G Donnelly (Appointed 13/06/2023)
G Dennett (Resigned 14/02/2023)
A Lewis (Resigned 13/06/2023)
R Pasha (Resigned 13/06/2023)

The following members are Co-opted and will become full members at the 2024 AGM.

G Hamilton (Co-opted 15/08/2023)
A Davies (Co-opted 24/10/2023)

Family Housing Association (Birkenhead & Wirral) Limited

Board Report for the year ended 31 December 2023

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.

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 2023, the Internal Auditors investigated Governance, Data Privacy & Security and Compliance (including Gas Safety, Electrical Safety, Fire Safety, Asbestos Safety, Legionella Risk). The Internal Auditors report their findings directly to the Audit Committee who then subsequently report to the Board. The Audits found Good or Excellent systems of control where in place and that policies and procedures were followed.

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 Internal Audit Areas for 2024 have been determined as Risk Management, Complaints, and Tenant Satisfaction Measures.

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.

Key Procedures (continued)

- 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 2023, 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.

Governance Overview

At the October 2023 Board meeting, Members considered, then approved, the following reports: The Governance Review, the Annual Board Self-Assessment Review, Regulatory Compliance Review, and a Review of Compliance with the National Housing Federation's (NHF's) 2020 Code of Governance, which Family Housing Association adopted in December 2020.

FHA followed closely the passage of the Social Housing Regulation Act 2023 through parliament and noted the enhanced powers granted to the Regulator of Social Housing. In particular, FHA followed the Consultation over the introduction of new Consumer Standards and so were well placed to comply with the new standards when they were published in March 2024.

FHA also worked with the NHF and other local Housing Associations as part of the Community Housing Associations North West (CHANW) collaboration group, to participate in the Better Social Housing Review and was supportive of the recommendations made by the Panel.

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

Family Housing Association (Birkenhead & Wirral) Limited

Board Report for the year ended 31 December 2023

The 2020 NHF Code of Governance (continued)

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 2023 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 2024.
- 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.

Compliance with the Regulator of Social Housing Regulatory Framework

In October 2023, 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 and has a track record of engaging with the Regulator as appropriate.

The Board received an updated Stress Test Report of its Business Plan in December 2023, 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.

Compliance with the Regulator of Social Housing Regulatory Framework (continued)

The Risk Register was reviewed by the Board and updated at every Board Meeting throughout 2023. This is in addition to the schedule of detailed annual and mid-year reviews, utilising different tools to review and prioritise risks.

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 Self-Assessment

The Value for Money Self-Assessment 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
18 June 2024	Chairman

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 2023 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 2023 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 8, 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

18 June 2024

Family Housing Association (Birkenhead & Wirral) Limited

Statement of Comprehensive Income

for the year ended 31 December 2023

	Notes	2023 £	2022 £
Turnover	2	2,023,517	1,893,912
Operating costs	2	(1,510,142)	(1,474,183)
Operating surplus	2	513,375	419,729
Surplus/(deficit) on sale of other assets	8	-	-
Interest receivable and other income	5	34,677	10,794
Interest payable and similar charges	6	(68,719)	(54,044)
Surplus for year	8	479,333	376,479
Actuarial (loss)/gain in respect of defined benefit scheme	23	(13,000)	(84,000)
Total comprehensive income for the year	14	466,333	292,479

The surpluses for 2023 and 2022 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 2023

	Notes	2023 £	2022 £
Fixed assets			
Housing properties at cost less depreciation	7	14,172,883	14,285,728
Other fixed assets		476,985	403,141
		14,649,868	14,688,869
Current assets			
Debtors	9	90,387	84,954
Cash at bank and in hand		1,726,664	1,458,669
		1,817,051	1,543,623
Less:Creditors			
amounts due within one year	10	161,301	222,072
Net current assets		1,655,750	1,321,551
Total assets less current liabilities		16,305,618	16,010,420
Less: Creditors			
amounts due after more than one year	11	5,101,197	5,243,039
Less: Provisions for liabilities			
Defined benefit pension obligation	23	278,561	307,852
Total net assets		10,925,860	10,459,529
Capital and reserves			
Non equity share capital	15	6	8
Unrestricted reserves			
Revenue reserve	14	10,925,854	10,459,521
		10,925,860	10,459,529

The financial statements on pages 13 to 33 were approved and authorised for issue by the Board on 18th June 2024 and were signed on its behalf by:

R Roberts - Chairman

S Morris - Vice Chairman

N Moffatt - Secretary

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Family Housing Association (Birkenhead & Wirral) Limited

Statement of Changes in Reserves

for the year ended 31 December 2023

	Notes	Non equity share capital	Income and Expenditure Reserve	Total
		£	£	£
At 1 January 2023		8	10,459,521	10,459,529
Surplus for the year	2	-	479,333	479,333
Actuarial loss in respect of defined pension benefit scheme	23	-	(13,000)	(13,000)
Total comprehensive income		-	466,333	466,333
Share capital issued		1	-	1
Share capital cancelled		(3)	-	(3)
At end date 31 December 2023		6	10,925,854	10,925,860

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Family Housing Association (Birkenhead & Wirral) Limited

Statement of cash flows

for the year ended 31 December 2023

Reconciliation of operating surplus to net cash inflow from operating activities	2023	2022
	£	£
Operating surplus	513,375	419,729
Depreciation charges	406,340	398,602
Government grants utilised	(85,936)	(86,846)
Government grants utilised not previously written off	(1,690)	(2,646)
Components replaced	22,677	42,190
Share capital	(3)	(1)
Decrease/ (increase) in debtors	7,500	(6,098)
(Decrease) increase in creditors	(41,026)	21,845
Defined benefit pension service costs (note 23)	-	14,000
Pension expenses (note 23)	3,000	3,000
Net cash inflow from operating activities	824,237	803,775

Statement of cash flows

	2023	2022
Cash flow from operating activities	824,237	803,775
Interest paid on mortgages	(54,719)	(49,044)
Interest received	21,744	7,085
Net cash flow from operating activities	791,262	761,816
Cash flow from investing activities		
Capital expenditure on housing properties	(388,836)	(1,150,262)
Disposal of housing properties	-	-
Purchase of other tangible fixed assets	(3,017)	(4,401)
Disposal of other tangible fixed assets	-	-
Net cash flow from investing activities	(391,853)	(1,154,663)
Cash flow from financing activities		
Housing loans repaid	(72,124)	(73,102)
Housing loans received	-	-
Share capital issued	1	1
Defined employer pension contributions and expenses	(59,291)	(57,815)
Net cash flow from financing activities	(131,414)	(130,916)
Increase/(decrease) in cash - (note 13)	267,995	(523,763)
Cash and cash equivalents at 1 January	1,458,669	1,982,432
Cash and cash equivalents at 31 December	1,726,664	1,458,669
Cash and cash equivalents consists of:		
Cash at bank and in hand at 31 December	1,726,664	1,458,669

Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2023

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.

Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2023

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 2023

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 and 23.

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.

Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2023

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

	Turnover 2023 £	Operating Costs 2023 £	Turnover 2022 £	Operating Costs 2022 £
Income and expenditure from lettings				
Social housing letting	1,935,788	1,510,142	1,804,319	1,474,183
Other income and expenditure				
Other income	103	-	101	-
Amortised government grants:				
For the year	85,936		86,846	
Not previously written off	1,690		2,646	
Total	2,023,517	1,510,142	1,893,912	1,474,183
Operating surplus	513,375		419,729	
Surplus/(deficit) on sale of other assets	-		-	
Investment income	34,677		10,794	
Interest payable	(68,719)		(54,044)	
Surplus on ordinary activities	479,333		376,479	

Turnover from lettings	2023 £	2022 £
Rent receivable	1,901,932	1,770,925
Service charges receivable	34,901	35,427
less: Rent losses from voids	(1,045)	(2,033)
	1,935,788	1,804,319

Operating costs from lettings	2023 £	2022 £
Housing accommodation		
Services	35,980	33,687
Management	532,829	503,858
Depreciation of housing properties	397,280	389,789
Components replaced	22,677	42,190
Planned maintenance	253,732	257,138
Major repairs	19,767	18,726
Routine maintenance	231,079	221,995
Rent losses/(gains) from bad debts	16,798	6,800
	1,510,142	1,474,183

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Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2023

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

		2023	2022
		£	£
Salary and benefits	*	216,572	202,087
Pension contributions and life insurance	*	23,442	21,417
		240,014	223,504

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.

		2023	2022
The highest paid member of staff (excluding pension contributions):		£	£
Chief executive	*	95,403	88,475

* Includes adjustment for holiday pay accrual

		2023	2022
Full time equivalent staff whose remuneration (including pension contributions) fall into the following bands:		£	£
more than £100,000 but not more than £110,000	*	1	-
more than £90,000 but not more than £100,000		-	1
more than £80,000 but not more than £90,000		-	-
more than £70,000 but not more than £80,000	*	1	-
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 11% of his salary into the Scheme.

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 £534 (2022: £161).

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Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2023

4 Employee information

		2023	2022
		£	£
Staff Costs			
Wages and salaries	*	338,973	320,762
Social security costs	*	38,287	37,389
Pension contributions	*	36,900	34,509
		414,160	392,660

* Includes adjustment for holiday pay accrual

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	2023	2022
	No.	No.
Management	3.00	3.00
Administration	3.83	4.00
	6.83	7.00

5 Interest receivable and other income

	2023	2022
	£	£
Interest receivable from unlisted investments	34,677	10,794
	34,677	10,794

6 Interest payable and similar charges

	2023	2022
	£	£
On bank loans and other loans:		
Repayable wholly or partly in more than 5 years	54,719	49,044
Other finance costs		
Interest on net defined benefit pension liability	14,000	5,000
	68,719	54,044

Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2023

7 Tangible fixed assets

	Housing Properties	Land & Property For Development	Freehold Offices	Computer & Office Furniture	Total
	£	£	£	£	£
Cost					
At 1 January 2023	20,686,023	123,881	355,391	51,927	21,217,222
Additions	314,012	79,887	-	3,017	396,916
Transfer on completion	-	-	-	-	-
Reversal of previous accrual	(6,900)	-	-	-	(6,900)
Disposals	-	-	-	(322)	(322)
Components replaced	(111,047)	-	-	-	(111,047)
At 31 December 2023	20,882,088	203,768	355,391	54,622	21,495,869
Depreciation					
At 1 January 2023	6,400,295	-	84,709	43,349	6,528,353
Charge for year	397,280	-	5,519	3,541	406,340
Disposed of in year	-	-	-	(322)	(322)
Components replaced	(88,370)	-	-	-	(88,370)
At 31 December 2023	6,709,205	-	90,228	46,568	6,846,001
Net book value					
At 31 December 2023	14,172,883	203,768	265,163	8,054	14,649,868
At 31 December 2022	14,285,728	123,881	270,682	8,578	14,688,869

Housing property additions of £314,012 relate to components capitalised to existing properties. Also during the year, additions for development include £78,486 towards the purchase and refurbishment of one new property, which completed early 2024, and £1,401 towards the land acquired during 2021 in Wallasey which has been 'land banked' with a view to build three units on it when cash flow allows and the costings have been analysed and reviewed.

Properties are depreciated once development is completed.

The additions include £13,426 of salary costs reallocated to development (2022: £20,035) £10,554 (2022: £17,002) is included within completed works and £2,872 (2022: £3,033) is included within additions under development.

Included within the £203,768 of land and property ready for development is £125,282 in respect of land, and £78,486 for property. The above figures include total capital salaries of £7,448 for the land, and £2,251 for property.

The reversal of a previous accrual is for costs relating to a development acquisition during 2022 which were not required to be paid.

There have been no property disposals during 2023.

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 (2022: Two) which are leasehold.
The net book value of these properties amount to £147,800 (2022: £146,331).

There are 104 (2022: 104) properties secured on the housing loans included in note 11, the net book value of these properties amount to £3,375,202 (2022: £3,419,708).

The properties secured on the mortgage repaid in December 2023 will be released during 2024.

Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2023

8 Surplus on ordinary activities

	2023	2022
	£	£
Surplus on ordinary activities is stated after charging/(crediting):		
Depreciation on tangible owned fixed assets	406,340	398,602
Amortisation of government grant:		
For the year	(85,936)	(86,846)
Not previously written off	(1,690)	(2,646)
(Surplus)/deficit on disposal of other fixed assets	-	-
Components replaced	22,677	42,190
Defined benefit pension service costs (note 23)	-	14,000
Pension expenses (note 23)	3,000	3,000
Auditors' remuneration (exclusive of VAT):		
In their capacity as auditors	5,550	5,200

9 Debtors

	2023	2022
	£	£
Rent arrears and rechargeable repairs	100,956	94,742
Less: provision for doubtful debts	(56,644)	(47,768)
Net arrears	44,312	46,974
Prepayments and accrued income	46,075	37,980
	90,387	84,954

10 Creditors: Amounts falling due within one year

	2023	2022
	£	£
Housing loans	55,032	72,940
Rent advances	33,653	32,860
Capital expenditure on housing properties	11,679	13,516
Other taxation and social security	9,372	8,733
Accruals	51,565	94,023
	161,301	222,072

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

	2023	2022
	£	£
Housing loans	547,459	601,675
Deferred income (note 12)	4,553,738	4,641,364
	5,101,197	5,243,039

Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2023

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 2023 and 2029, and have been on a SONIA plus applicable margin of 0.6% plus an adjustment spread since 1st January 2022 (previously LIBOR). One of the six mortgages was repaid in December 2023.

	2023	2022
	£	£
In one year or less	55,032	72,940
Between one and two years	55,776	55,865
Between two and five years	122,627	151,551
In five years or more	369,056	394,259
	602,491	674,615

12 Deferred government grant

	2023	2022
	£	£
Opening deferred grant	4,641,364	4,730,856
Amortised during the year	(85,936)	(86,846)
Amortised not written off previous years	(1,690)	(2,646)
Closing deferred grant	4,553,738	4,641,364

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 £1,177,253. The latter would be reinstated should any of the relevant properties be disposed of. Total amortised grant to date amounts to £2,978,013.

13 Analysis of changes in net debt *

	At 1 Jan 2023	Cash flows	Other changes	At 31 Dec 2023
	£	£	£	£
Cash at bank and in hand	1,458,669	267,995	-	1,726,664
Housing loans				
due within one year	(72,940)	72,124	(54,216)	(55,032)
due after more than one year	(601,675)	-	54,216	(547,459)
	784,054	340,119	-	1,124,173

* Cash reserves exceed the total housing loans

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Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2023

14 Reserves

Other reserves	Property equity reserve * £	Revenue reserve £	Total £
At 1 January 2023	9,093,631	1,365,890	10,459,521
Total comprehensive income for year	-	466,333	466,333
Transferred to/(from) revenue reserve	126,792	(126,792)	-
At 31 December 2023	9,220,423	1,705,431	10,925,854

* See accounting policies for further information on Property Equity Reserve.

15 Non equity share capital

	2023 £	2022 £
Allotted, issued and fully paid		
At 1 January 2023	8	8
Issued during year	1	1
Cancelled during year	(3)	(1)
At 31 December 2023	6	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. In addition, there are also two Co-opted Board Members.

16 Capital and other commitments

	2023 £	2022 £
Capital expenditure that has been contracted for but not provided for	19,954	78,866
Capital expenditure that has been authorised but not contracted for	1,484,837	737,570
Other expenditure	17,765	69,441

The £19,954 included in capital commitments contracted for but not provided for, relates to capital works within the 2023 planned maintenance programme which is under a JCT contract signed before the year end.

The £1,484,837 includes £1,076,000 for the purchase of seven new units from a developer which should happen mid to late July using cash reserves, although no formal contract has been entered into up to the balance sheet date or as at the date of signing the accounts. The cost also includes an estimate for legal and professional fees.

The remaining £408,837 included in capital commitments authorised but not contracted for, relates to various component replacements including boilers £70,000, planned maintenance works including kitchens, bathrooms, other components £88,837, potential uPVC windows £10,000, plus £80,000 for any other components and adaptations.
Also included in the above is £160,000 towards improving energy efficiency of our homes. There is a plan to spend up to £1.7M in total on this improvement work. So far, since starting the project in 2020, £84,190 has been spent.

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 2023

17 Contingent liabilities

There is a contingent liability of £537,095 (2022: £1,272,855) 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 2023. 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 (one at the year end). 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 £10,065 (2022: £9,489) and aggregate year end arrears amounted to £320 (2022 : £299). The aggregated year end advances amounted to £90 (2022: £84).

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 £6,013 including VAT (2022: £6,244) 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

	2023	2022
Opening units	393	387
Additions	1	6
Disposals	-	-
Closing units	394	393

All units are classed as general needs. The Association manages all of the above units. Two units are leasehold (2022: Two), the remaining units are freehold. Included in 2023 was one unit which was under development at the year end.

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 2023 (including holiday pay accrual) was £35,696 (2022: £29,504) and is included within management expenses.

Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2023

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 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 28 February 2024 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.

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

	31 December 2023	31 December 2022
	£000s	£000s
Fair value of plan assets	1,073	1,039
Present value of defined benefit obligation	1,352	1,347
Surplus (deficit) in plan	(279)	(308)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(279)	(308)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	(279)	(308)

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Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2023

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

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

	Period from 31 December 2022 to 31 December 2023 £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 2022 to 31 December 2023 £000s
Defined benefit obligation at start of period	1,347
Current service cost	-
Expenses	3
Interest expense	66
Member contributions	-
Actuarial losses (gains) due to scheme experience	(36)
Actuarial losses (gains) due to changes in demographic assumptions	(3)
Actuarial losses (gains) due to changes in financial assumptions	25
Benefits paid and expenses	(50)
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	1,352

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 2022 to 31 December 2023 £000s
Fair value of plan assets at start of period	1,039
Interest income	52
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(27)
Employer contributions	59
Member contributions	-
Benefits paid and expenses	(50)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	1,073

The actual return on the plans assets (including any changes in share of assets) over the period from 31 December 2022 to 31 December 2023 was (£25.000).

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

	Period from 31 December 2022 to 31 December 2023 £000s
Current service cost	-
Expenses	3
Net interest expense	14
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)	17

Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2023

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

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME (OCI)

	Period from 31 December 2022 to 31 December 2023 £000s
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(27)
Experience gains and losses arising on the plan liabilities - gain (loss)	36
Effects of changes on the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	3
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(25)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(13)
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)	(13)

Family Housing Association (Birkenhead & Wirral) Limited

Notes to the financial statements

for the year ended 31 December 2023

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

ASSETS

	31 December 2023 £000s	31 December 2022 £000s
Global Equity	87	10
Absolute Return	20	10
Distressed Opportunities	35	48
Credit Relative Value	34	46
Alternative Risk Premia	16	2
Emerging Markets Debt	17	1
Risk Sharing	64	75
Insurance-Linked Securities	5	39
Property	42	48
Infrastructure	100	148
Private Debt	41	49
Opportunistic liquid Credit	48	62
High Yield	-	1
Opportunistic Credit	-	-
Cash	15	13
Corporate Bond Fund	-	-
Liquid Credit	-	-
Long Lease Property	30	36
Secured Income	27	48
Liability Driven Investment	485	428
Currency Hedging	4	8
Net Current Assets	3	(33)
Total Assets	1,073	1,039

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.

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

KEY ASSUMPTIONS

	31 December 2023 % per annum	31 December 2022 % per annum
Discount Rate	4.80	5.00
Inflation (RPI)	3.05	3.14
Inflation (CPI)	2.70	2.78
Salary Growth	3.70	3.78
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 December 2023 imply the following life expectancies:

	Life expectancy At age 65 (Years)
Male retiring in 2023	21.0
Female retiring in 2023	23.4
Male retiring in 2043	22.2
Female retiring in 2043	24.9

24 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.

Value for Money Self-Assessment - Year Ended December 2023

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 394 properties.

1.2 This Value for Money Self-Assessment provides a detailed analysis of our strategy, performance, and achievements during 2023. 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 challenge of rising costs and the cap on the 2023 rent increase reducing our income in real terms.

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 2023, 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. The Stress Test was subject of an Independent Audit carried out by our Internal Auditor, Harvey Guinan in 2022, who reported positively to the Board in 2023.

3.2 Tenant and Resident Involvement

The Family Housing Association Board had two members who are tenants during 2023, ensuring that tenants' views and perspectives are part of the decision-making process. One of our tenants on the Board needed to stand down due to health reasons during the year. Another tenant put themselves forward for election at the AGM in 2023 and was subsequently appointed to the Board.

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. Family Housing Association has adopted the 'Together with Tenants' initiative introduced by the National Housing Federation.

3.3 Performance Monitoring – Bi-Monthly

During 2023, Officers completed performance information on a monthly basis. A revised review of Operations Report was introduced following discussion at the Board Away Day that provides details information on compliance and performance monitoring, including information on Repairs, Complaints, Compliments, Voids, Rent Arrears, ASB and 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

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 Housing 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 2023, the Association had cash reserves of £1,726,664. 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 the early part of 2023, Family Housing Association had suspended development due to the financial crisis and lower than inflation increases. In the second half of the year, the economy had stabilised sufficiently to consider further growth. One additional property was acquired during the year, at a cost of £78,486. A further development opportunity consisting of 4 homes near Arrowe Park was also progressing well but this collapsed due to a change in planning requirements by Wirral Borough Council. The total development budget for 2024 stands at £574,000. Our cash assets offered an average rate of return during the year of 2.18%, 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 £602,491 at the end of 2023. A review of our borrowing and investment rates is carried out annually.

At the end of 2023 we had debts from two lenders. One debt has significant redemption penalties that make it uneconomical to re-finance. The remaining debt is on a variable rate based on SONIA TERM + an adjustment + 0.6% and is made up of 5 mortgages (originally 6 before one was repaid in December 2023), all of which are due to be paid off gradually over the next 6 years. The average rate during the year for all loans was 8.57%. 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 2023 was £42,901,300. The estimated Existing Use Value (Social Housing) of our housing stock was £16,784,318.

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 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 2023 were the 12 properties in St Annes Place / Price Street, with no voids and low maintenance costs, these homes generated a cash surplus of £2,697 per property, a return of 5.38% on cost.

Our worst performing housing stock during 2023 were the 9 properties in Paterson Street and Craven Street. High response repairs costs over the last five years meant these properties generated a cash surplus of £974, a return on cost of 1.64%, and a return on EUV-SH of 3.08%.

For all our Housing Stock, the average rate of return in 2023 based on cost was 3.87%. The rate of return based on the EUV-SH was 4.84%. Performance during 2024 is expected to be broadly similar.

5. Overall Value for Money Performance During 2023

5.1 Return on Public Investment

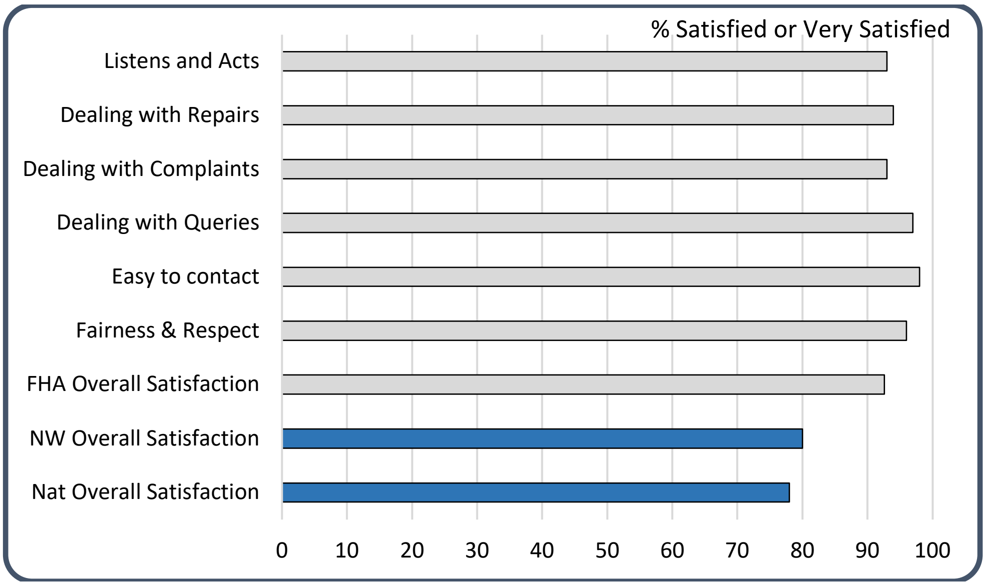
The total amount of public money invested in Family Housing Association to date is £8,709,004. This means the Association, based on the current open market value of its housing stock in 2023 and allowing for outstanding debt, generated an additional £34,192,296 worth of housing assets from this public investment.

5.2 Savings in Housing related Benefits

Family Housing 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 £241,660 in Benefits during 2023, compared to those tenants receiving the Local Housing Allowance in the private rented sector.

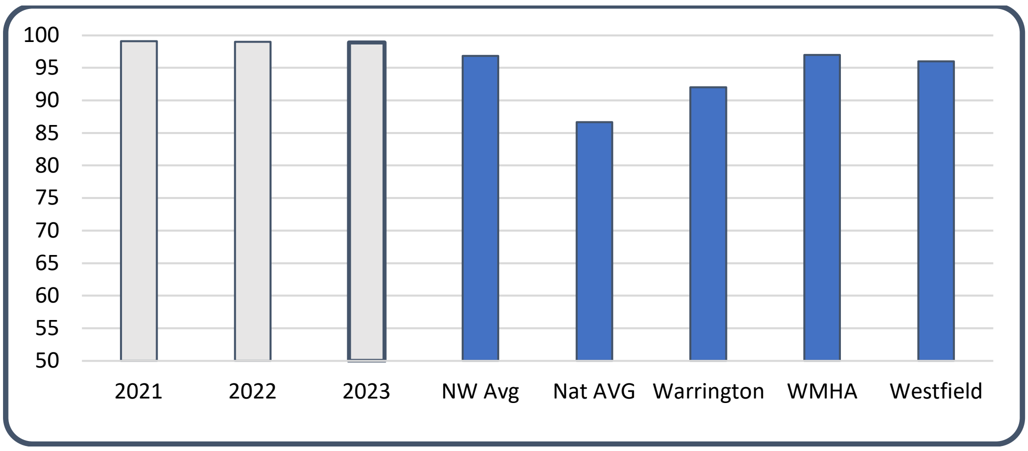
5.3 Tenant Satisfaction

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 worked with other members of CHANW Benchmarking club to carry out a joint survey, revealing FHA to be one of the top performing Housing Associations in the country in many of the key areas. Towards the end of 2023, FHA carried out a new survey based on the Regulator's Tenant Satisfaction Measures (TSMs) that continued to show very strong performance. The results will be published along with other TSMs later in the year.



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 98.92% in 2023.



The figures for FHA relate to Customer Satisfaction Questionnaire Results for 2023, the figures for other local associations are from 2022/23 CHANW Benchmarking Club.

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. Our Planned Maintenance was delivered by a Liverpool based contractors and the local office of a National Company resulting in performance dropping below the target for use of local contractors during 2023.

	Target	Performance
Inspection of Repairs that are of a good standard and offer VFM	90%	100%
Customer Satisfaction with Repairs	90%	98.9%
Use local contractors for carrying out Repairs	70% Wirral 90% NW	56.2% Wirral 86.8% NW
Use local suppliers for goods and services	70% Wirral 80% NW	21.0% Wirral 75.4% 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 2023 we invested £54k in replacing 18 aging boilers with A rated condensing boilers. This figure includes over £14k to convert tank-based systems to combination boilers. These changes are expected to save our tenants almost £2,475 per annum in reduced fuel bills and reduce carbon emissions by over 23 tonnes. We also invested almost £35k 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 2023 we invested £6,027 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.

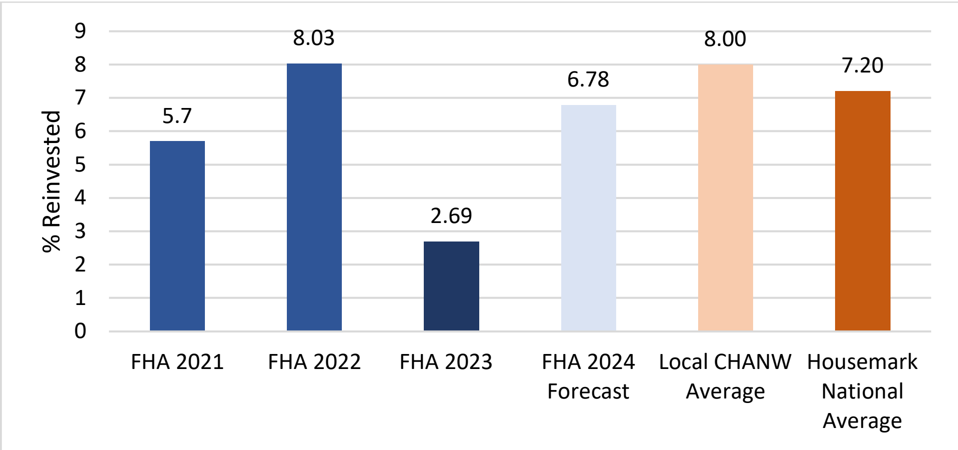
5.10 Social Value

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 2022 to March 2023, as this is the most recent data available.

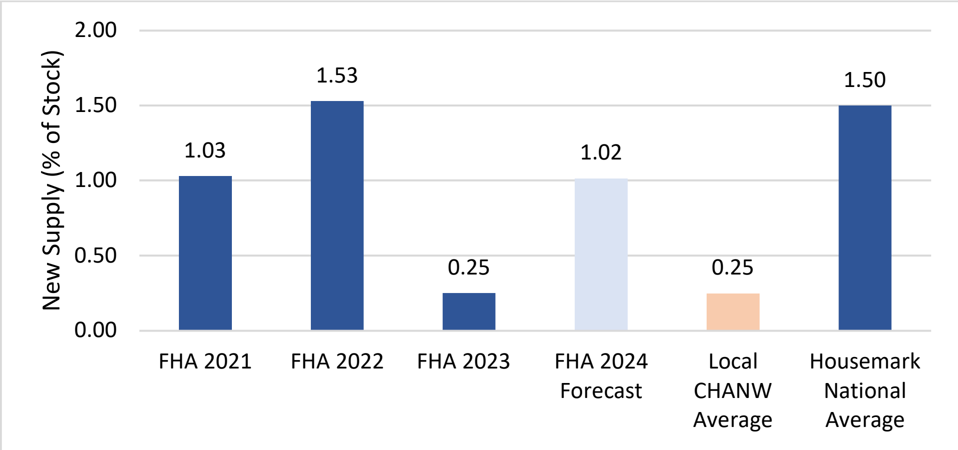
6.1 Reinvestment



During 2023, Family Housing Association was budgeting for a reinvestment metric of 5.51, which included expenditure on new units of around £256K, expenditure on capital works for existing properties of around £390K, plus £170K for energy efficiency improvements. One new unit was acquired during the year costing £78.5K and various fees of £1.4K were spent in relation to a piece of land acquired in 2021 which has now been 'land banked' for future development, and £314K was invested into existing properties. Development plans were put on hold until inflation started to fall, and the 2023 Planned Maintenance Programme costs were known. The development programme was reinstated following on from the August 2023 Board Meeting once the Planned Maintenance costs were assessed and the general trend of inflation was continuing to fall.

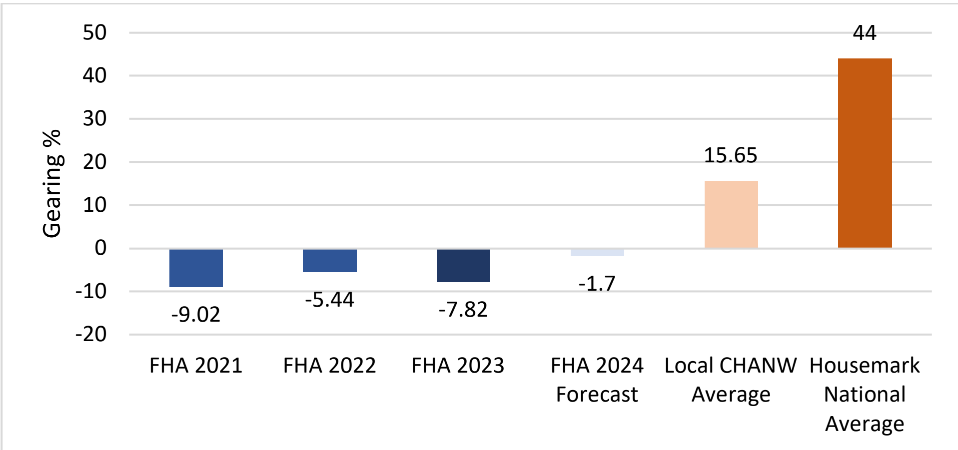
The impact of Covid delays on our Planned Maintenance programme resulted in the 2022 Programme being completed in the first half of 2023. The 2023 programme was slightly late in starting on site, but a large proportion of the work was completed in the year, with a small proportion slipping into early 2024. 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 and pause on development meant that the actual metric was lower than budget at 2.69, although this cautious approach was necessary during uncertainty surrounding the economy. The budget for 2024 has set aside £574K for development, £257K on capital works into existing properties, plus £160K on capital energy efficiency works. This would mean a metric of 6.78 if these projects could be delivered, although this would increase nearer to 9.85 if the anticipated 7 new units in Tranmere, are all acquired in 2024 as expected.

6.2 New Supply Delivered (Social Housing Units)



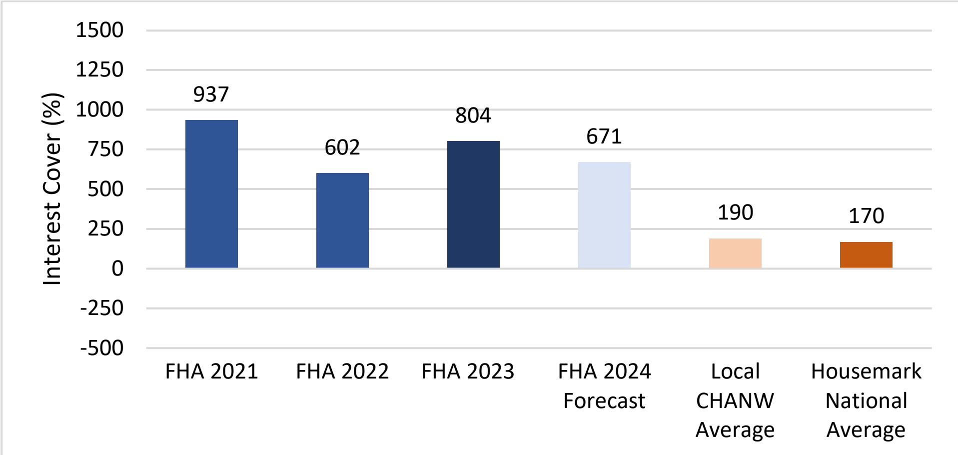
Family Housing Association acquired one property during 2023 by purchasing it on the open market. The actual supply was 0.25 compared to the budget of the same figure. This was due to the planned pause on development for the first 8 months of the year. The Chief Executive continues to promote the Association's interest in development opportunities with Wirral Council and potential partner organisations in the local area. The initial 2024 development budget was set aside for acquiring 4 new units being built in Tranmere, with a view to acquire the remaining 3 units in 2025. It is now anticipated that all 7 will be acquired in 2024, meaning the supply would be around 1.75.

6.3 Gearing



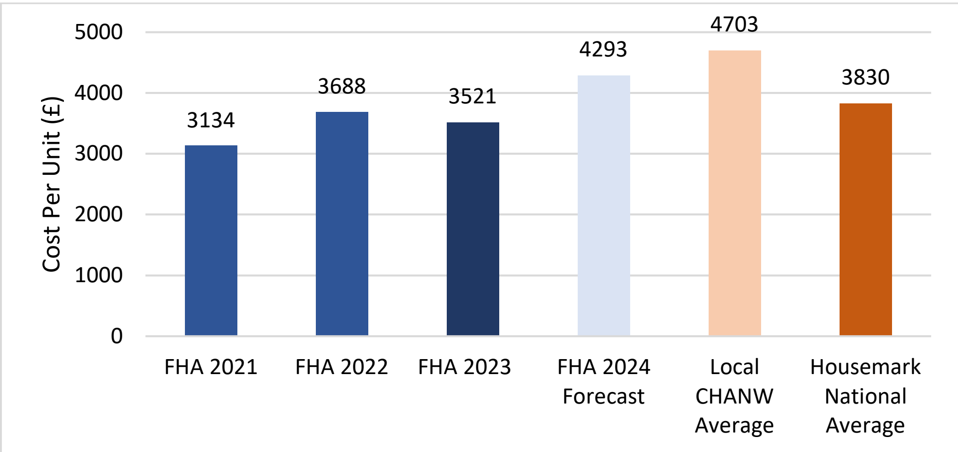
The budgeted gearing metric for 2023 was -2.87 due to being prudent in our budgeting with rising inflation, plus the bulk of two years planned maintenance work being spent in one year to catch up after the delays since Covid. The actual gearing metric was -7.82 due to higher bank balances throughout 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 2023 Planned Maintenance Programme. The Association is budgeting to invest around £991K in 2024 through the Planned Maintenance Programme, energy efficiency improvements, and the acquisition of 4 new units in Tranmere, although that figure is likely to increase to £1.5M now an option to acquire all 7 units during 2024 has been negotiated. This would reduce the Gearing metric to around -1.70. The Association has continued to repay its borrowings and has not required any further loans. The plan is to continue to use cash reserves to achieve growth, but further borrowing would be considered if a suitably attractive development opportunity became available.

6.4 Interest Cover (EBITDA MRI)



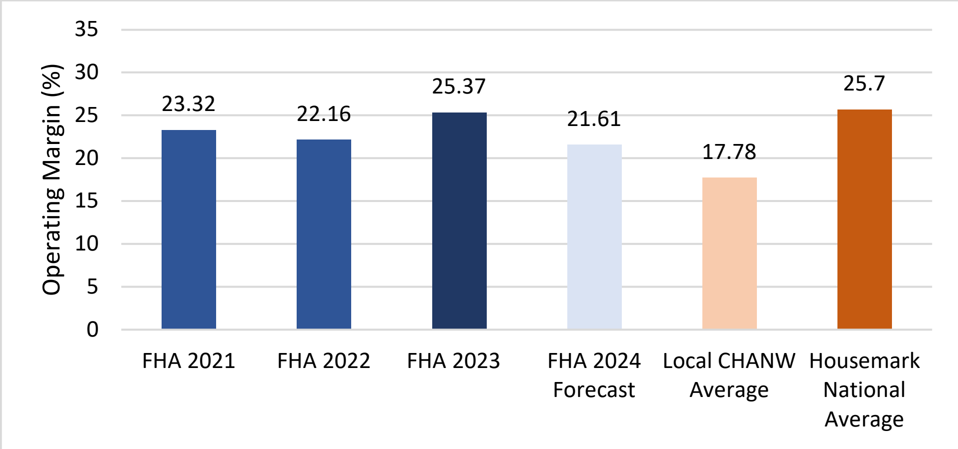
During 2023, budgeted interest cover was 211 which included the catch up on the Planned Maintenance Programmes, spend on energy efficiency improvement work, boiler replacements plus the other capital works. The actual cover was 804 as the operating surplus was much higher than expected as there was an underspend on energy efficiency, savings were made on response and void repairs and there was a slight delay in completing the 2023 Planned Maintenance programme which will fall into early 2024. The Association is expecting Interest Cover in 2024 to be around 671 due to a slightly lower budgeted surplus, although this is still a very healthy interest cover. There are no financial loan covenants attached to any of our borrowing.

6.5 Headline Social Housing Cost per unit



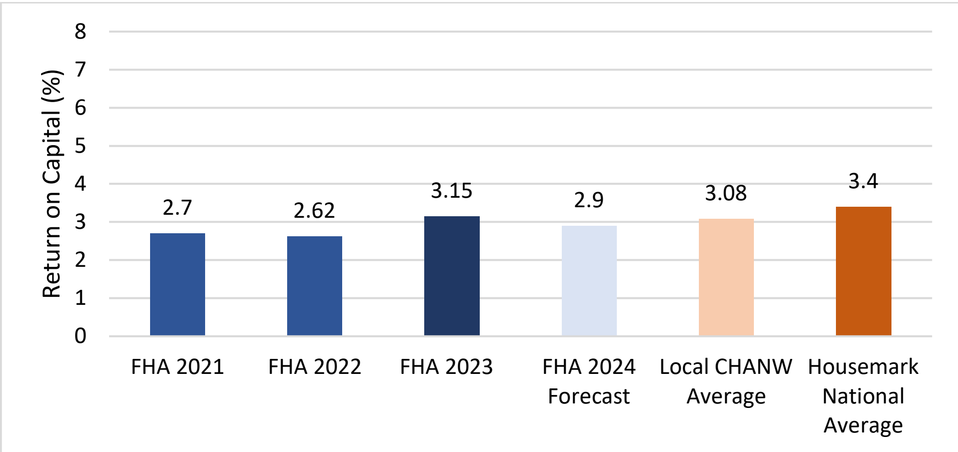
Family Housing Association was expecting a headline social housing cost per unit during 2023 of £4,545 which included a capital investment for the energy efficiency work, plus catching up on two years Planned Maintenance costs. The actual cost per unit was lower at £3,521. This was partly due to a slight delay in completing the Planned Maintenance work, an underspend on energy efficiency, plus savings on response, void and major repairs. The budgeted 2024 cost is expected to increase to £4,293 as the Association is anticipating an increase in management expenses due to a change in staffing structure (although some costs will be offset against the reduction in external surveying fees) an increase in repair costs due to higher than expected 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 16.87, but the actual result was 25.37 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 2024 a similar margin of 21.61 is expected as, although costs are anticipated to increase with higher than expected inflation, the rents are returning to the usual formula of September CPI+1% from April 2024 (away from the rent cap), plus 2024 will be a 53 week rent year. Family Housing Association's Operating Margin will always be impacted partly 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 2.17 during 2023, but the results were 3.15 due to the increase in surplus and higher bank balances. We expect the 2024 results to be slightly reduced at around 2.90 considering the reduced bank balances, although that will be offset by the investment into 7 new units. 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 2023 Value for Money Projects

7.1 Boiler Modernisation Programme

During the year, Family Housing Association upgraded 18 boilers to the latest 'A' rated boilers from Worcester Bosch and Vaillant. 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 Insurance

During 2023 the long-term agreement with our Insurers came to an end. The renewal process was delayed due to challenging market conditions and the final renewal premium offered by our existing insurers was a £30k increase on the year before at £65k. Officers liaised with alternative providers and obtained a quote from Marsh brokers for £47k offering a significant saving compared to our existing insurer. A three-year long-term agreement was entered into in order to secure the preferred rate.

7.3 Asset Management Services

The Planned Maintenance Programme during 2023 was delivered by a new consultant as our long-standing arrangement with our previous consultant had come to an end. This represented a big change operationally and the approach used was significantly different. The programme was tendered as a Schedule of Rates with mixed results as some long-standing contractors declined to tender using this approach. The inspection of properties also revealed an unusually low amount of general maintenance work was required. The programme was split between three contractors and was delivered in good time. The contractors delivered the programme successfully and very few issues were encountered, although daily quality control inspections were not fully documented. Overall, the delivery of the programme was considered a success but with potential for further improvement.

7.4 Text Message Communications

To modernise our method of communication with tenants, FHA has been encouraging the use of text messages to confirm repair appointments and to ask tenants to complete Customer Satisfaction Questionnaires (CSQs) online. This offers significant savings on postage, reply paid postage, and staff time in entering data for completed questionnaires. The project has been a success, with 136 tenants opting for text message confirmation of repairs and 109 CSQs completed on-line. The level of participation is expected to grow year on year, further increasing the benefits of this project.

8. Value for Money Projects for 2024

8.1 Boiler Modernisation Programme

The ongoing Boiler improvement programme would look to replace up to 28 boilers that Family Housing Association currently have that are older and more inefficient, in addition to those replaced on a reactive basis during the year that are uneconomical to repair. Alternatively, if not all this budget is required for boilers, this budget is also available to replace aging radiators. The budget for boiler replacement during the year is £70k. There will be ongoing monitoring of heat pump technology to assess when this becomes a cost-effective alternative to gas central heating systems. At present the technology offers no cost savings for tenants, less flexibility and is significantly more expensive to install.

8.2 Development

During 2024, FHA will look to invest its development budget to secure additional homes. In particular, it will negotiate with private developers to attempt to attain the best possible value for money. This will include consideration of a phased approach to purchasing development schemes, considering short term management agreements, phased payment plans, deferred payments, and accelerated transactions for appropriate discounts.

8.3 Asset Management Services

During 2024 FHA will transfer in-house its Asset Management Services. The aim is to have better control over our Planned Maintenance Programme, avoid conflicts of interest associated with external management of contracts and to improve our Customer's Experience of delivery of the programme through better supervision and improved quality control. An in-house surveyor also offers opportunities for added value, including in the quality control of our Responsive Repairs service, void management and in dealing with Mould and Damp.

8.4 New Staff Structure

During 2024, FHA will recruit additional Administration Support that will allow more senior staff to release day to day administration tasks, freeing up resources for more tasks more appropriate to their role. This is expected to create capacity throughout the team, adding value, improving quality, and improving business resilience.