Financial Statements

For the year ended 31 March 2022

whg

Company registration number: 04015633
Registered provider number: L4389
Registered charity number: 1108779
Registered office: 100 Hatherton Street, Walsall WS1 1AB

Contents

Board, Executive Directors and Advisors

Board	Appointed	Left
Danielle Oum (Chair)		26/10/2021
Gary Moreton (Chair)	22/07/2022	
Gary Moreton (Interim Chair)	27/10/2021	21/07/2022
Gary Fulford		
Gregory Warner-Harris		
Paul O'Driscoll		
Guy Weston (Date appointed as Interim Chair of the Audit and Assurance Committee)	27/10/2021	
Daren Fradgley		
Akshay Parikh		
Elisabeth Downes		
Ian Shapiro		
Natalia Hill		

Company Secretary	Appointed	Left
Karen Marshall		30/04/2021
Dawn Hendon	01/05/2021	

Back to Contents

Board, Executive Directors and Advisors

Executive Directors	
Gary Fulford	Group Chief Executive
Adam Wagner Sangita Surridge	Corporate Director of Finance - to 06/06/2021 Corporate Director of Finance - from 07/06/2021
Karen Marshall Dawn Hendon	Corporate Director of Governance and Compliance - to 25/04/2021 Corporate Director of Governance and Compliance - from 26/04/2021
Theresa Huburn Lisa Wallis	Corporate Director of People and Learning - to 10/07/22 Corporate Director of People and Learning - from 11/07/22
Robert Gilham	Corporate Director of Business Strategy and Assets
Fay Shanahan	Corporate Director of Operations
Rebecca Bennett Casserly	Corporate Director of Development

Statutory Auditor	Internal Auditor	Principal Banker
Beever and Struthers LLP The Colmore Building 20 Colmore Circus Queensway Birmingham B4 6AT	BDO LLP Two Snowhill Queensway Birmingham B4 6GA	Lloyds Bank plc The Bridge Walsall WS1 1LU

whg was formed in
2003

Back to Contents

Strategic Report

Principal Activities

The Group is a not-for-profit social housing business whose principal activities include the development and management of affordable housing across the Midlands and investing in our local communities.

Our services include shared ownership homes and the development of homes for outright sale. During 2021/22 we continued to expand outside of Walsall and whg owns and manages homes in 19 local authorities in the Midlands. The Group, as of 31 March 2022, owns and/or manages 21,832 social homes.

The Company, its subsidiaries and joint ventures are shown in the diagram below for the year ended 31 March 2022. During the year, our Community Interest Company (Buy for Good) was dissolved by voluntary strike off.

Walsall Housing Group Limited:

This is the registered provider of the Group that rents and maintains our homes. It also owns the newly developed homes for rent and shared ownership and borrows from banks to fund its development programme.

whg Treasury PLC:

This company was set up to issue a public bond to raise funds for investment in our development programme.

whg Developments Limited:

This company carries out design and build services for any land-led sites we deliver new homes on. This helps us to deliver efficiencies within our professional fees incurred for these sites and therefore contributes towards our ongoing value for money drive.

whg Trading Company Limited:

This company holds all of our non-housing-related commercial activity and generates profits to help subsidise our affordable homes new development programme.

Anthem Homes Limited:

This company invests in joint ventures to build homes for outright sale. Profits generated from this activity are used to help subsidise our affordable homes new development programme.

Anthem Lovell LLP:

This is one of our outright sales joint ventures which Anthem Homes owns a 50% investment in with Lovells owning the other 50%.

Cricket Close LLP:

This is another partnership which Anthem Homes holds in conjunction with whg Trading. It owns land which may be developed on in the future.

The Woodlands Management (Harrowby) Company Limited:

This company's principal activity is residential property management.

We operate across
19
local authorities in the Midlands

Back to Contents

whg Financial Statements 2021/22

We own and maintain around

21,000

homes, from flats in tower blocks to purpose-built wellbeing schemes

"We believe passionately that everyone has the right to a safe and secure affordable home and that this is the foundation for a successful life."

Back to Contents

Our vision

‘Dedicated to the success of our people and places’

Our values

Accountable
Taking responsibility

Courageous
Trying new things

Trustworthy
Being honest in everything we do

One Team
Achieving great things by working together

Excellent
Striving to be the best

Our Corporate Plan (2020 to 2024) has five key aims:

Aim 1

Deliver high-quality homes and services for our customers

Providing excellent services across our expanding geography, working with our customers, communities and stakeholders to sustain tenancies. We are an anchor organisation who invests in the provision of new affordable homes to help meet housing need.

Aim 2

Be an exceptional place to work that attracts, develops and retains talent

To ensure colleagues can truly shine and reach their full potential, we are committed to being a great employer that recognises the importance of a truly flexible and inclusive workplace and rewards excellence. All colleagues are given the opportunity to make a real difference and we encourage them to perform to the best of their ability.
We recognise the need for excellent leaders across the organisation and will praise and celebrate great work whilst expecting every colleague to be accountable for their individual performance.

Aim 3

Grow and extend our services, our reach and our range

Being a community focussed organisation, we understand the needs and challenges that our customers and communities face. We will therefore continue to work with partners and stakeholders to ensure that these needs are met, whether this is through the provision of in-house services or through our strategic partners. We have ambitious plans for growth and central to this growth is a bold development and acquisition programme which will underline the regional nature of our business. We will continue to improve our environmental performance through appropriate use of modern methods of construction and the continued improvement of our existing homes.

Aim 4

Promote health and prosperity where we can make a difference

We want our customers to live healthy, prosperous lives but understand some may require additional support to achieve this.
We do what we can, together with our partners, to find the right solution for each individual. This includes programmes geared towards promoting independence, improving health, building confidence, enhancing capability, reducing the digital divide and gaining the skills to secure employment.

Aim 5

Deliver a strong business, fit for today and prepared for tomorrow

We will develop a roadmap to take our activities to a carbon neutral footing. Recognising our ever more challenging operating environment, we will safeguard our income by focusing appropriate priority and resource on core services.
This approach is supported by the careful financial management and good governance needed to fulfil our future aspirations. We are efficient, driving down costs and constantly seeking value for money. Building on our performance management culture, pursuing excellence and striving for continuous improvement will help achieve this.

We report on our strategic key performance indicators as part of our ‘Value for Money’ section embedded within our operating and financial review.

Back to Contents

Operating and Financial Review

External environment challenges

Covid-19:

This has been a challenging year as we have continued to deliver our services and new-build programme throughout the second year of the Covid-19 pandemic. Whilst we have experienced disruption to our key services, we have worked hard to continue service delivery with as little disruption to our customers as possible.
Supply chain shortages, delays in terms of materials and labour and restrictions for part of the year on entering people's homes to carry out work have made it difficult to deliver services at pre-pandemic levels. However, we have continued to evolve our methods of procurement and mobilising work to respond to these challenges as well as work with our customers to deliver work in their homes in a safe way.

The macro-economic climate:

The impact of rising fuel prices and rising general inflation is being felt by both our business and our customers. In terms of our new development programme, land is in scarce supply and land and package deal prices are rising due to increased competition from other market players. We are mindful of the impact this is likely to have on our future cost base. We continue to operate within our Board-approved financial golden rules to protect our social housing business from the adverse economic environment and continue to develop new homes and deliver services.

Health and safety:

We have a need to ensure our ongoing investment in existing homes is sufficient to meet good-quality standards of safety for our customers. Legal requirements for fire safety and building safety are changing and this impacts how we prioritise our resources to ensure our homes comply with any new regulations.

Social housing white paper:

The White Paper sets out a range of compulsory changes to how registered providers must operate and an enhanced role for the Regulator.
This paper formed the basis of the Social Housing Regulation bill which has already had its first reading in the House of Lords. The themes are around ensuring homes are safe and decent, effective resolution of complaints, empowering customers and expanding the supply of homes and home ownership. In addition, the Housing Ombudsman's new complaints handling code which came into effect on 1 April 2022 is aimed at providing a high-quality complaint-handling framework and greater consistency across landlords' complaints procedures. Our operational activities will therefore be under more scrutiny; the Regulator is currently working on new consumer standards that we will have to comply with and new tenant satisfaction measures that will allow our customers to hold us to account.
All of these changes will impact how we deliver our services in the future and our cost base.

Climate change:

Housing accounts for one fifth of all greenhouse gas emissions in the UK, largely from oil and gas used for heating and hot water. As part of the government's Clean Growth Strategy, ministers set a target that all social homes must have an EPC-C rating by 2030 and reach net zero carbon status by 2050. This would not only provide lower fuel heating bills for customers but also contribute to global climate change ambitions. Given the volume, type, age and efficiency level of our homes, this challenge requires large-scale investment in fabric first and retrofit programmes and therefore has a significant impact on our resources. We have continued to deliver our services and develop new homes.

Repairs service

The responsive repairs service has experienced substantial impact from the pandemic, due to lockdowns, resource limitations, material supply disruption, increased demand and imposed operating restrictions within our homes where customers have had to self-isolate with little or no notice to reappoint committed works. Recruitment has also been difficult in some key trades and the team initially lost 284 working days, equivalent to approximately 1,700 appointments. This service is still working hard to clear the backlog. We have created a dedicated repairs recovery team to tackle the backlog and we are pleased to report this service has almost reached pre-pandemic service levels, and measures have been put in place to address the remainder during the new financial year. Our new self-service portal for booking repairs appointments went live in April 2022 and it is anticipated that this will improve customer experience for this service.

There was a gradual reduction in void properties during the year. Whilst there have been material shortages and 103 days lost to Covid-19 sickness absence, the service has continued throughout and void rent loss is ahead of target.

Our projects team who carry out compliance work such as Asbestos, Fire Safety and Water Hygiene works have continued to deliver throughout the year. Compliance surveys, assessments and resultant urgent remedial actions have continued in accordance with our statutory duty. The team has also supported Walsall NHS (Intermediate Care Services team) in the fitting of key safes, grab rails and minor adaptations in support of their patient discharge support scheme. 89 referrals have been received, and within 48 hours of notification, these customers were able to return to their homes and free up crucial critical care beds.

Asset management

During the year we have spent a total of £17.9m on capital works. This includes £10.6m on a number of replacement components to our homes to ensure not only that they comply with Decent Homes regulations (100% comply), but they continue to be good-quality homes for our customers.

Description	No of Replacements
Kitchens	128
Bathrooms	105
Rewires	105
Central Heating	1,018
Call Off Heating	250
Fire Doors	704
Pitched Roofing	662
Windows	122

£3.2m has been spent on Eco Works which are aimed at improving the thermal efficiency of our homes and a further £4.1 million on other capital works which include aids and adaptations for customers' homes, four major block refurbishments and three major block electrical upgrades and refreshes.

We have also won the Energy Efficiency Award for Hamilton and Woodall Houses. We were awarded the 2022 Regional Landlord or Housing Association of the Year for our decarbonisation works on Hamilton House and Woodall House.
We also received a Highly Commended for the 2022 Regional Large Scale Project of the Year, also for Hamilton and Woodall Houses. In addition, we have secured funding of £994k in total from Walsall Council and other partners for services such as aids and adaptations and a retrofit decarbonisation project.

Community housing model:

One of our notable achievements during the financial year was the launch of our new Community Housing Officer model in September 2021. Our new team of Community Housing Officers (CHOs) are responsible for managing between 500 - 700 homes each. The model has a new strengths-based approach to housing management built within it which means working with our customers to find solutions that can be sustained. Our CHOs lead on resolving any issues that are raised by our customers, liaising with internal specialist teams as and when they need to. They also lead the development of new strategic relationships and create new links with community organisations, for the benefit of our customers. This model has been designed so that we can provide the same consistent, high-quality housing management service regardless of where our customers live, directly supporting our Development Strategy.

Tenancy sustainment:

We continue to work hard to sustain tenancies and prevent evictions, supporting the delivery of our Corporate Plan ambition not to evict anybody into homelessness. During the year, our Money Advice Team have helped 2,210 customers claim £5.7m in benefit entitlement. We were also awarded £300,000 from the Household Support Fund by Walsall Council to support vulnerable customers and sustain tenancies. We have used this money

to support nearly 800 households including over 900 children and over 1,000 adults. The money has been spent on essential items such as fuel and food vouchers and basic household goods such as fridges, cookers, beds, bedding and warm clothes.

Income collection:

Against the backdrop of rising inflation and cost-of-living increases, our Income Collection Team have continued to work hard to ensure that our rental income is collected. This is a challenge as many of our customers are experiencing significant financial hardship, nevertheless our year-end rent arrears were 3.69%, against a target of 3.5%, which is an excellent performance. We continue to innovate in this area and have introduced our 'Collection with Care' initative whereby if a household is identified with a significant complex need, our collection process is tailored to their individual circumstances. In addition we have just launched a 'text to pay' service for customers, which has been very popular. In the first month this service was launched customers reduced their rent arrears by £75k.

Our year-end rent arrears were

3.69%

Back to Contents

Digital strategy

We continue to drive forward our Digital Strategy, our most notable achievements this year being the use of Low Code (a software development approach that requires little to no coding) to build new customer applications in-house, dramatically improving the customer experience. In July 2021 we launched our new Choose and Move application, which is our online homes application that prospective customers use to identify and bid for homes that they are eligible for. We also launched our new customer portal which includes a self-service repairs functionality. For the first time customers can self-appoint their repairs which is a huge step forward in our digital offer for customers.

Investing in our communities

Supporting the delivery of our Corporate Plan Aim 4 ‘Promoting Health and Prosperity’ where we can make a difference, we launched our new Health and Wellbeing Strategy, The H Factor, Health, Hope and Happiness 2021 - 2024. Health inequalities are particularly prevalent in Walsall where areas of post-industrial decline, and increasingly ethnically diverse populations combine to create significant issues of poverty, lack of opportunity and poor health. These issues are not uniformly distributed across the borough. We know that good health is the route to resilient and flourishing communities, yet for some of our customers and communities there are some significant challenges and barriers that often prevent them from attaining good health and wellbeing. This inequality has been exacerbated by the Coronavirus pandemic, where existing health inequalities have been compounded by the economic impacts of the national and local lockdowns.

As a registered social housing provider we have a proven track record of investing in communities and customers, helping to enable them to flourish and grow. Our H Factor Strategy continues this work and is an important contribution towards our ambition and commitment to be ‘more than a landlord’ and to make a real difference to our customers and the communities we serve.

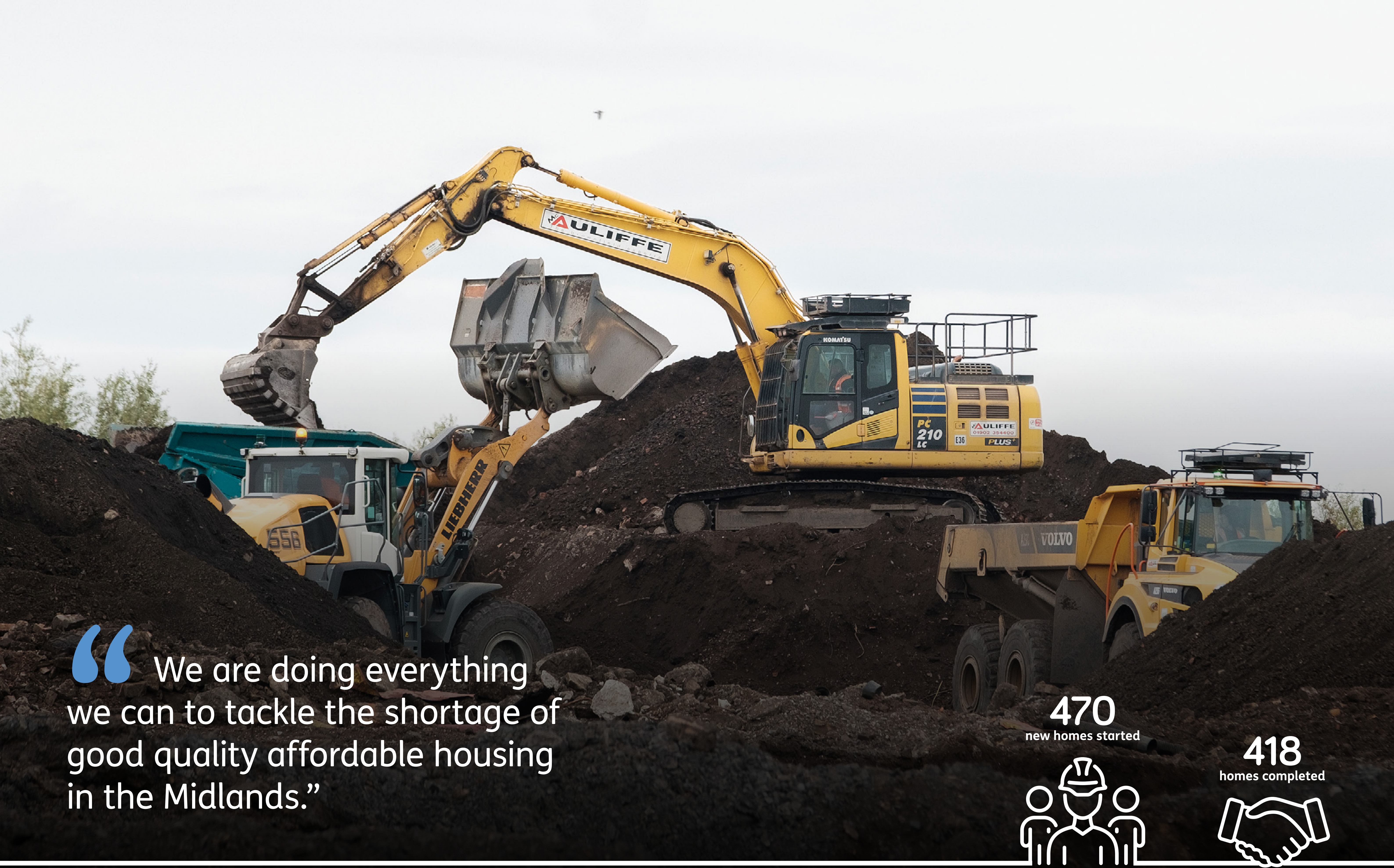
However, we have also recognised that we cannot address engrained inequalities on our own. A key aim of our Strategy is working much more closely with partners to address the social determinants of health. We therefore invest time and resources within the health agenda, being a committed member of the Walsall Together Integrated Care Partnership and involved and supportive of the emerging regional Integrated Care System, representing housing and disadvantaged communities.

This work has already started to pay dividends; we now have two services that are funded by the NHS. One is our Kindness Champions Service, which is a service that works directly in our communities tackling loneliness and isolation; an issue that has been recognised as being exacerbated by the pandemic. We have also secured funding for a new two-year Diabetes Health Champions Service that started in April 2022. This service is specifically designed to tackle health inequalities, particularly in relation to diabetes outcomes. Our partners have recognised the value of our work and how effective we are at reaching into communities that other partners struggle to engage. Our work helps us to create more sustainable communities, whilst also helping partners to achieve their objectives.

Our Social Prescribing Team have been externally evaluated and the results show that 90.8% of the 199 customers using the service reported a positive change in their wellbeing and the reported incidence of low levels of wellbeing went from 87% to 28% after our intervention. Whilst it was not one of the specific outcomes of the service, 22 customers progressed into employment, 36 received employment training and 28 attended accredited training courses. The service has been evaluated to have created a total direct social value of £340,490.

We launched
2
major digital customer platforms built using Low Code development

Back to Contents



"We are doing everything we can to tackle the shortage of good quality affordable housing in the Midlands."

470
new homes started

418
homes completed

Back to Contents

New development

During the year and in light of the turbulent operating environment, we have updated our Development Strategy 2020-2024, which has led us to reshape elements of our programme. Despite the challenging environment, we have achieved 470 starts on-site, 418 completions, 111 shared ownership sales and four open-market sales. We have also reduced our standing stock of unsold homes from 46 to 13.

We are pleased to report that we are on target for our £32m Royal Hospital flagship scheme for 123 affordable rent, 31 shared ownership and 38 wellbeing homes.

We have also progressed our 252-home site at Lockside, which is being delivered as a joint venture by Anthem Lovell LLP. The marketing suite is now open to sell the 132 open-market sale homes and, pleasingly, reservations are going very well.

We are also pleased to report that the contractors are on-site at the first cluster of our former garage sites, this will provide an additional 20 homes across seven sites, in and amongst existing homes we own in Walsall.

We have continued to develop our approach to modern methods of construction through research and development and how this can contribute towards our journey to net zero carbon.

Work has also been ongoing in consultation with our customers, colleagues, Committee members and Board for 'what place means to whg,' which will help us develop our approach and ambitions around becoming a leading place shaper across the West Midlands.

We sold

111

homes through shared ownership

People and culture

Culture:

During the year, we have developed our culture dashboard and further work is planned for an independent review of our culture and reporting. As the world of work has changed, with more colleagues moving to an agile, hybrid working approach, it is of paramount importance to us that our culture evolves in a positive way during these global changes to working practices. Enhancing reporting and controls in this area has therefore been a focus to develop new ways to provide assurance in this area. Each of our culture indicators is monitored through a suite of performance measures which capture aspects of colleague engagement, attracting, recruiting and retaining talent, learning and development, human resources, leavers, union membership and ethnicity and gender representation. We also consider performance on customer experience indicators to be indicative of our culture, so these are also monitored on our culture dashboard, covering aspects of customer satisfaction and complaints. A selection of culture dashboard measures is included in our suite of strategic key performance indicators and value-for-money metrics presented later in this report.

Colleagues:

whg has a strategic aim 'Be an exceptional place to work that attracts, develops and retains talent'. Our People Strategy presents a clear picture of how we will achieve this Corporate Plan aim, focusing on three key themes (attract, develop, retain) which support our colleagues to make a difference to our customers, the communities we serve and to their own career development. Our People Strategy is underpinned by our values and for each value we have a set of behaviours, which our colleagues are expected to display. We want the best people to work for us; people who are talented, committed and who share our vision, values and ambitions. It is also important to us that we have a diverse workforce, representative of the communities we serve. Through our recruitment campaigns and selection processes we are becoming more innovative, aiming to increase applicants and appointments from under-represented groups. whg's People Services and Employment and Training Teams work closely to develop programmes which support the recruitment of customers, where possible.

We have worked hard to develop a strong, positive culture and have excellent levels of colleague engagement. We listen to our colleagues and in 2020 we launched a new colleague consultation forum, the Colleague Voice. We offer competitive salaries, a range of benefits and a fantastic working environment. Benefits include a defined benefit pension scheme, a health cash plan which includes access to a range of services including physiotherapy, counselling and cognitive behavioural therapy. All colleagues are also entitled to 27 days annual leave, time off for public duties, and other generous schemes that are in excess of statutory minimums. We promote the continued health, safety and wellbeing of all our colleagues through our 'Making a Difference to Health and Wellbeing' programme, which is aimed at raising the awareness of health of the body and mind, and ensure that a culture of health and safety is embedded across all areas of operation.

Equality, Diversity and Inclusion (EDI):

It is important to us that we have a diverse workforce, representative of the communities we serve. We want all colleagues to have a positive experience of working at whg. Protected characteristics such as age, disability, race, gender, and sexual orientation should not be a barrier to accessing benefits, development and career progression opportunities. We are committed to EDI in the broadest terms; we do not believe it should be a tick-box exercise. All colleagues are expected to act in accordance with our values, dedicated to doing the right thing and exercising good judgement. We encourage a culture where all can thrive, acknowledging that everyone is different; what matters to us is that everyone can come to work and feel comfortable to be themselves. We regularly monitor our performance in relation to EDI and have an Equality, Diversity and Inclusion action plan in place to improve performance in this area. Visit **whg.uk.com** for our latest Gender Pay Gay Report.

Learning and development:

Our investment in learning and development is demonstrated through our commitment to have at least 25 trainee, apprentice and graduate posts each year. Apprenticeships are central to recruiting, developing and growing a talent pool within the organisation, and we provide high-quality, learner-focused training and qualifications with approved training providers. Annually, with support from the Learning and Development Team, senior leaders map the challenges ahead to ensure training and development interventions are aligned to business requirements. Training and development are tailored and targeted to roles or services as part of a blended learning offer integrating online learning. Individual development needs are identified in real time through performance check-ins and responded to as necessary. Colleagues' individual needs are met by attendance at external conferences, seminars or workshops to maintain service specific knowledge currency or through best-practice network meetings. Health and Safety training is systematically planned and delivered to ensure whg meets regulatory and statutory requirements. Opportunities for work shadowing, secondments and access to the mentoring scheme encourage colleagues to take accountability for their own development to support their future aspirations. whg also manages and develops talent through various programmes unique to whg, such as Dare to Lead and the Mate to Manager programme.

The Learning and Development Team is actively engaged with whg's Business Change and Projects Teams to scope, design and deliver the learning necessary to underpin the successful implementation and embedding of project outcomes, be it new technology, customer-focused campaigns or outcomes from service reviews. Professional qualifications are supported to develop colleagues' specialist and technical competence, as well as upskilling to support internal talent management for progression and succession planning. We maximise the use of the Apprenticeship Levy to facilitate professional development on the job.

Colleague relations:

whg has a voluntary recognition agreement with three trade unions: GMB, Unison and Unite. It is committed to creating and maintaining positive colleague relations. Local trade union representatives meet regularly with senior leaders via a Joint Negotiating Committee and the Health and Safety Committee.

Back to Contents

Value for Money Statement

The Regulator of Social Housing ('RSH') published the Value for Money (VFM) Standard and the VFM Code of Practice in 2018.

Both of these specify what registered providers are required to report in their statutory financial statements to comply with the VFM Standard. The RSH use the VFM Standard to implement their co-regulatory approach and their statutory obligations in relation to economic and consumer matters. Our Board has the responsibility of ensuring that we meet the expectations set out in the VFM Standard.

This VFM statement is divided into the following sections, as set out in the VFM Standard, to articulate how we comply with the Standard:

Section 1

Strategic approach to VFM and how we achieve VFM in meeting our strategic objectives

Section 2

Benchmarking to compare how we perform with others

Section 3

Asset maximisation - making the most out of our asset base

Section 4

VFM gains achieved through consideration of alternative delivery structures

Section 1: Strategic approach to VFM

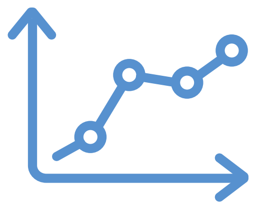
VFM Strategy

Underpinning the five key aims, our Board has set our VFM Strategy which identifies how we seek to deliver VFM for our customers and stakeholders in delivering each aim.

We have adopted the five Es as the guiding principles for our strategic approach to VFM, which are:

Guiding principles

Economy
For us this means minimising our costs while continuing to deliver quality homes and services to our customers.



Efficiency
We will seek to stretch our resources as far as possible without compromising quality.

Effectiveness
We will use our resources to achieve our five strategic corporate plan aims and the VFM measures that are embedded within each aim.

Equity
We will ensure we use our resources to reduce inequality in our communities.

Ethics
We will use our resources with integrity, being open and accountable about our spending decisions.

The Board has set outcome-based VFM targets against each of the five aims of the Corporate Plan which include both strategic key performance indicators, and specific VFM metrics that capture and measure one or more of the five Es. Our annual budgets are aligned to deliver these targets. Each target, if achieved, delivers against one or more of the five guiding principles outlined above. Using the guiding principles, our approach to VFM can be summarised into one overarching target which is to:

Work towards achieving upper-quartile performance and upper quartile on social housing costs per home.

Performance against the outcome-based targets is monitored internally on a quarterly basis and reported externally on an annual basis within this VFM statement. Performance information is also subject to scrutiny by internal audit on a cyclical basis and we are also supported by third-party advisors to help us continually develop and refine our performance data. We compare to peers using the Regulator's Global Accounts for the financial VFM metrics and Housemark for service-level peer analysis.

Creating value for money allows us to provide as many new homes as possible and sustain investment in our existing homes, backed by high-quality services. Our approach to VFM is embedded throughout the business both at a strategic level and an operational level across all business streams and is an integral part of our culture with colleagues fully aware of its importance.

Our Board sets the strategic approach to VFM and oversees the delivery of it, led by a Board VFM Champion. Our Executive Team implements the VFM strategy and is supported by the Senior Leadership Team who instil the guiding principles in operational planning and service delivery at the level of individual business streams. Our customers play a key part in informing our VFM work through various channels.

We have a Community Engagement and Inclusion Team who focus on involving customers and communities in helping us develop strategies, policies and plans and we have Customer Experience Specialists within our Business Change Team who help to link performance data to service redesign. The Customer Experience Committee oversees the outcomes of customer involvement in key areas of work, reporting this to the Board.

We strive to make the optimum use of our resources and assets and use the returns they generate to help us sustain investment in our existing homes and build new ones, as explained throughout this statement. We demonstrate our efficiency by generating a strong operating margin and we demonstrate our effectiveness by building many more new homes that people need and striving towards high levels of customer satisfaction with our services and neighbourhoods. We demonstrate our economy by tight budgetary control and controlled procurement activity; ensuring, where possible, costs are in line or below those of our peers and driving down our outliers. These three VFM principles are measured through our performance against the value for money metrics set by the RSH and delivery against our own value for money targets.

Our optimal use of resources includes our approach to remuneration and employment costs. We regularly benchmark our salaries and strive to make them both competitive and in line with sector averages. This helps us to deliver good-quality services for our customers.

Equity and Ethics principles underpin our approach to creating social value for our customers and communities. Aim 4 of our Corporate Plan includes some VFM targets specifically aimed at delivering outcomes for health and wellbeing, employment and training and supporting those in hardship. Equity and Ethics also underpins our approach to Aim 2 in terms of how we attract and retain high-quality people. We develop people policies and practices that deliver a culture where colleagues feel engaged, are treated fairly and are committed to delivering whg's ambitions. As we develop our approach to sustainability in the future, both from a corporate perspective and from the point of view of our customers' homes, we will seek to deliver ambitions that are not underpinned by financial outcomes but by ethical outcomes, such as working towards net-zero carbon aims for our homes, reduction in energy costs for our customers and reducing our corporate carbon footprint to help towards global climate change prevention targets.

Transparency and accountability are important to us and we have appropriate performance monitoring and reporting systems in place which encompass all aspects of our VFM principles. Our social-value ambitions are articulated throughout the relevant aims of the corporate plan. In addition, our strategic report includes information on ESG and Sustainability.

Summary of VFM outcomes against the five aims of the Corporate Plan

The following sections demonstrate how we have delivered VFM against our five strategic aims for the financial year ending 2021/22.

Aim 1: Deliver high-quality homes and services for our customers

Of the 21,933 homes that whg owns and manages, over 99% are deemed as affordable which means our customers' rents are below the general rents charged by the private sector. The rent our customers pay for their homes also covers a wide range of additional services, creating additional value for our customers. The table below indicates the level of investment whg makes in homes and services.

	2021/22 £000s Actual	2022/23 £000s Forecast	2023/24 £000s Forecast	2024/25 £000s Forecast	2025/26 £000s Forecast
Customer rent and service charge received	**£103.181**	**£109,678**	**118,730**	**125,196**	**130,485**
Services provided for rent charge:					
Customer Services	(955)	(996)	(1,036)	(1,058)	(1,079)
Housing and Neighbourhood Services	(12,048)	(11,498)	(13,392)	(13,673)	(13,947)
Community Investment	(860)	(3,120)	(3,245)	(3,313)	(3,379)
Services (such as grounds maintenance and communal cleaning)	(5,353)	(5,546)	(5,768)	(5,889)	(6,007)
Repairs service	(12,107)	(28,465)	(28,763)	(29,134)	(30,174)
Investment in your homes (new kitchens, bathrooms etc)	(1,058)	(21,510)	(25,625)	(29,232)	(33,302)
Investment in new homes	(47,573)	(83,438)	(92,427)	(73,800)	(34,992)
Debt servicing costs	(20,142)	(20,670)	(19,947)	(19,340)	(20,175)
Back office	(20,159)	(19,043)	(19,805)	(20,221)	(20,625)
Sub total	**(120,255)**	**(194,286)**	**(210,008)**	**(195,660)**	**(163,681)**
Deficit which rent charge does not cover	**(17,074)**	**(84,608)**	**(91,278)**	**(70,464)**	**(33,195)**

As shown by the deficit above, it means that whg are providing homes and services which cost more to deliver than the rental income received from customers can cover. whg borrows the remaining funding required from banks and capital markets to pay for the remaining costs so that customers can continue benefitting from lower rent charges than the private sector.

Back to Contents

The following table shows our performance on our Aim 1 VFM targets set by the Board.

	20/21 Actual	21/22 Actual	Target	Comments
At least 90% of our customers will recommend us	84%	80%	90%	Whilst still a strong score, the percentage of customers who would recommend whg has dipped in 2021/22 compared to the previous year. This is linked to satisfaction with repairs as explained below.
Avoidable contact with customers will be less than 5%	17.92%	16.65%	<5%	This performance has been influenced by some services not operating at pre-pandemic levels as they work towards recovery. Strategic change projects are underway and designed to reduce service failure. (Housing Customer First to remap the customer journey; Project Magna to improve task management; and Mywhg online portal to book repairs.)
We will achieve 70% first point of contact resolution	66%	64%	70% by 2024	We are implementing our Customer First project to map the customer journey. This project will empower the Customer Services Team to handle more customer enquiries in full, reducing the number of tasks forwarded to the Housing Team and improving customer experience, anticipated in 22/23.
Provide a great, consistent housing and services offer				
% of properties with a valid gas safety certificate	99.98%	99.96%	100%	Gas safety continues to be a key area of focus and whilst the percentage of homes with a valid gas safety certificate is at 99.96%, we can confirm that the remaining 0.04% of homes without a certificate are all fully compliant with the gas regulations in terms of actions being taken to gain access to the relevant properties. Likewise with electrical condition reports, we can confirm that the remaining 0.04% of homes without a report all comply in terms of legal processes being followed to gain access to the homes. In addition, the 0.72% of FRAs that were not completed by 31 March were subsequently completed. Detailed customer satisfaction data analysis shows expressions of dissatisfaction have increased in areas such as waiting times for repairs and appointments made and kept. This is an unavoidable result of the ongoing disruption caused by Covid-19 which has led to shortage of materials and an increase in trade operative sickness levels for periods of time. This has been mirrored across the sector with one in five Housing Associations (HAs) experiencing more than 10% decrease in satisfaction levels. We have utilised contractors to reduce waiting times and are trialling new approaches to deliver further improvements to our service. We are pleased to report that on our Building and Safety metrics we have maintained 100% compliance. All of our homes meet the Decent Homes Standard.
% of properties with an electrical condition report	99.99%	99.98%	100%	
% of planned asbestos inspections carried out in communal areas	100%	100%	100%	
% of planned water hygiene risk assessments completed	100%	100%	100%	
% of communal areas with an FRA	99.7%	99.28%	100%	
Customer satisfaction with repairs %	83%	78%	>84%	
Repairs appointments made and kept %	91%	91%	98%	
Average days to complete a repair	23	23	45	
ASB satisfaction %	100%	100%	100%	
Decent Homes Standard compliance	99.9%	100%	100%	
% of customers satisfied with quality of home	84%	82%	100%	
% of customers satisfied with rent as VFM	89%	84%	87%	

Aim 2: Be an exceptional place to work that attracts, develops and retains talent

Delivering this aim is business-critical for whg to ensure we can continue to provide value-adding services to our customers. Without the commitment and dedication of our people, our customer satisfaction levels and effectiveness of service delivery could not be maintained. Culture weaves through all we do and how we operate, and we can demonstrate a culture of inclusiveness, diversity and high levels of colleague engagement. We achieve this by investing in our people in a way which is economical in terms of cost (for example, colleague costs are in line with sector benchmarks) but also delivers on equity and ethics principles to be a fair employer.

We carry out regular benchmarking of salaries paid to our colleagues to ensure they are in line with the housing sector at a level which ensures whg can continue to secure the right-quality people to deliver services to our customers.

The value for money measures for Aim 2 are shown in the table below and are built around maintaining an engaged workforce that shares the vision and values of whg and is also committed to delivering a safe working environment for both our customers and colleagues.

	20/21 Actual	21/22 Actual	Target	Comments
At least 90% of our colleagues will recommend whg as a great place to work	92%	89%	90%	This is marginally off target. We listen to our colleagues through colleague check-ins, our Colleague Voice consultation forum and colleague surveys. A culture review is being completed in 22/23 with a view to identifying further ways of improving colleague engagement.
Contracted hours lost due to sickness	4.4%	4.96%	<3.5%	We finished the year just 1.5% above target mainly due to a 1% increase in Covid-19-related short-term absences. Next year we expect to see performance improve and fall in line with our target.
Annual colleague rolling turnover	10.2%	15.9%	<15%	The recruitment market has become very buoyant since 2021 which has contributed to colleague turnover; salaries for technical and professional roles became inflated making it attractive for people to move jobs. Turnover has started to reduce during 22/23 and will continue to be monitored throughout the year. Our salaries and rewards packages continue to be in line with sector median.
Number of colleague accidents and near misses	42 accidents 144 near misses	48 accidents 128 near misses	0	Whilst strong mitigations and controls are in place, accidents do happen from time to time and we report regularly to the Board on these, demonstrating a culture of openness and transparency in relation to Health and Safety. Learning is taken from any incidents and risk assessments, policies and practices are updated with these learnings, leading to continuous strengthening of our approach.

Back to Contents

Aim 3: Grow and expand our services, our reach and our range

This aim is to ensure we are able to provide value-added services to as many people/families in need as possible. In delivering this aim, we invest significant amounts in our local areas. The more new homes we can build and communities we can serve, the greater efficiency we can achieve in terms of our running costs and we can be most effective in terms of our contribution to the national housing shortage.

The table below summarises the grant and sales income we generate and investments we make to increase the supply of new homes. We not only aim to provide affordable housing but we also seek to generate returns from market rent and market sales homes in order to reinvest these into the delivery of more affordable homes.

	2021/22 £000s Actual	2022/23 £000s Forecast	2023/24 £000s Forecast	2024/25 £000s Forecast	2025/26 £000s Forecast
Income generated:					
Strategic partner Homes England grant secured	22,087	0	0	0	0
Other grant	1,020	880	1,122	1,020	612
Sales income generated for reinvestment	17,065	12,414	17,976	18,136	14,670
Open market sales through Joint Venture	0	478	0	1,954	0
Market rent surpluses	439	515	554	660	673
Sub total	**40,610**	**14,287**	**19,652**	**21,770**	**15,955**
Investments made:					
Developing new homes	(47,573)	(83,438)	(92,427)	(73,800)	(34,992)
Investment in Joint Ventures to deliver mixed tenure homes	(22)	(478)	0	0	0
Sub total	**(47,595)**	**(83,916)**	**(92,427)**	**(73,800)**	**(34,992)**
Income shortfall funded though loan drawdowns	**(6,985)**	**(69,629)**	**(72,775)**	**(52,030)**	**(19,038)**

The value for money measures for Aim 3 are shown in the table below and demonstrate how we are committed to delivering new homes for our communities.

	20/21 Actual	21/22 Actual	Target	Comments
Complete 500 new affordable homes every year	332	418 in year 750 since Apr 2020	2,000 new homes over the period 2020 to 2024	We have delivered 750 homes since April 2020 and are forecast to reach our 2,000 homes target by 2024.
Homes started on-site	325	470 in year 795 since Apr 2020	2,000 + by over the period 2020-2024	Starts on-site are under target but we still expect to reach our 2,000 homes target by 2024. Any starts not made this year are intended to be made next year.
Shared ownership sales	168	111	132	We have a strong track record in selling all of our shared ownership homes. We only have nine homes unsold at the end of the financial year, all of which are expected to sell in the first quarter of 22/23, with eight already reserved.
Complete 50 outright sales per annum	4	4	200 over the period 2020 - 2024	We have successfully worked with our JV partner to build outright sales homes. We have confirmed sites for 154 outright sales homes which are expected to be completed before March 2024. We continue to seek opportunities to identify the remaining 46 target, 16 of which are owned and subject to planning at Cricket Close.

Aim 4: Promote health and prosperity where we can make a difference

This aim is all about helping our customers and communities prosper. We play an influential role in building healthier, more resilient and connected communities with a range of key partners, making a greater impact by working together. The areas we focus our resources on are those which help people increase their confidence, skills, health and wellbeing. The ways we achieve this are:

Education and training:

We have participated in the government's Kickstart scheme which provides funding to employers to create jobs for 16 to 24-year-olds on universal credit.

Health and wellbeing:

We contribute strategically and operationally to 'Walsall Together', specifically the resilient communities' priority, ensuring our service is aligned. In addition, we invest in 'social prescribing' to improve people's health and wellbeing.

Hardship support:

We have received one-off funding from local authorities and the NHS to help support vulnerable people with general living costs that are not able to buy basic necessities required for modern living.

The table below highlights our community investments made, subsidised through our rental income stream as well as external grants secured.

	2021/22 £000s Actual	2022/23 £000s Forecast	2023/24 £000s Forecast	2024/25 £000s Forecast	2025/26 £000s Forecast
External grant secured:					
Household Support Fund	300	-	-	-	-
BBO Clickstart	240	355	53	-	-
Health & Wellbeing	-	274	285	291	297
Kickstart	53	148	154	157	160
NHS Work for Health Programme	35	33	34	35	36
Leaving Care & Young Persons Temp Accommodation Scheme	145	168	175	178	182
Other	-	100	100	100	100
Sub total	**773**	**1,078**	**100**	**761**	**775**
Investments made:					
Apprentices, graduates, trainees	(694)	(888)	(924)	(943)	(962)
Digital inclusion	(277)	(442)	(774)	(790)	(806)
Employment and training	(259)	(259)	(269)	(275)	(281)
Health & Wellbeing	(895)	(1,256)	(1,306)	(1,333)	(1,360)
Hardship fund	(300)	(200)	-	-	-
Other	(230)	(75)	-	-	-
Sub total	**(2,655)**	**(3,120)**	**(3,273)**	**(3,342)**	**(3,408)**
Income shortfall funded through rental income stream	**(1,882)**	**(2,042)**	**(2,472)**	**(2,580)**	**(2,634)**

The value for money measures for Aim 4 are shown in the table below and demonstrate that not only do we invest in our homes, we invest in supporting people's lives to help them grow their independence.

	20/21 Actual	21/22 Actual	Target	Comments
Support 10,000 people into new opportunities	4,240	5,236	10,000 by March 2024	We are well on target to achieve this success measure to support customers with increasing their confidence, skills, and health and wellbeing by moving them into new opportunities.
Generate social-value equivalent to a third of our turnover	£38m	£46.8m	>£34.6m	Our investment in our communities generates a social return on investment. whg uses the Housing Association Charitable Trust ('HACT') Wellbeing Valuation Model to confirm the overall social value our work has generated to support our customers and communities.
Secure £5 million funding for community investments by 2024	£1.4m	£1.7m	£5m by 2024	We have a strong track record in securing grants for our community investment and we also use our rental income stream to invest in our initiatives. This was a 'stretch' target to drive our work strategically with partners.

Aim 5: Deliver a strong business, fit for today and prepared for tomorrow

We aim to remain financially strong and to keep us prepared for the future, we continuously monitor our operating environment to mitigate risks and be able to quickly respond to opportunities and challenges.

We continuously explore ways to drive down costs and achieve greater value for money, using stronger insight and data to guide investment decisions. In addition, we are investing significantly in information technology to enable us to have greater choices for digitalisation of services, automation and use of artificial intelligence.
A significant proportion of these investments will enable streamlining and simplifying processes which enhances efficiency in terms of cost of delivering processes and therefore freeing up resources to invest more in front-line services to customers.

We prioritise the delivery of effective, equal and ethical services to customers over the cost of service delivery therefore we recognise that when we compare our costs to other housing providers, we are not always the cheapest. We do however strive towards achieving the most economical cost of service delivery by monitoring our costs alongside other housing providers through benchmarking.

The table below shows our performance against our Aim 5 VFM measures which are key for us maintaining our financial strength to enable continued investment in new homes and services.

	20/21 Actual	21/22 Actual	Target	Comments
Our normal operating margin will exceed 30%	31.4%	31%	>30%	Our profitability provides good assurance that we can meet our financial obligations and that our financial health is strong compared with our peers. This enables us to service more debt, build more new homes and continue investing in our existing homes and communities.
Work towards achieving upper-quartile performance for headline social housing cost per home	Upper quartile	Above median	Upper quartile by 2024	
Current arrears	3.18%	3.69%	<3.5%	Rent arrears ended the year at 3.69%, just 0.14% above target. This is a reasonable performance given the circumstances but is an area for improvement going forward. We have worked hard to improve our processes and technology to create capacity for our colleagues so that they can support customers.
Void rent loss	0.75%	0.66%	<0.65%	Void rent loss for the year is almost at target and we expect this performance to return to our long-term target of 0.6%. All teams involved in the lettings process have worked hard to overcome the challenges due to Covid-19 to end the year on a positive result.
Cashable VFM savings	£3.5m	£4.1m	£1.9m	Cashable VFM gains have exceeded target and plans are in place to deliver more gains next year.
Property turnover	1,112	1,169	1,404	Property turnover in the year was only 1,169 and this was well ahead of target saving on void costs and demonstrating the positive impact of the support provided to our customers.

Back to Contents

Section 2: Benchmarking to compare how we perform with others

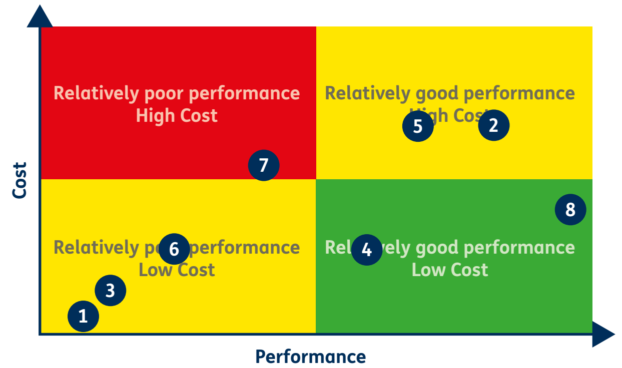
In addition to our internally set VFM measures, we also engage in regular benchmarking activity to identify where we sit in relation to our peers at both a national level and a more tailored, specific level. We use this information to continually inform our future budget setting and strategic planning as we continually strive to achieve upper-quartile performance on both cost and performance measures when compared to other registered housing providers.

There are two main sources of benchmarking used. Housemark provides service-level benchmarking and the Regulator of Social Housing's Global Accounts VFM metrics provide financial health measures.

Service-Level benchmarking

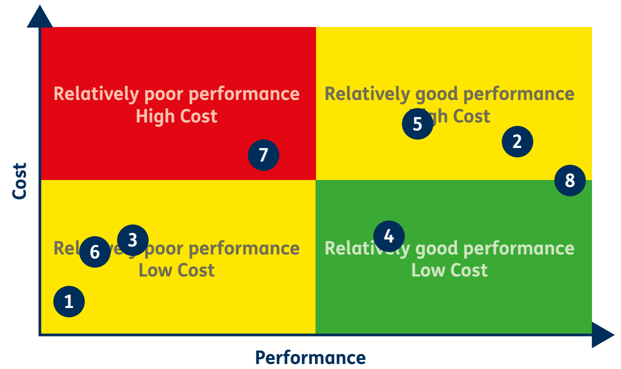
whg are members of Housemark and through this membership we are able to benchmark ourselves at a service level against a number of other housing providers nationally, as well as smaller, more-tailored peer groups. There are 82 housing providers in the national dataset and 19 providers in the tailored dataset which is based on the Midlands and North West organistions of between 10,000 and 30,000 homes. The Housemark dataset is based on 20/21 submissions.

The two VFM quadrants below plot whg's performance, the first being the bespoke group and the second chart being the national dataset.



Key to bespoke group

1 Responsive repairs
2 Voids and lettings
3 Rent arrears and collection
4 Tenancy management
5 Resident engagement
6 Customer services
7 Neighbourhood management
8 Community investment



Key to national group

1 Responsive repairs
2 Voids and lettings
3 Rent arrears and collection
4 Tenancy management
5 Resident engagement
6 Customer services
7 Neighbourhood management
8 Community investment

Explanations:

The tables below summarise the performance measures used for each service line's position on the VFM quadrant. Each performance measure is RAG (Red, Amber, Green) to indicate lowest 25% of peer group, lowest 50% of peer group, and highest 50% of peer group respectively. Commentary on the tables of data is by exception, focusing on those areas which are performing below median within the peer group, i.e. amber or red.

1. Responsive repairs

	18/19	19/20	20/21	Median (20/21)	RAG
Total cost per property of responsive repairs	£330.49	£332.32	£325.71	£473.05	
Direct cost per property of responsive repairs	£255.75	£253.03	£239.58	£399.04	
Satisfaction with the overall repairs service	83.8%	84%	74%	89%	

whg's costs are low when compared to peers therefore demonstrates 'economy' is achieved. However in terms of customer satisfaction scores are lower than peers.

Actions implemented since 20/21 to improve customer satisfaction with the service:

The introduction of a self-service portal to enable customers to report their repair and book their own appointment for servicing the repair online. This portal went live on 6 April 2022 and it is aimed to improve communication around repairs appointments, reduce time spent by the customers having to contact whg to arrange the repair and enabling customers to pick the most convenient appointment time.

As a result of disruption caused by Covid-19, the responsive repairs service experienced a decrease in customer satisfaction levels due to long wait times, triggered by a reduced service level during statutory lockdown periods, and the disruption to the supply chain that has been experienced nationally. Now that we are back up and running a full service, with a task force dedicated to clearing the remaining backlog of repairs, we have been able to commence a number of other process improvements. We are redesigning the process for collection satisfaction data in order to improve data quality, striving towards 'same-day' satisfaction surveys to allow customers to feed back their views on a more timely basis.

We have also consulted with customers on the new repairs policy, the outcome of which has fed into redesign of the scheduling process for less urgent repairs. The aim of this is to shift our emphasis from target repair times to booking appointments that are mutually convenient for both our customers and our repairs operatives.

We continue to monitor satisfaction with our repairs service and the latest reported position as at March 2022 was an improved position of 78%. It is anticipated that satisfaction levels will continue to increase after the above initiatives have had time to embed.

Back to Contents

2. Voids and lettings

	18/19	19/20	20/21	Median (20/21)	RAG
Void rent loss	0.62%	0.59%	0.74%	1.21%	
Total cost per property of void works and lettings	£319.81	£307.52	£289.39	£199.86	
Direct cost per property of void works and lettings	£257.95	£237.63	£217.17	£205.20	

Actions implemented since 20/21 to improve void cost per property:

An independent, in-depth review has been completed to identify whether there are opportunities for efficiency savings in this area. A significant efficiency gain has been identified in financial year 2022/23 of £750k by reducing the void repairs and projects teams and allocating this workforce to other areas of the repairs service where the higher volume requires a greater workforce. This has helped with the challenges associated with Covid-19 during 2020/21 and 2021/22 where responsive repairs experienced a spike in volume as a result of disruption caused by Covid-19.

3. Rent arrears and collection

	18/19	19/20	20/21	Median (20/21)	RAG
Total cost per property of rent arrears and collection	£120.45	£134.58	£140.92	£182.64	
Direct cost per property of rent arrears and collection	£73.06	£80.35	£84.73	£86.93	
Rent collected %	99.24%	98.84%	99.07%	100%	

The percentage of rent collected is below peers but needs to be viewed on conjunction with our average current arrears balance for contextual purposes. whg's homes are primarily based in areas where unemployment and deprivation are higher than the national average, leading to greater challenges around collecting rents. whg's arrears target is 3.5% and for many points within the financial year, whg is able to perform within target, although there are months where arrears are not within target. Arrears have not increased beyond 3.7% during the year.

4. Tenancy management

	18/19	19/20	20/21	Median (20/21)	RAG
Total cost per property of tenancy management	£106.04	£118.21	£111.12	£151.18	
Direct cost per property of tenancy management	£64.65	£66.16	£61.04	£77.57	
Satisfaction with the service provided	85.9%	85.9%	85.9%	85.9%	

5. Resident involvement

	18/19	19/20	20/21	Median (20/21)	RAG
Total cost per property of customer involvement	£51.64	£51.62	£53.54	£60.14	
Direct cost per property of customer involvement	£29.13	£27.86	£28.70	£19.95	
Satisfaction that views are taken into account	76.8%	76.8%	76.8%	71%	

Actions implemented since 20/21:

Whilst direct costs are showing as more expensive than average, when viewed in conjunction with the satisfaction levels that customer views are taken into account, the investment in this area is yielding positive results. As the regulatory landscape is changing, with more emphasis on listening to customers, whg intends to continue investing in this area to ensure our customers' needs and wants are considered when shaping the future delivery of services. Key investments in this area include creation of additional resource within the Community Engagement and Inclusion Team, who actively engage customers through a variety of channels including quick surveys/poll, phone calls, texts messaging, use of digital and social media, face-to-face workshops and regular group meetings. In addition, we have created Customer Experience Specialists within our Insight and Performance team to identify further ways customers can influence services.

6. Customer services

	18/19	19/20	20/21	Median (20/21)	RAG
Total cost per property of housing management	£397.18	£432.91	£433.32	£571.15	
Direct cost per property of housing management	£239.59	£248.51	£247.94	£274.57	
Average second to answer inbound calls	314	419	277	75	

Actions implemented since 20/21:

whg have made significant investments in customer services and housing management with a view to improving the customer experience:

- Launched our **new telephony** which included the call-back functionality, enabling customers to hold their place in the queue and we will call them back, meaning that they do not have to pay for a lengthy call or wait for a long time until they are able to speak to someone. This functionality has proved to be very popular with customers, particularly during busy times.
- Introduction of the **Community Housing Model** - this new model of operating in our communities provides more officers present in our neighbourhoods and communities to support customers, listen to their wants and needs and respond by channelling services where they are required. This new model has particularly helped those customers who would not ordinarily engage with us.
- Increase in **Neighbourhood Inspection Officers** - this increased resource also supports our neighbourhoods, enabling whg to identify areas that require investment to deliver safer, more pleasant environments for our customers.
- Introduction of a new **'choose and move'** app that has reduced the time taken for customers to apply for, process and secure a new home with us.
- Increase in **Customer Services Advisors** to help manage the call volume.
- A new **on-line portal** for reporting repairs and booking repairs appointments has been launched in quarter 1 of 22/23 which is intended to make the customer journey simpler, less time-consuming and therefore more effective and convenient.

Back to Contents

7. Neighbourhood management

	18/19	19/20	20/21	Median (20/21)	RAG
Total cost per property of ASB	£61.29	£66.49	£74.64	£67.98	
Direct cost per property of ASB	£38.94	£39.11	£43.72	£34.82	
Satisfaction with neighbourhoods as a place to live	82.1%	82.1%	82.1%	84.4%	

Actions implemented since 20/21:

Whilst costs are higher than our peers in this area, whg intend to continue investing in neighbourhood management to ensure our customers feel safe. We have a significant proportion of high-rise flats within our homes portfolio which means anti-social behaviour can be a problem. We therefore have invested in CCTV and our Community Safety Team to mitigate this risk and make our blocks feel like safe places to live. We have continued to monitor customer satisfaction with how we deal with ASB cases and are proud to report that for 21/22, 100% of customers are either satisfied or very satisfied with how our Community Safety Team have handled customer cases reporting ASB. In addition, 100% of customers are either happy or very happy with the outcome of their cases.

8. Community investment

	18/19	19/20	20/21	Median (20/21)	RAG
Total cost per property of community investment	£88.44	£76.54	£72.47	£54.61	
Direct cost per property of community investment	£63.58	£45.71	£43.72	£34.82	
Residents undertaking training or education	1,271	1,274	1,567	34	

As shown by the figures above, whg is more expensive in this area however the performance demonstrates the relative costs. whg are supporting significantly more customers with training and education than all other housing providers. Out of the 82 housing providers in the national benchmark dataset, 67 provide training or education opportunities for customers and whg is the highest performer out of 67 organisations in terms of the number of customers being supported to undertake training or education according to the Housemark dataset.

Regulator of Social Housing benchmarking - VFM metrics

We report and compare our performance against the VFM metrics using the latest Global Accounts 2020/21 published by the RSH. We have compared ourselves at a national level, against all other registered housing providers, as well as at a more tailored, bespoke level against other registered providers with 20,000 to 29,000 homes. The table below shows the nine metrics and how we have performed, our anticipated performance and how we compare to the benchmark group median. Our performance is RAG rated (red, amber, green) to indicate whether we perform worse than the lowest 25% of the peer group (red), worse than the lowest 50% (amber) or better than the median (green).

	Actual		Target		
Metric	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
Reinvestment	11.6%	10.3%	15.8%	15.7%	12.5%
Sector Median	5.8%	5.8%	5.8%	5.8%	5.8%
Peer Group Median (20k to 29.9k homes)	5.2%	5.2%	5.2%	5.2%	5.2%
Reinvestment % looks at the scale of investment in our existing and new homes as a percentage of their value. We are upper quartile for this metric due to our aim of developing 500 new homes each year and approach to maintaining the quality of our homes. The average for RP's of a comparable size to us is 5.2% making our comparative performance even stronger.					
New supply delivered (SH units)	1.6%	2.0%	2.7%	2.4%	2.3%
Sector Median	1.3%	1.3%	1.3%	1.3%	1.3%
Peer Group Median (20k to 29.9k homes)	1.3%	1.3%	1.3%	1.3%	1.3%
New supply social % expresses the number of new social homes delivered as a proportion of all homes owned. In 2021/22 our performance is in line with the best in sector (upper quartile). RP's of a comparable size delivered a lower return of 1.3% in the benchmark year.					
New supply delivered (NSH units)	0.00%	0.00%	0.03%	0.05%	0.00%
Sector Median	0.00%	0.00%	0.00%	0.00%	0.00%
Peer Group Median (20k to 29.9k homes)	0.08%	0.08%	0.08%	0.08%	0.08%
New supply non-social is 0% as expected. There were no plans to deliver either market rent or outright sale homes during the year although these are included in mixed development schemes in the future. RP's of similar size deliver 0.08% non-social properties in the benchmark year.					
Gearing (NBV of Housing Properties)	59.7%	57.9%	58.2%	60.6%	58.9%
Sector Median	43.9%	43.9%	43.9%	43.9%	43.9%
Peer Group Median (20k to 29.9k homes)	45.8%	45.8%	45.8%	45.8%	45.8%
Gearing % shows the proportion of net borrowing in relation to the value of the asset base and indicates the degree of dependence on debt finance. Gearing is above the sector median because our fixed asset values are below the sector average. It is also an indicator of how whg is sweating its asset base by borrowing more to build more new homes for our communities. As the Group builds more new homes over the forthcoming years, the gearing will reduce. A more relevant measure of gearing for the Group is the gearing covenant set by the funders for which we have sufficient headroom. Similar size RP's sit at an average gearing of 46%. Note the gearing definition is different to our Funders definition which shows a stronger position than the above.					

Back to Contents

	Actual		Target		
Metric	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
EBITDA MRI Interest Cover	**160%**	**137%**	**120%**	**137%**	**143%**
Sector Median	183%	183%	183%	183%	183%
Peer Group Median (20k to 29.9k homes)	149%	149%	149%	149%	149%

Earnings before interest, tax, depreciation, amortisation, major repairs included (EBITDA MRI) interest cover % measures our level of cash surplus generated as a percentage of interest paid. It shows our headroom for meeting interest payments on existing debt. The interest cover percentage reflects a lower median comparison to the sector. This shows that whg is sweating its assets by servicing more debt to build more new homes. In addition, investment in existing homes also increases next year. Compared to the average for RP's of our size at 149%, this is still a relatively strong position. Note the definition is different to our Funders definition which shows much stronger performance than the above.

Headline SH cost per unit	**£3,327**	**£3,815**	**£3,933**	**£4,226**	**£4,357**
Sector Median	£3,730	£3,846	£3,969	£4,096	£4,260
Peer Group Median (20k to 29.9k homes)	£3,540	£3,650	£3,767	£3,887	£4,043

Headline social housing cost per unit combines several cost elements to provide our overall social housing cost per unit. Our costs in 2021/22 reflect a better than sector median performance. We have adjusted the quartile benchmarks for inflation for the forecast years and as shown, we become more expensive than median from 22/23. This is as a result of investment in key strategic initiatives which are aimed at improving customer experiences such as digital transformation, customer engagement, community investment and decarbonisation works to our homes as we strive to ensure all of our homes reach EPC-C energy efficiency ratings by 2030.

Operating Margin (SHL)	**35.7%**	**28.7%**	**30.2%**	**30.4%**	**31.6%**
Sector Median	26.3%	26.3%	26.3%	26.3%	26.3%
Peer Group Median (20k to 29.9k homes)	24.9%	24.9%	24.9%	24.9%	24.9%

Operating margin % shows the profitability of our assets and is an indicator of our operating efficiency. Our social housing operating margin reflects an upper quartile performance from our core activities when compared to the sector. RP's of a similar size to whg performed a little less well at 24.9%.

Operating Margin (Overall)	**27.4%**	**26.6%**	**26.8%**	**27.0%**	**28.0%**
Sector Median	23.9%	23.9%	23.9%	23.9%	23.9%
Peer Group Median (20k to 29.9k homes)	22.0%	22.0%	22.0%	22.0%	22.0%

Our overall operating margin reflected an upper median performance to the sector. Compared to RP's of our size at 22.0%, our relative performance is stronger still.

Return on capital employed (ROCE)	**5.9%**	**5.1%**	**5.0%**	**5.7%**	**5.4%**
Sector Median	3.3%	3.3%	3.3%	3.3%	3.3%
Peer Group Median (20k to 29.9k homes)	2.6%	2.6%	2.6%	2.6%	2.6%

"Return on capital employed shows how well we are using our assets and debt to generate a financial return. This indicator remains upper quartile. RP's of our size averaged 2.6% return in 2021/22.

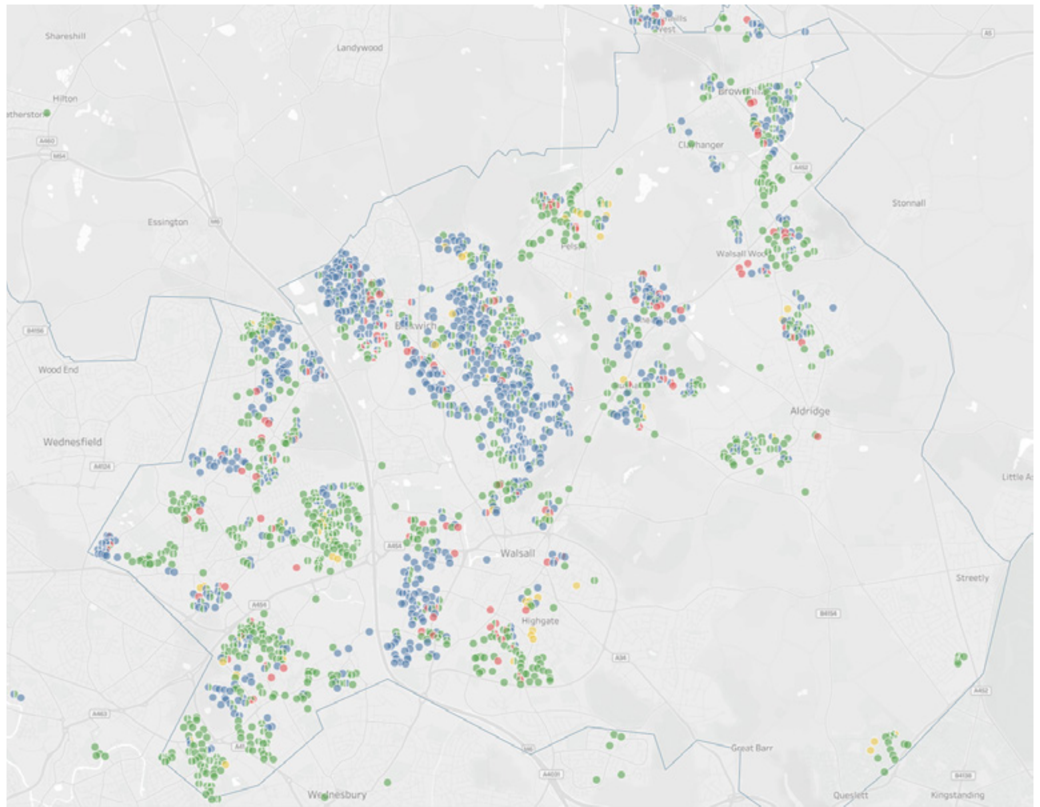
Section 3: Asset maximisation - making the most out of our cost base

Asset maximisation is central to our approach to delivering efficiency, i.e. making our asset resources stretch the furthest. Our corporate objectives go beyond the bricks and mortar of our homes. To guide our future investment decisions, we have analysed our homes portfolio with a view to prioritising where our investments should be using both financial analysis of performance (net present value analysis) and social performance analysis. Social performance analysis involves analysing various indices such as:

- Fuel poverty SAP ratings
- Fuel poverty - rent arrears
- Property turnover
- Level of anti-social behaviour
- Customer satisfaction with neighbourhoods
- Levels of customer contact
- Demand by waiting list area
- Welfare reform - impact analysis
- Index of multiple deprivation including data on employment, health, geographical barriers and how these indices interact with customer engagement with our wellbeing and health projects.

We aim to focus on those areas where the financial performance and/or social performance of our homes is below the acceptable range.

As an example of our social/financial performance analysis, the map below plots a concentration of our homes in Walsall. Areas covered by the map include (left to right) include Wilenhall, Darlaston, Bloxwich, Palrey and Pleck, Pheasey and Paddock, Aldridge South and Streetly, Pelsall and Brownhills.



Back to Contents

The 'green' which is the majority of our homes indicates an appropriate level of financial and social performance given the areas in which we operate.

The 'blue' indicates an appropriate financial performance but lower social performance than we would like. As there is a large amount of blue on the map, this information drives our decision-making around community investment activities as set out under corporate plan Aim 4. We have a higher community investment spend when compared to peers as set out in the benchmarking section but as shown above, our communities need it. The blue areas also drive our investment decisions around regeneration as explained in the next section and can also contribute towards our higher social housing cost per home.

The 'yellow' areas on the map indicate those homes with a good social performance but are lower than we would like on the financial performance however we intend to continue investing in these homes to maintain compliance with regulations and customer satisfaction.

The 'red' areas indicate homes which have financial and social performance lower than we would like and these homes are being reviewed as part of a long-term investment strategy to identify ways in which we can enhance their financial performance, for example by implementing carbon-zero technology, and consider ways we can improve on social performance, for example by targeting future community investment and/or regeneration of 'place'.

Regeneration

The above analysis has helped to inform our regeneration plans to maximise financial and social returns of our homes and under-utilised land holdings and garage sites. This work is closely linked to our development strategy ambition to enhance 'place' by **'becoming a leading place shaper, known for focus on safety, sustainability, innovation, mixed tenure and quality homes which provide improved health outcomes'.**

In-depth work has been completed which has culminated successfully in the development of our Regeneration Strategy which is aimed at creating additional new homes for our customers.
Our attention is focused on maximising our land holdings around our low-rise blocks with a view to providing additional homes and enhancing the look and feel of the place around them. In addition, we have recently commenced our first 'small sites' development for 20 homes which is a cluster of land holdings across a range of our geographies to be delivered as one scheme to create additional new homes. We have 130 other 'small sites' being worked up for options.

Those which are not suitable for development will be considered for repurposing such as community gardens, allotments, car parking or recreational use where we can also create biodiversity gains and contribute towards our communities in positive ways. We work closely with our Community Housing Officers to help prioritise in which order we deliver these sites. We are also working on how we can improve some of our disused commercial units by transforming them into modern new homes with attractive space around them.

Borrowing power of our assets

We are careful to ensure we are continually able to maximise the borrowing power of our asset base. To achieve this, we ensure we maintain the quality of our homes to a standard that meets regulations and is satisfactory to our lenders. In addition, our Board has developed a new Security Strategy that is aimed at increasing the funding we can raise with banks and the capital markets to continue delivering new homes in our communities whilst at the same time, maintaining strong financial health demonstrated through our financial metrics.

Section 4: VFM gains achieved through consideration of alternative delivery structures

There are a number of activities in place across the business to implement new ways of working through alternative commercial, organisational and delivery structures. A number of VFM gains have been made over the past two years and further gains are forecast for the next two years up to the end of our corporate plan.

The table below summarises the VFM gains. As shown, we have a successful track record in delivering cashable VFM gains. We have set up our Corporate Company Structure in such a way as to maximise VAT benefits in relation to our key areas of spend. We continue to engage in procurement activity which seeks to reduce our costs while maintaining quality of service delivery. We obtain ad hoc grants for our asset management work and we continually seek to refine our funding arrangements to ensure we pay the least amount of debt servicing costs that we can. All of these cashable savings are reinvested in our business so we can employ more resources directly to our frontline services or new development programme.

	2020/21 £000s		2021/22 £000s		2022/23 £000s	2023/24 £000s
	Target	Actual	Target	Actual	Target	Target
Cashable VFM gains						
VAT recovery (partial exemption)	50	41	50	39	75	75
VAT recovery (whg Developments)	35	58	61	63	68	68
Vat recovery (Components)	1,559	1,245	1,593	1,472	1509	1509
Procurement savings	100	643	100	309	100	100
Asset management savings	954	746	85	1,689	174	-
Advanced Methods of Construction (AMC)	180	180	-	-	-	-
Eco Funding	64	55	-	-	-	-
Insurance	-	280	-	460	-	-
Barclays Covid Relief Funding (Customer support funding)	-	100	-	-	-	-
Treasury: Interest margin savings	59	78	49	116	92	92
Treasury: Commitment fees	-	-	-	-	24	24
Treasury: Debt restructure	-	-	-	-	1,880	1,880
Total VFM gains	**3,001**	**3,427**	**1,938**	**4,147**	**3,922**	**3,748**

Corporate company structure changes

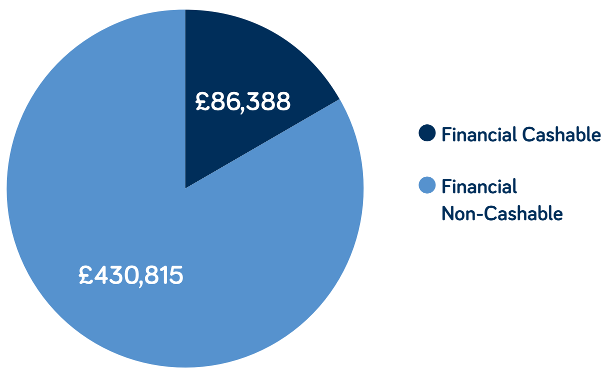
This is the first full year that we have benefited from our corporate company structure review which resulted in the closure of two companies and transfer of operations to other companies within our Group. This has helped to streamline governance arrangements as well as reduce administration costs associated with these companies.

Stock investment programme

We have also successfully completed implementation of a new seven-year framework for three main contracting partners to deliver our component replacement programme in three geographical areas. This consolidated contractor delivery mechanism will help us to drive down costs through volume purchasing and increased standardisation across our homes. Any savings identified over time can be reinvested in our net-zero carbon works in the future.

Digital strategy investments

This year, we have invested £230k in digital projects to transform the way we provide services with the aim of improving the effectiveness of our services. The chart below highlights gains made as a result of these projects.



Non-cashable gains are costs which are avoided as a result of the projects being implemented, such as increased IT spend, increased colleague posts etc. A number of additional benefits have also arisen such as increased IT agility, process improvement and increased customer/colleague experience, all of which lead to enhanced effectiveness of service delivery.

IT strategy investments

We are also investing £2.6m in 22/23 in our IT infrastructure. This investment is aimed directly at improving value for money for customers in terms of the effectiveness of our service delivery. By moving our business to cloud based technologies we will be able to reduce our infrastructure costs. We will also have more choice over which products we can use within our business to build on the simplification process, making it easier for our customers to engage with us and transact with us. Any efficiencies generated from increased automation will result in more resource invested into frontline services for our customers. The investment is also aimed at reducing our information security risk and ensuring that our systems continue to be robust.

Governance review

An independent Governance review has been completed during 2021 - 2022 which considered areas such as robustness of process and governance effectiveness. One outcome of this review is a plan to streamline our governance structure which will enhance the delivery of value for money.

Investment in non-social housing activity

We invest in non-social housing activity with purpose, to reinvest surpluses in social housing homes and services. We invest in open-market sales homes but limit the risk exposure to £20 million, and our financial golden rule framework ensures that our business plans are not reliant on sales income to meet loan covenants, thereby protecting the social housing assets. In addition, we have separate companies set up to manage our non-social housing activity, which again offers more protection to the social housing business. We have Anthem Homes which delivers open-market sales homes and whg Trading that delivers other trading income on a small scale.

Joint ventures

We continue to deliver our first major Joint Venture that is intended to generate profits on homes for private sale that we can reinvest into our new development programme to deliver more affordable homes. We will also consider other Joint Venture opportunities but will only enter those that help us to deliver our development strategy.

Partnership arrangements

We work with several partners including Walsall Together and the NHS to help tackle health inequalities, focusing on early intervention and prevention. We also work with Walsall Council, the West Midlands Combined Authority and GreenSquare Accord to support homelessness where our customers can receive support which is flexible to their needs. We are also key players in the NHF and Placeshapers Board.

Geography

In order to ensure our cost base is as efficient as possible, and that the services we provide are as effective as possible for customers, we have ensured our new development strategy prioritises geographical areas beyond Walsall that do not compromise our abilities to serve our customers. Our primary areas of operation are the West Midlands and where opportunities arise beyond this boundary, the areas need to be easily accessible from one of our management hubs and should be of sufficient density for efficiency of service delivery. Anthem Homes, which delivers our outright sales programme, is not restricted to any geographical boundaries.

Back to Contents

Principal Risks and Uncertainties

The environment in which we operate produces inherent risks that we face in our everyday operations including economic challenges, government policy, technological and social change. The Board clearly sets out its appetite to risk, providing the setting for business operations. We are not averse to taking on measured risk to deliver our objectives, but when taking these decisions, the Board fully appraises the risk to understand the potential impact.

The Risk Management Framework approved by the Board sets out the arrangements for identifying and managing risk in accordance with the Board's risk appetite. The Group has adopted the three lines of defence risk management model, which is designed so that assurance is obtained through the strength and source of controls and the Group's reliance upon them. Regular reviews of risk and work set out in the Risk Management Framework are overseen by the Risk Panel, Executive Team and Audit and Assurance Committee which remain focused on mitigating risks at all levels in the business. This ensures effective controls are in place. This approach is central to putting us in a strong position to achieve our strategic aims and embrace opportunities as they may arise.

The Board, as part of its review of risk management, has identified its most significant Strategic Risks and uncertainties, together with the mitigating actions taken in order to ensure that the risks are appropriately monitored and controlled. These risks have been reviewed to assess the impact of COVID-19 and any additional controls or assurance required. A summary of our Corporate Risk Register is set out below.

Risk 1: Information security breach

Cause:

- Inappropriate access gained to personal and/or business-sensitive data
- Insufficient/out-of-date network security controls
- Cyber security attack
- Poor physical security arrangements, access to buildings and secure areas
- Colleague(s) exploit or misuse access to systems or data or use non secure software
- Lack of procedure or knowledge of appropriate processes
- Lack of diligence in implementing and maintaining controls of information processing activities
- External partners who hold and/or process information on whg's behalf fail to implement appropriate controls over information/data

Consequences:

Loss of tenant data, colleague data, restriction on where whg can trade (e.g. PCI DSS) impact on reputation of whg, RSH (Regulator of Social Housing) governance downgrade, fiscal impact (ransoms and fraud) and disruption of business operations.

Controls:

1. Technical controls (cyber security and management of equipment/infrastructure)
2. Restricted access to buildings and data centre
3. Policies and procedures in place

Conclusion:

The relevant risk appetite themes are IT security and resilience, Finance, Reputation, Managing change and innovation. The new IT Strategy has been approved (March 2022) with the Security and Stability (SaS) programme as a major delivery means. The SaS programme will implement and mature many of the controls to reduce this risk. We are working with our internal auditors for an advisory audit to ensure this is a robust and sound approach, which will provide additional third line assurance. This risk is 'Treated' as the controls in place or being implemented will bring the risk within appetite.

Risk 2: Serious health, safety or environmental incident

Cause:

- Lack of management controls and expertise
- Ineffective systems or processes
- Inaccurate safety assessments
- Lack of training and awareness
- Failure to adhere to safety advice or instructions
- Failure to provide PPE or other safety equipment
- Closed culture resulting in reluctance to report near misses
- Spread of infectious diseases, pandemic
- Issues with the supply chain - shortage of materials

Consequences:

Injury, spread of disease or fatality, damage to assets or other property, service or business interruption, reputational damage, legal action, financial penalty, imprisonment, regulatory downgrade.

Controls:

1. Management Controls
2. Training and awareness
3. Robust safety advice

Conclusion:

The relevant risk appetite themes are Health and Safety, Reputation, People and Environment/zero-carbon approach. The safety of our customers and colleagues is paramount. Actions to bring the score within appetite include raising customer awareness of H&S; White Paper Action Plan re Building Safety, including the development of the customer engagement strategy and H&S culture work. KRIs are H&S reportable incidents (colleagues) and the suite of customer safety KPIs. Near misses have increased but this is positive and doesn't impact the scores, as better reporting leads to increased learning. The customer safety KPIs are 100% statutorily compliant. This risk is 'Treated' as the controls in place or being implemented aim to bring the risk within appetite.

Risk 3: IT systems and data are unavailable

Cause:

- Poor physical security arrangements, access to buildings and secure areas
- End-of-life IT server hardware
- Lack of documentation for architecture
- Lack of procedural and/or processes for management and recovery

Consequences:

Consequences could include the loss of access to customers, colleagues and business data.
Significant disruption of business operations due to corporate applications and communication systems.

Controls:

1. Technical controls (management and monitoring of equipment/infrastructure)
2. Restricted access to buildings and data centre
3. Policies and procedures in place

Conclusion:

The context for this risk is to address the present risk to the availability of IT services and organisational data; the primary cause of this risk is the age and reliability of the hardware within the data centres and our computing hardware. The relevant risk appetite themes are IT security and resilience, Finance, Reputation, Managing change and innovation. An advisory audit is pending with our internal auditors to review our strategic direction and the Stability and Security Programme. This will provide additional third-line assurance. This risk is 'Treated' as the controls in place or being implemented will bring the risk within Target. Much of the delivery work for the Stability and Security Programme and the creation of an Information Security Framework internally should bring the scores within appetite. No KRIs have been identified.

Back to Contents

Risk 4: Impact of climate change on delivery of strategic objectives and services

Cause:

- Adversely inclement weather (extreme heat/cold/flooding etc)
- Rising sea levels
- Availability of/increase in cost of resources and materials (including energy)
- Availability of/price of food
- Violent conflict/civil unrest/land annexation to secure natural resources

Consequences:

Net-zero carbon will require us to adapt existing stock, build new stock differently and change our energy profile, and we will need to respond to any changes in regulation/legislation. Flooding or high wind causing damage to homes or impacting ability to get to work (Trades colleagues) or access homes to deliver repairs or other services, extreme heat or cold impacting health of customers (requiring additional services) or colleagues. Structural damage to buildings and infrastructure (eg cracking). Disruption to supply chains impacting repairs and development. Failing contracts or increases in contract costs and insurance premiums. Restricted water supply and power outages. Customers less able to pay rent due to rising cost of utilities and food, resulting in additional support requirements/enforcement action. Energy costs increasing impacts the business financially (re utilities, fuel for Trades vans).

Controls:

1. Operational controls
2. Regeneration/development controls
3. Horizon scanning and forward planning

Conclusion:

Climate change will exacerbate and become a multiplier for risks across the business. Climate change and extreme weather present material risks to operations and our homes. Our ability to mitigate will be important as will future scenario analysis to consider adaptation strategies. We will have opportunities to influence and challenge government, partners, suppliers, customers and developers to work with us to find solutions. The decisions we make will always have unintended consequences so ensuring appropriate governance is in place throughout the business for sustainability and carbon reduction will be essential going forward. The relevant risk appetite themes are Health and Safety, Finance, Reputation, Legal and regulatory compliance, People, Customer service, Managing change and innovation, Growth - development, Asset management and regeneration and Environment/zero-carbon approach. This new Strategic Risk is 'Treated', with controls/assurance being developed to increase controls and assurance.

Risk 5: Insufficient investment in assets to meet regulatory requirements/ customer expectations

Cause:

- Lack of skills and knowledge in the Asset Management and Development Team
- Poor/weak asset management strategy
- Unavailability of finance information
- Poor decision-making
- Fire safety issues - particularly in high-rise blocks
- Poor contractor performance
- Adverse impact of Brexit/Covid-19 or economic recession Adverse impact of Brexit/Covid-19 or economic recession
- Issues with the supply chain - shortage of materials
- Structural failure

Consequences:

This could result in reduction of security (value of stock which can be levered), poor asset standards, reputational impact and injuries/loss of life, non-compliance with the Home Standard, disrepair claims (if there are many this could result in RSH finding us in serious detriment). An adverse BREXIT or the current COVID-19 pandemic could impact the cost of labour, materials, accessibility of components and parts.

Controls:

1. Asset Management Strategy/condition surveys
2. Project management approach
3. Dedicated team to maintain assets
4. Contract management

Conclusion:

There is still a backlog of repairs due to Covid but this is being addressed. The Board-approved Investment Plans include carbon neutral, Decent Homes 2 and building safety. Our stock condition data is intelligent and up to date. Issues around shortage of materials and increase in costs continue, especially special items/bespoke materials. Some shortage of labour for contracted services and recruitment of new trades colleagues or sickness cover but also an increase in demand, particularly for plumbing and carpentry jobs. There is a cost increase if works are delayed or repeatedly booked. Contracts are monitored by the Contract Review Team and the framework allows for alternative contractors to be selected if necessary. The relevant risk appetite themes are Legal and regulatory compliance, Finance, Reputation, People, Managing change and innovation, Asset management and regeneration and Environment/ zero-carbon approach. This risk is 'Treated' as the controls in place bring the risk within appetite - this includes the controls detailed on the operational risk registers which take all the lines of defence to substantial assurance.

Back to Contents

Risk 6: Insufficient finance to deliver strategic objectives

Cause:

- Government reduces rent settlement agreement
- Market conditions and insufficient demand for homes
- Failure of subsidiary or JV
- Delays in completion of development programme
- Economic downturn/recession
- Welfare reform or changes to customers' welfare benefits
- Ineffective arrears or voids management
- Inadequate insurance cover
- Poor relationship with third parties eg benefit providers/LAs with nomination agreements
- Inability to secure loans from third-party financers
- Reduction in V1/and/or Moody's rating
- Lack of security (financial) or debt finance is too expensive
- Capital market crash, revolving credit facilities withdrawn

Consequences:

Rising arrears, void rent loss or sales income loss, failure to meet Business Plan income targets, impact on cash flow, inability to service debt, inability to fund investment in new/existing homes or deliver other Corporate Plan objectives, increase in cost of borrowing, Financial Viability downgrade, downgrade of Moody's credit rating, reputational impact, potential regulatory intervention.

Controls:

1. Monitoring of income levels
2. Rent and service charge collection/maximisation controls
3. Shared ownership and outright Sales controls
4. Facilities in place to fund the business and cash-flow monitoring
5. Business planning and stress testing

Conclusion:

Although arrears may increase with a 'perfect storm' of issues for customers (fuel poverty, high rate of inflation, increases to benefits being significantly less than inflation, increase in NI contributions, pension triple lock reduction to double lock, April 2022 rent increase of 4.1%) there will not be a significant impact on the business, nor if sales reduce. The bigger financial risk is loss of funding but we are meeting all our covenants and performance is good against the Business Plan. KRIs relate to the operating margin target of 30% and the Golden Rules, performance against which is good. Other KRIs are arrears performance, void performance and sales income. All risk appetite themes are relevant to this risk which is 'Treated' with the controls bringing the scores within appetite.

Risk 7: Governance arrangements are inadequate to deliver strategic objectives or meet statutory/regulatory compliance

Cause:

- Customer voice isn't heard
- Inaccurate reporting
- Lack of resources
- Poor leadership/management
- Submission deadlines not met
- Attempted or actual fraud
- Poor intelligence (data)
- Governance arrangements are inadequate
- Ineffective Boards/Committees
- Lack of clarity and understanding of regulatory/statutory requirements and charitable objectives
- Negligence
- Mechanisms not in place to meet regulatory/ statutory requirements
- Lack of training for Boards/Committees/colleagues
- Relationship with JV partner changes or ends
- JV structure or arrangements do not meet Homes England requirements

Consequences:

Customer voice isn't considered in decision-making, strategic objectives aren't achieved, statutory/regulatory non-compliance, financial loss/penalties, fines, imprisonment, legal action, reputational damage, regulatory downgrade, loss of charitable status.

Controls:

1. Board and Committee arrangements
2. Dedicated Governance and Compliance Teams
3. Assessment and monitoring of compliance with legislation and regulation

Conclusion:

This risk includes governance arrangements in relation to subsidiary companies (financial risk relating to subsidiaries is covered in the Finance risk) and the management of potential fraud/bribery as well as Data Protection. There are no specific KRIs identified but incidents or issues reported externally to regulators would indicate an increase in risk scores and weaknesses in the Board/Committee structure could also impact the scores. The relevant risk appetite themes are Legal and regulatory compliance (including Data Protection), Reputation and People (recruitment, retention and development of colleagues). This risk is 'Treated' with the controls in place mitigating the risk and bringing it within appetite.

Back to Contents

Risk 8: Development programme is delayed/targets are not achieved/ quality is poor

Cause:

- Inability to source development opportunities to deliver the Development Strategy outcomes
- Lack of available land
- Failure to monitor delivery of development programme
- Lack of expertise, experience and capacity within the Team to source and deliver development growth
- Failure in technical and legal due diligence
- Exposure to contractor/developer insolvency
- Lack of available funding to meet Development Strategy outcomes and resulting programme
- Impact of Covid-19
- Impact of Brexit
- Economic recession
- Issues with the supply chain
- Mismatch between location/need
- Increased competition from for-profit RPs
- Failure to secure full decant to enable regeneration

Consequences:

Corporate Plan, Development Strategy aims, Business Plan income targets not achieved. Increased costs due to delays, reputational damage, loss of stakeholder confidence. Non compliance audits limit future funding streams. COVID/BREXIT may result in higher borrowing costs, delays in completions/handovers due to shortages in components & labour, financial disputes with developers/contractors re cost increases (materials, components) or quality reduction. Delays to anticipated regeneration programme resulting in increased costs and claims.

Controls:

1. Experienced Development Team in place and technically transforming to meet Strategic Partnership (with Homes England (HE) plans and bring in sufficient new business opportunities
2. Robust technical, legal and contractor/development partner due diligence prior to approving development opportunities or land acquisitions
3. Funding availability for Development Strategy 2020-2024
4. Processes set and managed for delivery
5. Regeneration of identified end-of-life homes/estates beyond major refurbishment/reinvestment

Conclusion:

Successful reprofiling of the Wave 2 allocation from Homes England has taken place. Contractor and contract risks are managed within appetite, with insolvency/retention protection in place. Further risks in respect of attraction and retention of colleagues in development exist and a new recruitment approach will be implemented in April 2022. Our approach to monitoring on-site quality is paying dividends and customer satisfaction remains high. Regeneration will be treated as a development opportunity and be subject to similar controls and risk profile. The relevant risk appetite themes are Health and Safety, Finance, Reputation, Legal and regulatory compliance, People, Customer service, Growth - development, and Environment/zero-carbon approach. This Risk is 'Treated', with the controls and assurance bringing the risk within the Target score. KRIs are on-site and starts performance but nothing currently indicates a change to the scores.

Risk 9: Services to customers are inconsistent or ineffective

Cause:

- Insufficient resources (financial and colleague), recruitment, retention of skilled colleagues
- Lack of training
- Ineffective policies, procedures, processes
- Requirement to be agile and operate virtually
- Failure to adapt to operating context and evolve to modern ways of working
- Diverse customer voice is not heard and expectations are not met
- Lack of customer engagement
- Digital solutions do not meet the requirements of the service
- Contract failure (including insolvency) or contractors/suppliers are ineffective

Consequences:

Performance indicators decline, satisfaction decreases, legal action, financial penalty, withholding of rent/service charge - financial impact, regulatory downgrade. Failure against the Corporate Plan and Strategies, core values aren't delivered. Our offer becomes unpopular, the brand and our reputation is damaged. Homes in less popular areas become difficult to let.
Tenancy sustainability is reduced, customers' health and prosperity deteriorates or does not improve. Low colleague morale.

Controls:

1. General and Specialist business controls
2. Housing services
3. Customer and digital services
4, Support services

Conclusion:

The new Community Housing model is being successfully embedded and support services continue to attract external funding, enabling additional support for customers and our communities. KRIs are the following: customers satisfied with their neighbourhood as a place to live; customers who would recommend whg; service level (inbound calls answered); and Employment and Training and Health and Wellbeing success measures from Aim 4 of the Corporate Plan. The relevant risk appetite themes are Reputation, Customer service and Managing change and innovation. This risk is 'Treated' as the mitigating controls brings the Net score well within appetite.

Risk 10: Insufficient colleague resource (capacity and capability) to meet operational and strategic needs

Cause:

- Ineffective workforce planning to meet future demand of business
- Inability to recruit calibre of candidates required
- Inability to retain right people with right skills
- Sickness absence including relating to Covid-19 - colleagues not able to work due to illness
- Learning and Development (L&D) provided does not support the achievement of business objectives

Consequences:

Vacancies unfilled or absence/leave overstretching existing colleagues, reduction in performance including lower colleague engagement, and increases in absence, turnover and morale. Covid - impact on absence rate, general health and wellbeing of colleagues (eg long Covid).

Controls:

1. Annual budget-setting process includes review of resources required to deliver priorities
2. Competitive pay and benefits, and robust recruitment process
3. Processes and training plans in place to ensure appropriate skills to deliver against business objectives
4. High levels of colleague engagement and satisfaction

Conclusion:

The relevant risk appetite themes are Legal and regulatory compliance, Finance, Reputation and People. The People Dashboard monitors recruitment, retention absence and engagement on a quarterly basis and sets priorities for HR Business Partners. KRIs are the absence rate, colleague turnover and colleague engagement. This risk is 'Treated' as the mitigating controls ensure the scores are well within appetite.

Back to Contents

Sustainability, Net Zero and ESG (Environment, Social and Governance)

whg has made a clear and visible commitment to embedding sustainability with the appointment of a Sustainability Lead during the year. The role is positioned at a strategic level within the Business Strategy & Assets Directorate. This role will support the business to develop its sustainability ambitions as it creates the appropriate narrative and alignment to the Corporate Plan. It will also lead the work to produce a decarbonisation roadmap.

The ambition to deliver net-zero carbon by 2050 is not to be underestimated but the journey has already started and we have begun the process of producing a decarbonisation roadmap in line with this target. This will build on the work of the Energy & Programme Management team who have already undertaken extensive retrofit work across our asset portfolio. This fulfils our target across the housing stock as we work towards the 2024 target EPC D and 2030 target of EPC C for all our properties.

Corporate Social Responsibility and Sustainability are intrinsically linked and the pillars of any sustainability strategy are built on environment, social and economic foundations. As such, whg has now committed to an Environment, Social and Governance framework to provide annual reporting on risk and opportunities in these areas. This will provide long-term sustainability, drive economic vibrancy and provide us with long-term value via engagement with all our stakeholders for the business.

whg is committed to doing business in a responsible way and seeks 'to do the right thing' for its people and the planet. While continuing to manage our environmental performance responsibly through our accredited ISO 14001 Environmental Management System we strive to achieve Net Zero by 2050 for our Scope 1 and 2 emissions, dramatically reduce our Scope 3 emissions and continue to improve the biodiversity of land that we own creating greener places and spaces. Our emissions scope baseline will be agreed later this year with the decarbonisation roadmap to follow.

Our commitment to an accredited and externally verified ESG framework will provide us with a measurement tool that can capture subjective and quantifiable data that will stand up to quality assurance and audit. This will allow us to benchmark effectively and provide consistent and verifiable data moving forward.

As well as capturing the already mature social value work undertaken within our community it will provide a platform to present our performance and progress in the areas of environment and governance.

Carbon emissions reporting

whg currently reports annually through the UK government's Streamlined Energy and Carbon Reporting (SECR) policy. For the purpose of this report we have opted to use the Operational Control Boundary definition to define our carbon footprint. Included in this boundary are Scope 1 & 2 emissions, as well as Scope 3 emissions from gas, electricity, company fleet and grey fleet in the UK.

Within the 2021/22 financial year, whg completed:

- 1,474 energy-efficient measures of either thermal or heating improvements which included:
- 26 loft insulations
- 1,217 boiler or full heating replacements and controls
- 8 external wall insulation installs
- 4 cavity wall insulation installs
- 123 double-glazed full-window installations

From these energy efficiency improvement measures it is expected that a significant amount of energy will be saved over the next five years.

Emissions calculations

The GHG Protocol Corporate Accounting & Reporting Standard and UK Government's GHG Conversion Factors for Company Reporting have been used as part of the carbon emissions calculation.

Below is the energy consumption and GHG emissions summary table for Market-based* emissions (Figure 1) as well as a table outlining the year-on-year analysis (Figure 2).

Figure 1: Market-Based Emissions

Type of Emissions	Activity	kWh	tCO2e	% of Total
Direct (Scope 1)	Natural Gas	2,958,351.0	44.8	7.3%
	Company Fleet	2,048,233.0	513.1	83.2%
	PV Generation	346,971.0	1,0.0	0.0%
	Subtotal	**5,353,555.0**	**557.9**	**90.5%**
Indirect (Scope 2)	Electricity	3,726,022.7	0.0	0.0%
	Subtotal	**3,726,022.7**	**0.0**	**0.0%**
Indirect Other (Scope 3)	Grey Fleet	251,515.4	58.7	9.5%
	Subtotal	**251,515.4**	**58.7**	**9.5%**

Total Energy Use (kWh)	**9,331,093**
Total (Market-based*) Gross Emissions (tCO2e)	**617**
Full-time Employees (FTE)	**691**
Tonnes of Gross CO2e per FTE	**0.9**

The results show that whg total energy use and total gross Greenhouse Gas (GHG) emissions amounted to 9,331,093 kWh and 1,907 tonnes of CO2e respectively in the 2021 financial year in the UK. whg have chosen an intensity metric of 'Tonnes of CO2e per Full Time Employee' (tCO2e/FTE) as this is an appropriate metric for the business. The intensity metric for the financial year 2021 was 2.8 tCO2e/FTE compared to 2.9 tCO2e/FTE in 2020.

Back to Contents

Figure 2: Year-on-year analysis (2022 vs 2021)

Type of Emissions	Units	2022	2021	YOY % Change
Direct (Scope 1)	(kwh)	5,353,555	5,523,119	-3.1%
	(tCO2e)	1,057	1,047	1.0%
Indirect (Scope 2)	(kwh)	3,726,023	3,743,439	-0.5%
	(tCO2e)	791	873	-9.4%
Indirect Other (Scope 3)	(kwh)	251,515	611,007	-58.8%
	(tCO2e)	59	144	-59.1%
	Total Energy Use (kWh)	**9,331,093**	**9,643,847**	**-3.2%**
	Total Gross Emissions (tCO2e)	**1,907**	**2,063**	**-7.6%**
	Renewable Electricity (tCO2e)	**791.2**	**873**	**-9.4%**
	Total Net Emissions (tCO2e)	**617**	**633**	**-2.6%**
	Tonnes of Gross CO2e per FTE	**2.8**	**2.9**	**-5.8%**

The year-on-year analysis outlines that there has been a reduction of 3.2% in total energy usage (kWh) as well as a 7.6% reduction in total Gross (Location-based) emissions between the 2020/21 and 2021/22 financial year. These savings are equivalent to 156 tCO2e. This is mainly attributed to a significant reduction in Grey Fleet usage as well as location-based electricity emissions due to the higher percentage of renewables being used in the grid.

As part of the Decarbonisation Road Map work whg will be refining its carbon emissions scope and baseline and this will be reflected in next year's report.

*In SECR reporting there are two reporting approaches: 'location-based' and 'market-based'. Location based reporting is the mandatory method and uses grid average figures (a mix of renewable and non-renewable fuels). A market-based reporting approach can also be used when companies have entered into contractual agreements for renewable electricity (e.g. REGOs). Reporting on renewable energy and associated emissions is not a mandatory requirement under the SECR legislation but it is possible for organisations to use dual reporting if they wish to reflect their consumption of renewable energy.

Financial Review

Statement of Comprehensive Income (SOCI)

Turnover: £120.5m

Social housing lettings contributed £105.7m to Group turnover for the year. This includes the impact of annual rent increase and new homes developed during the year. A further £10.7m derived from Shared Ownership first tranche sales and £4.1m from other activities take the total turnover to £120.5m, in line with last year's £120.8m.

Operating surplus: £40.5m

Operating performance continues to be strong with an Operating Surplus of £40.5m. This surplus will support investment in new and existing homes. The social housing margin was 28.7% for the year and operating margin before disposals was 26.6%. These are both good results for the Group and demonstrate that the core financial performance is complemented by, but not dependent on, asset sales. The overall margin includes uncapitalised development costs of £1.1m and pension costs of £5.5m.

Other Costs include some significant additional pensions costs arising from the annual pensions' valuation for accounting purposes. These are not cash transactions and are matched with a movement in the pension provision.

Gain on disposals comprises 98 Right to Buy/Right to Acquire sales.

Surplus for the year after tax: £20.8m

The surplus for the year after tax includes net interest and financing costs of £20.1m (2020: £20.9m), a £1m increase in the fair value of our investment properties and a £1.5m surplus on disposal of property.

Total comprehensive income for the year: £52.4m

The net surplus for the year of £20.8m was significantly increased by a positive actuarial adjustment of £31.6m due to the year-end revaluation of pension assets and liabilities. The key changes are in the pensions financial assumptions with the discount rate increasing from 2.1% in 2020/21 to 2.85% in 2021/22; future salary increases increasing from 2.64% in 2020/21 to 3.0% in 2021/22; and reducing mortality rates. (Note 26 provides further details).

Statement of financial position

The Statement of Financial Position demonstrates the strength and capacity of the Group to continue to deliver our strategic objectives.

Fixed assets: £608.4m

Capital expenditure is set out in Notes 12 to 14 to the Financial Statements. During the year we have invested a gross £47.5m in developing and acquiring new homes and have received approximately £23.1m from the Homes England Affordable Homes Programme towards the cost of our new-build programme. We have also continued to invest in our existing housing stock in order to maintain homes above the Decent Homes Standard.

The capital cost of this investment during the year was approximately £17.9m. This combined investment can be seen in the movement in the net book value of housing assets to £582.7m from £538.9m in 2021. The year-end balance includes £32.1m relating to schemes that are already on site and will contribute to future completed home targets.

Back to Contents

Net current assets: £154.7m

Current assets have increased by £72.5m. Significant movements include £87.6m increase in investments, cash and cash equivalents with debtors due after one year also increasing by £3.7m. There was a £3.4m reduction in properties held for sale. Short-term creditors have increased by £15.3m reflecting repayment of £12.5m bank facilities in March 2023, a reduction in trade and other creditors including accruals of £0.2m and an increase of social housing and other grants received in advance of £3.0m.

Long-term creditors: £560.6m

The net movement in long-term creditors was an increase of £90.3m. The most significant element of this increase was the drawdown of new funding of £86.1m through the bLEND aggregator and a £12.5m reduction in debt with Lloyds Bank Plc. There was an increase of £13.2m in deferred grant income and a £3.7m increase in the recycled capital grant.

Pensions asset: £17.3m

The pension provision has improved from a liability of £8.7m to an asset of £17.3m. This comprises a £17.5m asset in WMPF and a £0.2m liability in SHPS. The gain in the current year is mainly due to changes in financial assumptions as discussed above. The pensions plan assets value has increased from £238.7m to £257m, a total increase of £17.3m during the year with a significant return on asset. The pension liabilities have decreased by £7.4m during the year from £247m to £239.6m, the overall liability being reduced by £25.9m due to changes in the demographic assumptions. (See Note 26 for more detail).

Reserves: £219.2m

Reserves have increased by £52.4m reflecting the net comprehensive income for the year. Movement in the reserves balances is further shown in the Statement of Changes in Reserves.

Statement of cash flows

This statement shows that the cash inflow generated from operating activities of £62.8m provided cash cover 3.1 times over the interest payable of £20.1m.

During the year we funded investment in new and existing housing assets of £58.9m and also received grant income of £22m.

Cashflow from financing activities includes cash interest paid in the year of £20.1m with the difference being a movement in recognised accrued interest. During the year there was a drawdown of bLEND finance of £84m, this in conjunction with the continued investment in our housing stock, interest this year, after cash generated from operating activities, there has been a net cash inflow of £70.3m.

Five-year trend analysis of key financial ratios

	21/22 £m	20/21 £m	19/20 £m	18/19 £m	17/18 £m
Statement of comprehensive income					
Turnover	**120.5**	120.8	112.2	108.6	105.6
Operating surplus	**40.5**	38.4	37.6	37.6	46.2
Operating margin	**33.6%**	31.8%	33.5%	34.6%	43.8%
Net margin	**17.3%**	22.6%	14.7%	17.3%	32.5%
EBITDA	**46.5**	46.1	41.0	43.1	47.8
EBITDA (MRI)	**28.6**	34.4	29.2	31.3	38.7
Statement of financial position					
Total net assets	**763.1**	646.5	618.5	578.2	554.95
Long term debt	**474.5**	401.1	402.5	396.1	396.5
Deferred grant	**82.2**	69.0	61.3	51.1	49.0
Derivatives	**0.0**	0.0	9.6	8.3	8.2
Other LT creditors	**3.9**	0.1	0.0	0.1	1.9
Pension provision	**(17.3)**	8.7	14.2	13.8	23.9
Other provisions	**0.5**	0.8	0.9	0.6	1.0
Income and expenditure reserve	**219.2**	166.8	129.7	108.1	74.8
Funding metrics					
Interest cover covenant	**2.10**	2.11	2.12	2.10	2.68
Weighted average cost of funds	**4.69%**	4.81%	4.84%	4.95%	5.06%
Gearing covenant (net debt per unit)	**14.8**	15.1	14.9	13.7	13.2

Operating surplus: operating surplus for 21/22 & 20/21 includes the reclassification of gain on disposal of fixed assets and movement in fair value of investment properties

EBITDA: Earnings before interest, tax, depreciation and amortisation

EBITDA (MRI): EBITDA with capitalised repairs spend deducted.

Total net assets: Fixed assets, plus current assets less creditors due within one year

Turnover has steadily increased over the past five years as a result of our new-build programme, rents increasing in line with September CPI since 2020, our shared ownership sales programme and other grant income we have been able to secure for our community investment activities. Our **operating surpluses** and **operating margin** have been reducing over this time period as we have continued to invest in delivering services to a continually increasing supply of homes.
However the surplus improved in 2021-2022 due to underspend in budgets due to material and supply chain disruptions. Furthermore, from 2016 to 2020, rents were reduced by 1% per annum in line with government regulation which adversely impacted operating surpluses over that period. Our **net margin** has varied over the years, mainly due to changes in the actuarial valuation of our pension fund. The **EBITDA** (Earnings Before Interest, Tax, Depreciation and Amortisation) shows a consistently healthy position, allowing whg to continue investing in existing homes and new homes. The **EBITDA MRI** (EBITDA Major Repairs Included) shows the impact on the EBITDA with major repairs capital spend included, an indicator of earnings available to service debt used to build new homes. Performance on this indicator varies depending on the nature of investment works carried out to our homes and the scale of components replaced in any one year in order to maintain the quality of our homes.

Total net assets have increased over the past five years as the number of homes we own has increased, funded by an increase in **long-term debt**. Our deferred grant account continues to increase each time a new grant is received, made up primarily of Homes England funding for the new-build programme although we also receive other grants to a lesser degree from local authorities and other government agencies. Our **pensions provision** has decreased over the years because the growth in pension assets is outpacing the increase in pension liabilities. Despite decreasing operating margins, we have continued to strengthen our **income and expenditure reserves** year on year, building financial strength and capacity to continue delivering services and growing our supply of affordable housing.

Our funders metrics also have a track record of strong performance over the past five years. Whilst our **interest cover** has reduced and our **gearing (net debt per unit)** has increased, that is indicative of how we are using our capacity to deliver more new homes for our communities. Our **weighted average cost of funds** has continued to decrease over the years as we achieved efficiency gains each time refinancing activities have been completed.

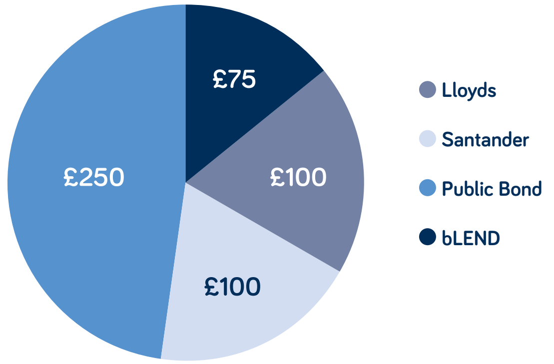
Treasury management

The Group has a formal Treasury Management Policy and Treasury Management Strategy which are reviewed annually by the Board. The Policy provides the framework within which the Group seeks to mitigate risk relating to the borrowings and cash holding it has at any one time. The Strategy aims to maximise capacity within the funding structure so that the Group can continue investing in new homes and existing homes. The Group has a cautious risk appetite in relation to its debt portfolio and seeks to ensure that sufficient liquidity is available to meet foreseeable needs. Treasury activities are also supported by independent professional advice from Savills Financial Consultants.

Liquidity and capital structure

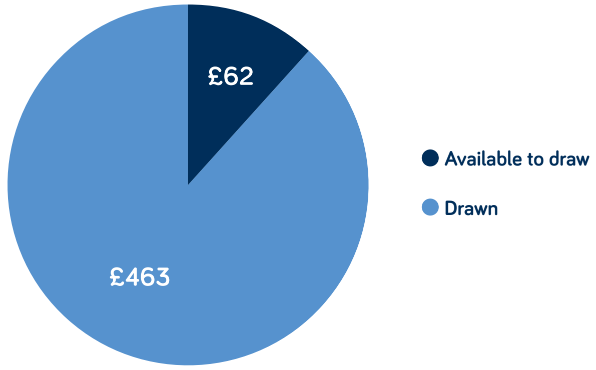
The Group finances its activities using facilities of £525m as shown in the charts below.

Total secured debt facilities (£m)



The bLEND funding was fully secured and drawn during the year with a premium of £11m.

Drawn and undrawn secured debt facilities (£m)

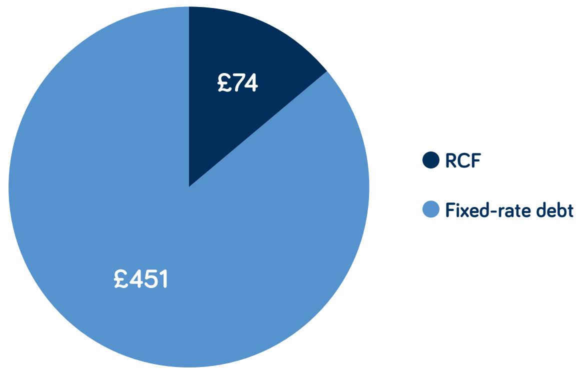


Current, fully secured, undrawn facilities provide a high level of liquidity with £62m available to draw.

100% of drawn debt is fixed.

This is as well as £178m cash and investments.

Fixed-rate debt and Revolving Credit Facility (£m)



Revolving credit facility represents 14% of total facilities.

Interest rate risk

The Group manages its interest rate risk through its Treasury Policy which requires at least 60% of drawn debt to be fixed. As at 31 March 2022, 100% of debt was fixed.

Investment policy

Cash balances are invested on competitive term rates until required. In accordance with the Treasury Management Policy, the Group maintains a list of investment limits for approved organisations with which it will deposit funds. The ratings of the approved organisations are checked to ensure investments are not at risk. Surplus cash is put in either fixed or floating deposit accounts. Fixed rates of interest attract rates of between 0.05% and 0.5% for investments of up to 125 days. Floating rates attract interest at rates that vary with bank rates. Cash is also invested in AAA-rated money market funds.

Back to Contents

Currency risk

The Group borrows and invests cash in GBP sterling only and therefore does not have any currency risk.

Loan covenants

There are two corporate-based covenants, Net Interest Cover and a gearing covenant 'Net Debt per Unit'. In addition, a minimum asset cover is required on each individual facility. The Group ensures that it operates with a prudent level of headroom and monitors covenants on a monthly basis. This is reported to the Board on a quarterly basis. The Business Plan is very resilient to these covenants with a degree of headroom. As at 31 March 2022 and throughout the year, the Group met both its covenant targets for the financial year.

Credit rating

Moody's carried out their annual credit rating review for the Group in December 2021, and issued an A3 (Stable Outlook) rating and then later refined the grading in February 2022 to A3 (Positive Outlook).

The credit strengths listed were:

- Sustained concentration on low-risk social housing lettings
- Solid operating performance and strong interest coverage ratios
- Strong financial management policies
- Supportive institutional framework

The Strategic Report of the Board was approved by the Board on 28 July 2022 and signed on its behalf by:

Gary Moreton
Chair of the Board
28 July 2022

Gary Fulford
Chief Executive
28 July 2022

The Report of the Board

The Board presents its report and audited Financial Statements for the year ended 31 March 2022.

The Group structure, registration status and principal activities are shown in the Strategic Report.

Board statement of public benefit

The Group's aims and activities primarily benefit people in the following ways:

- Provision of housing at rents below market levels for those in housing need;
- Related home repair, improvement and tenancy management services;
- Support services that tackle social exclusion, money management and fuel poverty on the basis of identified needs;
- Community interest activity aimed at helping residents into work or training; promoting new enterprise and health and wellbeing in the communities we work in; and
- Environmental initiatives that reduce our impact on the areas we work in and increase fuel efficiency for our customers.

The Board has concluded that our activities are in the public interest as defined in the Charity Commission's guidance. Our activities are restricted only in terms of our area of operation and our published policies, designed to ensure fair access to our services for all those in housing or other need. The Board is not aware of any private benefits and has robust policies in place to prevent unintended benefits to related parties. The incidental benefits of a well-run housing service and environmental improvements are shared by our residents.

As a registered charity, the Board Members of Walsall Housing Group Limited, who are considered Trustees under Charity Law are responsible for ensuring compliance with all relevant charity law. We provide annual returns to the Charity Commission and have arrangements in place to obtain Trustees' consent before disposing of assets. Any non-charitable activities are carried out in an appropriate subsidiary company.

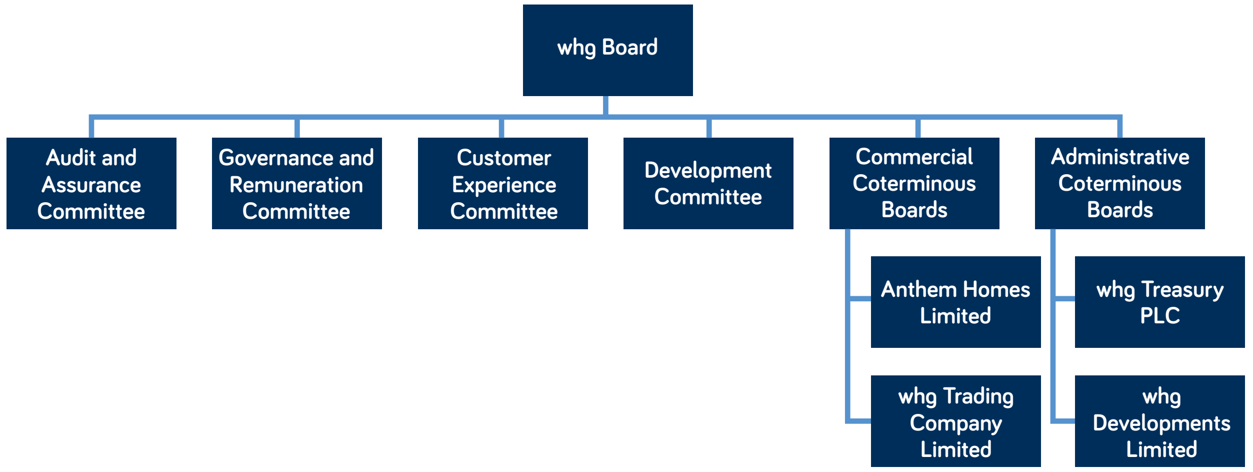
Back to Contents

Governance

The Non-Executive Board Members and the Executive Directors are listed at the front of these accounts.

The Board, made up of nine Non-Executive Board Members and one Executive Director, and is responsible for the Group's governance.

The Board meets regularly, with additional development days, training and breakfast sessions. The Board works alongside the Executive Team which is responsible for the day-to-day management of the Group's activities. The Board complies with the National Housing Federation Code of Governance and can have a maximum of 12 Members. The Board and Committee structure are summarised below.



Committee Members are appointed by the Board and each Committee is chaired by a Board Member, providing accountability to the Board.

Complying with the National Housing Federation (NHF) Code of Governance

The Regulator of Social Housing (RSH) requires all Registered Providers (RPs) to adopt and comply with a recognised Code of Governance. The whg Board approved the adoption of the latest version of the National Housing Federation (NHF) Code of Governance 2020 from April 2021, as recommended by the Governance and Remuneration Committee.

An action plan was put in place in 2021 to ensure the requirements of the new Code would be met by March 2022. The Committee has been monitoring the action plan throughout the year and an independent review was also carried out on our self-assessment reporting concluding that it demonstrated good levels of compliance.

The Governance and Remuneration Committee recommended the self-assessment against the Code of Governance to the whg Board in May 2022 and the Board has approved it on the basis that it has strong assurance that whg and its subsidiaries, where applicable, are fully compliant with the NHF Code of Governance.

The subsidiaries have also adopted the Code where it is relevant.

Board Statement on compliance with RSH's Governance and Financial Viability Standard

The Board has completed an annual assessment of our compliance with the RSH's Governance and Financial Viability Standard and is fully compliant in all material respects. This includes using all reasonable endeavours to ensure compliance with all relevant law. An assessment has been carried out across the business of how whg identifies and complies with relevant legislation and keeps abreast of any new areas requiring compliance.

Our procedures ensure that we comply with statutory guidance in areas such as health and safety, for example, legionella testing and gas safety. whg has effective and robust governance arrangements in place that enable us to successfully deliver our Corporate Plan and improve our services to customers. Tight procedures are in place to ensure that we remain viable and that our assets are not put at risk.

General Data Protection Regulation

whg respects an individual's right to data privacy and data protection in line with the General Data Protection Regulation (GDPR). We are pleased to report there have been no incidents reported to the ICO during the course of the year.

Board Statement on Modern Slavery

This statement is made under Section 54(1) of the Modern Slavery Act 2015. It constitutes whg's Anti-Slavery and Human Trafficking Statement for the financial year ending 31 March 2022. This statement is approved by the Board and applies to all organisations within the Group. It is reviewed and updated annually.

whg is committed to acting ethically and with integrity in all business relationships. We have taken steps to ensure that adequate processes and controls are in place to ensure slavery and human trafficking are not taking place anywhere in our supply chains. To read the full statement, visit: **https://www.whg.uk.com/modern-slavery-act/**

Statement by the Directors in Performance of their Statutory Duties in accordance with s172(1) Companies Act 2006

The Board of Directors of Walsall Housing Group Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 March 2022. In particular, by reference to the approval of our Corporate Plan launched in 2020. We work within a regulated sector and are proud to hold the highest level accreditation of G1/V1 for our Governance activity and our Financial viability.

Back to Contents

Long-term consequences of our decisions

Our plan was designed to have a long-term beneficial impact on the Company and to contribute to its success in delivering quality homes and services to our customers. We will continue to operate our business within tight budgetary controls and in line with our regulatory targets. Our plan was informed by engagement with customers, enabling us to gain an understanding of their views and priorities, communicating and listening. We have a strong commitment to quality.

Key decisions in the year to demonstrate that decision-making has been supported by financial and non-financial information: The Board approved the annual Budget in March 2021. As part of this Budget approval, the Board assessed in-depth financial information on all aspects of the business. In addition, the Board approved a long-term Business Plan and all economic assumptions made within it. The Board assessed the financial impact of numerous scenarios on the Business Plan via a comprehensive set of stress tests and mitigating actions to ensure ongoing financial viability should the economic environment worsen. In terms of non-financial information, the Board has assessed performance information on a regular basis throughout the year and used this to determine investment decisions for the long-term Business Plan. Key examples of this include investment in digitalisation, additional colleague posts to support delivery of the Corporate Plan and investment in community projects to deliver social returns.

Interests of our colleagues

Our colleagues are fundamental to the delivery of our plan. We aim to be a responsible employer in our approach to the pay and benefits our colleagues receive. The health, safety and wellbeing of our colleagues are primary considerations in the way we do business. We work to attract, develop and retain the best talent, equipped with the right skills for the future. Our people have a crucial role in delivering against our strategy and creating value.

Key decisions in the year that demonstrate protection of colleagues' interests: Colleagues were awarded salary uplifts in line with industry averages in recognition of the importance of paying people fairly for their services. To support this approach, regular salary benchmarking takes place to ensure colleagues' salaries are in line with industry norms. whg continues to invest in pension scheme arrangements, offering a choice of schemes allowing colleagues to select the most appropriate for their circumstances. There are various colleague groups in operation within the business ensuring that they have a voice and training on ethnicity, diversity and inclusion has also been provided to support the culture of treating people fairly. A robust policy framework is in place, including policies for code of conduct and health and safety, which protects colleagues. In addition, an annual engagement survey is carried out to monitor the ongoing wellbeing of teams across the business. The engagement scores are high, indicating that whg's approach to colleague management is in line with its ambition to be an employer of choice.

whg has a voluntary recognition agreement with three trade unions: GMB, Unison and Unite. It is committed to creating and maintaining positive colleague relations. Local trade union representatives meet regularly with senior leaders via a Joint Negotiating Committee and the Health and Safety Committee.

Business relationships with suppliers, customers and others

We also aim to act responsibly and fairly in how we engage with our suppliers. We depend on the capability and performance of our suppliers, contractors and other partners, such as small businesses to help deliver the products and services we need for our operations and our customers.

Key decisions in the year that demonstrate relationship management with stakeholders: whg actively engages with stakeholders during the year through various channels. In terms of suppliers, an effective procurement strategy is in place which enables opportunities for suppliers of all sizes to offer their services and ongoing contract management approaches ensure that suppliers receive the level of engagement expected from whg as determined by the contractual arrangements. In terms of customers, whg's Corporate Plan is heavily focused on delivering high-quality services to customers and various activities take place during the year to engage with customers, seek feedback on our services and use customer survey data to inform future shaping of service delivery. There are various forums for customers to participate in decision-making including customer representation at Board level.

Impact on the community and the environment

Our Corporate Plan considered the impact of the Group's operations on the community and environment and our wider societal responsibilities, and in particular how we impact the regions we serve throughout the Midlands.

Key decisions in the year to demonstrate our impact on the community and environment: the most significant decision made this year is to invest in improvement work to reduce the risk of fuel poverty for our customers whose homes are currently not a minimum EPC-C rating. The investment plan aims to make all homes a minimum of EPC-C by 2030. Alongside this decision, whg has also assessed the return on investment of all of its homes, considering financial returns and social returns and has used this data to work on a deep dive review of its poor-performing homes with the aim of appraising various options to achieve the sustainability of these homes. whg has also commenced developing its ESG roadmap to articulate how current activities meet environmental and sustainability outcomes and develop new objectives to drive future investment decisions.

Back to Contents

High standards of business conduct

As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours and in doing so, will contribute to the delivery of our plan. The intention is to nurture our reputation, through both the construction and delivery of our plan that reflects our responsible behaviour. whg is well run and has tight budgetary controls ensuring we achieve our budgeted targets each year. This provides assurance to our bank lenders and to our investors in the debt capital markets.

Key decisions in the year: whg carries out an annual assessment of compliance against regulatory standard and continues to achieve a G1/V1 regulatory grading, evidencing high standards of business conduct. In addition, the assurance framework and three lines of defence model continues to drive a strong internal control environment. There are numerous policies in place for code of conduct, standing orders and financial regulations, fraud and whistle-blowing, all of which provide a clearly defined framework for business conduct.

Act fairly between members

As a Registered Provider of social housing, a charity and not-for-profit organisation the focus of our activities is to deliver housing and other support services to our customers. We are committed to act fairly and avoid conflicts of interest should they arise.

Key decisions in the year: Terms of reference are in place for each company and Board within the Group to ensure that the Board members adhere to acting in the best interests of each company. The adoption of the NHF Code of Governance 2020 supports the efficacy of the Board acting fairly and supporting the interests of customers and colleagues.

Statement of compliance with the SORP

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

Other information

Where information is not shown within the Report of the Board it is instead included within the Strategic Report starting on page 6 under S414c (11) Companies Act 2006. This includes the Energy and Carbon report.

Qualifying third-party indemnity provisions

The Directors have third party indemnity insurance through the Group.

Going concern

The Group has long-term debt facilities in place which provide adequate resources to finance day-to-day operations, reinvestment in existing homes, together with meeting our targets for new development programmes. The Board-approved business plan shows the Group has liquidity in place for at least the next 30 months before refinancing is required to replace expiring debt facilities.

The Group's forecast covenant performance shows compliance throughout the life of the business plan. This is after incorporating the costs of new building safety regulations, net-zero carbon spend to 2030 and enhanced spend required as a result of expected changes to the Decent Homes Standard. The business plan is regularly tested against shocks and stresses that may negatively affect operating performance and a mitigation strategy exists to deal with such stresses should they materialise to ensure ongoing covenant compliance. The stress-testing framework includes low-level single variant tests, multi-variant tests and 'catastrophic' scenarios. The assumptions used to compile our business plan have been independently reviewed and benchmarked by a third-party advisor and the Board concludes that the assumptions are appropriate and reasonable.

A monthly business plan outturn is produced with updated income and expenditure profiles and any changes in assumptions such as inflation. Our Golden Rule Framework has embedded within in a process of early warning signs detected and sets out points at which the Board are notified of any change to covenant forecasts, i.e. those which reduce headroom on covenants to a predetermined level that is still some way off an actual covenant breach, defined as a 'trigger point'. Should the monthly business plan outturn lead to activation of trigger point, the Board would be notified so that potential corrective action can be implemented on a timely basis.

Although there is still a degree of uncertainty in the operating environment, the current forecasts and projections show that the Group remains financially viable. Should a situation arise that would require additional financing to be raised ahead of approved financial forecasts, the Group has sufficient unencumbered homes to raise such debt, made up primarily of our historic new-build programme.

The Group has a very strong liquidity position with £178m cash holding at 31 March 2022 and with undrawn revolving facilities of £62m, so the Board is of the opinion that the Group has more than sufficient resources to meet its liabilities as they fall due.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and Financial Statements are signed. For this reason, it continues to adopt the going concern basis in the Financial Statements.

Back to Contents

Board statement on the effectiveness of internal control

The Board holds responsibility for establishing and maintaining adequate and effective systems of internal control and for reviewing their effectiveness.

The systems of internal control are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable and not absolute assurance against material misstatement or loss.

In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls which are embedded within the day-to-day management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed.

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing. This is reflected in every report considered by each Board, as well as being the subject of regular review by the Audit and Assurance Committee.

The Board is of the opinion that internal control arrangements are effective.

The arrangements adopted by the Board in reviewing the effectiveness of the systems of internal control, together with some of the key elements of the control framework, include:

Identifying and evaluating key risks

The Audit and Assurance Committee oversees the Risk Management Framework and the work of internal and external auditors, supported by the Risk Panel, made up of members of the Senior Leadership Team. The Group's Risk Management Framework, approved by the Board, sets out the Group's appetite for risk in the achievement of its objectives, and underpins risk management, business planning and control arrangements. These arrangements clearly define management responsibility for the identification, evaluation and control of significant risks.

The Executive Team regularly considers reports on these risks and the Group Chief Executive is responsible for ensuring any significant change affecting key risks is reported to the Committee.

Control environment and internal controls

The processes to identify and manage the key risks to which the Group is exposed are an integral part of the internal control environment. Such processes, which are reviewed annually and revised where necessary, include risk assessment, strategic planning, performance monitoring, control over major spend projects, the setting of standards and compliance with health and safety, data protection, fraud prevention and detection and environmental performance information and reporting systems.

Financial reporting procedures include setting detailed budgets for the year ahead and Business Plan forecasts for subsequent years. These are approved by the Board. Budgets are monitored throughout the year by the Board. In addition, regular reports cover performance in key areas such as rent collection, managing voids, major works and responsive repairs.

Monitoring arrangements to check the effectiveness of internal controls and regular reporting to management, Boards and Committees are part of the control environment.

This is complemented by regular reviews by a firm of internal auditors who provide independent assurance to the Board, via the Audit and Assurance Committee. The arrangements include a rigorous procedure, monitored by the Committee, for ensuring that corrective action is taken in relation to any significant control issues.

The Audit and Assurance Committee and Board receive an annual report on internal controls from the Group Chief Executive on behalf of the Executive Team. In addition to reports on specific areas covered by their audit plan, the internal auditors provide an annual report covering the Group as a whole, summing up findings and improvements emerging during the year and proposing future priorities. External auditors provide reports on management and control issues identified during the course of their work. These too are subject to scrutiny by the Audit and Assurance Committee on behalf of the Board.

Fraud assurance

The work with our internal auditors ensures that controls are designed to reduce the risk of fraud and to respond to suspected instances of fraudulent activity. The policies on fraud prevention and whistle-blowing address any specific issues arising. These policies are reviewed regularly. We maintain a register of fraud risk and undertake anti-fraud training with colleagues.

Statement of Board responsibilities

The Board is responsible for preparing the Report of the Board, the Strategic Report and the Financial Statements in accordance with applicable law and regulations.

The Companies Act 2006 and the Housing Act 1996 require the directors to prepare Financial Statements for each financial year. Under that law the directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under charity and company law and the Housing Act 1996, the directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the income and expenditure of the Group and the Company for that period. In preparing those Financial Statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and the company will continue in business.

The Board and the Executive Team are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Back to Contents

Disclosure of information to the auditor

Each Member of the Board has taken all the steps required of them by the Board Members' duty to exercise due care, skill and diligence in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor

This is the first year of Beever and Struthers LLP acting as our external auditors and are reappointed for 2022/23.

This report was approved by the Board and authorised for issue on 28 July 2022 and signed on its behalf by:

Gary Moreton
Chair of the Board

28 July 2022

Independent auditor's report to the members of Walsall Housing Group Ltd

Opinion

We have audited the financial statements of Walsall Housing Group Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2022 which comprise the Consolidated and the Association Statement of Comprehensive Income, Consolidated and Association Statement of Financial Position, Consolidated and Association Statement of Changes in Reserves, Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 2.
The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2022 and of the Group's and Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Board Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Board Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Board Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of the Board

As explained more fully in the Statement of Responsibilities of the Board set out on page 71, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless the Board intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

- We obtained an understanding of laws and regulations that affect the Group and the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Companies Act 2006, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation and employment legislation.

- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Group's and the Association's activities and the regulated nature of the Group's and the Association's activities.
- We reviewed financial statements disclosures and tested supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Use of our report

This report is made solely to the Association's members, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and Section 128 of 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.

Maria Hallows
Senior Statutory Auditor

For and on behalf of
Beever and Struthers
St George's House
215-219 Chester Road
Manchester
M15 4JE

Date: 01/09/2022

Consolidated Statement of Total Comprehensive Income

for the year ended 31 March 2022

	Note	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Turnover	3	120,560	120,808	120,424	121,862
Operating expenditure	3	(88,454)	(87,763)	(88,514)	(87,858)
Gain on disposal of property, plant and equipment	3,6	7,382	5,210	7,382	5,210
Movement in fair value of investment properties	3,15	1,045	145	1,045	145
Operating surplus	5	40,533	38,400	40,337	39,359
Interest receivable and other income	7	386	238	593	448
Interest and financing costs	8	(20,142)	(20,927)	(20,142)	(20,927)
Movement in fair value of financial instruments	34	-	452	-	452
Exceptional gain	36	-	9,166	-	9,166
Gift Aid		-		305	892
Surplus for the year before tax		20,777	27,329	21,093	29,390
Taxation	11	24	(6)	-	-
Surplus for the year after tax		20,801	27,323	21,093	29,390
Other comprehensive income/(expenditure):					
Remeasurements - Actuarial gain in respect of pension schemes	26	31,667	9,780	31,667	9,780
Total comprehensive income for the year		52,468	37,103	52,760	39,170

The consolidated Financial Statements on pages 77 to 139 were approved by the Board on 28 July 2022.

Gary Moreton
Chair

Gary Fulford
Group Chief Executive

The consolidated results relate wholly to continuing activities.

The accompanying Notes form part of these Financial Statements.

Consolidated Statement of Changes in Reserves

for the year ended 31 March 2022

	Income and expenditure reserve £000
Balance as at 1 April 2020	129,709
Surplus for the year	27,323
Other comprehensive income/(expenditure) for the year:	
Actuarial gain in respect of the pension scheme	9,780
Balance at 31 March 2021	**166,812**
Surplus for the year	20,801
Other comprehensive income/(expenditure) for the year:	
Actuarial gain in respect of the pension scheme	31,667
Balance at 31 March 2022	**219,280**

Company Statement of Changes in Reserves

for the year ended 31 March 2022

	Income and expenditure reserve £000
Balance as at 1 April 2020	145,827
Surplus for the year	29,390
Other comprehensive income/(expenditure) for the year:	
Actuarial gain in respect of the pension scheme	9,780
Balance at 31 March 2021	**184,997**
Surplus for the year	21,093
Other comprehensive income/(expenditure) for the year:	
Actuarial gain in respect of the pension scheme	31,667
Balance at 31 March 2022	**237,757**

Consolidated Statement of Financial Position

At 31 March 2022

Company No. 4015633

	Note	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Fixed Assets					
Intangible assets	12	1,694	2,056	1,694	2,056
Tangible fixed assets - Housing Properties	13	582,672	538,893	600,954	557,113
Tangible fixed assets - Other Fixed Assets	14	13,118	13,552	13,118	13,552
Investment properties	15	10,740	9,695	10,740	9,695
HomeBuy loans receivable	16	137	137	137	137
Investment in Subsidiaries	17	-	-	100	100
Other Investments		20	20	20	20
		608,381	564,353	626,763	582,673
Current Assets					
Properties held for sale	18	5,547	8,986	3,810	7,218
Trade and other debtors	19	10,899	10,956	11,362	11,211
Debtors due in more than one year					
	20	12,298	8,590	14,934	11,175
Investments	34	28,270	10,967	28,270	10,967
Cash and cash equivalents	34	149,802	79,518	147,976	78,390
		206,816	119,017	206,352	118,961
Creditors: Amounts falling due within one year	21	(52,062)	(36,769)	(51,482)	(36,859)
Net current assets		154,754	82,248	154,870	82,102
Pension Asset	26	17,462	-	17,462	-
Total assets less current liabilities		780,597	646,601	799,095	664,775

Company No. 4015633

	Note	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Creditors: Amounts falling due after more than one year	22	(560,593)	(470,290)	(560,614)	(470,279)
Provisions for liabilities					
Defined Benefit Pension provision					
	26	(185)	(8,665)	(185)	(8,665)
Other provision	27	(539)	(834)	(539)	(834)
Total net assets		219,280	166,812	237,757	184,997
Reserves					
Income and expenditure reserves		219,280	166,812	237,757	184,997
Total Reserves		219,280	166,812	237,757	184,997

The accompanying Notes form part of these Financial Statements.

The Financial Statements on pages 77 to 139 were approved by the Board and authorised for issue on 28 July 2022 and are signed on its behalf by:

Gary Moreton

Gary Moreton
Chair

Gary Fulford
Group Chief Executive

Consolidated Statement of Cash Flows

for the year ended 31 March 2022

	Note	2022 £000	2021 £000
Net cash generated from operating activities	29	62,841	57,292
Cash flow from investing activities			
Purchase of tangible fixed assets - housing properties		(59,637)	(59,637)
Purchase of tangible fixed assets - other		(634)	(259)
Loan to non-group entity		(3,708)	(860)
Grants received		22,083	12,819
Interest received		511	437
		(40,683)	(47,500)
Cash flow from financing activities			
Interest paid		(20,820)	(21,703)
Repayment of a loan		-	(25,000)
bLEND drawdown		84,058	-
Withdrawal from deposits		(15,112)	(725)
		48,126	(47,428)
Net change in cash and cash equivalents		70,284	(37,636)
Cash and cash equivalents at beginning of the year		79,518	117,154
Cash and cash equivalents at end of the year		149,802	79,518

The accompanying Notes form part of these Financial Statements.

A reconciliation of net debt is shown in Note 29A.

Notes to the Financial Statements

1. Legal status

Walsall Housing Group Limited is a company limited by guarantee, registered under the Companies Act 2006 and is an English registered charity and social housing provider.
Walsall Housing Group is a public benefit entity.

The Company's registered office address and principal place of business is: 100 Hatherton Street, Walsall WS1 1AB.

Walsall Housing Group's principal activities and the nature of the Company's operations can be found in the Group profile on page 6. Walsall Housing Group (the Group) comprises the following entities:

Name	Incorporation	Registration
Walsall Housing Group Limited*	Limited by Guarantee	Reg. No. 04015633
	Registered Provider	Reg. No. L4389
	Registered Charity	Reg. No. 1108779
whg Treasury PLC	Limited by Shares	Reg. No. 09138070
whg Developments Limited	Limited by Shares	Reg. No. 07872595
whg Trading Company Limited	Limited by Shares	Reg. No. 05407219
Anthem Homes Limited	Limited by Shares	Reg. No. 10591652
Cricket Close LLP	Limited Liability Partnership	Reg. No. OC417013
The Woodlands Management Company (Harrowby) Limited	Limited by Guarantee	Reg No. 097211558

*Walsall Housing Group Limited also has 50% share (via the Anthem Homes subsidiary) in a joint venture Anthem Lovell LLP (Registration number OC425694). This is not a subsidiary of the Group.

2 Accounting policies

Basis of accounting

The consolidated Financial Statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): "Accounting by Registered Social Landlords" updated in 2018, and comply with the Accounting Direction for Private Registered providers of Social Housing 2022 (the Accounting Direction).
They have been prepared under the historical cost convention, modified to include certain financial instruments and investment properties at fair value.

Monetary amounts in these Financial Statements are rounded to the nearest whole £1,000, except where otherwise indicated.

The Board is satisfied that the current accounting policies are the most appropriate for the Group.

Basis of consolidation

The consolidated Financial Statements incorporate those of the Company and all of its subsidiaries (i.e.

Back to Contents

entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). All Financial Statements are made up to 31 March 2022.

All intra-Group transactions and balances between Group companies are eliminated on consolidation.

The wholly owned subsidiaries which are consolidated are listed at 1 above.

Joint ventures

An entity is treated as a joint venture where a member of the Group holds an interest and shares control under a contractual agreement with one or more parties external to the Group. In the Group accounts, joint ventures are accounted for using the equity method. Under this method, where the venturer itself is not a parent, the fair value model is adopted, and an equity investment is initially recognised at the transaction price (including transaction costs). Changes in fair value are recognised where it is practicable to do so. Where it is impracticable to measure fair value reliably or without undue cost or effort, the cost model will be used in accordance with the provisions of FRS102. Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the jointly controlled entity arising before or after the date of acquisition.

Reduced disclosures

The individual accounts of Walsall Housing Group Limited have adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related Notes
- financial instrument disclosures, including:
  - categories of financial instruments,
  - items of income, expenses, gains or losses relating to financial instruments, and
  - exposure to and management of financial risks.

Going concern

The Group has long-term debt facilities in place which provide adequate resources to finance day-to-day operations, reinvestment in existing homes, together with meeting our targets for new development programmes. The Board-approved business plan shows the Group has liquidity in place for at least the next 30 months before refinancing is required to replace expiring debt facilities.

The Group's forecast covenant performance shows compliance throughout the life of the business plan. This is after incorporating the costs of new building safety regulations, net-zero carbon spend to 2030 and enhanced spend required as a result of expected changes to the Decent Homes Standard. The business plan is regularly tested against shocks and stresses that may negatively affect operating performance and a mitigation strategy exists to deal with such stresses should they materialise to ensure ongoing covenant compliance. The stress-testing framework includes low-level single variant tests, multi-variant tests and 'catastrophic' scenarios. The assumptions used to compile our business plan have been independently reviewed and benchmarked by a third party advisor and the Board concludes that the assumptions are appropriate and reasonable. A monthly business plan outturn is produced with updated income and expenditure profiles and any changes in assumptions such as inflation. Our Golden Rule Framework has embedded within it a process of early warning signs detection and sets out points at which the Board are notified of any change to covenant forecasts, i.e. those which reduce headroom on covenants to a predetermined level that is still some way off an actual covenant breach, defined as a 'trigger point'. Should the monthly business plan outturn lead to activation of a trigger point, the Board would be notified so that potential corrective action can be implemented on a timely basis.

Although there is still a degree of uncertainty in the operating environment, the current forecasts and projections show that the Group remains financially viable. Should a situation arise that would require additional financing to be raised ahead of approved financial forecasts, the Group has sufficient unencumbered homes to raise such debt, made up of primarily of our historic new-build programme.

The Group has a very strong liquidity position with a £149.8m cash holding at 31 March 2022 and with undrawn revolving facilities of £61.3m, so the Board is of the opinion that the Group has more than sufficient resources to meet its liabilities as they fall due.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and Financial Statements are signed. For this reason, it continues to adopt the going concern basis in the Financial Statements.

Turnover and revenue recognition

Turnover represents rental income receivable in the year, grant income, service charges, first tranche Shared Ownership sales and other goods and services supplied in the year (excluding VAT) and the amortisation of Deferred Capital Grant.

Rental and service charge income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales and sales of properties built for sale is recognised at the legal completion of the sale.

Other income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Investment income is recognised on an accruals basis.

Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

Amortisation is provided evenly on the cost of intangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal period used for intangible assets is seven years.

Tangible fixed assets - housing properties

Housing properties are properties for the provision of social housing and are principally properties available for rent and Shared Ownership.

Completed housing and Shared Ownership properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period. Only the direct overhead costs including interest associated with new developments or improvements are capitalised.

Housing properties are transferred at cost to completed properties when they are ready for letting.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the asset, are capitalised as improvements. Such enhancements can occur if improvements result in any of the following:

- an increase in rental income;
- a material reduction in future maintenance costs;
- a significant extension to the life of the property.

Shared Ownership properties are split proportionally between fixed assets and current assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset, and related sales proceeds are included in turnover and related costs charged to operating costs. The remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment. Disposals of the second and subsequent tranches are treated as fixed asset disposals in the normal manner and the resultant surplus is shown within 'surplus/(deficit) on disposal of property, plant and equipment'.

Back to Contents

Under Shared Ownership arrangements, the Group disposes of a long lease of Shared Ownership housing units to persons who occupy them, at a premium of between 25% and 75% of value. The occupier has the right to purchase further proportions at the current valuation up to 100%, except over 55s where you can only purchase up to 75%.

Right to Buy and Right to Acquire disposals

For homes sold through a Right to Buy or Right to Acquire, the disposal net proceeds are included in the surplus on disposal of housing properties in the Statement of Comprehensive Income and become part of the income and expenditure reserve and used towards investment in our core activities. The sales are included as part of our operating surplus.

Voluntary Right to Buy disposals

For homes sold under the scheme the proceeds will be retained by whg to fund replacement homes. The discount received by the tenant will be claimed back by whg from Homes England. We will claim back any transaction cost i.e. legal costs and debt associated with the property, and the net cash amount will be held as a designated reserve within the Statement of Financial Position to fund replacement properties as disclosed in Note 35. When the capital expenditure is incurred on the replacement property, whg will capitalise the property and release the related property from reserves.

This policy was reviewed in 2019/20, following the clarification in the 2018 update to the 2014 Housing SORP about what should be included within operating surplus, and these sales are now included as part of our operating surplus.

Investment properties

Investment properties consist of market rent housing properties. These properties are initially measured at cost and subsequently measured at fair value. Changes in fair value are recognised in the Statement of Comprehensive Income.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102. The Board considers that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view. If this departure from the Companies Act 2006 had not been made in order to give a true and fair view, the surplus for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount relating to the depreciation of the property cannot be separately identified.

Government grants

Government grants include grants receivable from the Homes England, local authorities and other government bodies.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met, and the grants will be received.

Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

Government grants relating to revenue are recognised in income over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current assets or liabilities. Government grants received for housing properties are subordinated to the repayment of loans by agreement with Homes England. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors. Previously amortised Social Housing Grant on disposed of properties is credited to the RCGF through a charge to the surplus on disposal.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income. Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to the Statement of Comprehensive Income upon disposal of the associated property, the Group is required to recycle these proceeds and recognise them as a liability.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the Company is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Depreciation of housing properties

Freehold land or assets under construction are not depreciated.

The Group separately identifies the major components of its housing properties and charges depreciation so as to write down the cost of each component to its estimated residual value, on a straight-line basis over its estimated useful economic life.

The Group depreciates the major components of its housing properties based on the following:

Building Components	Years
Structure	100 or 125
Windows and doors	27-30
Kitchen	18-20
Bathroom	27-30
Central Heating Boilers	10-15
Wiring	22-25
External Wraps	35-40

Impairments of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the recoverable amount of the asset is estimated.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the Statement of Comprehensive Income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Other tangible fixed assets

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Expenditure under £500 is not capitalised and is treated as revenue expenditure. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight-line basis over its expected useful life, as follows:

Other Assets	Years
Office buildings	50
IT	4-15
Furniture & office equipment	10
Motor vehicles	4
Office improvements	4-8

Back to Contents

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Properties in the course of construction are carried at cost, less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. Depreciation commences when the properties are ready for their intended use.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and highly liquid interest-bearing securities with maturities of three months or less.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition and construction of qualifying properties are added to the cost of those properties until such a time as the properties are ready for their intended use or sale.

Bond discount costs are accrued on an amortised cost basis so as to build up the total discount payable in proportion to the outstanding capital over the life of the bond.

Loan and bond issue costs are deducted from the capital owed and amortised using the amortised cost basis so as to charge them to income in proportion to the outstanding capital.

Taxation

Walsall Housing Group Limited has charitable status and is registered with the Charity Commission and is therefore exempt from paying corporation tax on charitable activities.

whg Trading Company Limited, whg Developments Limited, whg Treasury PLC, Anthem Homes Limited and Cricket Close LLP are not registered as charities and therefore corporation tax would be provided on taxable surpluses should they arise.

Deferred taxation

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the Group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in income and expenditure, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Deferred tax assets and deferred tax liabilities are offset only if:

- the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Value Added Tax (VAT)

The Company and the Group are included in a Group VAT registration, which covers Walsall Housing Group Limited and whg Trading Company Limited.

whg Developments Limited and Cricket Close LLP each have separate registrations. whg Treasury PLC, Anthem Homes Limited and The Woodlands Management Company (Harrowby) Limited are not registered for VAT.

The majority of the Group expenditure is subject to VAT which cannot be reclaimed. Expenditure is therefore shown inclusive of VAT.

Although a large proportion of the Group's income is exempt from VAT, the Group charges VAT on some of its income and is able to recover VAT on directly attributable costs. The Company and the Group are able to recover VAT in full on major works expenditure covered by the VAT shelter (this scheme allows VAT to be recovered on extensive catch up repairs) and development expenditure carried out through whg Developments Limited. This expenditure is reported net of VAT.

The Group is also able to recover part of the VAT it incurs on overhead expenditure in line with a partial exemption method agreed with HM Revenue and Customs (HMRC), which is shown in turnover.

The Financial Statements include VAT to the extent that it is suffered by the Group and not recoverable from HMRC. The balance of VAT payable or recoverable at the year end is included as a current liability or asset.

Interest payable

Interest is capitalised on borrowings to finance the development of qualifying assets to the extent that it accrues in respect of the period of development if it represents:

- interest on borrowings specifically financing the development programme after deduction of related grants received in advance; or
- a fair amount of interest on borrowings of the Group as a whole after deduction of social housing grant received in advance to the extent that they can be deemed to be financing the development programme.

Capitalised interest is amortised over the life of the underlying asset.

Other interest payable is charged to the Statement of Comprehensive Income in the year.

Leases

All leases are operating leases and the annual rentals are charged to income and expenditure on a straight-line basis over the lease term.

Back to Contents

Colleague benefits

The costs of short-term colleague benefits are recognised as a liability and an expense.

The holiday year for Walsall Housing Group runs from 1 January to 31 December. The cost of any unused entitlement at 31 March is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when whg is demonstrably committed to terminate the employment of the employee or to provide termination benefits.

Retirement benefits

Defined benefit plans

The Group participates in two funded multi-employer-defined benefit schemes, the Social Housing Pension Scheme (SHPS) which is administered independently by the Pensions Trust, and the West Midlands Metropolitan Authorities Pension Fund (WMMAPF), a multi-employer scheme with more than one participating employer and administered under the regulations governing the Local government Pension Scheme (LGPS).

SHPS

For the SHPS, retirement benefits to colleagues of the Company are funded by contributions from all participating employers and employees in the Scheme. Payments are made to a fund operated by the Pensions Trust, an independent trust providing superannuation benefits for employees of voluntary organisations. These payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Companies taken as a whole.

The assets and liabilities of whg's share of the pension are included on the Statement of Financial Position.

Actuarial assumptions are applied to determine each company's share of liabilities. The assumptions are updated at the year end, and the changes to the position go through the 'Other Comprehensive Income' statement, and not through the normal income and expenditure account, as there is not sufficient information to restate the comparative.

Calculations are carried out annually and independently of the pension triennial valuation.

The rate used to discount the benefit obligations to their present value is based on market yields for high-quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

LGPS

The scheme is administered by trustees and is independent of the Group finances. Contributions are paid to the scheme in accordance with the recommendations of an independent actuary to enable the trustees to meet from the scheme the benefits accruing in respect of current and future service. The cost of providing benefits is determined using the projected unit credit method.

The net defined benefit asset/liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

Surpluses or deficits recognised in the Statement of Comprehensive Income:

- The change in the net defined benefit liability arising from colleague service during the year is recognised as an employee cost.
- The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.
- Net interest on the defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate to discount the benefit obligations.

Surpluses or deficits recognised in other comprehensive income:

- Actuarial surpluses and deficits.
- The difference between the interest income on the plan assets and the actual return on the plan assets.

HomeBuy

The Group operates the HomeBuy scheme, lending a percentage of the cost to home purchasers, secured on the property. HomeBuy loans are treated within these Financial Statements as concessionary loans.

The loans are interest free and repayable only on the sale of the property. No HomeBuy grant has been received by the Company. On a sale, the fixed percentage of the proceeds is repaid. Therefore, no impairment exists at the reporting date.

Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model.

Non-basic financial instruments are recognised at fair value using a valuation technique provided by the lenders with any gains or losses being reported in surplus or deficit.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade Debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the Statement of Comprehensive Income for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income or expenditure.

Back to Contents

Financial liabilities

Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Investments policy

Cash balances are invested on competitive term rates until required. In accordance with the Treasury Management Policy, the Group maintains a list of investment limits for approved organisations with which it will deposit funds. The ratings of the approved organisations are checked on a daily basis to ensure investments are not at risk.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method.
Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.
Commitments to receive a loan are measured at cost less impairment.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in income or expenditure.

Provisions

The Group recognises provisions where it has an obligation at the reporting date as a result of a past event, which it is probable, will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Due to the number of properties and the establishment of regular programmes of repair and maintenance, the Group does not make a provision for future works. Actual costs are charged to the Statement of Comprehensive Income.

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.
The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Defined Benefit Obligation (DBO) - WMMAPF
whg's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate anticipation of future salary increases.
Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 26).

Defined Benefit Obligation (DBO) - SHPS
whg's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate anticipation of future salary increases and the roll forward of actuarial information to 31 March 2021.
Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 26).

Fair-value measurement
whg uses valuation techniques to determine the fair value of non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument.

Management bases its assumptions on observable data as far as possible, but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices.

Fair value measurements were applied to investment properties (Note 15).

Useful lives of depreciable assets
whg reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utilisation of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utilisation of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components.

Critical areas of judgement

Impairment
- On an annual basis we review for potential impairment. An impairment review was carried out which included the impact of the coronavirus pandemic.

As a result, we estimated the recoverable amount of its housing properties as follows:

- determined the level at which recoverable amount is to be assessed (i.e., the asset level or cash generating unit (CGU) level). The CGU level was determined to be an individual scheme;
- estimated the recoverable amount of the cash-generating unit;
- calculated the carrying amount of the cash-generating unit; and
- compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

Based on this assessment, we have concluded that there continues to be no impairment of our social housing properties.

Capitalisation of property development costs
Distinguishing the point at which a project is more than likely not to continue, allowing capitalisation of associated development costs requires judgement. After capitalisation whg monitors the asset and considers whether changes indicate that impairment is required.

Back to Contents

3a. Particulars of turnover, cost of sales, operating costs and operating surplus

GROUP - continuing activities

	2022					
	Turnover £000	Cost of sales £000	Operating expenditure £000	Surplus on disposal £000	Revaluation of investment property £000	Operating surplus £000
Social housing lettings	**105,694**	**-**	**(75,339)**	**-**	**-**	**30,355**
Other social housing activities						
First tranche low-cost home ownership sales	10,728	(8,781)	-		-	1,947
Gain on disposal of property, plant and equipment	-	-	-	7,382	-	7,382
Charges for support services	-	-	(443)	-	-	(443)
Development costs	409	-	(1,121)	-	-	(712)
Other social housing grants	288	-	(212)	-	-	76
VAT recoverable	39	-	-	-	-	39
Other social housing	610	-	(167)	-	-	443
	117,768	**(8,781)**	**(77,282)**	**7,382**	**-**	**39,087**
Activities other than Social Housing						
Non-social housing lettings	973	-	(181)	-	-	792
Non-social housing grants	545	-	(1,430)	-	-	(885)
Outright property sale	480	(566)	-	-	-	(86)
Other non-social housing	794	-	(214)	-	-	580
Increase in valuation of Investment Properties	-	-	-	-	1,045	1,045
	120,560	**(9,347)**	**(79,107)**	**7,382**	**1,045**	**40,533**

	2021					
	Turnover £000	Cost of sales £000	Operating expenditure £000	Disposal of housing properties £000	Revaluation of investment property £000	Operating surplus £000
Social housing lettings	**101,294**	**-**	**(68,996)**		**-**	**32,298**
Other social housing activities						
First tranche low-cost home ownership sales	15,967	(14,152)	-	-	-	1,815
Gain on disposal of property, plant and equipment	-	-	-	5,210	-	5,210
Charges for support services	-	-	(669)	-	-	(669)
Development costs	-	-	(1,269)	-	-	(1,269)
Other social housing grants	216	-	(139)	-	-	76
VAT recoverable	35	-	-	-	-	39
Other social housing	851	-	(118)	-	-	733
	118,363	**(14,152)**	**(71,191)**	**5,210**	**-**	**38,230**
Activities other than Social Housing						
Non-social housing lettings	992	-	(187)	-	-	805
Non-social housing grants	469	-	(1,471)	-	-	(1,002)
Outright property sale	558	(576)	-	-	-	(18)
Other non-social housing	426	-	(186)	-	-	240
Increase in valuation of Investment Properties	-	-	-	-	145	145
	120,808	**(14,728)**	**(73,035)**	**5,210**	**145**	**38,400**

whg Financial Statements 2021/22 97

3b. Particulars of turnover, cost of sales, operating costs and operating surplus

COMPANY - continuing activities

	2022					
	Turnover £000	Cost of sales £000	Operating expenditure £000	Surplus on disposal £000	Revaluation of investment property £000	Operating surplus £000
Social housing lettings	105,694	-	(75,506)	-	-	30,188
Other social housing activities						
First tranche low-cost home ownership sales	10,728	(8,781)	-	-	-	1,947
Gain on disposal of property, plant and equipment	-	-	-	7,382	-	7,382
Charges for support services	-	-	(444)	-	-	(444)
Development costs	409	-	(1,121)	-	-	(712)
Other social housing grants	288	-	(212)	-	-	76
VAT recoverable	39	-	-	-	-	39
Other social housing	670	-	(167)	-	-	503
	117,828	(8,781)	(77,450)	7,382	-	38,979
Activities other than Social Housing						
Non-social housing lettings	973	-	(181)	-	-	792
Non-social housing grants	545	-	(1,431)	-	-	(886)
Outright property sale	480	(566)	-	-	-	(86)
Other non-social housing	598	-	(105)	-	-	493
Increase in valuation of Investment Properties	-	-	-	-	1,045	1,045
	120,424	(9,347)	(79,167)	7,382	1,045	40,337

	2021					
	Turnover £000	Cost of sales £000	Operating expenditure £000	Disposal of housing properties £000	Revaluation of investment property £000	Operating surplus £000
Social housing lettings	101,300	-	(69,144)	-	-	32,156
Other social housing activities						
First tranche low-cost home ownership sales	15,967	(14,152)	-	-	-	1,815
Gain on disposal of property, plant and equipment	-	-	-	5,210	-	5,210
Charges for support services	-	-	(669)	-	-	(669)
Development costs	-	-	(1,265)	-	-	(1,265)
Other social housing grants	216	-	(139)	-	-	77
VAT recoverable	35	-	-	-	-	35
Other social housing	1,124	-	(118)	-	-	1,006
	118,642	(14,152)	(71,335)	5,210	-	38,365
Activities other than Social Housing						
Non-social housing lettings	992	-	(187)	-	-	805
Non-social housing grants	1,393	-	(1,471)	-	-	(78)
Outright property sale	558	(576)	-	-	-	(18)
Other non-social housing	277	-	(137)	-	-	140
Increase in valuation of Investment Properties	-	-	-	-	145	145
	121,862	(14,728)	(73,130)	5,210	145	39,359

Included within social housing lettings operating expenditure are non-cash amounts that relate to FRS102 assumptions in respect of the pension funds for 'current service costs' and 'curtailments' of £5.486m (2021: £3.884m). This non-cash financial assumption derived by the scheme actuaries has been re-presented for the financial statements 2021/22 as this assumption has previously been reported separately under the heading of other social housing activities.

3c. Particulars of income and expenditure from social housing lettings

GROUP

	General needs housing £000	Supported housing and housing for older people £000	Low-cost home ownership £000	2022 Total £000	2021 Total £000
Rent receivable net of identifiable service charges	94,733	1,688	1,605	98,026	94,720
Service charge income	4,104	341	710	5,155	4,869
Amortised government grants	1,016	–	-	1,016	1,161
Other grants	1,497	–	–	1,497	544
Turnover from social housing lettings	**101,350**	**2,029**	**2,315**	**105,694**	**101,294**
Management	22,377	333	116	22,826	20,069
Service charge costs	5,520	120	392	6,032	5,544
Routine maintenance	11,129	165	–	11,294	10,259
Planned maintenance	15,013	222	–	15,235	15,127
Major repairs expenditure	5,464	81	–	5,545	4,565
Bad debts	884	12	(77)	819	983
Depreciation of housing properties	13,140	198	250	13,588	12,449
Operating expenditure on social housing lettings	**73,527**	**1,131**	**681**	**75,339**	**68,996**
Operating surplus on social housing lettings	**27,823**	**898**	**1,634**	**30,355**	**32,298**
Void losses	**(674)**	**(13)**	**(2)**	**(689)**	**(740)**

3d. Particulars of Income and Expenditure from Social Housing Lettings

COMPANY

	General needs housing £000	Supported housing and housing for older people £000	Low-cost home ownership £000	2022 Total £000	2021 Total £000
Rent receivable net of identifiable service charges	94,733	1,688	1,605	98,026	94,720
Service charge income	4,104	341	710	5,155	4,869
Amortised government grants	1,016	–	-	1,016	1,161
Non-government grant	1,497	–	–	1,497	550
Turnover from social housing lettings	**101,350**	**2,029**	**2,315**	**105,694**	**101,300**
Management	22,384	333	116	22,833	20,069
Service charge costs	5,521	120	392	6,033	5,544
Routine maintenance	11,132	165	–	11,297	10,259
Planned maintenance	15,018	222	–	15,240	15,127
Major repairs expenditure	5,465	81	–	5,546	4,565
Bad debts	884	12	(77)	819	983
Depreciation of housing properties	13,288	200	250	13,738	12,597
Operating expenditure on social housing lettings	**73,692**	**1,133**	**681**	**75,506**	**69,144**
Operating surplus on social housing lettings	**27,658**	**896**	**1,634**	**30,188**	**32,156**
Void losses	**(674)**	**(13)**	**(2)**	**(689)**	**(740)**

Back to Contents

3e. Particulars of turnover from non-social housing lettings

	Group and Company	
	2022 £000	2021 £000
Market rented housing properties	620	605
Garage rents	353	387
	973	**992**

4. Accommodation in management and development

At the end of the year accommodation in management for each class of accommodation was as follows:

GROUP AND COMPANY

	2022 Number	2021 Number
Social housing		
General housing - social rent	18,056	18,048
General housing - affordable rent	2,209	1,945
Supported housing	300	342
Low-cost home ownership	620	545
Total owned	**21,185**	**20,880**
Leasehold properties	647	638
Total managed	**21,832**	**21,518**
Social housing		
Market-rented housing properties	101	101
Total owned and managed	**101**	**101**
Accommodation in development at the year end	**731**	**679**

The Group owns 30 commercial properties (2021:32).

5. Operating Surplus

The operating surplus is arrived at after charging/(crediting):

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Amortisation of deferred capital grant	(1,026)	(1,169)	(1,026)	(1,169)
Non-government grant	(1,497)	(544)	(1,497)	(550)
Amortisation of intangible fixed assets	471	462	471	462
Depreciation of housing properties	13,588	12,449	13,738	12,597
Depreciation of other tangible fixed assets	959	1,031	959	1,031
Operating lease rentals: land and buildings	78	78	78	78
Operating lease rentals: vehicles and equipment	26	322	26	322
Auditor's remuneration (including non-recoverable VAT)				
- Fees payable to the Company's auditor for the audit of the Financial Statements	99	82	77	64
- Fees payable to the Company's auditor for other services	-	13	-	13
Total audit services	**99**	**95**	**77**	**77**

Back to Contents

6. Surplus on disposal of property, plant and equipment

Included in the Operating Surplus (Note 3)

	Group and Company	
	2022 £000	2021 £000
Disposal proceeds	9,778	6,864
Carrying value of fixed assets	(2,292)	(1,595)
Other costs of sale	(104)	(59)
Surplus on disposal	**7,382**	**5,210**

	Group and Company					
	2022			2021		
	Proceeds	Cost of Sale	Surplus	Proceeds	Cost of Sale	Surplus
AHO/LCHO staircasing	820	(487)	333	364	(280)	84
RTB sales	3,314	(764)	2,550	2,972	(530)	2,442
RTA sales	4,403	(1,094)	3,309	2,800	(637)	2,163
Other housing property sales	890	(51)	839	546	(36)	510
Sale of other assets	351	-	351	182	(171)	11
Total	**9,778**	**(2,396)**	**7,382**	**6,864**	**(1,654)**	**5,210**

7. Interest receivable and similar income

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Bank interest receivable	154	110	154	110
Interest receivable from subsidiaries and joint ventures	232	128	439	338
	386	**238**	**593**	**448**

8. Interest and financing costs

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Net interest payable to pension schemes	239	319	239	319
Bond and loan interest	20,705	21,186	20,705	21,186
Premium/discount amortised	(550)	(436)	(550)	(436)
Amortisation of issue costs and commitment fees	459	416	459	416
	20,853	**21,485**	**20,853**	**21,485**
Interest payable capitalised on housing properties under construction	(711)	(558)	(711)	(558)
	20,142	**20,927**	**20,142**	**20,927**
Capitalisation rate used to determine the finance costs capitalised during the period	4.69%	4.81%	4.69%	4.81%

Amounts included within the above that relate to the public bond are owed to whg Treasury Plc from the Company.

Back to Contents

9. Employees

Average monthly number of employees expressed as full-time-equivalents (calculated based on a standard working week of 37 hours):

GROUP AND COMPANY

	2022 Number	2021 Number
Administration	192	182
Development	25	22
Housing, support and care	501	496
	718	**700**

Average monthly headcount

GROUP AND COMPANY

	2022 Number	2021 Number
Administration	202	192
Development	27	23
Housing, support and care	518	512
	747	**727**

Employee Costs

	2022 £000	2021 £000
Wages and salaries*	26,304	25,167
Social security costs	2,651	2,557
Other pension costs	7,229	5,626
	36,184	**33,350**

*Includes redundancy costs of £465k (2021: £373k).

The Company's employees are members of the West Midlands Pension Fund (WMPF) or of the Social Housing Pension Scheme (SHPS). Further information on each scheme is given in Note 26.

The full-time equivalent number of colleagues who received remuneration (which includes basic, pension contributions and benefits-in-kind expenditure and the note includes the Directors) in excess of £59,999:

	2022 Number	2021 Number
£60,000 - £70,000	15	10
£70,001 - £80,000	4	6
£80,001 - £90,000	2	3
£90,001 - £100,000	4	2
£100,001 - £110,000	1	2
£110,001 - £120,000	1	-
£120,001 - £130,000	3	2
£130,001 - £140,000	1	1
£140,001 - £150,000	-	1
£150,001 - £160,000	1	1
£160,001 - £170,000	1	1
£180.001 - £190,000	-	-
£200,001 - £210,000	1	1
£250,001 - £260,000	1	1

Back to Contents

10. Key management personnel

The Directors are defined for the purpose of this Note as the Members of the Board and Executive Directors of the Group, the latter having executive responsibility. This satisfies the definition included in the Accounting Direction for Private Registered providers of Social Housing 2022.

The aggregate remuneration for key management personnel charged in the year is:

GROUP AND COMPANY

	2022 £000	2021 £000
Basic salary	1,024	1,032
Benefits in kind	86	92
National Insurance	144	144
Pension contributions	82	89
	1,336	**1,357**

The Group Chief Executive is an ordinary member of the West Midlands Pension Scheme. No enhanced or special terms apply. The Group does not make any further contribution to an individual pension arrangement for the Group Chief Executive.

The number of Directors to whom retirement benefits are accruing under defined benefit schemes was seven (2021: 7).

During the year, the aggregate compensation for loss of office of key management personnel was £nil (2021: £nil).

The emoluments of the highest-paid Director, the Group Chief Executive are shown below:

Highest paid Director

	2022 £000	2021 £000
Remuneration	239	235
National Insurance	31	31
Pension contributions	18	19
	288	**285**

Board Members attendance and emoluments

Board members are paid as follows:

	Attendance			Remuneration	
	Board	Committee		2022 £000	2021 £000
Non-Executive Board Members					
Danielle Oum (Chair) to 26/102021	7/7	GRC	4/5	9.0	15.6
Michael Hew (GRC Chair) to 23/09/2020	-	-	-	-	3.5
Ian Gardner (AAC Chair) to 31/07/2020	-	-	-	-	2.3
Noel Maxwell (CEC Chair) to 30/11/2020				-	4.7
Gregory Warner-Harris (CCB Chair)	7/7	CCB	4/4	7.2	7.1
Paul O'Driscoll	5/7	DC	7/7	5.0	5.0
Elisabeth Downes (GRC Chair)	7/7	GRC	5/5	-	-
Daren Fradgley	6/7	CEC	4/4	5.0	5.0
Gary Moreton (Interim Chair) from 27/10/2021 (Chair of AAC to 26/10/2021)	6/7	AAC	4/4	11.0	6.4
Akshay Parikh (DC Chair)	7/7	DC	7/7	7.2	7.1
Guy Weston (AAC Interim Chair) from 27/10/2021	6/7	DC	7/7	6.0	5.0
		AAC	1/1		-
Natalia Hill (CEC Chair)	7/7	CEC	4/4	7.2	4.4
Ian Shapiro	6/7	GRC	3/3	5.0	1.9
Total				**62.6**	**68.0**
Board expenses				1.0	0.2
Committee members' remuneration				45.0	32.2
Total				**108.6**	**100.4**

	Attendance		Remuneration	
	Board	Committee	2022 £000	2021 £000
Executive Board Member				
Gary Fulford (CEO)	6/7		-	-
Committee				
Audit and Assurance		AAC		
Customer Experience		CEC		
Governance and Remuneration		GRC		
Development		DC		
Commercial Coterminous Board		CCB		

One member of the Board other than the Chief Executive participates in the Social Housing Pension Scheme or the Local Government Pension Scheme.

11. Taxation

Walsall Housing Group Limited is registered as charitable with HMRC and as such benefits from charitable tax exemptions. All other active Group companies including whg Trading Company Limited, whg Developments Limited, whg Treasury PLC, Anthem Homes Limited, Cricket Close LLP and The Woodlands Management Company (Harrowby) Limited are liable to Corporation Tax.

GROUP

	2022 £000	2021 £000
Current tax		
UK corporation tax	-	-
Total current tax		**-**
Deferred tax		
Origination and reversal of timing differences	24	(6)
Total deferred tax	**24**	**(6)**
Total tax on surplus on ordinary activities	24	(6)

	2022 £000	2021 £000
Surplus on ordinary activities before tax	**20,777**	**27,329**
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2021: 19%)	3,948	5,193
Exempt charitable activities	(3,948)	(5,193)
Current tax charge for the year		
Capital allowances in excess of depreciation	(6)	(6)
Adjustment to closing deferred tax rate	30	-
Deferred Tax	**24**	**(6)**

COMPANY

	2022 £000	2021 £000
Current tax		
UK corporation tax	-	-
Total current tax		-
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Total tax on surplus on ordinary activities	-	-

	2022 £000	2021 £000
Surplus on ordinary activities before tax	21,093	29,390
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2021: 19%)	4,008	5,584
Exempt charitable activities	(4,008)	(5,584)
Capital allowances in excess of depreciation	-	-
Adjustment to opening deferred tax rate	-	-
Current tax charge for the year	-	-

12. Intangible fixed assets

Walsall Housing Group Limited is registered as charitable with HMRC and as such benefits from charitable tax exemptions. All other active Group companies including whg Trading Company Limited, whg Developments Limited, whg Treasury PLC, Anthem Homes Limited, Cricket Close LLP and The Woodlands Management Company (Harrowby) Limited are liable to Corporation Tax.

GROUP AND COMPANY

	IT Software £000	IT Software work in progress £000	Total Intangible assets £000
Cost			
At 1 April 2021	3,417	183	**3,600**
Additions	-	109	**109**
Projects completed	221	(221)	**-**
Disposals	(410)	-	**(410)**
At 31 March 2022	**3,228**	**71**	**3,299**
Amortisation			
At 1 April 2021	1,544	-	**1,544**
Charged in the year	471	-	**471**
Released on disposal	(410)	-	**(410)**
At 31 March 2022	**1,605**	**-**	**1,605**
Net book value			
At 31 March 2022	**1,623**	**71**	**1,694**
At 31 March 2021	**1,873**	**183**	**2,056**

Amortisation on these assets is apportioned by FTE across all expenditure elements within the Statement of Comprehensive Income.

Back to Contents

13. Fixed assets - housing properties

GROUP - housing properties

	Social housing properties held for letting £000	Housing properties for letting under construction £000	Completed Shared Ownership housing properties £000	Shared Ownership housing properties under construction £000	Total housing properties £000
Cost					
At 1 April 2021	577,448	36,778	43,286	4,373	**661,885**
Additions	-	35,296	-	6,155	**41,451**
Component additions	13,887	4,052	-	-	**17,939**
Components completed	4,861	(4,861)	-	-	**-**
Interest capitalised	-	554	-	157	**711**
Schemes completed	43,347	(43,347)	6,822	(6,822)	**-**
Property disposals	(2,659)	-	(486)		**(3,145)**
Costs written off	-	(442)	-	-	**(442)**
Component disposals	(1,172)	-	-	-	**(1,172)**
At 31 March 2022	**635,712**	**28,030**	**49,622**	**3,863**	**717,227**
Depreciation					
At 1 April 2021	122,471	-	521	-	**122,992**
Depreciation charged in year	13,338	-	250	-	**13,588**
Released on disposal - properties	(845)	-	(8)	-	**(853)**
Released on disposal - components	(1,172)	-	-	-	**(1,172)**
At 31 March 2022	**133,792**	**-**	**763**	**-**	**134,555**
Net book value					
At 31 March 2022	**501,920**	**28,030**	**48,859**	**3,863**	**582,672**
At 31 March 2021	454,977	36,778	42,765	4,373	**538,893**

Included in the depreciation charge for the year is £516k of accelerated depreciation on components disposed of before the end of their useful economic lives (2021: £209k).

COMPANY - housing properties

	Social housing properties held for letting £000	Housing properties for letting under construction £000	Completed Shared Ownership housing properties £000	Shared Ownership housing properties under construction £000	Total housing properties £000
Cost					
At 1 April 2021	597,277	37,065	43,286	4,373	**682,001**
Additions	-	35,508	-	6,155	**41,663**
Works to existing properties	13,887	4,052	-	-	**17,939**
Components completed	4,861	(4,861)	-	-	**-**
Interest capitalised	-	554	-	157	**711**
Schemes completed	43,347	(43,347)	6,822	(6,822)	**-**
Property disposals	(2,659)	-	(486)	-	**(3,145)**
Costs written off	-	(442)	-	-	**(442)**
Component disposals	(1,172)	-	-	-	**(1,172)**
At 31 March 2022	**655,541**	**28,529**	**49,622**	**3,863**	**737,555**
Depreciation					
At 1 April 2021	124,367	-	521	-	**124,888**
Depreciation charged in year	13,488	-	250	-	**13,738**
Released on disposal - properties	(845)	-	(8)	-	**(853)**
Released on disposal - components	(1,172)	-	-	-	**(1,172)**
At 31 March 2022	**135,838**	**-**	**763**	**-**	**136,601**
Net book value					
At 31 March 2022	**519,703**	**28,529**	**48,859**	**3,863**	**600,954**
At 31 March 2021	**472,910**	**37,065**	**42,765**	**4,373**	**557,113**

Housing properties book value net of depreciation comprises

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Freehold land and buildings	528,674	490,466	546,956	508,686
Leasehold buildings	1,276	1,289	1,276	1,289
Shared Ownership	52,722	47,138	52,722	47,138
	582,672	**538,893**	**600,954**	**557,113**

Expenditure on works to existing properties

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Components capitalised	17,939	11,714	17,939	11,714
Amounts charged to Statement of Comprehensive Income	5,545	4,565	5,546	4,565
	23,484	**16,279**	**23,485**	**16,279**

Assets held in the Company include uplift in the net book value of assets transferred from its subsidiaries arising from the Group restructure in January 2009. This has been eliminated on consolidation.

Social housing assistance

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Total accumulated social housing grant received or receivable at 31 March	100,576	83,786	102,520	83,786
Recognised in the Statement of Comprehensive Income	(8,515)	(7,600)	(10,459)	(7,600)
Held as deferred income	**92,061**	**76,186**	**92,061**	**76,186**

Finance costs

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Aggregate amount of finance costs included in the cost of housing properties	6,322	5,621	6,322	5,621

14. Tangible fixed assets - other

GROUP AND COMPANY

	Offices £000	Furniture, fixtures and fittings £000	Computers & office equipment £000	Computers & office equipment WIP £000	Motor vehicles £000	Total £000
Cost						
At 1 April 2021	15,521	2,470	4,687	19	62	**22,759**
Additions	-	18	-	507	-	**525**
Projects completed	-	-	73	(73)	-	**-**
Disposals	-	(21)	(1,485)	-	-	**(1,506)**
At 31 March 2022	**15,521**	**2,467**	**3,275**	**453**	**62**	**21,778**
Depreciation						
At 1 April 2021	4,397	1,670	3,078	-	62	**9,207**
Charged in the year	361	229	369	-	-	**959**
Released on disposal	-	(21)	(1,485)	-	-	**(1,506)**
At 31 March 2022	**4,758**	**1,878**	**1,962**	**-**	**62**	**8,660**
Net book value						
At 31 March 2022	**10,763**	**589**	**1,313**	**453**	**-**	**13,118**
At 31 March 2021	**11,124**	**800**	**1,609**	**19**	**-**	**13,552**

Back to Contents

15. Investment properties

Non-social housing properties held for letting

	Group and Company	
	2022 £000	**2021 £000**
At 1 April	9,695	9,550
Revaluation	1,045	145
At 31 March	**10,740**	**9,695**

The Company owns a portfolio of market-rented properties. These properties are accounted for at fair value. The Company used Bridgehouse Professional Valuation Services who undertook a desktop review to establish the current fair value of the properties. The current worth was then adjusted for movements in the property market using the median property price trends for the Walsall area. The methodology produced an estimated valuation of £9.7m at March 2021 and £10.7m at March 2022. The movement in fair value £1,045k (2021:£145k) has been recognised in the Statement of Total Comprehensive Income.
The historic cost of the properties is £8m (2021: £8m).

16. HomeBuy loans receivable

Non social housing properties held for letting

	Group and Company	
	2022 £000	**2021 £000**
At 1 April	137	137
At 31 March	**137**	**137**

17. Investments in subsidiaries

Name & type of entity	Company No	Place of Registration	At 31 March 2021 £	Additions	At 31 March 2021 £
whg Treasury Plc	09138070	England & Wales	50,000	-	50,000
whg Developments Ltd	07872595	England & Wales	1	-	1
whg Trading Ltd	05407219	England & Wales	1	-	1
Anthem Homes Ltd	10591652	England & Wales	50,000	-	50,000
Cricket Close LLP	OC417013	England & Wales	-	-	-
The Woodlands Management Company (Harrowby) Ltd	09721558	England & Wales	-	-	-
			100,002	**-**	**100,002**

a) During the year whg had the following intra-Group transactions and year-end balances with whg Treasury PLC.

whg Treasury PLC to whg

Intra-Group transactions	Allocation basis	2022 £000	2021 £000
Interest payable	Bond interest charge payable	10,212	10,224
Custodian fees	Custodian fees payable	13	10
		10,225	**10,234**

There is a £269.1m long-term intra-group creditor owed to whg Treasury PLC at the year end (2021: £269.5m).

Back to Contents

b) During the year the Company had the following intra-Group transactions and year end balances with whg Developments Limited.

whg to whg Developments Limited

Intra-Group transactions	Allocation basis	2022 £000	2021 £000
Interest payable	Interest charge on loan	24	25
Management services	Percentage of development costs	109	118
		133	143

whg Developments Limited to whg

Intra-Group transactions	Allocation basis	2022 £000	2021 £000
Recharge of cost of sales	Design & Build	11,053	12,127
Gift aid	Not applicable	(92)	(27)
		10,961	12,100

There is a £606k net intra-group debtor owed by whg Developments Ltd at the year end made up of £27k owed to whg Developments Ltd and £632k owed by whg Developments Limited. (2021: net creditor £893k). Included in the £632k debt owed by whg Developments Limited is a £500k loan made by Walsall Housing Group on 20 December 2012. Interest is charged at 4.8% (2021: 5%). Interest amounted to £24k for the year (2021: £25k).

c) During the year whg had the following intra-Group transactions and year-end balances with whg Trading Company Limited:

whg to whg Trading Company Limited

Intra-Group transactions	Allocation basis	2022 £000	2021 £000
Management services	Percentage of payroll costs	59	250

whg Trading Company Limited to whg

Intra-Group transactions	Allocation basis	2022 £000	2021 £000
Gift aid	Not applicable	(213)	(865)

There is a £9k intra-group debtor owed by whg Trading Company Limited at the year end (2021: £94k).

d) During the year the Company had the following intra-Group transactions and year-end balances with Anthem Homes Limited.

Anthem Homes Limited to whg

Intra-Group transactions	Allocation basis	2022 £000	2021 £000
Interest payable	Interest charge payable	415	314
Management services	Percentage of payroll costs	51	-
		466	314

There is a £13m intra-group debtor owed by Anthem Homes Limited at the year end made up of £15.4m owed by Anthem Homes Limited to whg and £2.4m owed to Anthem Homes Limited by Cricket Close LLP (2021: net debtor £9m). The £15.4m debt owed by Anthem Homes Limited includes a loan made by Walsall Housing Group which was at at LIBOR (0.2% for the year) plus 3% up to 31 January 2022 and thereafter at a 5% market rate. The £2.4m debtor includes a loan made to Cricket Close LLP at a 5% market rate.

e) During the year the Company had the following intra-Group transactions and year-end balances with The Woodlands Management Company (Harrowby) Limited.

whg to The Woodlands Management Company (Harrowby) Limited

Intra-Group transactions	Allocation basis	2022 £000	2021 £000
Management services	Percentage of payroll costs	6	6

There is a £nil intra-group debtor owed by The Woodlands Management Company (Harrowby) Limited at the year end (2021: £6k).

Back to Contents

18. Properties held for sale

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Shared Ownership Properties				
Completed properties	845	2,427	845	2,427
Work in progress	4,104	4,455	2,367	2,687
	4,949	**6,882**	**3,212**	**5,114**
Properties developed for outright sale	**598**	**2,104**	**598**	**2,104**
Total audit services	**5,547**	**8,986**	**3,810**	**7,218**

19. Debtors

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Due within one year				
Rent and service charges receivable	5,213	4,464	5,213	4,464
Less: provision for bad and doubtful debts	(3,122)	(2,838)	(3,122)	(2,838)
	2,091	**1,626**	**2,091**	**1,626**
Deferred tax asset	124	100	-	-
Other debtors	670	381	633	348
Prepayments and accrued income	8,014	8,849	7,505	8,469
Amounts owed by Group undertakings	-	-	1,133	768
	10,899	**10,956**	**11,362**	**11,211**

20. Debtors due in more than one year

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Loan to Anthem Lovell LLP	12,298	8,590	-	-
Loan to Anthem Homes Limited	-	-	14,434	10,675
Loan to whg Developments Limited	-	-	500	500
	12,298	**8,590**	**14,934**	**11,175**

21. Creditors: amounts falling due within one year

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Bank loans (Note 25)	12,500	-	12,500	-
Trade creditors	6,431	7,768	5,899	6,345
Rent and service charges received in advance	3,275	3,131	3,275	3,131
Social housing grant received in advance	12,314	7,310	12,314	7,310
Other grants received in advance	4,830	6,867	4,830	6,867
Amounts owed to Group undertakings	-	-	5,165	6,675
Deferred grant income (Note 23)	1,097	963	1,097	963
Corporation Tax	-	-	-	-
Other taxation and social security	812	778	788	772
Unpaid contributions for retirement benefits	74	222	74	222
Other creditors*	1,303	934	1,303	933
Accruals and deferred income	9,426	8,796	4,237	3,641
	52,062	**36,769**	**51,482**	**36,859**

* Other creditors include the Big Lottery funding for the Click Start Programme. A creditor of £nil is still outstanding at 31 March 2022 (2021: £nil). The total funding received for the year was £800k, with £571k being paid to our partners and whg recognising £229k through the Statement of Comprehensive Income.

Back to Contents

22. Creditors: amounts falling due after more than one year

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Deferred Grant (Note 23)	82,177	68,998	82,177	68,998
Debt (Note 24)	474,457	401,099	474,457	401,099
Recycled Capital Grant (Note 25)	3,863	124	3,863	124
Amounts owing to Group Undertakings	-	-	38	-
Sinking Funds	96	69	79	58
	560,593	**470,290**	**14,934**	**470,279**

Sinking funds have been reported in the financial year 2021/22 as creditor amounts falling due after one year, previously they were creditor amounts falling due within one year.

23. Deferred grant income

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
At 1 April 2021	69,961	62,197	69,961	62,197
Grant received in the year	17,767	16,691	17,767	16,691
Transfer to RCGF	(450)	(69)	(450)	(69)
Grants paid to partners	(1,291)	(6,876)	(1,291)	(6,876)
Grants recognised as income	(1,687)	(813)	(1,687)	(813)
Released to income in the year	(1,026)	(1,169)	(1,026)	(1,169)
At 31 March 2022	**83,274**	**69,961**	**83,274**	**69,961**
Amounts to be released within one year (Note 21)	1,097	963	1,097	963
Amounts to be released in more than one year (Note 22)	82,177	68,998	82,177	68,998
	83,274	**69,961**	**83,274**	**69,961**

Deferred grant includes £402k (2021: £412k) relating to office buildings and £936k (2021:£674k) component accounting grant.

24. Debt analysis

Borrowings

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Due within one year				
Bank loans	12,500	-	12,500	-
		-		-
Due after more than one year				
Bank loans	125,907	138,407	125,907	138,407
Bond	250,000	250,000	250,000	250,000
bLEND	75,000	-	75,000	-
Premiums/Coupons	26,568	15,871	26,568	15,871
	477,475	404,278	477,475	404,278
Less: issue costs	(3,018)	(3,179)	(3,018)	(3,179)
	474,457	**401,099**	**474,457**	**401,099**
Total loans	**486,957**	**401,099**	**486,957**	**401,099**
Payable to external funders	**486,957**	401,099	**223,019**	136,747
Payable to Group undertakings	**-**	-	**263,938**	264,352
	486,957	**401,099**	**486,957**	**401,099**

Bank loans and derivatives

On 17 March 2021 the Group executed a deal to cancel the callable option on four fixed-rate loans with a value of £20m and converted them to vanilla fixed-rate loans to the date of maturity. This tranche of loans are now accounted for as basic financial instruments and the related mark-to-market liability of £9.2m was recognised in the Statement of Total Comprehensive Income in the financial year ending 2021.

Bond

The bond monies are lent from whg Treasury PLC on to the parent company Walsall Housing Group Limited under the same terms and so the bond in the company above is therefore owed to the subsidiary, whg Treasury PLC.

The market value of the bond as at 31 March 2022 was £306.1m (2021: £332.13).

Facilities and security

At 31 March 2022 the Group had £61.6m of agreed but undrawn borrowing facilities available in the form of revolving credit facilities.

The bank loans and the bond are secured by specific charges based on the net book value on the housing properties of the Group in favour of the lenders.

Terms of repayment, interest rates and issue costs

Bank loan repayments are via a mixture of instalments and one-off bullet repayments. The current bond liability is payable in full in 2045.

Back to Contents

The £138m of bank loans accrue interest at an average rate of approximately 6.43%. As above, the £250m bond has been issued at a coupon rate of 4.25%.

Gross issue costs for both the bank loans and the bond were £3.0m (2021: £3.7m) and were capitalised in the years in which they were incurred. Amortisation charged in the year was {£151k} (2021: £137k).

bLEND plc

In October 2020, the Group secured £75m of new funding with an effective rate of 2.267% through the bLEND aggregator on a deferred drawdown arrangement. The price was based on a gilt of 0.787%, a spread of 1.48% and was subject to further annualised bLEND costs of 0.2%. The deal attracted a premium of £11.2m and when the funds were drawn in October 2021 the Group received net proceeds of £84m with the remaining amount held in the loan reserve fund for future interest payments. The upfront fees associated with this deal totalled £1m and these were capitalised in 2020. The market value of bLEND was £75m.

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Within one year or on demand	12,500	-	12,500	-
One year or more but less than two years	-	25,000	-	12,500
Two years or more but less than five years	75,867	55,867	75,867	55,867
Five years or more	401,608	323,411	401,608	323,411
	489,975	**404,278**	**489,975**	**404,278**
Less: unamortised issue costs	(3,018)	(3,179)	(3,018)	(3,179)
	486,957	**401,099**	**486,957**	**401,099**

In 2021, £25m of loans were reported as payable in 1-2 years. This related to £12.5m for a Lloyds Tranche A facility and £12.5m for a Santander Tranche A facility. The latter was converted to a Tranche B facility as part of a restated facility agreement in February 2021 and the total Santander facility is not due for repayment till October 2024.

Interest rate profile

The Group's debt has a weighted average interest rate of 4.69% (2021: 4.81%) and the weighted average for which it is fixed is the lifetime of the loan.

25. Recycled capital grant fund

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Opening Balance as at 1 April	124	45	124	45
Inputs to RCGF:				
Grant recycled from property disposals	472	79	472	79
Interest accrued	3	-	3	-
Transfers from other PRPs	3,264	-	3,264	-
Recycling of grant				
New Build	-	-	-	-
Closing Balance as at 31 March	**3,863**	**124**	**3,863**	**124**

Amounts due for repayment

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Within one year	45	-	45	-
After more than one year	3,818	124	3,818	-
At 31 March	**3,863**	**124**	**3,863**	**124**

26. Pension obligations

The Group operates two pension schemes; West Midlands Pension Fund and Social Housing Pension Scheme. Both schemes are funded through payments to trustee-administered funds, determined by periodic actuarial valuations. Both schemes provide defined benefits based on members' final salary at retirement, death or leaving service.

Pension asset/(liability) summary note

	2022 £000	2021 £000
WMPF	17,462	(8,333)
SHPS	(185)	(332)
Total	**17,277**	**(8,665)**

West Midlands Pension Fund

The West Midlands Pension Fund (WMPF) is a multi-employer scheme with more than one participating employer and is administered under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. The most recent formal actuarial valuation was completed as at 31 March 2019.

The fair value of the scheme assets at that date was £255.9m.

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme by effectively giving them the better of the benefits from the old and new schemes.

The results in this note include an allowance to reflect the Court of Appeal judgement in respect of the McCloud and Sargeant cases which relate to age discrimination within the Judicial and Fire Pension schemes, respectively. This allowance was described in the previous accounting report and incorporated into the accounting results as at 31 March 2021.

These results, including the allowance, have been rolled forward and remeasured to obtain the accounting results as at 31 March 2022.

On 16 July 2020, the government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published. We do not believe there are any material differences between the approach underlying our estimated allowance and the proposed remedy. A more detailed analysis at this stage would require a significant volume of member data which is not yet available. Therefore, the results do not include any further adjustment in light of the ongoing consultation.

Key results

The estimated position at 31 March 2022 shows an asset of £17.4m compared with a £8.3m deficit last year. The key reasons for this change are:

- The discount rate has increased
- Pension increases
- Salary increases
- Inflation increases.

The employer's contributions to the WMPF by the Company and Group for the year ended 31 March 2022 were £1.3m (2022: £1.3m). whg received a rebate for the year of £1,939k due to an improved funding position which resulted in the actual rate being 8.2% for the year. The employer's contribution rate has been fixed as 20.4% of pensionable salaries until 31 March 2023 with a discount of 12.2%.

Early retirements over the year, have resulted in £159k past service cost in the year to 31 March 2022 (2021: £nil). There were £nil (2021: £nil) of other settlements, curtailments, discretionary practices, constructive obligations or other material events during the year.

Calculation method

The figures at 31 March 2022 are based on projecting forward the results of the last formal actuarial valuation of the Fund as at 31 March 2019.

Social Housing Pension Scheme

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

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

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

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

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

The estimated position at 31 March 2022 shows a deficit of £185k (2021: £332k).

The number of scheme members employed by the Group at 31 March 2022 was nil (2021: nil). The charge to the Group for the year was £66k. (2021: £65k).

The Group also contributes to defined contribution schemes, also with the Social Housing Pension Scheme operated by the Pensions Trust.

Calculation method

The figures at 31 March 2022 are based on projecting forward the results of the last formal actuarial valuation of the Fund as at 30 September 2017.

Key assumptions

The key financial assumptions have been based on market assumptions as at 31 March 2022 and have been derived in a consistent manner to last year. This has resulted in the following assumptions:

Principal actuarial assumptions
Financial assumptions

			Group and Company	
	WMPF		SHPS	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	% per annum	% per annum	% per annum	% per annum
Discount rate	2.85	2.10	2.85	2.10
Future salary increase rate	3.00	2.60	3.19	2.86
Future pension increase rate (CPI)	3.00	2.60	3.00	2.60
Inflation assumption	3.00	2.80	3.50	2.60

Mortality assumptions

The post-retirement mortality assumptions adopted to value the benefit obligation at March 2022 and March 2021 are based on the PA92 series. The assumed life expectations on retirement at age 65 are:

GROUP AND COMPANY

	WMPF		SHPS	
	2022 Years	2021 Years	2022 Years	2021 Years
Retiring today:				
Males	21.1	21.0	21.1	21.0
Females	23.4	23.4	23.4	23.4
Retiring in 20 years:				
Males	22.5	22.4	22.5	22.4
Females	25.0	24.9	25.0	24.9

Amounts recognised in surplus or deficit

GROUP AND COMPANY

	WMPF		SHPS	
	2022 £000	2021 £000	2022 £000	2021 £000
Current service cost	6,992	5,123	-	-
Admin charges	-	144	2	2
Amounts charged to operating costs	**6,992**	**5,267**	**2**	**2**
	2022 £000	2021 £000	2022 £000	2021 £000
Net interest payable	233	317	6	2
Amounts within interest and financing costs	**233**	**317**	**6**	**2**

Amounts recognised in the Statement of Total Comprehensive Income

	WMPF		SHPS	
	2022 £000	2021 £000	2022 £000	2021 £000
Remeasurements	31,578	10,081	89	(301)
Actuarial gain/(loss) in respect of pension scheme	**31,578**	**10,081**	**89**	**(301)**

Amounts recognised in the Statement of Financial Position

	WMPF		SHPS	
	2022 £000	2021 £000	2022 £000	2021 £000
Present value of funded obligations	239,618	247,008	2,049	2,179
Fair value of plan assets	257,080	238,675	1,864	1,847
Net pension asset/(liability)	**17,462**	**(8,333)**	**(185)**	**(332)**

In recognising the asset consideration was given to the likelihood that a future economic benefit will flow to the entity from the asset. There is also a historical precedent as whg has benefited from reduced annual pension contributions due to the asset position at the last revaluation.

Back to Contents

Reconciliation of opening and closing balances of the present value of scheme liabilities

GROUP AND COMPANY

	WMPF		SHPS	
	2022 £000	2021 £000	2022 £000	2021 £000
Opening scheme liabilities	247,008	216,551	2,179	1,736
Current service cost	6,833	5,089	2	2
Interest cost	5,217	5,046	45	41
Change in financial assumptions	(16,221)	35,125	(177)	388
Change in scheme experience	790	(2,327)	53	67
Change in demographic assumptions	(397)	(8,814)	(3)	(6)
Benefits paid	(4,905)	(4,760)	(50)	(49)
Past service costs including curtailments	159	34	-	-
Member contributions	1,134	1,064	-	-
Closing scheme liabilities	**239,618**	**247,008**	**2,049**	**2,179**

Reconciliation of opening and closing balances of the fair value of plan assets

GROUP AND COMPANY

	WMPF		SHPS	
	2022 £000	2021 £000	2022 £000	2021 £000
Opening fair value of plan assets	238,675	202,401	1,847	1,644
Interest income	4,984	4,729	39	39
Return on plan assets (excess of interest income)	15,750	34,065	(38)	148
Contributions by employer	1,442	1,320	66	65
Benefits paid	(4,905)	(4,760)	(50)	(49)
Administration expenses	-	(144)	-	-
Member contributions	1,134	1,064	-	-
Closing fair value of plan assets	**257,080**	**238,675**	**1,864**	**1,847**

	WMPF		SHPS	
	2022 £000	2021 £000	2022 £000	2021 £000
Actual return on scheme assets	**19,550**	**38,794**	**1**	**187**

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

Sensitivity analysis

	Change in assumptions	Impact £000	Change in liabilities
Discount Rate	Increase of 0.1% pa	5,067	Decrease by 2%
Rate of inflation	Increase of 0.1% pa	4,200	Increase by 2%
Rate of salary growth	Increase of 0.1% pa	833	Increase by 0%
Rate of Mortality	A 1-year increase in life expectancy		Increase by 4%

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation, pension increases and salary growth where appropriate. The average duration of the defined benefit obligation at the period ended 31 March 2022 is 20 years. The following assumptions have been made, a reduction in the discount rate of 0.15% having an impact of £7.6m, a reduction in CPI of 0.2% having an impact of £8.4m, a reduction in salary increases of 1.2% having an impact of £10m and the combined effect of mortality assumptions being a total of £5.7m.

Back to Contents

27. Provisions for liabilities and charges

GROUP AND COMPANY

	Insurance claims £000	Restructuring costs £000	Leave pay £000	Total £000
At 1 April 2021	547	-	287	834
Additions	115	13	-	128
Utilised	(372)	-	(51)	(423)
Reversals	-	-	-	-
At 31 March 2022	**290**	**13**	**236**	**539**

Provision is made for insurance claims awaiting final settlement that fall within the self-funding element of the Group's insurance policies. The settlement can take up to two years.

The restructuring costs provision relates to costs agreed but not yet paid during the year.

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which colleagues are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

28. Share capital

Walsall Housing Group Limited is a company limited by guarantee. No shares have been issued.

29. Cash flow from operating activities

	2022 £000	2021 £000
Surplus for the year	20,777	27,329
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	14,546	13,480
Amortisation of intangible assets	471	462
Pension costs less contributions payable	5,386	3,859
Government grants amortised in the year	(2,713)	(1,969)
Movement in fair value of financial instruments	0	(9,618)
Adjustments for investing of financing activities:		
Movement in fair value of investment properties	(1,045)	(145)
Interest payable	20,142	20,927
Interest received	(386)	(238)
Operating cash flows before movements in working capital	**57,178**	**8,796**
Decrease in properties held for sale	3,439	4,819
Carrying amount of tangible fixed-asset disposals	2,292	1,595
(Increase)/Decrease in trade and other debtors	(2,572)	494
Increase/(decrease) in trade and other creditors	608	(3,679)
Decrease in provisions	(295)	(24)
Increase/(Decrease) in investments	2,191	-
Cash generated from operating activities	**62,841**	**57,292**

29A. Analysis of changes in net debt

	Other non-cash movement £000	Cash flows £000	Other non-cash movement £000	At 31 March 2022 £000
Cash and cash equivalents	79,518	70,284	-	149,802
Investments	10,967	15,112	2,191	28,270
Bank loans due within one year	-	-	(12,500)	(12,500)
Bonds due greater than one year	(262,692)	(84,058)	(2,208)	(348,958)
Bank loans due greater than one year	(138,407)	-	12,908	(125,499)
Total	**(310,614)**	**1,338**	**391**	**(308,885)**

30. Capital Commitments

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Expenditure contracted for but not provided for	95,373	74,598	95,373	74,598
Expenditure authorised by the Board, but not contracted	16,341	47,474	16,341	47,474
	111,714	**122,072**	**111,714**	**122,072**

The above commitments will be financed as shown in the following table:

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Loan financing	101,772	97,875	101,772	97,875
Affordable housing grant	6,678	19,913	6,678	19,913
Other government grant	3,264	4,284	3,264	4,284
	111,714	**122,072**	**111,714**	**122,072**

31. Contingent assets/liabilities

The Group and Company had no contingent assets at 31 March 2022 (2021: £nil).

The Group receives capital grant from Homes England, which is used to fund the acquisition and development of housing properties and their components. In certain circumstances upon disposal of grant-funded properties, the Group is required to recycle this grant by crediting a Recycled Capital Grant Fund.

At 31 March 2022, the Group has disposed of components, which had received £nil (2021: £2k) of grant funding. Although the disposal of these components has not given rise to a relevant event for the purposes of recycling grant (as the Group retains the property asset) it does have a future obligation to recycle this grant once the property is disposed of.

As the timing of any future disposal is uncertain, no provision has been recognised in these Financial Statements.

The Company is party to a Group VAT registration. At the year end, the other parties' VAT liability was £23.6k (2021: VAT asset £3.5k).

32. Leasing commitments

The total future minimum lease payments under non-cancellable operating leases are as set out below. Leases relate to land and buildings, aerials, vehicles and office equipment.

	2022 £000	2021 £000
Within one year	184	78
Between two and five years	455	157
Over five years	-	88
	639	**323**

33. Related parties

Walsall Housing Group Limited is the parent company of the Group. It is registered with Companies House, the Charity Commission and the RSH and is a company limited by guarantee. Its wholly owned subsidiaries are set out below.

- whg Treasury PLC is a non-charitable company registered with Companies House. Its principal activity is to act as an onward moneylender of bond monies to its immediate parent company Walsall Housing Group Limited. The Group owns all of the Company's 50,000 £1 shares which were issued at par on incorporation.
- whg Developments Limited is a non-charitable company registered with Companies House whose principal activity is to provide a design and build service to Walsall Housing Group Limited. The Group owns the £1 share which was issued at par on incorporation.
- whg Trading Company Limited is a non-charitable company registered with Companies House whose principal activity is providing housing-related project management and professional services. The company also receives Feed-in tariff (FIT) from solar panels, renewable

Back to Contents

heat incentives and commission from our energy partner. The Group owns the £1 share which was issued at par on incorporation. The voting rights of one vote per share are with the parent company. On 3 May 2019 whg Trading Company Limited became a designated member of Cricket Close LLP owning 1% of the shareholding in the LLP. On 7 July 2020 whg Trading Company Limited acquired The Woodlands Management Company (Harrowby) Limited.

- Anthem Homes Limited is a non-charitable company registered with Companies House. Its principal activity is to develop homes for outright sale. The Group owns all of the Company's 50,000 £1 shares which were issued at par on incorporation. Anthem Homes Limited has agreed a revolving loan facility secured by debenture with Anthem Lovell LLP which is limited to site-specific Business Plans approved by the Board. At present only one such facility has been agreed on the Lockside scheme which has an agreed interest rate of 5% on 30% of the drawn funds (effective annual rate of 1.875%). As at 31 March 2022 Anthem Lovell LLP had drawn down £12,298k of the facility (2021: £8,590k).

- Cricket Close LLP is a Limited Liability Partnership and a non-charitable company registered with Companies House. It is a subsidiary of Anthem Homes which owns 99% of the LLP with a £2 member interest and the remaining 1% is owned by whg Trading Limited.

- The Woodlands Management Company (Harrowby) Limited was acquired on 7 July 2020. The principle activity is residential property management. As part of that management service charges are collected from lessees to meet the cost managing and maintaining the property. The company is a wholly owned subsidiary of whg Trading Company Limited. The liability of whg trading Company Limited (being the only Member) is £1. The company is a Company Limited by Guarantee without share capital.

- Anthem Lovell LLP is a Limited Liability Partnership and is a non charitable company registered with Companies House (No. OC425694). Anthem Homes Limited is in partnership with Lovell Homes Limited and each partner has a 50% share of the company.
It was created on 18 January 2019 and the initial capital of £2.00 (two pounds) was contributed in cash by each Member in the sum of £1.00 (one pound) by way of its Capital Contribution and the LLP credited such amounts against the relevant Member's Capital Account. This is an associate company. It is accounted for by using the equity method of accounting. We recognise our share of the profit or loss through the Statement of Comprehensive Income. The is no profit to be recognised in this year's financial statements since all the profit in the LLP as at 31 March 2022 relates to sales to Walsall Housing Group Ltd.

All entities are incorporated in England and Wales.

The intra-Group transactions which took place during the year between the parent undertaking and its subsidiaries are detailed within Note 17.

During the year there was a tenant Natalia Hill, who is a member of the Board of whg and Chair of the Customer Experience Committee. The tenancy was on normal commercial terms and ended on 27 February 2022. The Board member was not able to use the position to her advantage. The rent charged in 2022 was £4.4k (2021: £4.8k).
Total arrears were nil (2021: £nil). Disclosures in relation to key management personnel are included in Note 10.

34. Financial assets and liabilities

The Board policy on financial instruments is explained in the Strategic Report, as are references to financial risks. The Group's principal financial instruments comprise bank loans and other borrowings and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and payables, which arise directly from its operations.

Categories of financial assets and financial liabilities

FINANCIAL ASSETS

Financial assets measured at amortised cost

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Net rent debtor	2,091	1,626	2,091	1,626
Other debtors	670	381	633	348
Accrued income	5,486	6,235	5,486	3,589
Amounts owing by Group undertakings	-	-	14,934	11,944
Cash and cash equivalents	149,802	79,518	147,976	78,390
Current investments	28,270	10,967	28,270	10,967
Total financial assets	**186,319**	**98,727**	**199,390**	**106,864**

FINANCIAL LIABILITES

Financial liabilities measured at amortised cost

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Bank loans and bond	486,957	401,099	486,957	401,099
Trade creditors	6,431	7,768	5,899	6,345
Accruals	9,426	8,799	4,237	3,642
Amounts owing to Group undertakings	-	-	5,203	6,675
Other creditors	1,303	934	1,303	933
Sinking funds	96	69	79	58
Total	**504,213**	**418,669**	**503,678**	**418,752**

Back to Contents

Financial liabilities measured at Fair Value through the Statement of Comprehensive income

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Opening derivatives balance	-	9,618	-	9,618
Fair value movement	-	(452)	-	(452)
Cancellation of callable option	-	(9,166)	-	(9,166)
Closing derivatives (Note 24) balance	-	-	-	-
Total Financial Liabilities	**504,213**	**418,669**	**503,678**	**418,752**

Borrowing facilities

The Group has undrawn committed borrowing facilities. The facilities available at 31 March in respect of which all conditions precedent had been met were as follows:

	2022 £000	2021 £000
Expiring between one and two years - revolving credit facility	30,000	-
Expiring in more than two years - revolving credit facility	31,633	61,633
	61,633	**61,633**

35. Reserves

The Group has taken part in the Midlands pilot of a Voluntary Right to Buy scheme. No properties were sold in the year to 31 March 2022 (2021: nil). The Group has created a designated reserve for the net proceeds plus discount reclaimed from Homes England less the amount of debt repaid. This designated reserve will be used to fund the one-for-one replacement of housing property.

35. Reserves

The Group has taken part in the Midlands pilot of a Voluntary Right to Buy scheme. No properties were sold in the year to 31 March 2022 (2021: nil). The Group has created a designated reserve for the net proceeds plus discount reclaimed from Homes England less the amount of debt repaid. This designated reserve will be used to fund the one-for-one replacement of housing property.

	Group		Company	
	General Reserves £000	Designated Reserves £000	General Reserves £000	Designated Reserves £000
As at 31 March 2021	163,652	3,160	181,837	3,160
Total comprehensive income for the year	52,468	-	52,760	-
Transfer to designated reserve	(8)	8	(8)	8
	216,112	**3,168**	**234,589**	**3,168**

36. Exceptional gain

On 17 March 2021 the Group executed a deal to cancel the callable option on £20m of funding with Lloyds Bank Plc. As the callable option had been deemed a non-basic financial instrument in the accounts this tranche of funding had been valued at fair value. At the date of cancellation of the options the fair value of the loan included a mark to market of £9.2m which was released to the income statement as an exceptional gain.

Back to Contents

If you have any questions about anything in these financial statements, please get in touch.

whg
100 Hatherton Street
Walsall
WS1 1AB

Telephone: 0300 555 6666
Email: enquiries@whgrp.co.uk

whg is the trading name of Walsall Housing Group comprising Walsall Housing Group Limited, registered number 04015633, registered charity number 1108779 and all its subsidiaries. The company and all its subsidiaries are registered in England and Wales at 100 Hatherton Street, Walsall, West Midlands WS1 1AB

Company registration number: 04015633
Registered provider number: L4389
Registered charity number: 1108779
Registered office: 100 Hatherton Street, Walsall WS1 1AB