Financial Statements

For the year ended 31 March 2023

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

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Board, Executive Directors and Advisors

Board	Appointed	Left
Gary Moreton (Chair)	22/07/2022	
Gary Moreton (Interim Chair)	27/10/2021	21/07/2022
Gary Fulford (Chair of Admin Coterminous Board)		
Gregory Warner-Harris		31/03/2023
Paul O'Driscoll		
Guy Weston (Chair of the Audit and Assurance Committee)		
Daren Fradgley		
Akshay Parikh		
Elisabeth Downes		
Ian Shapiro		
Natalia Hill		
Katie Kershaw (Chair of Commercial Coterminous Board)	25/05/2023	
Deborah Walthorne (Deputy Chair of the Audit and Assurance Committee)	01/06/2023	
Parminder Kaur	01/06/2023	

Company Secretary		
Dawn Hendon		

Board, Executive Directors and Advisors

Executive Directors	
Gary Fulford	Group Chief Executive
Sangita Surridge	Corporate Director of Finance
Dawn Hendon	Corporate Director of Governance and Compliance
Theresa Huburn	Corporate Director of People and Learning – to 10/07/22
Lisa Wallis	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 and IT
Rebecca Bennett Casserly	Corporate Director of Development

Statutory Auditor	Internal Auditor	Principal Banker
Beever and Struthers One Express 1 George Leigh Street Manchester M4 5DL	BDO LLP Two Snowhill Queensway Birmingham B4 6GA	Lloyds Bank plc The Bridge Walsall WS1 1LU

whg was formed in

2003

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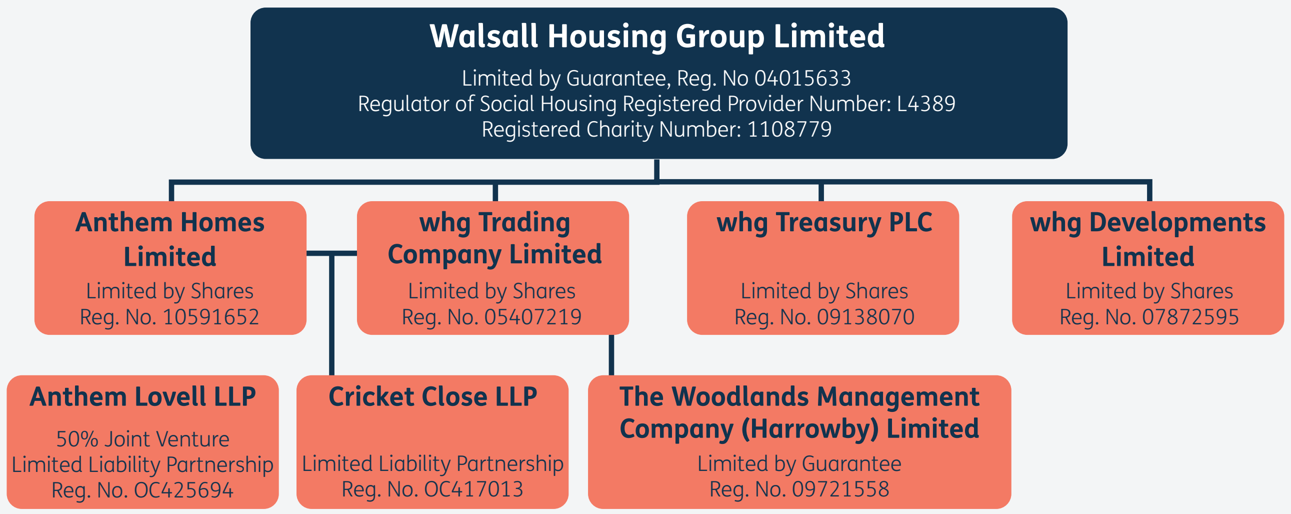
Strategic Report

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 rent and outright sale. During 2022/23 the Group 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 2023, owns and/or manages 21,975 social homes. The Company, its subsidiaries and its joint venture are shown in the diagram below for the year ended 31 March 2023.



Walsall Housing Group Ltd (Parent):

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 and whg Treasury PLC 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 via Walsall Housing Group Limited.

whg Developments Ltd:

This company carries out design and build services for any land-led sites we deliver new homes upon. 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 Ltd:

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 Ltd:

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 Lovell 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 Ltd:

This company's principal activity is residential property management.

We operate across
19
local authorities in the Midlands

We own and maintain around

22,000

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

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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.

Operating and Financial Review

Key highlights

- Achieved ISO 14001 accreditation
- £39.2m operating surplus
- £121.1m annual turnover
- G1/V1 regulatory judgement
- Rated A3 with a stable outlook by Moody's

Meeting the challenges of the year

The operating environment for housing associations has continued to be challenging, with a range of issues impacting the sector. The cost of our core services increased significantly due to inflation, whilst rising build costs and difficulties sourcing materials affected both our development programme and asset management. We have faced multiple and competing pressures on our resources. New regulatory requirements, building safety works and our net zero carbon ambitions have all impacted on our finances.

The cost of living crisis has had a significant impact on customers and colleagues alike. In recognition of the financial challenges facing colleagues we negotiated higher than expected pay rises with our three trade unions.

Despite being under increasing pressure to manage competing demands we have not lost sight of our core purpose: to provide good-quality, safe and secure homes that people can thrive in. Walsall, our main operating area, has high levels of deprivation when compared to the rest of the UK, particularly in terms of socio-economic factors such as unemployment. Therefore, higher energy bills and shopping costs have had a devastating impact on many of our customers and during the year we invested a huge amount of additional support and interventions to enable them to sustain their tenancies and lead happy and healthy lives. We have risen to the challenges of the last year and continued to deliver our services to the highest possible standards. We have maintained 100% regulatory compliance, invested £50.5m in our existing homes and developed 255 new properties.

We have also built on our reputation as a strong regional player and reliable partner. During the year, we collaborated with the Centre for the New Midlands to deliver a roundtable looking at how we can deliver affordable housing across the region. We hosted a visit from the Department of Levelling Up, Housing and Communities to provide a regional perspective on key policy issues and were highlighted as an example of best practice in a national report published by the Kerslake Commission on Homelessness and Rough Sleeping.

Rising inflation, along with higher interest rates, will continue to be a challenge through 2023. Despite this, we are confident in our ability to continue to deliver high-quality, sustainable homes and services, while also maintaining financial resilience. Our budget has been set to comply with all golden rules to keep us financially safe, and we are prepared for the challenges ahead, ensuring we have the right resources in the right place for the future.

Highlights

51%
EPC C and above

100% compliant with new smoke and carbon monoxide regulations

£50.5m investment in existing homes

100% compliant with all building and safety metrics

Ensuring our homes are safe, decent and energy efficient

Investing in our homes

We selected contractors to deliver our seven year investment programme. The framework is helping us overcome current labour challenges and ensure adequate resources are available to meet our expected delivery requirements. To ensure we deliver a planned approach to maintaining our homes and accurately forecast the cost of this, we have refreshed our systems and data to take into account new market conditions, building safety and decarbonisation plans, giving us confidence that our 30 year plan remains robust.

Improving our management of damp and mould

For managing damp and mould in customers' homes, we already had in place, prior to the Regulator's request for information from the sector, a robust set of systems and processes. We followed up on every report of damp and mould made to us over the last two years to ensure the reported problem has been resolved. We also invited customers who had experience of damp and mould to take part in a scrutiny review of our damp and mould service to inform our service delivery. This review resulted in a number of developments of our service including training for colleagues, customer input into a revised damp and mould policy, customer training around technology available to support identification of damp and mould, and development of a Tenant Inspector role prototype service. The latter means that Tenant Inspectors would visit homes and track outcomes are resolved and identify any lessons learnt to inform future practice.

Addressing the repairs backlog

This has been a challenging year for repairs, with a number of external factors affecting the service. We have continued to feel the impact of the pandemic, while labour and material shortages has led to a backlog in repairs. During the year we engaged additional contractors to support us as we tackle this backlog and our plans for further sub-contractor support continue into the next financial year to bring us back on track as quickly as possible.

Embracing and embedding building safety

We have continued to lead the way in building safety; as one of the early contributors to the new building safety cases we are supporting the Regulator as they develop the new requirements. As part of the new Building Safety Act, we are required to register various information about our buildings to the new Building Safety Regulator by October 2023 and we have commenced this process. It is anticipated that the Regulator will assign a Building Assessment Certificate to any building in England that is deemed as high risk. We will manage building safety risks to keep our residents safe.

Prioritising our investment decisions

The competing demands of ongoing investment in Decent Homes, ensuring compliance in key regulated services and our commitment to net zero carbon continue to be significant challenges. To help us overcome these challenges we launched our five year Asset Management Strategy, which sets out our framework for allocating resources. By having a clear set of priorities, we are able to react to a fast-changing external environment while protecting our customers, meeting our statutory requirements and ensuring our stock is fit for the future.

Highlights

Our jobs and training service raised the employment chances of 1,821 customers

£1.6m external funding secured to support a range of community projects

£280m social value

UK Housing Awards winner 2022

Shortlisted for the HSJ Awards

Delivering services that enable customers and communities to thrive

Supporting customers during the cost of living crisis

The cost of living crisis was a critical concern for us and our customers over the last 12 months. In response we increased our hardship fund to £200k which enabled us to support more than 1,480 households with a range of immediate interventions, including fuel and food vouchers. During the year our Money Advice Team also supported 2,224 customers and secured an additional £2.7m for customers in unclaimed welfare benefits.

Reducing evictions

Our commitment to tenancy sustainment has continued to be a core feature of our approach. Evictions remained the lowest in comparison to local peers of a similar size and the percentage of customers with established tenancies of greater than two years rose from 79% to 85%. The percentage of homes occupied as a proportion of the total homes available to let also increased from 99.51% to 99.87%. Sustaining tenancies has a direct business benefit as we avoid any unnecessary void repair costs and rent loss. Our eviction rate for the financial year was 9.

Creating stronger and more resilient communities

During the year, we have secured £1.3m in additional income to provide services on behalf of partners. Our partnership with health went from strength to strength as we became increasingly recognised for the value of our work. We successfully secured funding to expand our support for customers, with the majority of this secured from health initiatives via the Black Country Integrated Care System.

We were also delighted to secure the contract for our Young Persons Accommodation service, which is run in partnership with Walsall Council, for an additional two years. We were awarded funds to continue providing housing and tenancy management services to care leavers and young, vulnerable people aged between 16 and 29. This service supports young people to make the transition into managing their own accommodation and helps ensure that they successfully sustain their tenancies.

Our Sector Based Work Programme, Work4Health, runs in partnership with Walsall Healthcare Trust, has supported 140 residents into jobs at Walsall Manor Hospital to date. It was cited during a recent Care Quality Commission (CQC) inspection at the hospital as an exemplar of best practice in recruiting people from disadvantaged backgrounds and ethnic minority residents. The impact the programme is having on enhancing and transforming the lives of customers experiencing deprivation and inequalities resulted in additional funding being committed by the Trust to build on this programme and extend it to other roles.

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Royal Wolverhampton former hospital site

An old hospital building which closed in 1997. The site will deliver 192 homes including 123 homes for affordable rent, 31 for shared ownership and 38 wellbeing homes.

Beechwood House, Willenhall

We received prior planning approval in February '23 to convert one of our commercial premises into 14, one and three bedroom apartments for affordable rent.

Highlights

- Expanded into two new local authorities
- 255 new homes delivered
- 1,349 homes in the pipeline
- Currently working on 29 sites
- Sold 72 homes through shared ownership
- Made an extra £541k due to raised values & commercial developer profits on 1 site

Developing new homes and places customers can be proud of

A strong presence across the Midlands

Despite the current economic climate and ongoing challenges in the sector we have had another productive year. Across the Midlands we are currently on 29 sites building 1,349 homes across 13 local authorities. In Walsall alone we are currently on 14 sites building 514 homes.

We have made significant progress at Cricket Close in Walsall, our first solo Anthem Homes scheme for outright sale, with planning permission now granted for the first phase of 29 homes.

Further afield in Wolverhampton we have taken handovers of the first homes at our £32m Royal Hospital flagship scheme.

We have also put our surplus corporate real estate to practical use. After centralising all our operations at our Hatherton Street office, we received our first prior approval permission to convert our offices at Beechwood House into affordable homes.

Our delivery resilience

Despite the current operating environment our forecast development plans remain steady. While providers are pausing or removing uncommitted development our liquidity model has ensured we are in a strong position to deliver the remainder of our Corporate plan target for 2,000 affordable homes. Although delivery of this target is going to be later than planned (March '25) due to the disruptions caused by the pandemic, our business plan and liquidity fully funds the costs of this.

In light of the turbulent operating environment we continue to operate our development risk framework which includes robust checks on contractors such as Creditsafe reports, monitoring of site progress and programme scrutiny and our development exposure golden rule which limits the amount of capital committed to new development schemes each year. The safeguards and resilience we have in place continue to ensure we deliver quality homes.

Partnership working

During the year we were delighted to make a Planning Performance Agreement (PPA) with Walsall Council. This is a first for both us and the local authority and demonstrates the trust the council has in us in delivering well designed and high performing homes. The memorandum of understanding will speed up the approval and delivery of new homes in the borough as we work together to achieve a quality driven, efficient planning process.

Preparing for future opportunities

Our decision to move away from being a strategic partner of Homes England to access funding through continuous market engagement stands us in good stead for the future. Against the backdrop of a volatile market we have the flexibility to review each development on a scheme by scheme basis to determine the best approach to each project, allowing us to assess the available resources and react to fluctuating prices. This also means we are well prepared to maximise the opportunities presented through the new devolution deal.

Highlights

- 3.94% ethnicity pay gap reduction since 2021
- Gained disability confident leader status
- 34 apprentices and trainees within the business
- Sickness absence in 2022/23 improved to 4.41%
- Total turnover improved to 15.34%
- 86% would recommend whg as a place to work

Building our people and culture

Attracting and retaining talent: Our Employee Value Proposition

We aim to be an exceptional place to work that attracts, develops and retains talent. During the year we have developed our employee value proposition to ensure we can attract the skills and employees we need and retain them in a competitive job market. We have engaged with colleagues to ensure our employment package is attractive and competitive and created an employer brand review of awards and benefits.

Embracing equality, diversity and inclusion

We foster an environment that celebrates difference and where everyone's contribution is recognised and valued.

We regularly monitor our performance in relation to Equality, Diversity and Inclusion (EDI) and have an EDI action plan in place to improve performance in this area. During the year we published our first combined ethnicity and gender pay gap report. Although there is no legal requirement for us to publish our ethnicity pay gap, we chose to include this as a demonstration of our commitment to transparency on EDI.

We also carried out a review of our recruitment processes and implemented changes to improve accessibility. We became an accredited Disability Confident Leader – confirming that our culture is one in which colleagues with disabilities are included and supported.

We introduced EDI-focused learning and development sessions for all colleagues which ensures a diverse range of colleagues are prepared for internal development opportunities in more senior roles when they arise. This has supported opportunities for female colleagues to obtain more senior roles and increase their pay as well as reduce our ethnicity pay gap.

Our most recent figures show the impact this approach is having. We have seen our gender pay gap narrow for a third year running while our ethnicity pay gap has reduced significantly compared to the previous year.

Supporting health and wellbeing

We aim to make a difference to all colleagues through a culture that cares and have created a safe, healthy workplace where the mental and physical health of our workforce is valued equally. We are proud to be leading the way on organisational wellbeing, with 53 colleagues now trained as mental health first aiders. In the last 12 months we have also rolled out wellbeing activity health checks and launched monthly walks. These wellbeing initiatives all contributed to a positive, productive and rewarding environment, with 86% of respondents in our latest colleague survey saying they would recommend whg as a place to work.

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Highlights

Accredited bronze for Carbon Literacy

Launched our first Sustainability Strategy

Completed 1,046 of either thermal or heating improvement measures

Generated 380,820 kWh of electricity through solar panels at over 100 sites

Providing long term sustainability

Launching our strategy

During the year we launched our first Sustainability Strategy. This document sets out how we will support communities to flourish and endure while preparing for the impacts of climate change. The strategy goes beyond protection of the environment, covering health and wellbeing initiatives and creating employment opportunities for customers. We have developed three core areas across Environmental, Social and Governance (ESG). The strategy has been aligned with the United Nations Sustainable Development Goals; a collection of interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all."

Building a culture of sustainability

We are proud to be a carbon literate organisation. During the year we launched carbon literacy training, with 90% of senior management are now accredited as carbon literate. We also held a low carbon living event for colleagues, with the aim of generating a collective mindset and enthusiasm about how we can tackle the climate crisis. The conference led to 23% of the organisation making personal pledges to reduce their carbon footprint. Our approach is now being used as an example of best practice across the sector and beyond.

Investment in our sustainability strategy

Aim 1

Transform our places to be fit for the future

Climate change mitigation and energy efficiency; Biodiversity; Circular Economy

Investment aspiration:

Open spaces; More land led development; recycling education and facilities.

Aim 2

Inspire our people and influence our communities

Community and customer engagement; Local Skills and Employment

Investment aspiration:

Creation of more Apprenticeship roles to boost local skills and employment.

Aim 3

Incorporating sustainability standards and strengthening regulatory compliance

Regulatory compliance; Sustainable Procurement; Sustainable Finance

Investment aspiration:

Creation of new team with specialist skills and expertise to implement a new framework for data collection, monitoring, reporting and governance.

Measuring our impact

We have baselined our carbon footprint and created a decarbonisation roadmap to help us deliver net zero carbon by 2050. Our emissions baseline includes not just scope 1 and 2 emissions from our own operations, but also scope 3 emissions originating from activities outside of our control. During the year we also submitted our ESG disclosures as part of our commitment to deliver sustainable finance and provide transparency to our lenders and stakeholders. During the year we attained Ritterwald accreditation, a Certified Sustainable Housing Label. This demonstrates our positive impact and helps us to have stronger credentials with potential future lenders and investors. We have been awarded Ambassador for Environmental dimension, Front Runner for Social dimension and Ambassador for Governance dimension.

Optimising our performance

Maximising automated communications

We optimised current technology to maximise automated communications. This has led to significant efficiency gains which has enabled us to carry out more proactive work to mitigate some of the impact of the cost of living crisis.

We implemented new telephone technology to enhance the customer experience while maximising opportunities to reduce arrears. As a result of this and the Income Collection Team being stable with low colleague turnover, we are achieving a strong arrears performance of 2.92%.

We also launched our refreshed customer portal, which for the first time is a genuine end-to-end digital solution that allows customers to book their own repairs appointments. We now have over 9,000 registered users with 30% of all first-time repairs booked online. We take 6,500 payments online each month and 1,000 customers view their rent statements monthly via the portal.

Shortening the void process

We introduced a robust exit process to limit void rent loss and move customers into homes as quickly as possible. This involved ensuring customers understood their responsibilities when their tenancy ended. We also made it easier for customers to hand in their keys and secured an agreement with British Gas to fit smart meters in void properties to avoid any delays in starting void works due to issues with pre-payment meters. We are delighted that as a result void rent loss is very strong at 0.67% YTD.

Streamlining our complaints process

We have removed the third stage of our complaints process in order to shorten the time scales and improve the experience for customers. This has bought us in line with Ombudsman guidance around a two stage process being best practice.

Involving the customer voice

We launched our new Customer Voice Strategy which sets out our approach to a modern and inclusive engagement with our customers, focusing on under-represented voices in the community. This has led to membership of our Customer Voice Network increasing by 103%. We heard 2,726 voices across 60 different consultations.

Highlights

Void rent loss is very strong at 0.67%

Customers with established tenancies of greater than 2yrs rose from 79% to 85%

No reportable data protection breaches

A strong arrears performance of 2.92%

In September 2021 we moved away from standard operating practice and introduced Community Housing Officers ('CHOs'), who would safeguard and build upon our strong community focus as we grew across the Midlands. The service was created to better meet the needs of our customers, who we knew valued us having a strong local presence. As community-based colleagues, our CHOs visit customers in their homes, removing the barrier that exists for some customers who struggle to come into the office or access services online. Being visible to customers, they create greater opportunities for conversations, recognising strengths and building capacity alongside our customers.

Our CHOs look for those times of crisis to step in and by using strengths-based approaches, aim to sustain tenancies and build successful communities across our whole geography. They are skilled in techniques like coaching and trauma-informed practice that support our customers without taking away their control. Our CHOs work collaboratively with a wide range of service providers to ensure any identified issues are resolved and our customers are supported.

Embedding data protection

During the year we had no reportable data breaches. An internal audit found we had a strong awareness of data protection requirements and a variety of training, with 100% of colleagues completing their mandatory data protection training. Our approach to data protection has contributed to a culture of openness and accountability. A Data Protection Action Plan has been developed with a list of objectives, actions required, persons responsible, timescales for delivery, progress updates, outcomes and RAG ratings.

Laying the foundations for the future

Developing the workforce of the future: Succession planning

We established a long-term process to identify and grow talented colleagues with the goal to fill leadership positions. During the year we ran 32 LEAP (Leadership Education for Awesome People) sessions for 242 colleagues looking to move into people management or leadership. We also launched our new LEAD (Leading Effectively through Accountability & Development) training course for colleagues working in housing and property management. This Level 4 training course means we are well prepared for the professionalisation reforms proposed in the Social Housing (Regulation) Bill.

Our succession planning also extended to Board level. We launched our new succession strategy and action plan to ensure we have the right talent and resources in place to deliver our strategy. As a result of this we are now recruiting new Board and committee members through more grassroots channels to broaden the diversity of membership and strengthen the direct voice of customers.

Ensuring our technology is fit for the future

We invested in new technologies to reduce the security and resilience risks to the organisation. This included moving to Amazon Web Services (AWS) cloud and installing new on-premises infrastructure. Our systems and data are now better protected than ever before. We also invested in enhanced security awareness education for our colleagues to ensure they can be our first line of defence.

Highlights

242 colleagues attended an in-house course for future managers

48% of managers are 'home grown'

Launched our new Board Succession Strategy

We drove efficiency in our IT operations by decommissioning one of our legacy data centres whilst investing in our primary data centre and cloud technologies. This means we have technology platforms fit for now and the future, enabling us to deliver services to customers and colleagues securely and resiliently whilst ensuring value for money.

Developing the next Corporate plan

We began to gather intelligence to inform our next Corporate plan, due for launch in April 2024 and started engagement with our external stakeholders and partners. We carried out a stakeholder perception survey, the findings of which have been a key milestone in our corporate engagement process. We also have planned a number of round tables with stakeholders to introduce and debate novel and out of sector thinking and grow links with organisations and individuals who can support our work and purpose in the future.

Preparing for the new Tenant Satisfaction Measures

During the year we began preparing for the new Tenant Satisfaction Measures which were launched in April 2023 and are used by the Regulator to assess performance of registered providers. We started shadow reporting in November 2022 to get a baseline of performance against the new measures. We also trialled various methodologies to collect the data required and have chosen a methodology which meets the needs of the Regulator while also giving us as much insight as possible to understand the scores.

Responding to the Better Social Housing Review

We reviewed the recommendations in the report and undertook a gap analysis of where we are. We continue to actively participate in conversations across the sector about the outcome of the review, the logistics and principles. Discussion around implementation of the review is ongoing and we await the action plan from the National Housing Federation (NHF).

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255
homes completed

494
new homes started

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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 Value for Money Metrics Benchmarking Tool Group Data (consolidated) 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 the 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 Service Oversight 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, investment in existing homes 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 with or below 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 by attracting the right talent.

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, 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 2022/23.

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

Of the 22,076 homes that whg owns and manages, over 99.6% 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.

	2022/23 £000s Forecast	2023/24 £000s Forecast	2024/25 £000s Forecast	2025/26 £000s Forecast	2026/27 £000s Forecast
Customer rent and service charge received	**109,613**	**118,838**	**131,648**	**140,022**	**146,109**
Services provided for rent charge:					
Customer Services	(951)	(1,085)	(1,152)	(1,192)	(1,222)
Housing and Neighbourhood Services	(20,806)	(20,336)	(20,868)	(24,875)	(28,773)
Community Investment	(1,424)	(1,239)	(1,129)	(952)	(921)
Services (such as grounds maintenance and communal cleaning)	(6,752)	(6,302)	(6,693)	(6,927)	(7,101)
Repairs service	(28,137)	(32,831)	(32,864)	(34,590)	(45,542)
Investment in your homes (new kitchens, bathrooms etc)	(15,467)	(22,706)	(30,019)	(31,522)	(26,590)
Debt servicing costs	(20,809)	(16,121)	(17,039)	(19,283)	(20,966)
Back office	(17,752)	(20,780)	(22,255)	(23,250)	(23,886)
Sub total	**(112,098)**	**(121,400)**	**(132,019)**	**(142,591)**	**(155,001)**
Deficit which rent charge does not cover	**(2,485)**	**(2,562)**	**(371)**	**(2,569)**	**(8,892)**

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.

The following table shows our performance on our Aim 1 VFM targets set by the Board. These are the historical transactional KPIs that were set out in the VFM strategy approved by the Board specifically for each corporate plan aim. These are measured annually. Moving forward, when the new corporate plan is set, these will include Tenant Satisfaction Measures. Each target has been RAG rated (Red/Amber/Green) to indicate whether it is significantly below target (red), below target (amber), or above target (green).

		21/22 Actual	22/23 Actual	Target	Comments
At least 90% of our customers will recommend us		80%	74%	82%	The percentage of customers who would recommend whg has dipped in 22/23 when compared to the previous year. This is largely linked to satisfaction with repairs as explained below.
Avoidable contact with customers will be less than 5%		16.65%	27.62%	<5%	This performance has been influenced by our repairs performance, an area which is now going through significant change to drive improvement. The Customer First project will focus on reducing avoidable contact by resolving queries on the front line and reducing handovers. This project will go live in 2024/25.
We will achieve 70% first point of contact resolution		64%	65%	70% by 2024	We have improved since last year but are not yet at target. Our Customer First 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 improve customer experience.
Provide a great, consistent housing and services offer	% of properties with a valid gas safety certificate	99.96%	99.93%	100%	Gas safety is a priority area of focus and whilst the percentage of homes with a valid gas safety certificate is 99.93%, we can confirm that we are 100% compliant with the gas regulations in terms of actions being taken to gain access to the properties without a valid certificate. There has been a slight increase in the number of properties without a valid gas safety certificate this year, largely driven by delays in the court system.
	% of properties with an electrical condition report	99.98%	99.99%	100%	Likewise, with electrical condition reports, we can confirm that the remaining 0.01% of homes without a report all comply in terms of legal processes being followed to gain access to the homes.
	% of planned asbestos inspections carried out in communal areas	100%	100%	100%	We have carried out 100% of inspections as planned.
	% of planned water hygiene risk assessments completed	100%	100%	100%	We have carried out 100% of inspections as planned.
	% of communal areas with an FRA	99.3%	100%	100%	We are pleased to report that for all other Building and Safety metrics we have maintained 100% compliance.

		21/22 Actual	22/23 Actual	Target	Comments
	Customer satisfaction with repairs %	78%	84.3%	>84%	We are above target for customer satisfaction for completed repairs, however detailed data analysis shows expressions of dissatisfaction have increased in areas such as waiting times for repairs and the number of visits required to complete a repair. Satisfaction has reduced by 10% in general across the sector due to time taken to recover from post pandemic backlogs and labour and materials supply disruption. Our performance has also been affected. For example, the number of days to complete a repair has increased. Following detailed analysis, we have reviewed the structure of our repairs service and how we utilise contractors, in order to drive improvements in our performance. We have also made a significant £1.6m investment in responsive repairs in the new financial year to aim to reduce the number of days to complete a repair.
	Repairs appointments made and kept %	91%	94%	98%	
	Average days to complete a repair	23	29	45	
	ASB satisfaction %	100%	97%	100%	Whilst this performance is slightly below target, 97% is a successful outcome given the challenging environment.
	Decent Homes Standard compliance	99.9%	100%	100%	All of our homes meet the Decent Homes Standard.
	% of customers satisfied with quality of home	82%	Not available	>81%	With the confirmation of the Tenant Satisfaction Measures (TSMs) we amended our satisfaction surveys to align with the questions specified by the Regulator. This measure has now been replaced with the two below.
	% of customers satisfied their landlord provides a home that is well-maintained	Not available	62%	Not yet set	We have collated this information in Q4 in readiness for the new TSMs to replace the above measure. Our new target will be set as part of our new corporate plan. We will set out to improve on this measure year on year.
	% of customers satisfied their landlord provides a home that is safe	Not available	67%	Not yet set	
	% of customers satisfied with rent as VFM	84%	84%	87%	Whilst performance is below target, this is a successful outcome given the challenging economic environment for our customers.

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 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 share the vision and values of whg and are also committed to delivering a safe working environment for both our customers and colleagues.

	21/22 Actual	22/23 Actual	Target	Comments
At least 90% of our colleagues will recommend whg as a great place to work	89%	86%	90%	This is marginally off target. We have recently relaunched our performance management framework which will help managers to hold meaningful conversations with colleagues and provide a feedback loop. We have also just appointed a new Head of Inclusion and Organisational Culture which will further improve colleague engagement through various initiatives. More surveys will be launched in 2023/24; the first being a wellbeing survey.
Contracted hours lost due to sickness	4.96%	4.41%	<3.5%	We finished the year just 0.91% above target, an improvement on last year. However, absence is trending downwards and next year we expect to see performance fall in line with our target. We will also be focusing our efforts on colleague wellbeing and access to support services.
Annual colleague rolling turnover	15.9%	15.3%	<15%	The recruitment market has remained competitive in 2022/23 which has contributed to colleague turnover; salaries for technical and professional roles continue to be inflated making it attractive for people to move jobs. Turnover is trending downwards and will continue to be monitored throughout the year. Our salaries and rewards packages continue to be in line with sector median. A recent reward and recognition survey demonstrated; when asked if they felt their total reward package was fair and competitive, only 9% said No (52% agreed, 39% unsure).
Number of colleague accidents and near misses	46 accidents 121 near misses	61 accidents (5 x RIDDOR) 88 near misses	0	Our drive for safety culture improvement is underpinned in our Corporate plan. Basic conventional safety management system elements such as training, competence checks, risk assessments and safe systems of work are in place to demonstrate legal compliance. Despite having controls in place, accidents do occur from time to time. The HS&E Team continually engage with our colleagues. Colleagues see reporting systems as an opportunity to learn and report all incidents, however minor, contributing towards a culture that cares.

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.

	2022/23 £000s Forecast	2023/24 £000s Forecast	2024/25 £000s Forecast	2025/26 £000s Forecast	2026/27 £000s Forecast
Income generated:					
New grant income for development	5,928	0	1,762	1,258	0
Sales income generated for reinvestment	15,975	10,562	17,179	3,901	2,816
Share of Joint Venture profits	414	338	331	722	0
Market rent surpluses	448	245	256	265	272
Cashable VFM Savings	6,818	6,008	5,035	868	8,638
Sub total	**29,582**	**17,153**	**24,563**	**7,014**	**11,726**
Investments made:					
Developing new homes	(66,714)	(88,967)	(83,213)	(56,493)	(7,452)
Sub total	**(66,714)**	**(88,967)**	**(83,213)**	**(56,493)**	**(7,452)**
Income shortfall funded through loan drawdowns	**(37,132)**	**(71,815)**	**(58,650)**	**(49,479)**	**4,274**

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.

	21/22 Actual	22/23 Actual	Target	Comments
Complete 500 new affordable homes every year	418 in year (cumulative 752 since Apr '20)	255 in year (cumulative 1,007 since Apr '20)	2,000 new homes over the period 2020 to 2024	We have delivered 1,007 homes since April 2020. We are forecast to deliver a further 733 homes by March 2024, bringing the total by March 2024 to 1,740. Whilst the 2,000 homes target is unlikely to be met by March 2024, we are pleased to report that we have contractually committed 353 homes to be delivered by post March 2024.
Homes started on site	470 in year (cumulative 795 since Apr '20)	494 in year (cumulative 1,289 since Apr '20)	2,000 + over the period 2020-2024	We started on site with 494 homes in 2022/23, 156 homes over budget which was a very strong performance for the year, bearing in mind the operating environment. This brings the total to date to 1,289. We have a strong pipeline and are expecting to start on site with a minimum of a further 433 homes in 2023/24.
Shared ownership sales	111	68	83	We have a strong track record in selling all of our shared ownership homes. We only have 12 homes unsold at the end of the financial year, seven of which were handed over in the last week of the year. At the end of the financial year we had 39 reservations with an estimated sales value of £4.090m.
Complete 50 outright sales per annum	4	53	200 over the period 2020 to 2024	We continue to successfully work with our JV partner at Lockside, Walsall and have completed 53 outright sales since April 2020. We are also facilitating further outright sale homes as land owner at Goscote, Walsall, securing overage when homes sell through our developer partner.

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 work closely with our partner to promote employment opportunities. The NHS funds a dedicated Employment and Skill officer post to specifically work with our tenants to promote training and employment opportunities. whg also employs a small number of dedicated colleagues to build the capacity of our tenants to secure employment.
+ **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. We also have a number of funded health champion posts who are employed to promote healthy lifestyles to our residents.
+ **Hardship support:** We work closely with a number of organisations to secure funding and donations to help to support vulnerable people throughout the year with general living costs and basic necessities required for modern living. We also run specific campaigns for example we sought donations of toys for families who were struggling to meet the costs of Christmas. whg also has a hardship fund which is accessed on a needs basis.

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

	2022/23 £000s Forecast	2023/24 £000s Forecast	2024/25 £000s Forecast	2025/26 £000s Forecast	2026/27 £000s Forecast
Income					
Employment & Training	440	72	72	34	-
Health Partnerships	-	131	131	-	-
Resilient Communities	138	87	-	-	-
Social Prescribing	-	76	-	-	-
Wellbeing Schemes	144	144	144	144	144
Young Persons	173	272	272	272	272
Grant Secured for External Partners	735	-	-	-	-
Total income	**1,630**	**782**	**619**	**450**	**416**
Expenditure					
Employment & Training	(651)	(424)	(424)	(386)	(352)
Health Partnerships	-	(141)	(141)	-	-
Resilient Communities	(138)	(112)	-	-	-
Social Prescribing	(210)	(287)	(287)	(287)	(287)
Wellbeing Schemes	(366)	(203)	(203)	(203)	(203)
Young Persons	(59)	(72)	(74)	(76)	(79)
Grant Secured for External Partners	(735)	-	-	-	-
Total expenditure	**(2,159)**	**(1,239)**	**(1,129)**	**(952)**	**(921)**
Income shortfall funded through rental income	**(529)**	**(457)**	**(510)**	**(502)**	**(505)**

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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.

	21/22 Actual	22/23 Actual	Target	Comments
Support 10,000 people into new opportunities	5,236 (Cumulative 9,476 since Apr '20)	3,437 (Cumulative 12,913 since Apr '20)	10,000 by Mar'24	We have beaten our target to achieve this success measure by supporting nearly 13,000 customers to increase their confidence, skills, and health and wellbeing by moving them into new opportunities.
Generate social value equivalent to a third of our turnover	£48.7m + £167m from £47.6m new development spend	£51.1m + £230m from £65.6m new development spend	>£40.2m	A wide range of social, economic and wellbeing initiatives have been delivered during 2022/23 that are quantified using the HACT Social Value measurement tool and externally verified. The original target did not include social value returns on new developments. The HACT tool uses a 3.5 times multiplier to calculate the social value of our development spend.
Secure £5 million funding for community investments by 2024	£1.7m (Cumulative £3.1m since Apr '20)	£1.63m (Cumulative £4.7m since Apr '20)	£5m by 2024	Surpassing our annual target in 22/23 demonstrates we have a strong track record in securing grants for our community investment. 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 the streamlining and simplification of processes. This approach enhances efficiency in terms of reducing the cost of delivering processes, which in turn frees 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.

	21/22 Actual	22/23 Actual	Target	Comments
Our normal operating margin will exceed 30%	31%	32%	>30%	Our profitability provides good assurance that we can meet our financial obligations and that our financial health is strong compared with some of 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 lower quartile performance for headline social housing cost per home	£3,815 Above Median (i.e. higher than median cost)	£4,051 Above median (i.e. higher than median cost)	Lower quartile by 2024	Our operating margin remains strong considering the operating environment and is likely to compare well against some of our peers. Our headline social housing cost per home is higher than peers however this is a good indication of the level of investment we make in our services.
Current arrears	3.69%	2.92%	<3.5%	Rent arrears ended the year at 2.92%, 0.58% under target. Considering the current cost of living crisis this performance is a testament to the priority our customers place on paying their rent. In addition, our colleagues continue to support customers. This performance has been achieved whilst also keeping evictions low.
Void rent loss	0.66%	0.67%	<0.65%	Void rent loss missed its target by 0.02%. It was however expected that this target would not be achieved due to the multiple challenges during the year. Due to the collaborative working and process improvements a worse position has been mitigated.
Cashable VFM savings	£4.1m	£6.8m	£3.9m	Cashable VFM gains have exceeded target and plans are in place to deliver more gains next year, detailed later in this report.
Property turnover	1,169	1,072	< 1,404	Property turnover in the year was 1,072 a further decrease on the previous year and well within target. Tenancy sustainment has been a major focus across the organisation and it is evident that this is positively contributing to the number of customers staying in their homes.

Service Level Benchmarking

Section 2: Benchmarking to compare how we perform with others

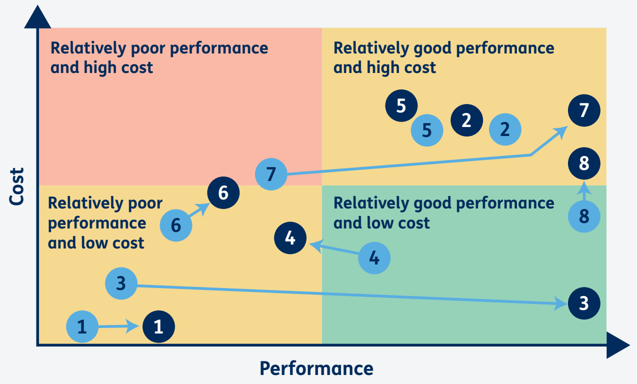
In addition to our internally set VFM measures, we also engage in regular benchmarking activity to identify where we sit in relation to our peers at both a national level and more tailored, specific level. We use this information to continually inform our future budget setting and strategic planning 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 VFM metrics peer group benchmarking tool provides cost benchmarking information.

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 160 housing providers in the national dataset and 25 providers in the tailored dataset, which is based on the Midlands and North West organisations of between 10,000 to 30,000 homes. The Housemark dataset is based on the financial year 21/22 submissions.

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

Benchmark Comparison – Tailored peer group

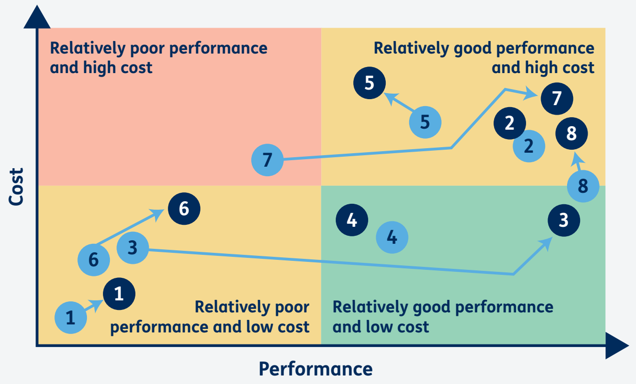


Key to bespoke group

■ Current Year
■ Prior Year

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

National Comparison



Key to national group

■ Current Year
■ Prior Year

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) rated to indicate the lowest 25% of peer group, lowest 50% of peer group and highest 50% of the 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

	19/20	20/21	21/22	Peer Median (21/22)	Sector Median (21/22)	RAG
Direct cost per property of responsive repairs	£253.03	£239.58	£268.48	£484.02	£489.51	G
Indirect cost per property of responsive repairs	£79.29	£86.13	£58.25	£51.21	£39.64	A
Total cost per property of responsive repairs	£332.32	£325.71	£326.73	£535.23	£529.15	G
Satisfaction with the overall repairs service	84%	74%	78%	84%	88%	A

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

Actions implemented since 21/22 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 on-line. This portal went live in April 2022 and is aimed at improving 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.

During the year we strived to reduce the backlog of repairs however there is still a backlog. We have continued to have issues with of materials, labour, carrying vacancies and industrial action which has exacerbated the backlog position. The external impacts on service delivery are common across the sector and we have seen a small improvement in performance but overall we have held a similar position in the quartile comparisons. We have devised a plan to reduce the current backlog by investing a further £1.6m in the service during 23/24, using external contractors which is aimed at improving performance of the service.

We continue to monitor satisfaction with our repairs service and the latest reported position as at March 23 was an improved position of 84.3%. However, this improved position will not show in Housemark data until next financial year.

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2. Voids and lettings

	19/20	20/21	21/22	Peer Median (21/22)	Sector Median (21/22)	RAG
Void rent loss	0.59%	0.74%	0.66%	**1.59%**	**1.42%**	G
Direct cost per property of void works and lettings	£237.63	£217.17	£233.10	**£232.51**	**£214.30**	A
Indirect cost per property of void works and lettings	£69.89	£72.22	£44.30	**£10.95**	**£36.70**	R
Total cost per property of void works and lettings	£307.52	£289.39	£277.40	**£243.46**	**£251.00**	R

Actions implemented since 21/22 to improve void cost per property:

Performance on voids remains in a similar position for this benchmark year both nationally and in respect of the target benchmark group. Having moved some resource from the voids team to support responsive repairs we are managing performance to ensure void performance is not impacted. A new model of outsourcing void works has been implemented for 23/24 and the costs of the service will continue to be monitored which may result in increased service delivery costs as outsourcing is more expensive than doing the work in-house.

3. Rent arrears and collection

	19/20	20/21	21/22	Peer Median (21/22)	Sector Median (21/22)	RAG
Direct cost per property of rent arrears and collection	£80.35	£84.73	£80.86	**£87.39**	**£90.67**	G
Indirect cost per property of rent arrears and collection	£54.23	£56.19	£28.89	**£84.47**	**£64.65**	G
Total cost per property of rent arrears and collection	£134.58	£140.92	£109.75	**£171.86**	**£155.32**	G
Rent collected %	98.8%	99.1%	100.0%	**99.6%**	**99.8%**	G

Performance in this area has improved, the percentage of rent collected is comparable with peers and is impressive especially when viewed in context of whg's homes being primarily based in areas where unemployment and deprivation are higher than the national average. This leads to challenges around collecting rents but the income team are proactively looking for ways to innovate and respond to the challenges.

4. Tenancy management

	19/20	20/21	21/22	Peer Median (21/22)	Sector Median (21/22)	RAG
Direct cost per property of tenancy management	£66.16	£61.04	£68.85	**£77.20**	**£83.12**	G
Indirect cost per property of tenancy management	£52.05	£50.08	£25.38	**£64.68**	**£59.10**	G
Total cost per property of tenancy management	£118.21	£111.12	£94.23	**£141.88**	**£142.22**	G
Satisfaction with the service provided	85.9%	85.9%	82.3%	**75.6%**	**80.8%**	G

whg introduced the Community Housing Model in September 2021, 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 is still embedding and evolving to ensure that those customers who would not ordinarily engage with us receive a quality service.

5. Resident involvement

	19/20	20/21	21/22	Peer Median (21/22)	Sector Median (21/22)	RAG
Direct cost per property of customer involvement	£27.86	£28.70	£30.41	**£19.78**	**£29.13**	R
Indirect cost per property of customer involvement	£23.76	£24.84	£33.39	**£39.66**	**£22.43**	G
Total cost per property of customer involvement	£51.62	£53.54	£63.80	**£59.44**	**£51.56**	A
Satisfaction that views are taken into account	76.8%	76.8%	63.8%	**59.4%**	**65.0%**	G

Actions implemented since 21/22:

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. During the year work has progressed on our new customer voice strategy and this will launch next year. We have already created a customer voice network which now has 221 members signed up. We have also worked on a customer engagement portal which will launch in Q1 of 2023/24 as part of the new strategy. We also have customers engaged in a number of environmental projects and building safety projects.

Customer consultation provides invaluable input into shaping policies. Customer views were critical in shaping our Damp, Mould and Condensation Policy, we also have two customers who are now part of a group at the heart of the decision making. Customers are also involved in our work to tackle anti-social behaviour and building safety.

We are also taking proactive measures to assist customers who may wish to apply for board level positions.

6. Customer services

	19/20	20/21	21/22	Peer Median (21/22)	Sector Median (21/22)	RAG
Direct cost per property of housing management	£248.51	£247.94	£275.04	**£282.26**	**£299.08**	G
Indirect cost per property of housing management	£184.40	£185.38	£100.10	**£271.97**	**£208.20**	G
Total cost per property of housing management	£432.91	£433.32	£375.14	**£554.23**	**£507.28**	G
Average seconds to answer inbound calls	419	277	306	**227**	**174**	A

Actions implemented since 21/22:

whg have made significant investments in improving customers access to our services, including improving our customer portal which now provides a fully automated on-line appointment booking facility for all new repairs. We are now seeing 30% of all first-time repairs being booked via our customer portal. Answering customers' calls remains important, but we do not measure the quality of our service by the number of seconds it takes to answer our calls. The above shows that we are, on average, answering our calls in 5 minutes.

7. Neighbourhood management

	19/20	20/21	21/22	Peer Median (21/22)	Sector Median (21/22)	RAG
Direct cost per property of ASB	£39.11	£64.79	£64.79	**£35.67**	**£37.51**	R
Indirect cost per property of ASB	£27.38	£9.85	£22.94	**£32.40**	**£25.85**	G
Total cost per property of ASB	£66.49	£74.64	£87.73	**£68.07**	**£63.36**	A
Satisfaction with neighbourhoods as a place to live	82.1%	82.1%	82.3%	**75.6%**	**81.6%**	G

Actions implemented since 20/21: Whilst costs are higher than our peers in this area, whg intends 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.

8. Community investment

	19/20	20/21	21/22	Peer Median (21/22)	Sector Median (21/22)	RAG
Direct cost per property of community investment	£45.71	£53.21	£54.88	**£42.52**	**£42.52**	A
Indirect cost per property of community investment	£30.83	£19.26	£20.36	**£46.53**	**£8.87**	G
Total cost per property of community investment	£76.54	£72.47	£75.24	**£89.05**	**£51.39**	G
Residents undertaking training or education	1,274	1,567	1,821	**170**	**59**	G

As shown by the figures above, whg has made a conscious decision to invest resources in this area because whg's homes are primarily based in areas where unemployment and deprivation are higher than the national average. Performance remains strong, whg are supporting significantly more customers with training and education than most housing providers. Out of the 87 housing providers in the national benchmark dataset, 70 provide training or education opportunities for customers. whg came 3rd in terms of the number of customers being supported to undertake training or education according to the Housemark dataset. 1,821 represents 5.2% of the total national return.

Regulator of Social Housing Benchmarking – VFM metrics

We report and compare our performance against the VFM metrics using the latest Global Accounts 2021/22 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 peer group level. We have constructed a number of bespoke level peer groups using the RSH benchmarking tool, as encouraged by the Regulator. The tool allows peers to be selected based on geographical region, number of homes owned, mix of general needs and supported housing, and whether they are a traditional housing provider or LSVT ('Local Authority Stock Transfer').

We have constructed four peer groups to get a suitable number of peers to compare against. Due to the uniqueness of whg where 100% of our homes are based in the West Midlands, there were no other providers where this was the case so we broadened the geographical location criteria to gain a greater peer group. The peer groups were as follows:

+ **Peer Group 1:** Nine providers between 20,000 to 30,000 homes, at least 30% of their homes of general needs type and at least 30% of their homes in the East Midlands, North East, North West, and West Midlands. All LSVTs.
+ **Peer Group 2:** Four providers between 20,000 to 30,000 homes, at least 50% of their homes of general needs type and at least 30% of their homes in the East Midlands and West Midlands. All LSVTs.
+ **Peer Group 3:** Eight providers between 20,000 to 30,000 homes, at least 80% of their homes of general needs type and at least 50% of their homes in the East Midlands, North East, North West, and West Midlands. LSVTs and traditional providers.
+ **Peer Group 4:** Eleven providers between 10,000 to 35,000 homes, at least 30% of their homes of general needs type and at least 30% of their homes in the East Midlands and West Midlands.

We believe Peer Group 2 provides the most meaningful comparisons as it is most geographically aligned to whg. Peer Group 4 is most aligned in terms of the proportion of general needs homes owned. The table below shows the data for all peer groups and has RAG rated (red, amber, green) the outcomes for whg to indicate whether we perform worse than the lowest 25% of the peer group (red), worse than the lowest 50% (amber) or better than median (green). Only the 21/22 outcomes have been RAG rated as that is the year relevant to the dataset published by the Regulator.

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Metric	Peer Group 1	Peer Group 2	Peer Group 3	Peer Group 4	whg Actual 21/22	whg Actual 22/23
Reinvestment	6.2%	6.3%	6.0%	7.6%	10.3%	11.6%
New Supply (Social)	1.6%	2.0%	1.6%	1.9%	2.0%	1.2%
New Supply (Non Social)	0.04%	0.02%	0.07%	0.0%	0.02%	0.02%
Gearing	46.3%	49.0%	45.8%	49.0%	57.9%	56.3%
EBITDA MRI	117%	127%	127%	132%	137%	141%
Headline Social Housing Costs per home	3,841	4,127	3,815	3,814	3,815	4,051
Operating Margin social housing lettings	25.8%	26.2%	26.2%	25.5%	28.7%	24.8%
Operating Margin overall	23.4%	23.8%	23.8%	22.9%	26.6%	24.2%
ROCE	2.7%	3.1%	3.1%	3.4%	5.1%	4.8%

As shown by the table above, with the exception of gearing we perform well on all indicators when compared to all peer groups.

Reinvestment

Reinvestment % looks at the scale of investment in our existing and new homes as a % 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 RPs of a comparable size to us is 6.3% making our comparative performance even stronger.

New supply delivered (SH units)

New supply social % expresses the number of new social homes delivered as a proportion of all homes owned. In 2022/23 our performance places us lower than RP's of a comparable size which delivered a return of 2% in the benchmark year. This was due to some delays in delivering the development programme, these homes will now be delivered in 2023/24

New supply delivered (NSH units)

The supply of non social housing is expected to be 0%. 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 0.02% non social properties in the benchmark year.

Gearing (NBV of Housing Properties)

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. 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 49%.

EBITDA MRI Interest Cover

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. The interest cover percentage reflects a lower median comparison to the sector. Compared to the average for RP's of our size at 127%, this is still a relatively strong position. The Regulator EBITDA calculation includes differing non cash/cash items to that of our covenant calculation. For example the Regulator calculation includes non cash pension costs and excludes right to buy sales receipts.

Headline SH cost per unit

Headline social housing cost per unit combines several cost elements to provide our overall social housing cost per unit. Our costs in 2022/23 reflect a better than sector median performance.

Operating Margin (SHL)

Operating margin % shows the profitability of our assets and is an indicator of our operating efficiency. Our social housing operating margin reflects a sector median performance from our core activities. RP's of a similar size to whg performed at 26.2%.

Operating Margin (Overall)

Our overall operating margin reflected an upper median performance to the sector. Compared to RP's of our size at 23.8%, our relative performance is stronger still.

Return on Capital Employed (ROCE)

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 3.1% return in 2022/23.

The table below is included for information and compares our performance to the sector.

Metric	Sector Median	Sector Weighted Average	whg Actual 2021/22	whg Actual 2022/23
Reinvestment	6.5%	6.3%	10.3%	11.6%
New supply delivered (SH units)	1.4%	1.6%	2.0%	1.2%
New supply delivered (NSH units)	0.00%	0.18%	0.02%	0.02%
Gearing (NBV of Housing Properties)	44.1%	47.0%	57.9%	56.3%
EBITDA MRI Interest Cover	146%	128%	137%	141%
Headline SH cost per unit	£4,150	£4,599	£3,815	£4,051
Operating Margin (SHL)	23.3%	25.3%	28.7%	24.8%
Operating Margin (Overall)	20.5%	19.6%	26.6%	24.2%
Return on Capital Employed (ROCE)	3.2%	2.9%	5.1%	4.8%

Section 3: Asset Maximisation – making the most out of our asset 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.

Regeneration and Sustainability

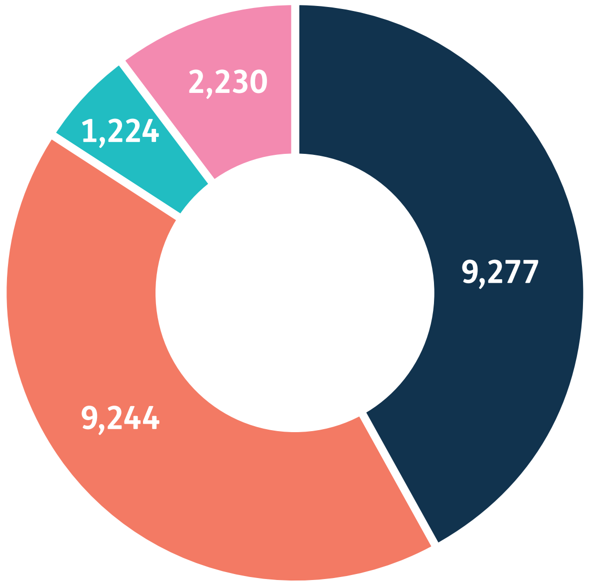
The above analysis has helped to inform our regeneration plans to maximise financial and social returns of our homes and under-utilised land holdings and garage sites. This work is closely linked to our development strategy ambition to enhance 'place' by 'becoming a leading place shaper, known for focus on safety, sustainability, innovation, mixed tenure and quality homes which provide improved health outcomes'. For example, we have successfully identified a pipeline of small sites of land holdings where unused land is being re-purposed to create new affordable homes. We have also developed our sustainability strategy which includes a focus on open spaces and how we can use them to deliver on our social and environmental objectives.

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 maintain strong financial health demonstrated through our financial metrics. This year we have increased our unencumbered assets pool as part of this strategy where we have changed our valuation basis from Existing Use Value – Social Housing to Market Value Subject To Tenancy, allowing c1,600 charged homes to be released from charge to create enhanced security capacity for future refinances.

The chart below summarises the proportion of homes in each category.

Number of homes in each Financial v Social Returns category



- Many of our homes indicates an appropriate level of financial and social performance given the areas in which we operate. (9,277 homes).
- Many of our homes have an appropriate financial performance but lower social performance than we would like. 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. This information also drives our investment decisions around regeneration as explained in the next section and can also contribute towards our higher social housing cost per home. (9,244 homes).
- A small proportion of our homes have 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. (1,224 homes).
- A small proportion of our homes 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 net zero carbon technology. We will also consider ways we can improve on social performance, for example by targeting future community investment and/or regeneration of 'place'. (2,230 homes).

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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 tables below summarise 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 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. Significant refinancing work was undertaken in 2022/23 to ensure we pay the least amount of debt servicing costs that we can. Cashable savings in 2022/23 are £6,818k; all of these cashable savings are reinvested in our business so we can deploy more resources directly to our frontline services or new development programme.

For non-cashable gains, these are mostly derived from 'social value' that has been created by either our community investment activities or our new development programme. We use the HACT model to calculate social value which uses various multipliers for each activity. For example, with new development spend, £65.6m of development spend is multiplied by 3.5 to derive £229.5m of social value. The value is deemed to be improved prospects for a new person or family being provided a permanent and affordable place to live.

VFM Summary	2021/22 £000s		2022/23 £000s		2023/24 £000s	2024/25 £000s
	Target	Actual	Target	Actual	Target	Target
Total Cashable	2,963	5,160	5,001	6,818	6,008	5,035
Total Non Cashable	171,211	216,064	327,505	279,905	352,996	340,098
Grand Total	**174,173**	**221,224**	**332,505**	**286,723**	**359,004**	**345,133**

Economy	2021/22 £000s		2022/23 £000s		2023/24 £000s	2024/25 £000s
Paying the lowest possible price to achieve the desired quality	Target	Actual	Target	Actual	Target	Target
Procurement savings	100	56	100	348	200	200
Asset Management savings	30	1,651	127	314	127	134
Treasury: Interest margin savings	49	116	92	236	0	0
Treasury: Commitment fees	0	0	24	23	0	0
Treasury: Debt restructure	0	0	1,880	434	1,578	641
Treasury: Investments	0	0	0	1,807	275	100
Strategic projects benefits	0	0	0	137	100	106
L&D: CSTDB qualification & Simpleshow	0	0	0	31	0	0
Total VFM Savings	**179**	**1,823**	**2,223**	**3,331**	**2,280**	**1,181**
Cashable	**179**	**1,823**	**2,223**	**3,331**	**2,280**	**1,181**
Non Cashable	**0**	**0**	**0**	**0**	**0**	**0**

Efficiency	2021/22 £000s		2022/23 £000s		2023/24 £000s	2024/25 £000s
Getting the most out of the resources put in	Target	Actual	Target	Actual	Target	Target
Procurement	0	252	0	464	100	106
VAT Recovery (Partial exemption)	50	39	75	100	75	80
VAT Recovery (whg Developments)	61	63	68	30	68	72
VAT Recovery (Components)	1,593	1,472	1,509	1,101	1,902	2,017
Overage	0	0	0	541	0	0
Universal Credit BOT	0	0	0	3	10	11
Strategic projects benefits	0	0	0	247	100	106
Total VFM Savings	**1,704**	**1,826**	**1,652**	**2,486**	**2,255**	**2,391**
Cashable	**1,704**	**1,574**	**1,652**	**1,772**	**2,045**	**2,168**
Non Cashable	**0**	**252**	**0**	**714**	**210**	**223**

Effectiveness	2021/22 £000s		2022/23 £000s		2023/24 £000s	2024/25 £000s
Using our resources to achieve our aims and social purpose	Target	Actual	Target	Actual	Target	Target
Procurement	0	2	0	29	10	11
Asset Management savings	55	38	47	50	53	56
Insurance	0	460	0	154	50	53
Strategic projects benefits	0	0	0	18	100	106
Total VFM Savings	**55**	**499**	**47**	**251**	**213**	**225**
Cashable	**55**	**38**	**47**	**50**	**53**	**56**
Non Cashable	**0**	**461**	**0**	**201**	**160**	**170**

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Ethics/Equity	2021/22 £000s		2022/23 £000s		2023/24 £000s	2024/25 £000s
Use our resources with integrity and to reduce inequality	**Target**	**Actual**	**Target**	**Actual**	**Target**	**Target**
Social Value – Commercial Group Ltd	0	0	0	99	50	53
Social Value – Community donation EEM's	0	0	0	5	5	5
Social Value – Health & Wellbeing Service	5,675	8,217	5,655	6,930	6,105	6,986
Social Value – Money Advice Service	15,198	16,695	15,145	18,560	16,351	18,710
Social Value – Jobs & Training	1,267	1,525	1,263	1,548	1,364	1,560
Social Value – Employment	2,351	2,814	2,343	2,871	2,530	2,895
Social Value – Customer Voice	4,415	1,795	4,400	5,392	4,750	5,436
Social Value – Digital Inclusion	3,944	7,206	3,930	4,816	4,243	4,855
Social Value – Housing Benefit Bill Savings	7,535	10,500	7,509	9,202	8,107	9,276
Social Value – Development	130,826	166,600	287,259	229,572	309,125	289,935
Social Value – External Funding	1,000	1,700	1,053	1,633	1,600	1,600
Social Value – Donations	25	25	25	26	25	25
Total VFM Savings	**172,236**	**217,077**	**328,583**	**280,655**	**354,256**	**341,336**
Cashable	**1,025**	**1,725**	**1,078**	**1,665**	**1,630**	**1,630**
Non Cashable	**171,211**	**215,352**	**327,505**	**278,990**	**352,626**	**339,706**

Stock investment programme

A new 7-year framework for three main contracting partners to deliver our component replacement programme in three geographical areas was awarded in late 2021/22. The contractors experienced some delays in mobilising their resources in large due to the extremely challenging operating environment in 2022/23. This has resulted in some delays to the delivery of the investment programme in the first half of the year. These issues have now been resolved and the contractors are now able to respond to our requirements.

IT Strategy Investments

We continue to invest 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. We accelerated our move to the cloud, 77 out of 93 servers have migrated into the cloud, this represents 82% of planned migrations have now been achieved. The aim being to both reduce our infrastructure costs and enable us to improve the robustness of our cyber security.

We have launched a new customer portal offering a better customer experience which also generates process efficiencies. This will result in more resource invested into frontline services for our customers.

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 £20m, 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.

Treasury Initiatives

We have worked on a number of projects to increase our borrowing capacity to help fund future investment. Specifically we are increasing our headroom in the following areas; interest cover, security and gearing. We have also agreed £200m in revolving credit facilities to improve liquidity.

Governance review

We have continued to implement the outcomes of an independent Governance review which was completed during 2021/22. We continue to have robust processes 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. We have also reviewed our committee structures to ensure greater accountability to our tenants.

We have renamed and strengthened the role of two Committees. The Customer Service Oversight Committee (previously known as the Customer Experience Committee) remit has broadened to include oversight of customer services and operational delivery of core services including performance. This committee includes customer representation in the membership and is the main conduit to hear the customer voice in the governance structure.

The Governance and Remuneration Committee was changed to the People and Governance Committee during the year which has helped to strengthen focus on people and culture and other colleague related matters. The Committee does not include independent members, as its predecessor did, so is populated by Board Members only which helps develop more consistent approaches to governance. Board members can also therefore have greater oversight of the wider operating environment and context in which whg functions.

Joint Ventures

Our first major Joint Venture has started to generate profits on homes for private sale, this allows us to 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. For example, we have delivered our employment and training outcomes for customers with the NHS. In addition, our social prescribing service works with customers to provide greater access to the NHS services.

We also maintain a strong partnership working with Walsall Council. For example, we have secured Walsall Council's first 'prior approval' planning permission to convert one of our commercial premises to residential lettings. In addition, we have worked with the Council to develop their vision for shaping their services up to 2040. We have also secured a contract with the Council to deliver a number of homes to help young people transition from homelessness or care services to rented accommodation.

We have continued to work with the West Midlands Combined Authority ('WMCA') over the years. For example, we continue to deliver new homes using grant secured from the Local Enterprise Partnership.

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.

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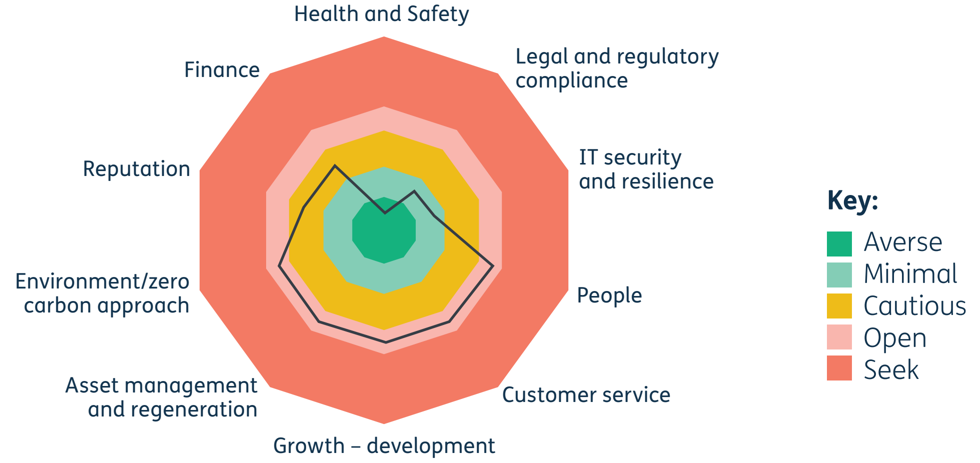
Principal Risks and Uncertainties

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, shown below, providing the setting for business operations.

whg's Risk Appetite



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 as set out in the process below.

- **Step 1** – **Risk identification** – against corporate and operational objectives
- **Step 2** – **Risk assessment** – assessment of likelihood and impact of risk materialising, compared against risk appetite
- **Step 3** – **Risk mitigation** – identification of control measures and agreement to treat, tolerate, transfer or terminate the risk
- **Step 4** – **Risk management** – controls implementation, monitoring and reviewing effectiveness, identifying any required action
- **Step 5** – **Risk assurance** – provision of assurance of risk mitigation, linked to level of risk and Board's risk appetite, obtained externally (third line) or internally (second line)
- **Step 6** – **Reporting** – operational risks to teams, Risk Panel, Audit and Assurance Committee; strategic risks to Risk Panel, Audit and Assurance Committee and Board

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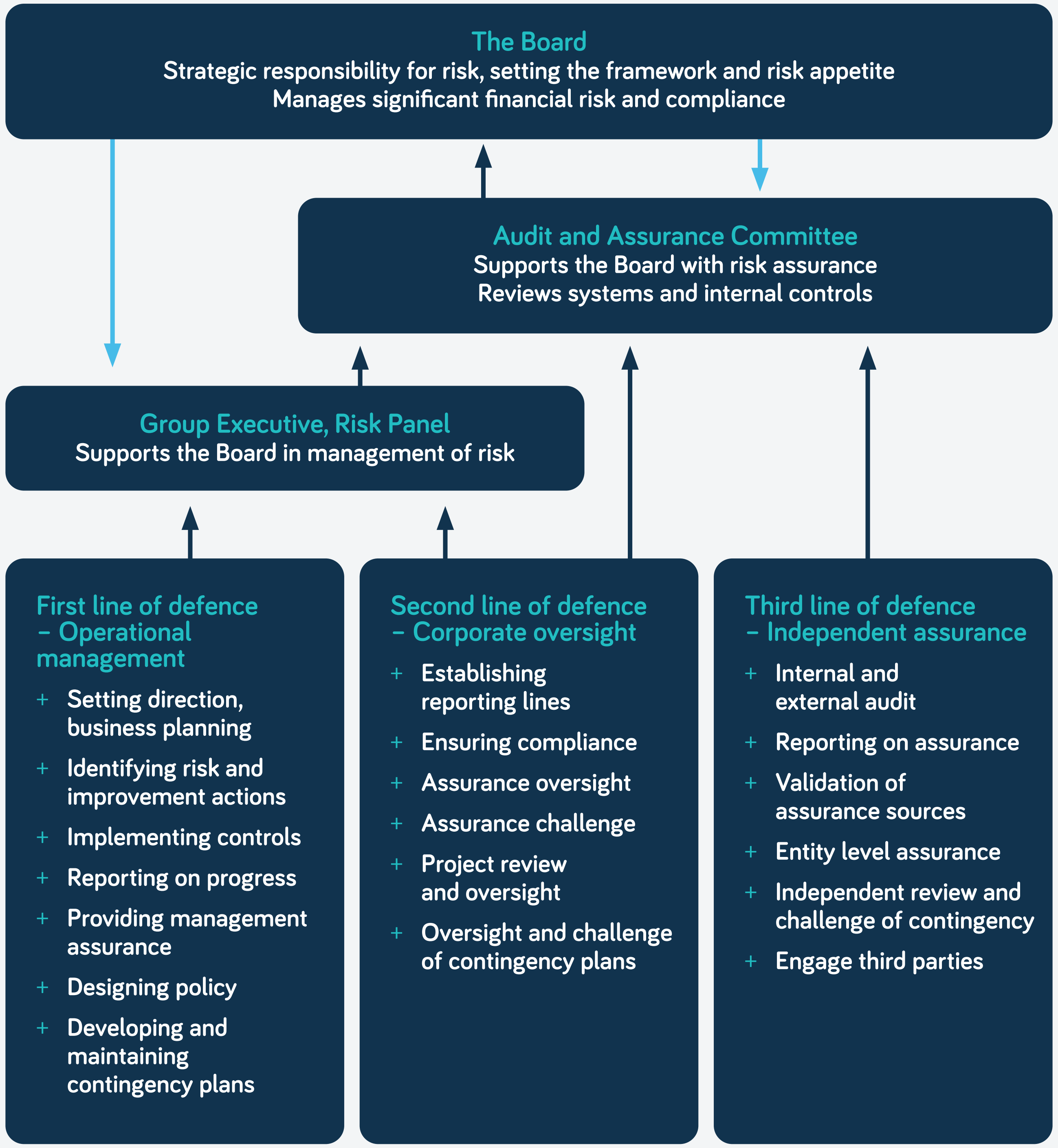
The Group has adopted the three lines of defence risk management model, which is designed so that assurance is obtained through the strength and source of controls and the Group's reliance upon them. Regular reviews of risk and work set out in the Risk Management Framework are overseen by the Risk Panel, Executive Team and Audit and Assurance Committee which remain focused on mitigating risks at all levels in the business whilst the Board retains overall responsibility. 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. A summary of our Strategic Risk Register is set out below.

Strategic Risk Summary (risk category)	Risk Scores		Appetite or Target risk score
	Gross (G)	Net (N)	
1. Information security breach	**25**	**18**	**Minimalist 8**
Reliance on Controls	Summary of Assurance		
	First line	Second line	Third line
LOW			

This risk covers cyber security threats and physical security arrangements and access to buildings and secure areas. Ongoing improvements to security and system stability have already reduced the risk in this area and will further reduce the risk scores to within the minimalist 'IT security and resilience' risk appetite and target score by the end of 2023/24.

	Gross (G)	Net (N)	Appetite
2. Serious health, safety or environmental incident	**21**	**14**	**Averse 3**
Reliance on Controls	Summary of Assurance		
	First line	Second line	Third line
MODERATE			

This risk includes the potential for colleague and customer safety issues (building, gas, electrical, fire, water hygiene, asbestos, mechanical equipment, infectious disease) as well as possible environmental incidents. The risk is tolerated outside of the averse 'health and safety' risk appetite and target score due to the possibility of human error and the impact of a potential serious incident, but the controls and assurance are strong with the risk being mitigated as far as it can be.

	Gross (G)	Net (N)	Appetite
3. Insufficient investment in assets	**24**	**13**	**Open 17**
Reliance on Controls	Summary of Assurance		
	First line	Second line	Third line
MODERATE			

This risk considers the potential of insufficient asset investment to meet legislative or regulatory requirements, or customer expectations. Whilst this risk is managed within the open 'asset management and regeneration' risk appetite and target score, services have seen increased pressure stemming from the Covid-19 pandemic, rising costs and the availability of labour and materials. In addition to the controls around day to day repairs service delivery, further mitigating controls in progress include investment in building safety, net zero carbon (linked to risk 5 below) and Decent Homes 2.

Key to Summary of Assurance
Substantial
Moderate
Limited

	Gross (G)	Net (N)	Appetite
4. Insufficient funding	17	13	Cautious 13
Reliance on Controls	Summary of Assurance		
	First line	Second line	Third line
LOW			

Loan and grant funding, rental income, void rent loss, sale of outright sale and shared ownership homes are all identified as risk areas, but this risk is well controlled overall and managed within the cautious 'Finance' risk appetite and target score, despite external political and economic factors. Strong controls are in place including a range of external assurance.

	Gross (G)	Net (N)	Appetite
5. Impact of climate change	17	13	Cautious 13
Reliance on Controls	Summary of Assurance		
	First line	Second line	Third line
MODERATE			

This risk focuses on the impact of climate change on whg's ability to deliver its new build development and stock investment programmes whilst meeting Government carbon reduction targets. It also considers the impact of climate change on existing housing stock, customers and colleagues. This was identified as a new strategic risk at the end of 2021/22 and whilst it is managed within the cautious risk target score (encompassing the averse 'health and safety', minimal 'legal and regulatory compliance', cautious 'finance' and 'reputation', open 'growth – development', 'asset management and regeneration' and 'environment/zero carbon approach' risk appetites) controls are being developed including approval of the Sustainability Strategy and Decarbonisation Roadmap in December 2022 and ongoing preparation for an ESG accreditation.

	Gross (G)	Net (N)	Appetite
6. Development programme delayed	23	12	Open 17
Reliance on Controls	Summary of Assurance		
	First line	Second line	Third line
LOW			

This deals with risk to the delivery of the Development Strategy up to March 2024. It is managed within the open 'growth – development' risk appetite with controls including funding availability, robust governance, technically experienced teams, robust contractor/development partnership arrangements and appropriate due diligence around development opportunities and land acquisitions.

	Gross (G)	Net (N)	Appetite
7. Availability of IT systems and data	18	9	Minimalist 8
Reliance on Controls	Summary of Assurance		
	First line	Second line	Third line
MODERATE			

Risk in this area has reduced with the ongoing improvements around security and stability bringing the net risk scores to within the minimalist 'IT security and resilience' risk appetite and target score. The risk is expected to de-escalate from the strategic risk register to the operational risk register once all enhancements have been applied to the controls. The range of improvements to controls include application and hardware upgrades and cloud migration.

	Gross (G)	Net (N)	Appetite
8. Inadequate governance arrangements	24	8	Minimalist 8
Reliance on Controls	Summary of Assurance		
	First line	Second line	Third line
HIGH			

This risk covers the potential for governance failures across the Group, as well as non-compliance with legislation and regulation, including data protection. The many mitigating controls ensure the risk is managed within the minimal 'legal and regulatory compliance' risk appetite and target score. They include strong board, committee and inter-group arrangements which minimise the risk to Walsall Housing Group as the parent, and its social housing assets, and protecting its charitable status and objectives. A verified risk management and strong internal controls framework supports the strong governance arrangements.

	Gross (G)	Net (N)	Appetite
9. Ineffective services to customers	20	5	Open 15
Reliance on Controls	Summary of Assurance		
	First line	Second line	Third line
LOW			

This risk covers the potential for service failure across any area of the business delivering front line services to customers, excluding asset management (included in risk 3 above). Controls such as a new, embedded community housing model and support services attracting external funding, ensure this risk is managed well within the open 'customer service' risk appetite and target score, enabling ongoing support for customers and communities.

	Gross (G)	Net (N)	Appetite
10, Insufficient colleague resource (capacity and capability)	13	5	Cautious 13
Reliance on Controls	Summary of Assurance		
	First line	Second line	Third line
LOW			

This risk considers the impact of not having the right colleagues on the delivery of the Corporate Plan. Challenges with recruiting and retaining the right people are generally limited to a small number of specialist roles. Controls include competitive pay and benefits, a robust recruitment process, improvements to the performance framework and strong learning and development arrangements. The risk is managed well below the cautious 'people' risk appetite and target score.

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

Streamlined Energy and Carbon Reporting (SECR)

whg is using the Streamlined Energy and Carbon Reporting (SECR) guidance to measure and report on our carbon footprint. This policy was implemented on 1 April 2019, when the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 came into force. This will be the standard against which we can gauge energy and carbon performance across the whole organisation. It will also highlight what we need to change and where.

By tracking our energy and fuel consumption and the associated carbon emissions, we can see if our improvements are working and set ourselves targets to achieve which will help us reach our goal of becoming a net zero carbon organisation by 2050.

whg have opted to use the Operational Control boundary definition to define our carbon footprint boundary. The reporting period for the compliance is 1 April 2022 – 31 March 2023. Included within that boundary are Scope 1 & 2 energy emissions, as well as Scope 3 emissions from business travel in the UK.

How is our Carbon Footprint measured?

The mandatory reporting requirements (for Companies registered under the Companies Act), under the SECR guidance include annual greenhouse gas (GHG) emissions from activities for which the company is responsible including combustion of fuel and operation of any facility. Carbon emission data is split into Scope 1, 2 and 3.

+ **Scope 1** relates to the direct emissions from gas and transport fuel combustion. For whg this will include gas consumption from our offices, community centres, communal areas and plant rooms, as well as transport fuel used for our company fleet.
+ **Scope 2** relates to the indirect emissions from electricity generation. For whg this will include electricity consumption from our offices, communal areas, and plant rooms.
+ **Scope 3** relates to the indirect emissions associated with our value chain. The only mandatory reporting for Scope 3 is the emissions from business travel in employee-owned vehicles where the organisation is responsible for purchasing the fuel. The rest of Scope 3 is only optionally reported because it can be harder to track and the boundaries are harder to define.

Methodology

The methodology used to calculate emissions followed the guidance from the revised edition of the GHG Protocol Corporate Accounting and the Reporting Standard and the UK Government Guidance on SECR.

For Scopes 1 and 2 we have used energy and fuel consumption data from our suppliers and partners and used The UK Government Department for Business, Energy and Industrial Strategy's (BEIS) 2022 conversion factors to calculate the CO2e emissions. Business travel is recorded as mileage from the expenses system and the UK conversion factors relating to mileage allowed us to calculate the emissions.

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 calculates the emissions associated with the energy sources or tariffs that the consumer has specifically chosen.

Carbon intensity ratios

Our Scope 1, 2 and 3 emissions are also measured against factors that indicate the size of the organisation. For our disclosure, we have used the number of full time employees. This provides us with a 'carbon intensity ratio' that help us to understand our carbon footprint relative to our size. It means we can not only benchmark against future reports if we change size, we can also compare ourselves directly to other, similar organisations.

Energy efficiency actions

whg has invested heavily over many years and continues to invest in our homes to improve their energy efficiency and move all homes above EPC band C rating over the next 8 years. whg also has a clear commitment for our homes, commercial buildings and our business to achieve Net Zero by or before 2050.

Within the 2022/23 financial year, whg completed 1,046 of either thermal or heating improvement measures which include;

+ 41 loft insulations
+ 942 boiler or full heating replacements and controls
+ 12 external wall insulation installations
+ 3 cavity wall insulation installations
+ 48 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.

Carbon Emissions Reporting

Emissions Calculations

The tables below provide a breakdown of whg's footprint for 2022/23, comparing both market and location based emissions, comparing our performance against the previous financial year.

Figure 1 Market Based Emissions

Type of Emissions	Activity	kWh	tCO2e	% of Total
Energy Generation	Solar PV Renewable Generation	380,820	0	0.0%
	Subtotal	**380,820**	**0**	**0**
Direct (Scope 1)	Natural Gas	2,935,831	0	0.0%
	Company Fleet	2,706,484	653	90.1%
	Subtotal	**5,642,315**	**653**	**90.1%**
Indirect (Scope 2)	Electricity	3,728,640	0	0.0%
	Subtotal	**3,728,640**	**0.0**	**0.0%**
Type of Emissions	**Activity**	**kWh**	**tCO2e**	**% of Total**
Indirect Other (Scope 3)	Grey Fleet	291,945	72	9.9%
	Subtotal	**291,945**	**72**	**9.9%**
	Total Energy Use (kWh)			**9,662,900**
	Total (Market-based*) Gross Emissions (tCO2e)			**725**
	Full Time Employees (FTE)			**769**
	Tonnes of Gross CO2e per FTE			**0.9**

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The results show that whg's total energy use and total gross Green House Gas (GHG) emissions amounted to 9,662,900 kWh and 1,982 tonnes of CO2e (location-based) respectively in the 2022/23 financial year in the UK. This is a 4% increase from the previous financial year.

As whg purchases 100% green electricity and gas backed by REGOs and RGGOs respectively, our market-based emissions for the 2022/23 financial year are zero. Furthermore, whg generated 380,820 kWh of electricity through solar panels saving 81 tCO2e; this is an increase from 346,971 kwh or 74 tCO2e in 2021/22.

whg have chosen 'Tonnes of CO2e per full time employee (FTE)' as an intensity metric as this is an appropriate metric for the business. The intensity metric for the financial year 2022/23 was 2.6 tCO2e/FTE compared to 2.8 tCO2e/FTE in 2021/2022.

Figure 2 – Year on Year analysis (2022/23 vs 2021/22)

Type of Emissions Activity	Units	2022/23	2021/22	YOY % Change
Energy Generation	(kwh)	380,820	346,971	10%
Direct (Scope 1)	(kwh)	5,642,315	5,353,555	5.3%
	(tCO2e)	1,189	1,057	12%
Indirect (Scope 2)	(kwh)	3,728,640	3,726,023	0%
	(tCO2e)	721	791	-8.8%
Indirect Other (Scope 3)	(kwh)	291,945	251,515	16%
	(tCO2e)	72	59	23%
	Total Energy Use (kWh)	**9,662,900**	**8,984,122**	**8%**
	Total Gross Emissions (tCO2e)	**1,982**	**1,907**	**4%**
	Renewable Electricity (tCO2e)	**721**	**791**	**-9%**
	Total Net Emissions (tCO2e)	**725**	**617**	**-2.6%**
	Tonnes of Gross CO2e per FTE	**2.6**	**2.8**	**– 8%**

The year on year analysis outlines that there has been an increase of 8% in total energy usage (kWh) as well as a 4% increase in total Gross (Location Based) emissions between the 2022/23 and 2021/22 financial year. This is equivalent to 108 tCO2e. This is mainly attributed to the effects of the business returning to normal after periods of lockdown during the previous financial year as a result of the pandemic.

Financial Review

Statement of Comprehensive Income (SOCI)

Turnover: £121.1m

Social housing lettings contributed £109.6m to Group turnover for the year. This includes the impact of annual rent increase and new homes developed during the year. A further £7.1m derived from Shared Ownership first tranche sales and £4.4m from other activities takes the total turnover to £121.1m, higher than last year's £120.5m.

Operating surplus: £39.2m (32% operating margin)

Operating performance continues to be strong with an Operating Surplus of £39.2m (32%). Without the impact of fixed asset sales, the margin would be 24%. These are good results for the Group and demonstrate that the core financial performance is complemented by, but not dependent on, asset sales and this surplus will support investment in new and existing homes. The social housing lettings operating margin was 25% for the year which is also good performance and helps us to maintain our credit rating, a key part of our Treasury Strategy, to ensure value for money in future borrowing costs.

Other Costs include some significant additional pensions costs (£5.4m) arising from the annual pensions' valuation for accounting purposes. These are not cash transactions and are offset by a positive movement in the pension asset.

Gain on disposals comprises 109 Right to Buy/Right to Acquire sales.

Surplus for the year after tax: £22m

The surplus for the year after tax includes net interest and financing costs of £20m (2022: £20.8m), interest receivable £3.6m (2022: £0.3m), surplus from joint venture of £0.4m (2022: £nil) and exceptional finance breakage costs of £0.5m (2022: £nil).

Total comprehensive income for the year: £77.8m

The net surplus for the year of £22m was significantly increased by £55.8m due to a positive movement in the value of our pension asset derived from a year-end revaluation of pension assets and liabilities. Key changes in valuation assumptions are the discount rate increasing from 2.85% in 2021/22 to 4.75% 2022/23 and future salary increases increasing from 3% in to 3.95%, both of which produce a net effect of a reduction in the value of future liabilities. 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: £670.6m

Capital expenditure is set out in Notes 12 to 14 to the Financial Statements. During the year we have invested a gross £74.6m in major works to existing properties and in developing and acquiring new homes. We have received £13.8m from the Homes England Affordable Homes Programme towards the cost of our new build programme. This combined investment can be seen in the movement in the net book value of housing assets to £641.6m from £582.7m in 2022. The year-end balance includes £58.3m relating to schemes that are already on site and will contribute to future completed home targets.

Net Current Assets: £71.9m

Current assets have decreased by £82.8m. Significant movements include £88.3m reduction in investments, cash and cash equivalents due to the repayment of the Santander loan (£55m) and expenditure on development. Debtors due after one year has reduced by £5m. Short term creditors have reduced by £12m which is due to the repayment of £12.5m of Lloyds fixed term debt, offset by an increase in trade and other creditors including accruals of £0.5m.

Long Term Creditors: £512.2m

The net movement in long term creditors was a decrease of £48.3m. The most significant element of which was the repayment of the Santander loan. There was an increase of £12.2m in deferred grant income and a £3m decrease in the recycled capital grant.

Pensions Asset: £68.4m

The pension provision has improved from an asset of £17.4m to £68.4m. The triannual revaluation of the Local Government Pension Fund has resulted in new assumptions being applied by the actuaries such as higher discount rates, which have resulted in a reduction in the value of future liabilities. The fair value of the pensions plan assets has also reduced from £257m to £256m. (See Note 26 for more detail).

Reserves: £297.1m

Reserves have increased by £77.8m 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 £65.7m provided cash cover of 2.8 times over the interest payable of £23.2m. During the year we funded investment in new and existing housing assets of £70.3m and also received grant income of £2.9m. Cashflow from financing activities includes cash interest paid in the year of £23.2m. Overall, there has been a net cash outflow of £94.4m.

5 year trend analysis of key financial ratios

Statement of comprehensive income	22/23 £m	21/22 £m	20/21 £m	19/20 £m	18/19 £m
Turnover	**121.1**	120.5	120.8	112.2	108.6
Operating surplus	**39.2**	40.5	38.4	37.6	37.6
Operating margin	**32.4%**	33.6%	31.8%	33.5%	34.6%
Net margin	**18.2%**	17.3%	22.6%	14.7%	17.3%
EBITDA	**45.2**	46.5	46.1	41.0	43.1
EBITDA (MRI)	**29.8**	28.6	34.4	29.2	31.3
Statement of financial position					
Total net assets	**810.9**	780.6	646.5	618.5	578.1
Long Term Debt	**395.0**	450.9	401.1	402.8	396.1
Deferred Grant	**94.4**	82.2	69	61.3	51.1
Derivatives	**0.0**	0	0	9.6	8.3
Other LT Creditors	**22.8**	27.5	0.1	0	0.1
Pension Provision	**0.3**	0.2	8.7	14.2	13.8
Other Provisions	**1.2**	0.5	0.8	0.9	0.6
Income and expenditure reserve	**297.1**	219.3	166.8	129.7	108.1
	810.9	780.6	646.5	618.5	578.1
Funding metrics					
Interest cover covenant	**2.4**	2.1	2.11	2.12	2.1
Weighted average cost of funds	**4.2%**	4.7%	4.8%	4.8%	5.0%
Gearing covenant (Housing Properties at Cost)	**38%**	39%	–	–	–
Gearing covenant (net debt per unit)	**–**	14.8	15.1	14.9	13.7

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 and rents increasing in line with September CPI since 2020. The rent settlement for 2023/24 was capped at 7% for existing tenants. Our **operating surpluses** and **operating margin** have come under increasing pressure due to the economic headwinds. During the period we have continued to invest in delivering services and continuing to increase the supply of homes. 2022/23 has seen a very challenging operating environment due to inflation coupled with material and supply chain disruptions.

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 reduced in 2022/23 changing the trend in previous years. We have repaid loans in the period which has reduced net assets by £20.6m. Our deferred grant account continues to increase each time 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 out pacing 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 funder metrics also have a track record of strong performance over the past five years. Our **interest cover** has improved in 22/23 and during the year we have moved our **gearing covenant** from net debt per unit to net debt as a percentage of Housing properties at Cost. This has created new capacity to continue investing in our new development programme. Our **weighted average cost of funds** has continued to decrease over the years as we achieved efficiency gains through active treasury management.

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.

Liquidity and Capital Structure

The Group finances its activities using facilities of £595m, made up of several funding sources as shown in the chart below. Strong liquidity is also in place as 34% (£200m) of secured facilities are currently undrawn.

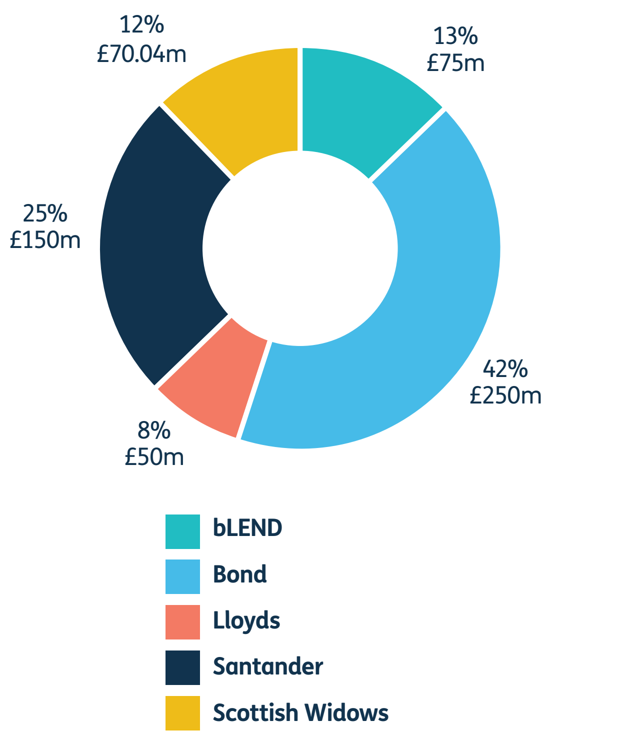
Interest Rate Risk

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 2023, 100% of debt was fixed.

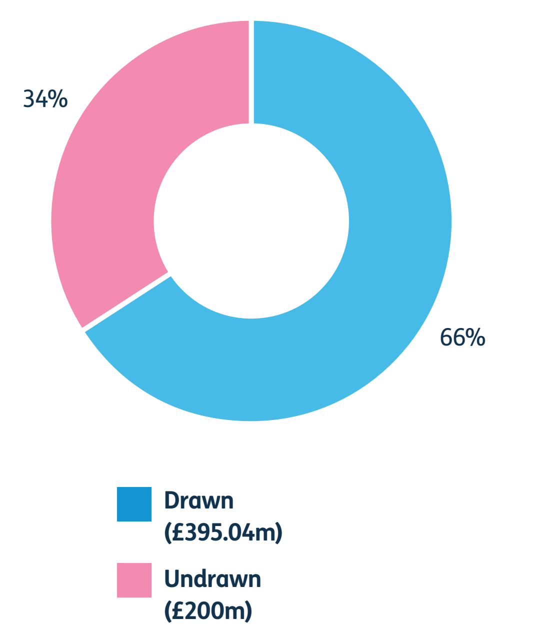
Investment Policy

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 mainly invested in AAA rated money market funds as well as fixed or floating deposit accounts. Rates of interest have increased during the year as these vary with Bank of England base rate and in the final quarter of the financial year the average weighted return across the portfolio was 3.4%.

Total facilities (£595.04m)



Drawn vs Undrawn



Currency Risk

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

Loan Covenants

The Group ensures that it operates with a prudent level of headroom on all loan covenants and monitors forecast covenant performance 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 2023 and throughout the year, the Group met all of its covenant targets for the financial year.

Credit Rating

Moody's carried out their annual credit rating review for the Group in February 2023 and issued an A3 (Stable Outlook). We have maintained our stable outlook amidst a challenging period for the Housing Association sector.

The credit strengths listed were:

+ Solid operating performance
+ Strong Interest coverage ratios
+ Strong financial management policies
+ Sustained concentration on low-risk social housing lettings
+ Supportive institutional framework in England

The Strategic Report of the Board was approved by the Board on 27 July 2023 and signed on its behalf by:

Gary Moreton, Chair of the Board
27 July 2023

Gary Fulford, Chief Executive
27 July 2023

The Report of the Board

The Board presents its report and audited Financial Statements for the year ended 31 March 2023.

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.

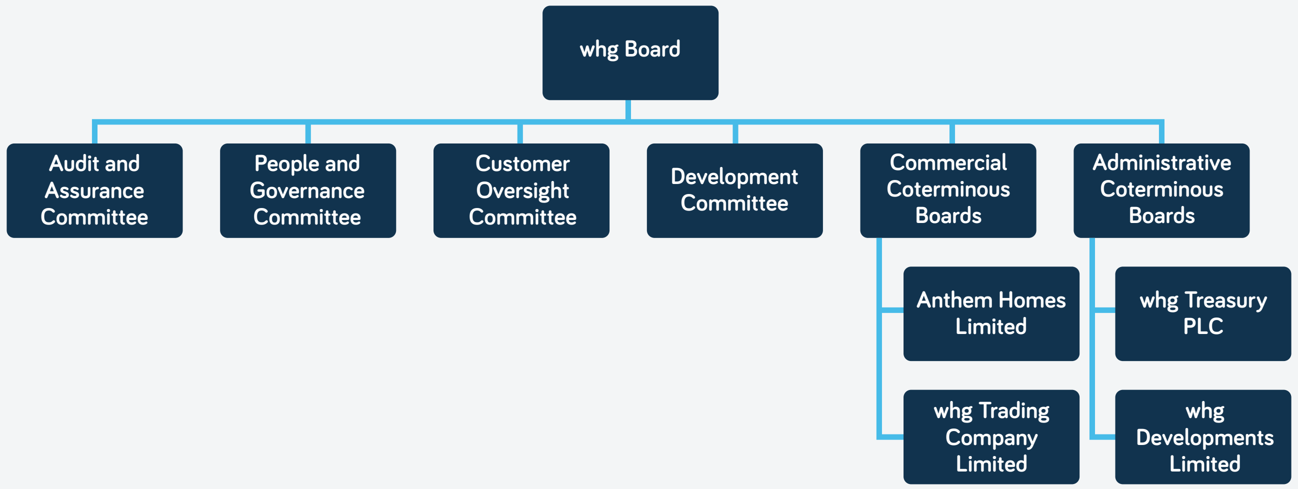
The Board is not aware of any private benefits and has robust policies in place to prevent unintended benefits to related parties. The incidental benefits of a well-run housing service and environmental improvements are shared by our residents.

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.

Governance

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

As of 31 March 2023, the Board was made up of ten Board Members, who are 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 (now the People and Governance Committee).

The People and Governance Committee reviewed and recommended for approval the latest self-assessment against the Code of Governance, 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 self-assessment was subsequently approved by the whg Board in May 2023.

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

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

The People and Governance Committee has completed an annual assessment of our compliance with the RSH's Governance and Financial Viability Standard and reported to the Board in May 2023 that we are 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 2023. 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 is not taking place anywhere in our supply chains. To read the full statement, visit:

https://www.whg.uk.com/wp-content/uploads/2023/06/Anti-Slavery-and-Human-Trafficking-Statement-202223.pdf

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 2023. 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.

Long term consequences of our decisions

Our plan was designed to have a long-term beneficial impact on the Group 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 2023. 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 or regulatory 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, energy efficiency and carbon reduction measures.

The Board started work on the new Corporate plan to be launched in 2024. We are comforted that we are achieving everything in our current strategy that was set out 10 years ago and look forward to a new plan which will include a focus on sustainability and decarbonisation.

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: The Board was deeply aware of how the cost of living crisis was impacting colleagues but were mindful of how any salary increase needed to be balanced against affordability and service to customers. During the year the Board worked with unions to award salary uplifts aimed at a fair cost of living increase. The Board also renamed the Governance and Remuneration Committee to the People and Governance Committee, changing the terms of reference and remit to make it more people and culture focussed.

Regular salary benchmarking continues to take place to ensure colleagues' salaries are in line with industry norms. whg invests 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. Training on equality, 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. 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.

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. The Board also take every opportunity to engage with customers, taking part in activities such as estate walkabouts, networking and community events. As part of the focus on listening to the customer voice, during the year the Board changed the remit of the Customer Experience Committee and renamed it as the Customer Service Oversight Committee.

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: whg is making good progress in upgrading homes to a minimum EPC-C rating 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 continues at pace to develop its ESG roadmap to articulate how current activities meet environmental and sustainability outcomes and develop new objectives to drive future investment decisions. whg launched an ESG working group which meets regularly to look at the development of the roadmap to Net Zero Carbon by 2050 and action plan. The Board remains focussed on reducing the scourge of fly-tipping, which is a concern on many of whg's estates and improving neighbourhoods for customers.

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 lenders and investors.

Key decisions in the year: whg carries out an annual assessment of compliance against regulatory standards and continues to achieve a G1/V1 regulatory grading, evidencing high standards of business conduct. whg was also rated A3 with a stable outlook by Moody's. 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: During the year we carried out a review of governance arrangements, assisted by third party experts. The review confirmed that whg is committed to, and demonstrates, strong governance with the report praising the "highly motivated and committed Board, Committees and Executive Team." The report also singled out whg's culture for its distinctiveness and how it is embedded across the organisation. The Board is now well on the way to completing all the recommendations made in the report. In addition, the Board signed up to the NHF EDI challenge aimed at improving the diversity and inclusion of the Board.

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. Board members act in the best interests of each company they represent ensuring each entity operates within the articles of association.

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 in accordance with S414c (11) Companies Act 2006 it is instead included within the Strategic Report starting on page 6. This includes the Energy and Carbon report starting on page 47.

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 it 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 pre-determined 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 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 £55m cash holding at 31 March 2023 and with undrawn revolving facilities of £200m, 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.

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 and new development.

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 provides assurance 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 fraud awareness 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.

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

Beever and Struthers acted as our external auditors for 2022/23 and are re-appointed for 2023/24.

This report was approved by the Board and authorised for issue on 27 July 2023 and signed on its behalf by:

Gary Moreton
Chair of the Board
27 July 2023

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

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 2023 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 2023 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 52, 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 and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the 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 and the Association's activities and the regulated nature of the Group and the Association's activities.
+ We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
+ We enquired of the Board about actual and potential litigation and claims.
+ We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
+ In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias

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.

Beever and Struthers

Maria Hallows (Senior Statutory Auditor)

For and on behalf of
Beever and Struthers
One Express
1 George Leigh St
Manchester
M4 DSL

17 August 2023

Consolidated Statement of Total Comprehensive Income

for the year ended 31 March 2023

	Note	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Turnover	3	121,121	120,560	120,532	120,424
Operating expenditure	3	(91,908)	(88,454)	(92,017)	(88,514)
Gain on disposal of property, plant and equipment	3,6	9,290	7,382	9,290	7,382
Movement in fair value of investment properties	3,15	326	1,045	326	1,045
Share in Surplus from Joint Venture	3,33	414	-	-	-
Operating surplus	**5**	**39,243**	**40,533**	**38,131**	**40,337**
Interest receivable and other income	7	3,608	386	4,127	593
Interest and financing costs	8	(20,287)	(20,142)	(20,287)	(20,142)
Exceptional item	36	(527)	-	(527)	-
Gift Aid		-	-	343	305
Surplus for the year before tax		**22,037**	**20,777**	**21,787**	**21,093**
Taxation	11	(7)	24	-	-
Surplus for the year after tax		**22,030**	**20,801**	**21,787**	**21,093**
Other comprehensive income/(expenditure):					
Remeasurements – Actuarial gain in respect of pension schemes	26	55,822	31,667	55,822	31,667
Total comprehensive income for the year		**77,852**	**52,468**	**77,609**	**52,760**

The consolidated Financial Statements on pages 78 to 123 were approved by the Board on 27 July 2023.

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 2023

	Income and expenditure reserve £'000
Balance as at 1 April 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**
Surplus for the year	22,030
Other comprehensive income/(expenditure for the year:	
Actuarial gain in respect of the pension scheme	55,822
Balance at 31 March 2023	**297,132**

Company Statement of Changes in Reserves

for the year ended 31 March 2023

	Income and expenditure reserve £'000
Balance as at 1 April 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**
Surplus for the year	21,787
Other comprehensive income/(expenditure for the year:	
Actuarial gain in respect of the pension scheme	55,822
Balance at 31 March 2023	**315,366**

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Consolidated Statement of Financial Position

At 31 March 2023

Company No. 4015633

	Note	Group		Company	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Fixed Assets					
Intangible assets	12	1,935	1,694	1,935	1,694
Tangible fixed assets – Housing Properties	13	641,612	582,672	660,662	600,954
Tangible fixed assets – Other Fixed Assets	14	14,915	13,118	14,915	13,118
Investment properties	15	11,055	10,740	11,055	10,740
HomeBuy loans receivable	16	137	137	137	137
Investment in Subsidiaries	17	-	-	100	100
Investment in Joint Venture	33	948	-	-	-
Other Investments		20	20	20	20
		670,622	**608,381**	**688,824**	**626,763**
Current Assets					
Properties held for sale	18	6,157	5,547	4,367	3,810
Trade and other debtors	19	8,748	10,899	9,886	11,362
Debtors due in more than one year	20	7,298	12,298	10,019	14,934
Investments	34	34,404	28,270	34,404	28,270
Cash and cash equivalents	34	55,378	149,802	53,383	147,976
		111,985	**206,816**	**112,059**	**206,352**
Creditors: Amounts falling due within one year	21	(40,118)	(52,062)	(40,147)	(51,482)
Net current assets		**71,867**	**154,754**	**71,912**	**154,870**
Pension Asset	26	68,396	17,462	68,396	17,462
Total assets less current liabilities		**810,885**	**780,597**	**829,132**	**799,095**
Creditors: Amounts falling due after more than one year	22	(512,248)	(560,593)	(512,262)	(560,614)
Provisions for liabilities					
Defined Benefit Pension provision	26	(270)	(185)	(270)	(185)
Other provision	27	(1,235)	(539)	(1,235)	(539)
Total net assets		**297,132**	**219,280**	**315,365**	**237,757**
Reserves					
Income and expenditure reserves		297,132	219,280	315,366	237,757
Total Reserves		**297,132**	**219,280**	**315,366**	**237,757**

The accompanying Notes form part of these Financial Statements.
The Financial Statements on pages 78 to 123 were approved by the Board and authorised for issue on 27 July 2023 and are signed on its behalf by:

Gary Moreton
Chair

Gary Fulford
Group Chief Executive

Consolidated Statement of Cash Flows

for the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Net cash generated from operating activities	**29**	**65,766**	**62,841**
Cash flow from investing activities			
Purchase of tangible fixed assets – housing properties		(70,369)	(58,935)
Purchase of tangible fixed assets – other		(3,506)	(634)
Loan from/(to) non-group entity		5,000	(3,708)
Grants received		2,987	22,083
Interest received		3,446	511
		(62,442)	**(40,683)**
Cash flow from financing activities			
Interest paid		(23,247)	(20,820)
Repayment of loan		(68,367)	-
bLEND drawdown		–	84,058
Withdrawal from deposits		(6,134)	(15,112)
		(97,748)	**48,126**
Net change in cash and cash equivalents		**(94,424)**	**70,284**
Cash and cash equivalents at beginning of the year		**149,802**	**79,518**
Cash and cash equivalents at end of the year		**55,378**	**149,802**

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 4. 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. entities that the Group controls though its power to govern the financial and operating policies so as to obtain economic benefits). All Financial Statements are made up to 31 March 2023.

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 venture 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 will be recognised in Anthem Homes Ltd accordingly at group level this will reduce the carrying amount of the investment.

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 pre-determined 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.

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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 our historic new build programme.

The Group has a very strong liquidity position with £89.7m cash holding at 31 March 2023 and with undrawn revolving facilities of £200m, 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 are capitalised when they either replace a component that has been treated separately for depreciation purposes, or are improvement works that enhance the economic benefits of the asset. 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".

Under Shared Ownership arrangements, the Group disposes of a long lease of Shared Ownership housing units to persons who occupy them, at 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 to fund replacement properties as disclosed in Note 35.

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 Homes England, local authorities and other Government bodies.

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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 the 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/Roof	100 or 125
Windows and doors	27-30
Kitchen	18-20
Bathroom	27-30
Central Heating	27-30
Boilers	10-15
Wiring	22-25
External Wraps	35-40
Lifts	25

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 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, and subsequently net of depreciation. 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	2-4
Office improvements	4-8

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.

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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.

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.

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

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 group expenditure is subject to VAT in different ways:-

+ 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 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) and the recovered amounts are disclosed in turnover.

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.

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.

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).

The assets and liabilities relating to whg's share of the SHPS and LGPS assets and liabilities are included on the Statement of Financial Position.

The cost of providing benefits is determined using the projected unit credit method and actuarial assumptions are applied to calculate the liabilities with the effect of any changes in assumptions taken through 'Other Comprehensive Income'.

The net defined benefit liability/asset represents the present value of the defined benefit obligation less 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.

The following are 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 is calculated by multiplying the fair value of the net plan asset/liability at the beginning of the period by the rate to discount the benefit obligations.

The difference between the interest income/cost calculated on the net plan liability/asset and the actual return on the plan assets is recognised in other comprehensive income

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.

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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.

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.

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.

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.

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.

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 2023. 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).

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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.

Capitalisation of Motor Vehicle Fleet costs

The existing leased fleet has been capitalised at purchase price. We have obtained a professional valuation of the estimated residual value at March 2025. Depreciation is over 2 years and will be calculated at purchase price minus residual value. The fleet will be reviewed for impairment annually.

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

Group – continuing activities	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Surplus on Disposal £'000	Revaluation of Investment Property £'000	Share in Surplus from Joint Venture £'000	Operating Surplus £'000
Social housing lettings	109,613	-	(82,548)	-	-	-	27,065
Other social housing activities							
First tranche low cost home ownership sales	7,082	(5,790)	-	-	-	-	1,292
Gain on disposal of property, plant and equipment	-	-	-	9,290	-	-	9,290
Charges for support services	-	-	-	-	-	-	–
Development costs	-	-	(907)	-	-	-	(907)
Other social housing grants	436	-	-	-	-	-	436
VAT recoverable	100	-	-	-	-	-	100
Other social housing	632	-	(347)	-	-	-	285
	117,863	**(5,790)**	**(83,802)**	**9,290**	**–**	**–**	**37,561**
Activities other than Social Housing							
Non social housing lettings	976	-	(188)	-	-	-	788
Non social housing grants	627	-	(1,226)	-	-	-	(599)
Outright property sale	615	(599)	-	-	-	-	16
Other non social housing	1,040	-	(303)	-	-	-	737
Share in Surplus from Joint Venture	-	-	-	-	-	414	414
Increase in valuation of Investment Properties	-	-	-	-	326	-	326
	121,121	**(6,389)**	**(85,519)**	**9,290**	**326**	**414**	**39,243**

Group – continuing activities	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Surplus on Disposal £'000	Revaluation of Investment Property £'000	Share in Surplus from Joint Venture £'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
Share in Surplus from Joint Venture	-	-	-	-	-	-	-
Increase in valuation of Investment Properties	-	-	-	-	1,045	-	1,045
	120,560	**(9,347)**	**(79,107)**	**7,382**	**1,045**	**–**	**40,533**

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

Company – continuing activities	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	109,613	-	(82,719)	-	-	26,894
Other social housing activities						
First tranche low cost home ownership sales	7,082	(5,790)	-	-	-	1,292
Gain on disposal of property, plant and equipment	-	-	-	9,290	-	9,290
Charges for support services	-	-	-	-	-	–
Development costs	-	-	(904)	-	-	(904)
Other social housing grants	436	-	-	-	-	436
VAT recoverable	100	-	-	-	-	100
Other social housing	751	-	(347)	-	-	404
	117,982	**(5,790)**	**(83,970)**	**9,290**	**0**	**37,512**
Activities other than Social Housing						
Non social housing lettings	976	-	(188)	-	-	788
Non social housing grants	627	-	(1,226)	-	-	(599)
Outright property	615	(599)	-	-	-	16
Other non social housing	332	-	(244)	-	-	88
Increase in valuation of Investment Properties	-	-	-	-	326	326
	120,532	**(6,389)**	**(85,628)**	**9,290**	**326**	**38,131**

Company – continuing activities	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	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**	**0**	**38,979**
Activities other than Social Housing						
Non social housing lettings	973	-	(181)	-	-	792
Non social housing grants	545	-	(1,431)	-	-	(886)
Outright property	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**

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 £5.4m (2022: £5.4m). This non-cash financial assumption is derived by the scheme actuaries.

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	2023 Total £'000	2022 Total £'000
Rent receivable net of identifiable service charges	99,744	1,627	1,889	103,260	98,026
Service charge income	4,500	318	220	5,038	5,155
Amortised government grants	1,135	-	-	1,135	1,016
Other Income	-	180	-	180	1,497
Turnover from social housing lettings	**105,379**	**2,125**	**2,109**	**109,613**	**105,694**
Management	26,504	374	118	26,996	22,826
Service charge costs	6,641	487	496	7,624	6,032
Routine maintenance	12,360	174	-	12,534	11,294
Planned maintenance	18,069	254	-	18,323	15,235
Major repairs expenditure	4,247	60	-	4,307	5,545
Bad debts	686	9	(33)	662	819
Depreciation of housing properties	11,658	168	276	12,102	13,588
Operating expenditure on social housing lettings	**80,165**	**1,526**	**857**	**82,548**	**75,339**
Operating surplus on social housing lettings	**25,214**	**599**	**1,252**	**27,065**	**30,355**
Void losses	**(717)**	**(7)**	**(2)**	**(726)**	**(689)**

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	2023 Total £'000	2022 Total £'000
Rent receivable net of identifiable service charges	99,744	1,627	1,889	103,260	98,026
Service charge income	4,500	318	220	5,038	5,155
Amortised government grants	1,135	-	-	1,135	1,016
Other grants	-	180	-	180	1,497
Turnover from social housing lettings	**105,379**	**2,125**	**2,109**	**109,613**	**105,694**
Management	26,511	374	118	27,003	22,833
Service charge costs	6,643	487	496	7,626	6,033
Routine maintenance	12,364	174	-	12,538	11,297
Planned maintenance	18,075	254	-	18,329	15,240
Major repairs expenditure	4,248	60	-	4,308	5,546
Bad debts	686	9	(33)	662	819
Depreciation of housing properties	11,807	170	276	12,253	13,738
Operating expenditure on social housing lettings	**80,334**	**1,528**	**857**	**82,719**	**75,506**
Operating surplus on social housing lettings	**25,045**	**597**	**1,252**	**26,894**	**30,188**
Void losses	**(717)**	**(13)**	**(2)**	**(732)**	**(689)**

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

	Group and Company	
	2023 £'000	2022 £'000
Market rented housing properties	636	620
Garage rents	340	353
	976	**973**

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	2023 Number	2022 Number
Social housing		
General housing:		
- social rent	18,063	18,056
- affordable rent	2,287	2,209
Supported housing	286	300
Low cost home ownership	680	620
Total owned	**21,316**	**21,185**
Leasehold properties	659	647
Total managed	**21,975**	**21,832**
Non-social housing		
Market rented housing properties	101	101
Total owned and managed	**101**	**101**
Accommodation in development at the year end	**956**	**731**

The Group owns 30 commercial properties (2022:30).

5. Operating Surplus

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

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Amortisation of deferred capital grant	(1,145)	(1,026)	(1,145)	(1,026)
Non government grant	(180)	(1,497)	(180)	(1,497)
Amortisation of intangible fixed assets	462	471	462	471
Depreciation of housing properties	12,102	13,588	12,253	13,738
Depreciation of other tangible fixed assets	909	959	909	959
Operating lease rentals:				
- land and buildings	55	78	55	78
- vehicles and equipment	56	26	56	26
Auditor's remuneration (including non recoverable VAT)				
- Fees payable to the Company's auditor for the audit of the Financial Statements	104	99	82	77
- Fees payable to the Company's auditor for other services:	-	-	-	-
Total audit services	**104**	**99**	**82**	**77**

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6. Surplus on disposal of property, plant and equipment

Included in the Operating Surplus (Note 3)	Group and Company	
	2023 £'000	2022 £'000
Disposal proceeds	13,115	9,778
Carrying value of fixed assets	(2,694)	(2,292)
Other costs of sale	(1,131)	(104)
Surplus on disposal	**9,290**	**7,382**

	Group and Company					
	2023			2022		
	£'000	£'000	£'000	£'000	£'000	£'000
	Proceeds	Cost of Sale	Surplus	Proceeds	Cost of Sale	Surplus
AHO/LCHO Staircasing	1,636	(1,149)	487	820	(487)	333
RTB Sales	3,802	(651)	3,151	3,314	(764)	2,550
RTA Sales	6,113	(987)	5,126	4,403	(1,094)	3,309
Other Housing Property Sales	19	0	19	890	(51)	839
Sale of Other Assets	1,545	(1,038)	507	351	-	351
Total	**13,115**	**(3,825)**	**9,290**	**9,778**	**(2,396)**	**7,382**

7. Interest receivable and similar income

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Bank interest receivable	2,996	154	2,978	154
Net interest receivable on the net defined benefit liability	421	-	421	-
Interest receivable from subsidiaries and joint ventures	191	232	728	439
	3,608	**386**	**4,127**	**593**

8. Interest and financing costs

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Net interest payable on the net defined benefit liability	5	239	5	239
Bond and loan interest	21,357	20,705	21,357	20,705
Premium/discount amortised	(683)	(550)	(683)	(550)
Amortisation of issue costs and commitment fees	533	459	533	459
	21,212	**20,853**	**21,212**	**20,853**
Interest payable capitalised on housing properties under construction	(925)	(711)	(925)	(711)
	20,287	**20,142**	**20,287**	**20,142**
Capitalisation rate used to determine the finance costs capitalised during the period	4.20%	4.69%	4.20%	4.69%

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

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	2023 No.	2022 No.
Administration	202	192
Development	25	25
Housing, support and care	521	501
Average monthly FTE	**748**	**718**

Group and Company	2023 No.	2022 No.
Administration	212	202
Development	27	27
Housing, support and care	539	518
Average monthly headcount	**778**	**747**

	2023 £'000	2022 £'000
Wages and salaries*	29,576	26,304
Social security costs	3,103	2,651
Other pension costs	7,318	7,229
Total Employee Costs	**39,997**	**36,184**

*Includes redundancy costs of £947k (2022: £465k).

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:

	2023 No.	2022 No.
£60,000 – £70,000	19	15
£70,001 – £80,000	6	4
£80,001 – £90,000	3	2
£90,001 – £ 100,000	7	4
£100,001 – £110,000	2	1
£110,001 – £120,000	2	1
£120,001 – £130,000	3	3
£130,001 – £140,000	1	1
£140,001 - £150,000	1	-
£150,001 – £160,000	1	1
£160,001 – £170,000	0	1
£180.001 – £190,000	1	-
£200,001 – £210,000	1	1
£240,001 – £250,000	1	1
£250,001 – £260,001	0	1
£260,001 – £270,000	1	-

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	2023 £'000	2022 £'000
Basic salary	1,077	1,024
Benefits in kind	91	86
National Insurance	160	144
Pension contributions	81	82
	1,409	**1,336**

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 7 (2022: 7).

During the year, the aggregate compensation for loss of office of key management personnel was £nil (2022: £nil).

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

Highest Paid Director	2023 £'000	2022 £'000
Remuneration	248	239
National Insurance	34	31
Pension Contribution	19	18
	301	**288**

Board members Attendance and Emoluments

Board members are paid as follows:

Committee		
Audit and Assurance	AAC	
Customer Experience	CEC	Note: This changed to 'Customer Service Oversight Committee' after the year end.
People and Governance	PGC	
Development	DC	
Commercial Coterminous Board	CCB	

For 2023, no members of the Board other than the Chief Executive participate in the Social Housing Pension Scheme or the Local Government Pension Scheme.

Non-Executive Board Members	Attendance		Remuneration	
	Board	Committee	2023 £'000	2022 £'000
Danielle Oum (Chair) to 26/10/2021	-	-	-	9
Gary Fulford (Chair ACBs, Member CCBs, Chair CC LLP)	6/6	"ACBs 3/4 CCBs 5/5 CC LLP 3/4"	-	-
Gregory Warner-Harris (CCB Chair) to 31/3/2023	6/6	CCBs 5/5	10.2	7.2
Paul O'Driscoll	5/6	DevCom 4/6	8.2	5
Elisabeth Downes (GRC Chair)	6/6	GRC 5/5	-	-
Daren Fradgley	5/6	CEC 4/4	8.2	5
Gary Moreton (Chair) from 22/7/2022	6/6	GRC 3/3	22.6	11
Akshay Parikh (DC Chair)	5/6	DevCom 5/6	9.2	7.2
Guy Weston (AAC Chair) from 01/11/2022	5/6	"AAC 5/5 DevCom 4/6"	9.6	6
Natalia Hill (CEC Chair)	6/6	CEC 4/4	9.2	7.2
Ian Shapiro	5/6	GRC 5/5	7.3	5
Total			**84.5**	**62.6**
Board Expenses			3.5	1
Committee Members Remuneration			37.4	45
Total			**125.4**	**108.6**

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11. Taxation

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

Group Current tax	2023 £'000	2022 £'000
UK corporation tax	-	-
Total current tax	0	0
Deferred tax		
Origination and reversal of timing differences	(7)	24
Total deferred tax	(7)	24
Total tax on surplus on ordinary activities	**(7)**	**24**

	2023 £'000	2022 £'000
Surplus on ordinary activities before tax	**22,037**	**20,777**
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2022: 19%)	4,187	3,948
Exempt charitable activities	(4,187)	(3,948)
Current tax charge for the year		
Capital allowances in excess of depreciation	(7)	(6)
Adjustment to closing deferred tax rate	-	30
Deferred Tax	**(7)**	**24**

Company Current tax	2023 £'000	2022 £'000
UK corporation tax	-	-
Total current tax	-	-
Deferred tax	-	-
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Total tax on surplus on ordinary activities	**-**	**-**

	2023 £'000	2022 £'000
Surplus on ordinary activities before tax	21,787	21,093
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2021: 19%)	4,140	4,008
Exempt charitable activities	(4,140)	(4,008)
Capital allowances in excess of depreciation	-	-
Adjustment to opening deferred tax rate	-	-
Current tax charge for the year	**-**	**-**

12. Intangible Fixed Assets

Group and Company	IT Software £'000	IT Software work in progress £'000	Total Intangible assets £'000
Cost			
At 1 April 2022	3,228	71	3,299
Additions	–	715	715
Projects completed	44	(44)	–
Disposals	(107)		(107)
At 31 March 2023	**3,165**	**742**	**3,907**
Amortisation			
At 1 April 2022	1,605	–	1,605
Charged in the year	462	–	462
Released on disposal	(95)	–	(95)
At 31 March 2023	**1,972**	**–**	**1,972**
Net book value			
At 31 March 2023	**1,193**	**742**	**1,935**
At 31 March 2022	**1,623**	**71**	**1,694**

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

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13. Fixed Assets – housing properties

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 2022	635,712	28,030	49,622	3,863	717,227
Additions	-	50,495	-	7,818	58,313
Component additions	6,883	8,518	-	-	15,401
Interest capitalised	-	783	-	142	925
Schemes completed	35,814	(35,814)	6,789	(6,789)	–
Property disposals	(2,334)	(924)	(1,152)	-	(4,410)
Costs written off	9	-	11	(1)	19
Component disposals	(874)	-	-	-	(874)
At 31 March 2023	675,210	51,088	55,270	5,033	786,601
Depreciation					
At 1 April 2022	133,792	–	763	–	134,555
Depreciation charged in year	11,826	-	276	-	12,102
Released on disposal – properties	(774)	-	(20)	-	(794)
Released on disposal – components	(874)	-	-	-	(874)
At 31 March 2023	**143,970**	**–**	**1,019**	**–**	**144,989**
Net book value					
At 31 March 2023	**531,240**	**51,088**	**54,251**	**5,033**	**641,612**
At 31 March 2022	**501,920**	**28,030**	**48,859**	**3,863**	**582,672**

Included in the depreciation charge for the year is £351k of accelerated depreciation on components disposed before the end of their useful economic lives (2022: £516k).

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 2022	655,541	28,529	49,622	3,863	737,555
Additions	-	51,414	-	7,818	59,232
Works to existing properties	6,883	8,518	-	-	15,401
Interest capitalised	-	783	-	142	925
Schemes completed	36,104	(36,104)	6,789	(6,789)	–
Property disposals	(2,334)	(924)	(1,152)	-	(4,410)
Costs written off	9	-	11	(1)	19
Component disposals	(874)	-	-	-	(874)
At 31 March 2023	**695,329**	**52,216**	**55,270**	**5,033**	**807,848**
Depreciation					
At 1 April 2022	135,838	–	763	–	136,601
Depreciation charged in year	11,977	-	276	-	12,253
Released on disposal – properties	(774)	-	-	-	(774)
Released on disposal – components	(874)	-	(20)	-	(894)
At 31 March 2023	**146,167**	**–**	**1,019**	**–**	**147,186**
Net book value					
At 31 March 2023	**549,162**	**52,216**	**54,251**	**5,033**	**660,662**
At 31 March 2022	**519,703**	**28,529**	**48,859**	**3,863**	**600,954**

Housing properties book value net of depreciation comprises

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Freehold land and buildings	581,063	528,674	600,113	546,956
Leasehold buildings	1,265	1,276	1,265	1,276
Shared Ownership	59,284	52,722	59,284	52,722
	641,612	**582,672**	**660,662**	**600,954**

Expenditure on works to existing properties

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Components capitalised	15,401	17,939	15,401	17,939
Amounts charged to Statement of Comprehensive Income	4,307	5,545	4,308	5,546
	19,708	**23,484**	**19,709**	**23,485**

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	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Total accumulated social housing grant received or receivable at	110,416	100,576	112,360	102,520
31 March:				
Recognised in the Statement of Comprehensive Income	(9,603)	(8,515)	(11,547)	(10,459)
Held as deferred income	**100,813**	**92,061**	**100,813**	**92,061**

Finance costs

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Aggregate amount of finance costs included in the cost of housing properties	**7,256**	**6,300**	**7,256**	**6,322**

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 2022	15,521	2,467	3,275	453	62	21,778
Additions	15	15	–	536	2,225	2,791
Projects completed	–	–	300	(300)	–	0
Disposals	(977)	(32)	(297)		(15)	(1,321)
At 31 March 2023	**14,559**	**2,450**	**3,278**	**689**	**2,272**	**23,248**
Depreciation						
At 1 April 2022	4,758	1,878	1,962	–	62	8,660
Charged in the year	329	190	374	–	16	909
Released on disposal	(977)	(20)	(224)	–	(15)	(1,236)
At 31 March 2023	**4,110**	**2,048**	**2,112**	**–**	**63**	**8,333**
Net book value						
At 31 March 2023	**10,449**	**402**	**1,166**	**689**	**2,209**	**14,915**
At 31 March 2022	**10,763**	**589**	**1,313**	**453**	**–**	**13,118**

In 2022/23 whg made a strategic decision to purchase its motor vehicle fleet of consisting 202 commercial vehicles, this fleet will be managed by whg going forward.

15. Investment properties

Non social housing properties held for letting	Group and Company	
	2023 £'000	2022 £'000
At 1 April	10,740	9,695
Additions adjustment	(11)	-
Revaluation	326	1,045
At 31 March	**11,055**	**10,740**

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 £11m at March 2023 (2022: £10.7m). The movement in fair value £326k (2022: £1,045k) have been recognised in the Statement of Total Comprehensive Income.

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16. HomeBuy loans receivable

	Group and Company	
	2023 £'000	2022 £'000
At 1 April	137	137
At 31 March	**137**	**137**

17. Investments in subsidiaries

Name & type of entity	Company No	Place of Registration	31 March 2022	Additions	At 31 March 2023
whg Treasury Plc	9138070	England & Wales	50,000	-	50,000
whg Developments Ltd	7872595	England & Wales	1	-	1
whg Trading Ltd	5407219	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	9721558	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	2023 £'000	2022 £'000
Interest payable	Bond interest charge payable	10,201	10,212
Custodian fees	Custodian fees payable	11	13
Management services	Fixed fee	20	20
Gift aid	Not applicable	(20)	-
		10,212	**10,245**

There is a £268.7m long term intra-group creditor owed to whg Treasury PLC at the year end (2022: £269.1m).

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

whg to whg Developments Ltd

Intra-Group transactions	Allocation basis	2023 £'000	2022 £'000
Interest payable	Interest charge on loan	23	24
Management services	Percentage of development costs	192	109
		215	**133**

whg Developments Ltd to whg

Intra-Group transactions	Allocation basis	2023 £'000	2022 £'000
Recharge of cost of sales	Design & Build	19,575	11,053
Gift aid	Not applicable	(81)	(92)
		19,494	**10,961**

There is a £1.3m net intra-group creditor owed to whg Developments Ltd at the year end made up of £2m owed to whg Developments Ltd and £714k owed by whg Developments Limited. (2022: net debtor £606k). Included in the £714k debt owed by whg Developments Limited is a £500k loan made by Walsall Housing Group on 20 December 2012. Interest is charged at 4.5% (2022: 4.8%). Interest amounted to £23k for the year (2022: £24k).

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

whg to whg Trading Ltd

Intra-Group transactions	Allocation basis	2023 £'000	2022 £'000
Management services	Percentage of payroll costs	70	59

whg Trading Ltd to whg

Intra-Group transactions	Allocation basis	2023 £'000	2022 £'000
Gift aid	Not applicable	(242)	(213)

There is a £11k intra-group debtor owed by whg Trading Company Limited at the year end (2022: £9k).

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	2023 £'000	2022 £'000
Interest payable	Interest charge payable	706	415
Management services	Percentage of payroll costs	46	51
		752	**466**

There is a £8.1m intra-group debtor owed by Anthem Homes Limited at the year end made up of £10.7m owed by Anthem Homes Limited to whg and £2.6m owed to Anthem Homes Limited by Cricket Close LLP (2022: net debtor £13m). The £10.7m debt owed by Anthem Homes Limited includes a loan made by Walsall Housing Group which was at LIBOR (0.2% for the year) plus 3% up to 31 January 2022 and thereafter at a 5% market rate. The £2.6m 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	2023 £'000	2022 £'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 (2022: £nil).

18. Properties held for sale

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Shared Ownership Properties				
Completed properties	1,219	845	1,219	845
Work in progress	4,938	4,104	3,148	2,367
	6,157	**4,949**	**4,367**	**3,212**
Properties developed for outright sale	-	598	-	598
Total	**6,157**	**5,547**	**4,367**	**3,810**

19. Debtors

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Due within one year				
Rent and service charges receivable	5,203	5,213	5,203	5,213
Less: provision for bad and doubtful debts	(3,392)	(3,122)	(3,392)	(3,122)
	1,811	**2,091**	**1,811**	**2,091**
Deferred tax asset	117	124	-	-
Other debtors	592	670	572	633
Prepayments and accrued income	6,228	8,014	6,098	7,505
Amounts owed by Group undertakings	-	-	1,405	1,133
	8,748	**10,899**	**9,886**	**11,362**

20. Debtors due in more than one year

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Due after one year				
Loan to Anthem Lovell LLP	7,298	12,298	-	-
Loan to Anthem Homes Limited	-	-	9,519	14,434
Loan to whg Developments Limited	-	-	500	500
	7,298	**12,298**	**10,019**	**14,934**

21. Creditors: amounts falling due within one year

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Bank loans (Note 24)	-	12,500	-	12,500
Trade creditors	10,516	6,431	7,864	5,899
Rent and service charges received in advance	3,509	3,275	3,501	3,275
Social housing grant received in advance	6,775	12,314	6,775	12,314
Other grants received in advance	3,827	4,830	3,827	4,830
Amounts owed to Group undertakings	-	-	7,877	5,165
Deferred grant income (Note 23)	1,179	1,097	1,179	1,097
Corporation Tax	-	-	-	-
Other taxation and social security	746	812	740	788
Unpaid contributions for retirement benefits	64	74	64	74
Other creditors	1,257	1,303	1,257	1,303
Accruals and deferred income	12,245	9,426	7,063	4,237
	40,118	**52,062**	**40,147**	**51,482**

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

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Deferred Grant (Note 23)	94,387	82,177	94,387	82,177
Debt (Note 24)	395,040	450,907	395,040	450,907
Loan Premium and Amortisation Costs	21,814	23,550	21,814	23,550
Recycled Capital Grant (Note 25)	815	3,863	815	3,863
Amounts owing to Group Undertakings	-	-	38	38
Sinking Funds	192	96	168	79
	512,248	**560,593**	**512,262**	**560,614**

23. Deferred grant income

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
At 1 April 2022	83,274	69,961	83,274	69,961
Grant received in the year	13,832	17,767	13,832	17,767
Transfer to RCGF	(407)	(450)	(407)	(450)
Grants paid to partners	0	(1,291)	0	(1,291)
Grants recognised as income	12	(1,687)	12	(1,687)
Released to income in the year	(1,145)	(1,026)	(1,145)	(1,026)
At 31 March 2023	**95,566**	**83,274**	**95,566**	**83,274**
Amounts to be released within one year (Note 21)	1,179	1,097	1,179	1,097
Amounts to be released in more than one year (Note 22)	94,387	82,177	94,387	82,177
	95,566	**83,274**	**95,566**	**83,274**

Deferred Grant includes £393k (2022: £402k) relating to office buildings and £1.1m (2022: £936k) component accounting grant.

24. Debt analysis

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Due within one year				
Bank loans	-	12,500	-	12,500
Total loans within one year	**–**	**12,500**	**–**	**12,500**
Due after more than one year				
Bank loans	70,040	125,907	70,040	125,907
Bond	250,000	250,000	250,000	250,000
bLEND	75,000	75,000	75,000	75,000
Total loans due after one year	**395,040**	**450,907**	**395,040**	**450,907**
Total loans	**395,040**	**463,407**	**395,040**	**463,407**
Payable to external funders	395,040	463,407	131,525	199,469
Payable to Group undertakings	-	-	263,515	263,938
	395,040	**463,407**	**395,040**	**463,407**

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Bank loans and derivatives

During the final quarter of the financial year ended 2023, the Group repaid £68.4m of its Bank loans. £12.5m was repaid on the due date of 27 March 2023 with the remainder £55.9m repayments being made on 28 February before they were contractually due. The breakage costs of £527k related to the early repayments of Bank loans are recognised in the Statement of Total Comprehensive Income as an exceptional cost.

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 2023 was £218m (2022: £306m).

Facilities and security

At 31 March 2023 the Group had £200m 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.

The £70m of bank loans accrue interest at an average rate of approximately 5.5%. 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 £4.1m (2022: £3.0m) and were capitalised in the years in which they were incurred. Amortisation charged in the year was £532k (2022: £137k).

During the year the Group incurred £1.6m issue costs in respect of an extend and blend 40 year facility with Scottish Widows as well as two new five year revolving facilities totalling £200m with Lloyds and Santander.

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	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Within one year or on demand	-	12,500	-	12,500
One year or more but less than two years	-	-	-	-
Two years or more but less than five years	-	75,867	-	75,867
Five years or more	395,040	375,040	395,040	375,040
	395,040	**463,407**	**395,040**	**463,407**

Interest rate profile

The Group's debt has a weighted average interest rate of 4.2% (2022: 4.69%) and the weighted average for which it is fixed is the lifetime of the loan.

25. Recycled Capital Grant Fund

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Opening Balance as at 1 April	3,863	124	3,863	124
Inputs to RCGF:				
Grant recycled from property disposals	428	472	428	472
Interest accrued	64	3	64	3
Transfers from other PRPs	-	3,264	-	3,264
Recycling of grant				
New Build	(3,540)	-	(3,540)	-
Closing Balance as at 31 March	**815**	**3,863**	**815**	**3,863**

Amounts due for repayment	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Within one year	-	45	-	45
After more than one year	815	3,818	815	3,818
At 31 March	**815**	**3,863**	**815**	**3,863**

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

	2023 £'000	2022 £'000
WMPF	68,396	17,462
SHPS	(270)	(185)
Total	**68,126**	**17,277**

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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 2022.

The fair value of the scheme assets at that date was £257m.

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.

Key Results

The estimated position at 31 March 2023 shows an asset of £68.4 compared with a £17.4m last year. The key reason for this change is the significant change in the discount rate as shown below.

The employer's contributions to the WMPF by the Company and Group for the year ended 31 March 2023 were £1.4m (2022: £1.4m). whg received a rebate for the year of £2.1m 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 £nil past service cost in the year to 31 March 2023 (2022: £159k). There were £nil (2022: £nil) of other settlements, curtailments, discretionary practices, constructive obligations or other material events during the year.

Calculation Method

The figures at 31 March 2023 are based on projecting forward the results of the last formal actuarial valuation of the Fund as at 31 March 2022.

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 2020. 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, 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 2023 shows a deficit of £270k (2022: £185k)

The number of scheme members employed by the Group at 31 March 2023 was nil (2022: nil). The charge to the Group for the year was £63k. (2022: £66k).

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 2023 are based on projecting forward the results of the last formal actuarial valuation of the Fund as at 30 September 2020.

Key Assumptions

The key financial assumptions have been based on market assumptions as at 31 March 2023 and have been derived in a consistent manner to last year. This has resulted in the following assumptions:

	Group and Company			
	WMPF		SHPS	
Principal actuarial assumptions	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Financial assumptions	% per annum	% per annum	% per annum	% per annum
Discount rate	4.75	2.85	4.88	2.85
Future salary increase rate	3.95	3.00	3.74	3.19
Future pension increase rate (CPI)	2.95	3.00	2.74	3.00
Inflation assumption	2.95	3.00	3.20	3.50

Mortality assumptions

The post-retirement mortality assumptions adopted to value the benefit obligation at March 2023 are detailed below.

	WMPF		SHPS	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Retiring today:				
Males	20.3	21.1	21.0	21.1
Females	23.7	23.4	23.4	23.4
Retiring in 20 years:				
Males	21.7	22.5	22.2	22.5
Females	25.4	25.0	24.9	25.0

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Amounts recognised in surplus or deficit

	Group and Company			
	WMPF		SHPS	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Current service cost	6,877	6,992	-	-
Admin charges	-	-	2	2
Amounts charged to operating costs	**6,877**	**6,992**	**2**	**2**

	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Net interest (receivable)/payable	(421)	233	5	6
Amounts within interest and financing costs	**(421)**	**233**	**5**	**6**

Amounts recognised in the Statement of Total Comprehensive Income

	WMPF		SHPS	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Re measurements	55,963	31,578	(141)	89
Actuarial gain/(loss) in respect of pension scheme	**55,963**	**31,578**	**(141)**	**89**

Amounts recognised in Statement of Financial Position

	WMPF		SHPS	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Present value of funded obligations	187,587	239,618	1,560	2,049
Fair value of plan assets	255,983	257,080	1,290	1,864
Net pension asset/(liability)	**68,396**	**17,462**	**(270)**	**(185)**

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 benefitted from reduced annual pension contributions due to the asset position at the last revaluation.

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

	Group and Company			
	WMPF		SHPS	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Opening scheme liabilities	239,618	247,008	2,049	2,179
Current service cost	6,877	6,833	2	2
Interest cost	6,872	5,217	58	45
Change in financial assumptions	(75,684)	(16,221)	(557)	(177)
Change in scheme experience	22,593	790	64	53
Change in demographic assumptions	(9,200)	(397)	(4)	(3)
Benefits paid	(4,753)	(4,905)	(52)	(50)
Past service costs including curtailments	0	159	-	-
Member Contributions	1,264	1,134	-	-
Closing scheme liabilities	**187,587**	**239,618**	**1,560**	**2,049**

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

	Group and Company			
	WMPF		SHPS	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Opening fair value of plan assets	257,080	238,675	1,864	1,847
Interest income	7,293	4,984	53	39
Return on plan assets (excess of interest income)	(6,328)	15,750	(638)	(38)
Contributions by employer	1,427	1,442	63	66
Benefits paid	(4,753)	(4,905)	(52)	(50)
Administration expenses	-	-	-	-
Member contributions	1,264	1,134	-	-
Closing fair value of plan assets	**255,983**	**257,080**	**1,290**	**1,864**

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

Sensitivity analysis

Sensitivity analysis	Change in assumptions	Impact £000	Change in liabilities
Discount Rate	Increase of 0.1% pa	3,465	Decrease by 2%
Rate of inflation	Increase of 0.1% pa	2,927	Increase by 2%
Rate of salary growth	Increase of 0.1% pa	584	Increase by 0%
Rate of Mortality	A 1 year increase in life expectancy	7,503	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 2023 is 20 years.

27. Provisions for liabilities and charges

Group and Company	Insurance claims £'000	Restructuring costs £'000	Leave pay £'000	Total £'000
At 1 April 2022	290	13	236	539
Additions	398	389	47	834
Utilised	(125)	(13)	-	(138)
Reversals	-	-	-	-
At 31 March 2023	**563**	**389**	**283**	**1,235**

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

	2023 £'000	2022 £'000
Surplus for the year	22,037	20,777
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	13,011	14,546
Amortisation of intangible assets	462	471
Pension costs less contributions payable	5,452	5,386
Government grants amortised in the year	(1,133)	(2,713)
Adjustments for investing of financing activities:		
Movement in fair value of investment properties	(326)	(1,045)
Interest payable	20,287	20,142
Interest received	(3,608)	(386)
Operating cash flows before movements in working capital	**56,182**	**57,178**
Increase in properties held for sale	(610)	3,439
Carrying amount of tangible fixed asset disposals	3,616	2,292
Decrease/(increase) in trade and other debtors	1,674	(2,572)
Increase/(decrease) in trade and other creditors	4,208	608
Increase/(decrease) in provisions	696	(295)
Increase/(decrease) in investments	0	2,191
Cash generated from operating activities	**65,766**	**62,841**

29A. Analysis of changes in net debt

	At 1 April 2022 £'000	Cash flows £'000	Other non-cash movement £'000	At 31 March 2023 £'000
Cash and cash equivalents	149,802	(94,424)	–	55,378
Investments	28,270	6,134	–	34,404
Bank loans due within one year	(12,500)	12,500	–	–
Bonds due greater than one year	(348,958)	–	621	(348,337)
Bank loans due greater than one year	(125,499)	55,867	1,116	(68,516)
Total	**(308,885)**	**(19,923)**	**1,737**	**(327,071)**

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30. Capital Commitments

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Expenditure contracted for but not provided for	103,161	95,373	103,161	95,373
Expenditure authorised by the Board, but not contracted	42,987	16,341	42,987	16,341
	146,148	**111,714**	**146,148**	**111,714**

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

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Loan financing	140,761	101,772	140,761	101,772
Affordable housing grant	3,245	6,678	3,245	6,678
Other government grant	2,142	3,264	2,142	3,264
	146,148	**111,714**	**146,148**	**111,714**

31. Contingent assets/liabilities

The Group and Company had no contingent assets at 31 March 2023 (2022: £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.

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.

	2023 £'000	2022 £'000
Within one year	111	184
Between two and five years	83	455
Over five years	-	-
	194	**639**

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 and joint venture are set out below.

Wholly Owned Subsidiaries

+ 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 from solar panels, renewable heat incentives, commission from our energy partner and overage on the sale of land. 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 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 2023 Anthem Lovell LLP has drawn down £7,298k of the facility (2021: £12,298k).
+ 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.

Joint Venture

+ 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 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. The Group's investment was £948k (£nil 2021/22) at the 31 March 2023. We recognise our share of the profit or loss through the Statement of Comprehensive Income. Walsall Housing Group Ltd has recognised £414k in 2022/23 (£nil 2021/22) in respect of its share of profit in relation to open market sales.

  All entities are incorporated in England and Wales.

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

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	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Net Rent Debtor	1,811	2,091	1,811	2,091
Other Debtors	592	670	572	633
Accrued Income	3,047	5,486	3,047	5,486
Amounts owing by Group undertakings	-	-	10,019	14,934
Cash and cash equivalents	55,377	149,802	55,383	147,976
Current Investments	34,404	28,270	34,404	28,270
Total Financial Assets	**95,231**	**186,319**	**105,236**	**199,390**

FINANCIAL LIABILITIES

Financial liabilities measured at amortised cost

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Bank Loans and bond	416,854	486,957	416,854	486,957
Trade Creditors	10,516	6,431	7,864	5,899
Accruals	12,248	9,426	7,063	4,237
Amounts owing to Group undertakings	-	-	7,915	5,203
Other Creditors	1,257	1,303	1,257	1,303
Sinking Funds	192	96	168	79
Total	**441,067**	**504,213**	**441,121**	**503,678**

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:

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Expiring between one and two years – revolving credit facility	-	30,000	-	30,000
Expiring in more than two years – revolving credit facility	200,000	31,633	200,000	31,633
	200,000	**61,633**	**200,000**	**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 2023 (2022: 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 2022	216,112	3,168	234,589	3,168
Total comprehensive income for the year	77,852		77,609	
Transfer to designated reserve	(113)	113	(113)	113
As at 31 March 2023	**293,851**	**3,281**	**312,085**	**3,281**

36. Exceptional Item

During November 2022, the Santander fixed rate loans were broken at a cost of £527k and converted to variable rate of SONIA plus margin. The principal was later repaid on completion of the new RCF of £150m on 28 February 2023. The breakage costs of £527k associated with this transaction has been reported separately in the Statement of Total Comprehensive Income.

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August 2023

If you have any questions about anything in this guide, please get in touch

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whg is the trading name of Walsall Housing Group comprising Walsall Housing Group Limited, company registration number 04015633, registered provider number L4389, 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

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We're keeping it greener. It's a responsibility we take seriously, so our print partner uses paper from responsibly managed forests and the emissions from the paper and printing have been offset too. Nice!